



mBank S.A. Group Green Bond Framework

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mBank Group



Set up in 1986, mBank Group is Poland's fourth largest universal banking group in terms of total assets at the end of September 2021, servicing ca. 5.5 million retail clients in Poland, Czech Republic and Slovakia and more than 30,000 corporate clients. The offer includes retail, SME, corporate and investment banking as well as other financial services such as leasing, factoring, commercial real estate financing, brokerage, wealth management, distribution of insurance, corporate finance and advisory in the scope of capital markets. mBank's strategic shareholder, Germany's Commerzbank, owns 69.3% of mBank's shares. Since its beginnings, mBank sets the path for changes and innovativeness in the banking sector, where we are a leader in digital banking.



Our approach to sustainability

Our sustainable strategy

Corporate responsibility is a guiding principle of mBank Group. Environmental, social and ethical aspects play a crucial role in the way we manage our company. Hence, ESG objectives are a core component of the Strategy of mBank Group for 2021-2025. It is a key priority for us to make progress with our ESG agenda and stand out in our peer group. We will be a more responsible and inclusive bank and expect the same from our employees, clients and commercial partners. We will continue to contribute to the sustainable growth and well-being of the society.

We support Sustainable Development Goals set by the United Nations (UN SDGs)¹ in its 2030 Agenda for Sustainable Development.



To execute these tasks, we identify and manage the environmental, social and governance issues at mBank Group. The established **Sustainable Development Committee of mBank Group** is headed by the Chief Risk Officer (CRO) who is also a member of the management board. The CRO conducts a leadership oversight role for ESG management in the company.

mBank is the first Polish bank, which signed the United Nations Environment Programme Finance Initiative (UNEP FI) **Principles for Responsible Banking**. There is also our intention to enter the UNEP FI **Net-Zero Banking Alliance**.

¹ <https://sustainabledevelopment.un.org/?menu=1300>



Responsibility for climate

Our promise: By 2050 we will become a fully climate-neutral bank. By 2030 we will reach climate neutrality in scope 1 and 2.

To reduce our direct impact, we will i.a. define a timetable and milestones (2025, 2030, 2050) for reducing the carbon footprint and achieving climate neutrality in line with the Paris Agreement goals, use clean energy, with a minimum 80% of the volume of electric energy purchased for the needs of the bank coming from renewable sources by 2023 and replace mBank's fleet with low-emission vehicles gradually, with no new diesel-powered cars starting from 2023.

To reduce our indirect impact, we will:

- provide PLN 10 billion of funds for the renewable energy sources (RES) segment by the end of 2023, including:
 - I. PLN 5 billion of own funds dedicated for new financing of green energy, waste management, e-mobility, and similar projects,
 - II. PLN 5 billion from other sources such as consortia and green bonds issues for clients,
- increase the share of corporate clients with ESG products to 5% of total portfolio by 2023,
- identify carbon-intensive sectors within our portfolio and determining the level of CO₂ pollution that may be attributed to them,
- increase the share of SME's investments backed by eco-compliant real estate to 10% by 2025,
- grant PLN 25 billion of housing loans collateralized on residential buildings that meet CO₂ emission reduction norms resulting from the low carbon trajectory in 2022-2025,
- sell PLN 1 billion of eco-mortgage loans for real estates that meet the increased emission requirements confirmed by the Nearly Zero Energy Building Certification (NZEB) in 2022-2025,
- finance PLN 1.7 billion of eco-investments of retail small firms by 2025,
- achieve at least 50% of our clients' assets under mBank's management invested in products compliant with ESG guidelines by 2025,
- have no new products with a low ESG rating among third-party investment funds offered by mBank.

More information about mBank's ESG strategy and objectives, including Responsibility for climate as well as other pillars of ESG strategy (Responsibility for financial health of our clients, Responsibility for being an organisation in line with ESG values and Responsibility for society) can be found in mBank Group Strategy for 2021-2025:

<https://www.mbank.pl/pdf/relacje-inwestorskie/strategy-of-mbank-group-for-2021-2025en.pdf>



Sustainability standards and key policies

mBank intends to operate according to the highest sustainability standards in its relations with all stakeholders. Therefore we developed and follow a number of policies, rules and regulations relevant to our business activity. Being a responsible creditor, we are cautious about providing financial services to clients or transactions, where reputational risk is identified. It includes in particular social or environmental risk understood as the risk of adverse impact on society or the natural environment by the client or an investment financed by mBank. We follow credit policies which incorporate ESG principles. They comprise among others:

- **mBank S.A. Credit Policy of Financing Renewable Energy Source (RES) Installations**

The transformation of the energy sector and the reduction of GHG emission are crucial to reach the goals set in the Paris Agreement. To facilitate this transformation and actively promote pro-environmental solutions, mBank adopted a policy of lending to wind farms and photovoltaics (RES). In 2019 we declared PLN 1 billion to be spent on RES installations, with substantial exhaustion already in 2019, partially under the RES Policy. In 2020 we increased that limit to PLN 4 billion.

