

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Bond Framework

Hypo Tirol Bank AG
12 December 2022

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">Green financial instruments (including covered and uncovered green bonds)
Relevant standards	<ul style="list-style-type: none">Green Bond Principles, as administered by ICMA (as of June 2021 with June 2022 appendix 1)EU Taxonomy Delegated Act (June 2021)
Scope of verification	<ul style="list-style-type: none">Hypo Tirol's Green Bond Framework (as of December 12, 2022)Hypo Tirol's eligibility criteria (as of December 12, 2022)
Lifecycle	<ul style="list-style-type: none">Pre-issuance verification
Validity	<ul style="list-style-type: none">As long as there is no material change to the framework

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SCOPE OF WORK

Hypo Tirol Bank AG (“the issuer”, or “Hypo Tirol”) commissioned ISS Corporate Solutions (ICS) to assist with its green financial instruments by assessing four core elements to determine the sustainability quality of the instruments:

1. Hypo Tirol’s Green Bond Framework (as of December 12, 2022) – benchmarked against the International Capital Market Association's (ICMA) Green Bond Principles (GBP).
2. The eligibility criteria – whether the nominated project categories contribute positively to the UN Sustainable Development Goals (UN SDGs) and how they perform against proprietary issuance-specific key performance indicators (KPIs) (see annex 1).
3. The alignment with the EU Taxonomy on a best-efforts basis¹ – whether the nominated project categories are aligned with the Technical Screening Criteria of the EU Taxonomy (including the Climate Change Mitigation and Do No Significant Harm Criteria) and Minimum Social Safeguards’ requirements as included in the EU Taxonomy Climate Delegated Act (June 2021).²
4. The green financial instruments’ link to Hypo Tirol’s sustainability strategy – drawing on Hypo Tirol’s overall sustainability profile and issuance-specific Use of Proceeds’ categories.

HYPO TIROL BUSINESS OVERVIEW

Hypo Tirol Bank AG operates as a bank. It is classified in the Public & Regional Banks industry, as per ISS ESG’s sector classification. It engages in the provision of banking and financing services. The firm's products and services include savings deposits, investments, credit and debit cards, insurance, pension plans, consumer banking, mortgage and business loans, real estate financing, account management, asset management, securities transaction, as well as portfolio management. It offers its services to private individuals, corporate businesses and public institutions. The company was founded in 1901 and is headquartered in Innsbruck, Austria.

¹ Whilst the final delegated act for climate change mitigation and adaptation was published in June 2021, the Technical Screening Criteria allow for discretion on the methodologies in determining alignment in certain cases. Therefore, at this stage the alignment with the EU Taxonomy has been evaluated on a "best efforts basis".

² <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32021R2139>

ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ³
Part 1: Alignment with GBP	The issuer has defined a formal concept for its green financial instruments regarding Use of Proceeds, processes for project evaluation and selection and the management of proceeds and reporting. This concept is in line with ICMA's Green Bond Principles.	Aligned
Part 2: Sustainability quality of the eligibility criteria	The green financial instruments will (re-)finance eligible asset categories which include Energy-Efficient Buildings and Renewable Energy. The use of proceeds categories have a significant contribution to SDGs 7 'Affordable and clean energy' and 13 'Climate action'. With regards to the Use of Proceeds' category for which the full EU Taxonomy assessment has not been performed, the environmental and social risks are well managed.	Positive
Part 3: Alignment with EU Taxonomy	The alignment of Hypo Tirol's project characteristics, due diligence processes and policies have been assessed against the requirements of the EU Taxonomy (Climate Delegated Act of June 2021) on a best-efforts basis. ⁴ The nominated project categories are considered to be: <ul style="list-style-type: none"> ▪ Aligned with the Climate Change Mitigation Criteria 4.1 and 4.5 and 7.7 ▪ Aligned with the Do No Significant Harm Criteria 4.1 and 4.5 ▪ Aligned with the Minimum Social Safeguards requirements 4.1 and 4.5 	
Part 4: Green financial instruments' link to issuer's sustainability strategy	The key sustainability objectives and the rationale for issuing green bonds are clearly described by the issuer. All project categories financed are in line with the sustainability objectives of the issuer.	Consistent

³ The evaluation is based on Hypo Tirol's Green Bond Framework (December 12, 2022 version), on analysed eligibility criteria as received on December 12, 2022, and on the ISS ESG Corporate Rating updated on October 11, 2022, applicable at the SPO delivery date.

