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Sustainalytics Second Party Opinion

Československá obchodní banka Green Bond Framework

11 June 2025

Framework owner and location:
Československá obchodní banka
Czechia

Sector:
Financial

Overall Assessment

Sustainability Contribution

Principles Alignment

Aligned

Green Bond Principles 2021

Contribution to SDGs

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Assessment Summary

Československá obchodní banka has developed the Československá obchodní banka Green Bond Framework, dated May 2025, under which it intends to issue green bonds to fund projects in the EU and the UK, with a focus on Czechia, in four environmental categories.

We have assessed the overall Sustainability Contribution of the Framework as **Strong**, based on the average Sustainability Contribution of the Framework's four use of proceeds categories. As per our methodology, we have applied equal weighting across categories.

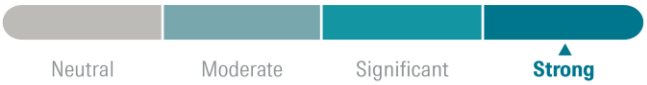
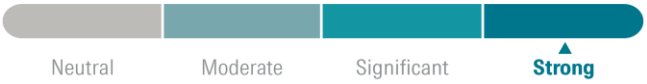
ČSOB intends to finance environmental expenditures in Energy Efficient Buildings (Residential), Energy Efficient Buildings (Commercial), Renewable Energy and Clean Transportation. Under the Energy Efficient Buildings categories, the Bank will finance buildings that have achieved or are expected to achieve energy performance certificate (EPC) A or have primary energy demand (PED) at least 10% below local nearly zero-energy building (NZEB). Expenditures also include refurbishments improving energy efficiency by 30% or more. Overall, criteria for buildings that were built after 2024 are not required to be zero-carbon-ready in relation to energy use, a key consideration for achieving net zero emissions in the sector by 2050. Nevertheless, the financed expenditures are expected to significantly reduce emissions from the buildings sector in the EU and the UK and support the sector's decarbonization.
Under the Renewable Energy category, the Bank intends to finance investments in renewable energy generation projects, from wind and solar power sources that are expected to strongly contribute to the goal of zero-emission energy systems, as these sources have life cycle GHG emissions intensities below 100 gCO_2e/kWh.

Regarding Clean Transportation, the Bank intends to finance fully electric, hydrogen and fuel cell vehicles for passenger transport, related infrastructure and facilities for pedestrians and cyclists in Czechia. These expenditures are expected to strongly reduce emissions from the transportation sector and support its decarbonization.

We have assessed the Framework as **Aligned** with the Green Bond Principles 2021.

Breakdown per Use of Proceeds Category

We have assessed the overall Sustainability Contribution of the Framework as **Strong**, based on the average Sustainability Contribution of the Framework's use of proceeds categories. As per our methodology, we have distributed weight equally across categories, as shown below.

Category	Sustainability Contribution Level	Weight
Energy Efficient Buildings (Residential)		25%
Energy Efficient Buildings (Commercial)		25%
Renewable Energy		25%
Clean Transportation		25%

Issuer Overview & Sustainability Strategy

Československá obchodní banka, or ČSOB, is a commercial bank headquartered in Prague, Czechia. ČSOB provides daily banking, home financing, building savings, company and affluent client banking, investments, financial markets operations, brokerage, leasing and other services. ČSOB is a subsidiary of KBC Group NV, a Belgian banking and insurance group founded in 1998. The Bank has 8,125 employees and 4.29 million clients as of December 2024.[1]

The Bank integrates environmental and social factors into its sustainability strategy, focusing on: i) increasing the positive impact of its products and services; ii) limiting the adverse impacts of its operations and portfolio on the society and environment; and iii) encouraging responsible behaviour and business ethics.[2]

KBC centrally defines the sustainability strategy and the relevant agenda for its subsidiaries, including ČSOB.[3] KBC has developed a climate strategy based on the UN Collective Commitment to Climate Action[4] and aligns it with the Paris Agreement's goal of keeping global warming well below 2°C while striving to limit it to 1.5°C. KBC has also set medium- and long-term climate targets for its lending operations for the energy, real estate, transport, agriculture, cement, steel and aluminium sectors,[5] aiming to reduce the carbon footprint of its operations by 80% by 2030 compared to the 2015 baseline. Also, by 2030, KBC aims to reduce the carbon intensity of corporate investees in its responsible funds by 50% compared to 2019 levels. KBC also offers funds that integrate environmental and social factors. Starting in 2024, KBC mandates that each of these funds maintain a GHG emissions intensity at least 15% lower than its equities and bonds market benchmarks.[6] KBC aims to achieve a 75% share of renewable energy in its energy lending portfolio (excluding transmission and distribution) by 2030. As of September 2024, it has achieved a 67% share.[7]