- **Credit policy regarding industries relevant to the EU climate policy**

This policy can be also referred to as our “mining policy” but it has a broader scope. We do not finance new coal mines and coal-fired power units since April 1st, 2019. In October 2019 we went further and approved a new, stricter policy (binding since November 2019) of lending to mining, energy and heating, transport industries and entities operating in other industries that are heavy consumers of energy.

- **Policy on providing services to sensitive branches in terms of mBank’s reputation risk**

This policy imposes restrictions on providing services to companies from sectors which are controversial from the ESG perspective and break the Ten Principles of UN Global Compact. The restrictions apply to opening accounts and granting loans to companies, including existing customers of the bank, that operate based on child labor, forced or otherwise grossly human rights abuses; are oriented towards economic exploitation of areas of high natural value; are threatening the global cultural heritage. We do not establish business relations with entities, regardless of the industry, which operate in countries covered by UN sanctions.

- **The rules for financing defense entities**

At mBank, we recognize that states have an inalienable right to defend themselves against external and internal threats, but at the same time cooperation with defense sector entities involved in the production and sale of weapons, ammunition, explosives and others materials of direct use on the battlefield and technology intended for military use, carries reputational risk.

Before we start co-operation, we take into account political, social, ethical and environmental issues.

The general rules when providing financial services such as credit, including trade finance products, and non-credit, e.g. banking account, are:

1. mBank may provide banking services to the Polish State Treasury or companies majority owned by the State Treasury and government agencies.
2. mBank excludes the possibility of servicing or financing private entities whose activity is directly related to the production and sale of equipment and materials used to destroy human force, including the production and trading of parts for this type of equipment or materials, technologies for military use.
3. mBank does not support and does not engage in transactions with entities that are involved in research, production or trade in the area of controversial or unconventional types of weapons (Poland is a party to the Treaty on Non-Proliferation nuclear weapons of July 1, 1960, is obliged to comply with legal acts issued by the EU and the UN Security Council).
4. mBank engages only in transactions where it is possible to unambiguously identify the final recipient.

Our sustainability standards, including our key ESG policies, are available at our website:

<https://www.mbank.pl/pdf/CSR/mbank-sustainability-standards.pdf>

The general exclusionary criteria in mBank's policies from environmental perspective are as follows:

Coal mining	<ul style="list-style-type: none"> ▪ No financing of new hard coal and lignite mines; no financing of expansions of the capacity of existing mines
Energy & heating	<ul style="list-style-type: none"> ▪ No financing of the construction of new power plants and boilers fired with hard coal or lignite (including suppliers of components, services and technologies for this construction) ▪ No financing of projects that serve the modernization of boilers and power units based on coal technology that do not significantly reduce emissions of CO₂ or other air pollutants ▪ No financing for new corporate clients, where the share of electricity from hard coal or lignite (calculated on the basis of production capacity measurement) exceeds 50% ▪ No financing of investments related to the construction and development of nuclear power plants ▪ No financing of entities involved in the production or trade of radioactive materials (exception: medical equipment and equipment used in quality control) ▪ No financing of energy companies with coal-fired power units or entities aimed at the development of coal energy, without a clearly defined financing goal
Oil and gas	<ul style="list-style-type: none"> ▪ No financing of companies whose dominant activity is focused on exploration and extraction of shale gas ▪ No financing of entities that conduct activities focused on the economic exploitation of valuable natural areas, protected (including the Arctic) and in other way grossly violating environmental protection regulations



mBank's ESG recognition

We believe that sustainability should not be limited to selected actions, but incorporated in the business model. Therefore we are glad to be a member of:

- UN Global Compact and signatory of the 10 Principles,
- UNEP FI and signatory of the Principles for Responsible Banking,
- WIG ESG², an index of the Warsaw Stock Exchange covering companies that comply with the principles of socially responsible business, in particular in the field of environmental, social, economic and corporate governance issues,
- FTSE 4 Good index, run since 2001 by FTSE Group, designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices,
- Bloomberg Gender Equality Index which aims to track the performance of public companies committed to transparency in gender-data reporting.

In January 2022, mBank became a member of the Bloomberg Gender-Equality Index 2022. We are positively reviewed by independent rating agencies with regard to ESG standards at mBank Group. We received strong ESG ratings from Sustainalytics³, comprising both our exposure to material ESG risks and its management.

Our resilience to ESG risks is also rated by MSCI⁴, designed to measure a company's resilience to long-term, industry material environmental, social and governance (ESG) risks.

