

# Second-Party Opinion

## BT Group Sustainable Finance Framework

### Evaluation Summary

Sustainalytics is of the opinion that the BT Group Sustainable Finance Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2023, Green Loan Principles 2023 and Social Loan Principles 2023. This assessment is based on the following:



**USE OF PROCEEDS** The eligible categories for the use of proceeds – Green Buildings, Renewable Energy, Clean Transportation, Environmentally Sustainable Management of Living Natural Resources and Land Use, Employment Generation, Access to Healthcare and Access to Education– are aligned with those recognized by the Green Bond Principles, Social Bond Principles, Green Loan Principles and Social Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental and social impacts and advance the UN Sustainable Development Goals, specifically SDGs 2, 3, 4, 7, 8 and 11.



**PROJECT EVALUATION AND SELECTION** Banca Transilvania’s Sustainable Finance Working Group is responsible for evaluating and selecting loans in line with the eligibility criteria. Banca Transilvania has a process in place that evaluates the environmental and social risks associated with eligible projects. Sustainalytics considers the project selection process in line with market practice.



**MANAGEMENT OF PROCEEDS** The Sustainable Finance Working Group will be responsible for the management and allocation of proceeds and will track the proceeds using an internal tracking system through a portfolio approach. Banca Transilvania intends to allocate proceeds in full within 24 months of issuance. Pending full allocation, proceeds will be temporarily held in BT Group’s liquidity portfolio, in cash or other short-term and liquid instruments. This is in line with market practice.



**REPORTING** Banca Transilvania commits to report on allocation of proceeds on its website on an annual basis until full allocation. The allocation reporting will be on an aggregate basis for each use of proceeds category. In addition, Banca Transilvania intends to report on relevant impact metrics. Sustainalytics views Banca Transilvania’s allocation and impact reporting as aligned with market practice.



<b>Evaluation Date</b>	November 17, 2023
<b>Issuer Location</b>	Cluj-Napoca, Romania

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## Introduction

Banca Transilvania S.A. (“BT” or the “Bank”) is a commercial joint-stock banking institution headquartered in Cluj-Napoca, Romania. The Bank started its operation in 1993 and focuses on retail and SME customers, offering leasing, microfinance, consumer lending, asset management and financial intermediation services, among others. Banca Transilvania S.A. is the parent company of the Banca Transilvania Financial Group (“BT Group”). As of June 2023, BT Group had 11,374 employees and reported almost EUR 31 million in total assets, in its interim condensed financial statement.<sup>1</sup>

BT has developed the BT Group Sustainable Finance Framework dated November 2023 (the “Framework”), under which it intends to issue senior bonds, subordinated bonds, covered bonds, medium-term notes, commercial papers and loans, and use the proceeds to finance and refinance, in whole or in part, existing and future eligible loans for projects intended to support the transition to a low-carbon and climate-resilient economy, contribute to providing positive social impacts and mitigating social problems in Romania and Moldova.

The Framework defines eligibility criteria in four green categories:

1. Green Buildings (Residential and Commercial)
2. Renewable Energy
3. Clean Transportation
4. Environmentally Sustainable Management of Living Natural Resources and Land Use

The Framework defines eligibility criteria in three social categories:

5. Employment Generation
6. Access to Healthcare
7. Access to Education

BT engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP), Social Bond Principles 2023 (SBP),<sup>2</sup> Green Loan Principles 2023 (GLP) and Social Loan Principles 2023 (SLP).<sup>3</sup> The Framework will be published on the Bank’s website.<sup>4</sup>

### Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>5</sup> opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the SBG, GBP, and SBP, as administered by ICMA, and the GLP and SLP, as administered by LMA, APLMA, and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.15, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

<sup>1</sup> Banca Transilvania, “Interim Condensed Consolidated and Separate Financial Statements”, (2023), at:

<https://www.bancatransilvania.ro/files/app/media/relatii-investitori/financial-results/2023/1st-Semester/Interim-condensed-consolidated-and-separate-financial-statements-as-of-30.06.2023.pdf>

<sup>2</sup> The Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles are administered by the International Capital Market Association and are available at: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/>

<sup>3</sup> The Green Loan Principles and Social Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at: <https://www.lsta.org/content/green-loan-principles/#> and <https://www.lsta.org/content/social-loan-principles-slp/>

<sup>4</sup> The BT Group Sustainable Finance Framework will be available on Banca Transilvania S.A.’s website at: <https://www.bancatransilvania.ro/en/investor-relations/governance?cat=EMTN>

<sup>5</sup> When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

As part of this engagement, Sustainalytics held conversations with various members of BT's management team to understand the sustainability impact of the Bank's business processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. BT representatives have confirmed (1) they understand it is the sole responsibility of BT to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and BT.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon 24 (twenty-four) months following the evaluation date set stated herein, BT is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that BT has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the BT Group Sustainable Finance Framework

Sustainalytics is of the opinion that the BT Group Sustainable Finance Framework is credible and impactful and aligns with the four core components of the GBP, SBP, GLP and SLP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
  - The eligible categories – Green Buildings, Renewable Energy, Clean Transportation, Environmentally Sustainable Management of Living Natural Resources and Land Use, Employment Generation, Access to Healthcare and Access to Education – are aligned with those recognized by the GBP, SBP, GLP and SLP.
  - BT intends to finance and refinance loans for projects intended to provide positive green or social impacts, such projects meeting the eligibility criteria defined in the Framework (the "Eligible Loans").
  - Sustainalytics notes that BT may refinance loans which may be allocated towards operational expenditures and that the Framework does not specify a look-back period. Sustainalytics considers it to be a good practice to define a look-back period of no more than three years for the refinancing of opex.
  - BT intends to have most of the projects financed under the Framework located in Romania.
  - The Bank has confirmed to Sustainalytics that in cases where multi-tranche loans are obtained, the Bank will only categorize tranches as green, social or sustainable when they finance Eligible Loans under the Framework.
  - Under the Green Buildings category, BT may finance or refinance the construction, renovation and refurbishment of new and existing residential and commercial buildings that meet one of the following criteria:
    - Buildings built before 31 December 2020 with an EPC label A or above.