KBC's sustainability governance framework operates across three levels. The board of directors has the overall oversight of sustainability and ESG matters, with support from specialized board-level committees: i) the Risk and Compliance Committee oversees and manages climate and environmental risks; ii) the Audit Committee supervises voluntary public sustainability and climate disclosures; and iii) the Executive Committee oversees the implementation and monitoring of the sustainable strategy. Companywide committees further support these board-level committees at a subsidiary level. In addition, KBC publishes an annual Sustainability Report as per the European Sustainability Reporting Standards, outlining the Group's strategy, targets, approach and performance on its key ESG topics. It also details the Group's ESG governance structure and risk management frameworks.[8]

[1] ČSOB, "Annual Report 2024", (2025), at: https://www.csob.cz/documents/10710/550083/ar-csob-2024.pdf
[2] KBC Group, "Sustainability Report", (2024), at: https://www.kbc.com/content/dam/kbccom/doc/investor-relations/Results/jvs-2024/csr-sr-2024.pdf#page=85
[3] ČSOB, "ČSO Group Social Responsibility and Sustainability Report", (2023), at: https://www.csob.cz/documents/10710/619935/csob-csr-2023-en.pdf
[4] UNEP FI, "Commitment to Climate Action", at: https://www.unepfi.org/banking/commitments/ccca/
[5] KBC Group, "Climate Report", (2022), at: https://www.kbc.com/content/dam/kbccom/doc/sustainability-responsibility/20220930-climate-report.pdf
[6] KBC Group, "Sustainability Report", (2024), at: https://www.kbc.com/content/dam/kbccom/doc/investor-relations/Results/jvs-2024/csr-sr-2024.pdf#page=85
[7] Ibid.
[8] Ibid.

Principles Alignment

We have assessed the Československá obchodní banka Green Bond Framework as follows:

Green Bond Principles 2021 – **Aligned**

ČSOB intends to issue unsecured bonds, and secured and covered bonds under the Framework. ČSOB will issue secured green collateral bonds as defined in the June 2022 Appendix of the Green Bond Principles 2021. The Bank will direct net proceeds from the secured bonds to eligible green assets under the Framework, the underlying collateral will align with the Framework criteria and ČSOB will ensure that there will be no double counting of eligible projects under secured green collateral bonds and any other outstanding green financing instrument.

The Framework will be used by ČSOB or any of its subsidiaries. ČSOB will ensure alignment of each issuance by its subsidiaries with the four core components of the Principles, as defined in the Framework.

Principles Alignment Detailed Evaluation

Use of Proceeds — **Aligned**

Alignment with core requirements

- The Framework describes eligibility criteria appropriately.
- All expenditures are expected to provide clear environmental benefits.

Project Evaluation and Selection — **Aligned**

Alignment with core requirements

- The Framework describes a governance process for the evaluation and selection of eligible projects.
- The Framework communicates the environmental or social sustainability objectives of eligible projects.
- The Framework describes a process to identify and manage perceived environmental and social risks associated with eligible projects.

Additional considerations

- ČSOB has committed to the following practices, which go beyond the core requirements:
  - The Framework includes how eligible projects are positioned within the context of the issuer's overarching sustainability strategies and policies.
  - The Framework identifies alignment with the EU Taxonomy Climate Delegated Act.[9]
  - The Framework identifies the SDGs to which eligible projects are expected to contribute.
  - The Framework excludes investments in businesses or funds engaged in renewable energy projects that are deemed controversial due to potentially material environmental or social risks, as well as expenditures related to fossil fuels.

[9] European Union, "Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021", (2021), at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32021R2139

Management of Proceeds	**Aligned**

Alignment with core requirements

- The Framework describes a governance structure, including assigning responsibility for the management of proceeds.
- The Framework describes the processes and systems that will be used to track the proceeds.
- The Framework describes the intended temporary placement for the balance of unallocated proceeds.