Up-to-date list and description of our ratings is available at our website:

<https://www.mbank.pl/en/investor-relations/ratings-debt-instruments/ratings/>

² <https://gpwbenchmark.pl/en-karta-indeksu?isin=PL9999998955>

³ <https://www.sustainalytics.com/>

<https://www.sustainalytics.com/sustainable-finance/our-work/>

⁴ <https://www.msci.com/esg-ratings/issuer/mbank-spolka-akcyjna/ID000000002158801>

mBank S.A. Group Green Bond Framework



In order to reach our goals in the area of indirect impact on climate we intend to participate in the sustainable finance market and channel funds to projects and activities with environmental benefits. Therefore we have developed this mBank S.A. Group Green Bond Framework (“Framework”) under which mBank S.A. Group may issue debt instruments (“Green Bonds”) where the net proceeds or an equivalent amount will be exclusively applied to finance and re-finance eligible assets (“Eligible Assets Portfolio”), defined, selected and reported in accordance with this Framework.

This Framework is aligned with the ICMA Green Bond Principles (GBP), published in June 2021⁵. The GBP are voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the Green Bond market by clarifying the approach for issuance of a Green Bond. In alignment with these, our Framework is based on the following key pillars:

- a. Use of Proceeds
- b. Process for Project Evaluation and Selection
- c. Management of Proceeds
- d. Reporting
- e. External Review.

The Framework is also intended to fulfill, on a best effort basis and to the extent currently possible, the requirements of the proposal for the EU Green Bond Standard (EU GBS)⁶ and the Technical Screening Criteria of the EU Taxonomy Climate Delegated Act⁷. For Green Bonds that will be certified by Climate Bonds Initiative, the alignment with the Climate Bonds Initiative Standard (version 3.0 or newer) will be assured.

This Framework may be updated and amended from time to time. Substantial amendments shall be subject to an updated Second Party Opinion. Any such updated and amended Framework will be published on mBank’s website: <https://www.mbank.pl/pdf/mgp-korporacje/relacje-inwestorskie/ratingi-instrumenty-dluzne/ratingi/mbank-green-bond-framework.pdf>

This Framework will apply to any Green Bonds issued by mBank S.A. and/or its subsidiaries. In particular, it applies to the covered bonds (“Green Covered Bonds”) issued by mBank Hipoteczny, the mortgage bank subsidiary of mBank S.A. It may also be used to govern other green financing for which the use of proceeds is intended for an Eligible Assets Portfolio, compliant with selection criteria (“Eligibility Criteria”) defined in accordance with this Framework.

⁵ <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

⁶ https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/190618-sustainable-finance-teg-report-green-bond-standard_en.pdf

⁷ https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf

Use of proceeds





mBank Group intends to allocate the net proceeds of the Green Bonds issued under this Framework to new and/or existing loans of the Eligible Assets Portfolio, which are identified to have a positive environmental impact, especially contribute to the rapid transition to a low carbon and climate resilient economy in line with the goals of the Paris Climate Agreement.

The Eligible Assets Portfolio is to be funded in whole or in part by an allocation of the Green Bonds proceeds. The list of Eligible Assets may be extended to other sectors and categories, providing environmental benefits, subject to update of this Framework and Second Party Opinion.

The underlying Eligible Categories for the use of proceeds and the corresponding Eligibility Criteria are set out below. The Eligibility Criteria are designed to comply with the EU Taxonomy Delegated Act and Technical Screening Criteria⁸, which define environmentally sustainable investments and activities. Corresponding SDGs and EU Environmental Objectives⁹ supported by particular asset classes, are marked by each Eligible Assets Category. For Green Bonds that will be CBI's certified the Eligibility Criteria used will be also aligned with the Climate Bonds Taxonomy and Climate Bonds Standard Sector Criteria¹⁰.

Additionally, in case of refinancing of Eligible Assets a **look-back period of maximum 3 years** from issuance date of the Green Bond¹¹ will be applied.

A. Green buildings

Green Buildings	Supported EU Environmental Objective(s)	UN SDGs Alignment	CBI Taxonomy
	(1) climate change mitigation: (b) improving energy efficiency		

Eligible assets (Section 7.1, 7.2, 7.3, 7.4, 7.6 and 7.7 of the Annex I EU Taxonomy):

construction, renovation and acquisition of buildings that meet one of the following eligibility criteria:

a. Residential real estate:

- I. Residential buildings built after December 31st, 2020 (considered to be new construction), complying with 10%-reduction in Primary Energy Demand (PED) of Nearly-Zero-Energy-Building (NZEB) Standard in Poland, based on Energy Performance of Buildings Directive (EBPD), implemented in Technical Condition 2021 (TC 2021)¹².

⁸ [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=PL_COM:C\(2021\)2800&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=PL_COM:C(2021)2800&from=EN)

⁹ As described in Articles 5-11 of Regulation of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R0852&from=EN>

¹⁰ <https://www.climatebonds.net/standard/sector-criteria>

¹¹ The first disbursement of the refinanced loan can be no more than 3 years before the settlement date of the green bond.

¹² For buildings larger than 5000 m² (1) the building upon completion undergoes testing for air-tightness and thermal integrity, and any deviation in the levels of performance set at the design stage or defects in the building envelope are disclosed to investors and clients (2) the life-cycle Global Warming Potential (GWP) of the building has to be calculated for each stage in the life cycle and is disclosed to investors and clients on demand.