⁴ Whilst the final delegated act for mitigation and adaptation was published in June 2021, the Technical Screening Criteria allow for discretion on the methodologies in determining alignment in certain cases. Therefore, at this stage the alignment with the EU Taxonomy has been evaluated on a "best efforts basis".

SPO ASSESSMENT

PART I: ALIGNMENT WITH GREEN BOND PRINCIPLES

This section evaluates the alignment of Hypo Tirol's Green Bond Framework (as of December 12, 2022) with the Green Bond Principles.

GREEN BOND PRINCIPLES	ALIGNMENT	OPINION
<p>1. Use of Proceeds</p>	<p>✓</p>	<p>The Use of Proceeds' description provided by Hypo Tirol's Green Bond Framework is aligned with the Green Bond Principles.</p> <p>The issuer's green categories align with the project categories as proposed by the Green Bond Principles; the criteria are defined in a clear and transparent manner. Environmental benefits are described and quantified.</p> <p>The issuer defines exclusion criteria for harmful project categories in line with best market practice.</p>
<p>2. Process for Project Evaluation and Selection</p>	<p>✓</p>	<p>The process for project evaluation and selection description provided by Hypo Tirol's Green Bond Framework is aligned with the Green Bond Principles.</p> <p>The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed through an appropriate process.</p> <p>Moreover, the projects selected show alignment with the sustainability strategy of the issuer. The issuer involves various stakeholders in the process, in line with best market practice.</p> <p>Hypo Tirol also identifies the alignment of its Green Bond Framework and green projects with official or market-wide taxonomies and references green standards or certifications used, in line with best market practice.</p>
<p>3. Management of Proceeds</p>	<p>✓</p>	<p>The management of proceeds proposed by Hypo Tirol's Green Bond Framework is aligned with the Green Bond Principles.</p> <p>The proceeds collected will be equal to the amount allocated to eligible projects, with no exceptions. The net proceeds are held as part of the bank's loan portfolio and attested in a formal internal process. The net proceeds are</p>

		<p>managed on an aggregated basis for multiple green bonds (portfolio approach). They are tracked in an appropriate manner and attested in a formal internal process. Moreover, the issuer discloses the temporary investment instruments for unallocated proceeds by having them invested in money market instruments, cash and/or ESG bonds as a temporary measure.</p> <p>The issuer has defined an expected allocation period of 12 months, in line with best market practice.</p>
<p>4. Reporting</p>	<p>✓</p>	<p>The allocation and impact reporting proposed by Hypo Tirol's Green Bond Framework is aligned with the Green Bond Principles.</p> <p>The issuer commits to disclose the allocation of proceeds transparently and to report in an appropriate frequency. Hypo Tirol explains the level of expected reporting and the type of information that will be reported. Moreover, the issuer commits to report annually, until the bond matures.</p> <p>The issuer is transparent on the level of impact reporting, the information reported, the reporting frequency, the scope and the duration of the impact reporting, in line with best market practice.</p> <p>The issuer discloses the location and URL link to the report, in line with best market practice.⁵</p> <p>The issuer commits to get the allocation report audited by an external party, in line with best market practice.</p>

⁵ <https://www.hypotiro.com/investorrelations>

PART II: SUSTAINABILITY QUALITY OF THE ISSUANCE

A. CONTRIBUTION OF THE GREEN FINANCIAL INSTRUMENTS TO THE UN SDGs



Companies can contribute to the achievement of the SDGs by providing specific services/products which help address global sustainability challenges, and by being responsible corporate actors, working to minimize negative externalities in their operations along the entire value chain.

