

## REPORT REVIEW

# Bank für Tirol und Vorarlberg Aktiengesellschaft Impact Reporting

26 November 2024

## VERIFICATION PARAMETERS

### Type(s) of reporting

- Green Bond Allocation and Impact reporting<sup>1</sup>

### Relevant standard(s)

- Harmonised Framework for Impact Reporting (HFIR), updated June 2024, as administered by International Capital Market Association (ICMA)
- BTV's Impact Reporting (as of November 26, 2024)
- BTV's Sustainable Finance Framework (as of September 15, 2023)

### Scope of verification

- Bond(s) identification:

Issue date	ISIN	Maturity date	Amount raised (EUR)
13.11.2023	AT0000A38791	14.11.2030	10,000,000
10.12.2023	AT0000A38KK3	11.12.2028	3,000,000

### Lifecycle

- Post-issuance verification

### Validity

- As long as no changes are undertaken by the Issuer to its BTV's impact reporting (as of November 26, 2024)

<sup>1</sup> The review focuses on the two green bonds issued in 2023, while green deposits are excluded from its scope.

## CONTENTS

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SCOPE OF WORK.....	3
BTV OVERVIEW .....	3
ASSESSMENT SUMMARY.....	4
REPORT REVIEW ASSESSMENT.....	5
PART I: ALIGNMENT WITH COMMITMENTS SET FORTH IN THE SUSTAINABLE FINANCE FRAMEWORK .....	5
PART II: ASSESSMENT AGAINST THE HARMONISED FRAMEWORK FOR IMPACT REPORTING.....	6
PART III: DISCLOSURE OF PROCEEDS ALLOCATION AND SOUNDNESS OF THE OUTPUT REPORTING INDICATORS.....	10
ANNEX 1: Methodology .....	14
ANNEX 2: Quality management processes .....	15
About this Report Review .....	16

## SCOPE OF WORK

Bank für Tirol und Vorarlberg Aktiengesellschaft (“the Issuer”, “the Bank”, or “BTV”) commissioned ISS-Corporate to provide a Report Review<sup>2</sup> on its Impact Report by assessing:

- The alignment of BTV's Impact reporting (as of November 26, 2024) with the commitments set forth in Sustainable Finance Framework (as of September 15, 2023).<sup>3</sup>
- BTV's Impact Reporting, benchmarked against the Harmonised Framework for Impact Reporting (HFIR), updated June 2024, as administered by International Capital Market Association (ICMA).
- The disclosure of proceeds allocation and soundness of reporting indicators — whether the impact metrics align with best market practices and are relevant to the Green Bond issued.

## BTV OVERVIEW

BTV is classified in the Public & Regional Banks industry, as per ISS ESG's sector classification. BTV engages in the provision of banking and financial services. It operates through the following segments: Corporate Banking, Private Customers, and Financial Markets. The Bank was founded by Hans Sonvico and Ferdinand Brettauer on April 8, 1904 and is headquartered in Innsbruck, Austria.

<sup>2</sup> A limited or reasonable assurance is not provided on the information presented in BTV's Impact Reporting. A review of the use of proceeds allocation and impact reporting is solely conducted against the core principles and recommendations of ICMA's standards (Green Bond) where applicable, and the criteria outlined in the underlying Framework. The assessment is solely based on the information provided in the allocation and impact reporting. The Issuer [or BTV] is responsible for the preparation of the report, including the application of methods and internal control procedures designed to ensure that the subject matter is free from material misstatement.

<sup>3</sup> The Framework was assessed as aligned with the Green Bond Principles as of November 14, 2023.

## ASSESSMENT SUMMARY

REVIEW SECTION	SUMMARY	EVALUATION
<p><b>Part I.</b></p> <p><b>Alignment with the Issuer's commitments set forth in the Framework</b></p>	<p>The BTV's Impact Reporting meets the commitments set forth in its Sustainable Finance Framework.</p>	<p><b>Aligned</b></p>
<p><b>Part II.</b></p> <p><b>Alignment with the Harmonised Framework for Impact Reporting</b></p>	<p>The BTV's Impact Reporting is in line with ICMA's HFIR. The Issuer follows core principles and, where applicable, recommendations.</p> <p>The Issuer reports on an annual basis, illustrates the environmental impacts, and is transparent on the currency used.</p>	<p><b>Aligned</b></p>
<p><b>Part III.</b></p> <p><b>Disclosure of proceeds allocation and soundness of reporting indicators</b></p>	<p>The allocation of the bond's proceeds has been disclosed, with a detailed breakdown across different eligible project and asset categories as proposed in the Framework.<sup>4</sup></p> <p>BTV's Impact Reporting has adopted an appropriate methodology to report the outcome generated by providing comprehensive disclosure on data sourcing, calculation methodologies and granularity, reflecting best market practices.</p>	<p><b>Aligned</b></p>