Additional considerations

- ČSOB will manage the proceeds from the financing using a portfolio approach.
- ČSOB has committed to the following practices, which go beyond the core requirements:
  - The Bank intends to allocate all proceeds to eligible projects within 36 months of issuance.
  - Pending allocation, proceeds will be held in cash or cash equivalents or invested in money market products, excluding investments related to carbon-intensive assets.
  - The Bank will obtain assurance from a third party for its internal tracking systems and allocation of proceeds.

Reporting	**Aligned**

Alignment with core requirements

- ČSOB will provide an annual allocation report until full allocation of proceeds and renew it in case of material changes until maturity.

Additional considerations

- ČSOB has committed to the following practices, which go beyond the core requirements:
  - The Bank will publish a category-level allocation report.
  - The Bank will report on the qualitative and quantitative impacts of projects using relevant metrics, where feasible.
  - The Framework indicates at least one impact metric for each category.
  - The Bank intends to adopt the ICMA Harmonized Framework for Impact Reporting.
  - The Bank will publish annual allocation and impact reports on its website.

Sustainability Contribution

ČSOB intends to use the proceeds from instruments issued under the Framework to finance and refinance projects that are expected to lead to environmental benefits in the EU and the UK.

We have assessed the overall Sustainability Contribution of the Framework as **Strong**, based on the average Sustainability Contribution of the Framework's use of proceeds categories. As per our methodology, we have distributed weight equally across categories.

Sustainability Contribution

Sustainability Contribution per Use of Proceeds Category

Energy Efficient Buildings (Residential)

We have assessed the Sustainability Contribution of the Energy Efficient Building (Residential) category as **Significant**.

Residential buildings financed under the Framework will need to have EPC A or belong to the top 15% of the national building stock where they are located, or have PED at least 10% lower in comparison with its NZEB equivalent, placing them among the best performing in the EU and the UK. Although the eligible criteria do not require the buildings to be fossil fuel-free in relation to energy usage, these expenditures are nonetheless expected to significantly reduce emissions from the buildings sector and support its decarbonization.

Category Expenditures

Expenditure	Description
Construction, acquisition and renovation of energy efficient residential buildings	▸ Acquisition of buildings built before 2020, with EPC A or belonging to the top 15 % of the national building stock. ▸ Construction or acquisition of buildings built after 2020, having PED at least 10% lower in comparison with its NZEB equivalent. ▸ Renovation expenditures that result in an increase in energy efficiency of at least 30% against a baseline performance of the building before renovation.

Analytical Commentary

In 2022, buildings operations represented 30% of global final energy consumption and 26% of global energy-related GHG emissions. Also in 2022, residential buildings generated 20% of the UK's greenhouse gas emissions.[10] In 2021, the European building stock accounted for 24.6% of total carbon emissions and residential buildings alone contributed to 15.2%.[11] The buildings sector must further accelerate its decarbonization efforts to achieve net zero emissions by 2050.[12] To meet net zero emissions goals for the building stock, zero-carbon-ready codes must be implemented for the buildings sector by 2030,[13] and all new builds must be zero-carbon-ready.[14] Buildings that are highly energy efficient and are zero emissions ready play a vital role in bridging this gap and are critical to decarbonizing the buildings sector.

The Framework's eligibility criteria require residential buildings built before 31 December 2020 to have EPC A or fall within the top 15% of the national building stock, which would place eligible buildings among the top performers in terms of energy efficiency. Investments in residential buildings built after 31 December 2020, must have PED at least 10% lower than the local NZEB requirements. However, the criteria do not require buildings to be zero emissions ready, which is particularly relevant to new builds and poses a risk of locking in fossil fuel use. Nevertheless, in conjunction with requiring retrofits of buildings to achieve at least 30% energy savings within three years, the investments under this category are expected to significantly contribute to the decarbonization of the buildings sector.

Energy Efficient Buildings (Commercial)

We have assessed the Sustainability Contribution of the Energy Efficient Building (Commercial) category as **Significant**.

Commercial buildings financed under the Framework will need to have EPC A or belong to the top 15% of the national building stock where they are located, or have PED at least 10% lower in comparison with its NZEB equivalent, placing them among the best performing in the EU and the UK. Although the eligible criteria do not require the buildings to be fossil fuel-free in relation to energy usage, these expenditures are nonetheless expected to significantly reduce emissions from the buildings sector and support its decarbonization.