- II. Residential buildings built before December 31st, 2020 (existing buildings), complying with the requirements in Primary Energy Demand (PED) of Nearly-Zero-Energy-Building (NZEB) standard in Poland, based on Energy Performance of Buildings Directive (EPBD), implemented in Technical Condition 2021 (TC 2021), that is PED ≤ 70 kWh/m² year for single-family buildings and PED ≤ 65 kWh/m²/year for multi-family buildings.
- III. Residential buildings built before December 31st, 2020 (existing buildings), with minimum EPC level A or representing the TOP 15% low carbon buildings in Poland (best-in-class approach).
- IV. Refurbished existing residential buildings with a reduction of the primary energy demand (PED) of at least 30% against the building's energy performance before the renovation.
- V. Refurbished existing buildings or renovations designed to fulfill the cost-optimal minimum energy performance requirements in accordance with the Energy Performance of Buildings Directive (EPBD)¹³.
- VI. Residential buildings complying with Technical Condition 2017 (TC 2017) or newer by year of construction are automatically eligible for qualification for green bonds where the mid-point of the bond term is no later than 2025, based on Climate Bonds Initiative (CBI's) low carbon buildings criteria in compliance with CBI's established residential market proxy for Poland¹⁴. The required technical conditions are subject to change, based on year of bond issuance, bond duration and is mandatory to comply with established 2050 zero-carbon linear trajectories for single-family or multi-family houses in compliance with CBI's criteria for low carbon buildings.
- VII. Residential buildings with an Energy Performance Certificate stating TC 2017 or newer, depending on year of bond issuance and bond duration, based on CBI's low carbon buildings criteria in compliance with CBI's established residential market proxy for Poland.
- VIII. Residential buildings complying with year of construction 2017 or newer, depending on year of bond issuance and bond duration, based on CBI's low carbon buildings criteria in compliance with CBI's established residential market proxy for Poland.
- IX. Refurbished existing residential buildings with an improved PED of at least 30%, based on data from EPC before and after the retrofit, depending on each bond term.

More detailed requirements apply and are going to be listed on the website of mBank Hipoteczny¹⁵.

b. Commercial real estate, such as office, hotel, retail and other buildings:

- I. Buildings built after December 31st, 2020 (considered to be new construction), complying with 10% reduction in Primary Energy Demand (PED) of Nearly-Zero-Energy-Building (NZEB) Standard in Poland, based on Energy Performance of Buildings Directive (EPBD), implemented in Technical Condition 2021 (TC 2021)¹⁶.
- II. Buildings built before December 31st, 2020 (existing buildings), complying with the requirements in Primary Energy Demand (PED) of Nearly-Zero-Energy-Building (NZEB) standard in Poland, based on Energy Performance of Buildings Directive (EPBD), implemented in Technical Condition 2021 (TC 2021).
- III. Buildings built before December 31st, 2020 (existing buildings), with minimum EPC level A or representing the TOP 15% low carbon buildings in Poland (best-in-class approach).

¹³ Requirements for primary energy demand as set in TC 2014 and cost optimum report for Poland.


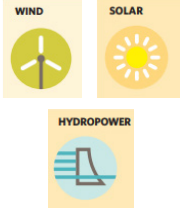
¹⁴ <https://www.climatebonds.net/files/files/Residential%20Proxy%20Poland%281%29.pdf>

¹⁵ <https://www.mhipoteczny.pl/>

¹⁶ For buildings larger than 5000 m² (1) the building upon completion undergoes testing for air-tightness and thermal integrity, and any deviation in the levels of performance set at the design stage or defects in the building envelope are disclosed to investors and clients (2) the life-cycle Global Warming Potential (GWP) of the building has to be calculated for each stage in the life cycle and is disclosed to investors and clients on demand.

- IV. Refurbished existing buildings with primary energy savings of at least 30% against the PED before the renovation.
- V. Refurbished existing buildings or renovations designed to fulfill the cost-optimal minimum energy performance requirements in accordance with the Energy Performance of Buildings Directive (EPBD)¹⁷.
- VI. New, existing and refurbished commercial buildings which received at least one of the following certifications: LEED® "Gold" and above together with 30% improvement above the levels in ASHRAE 90.1¹⁸, BREEAM "Excellent" and above, HQETM "Excellent" and above, EDGE, PassivHaus or DGNB® "Gold" and above.

B. Renewable energy

Renewable energy	Supported EU Environmental Objective(s)	UN SDGs Alignment	CBI Taxonomy
	(1) climate change mitigation: (a) generating, storing or using renewable energy or climate-neutral energy (including carbon-neutral energy), including through using innovative technology with a potential for significant future savings or through necessary reinforcement of the grid		

Eligible assets (Section 3.1, 3.3, 3.4, 3.5, 4.1, 4.3, 4.5, 4.15, 4.16, 4.17, 4.25 of the Annex I EU Taxonomy):

development, acquisition, maintenance and operations of renewable energy sources, understood as i.a. production of energy from renewable sources, manufacturing of equipment/ appliances, development, expansions and maintenance of infrastructure, technology and processes related to smart grids, energy storage and district heating¹⁹, connection of renewable energy production units to the electricity grid, transportation through the network etc.