<sup>4</sup> The assessment is based on the information provided in the Issuer's report. The Issuer is responsible for the preparation of the report, including the application of methods and procedures designed to ensure that the subject matter is free from material misstatement.

## REPORT REVIEW ASSESSMENT

### PART I: ALIGNMENT WITH COMMITMENTS SET FORTH IN THE SUSTAINABLE FINANCE FRAMEWORK<sup>5</sup>

The following table evaluates the BTV's Impact Reporting against the commitments set forth in BTV's Framework, which are based on the core requirements of the Green Bond Principles best market practices.

ICMA GBP	OPINION	ALIGNMENT WITH COMMITMENT
<b>Process for Project Evaluation and Selection</b>	<p>BTV confirms to follow the Process for Project Evaluation and Selection described in BTV's Sustainable Finance Framework. The Issuer applied the Eligibility Criteria set in the Framework to determine whether projects fit within the defined categories.</p> <p>ESG risks associated with the project categories are identified and managed appropriately, as defined in the Framework.</p>	✓
<b>Management of Proceeds</b>	<p>BTV confirms to follow the Management of Proceeds described in BTV's Sustainable Finance Framework.</p> <p>The proceeds collected represent 100% of the amount allocated to eligible projects, with no exceptions. The proceeds are/ tracked appropriately and attested in a formal internal process.</p>	✓
<b>Reporting</b>	<p>The report is in line with the initial commitments set in the BTV's Sustainable Finance Framework.</p> <p><i>Further analysis of this section is available in Part III of this report.</i></p>	✓

<sup>5</sup> BTV's Sustainable Finance was assessed as aligned with the GBP (as of September 15, 2023) as of as of November, 14, 2023.

## PART II: ASSESSMENT AGAINST THE HARMONISED FRAMEWORK FOR IMPACT REPORTING

Reporting is a core component of the Green Bond Principles and transparency is of particular value in communicating the expected and/or achieved impact of projects in the form of annual reporting. Green bond issuers are required to report on both the use of green bond proceeds and the environmental impacts at least annually until full allocation or maturity of the bond. The Harmonised Framework for Impact Reporting (HFIR) has been chosen as benchmark for this analysis as it represents the most widely adopted standard.

The table below evaluates BTV's Impact Reporting against the HFIR.

CORE PRINCIPLES		
ICMA HFIR	BTV's Impact Reporting	ASSESSMENT
Report on an annual basis	As reporting is a core component of the GBP, BTV reported within one year of issuance and the report will be available on BTV's website: <a href="https://btv.at/ueber-uns/nachhaltigkeit/">https://btv.at/ueber-uns/nachhaltigkeit/</a> .	✓
Illustrate the expected environmental impacts or outcomes	<p>The impact report illustrates the expected environmental impacts made possible by projects to which green bond proceeds have been allocated. Impact is mainly illustrated through the green building certifications obtained; the estimation method follows the criteria of the third-party certificate providers.</p> <p>The assessment and measurement of the impacts generated by BTV's green bonds covered the following areas:</p> <ul style="list-style-type: none"> <li>Environmental certification (ÖGNI, Climate:active) including specific classification level where applicable (i.e., Gold for ÖGNI and Gold or Silver for Climate:active)</li> </ul>	✓
ESG risk management	The Issuer has a system in place to identify and manage ESG risks connected to the projects financed. Negative effects of projects are assessed in through EU Taxonomy, DNSH pre-screening. Based on this evaluation, the Issuer engages with the client to mitigate or prevent	✓

	material risks before the project proceeds. If such risks cannot be addressed, the project is excluded from the sustainable finance pool.	
Transparency on the currency	Allocated proceeds have been reported in a single currency: EUR.	✓
Formal internal process for the allocation of proceeds and to report on the allocation of proceeds	All proceeds that have been allocated to green projects as of the date of the BTV's Impact Reporting have only been allocated to green projects that meet the eligibility criteria stated in the Framework. I	✓