Category Expenditures

Expenditure	Description
Construction, acquisition and renovation of energy efficient commercial buildings	▸ Acquisition of buildings built with EPC A or belonging to the top 15% of the national building stock in the country of location if built before 2020, or have PED at least 10% lower in comparison with its NZEB equivalent if built after 2020. ▸ Construction of buildings with PED at least 10% lower in comparison with its NZEB equivalent. ▸ Renovation expenditures that result in an increase in energy

[10] House of Commons Library, "Housing and net zero", 2024, at: https://commonslibrary.parliament.uk/research-briefings/cbp-8830/?utm_source=chatgpt.com
[11] MDPI, "Carbon and Greenhouse Gas Emissions from Electricity Consumption in European Union Buildings", (2023), at: https://www.mdpi.com/2075-5309/14/1/71?utm_source
[12] IEA, "Tracking Buildings", 2023, at: https://www.iea.org/energy-system/buildings#tracking
[13] IEA, "All countries targeted for zero-carbon-ready codes for new buildings by 2030", (2022), at: https://www.iea.org/reports/all-countries-targeted-for-zero-carbon-ready-codes-for-new-buildings-by-2030-2
[14] Ibid.

	efficiency of at least 30% against a baseline performance of the building before renovation. ▸ Excludes buildings dedicated to storage, transportation, exploration of fossil fuels, weapons, tobacco and prostitution.

Analytical Commentary

In 2022, building operations represented 30% of global final energy consumption and 26% of global energy-related GHG emissions. In 2021, the European building stock generated 24.6% of total carbon emissions, with non-residential buildings contributing 9.3%.[15] In 2023, non-residential buildings generated 5% of the UK's GHG emissions.[16] The buildings sector would need to further accelerate its decarbonization progress to achieve net zero emissions by 2050.[17] To meet net zero emissions goals for the building stock, zero-carbon-ready codes must be implemented for the buildings sector by 2030,[18] and all new builds must be zero-carbon-ready.[19] Buildings that are highly energy efficient and are zero emissions ready play a vital role in bridging this gap and are critical to decarbonizing the buildings sector.

The Framework's eligibility criteria for commercial buildings built before 31 December 2020 require buildings to have EPC A or fall within the top 15% of the national building stock, which would place eligible buildings among the top performers in terms of energy efficiency. Investments in commercial buildings built after 31 December 2020 must have PED at least 10% lower than the local NZEB requirements. However, the criteria do not require buildings to be zero emissions ready, which is particularly relevant to new builds and poses a risk of locking in fossil fuel use. Nevertheless, in conjunction with retrofits of buildings to achieve at least 30% energy savings within three years, the investments under this category are expected to significantly contribute to the decarbonization of the building sector.

Renewable Energy

We have assessed the Sustainability Contribution of the Renewable Energy category as **Strong**.

Investments under the category include the financing of renewable energy generation projects from wind and solar sources in the EU and the UK. These expenditures are expected to strongly reduce emissions from the energy sector and support its decarbonization.

[15] MDPI, "Carbon and Greenhouse Gas Emissions from Electricity Consumption in European Union Buildings", (2023), at: https://www.mdpi.com/2075-5309/14/1/71?utm_source
[16] Low Carbon Alliance, "The 7th Carbon Budget: What It Means for Commercial Property", (2025), at: https://lowcarbonalliance.co.uk/blog/the-7th-carbon-budget-what-it-means-for-commercial-property/?utm_source
[17] IEA, "Tracking Buildings", 2023, at: https://www.iea.org/energy-system/buildings#tracking
[18] IEA, "All countries targeted for zero-carbon-ready codes for new buildings by 2030", (2022), at: https://www.iea.org/reports/all-countries-targeted-for-zero-carbon-ready-codes-for-new-buildings-by-2030-2
[19] Ibid.

Category Expenditures	
Expenditure	Description
Wind power generation	▸ Development, manufacturing, construction, maintenance and operation of onshore wind power generation projects.
Solar power generation	▸ Development, manufacturing, construction, maintenance and operation of power using solar PV technology or solar thermal heating.

Analytical Commentary

Investments in low carbon energy are critical for the energy transition, as the production of electricity and heat were responsible for 44% of global CO_2 emissions from fuel combustion in 2022.[20] To achieve internationally agreed-upon climate goals, the share of renewable energy for electricity generation must increase rapidly to 90% by 2050.[21]

The average life cycle emissions from electricity generation are 14.4 gCO_2/kWh for onshore wind and 50.9 gCO_2/kWh for solar PV.[22] Investments in onshore wind, solar PV and thermal projects strongly contribute to the goal of zero-emission energy systems, as they have average life cycle GHG emissions intensities well below the technology-agnostic threshold of 100 gCO_2e/kWh, which is consistent with limiting global temperature rise to 2°C.