- Buildings built before 31 December 2020 in the top 15% of the national building stock in terms of primary energy demand (PED).
  - Buildings built after 31 December 2020 with energy performance at least 10% higher than the threshold for nearly zero-energy buildings in the local market, in terms of PED.
  - Refurbishments of buildings resulting in a reduction of PED of at least 30% compared to the pre-renovation level.
  - Commercial buildings certified to BREEAM Excellent or above,<sup>6</sup> LEED Gold or above,<sup>7</sup> HQE Excellent or above,<sup>8</sup> DGNB Gold or above<sup>9</sup> or EDGE Certified or above.<sup>10</sup>
  - Sustainalytics views these certifications to be credible and the levels selected as aligned with market practice.
  - BT has confirmed to Sustainalytics that in the case of retrofits, only the retrofits will be financed and not the asset value of the building, and that the refurbishment and asset value of a building will only be financed if the refurbishment results in the asset obtaining eligible certifications. Additionally, buildings designed for the purpose of extraction, storage, transportation and manufacture of fossil fuels will be excluded from financing under the Framework.
  - Based on the above, Sustainalytics considers investments under this category to be aligned with market practice.
- Under the Renewable Energy category, the Bank may finance or refinance the construction and operation of renewable energy generation facilities, including solar photovoltaic power, and onshore and offshore wind power. This is in line with market practice.
  - Under the Clean Transportation category, BT intends to finance or refinance:
    - Purchases, rentals or leases of zero emissions vehicles, including battery electric and hydrogen vehicles. This will include passenger vehicles and light- and heavy-duty vehicles.
    - Purchases, rentals or leases of zero emissions rail transport, including rail powered by battery electric and hydrogen. This will include passenger trains, freight trains, coaches and wagons.
    - Infrastructure to support zero emissions vehicles, specifically electric vehicle charging and hydrogen fuelling stations
    - Transportation and storage of fossil fuels are excluded from financing under the Framework.
    - Sustainalytics considers investments under this category to be aligned with market practice.
  - Under Environmentally Sustainable Management of Living Natural Resources and Land Use, the Bank may finance or refinance organic farming certified by EU Organic.<sup>11</sup> Sustainalytics considers the financing of such assets to be aligned with market practice.
  - Under the Employment Generation category, BT may finance or refinance:
    - MSMEs, as defined by the EU Commission.<sup>12</sup> The Framework limits financing to MSMEs meeting one of the following criteria:
      - Located in socio-economically disadvantaged areas in the country the Bank operates in, defined as NUTS 2 (2021) regions,<sup>13</sup> where: i) the GDP per capita is lower than the national average; and ii) the GDP purchasing power standard per capita is lower than 75% of the EU-27 average.
      - Female-owned, with at least a 51% female share
      - Youth-owned:
        - BT considers entrepreneurs between 15 and 30 years of age, who are not in employment, education or training (NEET)<sup>14</sup> to be eligible for youth-owned MSME financing.

<sup>6</sup> BREEAM: <https://bregroup.com/products/breeam/>

<sup>7</sup> LEED: <https://www.usgbc.org/leed>

<sup>8</sup> HQE: <https://www.hqegbc.org/>

<sup>9</sup> DGNB: <https://www.dgnb.de/en/certification/buildings/>

<sup>10</sup> EDGE: <https://edgebuildings.com/certify/certification/>

<sup>11</sup> European Parliament, "Regulation (EU) 2018/848 of the European Parliament and of the Council of 30 May 2018 on organic production and labelling of organic products and repealing Council Regulation (EC) No 834/2007", at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32018R0848>

<sup>12</sup> European Commission, "SME definition", at: [https://single-market-economy.ec.europa.eu/smes/sme-definition\\_en](https://single-market-economy.ec.europa.eu/smes/sme-definition_en)

<sup>13</sup> Eurostat, "NUTS - Nomenclature of territorial units for statistics", at: <https://ec.europa.eu/eurostat/web/nuts/background>

<sup>14</sup> Eurofound, "NEETs", at: <https://www.eurofound.europa.eu/en/topic/neets>

