



Transition Plan of mBank Group



mBank.pl

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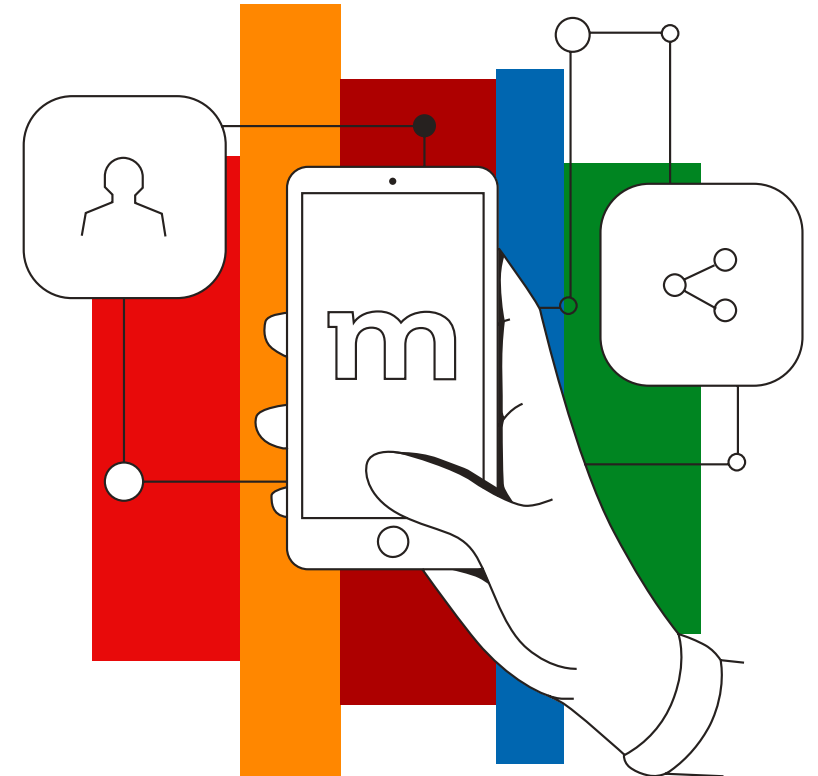
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Foreword



Marek Lusztyn

vice-president of the management board, chief risk officer

Europe is at the center of global climate challenges – not only as a continent warming twice as fast as the global average, but also as a region with the most ambitious transition goals. This generates significant risks: physical risks, related to the increasing frequency and intensity of extreme weather events, and transition risks, stemming from the urgent need to adapt economies and societies to new regulatory, technological, and market conditions.

In the face of these unprecedented challenges, climate neutrality is no longer an abstract concept. At mBank Group, we treat it as a strategic direction for development – one that defines the framework for responsible risk management and capital allocation, ultimately enabling us to build long-term resilience and competitiveness.

We are proud to present the mBank Group Transition Plan – a document that outlines a clear, measurable, and science-based pathway to climate neutrality. It is not just a declaration of ambition, but a comprehensive action plan that translates climate goals into concrete business decisions, credit policies, and risk management mechanisms. The approval of our targets by the Science Based Targets initiative (SBTi) confirms their alignment with the latest scientific knowledge and the goals of the Paris Agreement.

We are fully aware that the success of the transition does not depend solely on us – it requires collaboration with clients, technological development, stable regulatory frameworks, and broad social engagement. That is why we support our clients on their own decarbonization journeys, offering financing, expertise, and tools that help them achieve their climate goals, so that the entire economy can follow a path of sustainable development. The energy transition is not only a cost – it is also a tremendous opportunity for innovation, increased efficiency, and the creation of new competitive advantages. High energy costs, a changing geopolitical landscape, and rising social expectations demand flexibility, courage, and strategic thinking. Financial institutions that combine climate ambition with responsible risk management and the ability to create lasting value for stakeholders will shape the future of a sustainable economy. The mBank Group Transition Plan is our response to these challenges. It is our commitment – to our clients, to society, and to future generations.

Overview

- The mBank Group Transition Plan reinforces our long-term commitments and supports the execution of our new business strategy.
- Our goal is to **achieve net-zero emissions in our own operations by 2040 and in our financed portfolio by 2050**.
- We have set ambitious, transparent, and science-based interim **decarbonization targets**, which have been validated by the **Science Based Targets initiative** (SBTi) – making us **the first bank in Poland to achieve this milestone**.
- We recognize that achieving a **successful transition requires effective cooperation between all key stakeholders in the economy**. We want to actively participate in this process, drawing on our extensive experience and expertise in sustainable finance.
- We are committed to **support clients on their decarbonization journeys** by:
 - **engaging in** an open and ongoing **dialogue with our clients to** understand their transition priorities and challenges and jointly develop effective solutions,
 - providing a **comprehensive product offer**, including sustainable products, transition finance, and impact finance, to address diverse client needs,
 - educating clients by sharing knowledge, experience, and best practices in sustainable finance, and empowering informed decision-making at every stage of the transition.
- Our transition planning is supported by **responsible risk management**, as well as by **leadership and governance structures focused on sustainability**:
 - **sustainability is** not only a strategic direction, but a **daily practice** across the organization,
 - integrating ESG factors into our risk management system empowers our transition, supports our decarbonisation goals, and enhances organisational robustness.

Sector/ Portfolio	Metric	Baseline 2022	Target 2030	Planned reduction
 Commercial Real Estate	Emission intensity kgCO ₂ e/m ²	145	52	-64%
 Power Generation	Emission intensity kgCO ₂ e/mWh	7.5	2.5	-66%
 Residential Real Estate	Emission intensity kgCO ₂ e/m ²	63	29	-54%
 the rest of Corporate portfolio	Portfolio Temperature (scope 1+2+3)	2.92 °C	2.37 °C	-0.6 °C
 mLeasing	Emission intensity kgCO ₂ e/PLN	8.63	4.57	-47%
 Assets under Management	Emission intensity kgCO ₂ e/mEUR	699	630	-10%



Business oriented targets for 2030

15%

of corporate loans allocate to sustainable, transition and impact finance

2x

the sales volume of mortgage loans for energy efficient properties vs 2024

Strategic ambition



Anna Miazga

Chief Sustainability Officer (CSO)

Our Transition Plan builds directly on the 2026–2030 strategy, reinforcing our commitment to a strategic and integrated approach to sustainability. Many of the goals and tools outlined in the Transition Plan were already embedded in the strategy. The Plan now expands on these elements – translating ambitions into concrete actions, sector-specific initiatives, and measurable decarbonization targets. From the outset, we aimed for full alignment between both documents, and working on them in parallel enabled this coherence. This is a clear demonstration that our development plans are not only ambitious, but also responsible.

While the strategy sets the direction, the Transition Plan serves as the operational scenario. Together, they ensure that sustainability is embedded across the organization and monitored at the highest level. We operationalize our vision through clear governance, regular progress reviews at Board level, annual managements targets, integration into performance incentives and dedicated educational programs. This ensures that sustainability is not only a strategic direction, but a daily practice across the organization.

This is how we turn vision into action – and ambition into impact.

Role of the bank in the transition

mBank Group operates on a universal banking model, serving a broad spectrum of retail and corporate clients. Our offerings also include investment banking services, leasing, factoring, commercial real estate financing, brokerage, wealth management, corporate finance, and capital market advisory services.