Clean Transportation

We have assessed the Sustainability Contribution of the Clean Transportation category as **Strong**.

Investments under this category include financing zero-emission vehicles and related infrastructure, as well as infrastructure for personal mobility dedicated to pedestrian and cycling in Czechia. These expenditures are expected to strongly support the decarbonization of the transportation sector and contribute to achieving the long-term goal of zero emissions transportation.

Category Expenditures	
Expenditure	Description
Battery electric vehicles	▸ Manufacturing, development and retrofit of battery electric vehicles.
Electric vehicle charging infrastructure	▸ Electric vehicle charging infrastructure.
Infrastructure for personal mobility	▸ Infrastructure for personal mobility dedicated to pedestrian and cycling facilities.
Zero-emission vehicles	▸ Purchase, renting, leasing and operation of zero-emission vehicles limited to fully electric or hydrogen and fuel cell vehicles.

[20] IEA, "Greenhouse Gas Emissions from Energy Data Explorer ", (2024), at: https://www.iea.org/data-and-statistics/data-tools/greenhouse-gas-emissions-from-energy-data-explorer
[21] IEA, "Net Zero by 2050", (2021), at: https://www.iea.org/reports/net-zero-by-2050
[22] Silva, M. et al., "Life cycle GHG emissions of renewable and non-renewable electricity generation technologies, (2019), at: https://reinvestproject.eu/wp-content/uploads/2019/11/OR_RE-INVEST_Life-cycle-GHG-emissions-of-renewable-and-non-renewable-electricity.pdf

Analytical Commentary

The transport sector is responsible for 37% of global CO_2 emissions, with road transport accounting for 74% of transport emissions in 2022.[23,24] In 2022, the transport sector in Czechia was responsible for approximately 17% of the country's total GHG emissions, making it the third-largest emitting sector.[25] Czechia's Transport Policy aims to reduce final energy consumption in transport by 8% and cut carbon dioxide emissions by 10% between 2020 and 2030.[26] With global transport volumes projected to double by 2050 from the 2015 baseline, developing infrastructure for low carbon road transport is essential as part of broader efforts to decarbonize the sector.[27]

Investments under the Framework include the manufacturing and retrofit of electric vehicles, charging stations, infrastructure for personal mobility and the purchase, renting, leasing and operation of zero-emission electric or hydrogen and fuel cell vehicles. The expenditures are expected to support the expansion of charging networks and make an overall strong contribution to the transition to electric mobility.

[23] IEA, "Transport", 2023, at: https://www.iea.org/energy-system/transport
[24] UN Environment Programme Finance Initiative, "Climate Risks in the Transportation Sector", 2024, at: https://www.unepfi.org/wordpress/wp-content/uploads/2024/05/Climate-Risks-in-the-Transportation-Sector-1.pdf
[25] EU Climate Action, "Climate Action Progress Report - Country Profile - Czechia", (2023), at: https://climate.ec.europa.eu/document/download/6c1d3269-161e-438e-be0c-3f758436c324_en?filename=cz_2023_factsheet_en.pdf
[26] Ministerstvo dopravy, "Transport Policy of the Czech Republic period of 2021 - 2027, with an outlook until 2050", (2021), at: https://md.gov.cz/getattachment/Dokumenty/Strategie/Dopravni-politika-Ceske-republiky-pro-obdobi-2021/Dopravni_Politika_CR_ENG.pdf.aspx
[27] World Economic Forum, "7 Reasons Why Global Transport is so Hard to Decarbonize", 2021, at: https://www.weforum.org/agenda/2021/11/global-transport-carbon-emissions-decarbonise/

Environmental and Social Risk Management

We have identified the following areas of environmental and social risk associated with the expenditures eligible under the Framework: occupational health and safety; land use and biodiversity; emissions, effluents and waste management; and business ethics. ČSOB has the following policies and processes outlined by both the Bank and its parent company, KBC Group, to identify and mitigate such risks.