Specific eligibility criteria comprise, in particular energy generation and equipment manufacturing for:

- a. Onshore and offshore wind energy,
- b. Solar energy, including photovoltaic (provided that 85% or more of the electricity production comes from solar energy sources),
- c. New hydropower plants if they meet one of the following: (i) life-cycle carbon emissions intensity below 50 gCO₂e/kWh, (ii) power density above 10 W/m²²⁰ or (iii) run-of-river without artificial reservoir, as well as the refurbishment or refinancing of existing hydropower plants provided that such plants meet one of the criterion for new hydropower plants and such refurbishment does not result in an increase in the size of the water reservoir,

provided a complete environmental and social impact assessment of these projects has been carried out (identified risk must be reasonably mitigated).


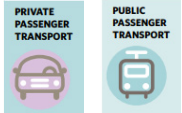
¹⁷ Requirements for primary energy demand as referenced in TC 2014 and cost optimum report for Poland.

¹⁸ 6 years limit on bond tenor. Date of LEED certification must be within 5 years before bond issuance. Threshold is subject to change to comply with Climate Bonds Initiative's Criteria.

¹⁹ For DH projects limited to distribution, the share of renewables must be at least 50%, as per the Energy Efficiency Directive 2012/27/EU. For projects involving heat/cool generation, 100% generation has to come from renewable and/or industrial waste heat.

²⁰ For hydropower facilities commencing operation in 2020 and after

C. Clean transportation

Clean Transportation	Supported EU Environmental Objective (l) climate change mitigation: (c) increasing clean or climate-neutral mobility	UN SDGs Alignment 	CBI Taxonomy 
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Eligible assets (Section 6.1, 6.3, 6.4, 6.5, 6.13, 6.14 and 6.15 of the Annex I EU Taxonomy):


manufacture and upgrade, purchase, and/or operation of:

- a. passenger cars and commercial vehicles – private and light commercial vehicles which transport private passengers along with key components for such vehicles:
 - I. zero direct emissions transport along with key components, for example: manufacturing and bank's leasing of electric vehicles, manufacturing of high-density lithium-ion batteries;
 - II. other hybrid passenger and light commercial vehicles, for example: manufacturing and bank's leasing of hybrid vehicles, provided that hybrid vehicles with emissions of less than 50 gCO₂/passenger-km may be eligible until 2025²¹, thereafter they will not be eligible under this Framework;
- b. public passenger transport by road – buses (urban) and coaches (interurban) transporting public passengers along with key components for such vehicles:
 - I. zero direct emissions buses or coaches along with key components, for example: manufacturing and bank's leasing of electric buses or similar vehicles, manufacturing of high-density lithium-ion batteries;
 - II. other hybrid buses and coaches, for example: manufacturing and bank's leasing of hybrid buses, provided that vehicles with emissions of less than 50 gCO₂/passenger-km may be eligible until 2025²², thereafter they will not be eligible under this Framework;
- c. passenger rail transport rolling stock – rolling stock for the purpose of transporting public passengers:
 - I. zero direct emissions urban rail transit rolling stock, for example: manufacturing of electrified metro rolling stock, leasing of tramway carriages;
 - II. zero direct emissions rail rolling stock, such as manufacturing of electrified passenger rail rolling stock, leasing of passenger rail carriages;
 - III. rail transport networks – rail networks/lines and supporting infrastructure for the purpose of transporting passengers, goods, or a mixture of both, for example: construction of metro or tramway lines;
- d. infrastructure for low carbon transport – supporting infrastructure and logistics that link directly to one or more mode of transport, physical asset or activity, or facilities that improve the performance of supporting systems:
 - I. construction of public walking and cycling infrastructure; cycling schemes;
 - II. dedicated charging and alternative fuel infrastructure (when separable from fossil fuel filling stations and garages);
 - III. construction and development, purchase, and/or operation of dedicated infrastructure for eligible rolling stock, railway lines and networks, for example: train and bus stations, traction maintenance depots, motive power depots for rolling stock.

²¹ For passenger transport, the thresholds aligned with the EU taxonomy on sustainable finance are set at 50g CO₂ per p-km in 2020 and valid until 2025, at which point only zero emissions vehicles (0g CO₂ per p-km) will be eligible.

²² For passenger transport, the thresholds aligned with the EU taxonomy on sustainable finance are set at 50g CO₂ per p-km in 2020 and valid until 2025, at which point only zero emissions vehicles (0g CO₂ per p-km) will be eligible.