As a financial institution, **we recognize our responsibility to support global and national transitions toward sustainable development, especially in fostering a climate-neutral economy.**

Our role includes financing change and strengthening the financial resilience of our clients – both businesses and individuals.

By integrating sustainability principles into our strategy, we support businesses, society, and individuals in building a more resilient and sustainable future.

We recognize two main dimensions for banks in this respect:

- partnering with customers and clients and supporting them in the economic transition as well as raising capital for sustainable economic activities and projects,
- leading by example in environmentally and socially sustainable growth.

This can be realized by supporting the economic development of the country through:



fostering
energy
transition



ensuring capital
flows to more
sustainable
investments



providing
sustainable
financing
and transition
finance for other
sectors



putting greater
emphasis on
environmental risks
and transparency

Strategic approach to sustainability

mBank Strategy 2026–2030: Full Speed Ahead!

The motto of our strategy, “**Full Speed Ahead!**”, reflects our energy and ambition to grow and strengthen our leadership position in the market. This strategy is not just about expansion – it’s about **responsible and sustainable growth**, deeply rooted in the needs of our clients and the challenges of the future.

Our strategic direction is built on three core pillars:

- **Lifecycle-based growth** – We grow alongside our customers, adapting our value proposition to their life stages and evolving needs.
- **Customer excellence** – We simplify financial journeys and help clients achieve their goals through intuitive and supportive services.
- **Organisational excellence** – We empower our people and leverage advanced technologies to deliver outstanding client experiences.

Across all three pillars, sustainability is a key focus. Examples include:

- **Decarbonization of our portfolio** through products and services that support clients – both individual and corporate – in their energy transition.
- **Product innovation** that enables clients to make climate-conscious decisions and supports long-term environmental impact.
- **Clear sustainability goals and KPIs**, integrated into our financial and operational planning, ensuring measurable progress.



While the strategy sets the direction, the Transition Plan serves as the operational scenario – translating strategic ambitions into concrete actions, sector-specific initiatives, and measurable decarbonization targets. The assumptions of our Transition Plan are aligned with our strategic ambitions.

This integrated approach positions mBank as a responsible financial partner, committed to creating long-term value for both the organization and its stakeholders.

Overview of climate oriented Sustainable Strategic Objectives (2026 – 2030)



Climate action – developing a resilient business model alongside credible transition plan

- Net-zero commitment – maintain our ambition to achieve net-zero in Scope 1 and 2 by 2040 and in Scope 3 by 2050.
- Scope 1 and 2 – reduce absolute Scope 1 and 2 GHG emissions 42% by 2030 vs 2022.
- Scope 3 – In 2025, we will launch and implement clear, detailed transition plan aimed at reducing portfolio emissions (including AuM).



Economic momentum – financing change and unlocking economic potential

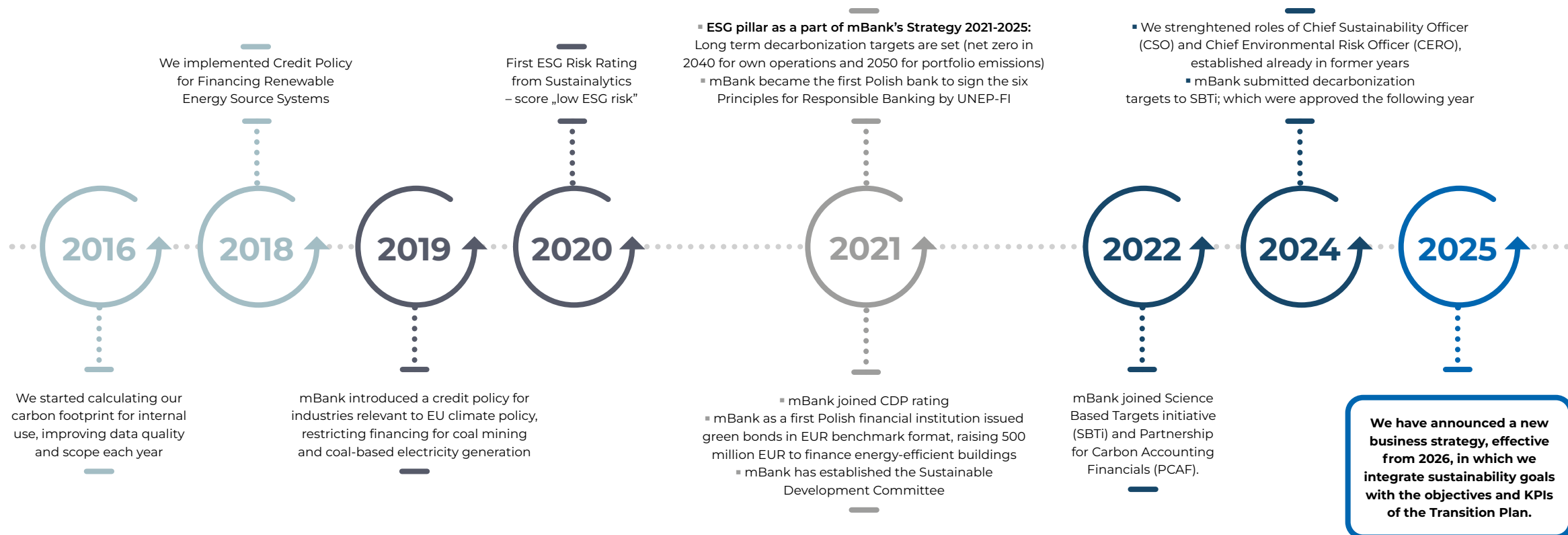
- Retail portfolio – double the volume of energy efficient (taxonomy-aligned) mortgage loans sales vs 2024.
- Corporate portfolio – allocate 15% of corporate loans engagement to sustainable, transition, and impact finance.

Each strategic objective presented here is further elaborated and tagged in the following sections of the Plan, demonstrating how they are implemented across business lines and portfolios.



mBank environmental track-record

mBank has been actively engaged in initiatives aimed at combating climate change. This timeline highlights key milestones in our journey towards integrating environmental principles into our core strategy and operations. Our efforts, including among others the introduction of credit policy aligned with EU climate regulations or the establishment of governance structures to manage environmental risk in responsible manner, underscore the importance of environmental topics in our long-term strategy and are building the foundations necessary to achieve the demanding goal of net-zero emissions.



Our pathway to net-zero



Our ambition is to reach net zero in our financed emissions by 2050, and in our own operations by 2040.

The following document of Transition Plan outlines a transparent, actionable framework to operationalize the assumptions of the path that will lead us to net-zero.

The foundation of our Transition Plan is the GHG emission reduction targets based on the scientific approach developed by the SBTi organization.

As the first Polish bank, we have submitted decarbonization targets to the SBTi. After validation mBank's targets have been approved by SBTi on January 2025¹.

Our targets are in alignment with the temperature goals of the Paris Agreement of limiting global temperature rise to 1.5°C. We commit to reduce absolute scope 1 and 2 GHG emissions by 42% by 2030 from a 2022 base year. Accordingly, we have set sectoral decarbonization targets for financed emissions. Year 2022 was set as a baseline for all of these targets.

We have also set targets for our leasing activities and Assets under Management. The leasing target for 2030 follows a 1.5°C decarbonization pathway, although it has not been validated by SBTi. For Assets under Management, we have set the target based on the decarbonization pathway of a leading global stock market index, aligned with the UNEP 2°C scenario. Our target is to reduce the emission intensity of the managed assets by 10%, relative to the 2024 baseline.