E&S Risk identified	Applicable policies, procedures and measures
Due diligence and risk management measures	▸ Regarding ESG risks, KBC's Enterprise Risk Management Framework (ERMF) outlines the Group's processes and standards for identifying, assessing and mitigating potential impacts associated with environmental and social risks from its credit portfolio. These include a materiality assessment, an environmental and social heatmap that assigns a qualitative score to environmental and social risks at the activity level, and a scenario analysis and stress testing. Insights from these assessments inform KBC's ESG risk management policies, which are cascaded down to its subsidiaries, including ČSOB.[28] ▸ The ERMF follows national and local legislation, as well as recognized principles and industry practices, such as the Partnership for Carbon Accounting Financials,[29] the Paris Agreement Capital Transition Assessment,[30] UNGC Principles[31] and the Equator Principles.[32]
Occupational health and safety	▸ ČSOB addresses occupational health and safety risks as part of its broader risk management process following KBC's guidelines for analysing EU Taxonomy alignment, with a focus on minimum safeguards. ČSOB has also implemented a Reputational and Litigation Risk Tool to further strengthen this analysis. ▸ EU Directive 89/391/EEC establishes minimum occupational safety and health requirements, mandating employers to implement necessary measures to prevent occupational risks, improve working conditions and provide adequate instructions and training, among other health and safety provisions at the workplace.
Land use and biodiversity	▸ The KBC Group Biodiversity Policy states its commitment to protecting biodiversity through policies that limit KBC's exposure to sectors that have a high risk of impacting protected areas and endangered species including forest commodities, cattle farming, and fisheries.[33] In addition, KBC commits to exclude financing of activities located in or significantly impacting: i) forests and other ecosystems that are designated and protected as UNESCO World Heritage Sites;[34] and ii) wetlands of international importance on the Ramsar list[35] or IUCN listed protected areas[36] (category I and II).[37]

[28] KBC, "Risk Report", (2024), at: https://wcmassets.kbc.be/content/dam/kbccom/doc/investor-relations/Results/jvs-2024/risk-report-2024.pdf.cdn.res/last-modified/1744016093346/risk-report-2024.pdf
[29] PCAF, "Partnership for Carbon Accounting Financials", at: https://carbonaccountingfinancials.com/
[30] PACTA, "Paris Agreement Capital Transition Assessment", at: https://pacta.rmi.org/
[31] UNGC, "The Ten Principles of the UN Global Compact", at: https://unglobalcompact.org/what-is-gc/mission/principles
[32] Equator Principles, "The Equator Principles", at: https://equator-principles.com/
[33] KBC, "Group Biodiversity Policy", (2024), at: https://www.kbc.com/content/dam/kbccom/doc/sustainability-responsibility/FrameworkPolicies/CSD_KBCGroupBiodiversityPolicy_May2020.pdf
[34] UNESCO, "World Heritage", at: https://whc.unesco.org/en/about/
[35] Ramsar, "The Convention on Wetlands", at: https://www.ramsar.org/
[36] IUCN, "Protected Area Categories", at: https://iucn.org/content/protected-area-categories
[37] KBC, "Group Biodiversity Policy", (2024), at: https://www.kbc.com/content/dam/kbccom/doc/sustainability-responsibility/FrameworkPolicies/CSD_KBCGroupBiodiversityPolicy_May2020.pdf

Emissions, effluents and waste	▸ ČSOB's Environmental Policy and Energy Policy set a commitment to monitor the use of natural resources, reduce the production of GHGs and support responsible waste management.[38,39] The Environmental Policy also outlines the Bank's ISO 14001-certified[40] environmental management system and commits to minimizing its negative environmental impact.[41] In addition, the Bank adheres to the EU's directive on electrical and electronic equipment waste, which regulates the treatment of electrical and electronic waste. As part of the directive, the original producers of electronic and electrical equipment are responsible for the recovery and recycling of these goods at no additional cost to the end consumer in all EU countries.[42]
Business ethics	▸ ČSOB's Code of Conduct guides the Bank's conduct towards customers, suppliers and authorities. This includes guidance on topics such as conflicts of interest, data protection, insider trading, money laundering and whistleblowing. Failure to comply with any of the standards set out in the Code of Conduct may, after an assessment, lead to disciplinary action, in accordance with the applicable local employment regulations.