The assessment of the Use of Proceeds' (UoP) categories for (re)financing products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an issuer's products or services on the UN SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the ICMA Green and/or Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on a 5-point scale (see annex 1 for methodology):

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution
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Each of the green financial instruments Use of Proceeds' categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><i>Energy Efficient Buildings</i></p> <p><i>New and existing residential properties, including the acquisition of buildings and investments in buildings under construction that meet the following criteria:</i></p> <p>For buildings built after December 31, 2020, the primary energy demand in kWh/m² per year as indicated in the energy certificate, is at least 10% below the threshold set for the national requirements for nearly zero-energy buildings (NZEB). These national requirements implement Directive 2010/31/EU.</p> <p>For building with an area of more than 5,000m² the building is tested for airtightness and thermal integrity on completion, and any deviation from the performance levels set at the design stage or defects in the building envelope are disclosed to investors and clients. If robust</p>	<p style="background-color: #008000; color: white; padding: 10px;">Significant Contribution</p>	<div style="display: flex; flex-direction: column; align-items: center; gap: 20px;"> <div style="background-color: #006633; color: white; padding: 5px; text-align: center;"> 13 CLIMATE ACTION </div> <div style="background-color: #ffa500; color: white; padding: 5px; text-align: center;"> 7 AFFORDABLE AND CLEAN ENERGY </div> </div>

and quality control procedures are in place during the construction process, this is acceptable as an alternative to thermal integrity testing.

For buildings larger than 5,000m², the life-cycle Global Warming Potential (GWP) of the building has been calculated for each stage of the life-cycle and is disclosed to investors and clients on request.

Energy-Efficient Buildings

New and existing residential properties, including the acquisition of buildings and investments in buildings under construction that meet the following criteria:

Buildings constructed before December 31, 2020, are among the top 15% of the national/regional building stock in terms of primary energy demand.⁶

Significant Contribution



Limited Contribution



Renewable Energy

Investments and expenditure related to the production of renewable energy from photovoltaics

Significant Contribution



Renewable Energy

Small hydroelectric power plants (< 10MW) which meet one or more of the relevant criteria:

- Run-of-river power plant without artificial reservoir
- Power density of the power plant is above 5W/m²

Significant Contribution



⁶ The composition of this top 15% is dynamic and can be adjusted on an ongoing basis if this is necessary due to the change in market standards. In the provinces of Tyrol and Vienna, this currently corresponds to a year of construction of the buildings between January 1, 2010 and December 31, 2020.

- Life-cycle GHG emissions are below 100g CO₂/kWh⁷

Renewable Energy

Medium-sized hydroelectric power plants (10MW up to 50 MW) which meet one or more of the relevant criteria:

- Run-of-river power plant without artificial reservoir
- Power density of the power plant is above 5W/m²
- Life-cycle GHG emissions are below 100g CO₂/kWh⁸

Significant Contribution

Limited Contribution



⁷ The life-cycle GHG emissions are calculated using Recommendation 2013/179/EU or alternatively ISO 14067:2018, ISO 14064-1:2018 or the G-res tool calculated. The quantified life-cycle GHG emissions are verified by an independent third party.

⁸ The life-cycle GHG emissions are calculated using Recommendation 2013/179/EU or alternatively ISO 14067:2018, ISO 14064-1:2018 or the G-res tool calculated. The quantified life-cycle GHG emissions are verified by an independent third party.

B. MANAGEMENT OF ENVIRONMENTAL & SOCIAL RISKS ASSOCIATED WITH THE ELIGIBILITY CRITERIA

All categories

The table below evaluates the eligibility criteria against issuance-specific KPIs. All of the assets are/or will be located in Vienna and Tyrol.

For the “Energy-Efficient Buildings” category, which is not assessed against the DNSH criteria outlined in the delegated act on climate change mitigation of the EU Taxonomy, the table below explains how the associated key ESG risks are managed.

ASSESSMENT AGAINST KPIs

KPIs Relevant to Energy Efficient Buildings

Labor, health and safety

- ✓ The assets are located in Austria where high labor, health and safety standards for staff, contractors, and volunteers during the construction, maintenance, and operations work are in place (e.g. ILO core conventions).

Conservation and biodiversity management

- ✓ Environmental impact assessments for buildings can be covered regionally by local law. According to the Vienna building code, the local council decides about development plans of the city. This includes environmental considerations on impacts regarding forests and the protection of UNESCO world culture heritage sites. The Environmental Assessment Act of Tyrol foresees environmental impact evaluations for plans and programs concerning areas which are part of Natura 2000.

Site location

- ✓ Hypo Tirol confirms that a preliminary sample analysis has shown that 95% of current assets are located within a maximum of 1km to one or more modalities of public transport. The issuer states that the sample is also representative for its future green asset pool, covering specifically the region of Vienna and Tyrol.