- Sustainalytics notes that some, though not all, youth-owned MSMEs face obstacles in securing access to finances and encourages the Bank to consider such obstacles when qualifying loans under this category.
  - Startups no older than three fiscal years:
    - Sustainalytics notes that some, though not all, MSMEs that are startups no older than three fiscal years face obstacles in securing access to finances and encourages BT to consider such obstacles when qualifying loans under this category.
  - Self-employed farmers, defined as self-employed individuals registered in the National Trade Registry<sup>15</sup> and including those located in drought and flood prone areas located in socioeconomically disadvantage areas, defined as NUTS 2 (2021) regions,<sup>16</sup> where:
    - i) the GDP per capita is lower than the national average; and ii) the GDP purchasing power standard per capita is lower than 75% of the EU-27 average. Sustainalytics notes the following:
      - The Bank will exclude financing projects under this category in Moldova.
      - The Framework excludes the financing of livestock production.
      - BT communicated to Sustainalytics that financing will be limited to self-employed farmers involved in small farms.
      - Sustainalytics views these expenditures as socially impactful.
  - Under Access to Healthcare, BT may finance or refinance the construction and operation (capital expenditures and working capital) of:
    - Private hospitals affiliated with the national healthcare system
      - Romanian private healthcare institutions affiliated with the national healthcare system ensure affordable access of the general public to healthcare services by having their bills directly settled through the Romanian National Health Insurance House (“Casa Națională de Asigurări de Sănătate”).<sup>17</sup>
    - Primary care facilities affiliated with the national healthcare system
    - Private palliative care facilities affiliated with the national healthcare system
    - Private dialysis and oncology centres affiliated with the national healthcare system
    - Sustainalytics notes that the listed healthcare services are accessible to all residents of Romania through the Romanian national healthcare system, regardless of ability to pay.
    - The Bank will exclude financing projects under this category in Moldova.
    - Sustainalytics views these expenditures as socially impactful.
  - Under Access to Education, BT may finance or refinance the construction and operation of public education facilities, such as schools, universities, student housing, other third-level education facilities and vocational training centres.
    - Sustainalytics notes that these facilities are accessible to the general public, regardless of ability to pay, and views these expenditures to be socially impactful.
- Project Evaluation and Selection:
  - The Bank’s Sustainable Finance Working Group is responsible for ensuring the alignment of the Eligible Loans with the Framework criteria. The Sustainable Finance Working Group is composed of representatives from the Bank’s Green and Sustainable Loans Department, Data Analysis and BI Retail Lending, ESG Risk Analysis and Sustainable Financing, ESG Integration and Investor Relations, Reporting Department, Sustainable Corporate Governance and Capital Markets, Treasury Division, Risk Management Division and the Data Science Department.
  - BT has a process in place that evaluates the environmental and social risks associated with eligible projects in accordance with the Bank’s environmental and social risk assessment in its lending policy and other ESG policies. For more details, please see Section 2.
  - Based on BT’s establishment of the Working Group and its commitment to undertake an environmental and social risk evaluation of the Eligible Loans, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:

<sup>15</sup> National Trade Registry, “ONRC”, at: <https://www.onrc.ro/index.php/en/>

<sup>16</sup> Eurostat, “NUTS - Nomenclature of territorial units for statistics”, at: <https://ec.europa.eu/eurostat/web/nuts/background>

<sup>17</sup> Casa Națională de Asigurări de Sănătate, “About Us”, at: <http://cas.cnas.ro/#>

- The Bank's Sustainable Finance Working Group will be responsible for the management and allocation of proceeds and will track the proceeds using an internal tracking system through a portfolio approach.
- The Bank intends to allocate proceeds in full within 24 months of issuance. Pending full allocation, proceeds will be temporarily held in BT Group's liquidity portfolio, in cash or other short-term and liquid instruments, in line with the Framework's exclusionary criteria.
- Based on the above, Sustainalytics considers this process to be in line with market practice.
- Reporting:
  - BT commits to report on the allocation of proceeds and corresponding impact in reports that will be published on its website on an annual basis until full allocation. For revolving credit facilities, the Bank has confirmed that reporting will continue until the maturity of such facilities.
  - The allocation reporting will be on an aggregate basis for each use of proceeds category and include: i) the size of the identified Eligible Loans portfolio; ii) the total amount of proceeds allocated to the Eligible Loans portfolio; iii) the balance (if any) of unallocated proceeds; iv) the number of eligible financings; v) the amount or the percentage of new financing and refinancing; and vi) the geographic location of the loans at a regional level.
  - Impact reporting is intended to include, where feasible, metrics such as installed capacity (in MW), estimated annual emissions avoided (in tCO<sub>2</sub>e), estimated annual energy consumption or savings (in kWh/year), area under certified organic agriculture, number of MSMEs financed and number of facilities covered.
  - Based on the Bank's commitment to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

#### Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the BT Group Sustainable Finance Framework aligns with the four core components of the GBP, SBP, GLP and SLP. For detailed information, please refer to Appendix 1: Sustainability Bond/Sustainability Bond Programme External Review Form.

## Section 2: Sustainability Strategy of BT

#### Contribution to BT's sustainability strategy

Sustainalytics is of the opinion BT demonstrates its commitment towards sustainability through its Sustainability Strategy, which outlines three key pillars: i) performance; ii) people; and iii) environment.<sup>18</sup>

The objective of the performance pillar is to develop BT's portfolio and credit investments to support projects that address social and environmental challenges and the transition to a green economy. Since 2023, the Bank conducts portfolio impact analyses according to the United Nations Environment Programme Finance Initiative<sup>19</sup> and the Principles for Responsible Banking<sup>20</sup> methodology.<sup>21</sup> The Bank further intends to: i) grant approximately EUR 700 million worth of green loans between 2023 and 2025; ii) achieve a 15% share of green mortgage real estate loans in the total pool of mortgage real estate loans by 2024; and iii) develop awareness and education on ESG issues by participating in at least two national events in 2024.<sup>22</sup>

The people pillar's objective is to support sustainable social projects for local communities' needs and intends to expand the impact analysis of community projects and investments made by financial group companies. The Bank intends to: i) annually support, fund and participate in local community programmes, including sports, culture and education, by, for example, donating food, clothes and school supplies to disadvantaged communities to encourage education; ii) conduct an internal impact assessment to measure BT's impact