**RECOMMENDATIONS**

ICMA HFIR	Impact Reporting	ASSESSMENT
Define and disclose period and process for including/removing projects in the report	<p>100% of proceeds have been allocated to green assets. The Issuer identified the assets to be refinanced before the issuance of the two green bonds and allocated the proceeds immediately to the eligible assets. Only these assets are included in the Impact Reporting.</p> <p>As part of its due diligence, the Issuer monitors the projects included in its green bond program. The Issuer did not define a period and process for including/removing further projects in the report because changes in allocation of the proceeds is not intended.</p>	✓
Signed amount and amount of green bond proceeds allocated to eligible disbursements	<p>BTV indicates the total signed amount and the amount of green bond proceeds allocated to eligible disbursements.</p> <p>Signed amount for the project WestPark: EUR 38,000,000.</p> <p>Allocated amount for the project West Park (100% of the Bond): EUR 10,000,000.</p>	✓

	<p>Signed amount for the project Simo: EUR 3,000,000.</p> <p>Allocated amount for the project SiMo (100% of the Bond): EUR 3,000,000.</p>	
Report at project or portfolio level	The reporting was done on a bond-by-bond basis, in which one green bond issuance is linked to one or more specific projects. BTV provided a list of projects to which green bond proceeds have been allocated.	✓
Approach to impact reporting	The report identifies the individual projects and clearly defines, for each project, the overall project impacts with information about the total project size and the Issuer's share of total financing. Furthermore the cumulation of bond financing and deposit financing represent the entirety of the projects financed.	✓
Report the estimated lifetime results and/or project's economic life (in years)	There are no estimated lifetime results nor are the project's economic life in years reported.	-
Ex-post verification of specific projects	The Issuer reports on measurement indicators such as primary energy demand (PED) as well as green label achieved.	✓
Report on at least a limited number of sector-specific core indicators	<p>To facilitate comparison and benchmarking of project results, BTV reports on sector-specific core indicators.</p> <p>The core indicators for sustainable buildings/environmentally friendly buildings are:</p> <ul style="list-style-type: none"> <li>▪ Primary Energy Use</li> <li>▪ Certification scheme as type and certification level.</li> </ul>	✓
Disclose own methodologies,	The Issuer did not use any proprietary methodologies for the elaboration of the metrics present in the report.	N/A



where there is no single commonly used standard		
Disclosure of the conversion approach	The Issuer did not require any conversion for the elaboration of the metrics present in the report.	N/A
Projects with partial eligibility	All the projects financed are 100% eligible according to the eligibility criteria.	N/A
Use (and disclosure) of the attribution approach	The impact achieved by each of the financed projects are attributed to one type of intervention only (only green buildings).	N/A

#### OPINION

*BTV follows the HFIR's core principles and key recommendations. The Issuer provides transparency on the level and frequency of expected reporting, in line with best practices. BTV has reported within the next fiscal year after issuance, illustrated the environmental impacts, provided transparency on ESG risk management and transparency on the currency used.*

## **PART III: DISCLOSURE OF PROCEEDS ALLOCATION AND SOUNDNESS OF THE OUTPUT REPORTING INDICATORS**

### Use of proceeds allocation

Use of proceeds allocation reporting puts the impacts into perspective with the number of investments allocated to the respective use of proceeds projects.

The use of proceeds allocation reporting occurred within one year of issuance.

### Proceeds allocated to eligible projects/assets

The allocation of proceeds is broken down at the project category level. The Issuer has provided details about the type of projects included in the portfolio.

The allocation of proceeds in BTV's Impact Reporting aligns with best market practices by providing information on:

- The number and type of projects financed
- The total amount of proceeds in million euros
- The geographical regions where the projects are located (Austria)

### Output, outcome and impact reporting indicators

The table below presents an independent assessment of the Issuer's report and disclosure on the output of projects using indicators.