Water use minimization in buildings

- The Austrian national building guidelines do not regulate water use minimization for buildings. But the local Vienna building code limits law on sustainable water usage and considers for example rainwater management for building plans.

Safety of building users

- ✓ The issuer confirms that national policies are in place which ensure systematically that assets financed under this framework provide for measures to realize operational safety in buildings (e.g. emergency exits, fire alarm systems).

Environmental aspects of construction (or production) and operation

- No information is available on whether measures are in place to systematically ensure that assets financed under this framework provide for sustainable procurement of construction materials (e.g. recycled content, renewable content, third-party certification of wood-based materials).

PART III: ALIGNMENT OF THE ELIGIBILITY CRITERIA WITH THE EU TAXONOMY CLIMATE DELEGATED ACT

The alignment of Hypo Tirol's project characteristics, due diligence processes and policies for the nominated Use of Proceeds' project categories have been assessed with the relevant Climate Change Mitigation, Do Not Significant Harm Criteria (DNSH) and Minimum Social Safeguards requirements of the EU Taxonomy Climate Delegated Act⁹ (June 2021), based on information provided by Hypo Tirol. Where Hypo Tirol's projects and policies fully meet the EU taxonomy criteria requirements, a tick is shown in the table below.

Hypo Tirol's project selection criteria overlap with the following economic activities in the EU Taxonomy:

4.1 Electricity generation using solar photovoltaic technology

4.5 Electricity generation from hydropower

7.7 Acquisition and ownership of buildings

It is noted that this SPO only reflects the full EU Taxonomy assessment, including the Do No Significant Harm (DNSH) and Minimum Social Safeguards (MSS) criteria, for activity 4.1 and 4.5. For activity 7.7, this assessment only considers alignment with the substantial contribution criteria of the taxonomy.

Furthermore, this analysis displays how the EU Taxonomy criteria are fulfilled/not fulfilled. For ease of reading, the original text of the EU Taxonomy criteria is not shown. Readers can refer to the original criteria at the following [link](#).

⁹https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852/amending-and-supplementary-acts/implementing-and-delegated-acts_en

4.1 – Electricity generation using solar photovoltaic technology

PROJECT CHARACTERISTICS AND SELECTION PROCESSES ¹⁰	ALIGNMENT WITH THE EU TAXONOMY
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION – TECHNICAL SCREENING CRITERIA	
The activity generates electricity using solar PV technology.	✓
2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA	
See a)	✓
3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA	
N/A: there is no EU Taxonomy criteria for this category	
4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA	
As part of the credit approval and selection process of the projects, Hypo Tirol confirms that it pays particular attention to the service life, recyclability and the possibility to dismantle these. As an EU member state, Austria follows EU law (EU Waste Framework Directive, Waste Electrical and Electronic Equipment Directive) transposed into national legislation.	✓
5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA	
N/A: there is no EU Taxonomy criteria for this category	
6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA	
See b)	✓

4.5 – Electricity generation from hydropower


PROJECT CHARACTERISTICS AND SELECTION PROCESSES ¹¹	ALIGNMENT WITH THE EU TAXONOMY
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION – TECHNICAL SCREENING CRITERIA	
Small and medium-sized hydroelectric power plants (up to 50 MW) which meet one or more of the relevant criteria: <ul style="list-style-type: none"> • Run-of-river power plant without artificial reservoir 	✓

¹⁰ This column is based on input provided by the issuer.

¹¹ This column is based on input provided by the issuer.


<ul style="list-style-type: none"> • Power density of the power plant is above 5W/m² • Life-cycle GHG emissions are below 100g CO₂/kWh <p>The life cycle GTHG emissions are calculated using Recommendation 2013/179/EU or alternatively ISO 14067:2018, ISO 14064-1:2018 or the G-res tool calculated. The quantified life-cycle GHG emissions are verified by an independent third party.</p>	
2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA	
See a)	✓
3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA	
<p>1. Hypo Tirol confirms that its activity complies with the provisions of the Directive 2000/60/EC, in particular with all the requirements laid down in Article 4 of the Directive.</p> <p>2. The issuer states that the activity does not apply to the operation of existing hydropower plants, including refurbishment activities to enhance renewable energy or energy storage potential. Its activity will thus not comply with the described criteria in the EU taxonomy.</p> <p>3. Hypo Tirol confirms that it aligns with the requirements outlined in point 3 of the activity. It only finances projects which have received administrative approvals. These projects follow Austrian water law which transposes the EU Water Framework Directive and cover the legal requirements.</p>	✓
4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA	
N/A: there are no EU Taxonomy criteria for this category	
5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA	
N/A: there is no EU Taxonomy criteria for this category	
6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA	
See b)	✓