¹ Our targets approved by SBTi can be found on SBTi website –> [target dashboard](#)

² The Sectoral Decarbonization Approach (SDA) - a method for defining sector-specific emission reduction pathways. The carbon intensity of the portfolio is measured at a baseline and a target pathway to 2050 is derived. The portfolio emission intensity refers to the financed emissions per unit of activity, e.g. kg CO₂e/m², kg CO₂e/kWh or kg CO₂e/t cement.

SBTi aligned targets – 1.5°C path Financed emissions



		Method	Metric	Baseline	Targets	
				2022	2030	2050
	Commercial Real Estate	SDA ²	Emission intensity kgCO ₂ e/m ²	145	-64% 52 -100%	0
	Power Generation	SDA ²	Emission intensity kgCO ₂ e/MWh	7.5	-66% 2.5 -93%	0.5
	Residential Real Estate	SDA ²	Emission intensity kgCO ₂ e/m ²	63	-54% 29 -100%	0
	Other Sectors	Temperature Rating ³	Portfolio Temperature (scope 1+2+3)	2.92°	-0,6° 2.37° -1,4°	1.5°
	Leasing ⁴	Economic intensity pathway	Emission intensity kgCO ₂ e/net profit	8.63	-47% 4.57 -100%	0

³ Under the Temperature Rating approach, financial institutions determine the current "temperature value" of their portfolio based on their clients' public emissions reduction targets. This approach allows financial institutions to align the base-year temperature value of their portfolio with a long-term temperature target.

⁴ mLeasing Group have set the target consistent with the 1.5°C path of the Science Based Targets initiative (SBTi), without formally joining the initiative and without target validation.

Challenges on our journey to net zero

As we strive to decarbonize our portfolio, we observe several significant challenges for the bank in the climate action landscape in which we operate. Essential is the understanding that we, as a bank, cannot achieve this transition independently.

Our success in reaching net zero depends i.a. on:

- our clients effective actions in terms of transition,
- the market ability to decarbonize at the required pace,
- technological development enabling decarbonization,
- robust government policies,
- or even economic and geopolitical events.

Given the rapid pace of change in the global economy and the evolving nature of environmental policies, the only thing we can be sure of is that these and other emerging areas will develop in ways that are currently beyond our ability to predict accurately. This uncertainty highlights the importance of remaining adaptable and responsive to new developments as they arise.



The entire process of decarbonization depends to a significant extent on factors beyond the scope of mBank's influence. There are many interdependencies in the journey to net zero, and the transition will require a systems-wide approach.

The success of our net zero goals is contingent upon the alignment and timely progression of these internal and external elements.

The external factors that may pose a challenge for a bank in the context of decarbonization

- **Poland's position in the context of decarbonization progress:** Polish economy is heavily reliant on coal and other high-carbon industries. Transitioning to a low-carbon economy requires substantial structural changes – more information can be found on the next slide.
- **Availability of technologies** that reduce the carbon footprint and energy intensity in high-emissive sectors: continuous development of new technologies that are more efficient and less emissive is required. In some sectors, new, greener technologies are still in early stages of adoption.
- **Energy security concerns**, as ensuring a stable and secure energy supply during the transition to a low-carbon economy is critical and often used as an argument by opponents of rapid decarbonization to justify slower transitions.
- **Regulatory uncertainty:** the variability and uncertainty of regulations can hinder long-term planning and investments. The lack of consistent and clear guidelines on decarbonization can lead to regulatory risk and uncertainty. As an example, easing regulatory requirements for SMEs concerning ESG reporting, may pose a challenge for the bank in terms of lack of reliable data from clients.
- **Limited environmental awareness on the market** – the low level of awareness and understanding of ESG and climate issues among market participants can hinder the adoption of sustainable practices and limit the availability of green investment opportunities.
- **Global trends and events** – global climate, geopolitical and economic changes can impact local decarbonization efforts, e.g. a growing counter-movement against corporate climate action, especially in the US, is emerging and also sparks a debate in the European market, regarding corporate ESG commitments and the competitiveness of the economy.

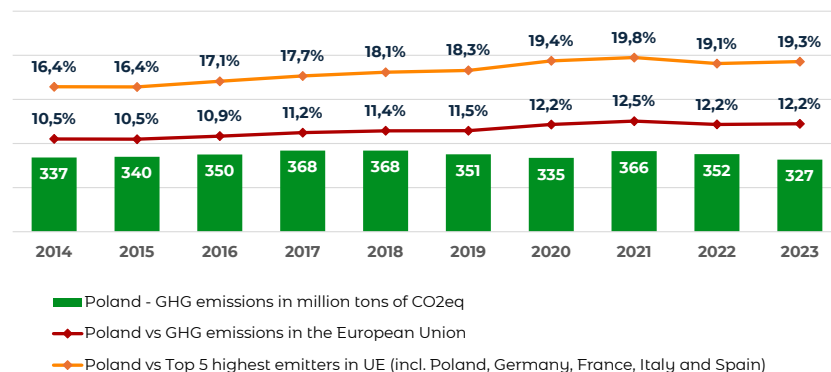
Decarbonization of Polish economy

The progress of decarbonization in Poland is vital for bank as we work towards reducing the carbon footprint of our portfolio. Expected reduction of the share of fossil fuels in the national energy mix will significantly support achieving the climate ambition. However, regulatory nature of this process involves the risk, the materialization of which may block the bank's efforts to meet its obligations.

Below we point out some key challenges and constraints related to the decarbonization of the Polish economy:

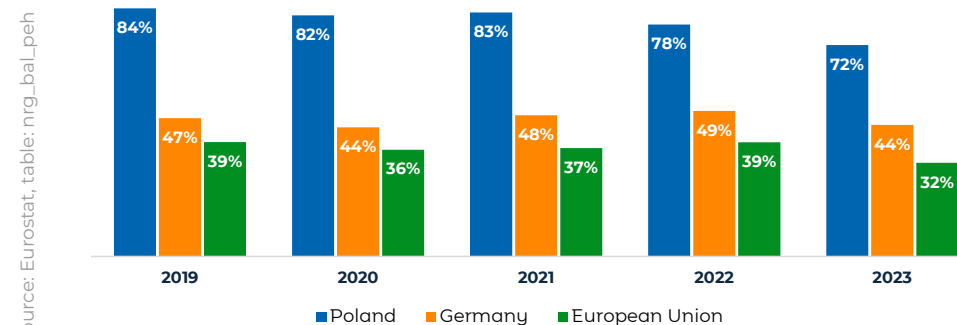
- Transitioning from a coal-based energy system while ensuring a stable and secure power supply for the whole of society and business
- The need to "catch up" with the rest of European countries in terms of the structure of the energy mix and energy emissions; the goal for all EU countries is the same – net zero 2050 – but due to the transformation delay in Poland so far, the starting blocks are in a completely different place
- Social pressure from the coal community to maintain mining in the relatively distant future (the so-called social contract assuming mining until 2049)
- Modernization of the network infrastructure to effectively integrate unstable renewable energy sources and create an energy highway between the north of Poland (nuclear, offshore in the future) and the rest of the country
- Meeting demanding legal requirements for renewable energy production and need to accelerate permitting processes for such projects

**Greenhouse gas emissions in Poland (2014–2023):
total volume and share in EU and Top 5 emitters**



Although there has been a decline in GHG emissions in Poland in recent years, decarbonization progress has been relatively slow compared to other EU countries. In the last decade, the share of emissions in Poland in relation to emissions in the entire European Union increased from 10.5% to 12.2%. Taking into account only the five most emission-producing economies in the EU, i.e. Poland, Germany, France, Italy and Spain, the situation is even worse – an increase of Poland's share in this group from 16.4% to 19.3% is visible.

