

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Asset

Bank für Tirol und Vorarlberg Aktiengesellschaft

20 February 2025

VERIFICATION PARAMETERS

Type(s) of instruments contemplated

- Green Bond

Relevant standards

- Green Bond Principles (GBP), as administered by the International Capital Market Association (ICMA) (as of June 2021 with June 2022 Appendix 1)

Scope of verification

- BTV's Green Bond based on their Sustainable Finance Framework (as of September 15, 2023)
- BTV's Asset level information on Holzius GmbH (as of February 02, 2025)

Lifecycle

- Pre-issuance verification

Validity

- Valid as long as the cited Framework (as of September 15, 2023) and Asset Level information (as of February 02, 2025) remain unchanged

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SCOPE OF WORK

Bank für Tirol und Vorarlberg Aktiengesellschaft (“the Issuer,” “the Bank” or “BTV”) commissioned ISS-Corporate to assist with its Green Bond by assessing three core elements to determine the sustainability quality of the instrument:

1. BTV’s Green Bond based on the Sustainable Finance Framework (as of September 15, 2023)– benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles, as administered by the International Capital Market Association (as of June 2021 with June 2022 Appendix 1) (GBP).
2. The asset level information on Holzius GmbH (“Holzius”)¹ — whether the activity of Holzius contributes positively to the United Nations Sustainable Development Goals (U.N. SDGs) and how it performs against ISS-Corporate’s proprietary issuance-specific key performance indicators (KPIs) (see Annex 1).
3. Consistency of the Green Bond with BTV’s sustainability strategy, drawing on the key sustainability objectives and priorities defined by the Issuer.

¹ According to the International Capital Market Association (ICMA) guidance, pure players are entities whose business activities are fully dedicated to green projects or sectors, thereby ensuring that all financing directed toward them inherently supports environmental objectives. Holzius derives 100% of its revenue from the production of wood based construction material, delivery and assembly of energy efficient houses and hence qualifies as a pure player in the green buildings sector, therefore permitting the consideration of Holzius’ activities under the green building eligibility criteria

BTV OVERVIEW

Bank für Tirol und Vorarlberg AG engages in the provision of banking and financial services. It operates through the following segments: Corporate Customers, Retail Customers, Institutional Clients and Banks, Leasing and Cable Cars. The Corporate Customer segment is responsible for small, medium and large business customers, tax consultants: and the leasing subsidiaries business. The Retail Customer segment caters to the retail clients, freelance professionals, and micro-companies. The Institutional Clients and Banks segment involves in optional liquidity management such as payment transactions, financing or interest and currency hedging. The Leasing segment offers tailored solutions and one-stop solutions for the Vienna market. The Cable Car segment engages with mayrhofner bergbahnen and the silvretta montafon group. The company was founded by Hans Sonvico and Ferdinand Brettauer on April 8, 1904 and is headquartered in Innsbruck, Austria.

ESG risks associated with the Issuer's industry

BTV is classified in the Public and Regional Banks industry, as per ISS ESG's sector classification. Key sustainability issues faced by companies² in this industry are business ethics, labor standards and working conditions, sustainable investment criteria, customer and product responsibility, and sustainability impacts of lending and other financial services/products.

This report focuses on the sustainability credentials of the issuance. Part III of this report assesses the consistency between the issuance and the Issuer's overall sustainability strategy.

² Please note that this is not a company-specific assessment but rather areas that are of particular relevance for companies within this industry.

ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ³
Part I: Alignment with GBP	ISS-Corporate has provided a Second Party Opinion (SPO) on BTV's Sustainable Finance Framework (as of September 15, 2023).	Aligned
Part II A: Alignment of the Asset with the framework eligibility criteria	The Green Bond is refinancing an asset aligned with the eligible asset category Green Buildings.	Aligned
Part II B: Management of the E&S Risks associated with the eligible asset	The environmental and social risks associated with those use of proceeds categories have been managed.	Managed
Part III: Consistency of Green Bond with BTV's sustainability strategy	The key sustainability objectives and the rationale for issuing Green Bonds are clearly described by the Issuer. The project category and the transaction is considered in line with the Issuer's sustainability objectives.	Consistent with Issuer's sustainability strategy

³ The evaluation is based on BTV's Sustainable Finance Framework (September 15, 2023), on the analysed asset as received on Feb. 02, 2025.