<sup>18</sup> Banca Transilvania, "Sustainability Report 2022", at: <https://www.bancatransilvania.ro/files/app/media/relatii-investitori/ir-presentations-roadshows/General%20Presentations/Sustainability-report-2022.pdf>

<sup>19</sup> United Nations Environment Programme Finance Initiative, "Portfolio Impact Analysis Tool for Banks", at: <https://www.unepfi.org/impact/unep-fi-impact-analysis-tools/portfolio-tool/>

<sup>20</sup> United Nations Environment Programme Finance Initiative, "Principles for Responsible Banking", at: <https://www.unepfi.org/banking/bankingprinciples/>

<sup>21</sup> Banca Transilvania, "Self-assessment for the implementations of the Principles of Responsible Banking", (2023), at: <https://www.bancatransilvania.ro/files/app/media/relatii-investitori/prezentari-roadshows-ri/Prezentari%20generale/PRB-Reporting-and-Self-Assessment-Banca-Transilvania-31.07.2023-UNEP-FI.pdf>

<sup>22</sup> Banca Transilvania, "Sustainability Report 2022", at: <https://www.bancatransilvania.ro/files/app/media/relatii-investitori/ir-presentations-roadshows/General%20Presentations/Sustainability-report-2022.pdf>

through community investments by 2023; and iii) provide annual training to its employees on ESG issues, diversity, occupational health and safety, business ethics, anti-corruption, anti-fraud and whistleblowing.<sup>23</sup>

In terms of environmental impact, BT commits to supporting the transition to a low-carbon economy and enhancing responsible resource use. The Bank aims to: i) expand its GHG emissions inventory by covering at least five relevant scope 3 emissions categories by the end of 2023; ii) annually review and update the list of exclusions under the EBRD reference list;<sup>24</sup> iii) decrease scope 1 GHG emissions associated with BT Group's car fleet by 20% by 2030 compared to 2018; and iv) replace all banking cards in circulation with cards made from recycled materials by 2027.<sup>25</sup>

Furthermore, BT aims to increase impact financing and commits to implementing measures to this end, including: i) defining a renewable energy strategy; ii) increasing the focus on energy efficiency projects, smart agriculture and adaptation, efficient transport, and water efficiency; and iii) preparing and promoting green and sustainable credits to support investments by companies and public authorities.<sup>26</sup>

Sustainalytics is of the opinion that the Framework is aligned with the Bank's overall sustainability strategy and initiatives and will further BT's action on its key environmental and social priorities.

### Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental and social impacts. However, Sustainalytics is aware that such projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues involving: i) bribery, corruption and business ethics; ii) over-indebtedness for financially vulnerable individuals; iii) privacy risks; iv) biodiversity and land use change issues associated with large infrastructure projects; iv) emissions, effluents and waste; and iv) occupational health and safety (OH&S).

Sustainalytics is of the opinion that BT is able to manage or mitigate potential risks through implementation of the following:

- To mitigate risks related to bribery, corruption and business ethics, BT has established its Code of Conduct.<sup>27</sup> The code outlines a set of standards based on work ethics for all the Bank's employees according to the following principles: moral integrity, impartiality and non-discrimination, professionalism and transparency, compliance and legislation, and confidentiality. Through its Anti-Bribery and Corruption Policy, BT sets out rules to promote zero tolerance for any violations of anti-corruption and anti-bribery laws. The policy adheres to international law and addresses behaviours such as receiving gifts, performing payments, political involvement, etc.<sup>28</sup> Furthermore, the Bank has a whistleblowing policy in place to guide any employee to report situations of internal or external breach of regulations.<sup>29</sup>
- To address risks related to over-indebtedness of financially vulnerable individuals, BT follows its risk management framework, which outlines principles such as limiting excessive risk-taking and protecting financial stability by limiting the impact of potential adverse events on capital and profitability.<sup>30</sup> Furthermore, BT assesses all borrowers' creditworthiness, which is intended to protect consumers against the risks of over-indebtedness and bankruptcy. Regarding approved interest rates and fees for granted loans, these are assessed and determined by the Bank's dedicated committees.<sup>31</sup>
- Regarding privacy risks, BT has implemented internal regulations that establish thresholds for personal data protection and data security. These include procedures on the management of security, rules regarding the obligations of BT's financial entities' employees to maintain the confidentiality of personal data and information subject to professional secrecy incidents, and

<sup>23</sup> Ibid.

<sup>24</sup> EBRD, "EBRD Environmental and Social Exclusion List", (2008), at: [https://www.ebrd.com/downloads/about/sustainability/Environmental\\_and\\_Social\\_Exclusion\\_and\\_Referral\\_Lists\\_15092008.pdf](https://www.ebrd.com/downloads/about/sustainability/Environmental_and_Social_Exclusion_and_Referral_Lists_15092008.pdf)

<sup>25</sup> Ibid.

<sup>26</sup> Ibid.