**Share of electricity generated from fossil fuels in Poland,
Germany and the EU (2019–2023)**



In recent years, there has been a dynamic decline in the share of fossil fuels in electricity production in Poland. Between 2019 and 2023, we observed a decrease of approx. 12 percentage points, from 84% to 72%. Nevertheless, compared to other European Union countries as well as to Germany, the energy sector in Poland is still very fossil-based. The Polish energy mix is "getting closer" to the mix typical of the entire EU and Germany (see the graph above), but many years must still pass before it reaches the same level.

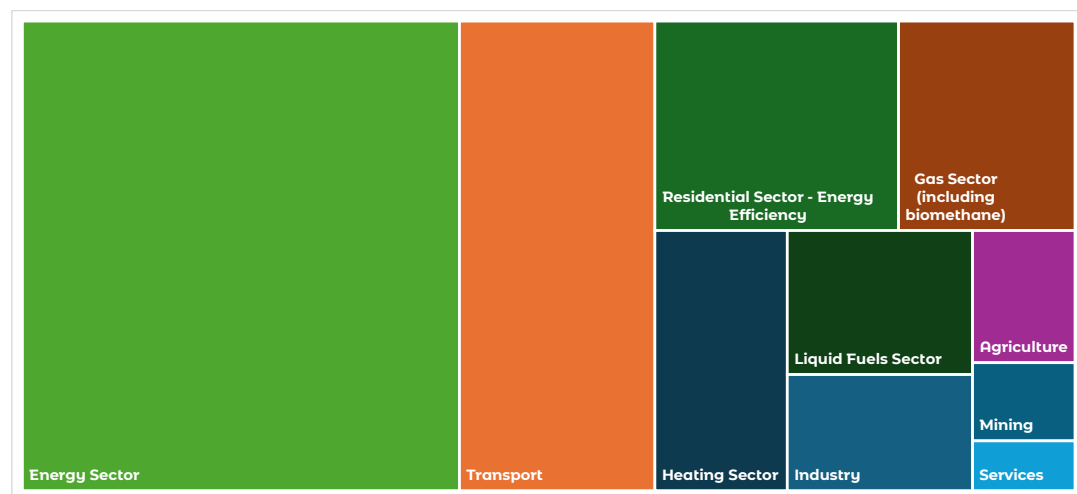
Transition as a challenge, but also as an opportunity

The shift to a sustainable energy economy is not only a global challenge, but also a significant opportunity for local economies to thrive and adapt. It presents a unique chance for economic growth, fostering innovation, the creation of new jobs.

Such wide transition requires significant investment. Total combined investment expenditures for Polish energy transformation between 2021 and 2040 will amount to 3.6 trillion PLN, assuming active transformation scenario¹.

Given the scale of investment required for the energy transition, public funding is insufficient. Therefore, the involvement of the private sector is essential to mobilize the additional capital needed to close the investment gap. Banks and financial institutions can provide the necessary capital through loans, bonds, and equity investments. This not only helps in financing the transition but also opens up new business opportunities for these institutions.

Investment costs between 2021 – 2040, by sector for the WAM scenario in National Energy and Climate Plan¹



We see the energy transition as a major business opportunity. By financing sustainable projects, we aim to diversify our portfolios and mitigate risks by supporting clients in transforming their businesses towards greater efficiency. We want to be a leader in sustainable finance, attracting environmentally conscious investors and clients. Additionally, we will leverage this opportunity by offering tailored financial products and education to support these investments.



3.6 trillion PLN
The estimated total cost of energy transition in Poland (between 2021-2040)*

¹ National Energy and Climate Plan (July 2025), according to WAM scenario (active transformation scenario) – between 2021-2040

Targets and decarbonization levers



Own emissions

Own emissions – actual metrics and reduction targets

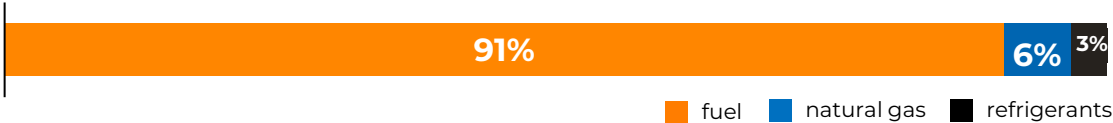
We are committed to reducing its own emissions and we place significant emphasis on this matter. We started measuring our own carbon footprint since 2021. mBank has already made progress in reducing direct and indirect emissions (Scope 1 and Scope 2). The significant reduction in emissions from electricity consumption, despite the rise in electricity usage, is attributed to the increased utilization of renewable energy sources. We place significant emphasis on consistently providing energy from renewable source for our locations.



We are planning to reduce Scope 1 and Scope 2 emissions by 42% till 2030 and become net-zero till 2040.

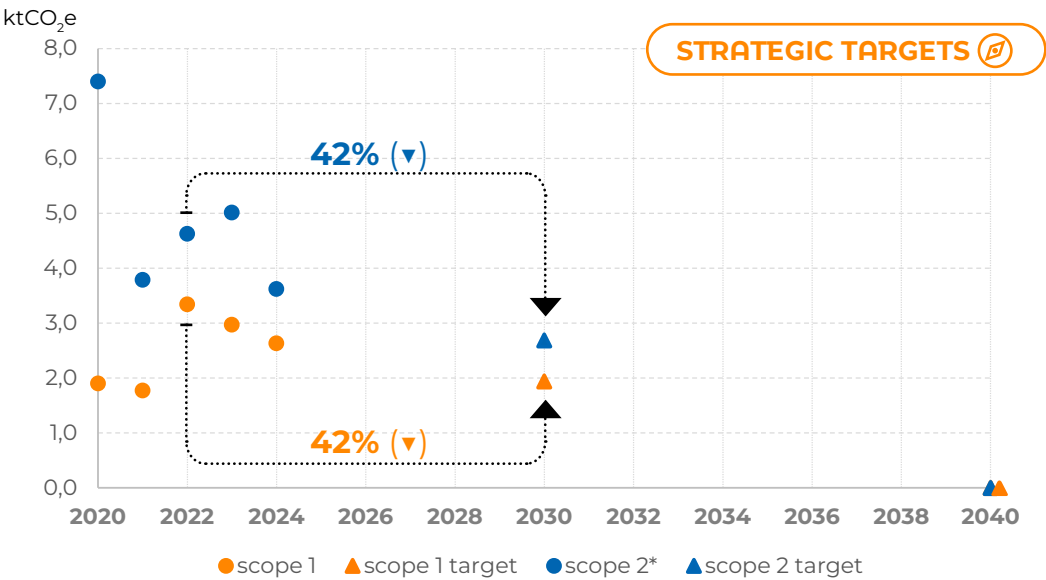
We have defined these targets in accordance with the Science Based Targets initiative methodology, and they have been approved by the SBTi.