SPO ASSESSMENT

PART I: ALIGNMENT WITH THE GREEN BOND PRINCIPLES

The Issuer has defined a formal concept for its Framework regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This Framework was assessed as aligned with the Green Bond Principles by ISS-Corporate as of September 15, 2023, and remains unchanged. The full and valid assessment can be found on [ISS-Corporate website](#).

PART II: SUSTAINABILITY QUALITY OF THE ASSET

The project categories’ sustainability impacts, through their contribution (and/or obstruction) to the UN SDGs was assessed by ISS-Corporate as of September 15, 2023. The full and valid assessment can be found on the [ISS-Corporate website](#).

The following use of proceeds category corresponding to the Issuer’s asset is being reviewed: Green Buildings.⁴ Holzius is based in Italy, having one production facility in Italy. The projects of Holzius are and will be located in Germany, Austria, and Italy.

A. CONTRIBUTION OF THE GREEN BOND TO THE U.N. SDGs⁵

This section assesses whether the proceeds of the green bond are used to finance or refinance assets that are aligned with the eligibility criteria set forth in BTV’s Sustainable Finance Framework (September 15, 2023).

BTV Asset as of February 02, 2025

FRAMEWORK CATEGORY	PROJECT TYPE	ALIGNMENT WITH THE ELIGIBILITY CRITERIA
<p>Green Buildings</p> <p><i>Loan to Holzius⁶</i></p>	<p>Construction of energy-efficient buildings with a significant improvement in energy efficiency⁷</p>	<p style="text-align: center;">✓</p>

⁴ The analysis solely relies on the information provided by the Issuer/Borrower, which remains the responsibility of the Issuer/Borrower, including data on the allocation of proceeds, project descriptions, and eligibility criteria. The SPO was conducted through desk-based analysis, and no on-site visits were conducted.

⁵ The impact of the UoP categories on U.N. Sustainable Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer’s description in the Framework.

⁶ Holzius is considered a pure player because 100% of their revenue is derived from activities contributing to the development of green buildings.

⁷ ISS-Corporate’s assessment is based on the thermal conductivity of the wood material that is employed by Holzius and that is disclosed in their Environmental Product Declaration as per ISO 14025 and EN 15804+A2 issued on Jul. 28, 2023. ISS-Corporate has no visibility on the energy efficiency of the final buildings.

B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE ASSET

Green commercial real estate

The table below evaluates the asset against issuance-specific KPIs. The loan will be directed towards Holzius whose production facilities are located in Italy.

ASSESSMENT AGAINST KPIs

Labor, Health, and Safety

Holzius is headquartered and has its production facility in Germany, Austria Italy, where stringent health and safety regulations and labor standards are upheld as mandated by national legislation and the European Union. The Issuer has confirmed to ISS-Corporate that they are not planning any expansions beyond the listed countries.



Furthermore, Holzius follows the GvD 231/01 organizational, administrative, and control model and has signed a Code of Conduct, which is required by BTV for all emissions and has been submitted to ISS Corporate.

Holzius also holds ISO-45001 certification for occupational health and safety management.

The Issuer has achieved the Cradle-to-Cradle Material Health Certification – Platinum, which evaluates material health and environmental impact of their product.

Environmental aspects of construction, production and operation



Holzius has a certified environmental management system through multiple certifications, including ISO-45001 (occupational health and safety), ISO 9001:2015 (quality management system), Cradle to Cradle Gold certification, and the ClimateHouse energy certificate (standard A) for office buildings. Additionally, the company holds an Environmental Product Declaration (EPD) valid from 2023 to 2028.



For the sustainable procurement of construction materials, Holzius relies on long-standing supplier relationships, particularly with sawmills, and sources wood exclusively from the Alpine region, ensuring short transportation routes. All wood used is FSC/PEFC certified, with certification documents available for key suppliers such as Samonig Sägewerk und Holzhandelsges.m.b.H. and HWW GmbH & Co. Holzwerke KG. Holzius has a code of conduct for suppliers

that requires FSC/PEFC certifications, and any new supplier must comply with the code of conduct.

Regarding water use reduction, Holzius does not use water in its production process. For its buildings, the company has implemented an infiltration trough as a retention area for rainwater management to minimize water runoff and enhance sustainability.