D. Electricity transmission, distribution and storage

Electricity Transmission, Distribution and Storage	Supported EU Environmental Objective (1) climate change mitigation: (b) improving energy efficiency	UN SDGs Alignment 
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Eligible assets (Section 4.9 and 4.10 of the Annex I EU Taxonomy): assets and projects defined as:

- a. Transmission and distribution networks:
 - I. construction, upgrade and/or operation of 100% dedicated infrastructure directly connecting, or expanding an existing direct connection, between a power generation facility (wind energy or solar energy that meets the requirements of the relevant EU Taxonomy or Climate Bonds Standard Sector Criteria) and a substation or network, this infrastructure may include: overhead lines (conductors and insulators) and pylons, transformers, reactors and substations, underground cables, circuit breakers and switchgear;
 - II. manufacturing, installation, leasing and/or operation of equipment and infrastructure for which the main objective is an increase in generation or use of renewable energy, for example: the installation of technology that reduces the curtailment of renewable energy or increases its capacity factor in the energy system merit order;
- b. Electricity Storage facilities: construction, upgrade and/or operation of wholly dedicated battery facilities serving a power generation facility (wind energy or solar energy) that meets the requirements of the relevant EU Taxonomy or Climate Bonds Standard Sector Criteria;
- c. Dedicated supporting infrastructure to eligible transmission and distribution and storage assets and activities, for example:
 - I. operation of labour force and equipment for installing or maintaining upkeep and operation of eligible transmission²³ and distribution, storage infrastructure manufacturing,
 - II. operation and/or leasing of vehicles which monitor performance of the assets and allow maintenance work to be done,
 - III. construction, leasing and operation of buildings which house maintenance equipment, dedicated staff or vehicles.

provided a complete climate risk and resilience assessment of these projects has been carried out according to Climate Bond Initiative Sector Criteria (identified risk must be reasonably mitigated).

²³ Only operating expenses directly linked to eligible assets will be financed under this Framework.

E. Waste management

Waste Management	Supported EU Environmental Objective (1) climate change mitigation: (d) switching to the use of sustainably sourced renewable materials	UN SDGs Alignment  
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Eligible projects (section 5.3, 5.4, 5.5 and 5.9 of of Annex I of the EU Taxonomy):

municipal waste collection and source segregation, including waste water²⁴; sorting and treatment activities, for which the final objective is the recycling²⁵ or reuse of waste; construction and operation of facilities for the sorting and processing of separately collected non-hazardous waste streams into secondary raw materials involving mechanical reprocessing (except for backfilling purposes), provided that this activity converts more than 50% (in terms of weight) of the processed separately collected non-hazardous waste into secondary raw materials that are suitable for the substitution of virgin materials in production processes.

²⁴ Projects aimed at treatment of wastewater from fossil fuel operations are not regarded as eligible.

²⁵ For projects aimed at recycling electronic waste, there must be an E&S risk mitigation assessment to avoid health impact and leakages of toxic substances into surrounding environment. Vehicles' collection should meet Clean Transportation criteria defined in this Framework.

Process for project evaluation and selection



Sustainable Development Committee

A dedicated Sustainable Development Committee (“Committee”) has been established at the level of mBank Group’s issuing entity to ensure Eligible Assets evaluation and selection according to the provisions of this Framework. The coordination of this Framework’s consistent application on a Group level is ensured by a Group-wide Sustainable Development Committee (“Group Committee”).

The Committee of an issuing entity within mBank Group shall be reporting to the Group Committee, and/or keeps its separate Eligible Assets Portfolio. In particular, given the organizational and regulatory environment, a separate Sustainable Development Committee for mBank Hipoteczny (mBH SDC) was established at mBank Hipoteczny. Its tasks and responsibilities are described in the latter section: “Sustainable Development Committee for mBank Hipoteczny”.

The Committee is responsible for the content and implementation of this Framework, including Eligibility Criteria definition, selection of Eligible Assets Portfolio, management of proceeds, reporting and, where applicable, an external review. The Committee reviews assets’ eligibility and confirms allocation of proceeds in accordance with this Framework at least on an annual basis. The Committee ensures compliance of Green Bonds with best practices on a best effort basis and is responsible for constant monitoring of potential future changes in this area. The Committee may rely and/or be supported in its process of eligible project identification and evaluation, including assessment of non-financial impact, by external parties and their relevant data sources. The Committee is also responsible for addressing any remarks obtained from the Second Party Opinion (SPO) provider during the annual or other reviews.

The Group Committee is headed by the Chief Risk Officer who is also a member of the Management Board. The committee also consists of representatives from each of the following departments and competence areas: Treasury, Product Development, Risk, Investor Relations and Communication and Marketing responsible for CSR. In addition, the Group Committee shall include representatives of the relevant areas for Eligible Assets categories and/or other experts from the various sectors of allocated assets, in particular representatives of mBH SDC. The Committee of an issuing entity consists of at least representatives of Treasury, Risk and Assets origination/ management areas.