Scope 1

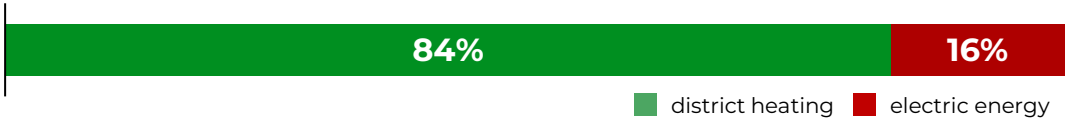


- The largest share of emissions comes from fuel combustion in our vehicle fleet.
- Natural gas used for heating plays a minor role in emissions, followed by coolants/ refrigerants.

Actual emissions and reduction targets – scope 1 and 2



Scope 2 (market-based)



- **94%** of electricity utilized in 2022 **was coming from RES**, therefore emissions from electricity area is small. We plan to purchase 100% from RES.
- The largest volume of emissions come from district heating.

* For Scope 2, we apply the market-based method, which uses the emission factor from purchased energy according to the energy supplier's data.

Decarbonization levers in scope 1 and scope 2



Fuel Emissions

mBank aims to achieve targets for the fuel emissions through the following levers:

- We are introducing electric vehicles (EVs) into our car fleet – pilot initiatives and EV promotion are already behind us. We have also installed EV chargers at headquarters, branches, and in employees' homes.
- We have implemented a telematics system in company cars to monitor and optimize fuel usage. We will analyze fuel limits and the use of transportation means.
- We are reviewing and adjusting internal policies regarding business travel and the company car fleet.



Natural Gas

- It is used for heating and plays a minor role in emissions.
- We plan to modernize and relocate our gas-heated branches. Specifically, 23 locations will undergo these changes, resulting in a 100% reduction in emissions from natural gas heating.



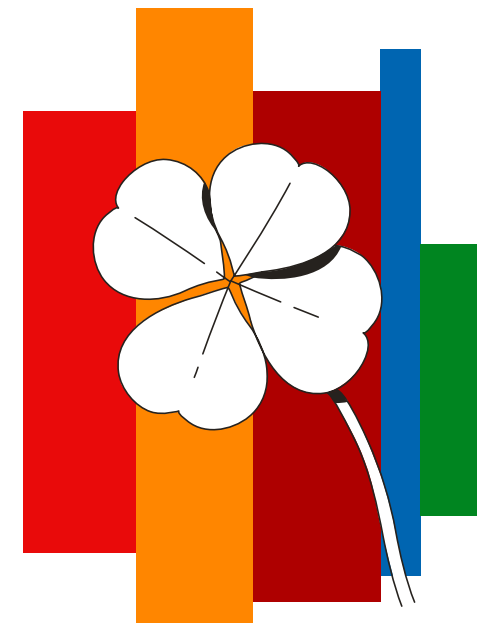
Electricity Consumption

- Since 2022 we have purchased at least 80% energy from renewable energy sources.
- We plan to increase this percentage to 100% by 2030.



Heating

- The largest volume of Scope 2 emissions comes from district heating.
- mBank identifies limitations in reducing heating carbon emissions due to the lack of technical means to switch to different sources of heat.
- Renewable sources in district heat production in Poland are estimated to reach 35.4% by 2030¹.
- mBank plans to conduct a case-by-case analysis of technical possibilities for switching to renewable energy heat sources in street branches, which could result in an estimated emissions reduction of 8%.
- Office buildings and shopping mall branches consumed 89% of consumption of system heat in mBank in 2022 (lack of technical means to switch to different sources of heat).



¹ National Energy and Climate Plan, 2024



$$\frac{\partial V}{\partial t} + \frac{1}{2} \sigma^2 S^2 \frac{\partial^2 V}{\partial S^2} + rS \frac{\partial V}{\partial S} - rV = 0$$

$$\frac{\partial V}{\partial t} + \frac{1}{2} \sigma^2 S^2 \frac{\partial^2 V}{\partial S^2} + rS \frac{\partial V}{\partial S} - rV = 0$$

Portfolio emissions

$$\left(\frac{P}{P_0} \right) + u \frac{\partial}{\partial x} \left(\frac{P}{P_0} \right) = 0$$

Corporate Banking

A photograph of three people working in a modern office. A woman with long dark hair and glasses is seated on the left, viewed from the side, working on a laptop. In the center, a man with dark hair is seated, viewed from the back, also working on a laptop. On the right, another man with a beard and glasses is seated, viewed from the front, looking at his laptop. They are all seated at a long wooden table. The office has large windows in the background, letting in natural light. A small potted plant sits on the table. The overall atmosphere is professional and collaborative.



Adam Pers

vice-president of the management board, head of corporate and investment banking

mBank is a standard setter. This has also been the case with financing the energy transition, where we have been among the leading banks for years. But our ambitions are much greater, so now, drawing on our experience, we want to catch the wind in our sails, embark on expansion, and support fundamental transformations in the economy.

mBank's strategy identifies six growth streams where it aims to support businesses, all tied to economic transformation: energy and technology transition, digitalisation and process automation, economic resilience and localisation of production, sustainable development, circular and sharing economy, health and leisure economy, defence. Our goal is to double the share of these areas in our lending portfolio. By 2030, they will account for 40% of our corporate loan portfolio, with sustainable finance making up 15%.

We are seeing growing interest in financing sustainable projects, especially those focused on energy efficiency. We support businesses in this area by offering dedicated financing solutions for corporate clients. Our financing includes both general-purpose and investment loans, available to companies that already have climate goals, as well as those planning investments in energy efficiency and emission reduction. This is part of mBank's comprehensive approach to sustainable finance.

As part of our commitment to sustainability and reducing our carbon footprint, we have adopted a strategic approach to setting emission reduction targets. Sector selection is based on the structure of our portfolio, focus on emission reduction in industries with highest exposure, greatest emissions intensity, and strongest decarbonization potential. This approach aligns with the Science Based Targets initiative (SBTi) guidelines for sector prioritization.

Since 2019, we have not financed coal mines. By the end of third quarter of 2025, the portfolio of investments in renewable energy sources (RES) reached PLN 5.5 billion. Our involvement in RES enables the annual generation of energy sufficient to power approximately 1.4 million households in Poland. During this period, sustainable finance reached an impressive total of PLN 9.8 billion, with capital mobilization rising to PLN 8.8 billion, underscoring our strong commitment to advancing the transition of the Polish economy. Through a focus on high-impact sectors, close cooperation with our clients, and a strategic approach to portfolio decarbonization, we actively contribute to building a more sustainable future. Our actions, aligned with international standards, translate into tangible results, both by financing investments and by supporting companies in shaping their strategies, driving growth, and navigating their transition pathways.

We have identified key sectors for setting decarbonization targets, guided by a science-based methodology

In our commitment to sustainability and reducing our carbon footprint, we have adopted a strategic approach to selecting sectors for setting emission reduction targets. This approach is guided by our portfolio structure, focusing on sectors with the largest exposure and highest emissions intensity, as well as those with significant potential for decarbonization. It is influenced by the SBTi requirements for the selection of sectors for decarbonization.

Sectors for which we have set the targets



POWER GENERATION

- mBank is already one of the leaders in financing renewable energy sources (RES) in Poland, hence low emission profile of our power generation portfolio.
- Our target for this sector is related to our strategic ambition to further support the transformation of the sector by financing RES, biogas and biomethan as well as transition investments aligned with EU Taxonomy.
- Moreover, the energy sector is key to reducing the carbon footprint of the entire economy due to its high contribution to the global carbon footprint and its potential to influence emission reduction across the value chain of various economic activities.
- This sector is indicated as "required" by Science-Based Target Initiative (SBTi), meaning that if banks are involved financially in this sector, they should define a decarbonization path for it.