<sup>27</sup> Banca Transilvania, "Code of Ethics and Conduct of the BT Financial Group", at: <https://www.bancatransilvania.ro/files/app/media/relatii-investitori/corporate-Governance/CORPORATE%20GOVERNANCE%20PRINCIPLES/Code-of-Ethics-and-Conduct-BT-Financial-Group.pdf>

<sup>28</sup> Banca Transilvania, "Anti-Bribery and Corruption Policy", at: <https://www.bancatransilvania.ro/files/app/media/relatii-investitori/corporate-Governance/CORPORATE%20GOVERNANCE%20PRINCIPLES/Anti-Bribery-and-Corruption-Policy.pdf>

<sup>29</sup> Banca Transilvania, "Whistleblower Policy", at: <https://en.bancatransilvania.ro/files/app/media/En/Useful-documents/Whistleblower-Policy.pdf>

<sup>30</sup> Banca Transilvania, "Sustainability Report 2022", at: <https://www.bancatransilvania.ro/files/app/media/relatii-investitori/ir-presentations-roadshows/General%20Presentations/Sustainability-report-2022.pdf>

<sup>31</sup> Ibid.

personal data breaches.<sup>32</sup> Additionally, employees are trained on a yearly basis on the processing and protection of personal data. Regarding the security of the information, BT has a Security Management System in place developed in accordance with ISO 27001.<sup>33</sup> The system covers the following organizational components: cybersecurity, vulnerability management, information and security governance, and digital identity management.<sup>34</sup>

- To manage risks related to biodiversity and land use change, as well as emissions, effluents and waste associated with large infrastructure projects, and OH&S, BT has implemented an environmental and social risk assessment approach through its Environmental Policy,<sup>35</sup> which describes the consideration of environmental and social risks in its lending processes, and is applicable to the Bank's entire portfolio.<sup>36</sup> The procedure intends for each transaction to be evaluated on the impact of non-financial factors related to environmental and social risks. The process abides by the International Finance Corporation and the European Bank for Reconstruction and Development standards and provides a list of excluded sectors which are not eligible for credit. The process further outlines the prohibition of financing investments in protected areas or areas that could potentially have a negative impact on the environment or communities. The ESG Risk Analysis Department is responsible for conducting the environmental and social risk analysis for corporate clients, assessing environmental and social risks in relation to financing, categorizing the clients' activities by risk level and establishing corresponding mitigation measures.

Based on these policies, standards and assessments, Sustainalytics is of the opinion that BT has implemented adequate measures and is well positioned to mitigate or manage environmental and social risks associated with the eligible categories of the projects to be invested in.

### Section 3: Impact of Use of Proceeds

All nine use of proceeds categories are aligned with those recognized by the GBP, SBP, GLP or SLP. Sustainalytics has focused below on where the impact is specifically relevant in the local context.

#### Importance of financing green buildings and renewable energy in Romania

To limit global warming to 1.5°C above pre-industrial levels in accordance with the commitments of the Paris Agreement, global GHG emissions need to reach net zero by 2050.<sup>37</sup> The EU has committed to reducing GHG emissions by at least 40%, increasing energy efficiency by at least 32.5% and increasing the share of renewable energy to at least 32% by 2030 compared to 1990 levels.<sup>38</sup> Investments in buildings are key to achieving these goals, as buildings' operations contributed to 30% of the world's final energy consumption and were responsible for 26% of global emissions linked to energy usage in 2022.<sup>39</sup> In the case of Romania, the country was responsible for 3% of the EU's total GHG emissions in 2021, and its energy sector accounts for the largest share of national emissions, representing 65% of the country's total emissions.<sup>40,41</sup>

As a signatory to the Paris Agreement, Romania has committed to reducing at least 55% of GHG emissions by 2030 from a 1990 baseline.<sup>42</sup> The Government of Romania aims to achieve energy savings of 45.1% in primary energy consumption and 40.4% of final energy consumption by 2030 compared to the 2007 baseline.<sup>43</sup> Under the 2021-2030 Integrated National Energy and Climate Plan (INECP), the Government of Romania aims to achieve a 34% share of renewable energy in the total energy mix by 2030, increasing from

<sup>32</sup> Ibid.

<sup>33</sup> ISO, "ISO/IEC 27001:2022 – Information security, cybersecurity and privacy protection", at: <https://www.iso.org/standard/27001>

<sup>34</sup> Banca Transilvania, "Sustainability Report 2022", at: <https://www.bancatransilvania.ro/files/app/media/relatii-investitori/ir-presentations-roadshows/General%20Presentations/Sustainability-report-2022.pdf>

<sup>35</sup> Banca Transilvania Financial Group, "Environmental Policy". The Bank has shared the document with Sustainalytics on a confidential basis.

<sup>36</sup> Banca Transilvania, "Sustainability Report 2022", at: <https://www.bancatransilvania.ro/files/app/media/relatii-investitori/ir-presentations-roadshows/General%20Presentations/Sustainability-report-2022.pdf>

<sup>37</sup> United Nations, "For a livable climate: Net-zero commitments must be backed by credible action", at: <https://www.un.org/en/climatechange/net-zero-coalition>

<sup>38</sup> European Commission, "Romania: Summary of the Commission assessment of the draft National Energy and Climate Plan 2021-2030", at: [https://energy.ec.europa.eu/system/files/2019-06/necp\\_factsheet\\_ro\\_final\\_0.pdf](https://energy.ec.europa.eu/system/files/2019-06/necp_factsheet_ro_final_0.pdf)

<sup>39</sup> International Energy Agency, "Buildings", at: <https://www.iea.org/energy-system/buildings>

<sup>40</sup> European Parliament, "Climate action in Romania", (2021), at: [https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/696185/EPRS\\_BRI\(2021\)696185\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/696185/EPRS_BRI(2021)696185_EN.pdf)

<sup>41</sup> Climate Analytics, 1.5 C National Pathway Explorer, "What is Romania's pathway to limit global warming to 1.5°C?", (2023), at: <https://1p5ndc-pathways.climateanalytics.org/countries/romania/current-situation/>