Waste



Holzius has measures in place to reduce, recycle, and correctly dispose of waste during production, construction, installation, maintenance, and operations. 100% of assets feature take back and recycling at end-of-life covered by the cradle2cradle concept which is offered to the customer in the form of a guarantee of redemption. Wood waste is fully recyclable and is either used thermally in the company's own wood boiler or processed into wood briquettes for resale. Additionally, Holzius follows strict recycling procedures for materials such as cardboard and organic waste to ensure proper waste management. Holzius has also conducted an LCA for its environmental declaration focusing on the energy consumption and global warming potential of operations.

Safety of building users



Italy's legal and regulatory framework mandates a stringent standard for ensuring operational safety in buildings. Consequently, the project is committed to meeting the requisite safety guidelines, which will be formally confirmed through the obligatory final building inspection in accordance with legal stipulations. Holzius has obtained the ISO 45001 certification for occupational health and safety managements system as well as the ISO 9001 certification for the quality of management system ensuring high user safety standards. Furthermore, regarding the production facility the Issuer confirms that the asset has emergency planning, emergency exits, fire sprinklers, and fire alarm systems in place.

Supply chain



Holzius does not have a formal Environmental Management System (EMS) requirement for its suppliers but relies on long-standing relationships, particularly with sawmills. The company sources wood exclusively from the Alpine region, ensuring short transportation routes to minimize environmental impact.

Holzius considers FSC/PEFC certification a reliable EMS standard for suppliers. The company sources from PEFC-certified suppliers, including

Samonig Sägewerk und Holzhandelsges.m.b.H. and HWW GmbH & Co. Holzwerke KG, with documented sample calculations provided.

- ✓ Regarding labor, health, and safety standards in the supply chain, Holzius has a Supplier Code of Conduct in place that references the U.N Global Compact, the ILO Core Conventions, and the Universal Declaration of Human Rights.⁸

⁸ Holzius has confirmed that their Supplier Code of Conduct is applicable to all of their suppliers.

PART III: CONSISTENCY OF THE GREEN BOND WITH BTV'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

TOPIC	ISSUER APPROACH
<p>Strategic ESG topics</p>	<p>In 2021, BTV's sustainability strategy was redeveloped based on the guiding principle 'Spirit and Attitude' and is based on the five fields of action: customers and products, environment and resources, employees, society and social affairs, and strategy and governance. These support the growth of BTV, considering economic, ecological and social components, and contributing to the UN Sustainable Development Goals (SDGs). Through their investment in Holzius, BTV focuses on sustainable forestry, resource reduction, reduction of waste, and sustainable buildings with minimization of concrete and steel.</p>
<p>ESG goals/targets</p>	<p>BTV's field of actions are quantified using concrete targets for 2025 and 2030. The targets are given below:</p> <ul style="list-style-type: none"> ▪ Customers and Products: <ul style="list-style-type: none"> ○ Targeting 33% and 67% net growth sustainable financing of portfolio by 2025 and 2030 respectively. ▪ Environment and Resources: <ul style="list-style-type: none"> ○ 100% share of green electricity in all Austrian state locations by 2025 and 2030 ○ 20% and 30% of electric, hydrogen, and hybrid vehicles in the entire fleet by 2025 and 2030 respectively ▪ Employees: <ul style="list-style-type: none"> ○ By 2025 and 2030, respectively, there will be 30% and 40% women in managerial posts. ▪ Society & Social Affairs: <ul style="list-style-type: none"> ○ Number of guided tours in addition to the educational program (e.g., schools, institutions, customers, etc.)

	<p>are targeted 30 and 35 by the year 2025 and 2030 respectively.</p>
<p>Action plan</p>	<p>The Issuer has the following measures in place to achieve its targets:</p> <ul style="list-style-type: none"> ▪ Increase in ESG-compliant financing through focused advice and support for customers, based on the high level of training of their employees in the area of ESG. ▪ BTV has created offers for their employees to use sustainable transportation wherever possible, as well as end-to-end fleet management. The travel policy aims to achieve an overall reduction in CO₂ emissions. ▪ Ongoing positioning and communication on all channels and setting up awareness raising programs for younger generations. ▪ BTV has set measurable goals for gender equality.
<p>Climate transition strategy</p>	<p>BTV redeveloped their climate strategy in 2021, basing it on the guiding principle "Spirit and Attitude". BTV established five key fields of action under this principle: i) customers and products, ii) environment and resources, iii) employees, iv) society and social affairs, and v) strategy and governance.</p> <p>Within these fields of action, BTV has outlined individual goals that they aim to meet. By 2025, BTV aims to target 33% of net growth sustainable financing of their portfolio, increase the share of green electricity to 100% in all Austrian state locations, increase the share of electric, hydrogen, and hybrid vehicles to 20%, increase the share of women in managerial posts to 30%, and increase the number of annual guided tours to 30. By 2030, BTV aims to enhance their targets, increasing their net growth of sustainable financing of their portfolio to 67%, increasing the share of electric, hydrogen, and hybrid vehicles to 30%, increase the share of women</p>