COMMERCIAL REAL ESTATE

- Commercial Real Estate portfolio has the biggest share in our corporate portfolio.
- This sector demonstrates significant decarbonization potential — companies engaged in (thermal) building modernization contribute to reduced energy costs and increased independence from fossil fuel price volatility, which may incentivize further initiatives in this area.
- The share of costs related to energy consumption in total costs in this sector is significantly higher than in the entire Polish economy*, which makes investments in reducing energy intensity (and consequently emissions) relevant for the competitiveness of companies in this industry.
- Similarly to Power Generation, this sector (long-term commercial real estate asset loans) is indicated as "required" by Science-Based Target Initiative (SBTi).



OTHER INDUSTRIES

- We have also defined our decarbonization goals for selected clients from other industries.
- As part of this target, we included, among others, clients from the fossil fuel sector, i.e. activities that contribute significantly to greenhouse gas emissions.
- Decarbonization targets for other industries primarily include long-term financing for large enterprises. Targeting larger companies enables us to maximize the impact of our decarbonization efforts, as these entities are more likely to have established transition plans or clearly defined decarbonization goals. Moreover, long-term business relationships create a strong foundation for strategic dialogue and partnership, allowing us to actively support and accelerate our clients' climate transition.

* Determined based on the Central Statistical Office (GUS) data contained in the study "financial results of enterprises in the period January-September 2024", where in the case of division 68 of the PKD – Activities related to service of the real estate market – the share of energy consumption costs in relation to total costs amounted to approx. 21.5%, with approx. 2% for all enterprises in the economy. The analysis included companies with more than 50 employees.

Decarbonizing power generation – market insights and sector challenges



Corporate

The energy sector is key to reducing the carbon footprint of the entire economy due to its high contribution to the global carbon footprint and its potential to influence emission reduction across the value chain of various economic activities. This sector is responsible for more than 40% of global CO₂ emissions from fuel combustion, according to the International Energy Agency*. In case of Poland, KOBIZE data for 2023 in relation to entities that reported their emissions from installations indicate that activities related to electricity generation (PKD 3511) were responsible for approx. 20% of total CO₂ emissions and activities related to the generation and supply of steam, hot water and air for air conditioning systems (PKD 3530) – for approx. 6% of total CO₂ emissions from installations. Carbon dioxide emissions from lignite mining activities (PKD 0520) should also be included – approx. 27% of total CO₂ emissions from installations – as these emissions are also associated with energy assets in Poland. In total, these activities are responsible for approx. 53% of carbon dioxide emissions from installations reported to KOBIZE.



Sector decarbonization levers

- **Development of renewable energy sources.** Investments in wind (onshore and offshore) and solar farms as well as biogas installations.
- **Improving efficiency in conventional power plants** and developing combined heat and power (CHP) / cogeneration systems.
- **Striving to become independent from the volatile prices of energy carriers in the form of fossil fuels (coal, gas, oil products).** Strategic actions intended to mitigate risks associated with energy commodity price instability.
- **Various types of support programs (grants, subsidies, loans, tax breaks).** Financial and regulatory instruments supporting the energy transition.
- **Lower emission allowance costs.** Decarbonization of the energy sector translates into lower burdens related to the purchase of emission allowances under the EU ETS system**. For some entities this may constitute a significant cost, limiting investment activities.
- **Increasing availability of emission-free technologies,** visible for example in falling prices of PV panels or energy storage***



Decarbonization barriers and challenges

- **Phasing out hard coal and lignite in the energy sector.** The development of renewable energy sources will not replace the need to have a stable, weather-independent source of energy production, which will have to remain fossil sources until the first nuclear power plant is launched.
- **Integration of renewable energy sources into the power grid.** Without sufficient grid capacity and appropriate energy balancing mechanisms, the full potential of renewables cannot be utilized.
- **Economic viability dependent on support schemes (e.g. tax systems).** The profitability of energy projects largely depends on the availability of financial and regulatory incentive instruments.
- **Political barriers,** e.g. the "windmill law" and the 10H restriction, lack of consensus on the further development of nuclear energy in Poland (location, technology, scale).
- **Social concerns** and worries, e.g. related to the coal mining area or nuclear power plants location.

* source: Energy and Carbon Tracker 2024 edition User Guide, International Energy Agency

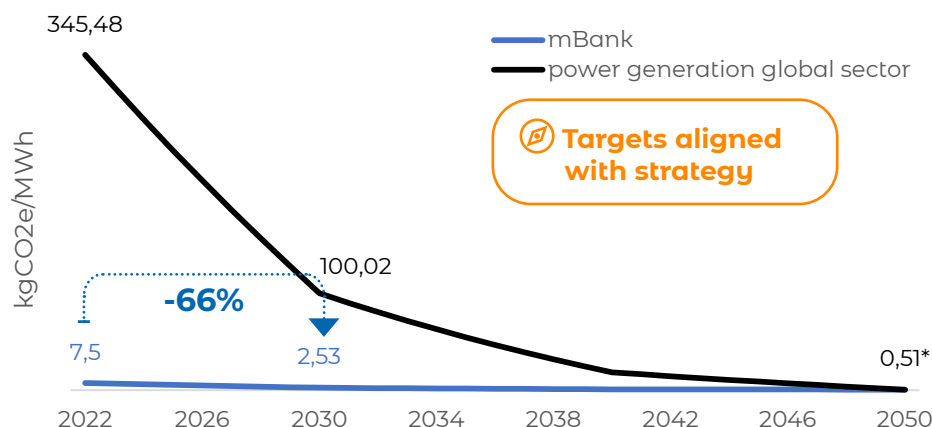
** EU ETS – European Union Emissions Trading System

*** [Magazyny energii rosną szybciej niż fotowoltaika. 40 tys. w rok – WysokieNapiecie.pl](#)

mBank's power generation portfolio – leveraging renewables as key decarbonization drivers

The decarbonization path sets a target of a 66% emission reduction, resulting in an emission intensity of 2.53 kg CO₂e/MWh by 2030.

mBank's decarbonization pathway vs. global power generation sector – SBTi 1.5°C scenario



- At the end of December 2022, mBank's eligible power generation portfolio was associated with financed emissions of approximately 9 thousand tCO₂e.
- The emission intensity per 1 MWh in mBank portfolio was 7.5 kg CO₂e, compared to a global average of 345.48 kg CO₂e/MWh (Polish average: 666 kg CO₂e/MWh).
- The significantly lower emission intensity than the market is due to the high share of renewable energy sources in our portfolio (98% of MWh).**
- 100% of the portfolio was submitted to SBTi and included in decarbonization targets aligned with the global temperature increase trajectory of 1.5°C above pre-industrial levels (SDA method).
- Reduction target for 2050 is 0.51 kg CO₂e *(-93% compared to the base year).

Actions

- We no longer provide financing for projects based on coal-fired energy generation.
- We will continue to develop our financing of the Renewable Energy Sources (RES) by regularly monitoring and adjusting product offer and financing rules to the current market conditions.
- We aim to support the economic transition by financing transformative projects such as biogas plants, biomethane facilities, as well as transition investments aligned with EU Taxonomy

Tools

- We have introduced changes to our Climate Policy that address the challenges of economic transition and include measures to help us meet our decarbonization targets submitted to the SBTi.
- We are introducing a control framework for the financing of high-emission activities and portfolio monitoring.
- We have introduced a Credit Policy for financing renewable energy sources (RES). We plan to update the policy annually.