<sup>42</sup> UNFCCC, "The update of the nationally determined contribution of the European Union and its Member States", (2023), at: <https://unfccc.int/sites/default/files/NDC/2023-10/ES-2023-10-17%20EU%20submission%20NDC%20update.pdf>

<sup>43</sup> Government of Romania, "The 2021-2030 Integrated National Energy and Climate Plan", (2020), at: [https://energy.ec.europa.eu/system/files/2020-06/ro\\_final\\_necp\\_main\\_en\\_0.pdf](https://energy.ec.europa.eu/system/files/2020-06/ro_final_necp_main_en_0.pdf)



24% in 2020.<sup>44</sup> The INECP's 2030 targets for residential and non-residential buildings include the renovation of buildings to nearly zero-energy building standards through improvements in energy efficiency; and the incorporation of renewable energy solutions to renovate buildings to a level consistent with national regulations, equivalent to achieving an EPC label C.<sup>45</sup> Additionally, Romania aims to improve end-user energy efficiency in buildings as part of the strategic objectives of its National Climate Change Strategy for GHG reduction.<sup>46</sup> This aligns with the EU's 2023 update on the Energy Performance of Buildings Directive, which requires zero emissions for all new public buildings from 2026 and all new buildings from 2028, and the EU goal of reaching climate neutrality in the buildings sector by 2050.<sup>47</sup>

Nonetheless, Romania transitioned from a net energy exporter in 2018 to recording a persistent energy deficit due to lack of investment in the energy sector in 2022. Private financing to facilitate investment in energy efficiency<sup>48</sup> can contribute to meet the targets of the INECP, which require nearly EUR 127 billion between 2021 and 2030, which would correspond to an annual cost equivalent to approximately 6% of the current GDP of Romania.<sup>49</sup>

BT intends to invest in renewable energy and energy efficiency projects in Romania. Sustainalytics is of the opinion that BT's financing is expected to support the national energy-related targets and, therefore, lead to a decarbonized economy in Romania.

### Importance of employment generation in Romania

Romania's GDP grew at an annual rate of 3.6% between 2006 and 2019.<sup>50</sup> However, Romania currently holds the second-lowest GDP per capita in the EU, besides ongoing poverty and inequality issues.<sup>51</sup> In 2020, Romania had a Gini Index of equivalized disposable income at 34.8 out of 100, making it the fourth highest in the EU, indicating that inequality continues to be high.<sup>52</sup> While the bottom 40% of the population is largely excluded from the benefits of economic growth (half of this cohort is unemployed), the country has experienced only a small increase in shared prosperity average growth: 1% between 2015 and 2020.<sup>53</sup>

SMEs in Romania employ 65% of the country's overall workforce and accounted for 99.8% of all non-financial sector companies, which employ 21% of the total population.<sup>54,55</sup> Romania's Recovery and Resilience Plan (RRP) of EUR 29.18 billion and the national share of structural funds (EUR 31.5 billion for the 2021-27 period) have the potential to boost the economy.<sup>56,57</sup> The SMEs stand to benefit both from the financial allocation and the RRP reforms.<sup>58</sup> Access to finance remains an issue for scaling up companies, especially SMEs: in 2021, the country ranked 20<sup>th</sup> among the EU-27 in the EIF SME Access to Finance Index, representing a constraint in access to external finance, and had the fourth highest share of firms facing financial constraints in the EU in 2022.<sup>59,60</sup>

BT intends to finance MSMEs in Romania, which will enhance employment generation. Sustainalytics is of the opinion that BT's financing is expected to support the Romanian economy and, therefore, lead to GDP growth and poverty alleviation in Romania.

<sup>44</sup> Ibid.

<sup>45</sup> Ministry of Environment, Waters and Forests, "Romania's Forth Biennial Report under the UNFCCC", (2022), at: [https://unfccc.int/sites/default/files/resource/BR4\\_Romania.pdf](https://unfccc.int/sites/default/files/resource/BR4_Romania.pdf)

<sup>46</sup> Ibid.

<sup>47</sup> European Parliament, "Energy performance of buildings (recast)", (2023), at: [europa.europa.eu/doceo/document/TA-9-2023-0068\\_EN.pdf](http://europa.europa.eu/doceo/document/TA-9-2023-0068_EN.pdf)

<sup>48</sup> US International Trade Administration, "Romania Clean Energy", at: <https://www.trade.gov/market-intelligence/romania-clean-energy>

<sup>49</sup> European Commission, "Romania: Summary of the Commission assessment of the draft National Energy and Climate Plan 2021-2030", at: [https://energy.ec.europa.eu/system/files/2019-06/necp\\_factsheet\\_ro\\_final\\_0.pdf](https://energy.ec.europa.eu/system/files/2019-06/necp_factsheet_ro_final_0.pdf)

<sup>50</sup> International Monetary Fund, "Romania: Selected Issues", (2022), at: <https://www.elibrary.imf.org/view/journals/002/2022/311/article-A002-en.xml>

<sup>51</sup> Ibid.