a) Generic Criteria for DNSH to Climate Change Adaptation

PROJECT CHARACTERISTICS AND SELECTION PROCESSES ¹²	ALIGNMENT WITH THE EU TAXONOMY
2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA	
<p>For the region of Tyrol and Vienna, Hypo Tirol says that its physical climate risk assessment has not found any material physical risks. The evaluation was carried out with a top-down approach, by looking at the potential impacts of the various physical risks on the overall region of Tyrol and Vienna. Going forward the assessment will be run on a regular basis at least every year or on an ad-hoc basis, if needed. The current assessment will also be fine-tuned and validated as the role of physical risks in the stress testing framework will become more important next year.</p> <p>It followed the following steps for its assessment:</p> <ul style="list-style-type: none"> • Each of the risk was specified by finding appropriate definitions using the EU Taxonomy’s list of physical risks • Via pre-screening the relevant risks for the region were identified (e.g. sea level rise is irrelevant) • The remaining 13 physical risks were evaluated by applying data and analysis from mainly two IPCC scenarios, RCP4.5 and RCP8.5; the Zentralanstalt für Meteorologie und Geodynamik (ZAMG), European Environment Agency (EEA), EUs Joint Research Centre (JRC) and the Tiroler Rauminformationssystem (TIRIS) as sources. • The approach to assessing the materiality of physical climate risks was developed in-house by the risk control function together with the sustainability officers and incorporated into the conventional risk management process of the issuer. • Hypo Tirol does not finance assets/projects with a life span of less than 10 years, and it says that the evaluation applies data from 10-30 years of climate projection scenarios. <p>Regionally however, the issuer found that assets have already been affected by climate change. Physical climate risks must therefore already be taken into account in its core business, in the areas of credit risk and operational risk.</p> <p>Hypo Tirol avoids investing in existing and future assets at risk of physical climate change by excluding these from its asset pool via screening, using exclusion criteria and TIRIS to identify environmental impacts (e.g. floods).</p>	


¹² Ibid.

b) Generic Criteria for DNSH to Protection and Restoration of Biodiversity and Ecosystems

PROJECT CHARACTERISTICS AND SELECTION PROCESSES ¹³	ALIGNMENT WITH THE EU TAXONOMY
6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA	
<p>According to Austrian law, which transposes the EU Environmental Impact Assessment (EIA) Directive 2011/92/EU, hydro power plants are required to undergo environmental impact assessments. National law in Austria does not require environmental impact assessments for solar PV power.</p> <p>The Austrian Water Rights Act legislates mitigation or compensation measures as a result of environmental impact assessments. It ensures oral hearings for specific cases, such as when rights of other people or public interests are affected to a greater extent.</p> <p>Austrian national nature protection law transposes the EU’s Habitats Directive and Birds Directive.</p> <p>It states among others that the state government may establish licensing requirements for projects which have adverse effects on nature or the landscape, particularly with regard to the objectives of nature conservation and landscape development.</p>	

c) Minimum Social Safeguards

The alignment of the project characteristics and selection processes in place with the EU Taxonomy Minimum Social Safeguards as described in Article 18 of the Taxonomy Regulation¹⁴ have been assessed. The results of this assessment are applicable for the project categories financed under this framework and are displayed below:

PROJECT CHARACTERISTICS AND SELECTION PROCESSES ¹⁵	ALIGNMENT WITH THE EU TAXONOMY REQUIREMENT
<p>To avoid the possibility that its business activities could contribute to human rights violations, Hypo Tirol examines its business activities with regard to compliance with the applicable laws, regulations and external and internal guidelines.</p>	

¹³ Ibid.

¹⁴ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32020R0852>

¹⁵ This column is based on input provided by the issuer.

Hypo Tirol does not do business or undertake projects if it involves recognizable forced labor (including human trafficking and prostitution), or child labor is used or violates:

- the European Convention on Human Rights,
- the labor and social obligations of the respective country,
- the applicable regulations of international organizations and in particular the relevant UN conventions, or
- the rights of the local population or of minorities.