* SBTi sets a 2050 emissions intensity target of 0.5 kg CO₂e/MWh for the power generation sector. This value reflects a realistic pathway toward net-zero, acknowledging that while the majority of electricity will be produced from zero-emission sources, some residual emissions may remain due to technical and economic constraints. The target aligns with scenarios from the IEA and IPCC that balance ambition with feasibility. This residual emissions must be fully neutralized through permanent carbon removal.

Decarbonizing Commercial Real Estate – market insights and sector challenges



Corporate 

Commercial Real Estate (CRE) sector has a significant impact on global greenhouse gas emissions. Building operations account for 30%* of global final energy consumption and 26% of global energy-related emissions come from buildings (8% direct emissions, 18% indirect emissions from electricity and heat production). Including cement, steel, and aluminium production for construction, this share rises to 34%.



CRE decarbonization levers

- **Energy efficiency.** Implementing advanced building technologies to reduce energy consumption.
- **Renewable energy.** Utilizing solar, wind, ambient heat and other renewable sources to power buildings. The possibility of installing devices that support energy efficiency, which do not produce energy, such as mechanical ventilation or energy storage systems.
- **Green Building Standards and investors' focus on certifying buildings.** Certifications like Leadership in Energy and Environmental Design (LEED) or Building Research Establishment Environmental Assessment Method (BREEAM) to ensure sustainable construction and operation practices.
- **Regulatory measures.** Buildings must comply with Directive (EU) 2023/959, introducing ETS2 for CO₂ emissions from 2027. The Energy Performance of Buildings Directive 2023 Revision requires zero emissions for new public buildings from 2026 and all new buildings from 2028, aiming for climate neutrality by 2050.



Decarbonization barriers and challenges

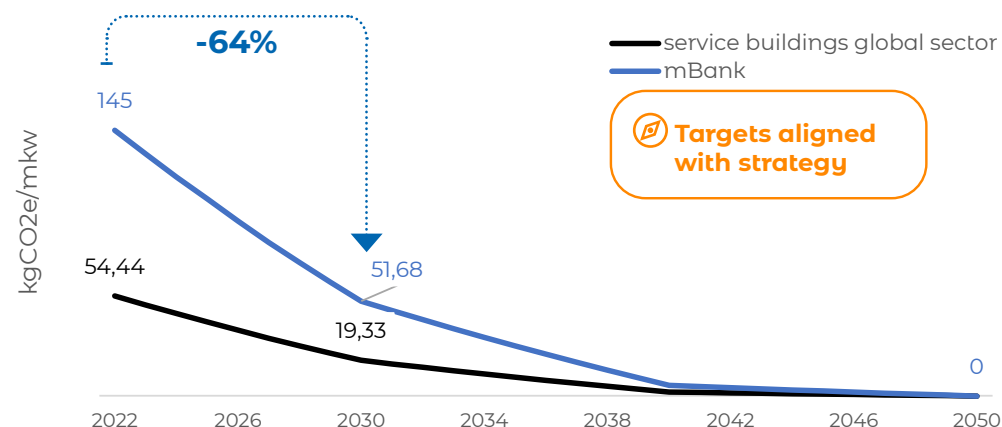
- **Data gaps.** The lack of comprehensive data from clients necessitates the use of generalized sector data, compromising precision in measuring and setting specific reduction targets.
- **High costs relative to expected efficiencies.** Investments in modernization of building can be both financially demanding and technically challenging. Projects often can involve significant costs of materials, labour, and advanced technologies.
- **Comparability between buildings.** There is a lack of energy efficiency classes for buildings in Poland, which makes it difficult to easily compare buildings in terms of energy standards.
- **Energy efficiency.** Emissions from real estate depend on the sources of heat and electricity and the energy efficiency of the property. Heating, largely from the heating network, and electricity, mostly from fossil fuels, are major contributors.

Commercial Real Estate – our decarbonization pathway and levers

Corporate 

The decarbonization path sets an emission reduction target for the CRE portfolio by 64%, resulting in an emission intensity of 51.68 kg CO₂e/m² by 2030.

mBank's decarbonization pathway vs. global service buildings sector – SBTi 1.5°C scenario



- Commercial Real Estate portfolio has the biggest share in corporate portfolio.
- Total emissions from the CRE portfolio of mBank and mBank Hipoteczny in the base year were approx. 135 thousand tCO₂e.
- The emission intensity as of 2022 per m² of space was 145 kg CO₂e, matching the average level for Poland, but significantly exceeding global values for CRE (54.44 kg CO₂e/m²).
- 93% of the CRE portfolio value was submitted to SBTi and included in the decarbonization path aligned with the global temperature increase trajectory of 1.5°C above pre-industrial levels (SDA method).
- Reduction target for 2050 is 0 kg CO₂e. The reduction dynamics align with the global sector trends.

Actions

- We will increase the share of financing for new, energy-efficient buildings
- We will increase the share of financing for warehouse properties with lower energy demand
- We will apply a tailored approach to financing buildings with lower energy efficiency.
- We will introduce incentives for financing modernization projects for existing clients
- We will enhance the carbon footprint calculation by using actual customer data for more accurate results than based on estimates.

Tools

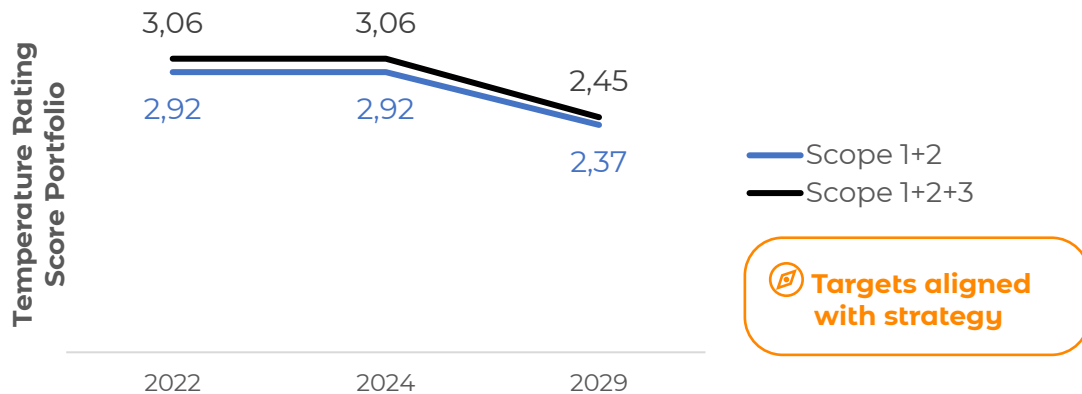
- We have implemented changes to the Credit Policy for the commercial real estate portfolio to promote the financing of low-emission buildings. Changes in the policy are based on internal scenario analysis, which explored various pathways to achieve our decarbonization goals for CRE.
- We are working on developing tools and acquiring actual data on building emissions (e.g. from EPC) to measure more accurately the carbon footprint of CRE portfolio.