<sup>52</sup> World Economics, "Romania's Gini Year", at: <https://www.worldeconomics.com/Inequality/Gini-Year/Romania.aspx>

<sup>53</sup> World Bank, "Poverty & Equity Brief", (2023), at: [https://databankfiles.worldbank.org/public/ddpext\\_download/poverty/987B9C90-CB9F-4D93-AE8C-750588BF00QA/current/Global\\_POVEQ\\_ROU.pdf](https://databankfiles.worldbank.org/public/ddpext_download/poverty/987B9C90-CB9F-4D93-AE8C-750588BF00QA/current/Global_POVEQ_ROU.pdf)

<sup>54</sup> OECD iLibrary, "Capital Market Review of Romania: Towards a National Strategy", at: <https://www.oecd-ilibrary.org/sites/0db9ea8e-en/index.html?itemId=/content/component/0db9ea8e-en>

<sup>55</sup> European Parliament, "Small and medium-sized enterprises", (2023), at: <https://www.europa.europa.eu/factsheets/en/sheet/63/small-and-medium-sized-enterprises>

<sup>56</sup> European Commission, "Romania's recovery and resilience plan", at: [https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility/country-pages/romanias-recovery-and-resilience-plan\\_en](https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility/country-pages/romanias-recovery-and-resilience-plan_en)

<sup>57</sup> European Commission, "EU Cohesion Policy: €31.5 billion for Romania", (2022), at: [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_22\\_4662](https://ec.europa.eu/commission/presscorner/detail/en/ip_22_4662)

<sup>58</sup> European Parliament, "Romania's National Recovery and Resilience Plan Latest state of play", (2023), at: [https://www.europa.europa.eu/RegData/etudes/BRIE/2022/733641/EPRS\\_BRI\(2022\)733641\\_EN.pdf](https://www.europa.europa.eu/RegData/etudes/BRIE/2022/733641/EPRS_BRI(2022)733641_EN.pdf)

<sup>59</sup> European Commission, "2023 Country Report - Romania", (2023), at: [https://economy-finance.ec.europa.eu/system/files/2023-05/RO\\_SWD\\_2023\\_623\\_en.pdf](https://economy-finance.ec.europa.eu/system/files/2023-05/RO_SWD_2023_623_en.pdf)

<sup>60</sup> European Investment Fund, "EIF in Romania", at: <https://www.eif.org/eib.org/img/publication/eif-in-romania.pdf>

### Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the BT Group Sustainable Finance Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings (Residential and Commercial)	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Environmentally Sustainable Management of Living Natural Resources and Land Use	2. Zero Hunger	2.4 By 2030 ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters, and that progressively improve land and soil quality
Employment Generation	8. Decent Work and Economic Growth	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services
Food Security and Sustainable Food Systems	2. Zero Hunger	2.4 By 2030 ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters, and that progressively improve land and soil quality
Access to Healthcare	3. Good Health and Wellbeing	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all
Access to Education	4. Quality Education	4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university
Access to Financial Services	8. Decent Work and Economic Growth	8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance, and financial services for all

## Conclusion

BT has developed the BT Group Sustainable Finance Framework, under which it may issue senior bonds, subordinated bonds, covered bonds, medium-term notes, commercial papers and loans, and use the proceeds to finance and refinance, in whole or in part, existing or future eligible loans to finance or refinance projects that support the transition to a low-carbon and climate-resilient economy and/or that provide a positive social impact and mitigate social problems in Romania and Moldova. Sustainalytics considers that the eligible projects are expected to provide positive environmental and social impacts.

The BT Group Sustainable Finance Framework outlines a process for tracking, allocating and managing proceeds and makes commitments for reporting on allocation and impact. Sustainalytics believes that the BT Group Sustainable Finance Framework is aligned with the overall sustainability strategy of the Bank and that the use of proceeds will contribute to the advancement of the UN Sustainable Development Goals 2, 3, 4, 7, 8 and 11. Additionally, Sustainalytics is of the opinion that BT has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that Banca Transilvania is well positioned to issue green, social and/or sustainability bonds and that that BT Group Sustainable Finance Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021, Social Bond Principles 2023, Green Loan Principles 2023 and Social Loan Principles 2023.

## Appendices

### Appendix 1: Social Bond / Social Bond Programme - External Review Form

#### Section 1. Basic Information

<b>Issuer name:</b>	Banca Transilvania S.A.
<b>Social Bond ISIN or Issuer Social Bond Framework Name, if applicable:</b>	BT Group Sustainable Finance Framework
<b>Review provider's name:</b>	Sustainalytics
<b>Completion date of this form:</b>	November 17, 2023
<b>Publication date of review publication:</b>	

#### Section 2. Review overview

##### SCOPE OF REVIEW

The review:

- assessed the 4 core components of the Principles (**complete review**) and confirmed the alignment with the GBP/SBP/SBG (*delete where appropriate*).
- assessed only some of them (**partial review**) and confirmed the alignment with the GBP/SBP/SBG (*delete where appropriate*); please indicate which ones:
  - Use of Proceeds
  - Process for Project Evaluation and Selection
  - Management of Proceeds
  - Reporting
- assessed the alignment with other regulations or standards (CBI, EU GBS, ASEAN Green Bond Standard, ISO 14030, etc.); please indicate which ones:

##### ROLE(S) OF INDEPENDENT REVIEW PROVIDER

- Second Party Opinion
- Certification
- Verification
- Scoring/Rating
- Other (please specify):

##### Does the review include a sustainability quality score?

- Of the issuer
- Of the project
- Of the Framework
- Other (please specify):
- No scoring

## ASSESSMENT OF THE PROJECT(S)

### Does the review include:

- The environmental and/or social features of the type of project(s) intended for the Use of Proceeds?
- The environmental and/or social benefits and impact targeted by the eligible Green and/or Social Project(s) financed by the Green, Social or Sustainability Bond?
- The potentially material environmental and/or social risks associated with the project(s) (where relevant)?