The issuer conducted a stakeholder analysis in 2021 to raise awareness on the impact of its business activities on its environment and to support the development of its internal ESG strategy.

The issuer manages adverse impacts through two Code of Conducts which apply for its company and subsidiaries and for its suppliers and service providers. The Code of Conducts cover for example respect for human rights, anti-corruption, anti-bribery matters, fair competition as well as environmental, social and employee matters.

Hypo Tirol has also set up a complaint management which deals with grievances from clients and employees. The bank can identify misconduct with its so-called whistleblower system. The Legal & Compliance department informs the Executive Board of the number and content of any notifications and the current status of any followed-up notifications. The internal set of rules for the whistleblower also allows to track the implementation of actions by the bank. It seeks to provide adequate protection for employees who report violations within the bank, at least from retaliation, discrimination or other types of bullying.


The following methods are used to actively manage sustainability risks, including human rights violations:

- Company internal sustainable investment funds and sustainable portfolio management: The compliance with sustainability criteria is examined.
- ESG criteria in product selection: Consideration of ESG criteria in the selection and ongoing monitoring of products.

7.7 – Acquisition of and ownership of buildings

The table below shows the alignment of the selection criteria with the relevant EU Taxonomy activity, based on the Technical Screening Criteria of the EU Taxonomy Substantial Contribution to Climate Change Mitigation.

The results for the assessment of activity 7.7 against the Substantial Contribution to Climate Change Mitigation is as follows:

PROJECT CHARACTERISTICS AND SELECTION PROCESSES ¹⁶	ALIGNMENT WITH THE EU TAXONOMY
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION – TECHNICAL SCREENING CRITERIA	
<p>For buildings built after December 31, 2020, the primary energy demand in kWh/m2 per year as indicated in the energy certificate, is at least 10% below the threshold set for the national requirements for nearly zero-energy buildings (NZEB). These national requirements implement Directive 2010/31/EU.</p> <p>Buildings constructed before December 31, 2020 are among the top 15% of the national/regional building stock in terms of primary energy demand.</p> <p>For building with an area of more than 5,000 m2:</p> <ul style="list-style-type: none"> - the building is tested for airtightness and thermal integrity on completion, and any deviation from the performance levels set at the design stage or defects in the building envelope are disclosed to investors and clients. If robust and quality control procedures are in place during the construction process, this is acceptable as an alternative to thermal integrity testing. - the life-cycle Global Warming Potential (GWP) of the building been calculated for each stage of the life cycle and is disclosed to investors and clients on request. 	

¹⁶ This column is based on input provided by the issuer.

PART IV: GREEN FINANCIAL INSTRUMENTS LINK TO HYPO TIROL'S SUSTAINABILITY STRATEGY

A. HYPO TIROL'S BUSINESS EXPOSURE TO ESG RISKS

This section aims to provide an overall level of information on the ESG risks to which the issuer is exposed through its business activities, providing additional context to the issuance assessed in the present report.

ESG risks associated with the issuer's industry

The issuer is classified as part of the Public & Regional Banks industry, as per ISS ESG's sector classification. Key challenges faced by companies in terms of sustainability management in this industry are displayed in the table below. Please note that this is not a company-specific assessment but areas that are of particular relevance for companies within that industry.

ESG KEY ISSUES IN THE INDUSTRY
Business ethics
Labor standards and working conditions
Sustainability impacts of lending and other financial services/products
Customer and product responsibility
Sustainable investment criteria


ESG performance of the issuer

Leveraging ISS ESG's Corporate Rating research, further information about the issuer's ESG performance can be found at the ISS ESG Gateway at: <https://www.issgovernance.com/esg/iss-esg-gateway/>.

Please note that the consistency between the issuance subject to this report and the issuer's sustainability strategy is further detailed in Part IV.B of this report.

Sustainability impact of products and services portfolio

Leveraging ISS ESG's Sustainability Solutions Assessment methodology, the contribution of the issuer's current products and services portfolio to the UN SDGs has been assessed as per the table below. This analysis is limited to the evaluation of final product characteristics and does not include practices along the issuer's production process.