ELEMENT	ASSESSMENT
<b>Relevance</b>	<p>The impact indicators chosen by the Issuer for this bond related to affordable housing and sustainable urban development are the following:</p> <ul style="list-style-type: none"> <li>▪ The PED is expressed in kWh/m<sup>2</sup>a</li> <li>▪ The PED expresses in kWh/m<sup>2</sup>a</li> <li>▪ Certification level of label</li> </ul> <p>These indicators are quantitative and material to the use of proceeds categories financed through this bond and in line with the Suggested Impact Reporting metrics for Green Building Projects by the HFIR This aligns with best market practices.</p>
<b>Data sourcing and methodologies of quantitative assessment</b>	<p>For its impact indicators, the Issuer uses internationally recognized certification standards for green buildings, such as ÖGNI, the Klima:aktiv standard, or Energy Performance Certificates (EPCs), in line with the core indicator proposed by the HFIR.</p> <p>The data sources used are the following:</p> <ul style="list-style-type: none"> <li>▪ Energy performance certificates for PED provided by a third-party verifier.</li> <li>▪ The technical data sheets of the solar PV for the PED of renewable energy</li> </ul>
<b>Baseline selection</b>	<p>The impact data is compared with a relevant baseline because the recognized certification standards used provide important baselines against which the green building project can be benchmarked. This aligns with the suggestion of the HFIR.</p>
<b>Scale and granularity</b>	<p>The impact data is presented at project level for the indicators.</p>

### High-level mapping of the impact indicators with the U.N. Sustainable Development Goals

Based on the project categories refinanced by the bonds as disclosed in the Issuer's impact reporting, the impact indicator(s) adopted by BTV for its Green Bond can be mapped to the

following SDGs, according to ISS ESG SDG Solutions (SDGA), a proprietary methodology designed to assess the impact of an Issuer's product or services on the U.N. SDGs.

IMPACT INDICATORS	SUSTAINABLE DEVELOPMENT GOALS
<p>Affordable housing and sustainable urban development</p> <ul style="list-style-type: none"> <li>▪ Label Certification level</li> <li>▪ The Primary Energy Demand (PED) expressed in kWh/m<sup>2</sup>a</li> <li>▪ The Nonrenewable Primary Energy Demand (PED) expresses in kWh/m<sup>2</sup>a</li> </ul>	

**OPINION**

*The allocation of the bond's proceeds has been disclosed, with a detailed breakdown across different eligible project categories/asset categories as proposed in the Framework. The issuer has adopted an appropriate methodology to report the impact generated by providing comprehensive disclosure on data sourcing, calculation methodologies and granularity, reflecting best market practices. In addition, the impact indicators used align with best market practices using the HFIR's recommended metrics.*

## DISCLAIMER

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## ANNEX 1: Methodology

### Review of the post-issuance reports

The ISS-Corporate Report Review provides an assessment of labeled transactions reporting against international standards using ISS-Corporate's proprietary [methodology](#).

### High-level mapping to the SDGs

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method based on ICMA's Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals, the extent the Issuer's reporting and project categories contribute to related SDGs is identified.

## ANNEX 2: Quality management processes

### ISSUER'S RESPONSIBILITY

The Issuer's responsibility was to provide information and documentation on:

- Impact Reporting
- Sustainable Finance Framework
- Proceeds allocation
- Reporting impact indicators
- Methodologies and assumptions for data gathering and calculation
- ESG risk management

### ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, which ISS-Corporate is part of, has built up a reputation as a highly reputed thought leader in the green and social bond market and has become one of the first CBI-approved verifiers.

This independent report review has been conducted by following ICMA's Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews, and its methodology, considering, when relevant, the ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

The engagement with BTV took place from October to November 2024.

### ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

## About this Report Review

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk and manage the needs of a diverse shareholder base by delivering best-in-class data, tools and advisory services.

ISS-Corporate assesses the alignment of the Issuer's report with external principles (e.g., the Green/Social Bond Principles), assesses the alignment of the Issuer's report against the commitments in the respective Framework, and analyzes the disclosure of proceeds allocation, data source and calculation methodologies of the reporting indicators against best market practices. Following these guidelines, we draw up an independent Report Review so investors are as well-informed as possible about the proceeds allocation and the impact of the sustainable finance instrument(s).

Please visit ISS-Corporate's [website](#) to learn more about our services for bond issuers.

For information on report review services, contact [sposales@iss-corporate.com](mailto:sposales@iss-corporate.com).

### Project team

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