## ISSUER'S OVERARCHING OBJECTIVES

### Does the review include:

- An assessment of the issuer's overarching sustainability objectives and strategy, and the policies and/or processes towards their delivery?
- An identification and assessment of environmental, social and governance related risks of adverse impact through the Issuer's [actions] and explanations on how they are managed and mitigated by the issuer?
- A reference to the issuer's relevant regulations, standards, or frameworks for sustainability-related disclosure and reporting?

## CLIMATE TRANSITION STRATEGY

### Does the review assess:

- The issuer's climate transition strategy & governance?
- The alignment of both the long-term and short/medium-term targets with the relevant regional, sector, or international climate scenario?
- The credibility of the issuer's climate transition strategy to reach its targets?
- The level/type of independent governance and oversight of the issuer's climate transition strategy (e.g. by independent members of the board, dedicated board sub-committees with relevant expertise, or via the submission of an issuer's climate transition strategy to shareholders' approval).
- If appropriate, the materiality of the planned transition trajectory in the context of the issuers overall business (including the relevant historical datapoints)?
- The alignment of the issuer's proposed strategy and targets with appropriate science-based targets and transition pathways that are deemed necessary to limit climate change to targeted levels?
- The comprehensiveness of the issuer's disclosure to help investors assess its performance holistically?

### Overall comment on this section:

## Section 3. Detailed Review

### 1. USE OF PROCEEDS

#### Does the review assess:

- the environmental/social benefits of the project(s)?
- whether those benefits are quantifiable and meaningful?
- for social projects, whether the target population is properly identified?

#### Does the review assess if the issuer provides clear information on:

- the estimated proceeds allocation per project category (in case of multiple projects)?

- the estimated share of financing vs. re-financing (and the related lookback period)?

**Overall comment on this section:**

The eligible categories for the use of proceeds – Green Buildings, Renewable Energy, Clean Transportation, Environmentally Sustainable Management of Living Natural Resources and Land Use, Employment Generation, Food Security and Sustainable Food Systems, Access to Healthcare, Access to Education, Access to Financial Services – are aligned with those recognized by the Green Bond Principles, Social Bond Principles, Green Loan Principles, and Social Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental and social impacts and advance the UN Sustainable Development Goals, specifically SDGs 2, 3, 4, 7, 8 and 11.

## 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

**Does the review assess:**

- whether the eligibility of the project(s) is aligned with official or market-based taxonomies or recognised international standards? Please specify which ones.

*Sustainalytics has a proprietary taxonomy which is influenced by the EU taxonomy, Climate Bonds Initiative taxonomy as well as international standards.*

- whether the eligible projects are aligned with the overall sustainability strategy of the issuer and/or if the eligible projects are aligned with material ESG-related objectives in the issuer's industry?
- the process and governance to set the eligibility criteria including, if applicable, exclusion criteria?
- the processes by which the issuer identifies and manages perceived social and environmental risks associated with the relevant project(s)?
- any process in place to identify mitigants to known material risks of negative social and/or environmental impacts from the relevant project(s)?

**Overall comment on this section:**

Banca Transilvania's Sustainable Finance Working Group is responsible for evaluating and selecting loans in line with the eligibility criteria. Banca Transilvania has a process in place that evaluates the environmental and social risks associated with eligible projects. Sustainalytics considers the project selection process in line with market practice.

## 3. MANAGEMENT OF PROCEEDS

**Does the review assess:**

- the issuer's policy for segregating or tracking the proceeds in an appropriate manner?
- the intended types of temporary investment instruments for unallocated proceeds?
- Whether an external auditor will verify the internal tracking of the proceeds and the allocation of the funds?

**Overall comment on this section:**

The Sustainable Finance Working Group will be responsible for the management and allocation of proceeds, will track the proceeds using an internal tracking system through a portfolio approach and intends to allocate proceeds in full within 24 months of issuance. Pending full allocation, proceeds will be temporarily held in BT Group's liquidity portfolio, in cash or other short-term and liquid instruments. This is in line with market practice.

## 4. REPORTING

**Does the review assess:**

- the expected type of allocation and impact reporting (bond-by-bond or on a portfolio basis)?
- the frequency and the means of disclosure?
- the disclosure of the methodology of the expected or achieved impact of the financed project(s)?

**Overall comment on this section:**

Banca Transilvania commits to report on allocation of proceeds on its website on an annual basis until full allocation. The allocation reporting will include on an aggregate basis for each use of proceeds category. In addition, Banca Transilvania intends to report on relevant impact metrics. Sustainalytics views Banca Transilvania's allocation and impact reporting as aligned with market practice.

#### Section 4. Additional Information

**Useful links** (e.g. to the external review provider's methodology or credentials, to the full review, to issuer's documentation, etc.)

**Analysis of the contribution of the project(s) to the UN Sustainable Development Goals:**

**Additional assessment in relation to the issuer/bond framework/eligible project(s):**

#### ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE SBP

- i. Second-Party Opinion: An institution with social expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Social Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Social Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to social sustainability, and an evaluation of the social features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or social criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Social Bond proceeds, statement of social impact or alignment of reporting with the SBP, may also be termed verification.
- iii. Certification: An issuer can have its Social Bond or associated Social Bond framework or Use of Proceeds certified against a recognised external social standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Social Bond Scoring/Rating: An issuer can have its Social Bond, associated Social Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on social performance data, process relative to the SBP, or another benchmark. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material social risks.

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The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.



## About Sustainalytics, a Morningstar Company

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For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com)

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