	<p>in managerial positions to 40%, and increase the number of annual guided tours to 35.</p> <p>The Issuer will refer to the above action plan to implement their climate transition strategy.</p>
<p>ESG risk and sustainability strategy management</p>	<p>The management board is a part of the internal ESG committee and oversees ESG risk and sustainability strategy. Additionally, it regularly updates the risk committee on new risks. BTV's risk management process includes the determination of the risk strategy as well as risk monitoring and control.</p> <p>The sustainability report and ESG concerns in BTV's risk management are under the supervision of the Supervisory Board.</p> <p>With regards to their loan to Holzius, BTV employs their regular monitoring and evaluation processes, and conducts annual meetings with Holzius to assure consistency of the concept/project. The project is presented by an impact report.</p>
<p>Sustainability reporting</p>	<p>The targets are being tracked on a regular basis and communicated to the leadership board. In addition, BTV is currently working on developing a Corporate Carbon Footprint (CCF) Inventory, preparing to set science-based targets (SBTi), and developing a transition plan. Furthermore, BTV is committed to transparent sustainability reporting in accordance with Global Reporting Initiative (GRI).</p>
<p>Industry associations, collective commitments</p>	<p>BTV is a member of the UN Global Compact.</p>
<p>Previous sustainable/sustainability-linked issuances or transactions and publication of sustainable financing framework</p>	<p>BTV issued their first Sustainable Financing Framework in September 2023. The Framework received a second-party opinion from ISS-Corporate. Since then, BTV has issued multiple green bonds accompanying them with specific second-party opinions for specific assets. The total Green Liabilities issued by BTV as of this publication amounts to 33.000.000.</p>

Rationale for issuance

BTV's Sustainable Finance Framework demonstrates commitment towards their sustainability strategy which reflects the corresponding goals and focal points in the bank's core business. Therefore, the Issuer issues the Green Bond to finance its Green Building project to contribute towards their targets of sustainable financing.

Opinion: *The key sustainability objectives and the rationale for issuing Green Bond are clearly described by the Issuer. The project category financed is in line with the Issuer's sustainability objectives.*

DISCLAIMER

1. Validity of the Second Party Opinion ("SPO"): Valid as long as the cited Framework (as of September 15, 2023) and Asset Level information (as of February 02, 2025) remain unchanged.
2. ISS-Corporate, a wholly owned subsidiary of Institutional Shareholder Services Inc. ("ISS"), sells, prepares, and issues Second Party Opinion, on the basis of ISS-Corporate's proprietary methodology. In doing so, ISS-Corporate adheres to standardized procedures designed to ensure consistent quality.
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ANNEX 1: METHODOLOGY

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

ANNEX 2: QUALITY MANAGEMENT PROCESSES

SCOPE

BTV commissioned ISS-Corporate to compile a Green Bond SPO. The second-party opinion process includes verifying whether the selected Asset aligns with the Green Bond Principles and assessing the sustainability credentials of its Green Bond, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant standards for this second-party opinion:

- Green Bond Principles (GBP), as administered by the International Capital Market Association (ICMA) (as of June 2021 with June 2022 Appendix 1)

ISSUER'S RESPONSIBILITY

BTV's responsibility was to provide information and documentation on:

- Framework
- Asset
- Documentation of ESG risk management at the asset level

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 second-party opinion of the Green Bond to be issued by BTV has been conducted based on proprietary methodology and in line with the ICMA GBP.

The engagement with BTV took place in February 2025.

ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has 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 SPO

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 alignment with external principles (e.g., the Green/Social Bond Principles), analyzes the sustainability quality of the assets and reviews the sustainability performance of the Issuer itself. Following these three steps, we draw up an independent SPO so investors are as well-informed as possible about the quality of the bond/loan from a sustainability perspective.

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

For more information on SPO services, please contact SPOsales@iss-corporate.com.

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