Sustainable Development Committee for mBank Hipoteczny

The Sustainable Development Committee for mBank Hipoteczny is responsible for selection and management of Eligible Assets Portfolio of mBank Hipoteczny, in particular mBH SDC is responsible for:

- a. formal acceptance of the Eligibility Criteria with regards to the assets managed by mBank Hipoteczny, i.e. real estate assets;
- b. decision on adding/removing Eligible Assets booked in mBank Hipoteczny to/from Eligible Assets Portfolio subject to proceeds' allocation, at least on an annual basis,
- c. monitoring and forecasting proceeds' allocation;
- d. reporting to the Group Committee, including information on proceeds' allocation and potential threats to the planned allocation in case of shortage of Eligible Assets;
- e. proposing changes of the Eligibility Criteria to the Committee, further submitted to the Group Committee.

Matters outside the scope of mBH SDC shall be ruled and managed by the Group Committee.



Selection Process

Selection of projects and assets is performed according to the Eligibility Criteria, outlined in Section 4. titled "Use of proceeds". **Only projects that comply with our credit process and our policies, in particular Sustainability Standards²⁶, are subject to further analysis from the perspective of Eligibility Criteria.**

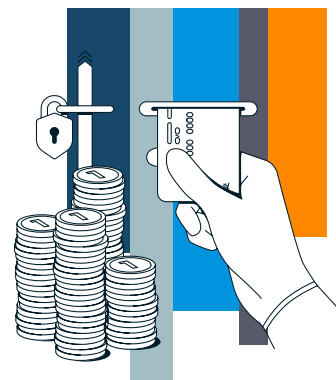
The proceeds from Green Bonds will be allocated taking into account the exclusionary criteria obeyed at mBank Group, enlisted in Section 2. "Our approach to sustainability". In case of projects with partial eligibility, the exact Eligible Assets' amount for the applicable components shall be decided by the Sustainable Development Committee.

mBank Group ensures that selected assets comply with our internal regulations, aiming for alignment with official domestic and international ESG standards, laws and regulations. In particular, eligible projects were assessed from the perspective of their environmental and social impact as well as potential controversies to guarantee that DNSH minimum requirements presented in annexes to the Technical Screening Criteria are fulfilled. However, bearing in mind that regulatory environment and best practices are continuously evolving, we strive to take the latest developments into account during project/asset selection and evaluation. For the avoidance of doubt, any amendments to the Eligibility Criteria will not apply to Green Bonds issued prior to the date of decision on change.

Assets compliant with Eligibility Criteria become part of the Eligible Assets Portfolio by decision of the Sustainable Development Committee based on the internal reports presented to the Committee by the entities responsible for projects in their applicable areas. Internal departments shall provide for comprehensive information to the Committee to take a decision on including assets into the Eligible Assets Portfolio. In specific cases, when internal expertise may be not sufficient, assets' evaluation and selection may be supported by an external expert review.

²⁶ <https://www.mbank.pl/pdf/CSR/mbank-sustainability-standards.pdf>

Management of proceeds



Green Bonds issued under this Framework will be managed by mBank Group in a portfolio approach (“Eligible Assets Portfolio”). Green Bonds’ proceeds will be assigned to the Eligible Assets Portfolio based on the Eligibility Criteria and in compliance with the selection and evaluation process described in Section 5. “Process for project evaluation and selection”.

mBank Group aims to ensure allocation of the Green Bonds’ proceeds into the Eligible Assets Portfolio to the extent matching or exceeding these proceeds. Assets will be added to/removed from the Eligible Assets Portfolio by decision of the Sustainable Development Committee, based on the Eligibility Criteria. In case a loan/project terminates prior to the maturity of a Green Bond, it will automatically be removed from the Eligible Assets Portfolio. mBank Group will monitor the use of net proceeds from Green Bonds with use of its internal information systems. mBank Hipoteczny runs a separate register of covered bonds’ asset pool, based on which assets’ eligibility will be monitored and reported.

The proceeds from the issuance of Green Bonds will be allocated to the Eligible Assets Portfolio within 24 months after the issuance.

Any net proceeds remaining unallocated to the Eligible Assets Portfolio will be invested on a temporary basis at mBank Group’s discretion in line with its treasury guidelines, in cash and/or cash equivalent and/or short-term liquid instruments.

In particular, pending allocation or reallocation, mBank Hipoteczny will hold and/or invest any unallocated Green Covered Bond net proceeds at its own discretion, in its liquidity portfolio in money market instruments described under the legally binding Act of 29 August 1997 on Covered Bonds and Mortgage Banks.

mBank Group intends not to use the unallocated proceeds to finance GHG intensive nor controversial activities.

Reporting



mBank intends to provide reporting for mBank Group's Green Bonds under the mBank Group Green Bond Annual Report. The report shall comprise information concerning each Green Bond issue separately, as well as summarized information concerning all outstanding green issuances by mBank Group.