PRODUCT/SERVICES PORTFOLIO	ASSOCIATED PERCENTAGE OF TOTAL ASSETS ¹⁷	DIRECTION OF IMPACT	UN SDGS
Financing for affordable housing (for low- to median-income households)	6.6%	CONTRIBUTION	

Breaches of international norms and ESG controversies

At issuer level

At the date of publication and leveraging ISS ESG Research, no severe controversy in which the issuer would be involved has been identified.

At industry level

Based on a review of controversies over a two-year period, the top three issues that have been reported against companies within the Public & Regional Banks industry are as follows: sustainability impacts of lending and other financial services/products, customer and product responsibility and labor standards and working conditions.

Please note that this is not a company-specific assessment but areas that can be of particular relevance for companies within the respective industry.

¹⁷ Percentages presented in this table are not cumulative.

B. CONSISTENCY OF GREEN FINANCIAL INSTRUMENTS WITH HYPO TIROL'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the issuer

Since May 2022, Hypo Tirol has been a member of the Climate Alliance Tyrol with its company headquarters.

Hypo Tirol strives to approximate the UN SDGs, the climate and energy strategies of the Republic of Austria (2030 Agenda) and the Tirol 2050 strategy. The central goal of the 2015 Paris Climate Agreement - to strengthen sufficient measures for a common climate policy and thus limit the global temperature increase - is recognized by Hypo Tirol as well as the European Green Deal, with which Europe is seeking to become climate neutral by 2050.

In line with its strategy, Hypo Tirol is driving forward the establishment of sustainable products (e.g. green WohnVision credit for construction and renovation), and is involved in various projects in the field of biodiversity (e.g. Climate Smart Mountain Forest) and the environment (e.g. mobility concept to accelerate the use of CO₂-neutral means of transport).

The issuer provides clients with financial resources that drive sustainable development in climate change mitigation and adaptation in the ecologically sensitive Alpine region.

Rationale for issuance

With the issuance of green bonds, Hypo Tirol intends to contribute and thus assume its ecological responsibility, especially towards capital market participants. The aim is to address those participants in the capital market who place a special focus on ecological and sustainable aspects in their investment decisions.

Opinion: *The key sustainability objectives and the rationale for issuing green bonds are clearly described by the issuer. All the project categories financed are in line with the sustainability objectives of the issuer.*

DISCLAIMER

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ANNEX 1: Methodology

EU Taxonomy

The assessment evaluates whether the details of the nominated projects and assets or project selection eligibility criteria included in the Green Bond Framework meet the criteria listed in relevant Activities in the EU Taxonomy Climate Delegated Act (June 2021).

The evaluation shows if Hypo Tirol's project categories are indicatively in line with the requirements listed in the EU Taxonomy Technical Annex.

The evaluation was carried out using information and documents provided on a confidential basis by Hypo Tirol (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the project category location, were drawn on to complement the information provided by the issuer.

Environmental and social risks assessment methodology

The Environmental and social risks assessment evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Green Bond KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment "no or limited information is available" either indicates that no information was made available or that the information provided did not fulfil the requirements of the Green Bond KPIs.

The evaluation was carried out using information and documents provided on a confidential basis by Hypo Tirol (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the issuer.

Assessment of the contribution and association to the SDG

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, the extent to which Hypo Tirol's Green financial instruments contributes to related SDGs has been identified.

ANNEX 2: ISS ESG Corporate Rating Methodology

ISS ESG Corporate Rating provides relevant and forward-looking environmental, social, and governance (ESG) data and performance assessments.

For more information, please visit:

<https://www.issgovernance.com/file/publications/methodology/Corporate-Rating-Methodology.pdf>

ANNEX 3: Quality management processes

SCOPE

Hypo Tirol commissioned ICS to compile a Green financial instruments SPO. The Second Party Opinion process includes verifying whether the Green Bond Framework aligns with the Green Bond Principles and to assess the sustainability credentials of its Green financial instruments, as well as the issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA Green Bond Principles (June 2021 with June 2022 Appendix 1)
- EU Taxonomy Climate Delegated Act (June 2021)

ISSUER'S RESPONSIBILITY

Hypo Tirol's responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria
- Documentation of ESG risks management at the framework level

ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG 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 Second Party Opinion of the Green financial instruments to be issued by Hypo Tirol has been conducted based on ISS ESG methodology and in line with the ICMA Green Bond Principles.

The engagement with Hypo Tirol took place in September and December 2022.

ISS' BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS 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 SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond /loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

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