[38] ČSOB, "Energy Policy", (2016) at: https://www.csob.cz/documents/10710/795014/energy-policy.pdf
[39] ČSOB, "Environmental Policy", (2016), at: https://www.csob.cz/documents/10710/795014/environmentalni-politika-csob-en.pdf
[40] ISO, "ISO 14001 family – Environmental management", at: https://www.iso.org/iso-14001-environmental-management.html
[41] ČSOB, "Environmental Policy", (2016), at: https://www.csob.cz/documents/10710/795014/environmentalni-politika-csob-en.pdf
[42] European Commission, "Directive 2012/19/EU of the European Parliament and of the Council of 4 July 2012 on waste electrical and electronic equipment", (2012), at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32012L0019

Annex 1: Assessment Framework Overview

The following is a brief overview of the Assessment Framework that we use to assess debt instruments and the frameworks that support them. Using this Assessment Framework, we provide two key signals in our Second Party Opinions: **Principles Alignment** and **Sustainability Contribution**.

Principles Alignment indicates a framework's alignment with the requirements of applicable sustainable debt market Principles.[43] This assessment is structured according to the four components of the Principles: Use of Proceeds, Project Evaluation and Selection, Management of Proceeds and Reporting. Principles Alignment is expressed at one of following levels:

× **Aligned:** Meets all requirements across the four components.

× **Partially Aligned:** Meets requirements on two or three of the four components.

× **Not Aligned:** Does not meet requirements on most or all of the four components.

In addition, we provide commentary on any shortcomings as well as best practices.

Sustainability Contribution provides a clear and comparable signal of the expected contribution of the use of proceeds to one or more environmental or social objectives. We assess each expenditure defined in a framework by looking at the activities, assets and projects that they finance. This assessment is carried out using a set of factors that we have identified as driving the expenditure's contribution to a primary objective as well as its avoidance of harm to other objectives. The assessment results in one of the four levels of Sustainability Contribution described in the table below.

We determine the average contribution of the expenditures within each use of proceeds category (as defined by the issuer) to produce an expected Sustainability Contribution for each category. We then aggregate across categories to determine the Sustainability Contribution of a framework overall. In most cases, weight is distributed equally across use of proceeds categories. However, we adjust the weighting if information regarding percentage allocation is provided by the issuer.

Level of Sustainability Contribution	Description
	The expenditure finances an activity that makes a strong contribution to an environmental or social objective. The activity is well aligned with credible standards; there are no significant lock-in risks; and the risk of negative impact to other sustainability objectives is low.
	The expenditure finances an activity that makes a significant positive contribution to an environmental or social objective while having minor shortcomings compared to a strong contribution. This is either because the activity falls somewhat short of credible standards; there is some risk of lock-in (in the case of some environmental activities); there is a risk of negative impact to other sustainability objectives; or there is some ambiguity in the criteria for the expenditure.
	The expenditure finances an activity that represents a step towards an environmental or social objective but has substantial shortcomings compared to expenditures that make a strong contribution. Although the activity will result in benefit over a relevant baseline, either it falls substantially short of credible standards; there is significant risk of lock-in; there is significant ambiguity in the criteria; or there is a risk of significant negative impact to other sustainability objectives.
	The expenditure finances an activity that entails no net positive contribution to environmental or social objectives. Even in cases where there is some positive contribution to an objective, this is offset by shortcomings in other areas. Alternatively, the eligibility criteria may be unclear to the extent that contribution cannot be determined.

[43] These primarily include the Green Bond Principles and the Social Bond Principles, published by the International Capital Market Association (ICMA); and the Green Loan Principles and the Social Loan Principles, published by the Loan Syndications and Trading Association, the Loan Market Association, the Asia Pacific Loan Market Association (LSTA-LMA-APLMA), and the Association of Southeast Asian Nations (ASEAN).

Scope of Work and Limitations

This Second-Party Opinion provides a point-in-time independent opinion of the Framework as of the Evaluation Date. Our opinion may consider additional documentation and information that the Framework owner may have provided during the engagement, in addition to public and non-public information. The owner refers to the entity featuring as an issuer, borrower, special-purpose vehicle or any other entity as described in the Framework.

As part of this engagement, we communicated with representatives of the Framework owner, who acknowledge that: i) it is the sole responsibility of the Framework owner to ensure that the information provided is complete, accurate and up to date; ii) they have provided us with all of the relevant information; and iii) that all of the information has been provided in a timely manner.

This Second-Party Opinion provides our opinion of the Framework and should be read in conjunction with that Framework. Any update of this Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and the Framework owner.

Our Second-Party Opinion provides our opinion on the alignment of the Framework with current market standards and practice but provides no guarantee of alignment nor warrants alignment with future versions of any such standards. In addition, it does not guarantee the realized allocation of proceeds towards eligible activities.

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

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