Apart from aggregated reporting on mBank Group level, mBank Hipoteczny will provide investors with separate reporting on Green Covered Bonds, governed by the same rules as Group aggregated reporting.

mBank Group will provide investors with information on the allocation of proceeds from Green Bonds and on the impact of the assigned assets on a portfolio level. Portfolio level disclosure results from confidentiality considerations and portfolio granularity. The first Allocation Report shall be disclosed after a year from the issuance of the applicable Green Bonds at the latest, whereas subsequent annual reports shall be published regularly at the determined time of the year. After full allocation, a Final Allocation Report shall be published, subject to external verification, and publicly available as long as there is a Green Bond outstanding.

The impact report will be published annually until full allocation of the proceeds during the Green Bonds duration and updated in case of major changes in allocation. mBank Group intends to provide reporting on Green Bonds in accordance with the approach described in ICMA's "Handbook – Harmonized Framework for Impact Reporting (June 2021)" or more up-to-date recommendations when applicable. We will strive to provide comprehensive data to investors. Both allocation report and impact report will be made available on mBank Group's website at: <https://www.mbank.pl/en/investor-relations/ratings-debt-instruments/green-bonds/>



Allocation reporting

The allocation report shall include the following information:

- the notional amount and maturities of the outstanding Green Bond Issues;
- the total amount of proceeds allocated to eligible assets/projects, and, where possible and relevant, divided into categories (e.g. wind, solar or water energy under renewable energy financing), number, project status (working, under construction) and location. In case of projects where only a portion of financing is eligible, only the eligible financing amount of mBank Group will be reported;
- the year of allocation of the Green Bonds to the Eligible Assets Portfolio (representing seasoning of the portfolio) and changes in the portfolio compared to the previous report (new Eligible Assets added to the Portfolio, removed assets due to repayment of underlying loans, projects' termination, non-eligibility decision and others);
- the amount or percentage of new financing and refinancing;
- the balance of unallocated proceeds (if any).

Additionally, when appropriate and subject to confidentiality obligations, mBank Group may provide specific examples of eligible assets refinanced through the proceeds of the Green Bonds.

Impact Reporting

The impact report shall include information on the environmental impact of the Eligible Assets Portfolio as per each category, subject to the availability of information. Applied methodology may be described if necessary.

The impact report shall comprise aggregated results including only pro-rated share as percentage of mBank Group's financing of the total projects' results. Where applicable and feasible, the report may be supplemented with estimated lifetime results and/or project economic life.

The following indicators represent examples of impact indicator's disclosure which may be applied by mBank Group on the category level:

Eligible Assets Category	Potential Impact Indicators
Green Buildings	Residential Real Estate: <ul style="list-style-type: none"> ▪ Estimated/Annual energy savings in MWh/GWh (electricity) ▪ Estimated/Annual reduced and/or avoided emissions in tons of CO₂e Commercial Real Estate: <ul style="list-style-type: none"> ▪ Estimated/Annual energy savings in MWh/GWh (electricity) ▪ Estimated/Annual reduced and/or avoided emissions in tons of CO₂e
Renewable Energy	<ul style="list-style-type: none"> ▪ Total installed capacity in MWh ▪ Estimated annual avoided emissions in tons of CO₂e
Clean Transport	<ul style="list-style-type: none"> ▪ Estimated annual avoided emissions in tons of CO₂e
Electricity transmission, distribution and storage	<ul style="list-style-type: none"> ▪ Estimated energy savings in MWh/GWh (electricity) and GJ/TJ (other energy savings) ▪ Estimated annual avoided emissions in tons of CO₂e
Waste management	<ul style="list-style-type: none"> ▪ Waste that is separated, collected, treated and/or prevented, minimised, reused, recycled, before and after the project in % of total waste and/or in absolute amount in tons p.a.

External review



Second Party Opinion

This mBank Group's Green Bond Framework has been reviewed by Sustainalytics, who has issued a Second Party Opinion (SPO). Sustainalytics confirmed the alignment of this Framework with the Green Bond Principles and provided an independent assessment on the expected environmental benefits of funded projects.

The SPO is publicly available along with this Green Bond Framework on mBank's website:

<https://www.mbank.pl/en/investor-relations/ratings-debt-instruments/green-bonds/>

and on the website of mBank Hipoteczny:

<https://www.mhipoteczny.pl/en/investor-relations/green-covered-bonds/>



Verification

mBank Group may request on an annual basis, starting one year after issuance and until maturity (or until full allocation), an assessment/limited assurance report on allocation of the Green Bonds proceeds to the Eligible Assets Portfolio, provided by an external auditor or reputable verifier.

For CBI's certified Green Bonds the independent verification will be provided at least once after issuance, within two years of issuance. As required, the verifier's report and subsequent annual reporting during the term of the investment will be publicly available on mBank Group's website.



Certification

mBank Group may seek certification for some of the debt instruments to be issued under this Framework. A pre- and post-issuance verification report will be requested for all certified instruments.



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