Other high – emission sectors and the methodology applied



- Due to the diversification of our corporate portfolio industry structure, decarbonization of other industries will be carried out using the Temperature Rating Score methodology, developed by CDP and the World Wildlife Fund (WWF). This tool helps to set science-based decarbonization targets as part of bank's commitment to SBTi.
- The Temperature Rating Score methodology standardizes decarbonization ambitions across businesses, regardless of sector, exposure type, timeframe and approach (absolute emission reductions or emission intensity) and the scope of the carbon footprint included in the reduction plan. This makes it a valuable tool for financial institutions to assess the alignment of their investment and credit portfolios with chosen decarbonization pathways. Its application requires identifying whether clients have set and publicly announced their decarbonization targets.
- A significant part of our corporate portfolio is subject to our decarbonization target expressed through a temperature rating, which reflects the necessity for us to actively reduce the portfolio's implied temperature to 1.5°C. This includes exposures to the fossil fuel sector, large enterprises and SMEs within capital groups, long-term exposures, as well as short-term exposures of clients who simultaneously hold long-term exposures.

SBTi – Temperature Rating Score



- 25% of corporate portfolio was submitted to SBTi and was covered by the TR methodology in the base year.
- The reduction pathways for the average temperature of the portfolio are developed in line with the 1.5°C target for both Scopes 1 and 2, as well as for Scopes 1, 2, and 3.
- For the corporate portfolio, the linear reduction pathway require reduction of 0.08 degree per year for Scopes 1 and 2 and 0,09 degree per year for Scopes 1, 2, and 3, relative to the base year. Maintaining this reduction dynamic, the portfolio is expected to reach the 1.5°C target by 2040 and net zero target by 2050.

High emissive sectors

– Fossil Fuels & other industries

- Fossil Fuels sector includes entities whose main economic activity code (PKD) is associated with the sectors representing the value chain of coal, crude oil and natural gas (including mining, processing, broadly understood activities supporting the functioning of the sector, distribution and trade), regardless of the size and customer segment.
- Following the introduction of a credit policy in 2019 for industries relevant to the EU's climate strategy, exposure to the fossil fuel industry has already been significantly reduced. So far, our focus has primarily been on coal, with restrictions applied to coal mining, mining-related supplies, coal trade, and coal-based power generation. Regarding gaseous fuels, the extraction of shale gas was excluded.
- The fossil fuels sector had the highest emission intensity in the corporate portfolio - 1 619 tCO₂e per 1 million PLN of granted financing in 2022, even though it represents a relatively low-value position within the overall credit exposure.
- 95% of eligible fossil fuel exposures have been submitted to SBTi and are subject to our decarbonization target expressed through a temperature rating, which reflects the necessity for us to actively reduce the portfolio's implied temperature to 1.5°C.
- Our goal is to gradually implement measures that support emission reduction and assist our clients in moving towards more sustainable business models.

Actions

Fossil Fuels

1. We actively engage in dialogue with our clients to encourage them to adopt decarbonization targets and transition plans.
2. We no longer provide financing for thermal coal mining projects.
3. Financing of natural gas and oil extraction projects is generally excluded and permitted only in limited cases that meet specific criteria defined in our Climate Policy

Others

1. We introduced incentives to encourage transformational actions.
2. We carry out educational activities and place emphasis on improving data quality.
3. We include information on the carbon footprint and companies decarbonization plans in the risk assessment process.
4. We identify the most emission-intensive sectors and proactively guide their transformation.

Corporate 



Credit process and policies

- For the high emissive sectors, where separate and specialized credit policies are in place adjustments will be made, in alignment with the bank's commitments to sustainability and the transition towards a low-emission economy.
- In the credit evaluation process, we use a comprehensive ESG risk map. This risk map serves as a critical tool in assessing the environmental impact of various industries. It evaluates factors such as carbon emissions, resource usage, and overall sustainability practices. The insights gained from the ESG risk map are integral to the decision-making process, ensuring that the bank's financing decisions are informed by a thorough understanding of the environmental implications.

Our ambition is to decarbonize the entire portfolio till 2050 according to our strategic ambition

- In our strategy, we identify growth streams aimed at supporting businesses and clients in areas tied to economic and sustainable transformation, as well as economic resilience. These include: energy and technology transition, digitalisation and process automation, localisation of production, sustainable development, circular and sharing economy, and the health, leisure, and defence sectors.
- Regardless of the SBTi submission and the setting of specific reduction targets, the entire corporate portfolio will be subject to the temperature rating methodology, incorporating companies' decarbonization ambitions. This will eventually lead to a reduction in the carbon footprint and achieving net-zero emissions by 2050. Similarly, the entire portfolio will undergo educational and transformative support actions.
- Although SME segment and short-term exposures were not included in the SBTi declaration, this does not mean a lack of decarbonization efforts. Our ambition is to decarbonize the entire portfolio till 2050 according to our strategic ambition.
- Environmental awareness among SMEs that are not yet subject to reporting obligations remains limited. Many of them do not calculate their carbon footprint and approach environmental initiatives with caution. This segment requires a strong focus on raising awareness and providing transformation incentives, including a dedicated product offer for companies undertaking transformation efforts.
- In the coming years, following an assessment of the progress of the decarbonization process in the Polish economy, we will decide whether to set specific reduction targets for this group of assets.

Actions towards all clients, regardless of their size, industry, financing level or type:

- We introduced a dedicated product offer for transitioning clients and actively developed green loans, sustainability-linked loans, green bonds, sustainability-linked bonds, and other credit instruments that engage clients in pursuing ambitious sustainability goals.
- We carry out educational activities and raise environmental awareness among all corporate clients.
- We collect data on carbon footprint (emissions in Scopes 1, 2, 3) as well as on decarbonization plans and actions.
- We assess ESG risk at the individual client level, including environmental footprint data in the risk assessment process.
- We intend to use a Temperature Rating Score, taking into account companies' decarbonization goals, for the whole portfolio.

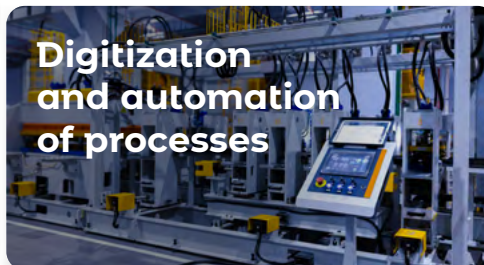
Corporate 



Our strategy for 2026-2030 „Full speed ahead!” is to support the big shifts in the economy

Corporate 

Strategic growth streams



We will offer sustainable, transition, and impact financing

STRATEGIC GOAL



15%

of corporate credit
portfolio allocated to sustainable,
transition and impact finance
in 2030, up from 11% in 2024



40%

of corporate loan portfolio
will be the growth streams-related
financing in 2030,
up from 20% in 2024

Sustainable, transition, and impact finance, aligned with international standards (e.g., LMA and ICMA), applicable regulations, and internal principles, including among others:

Corporate 



- **Sustainable finance** (Sustainability Linked Loans, green loans, green bonds, social loans, social bonds), EU Taxonomy as well as mBank Strategy aligned transactions
- **Transition finance** (specific-purpose / used-of-proceeds and general-purpose corporate loans) – aligned with transformation plans, decarbonization targets and energy efficiency investments
- **Other sustainable finance products** that are elements of corporate clients offering
- **Projects co-financed from public funds** (in particular from EU programs) supporting environmental social and sustainability objectives and investments)



mBank's Corporate Banking Sustainable Finance Department sustainable portfolio includes:

- Role as a Sustainability Structuring Coordinator in SLL transactions
- Role as a Structuring agent for green and sustainable bonds
- Supporting clients in their transformation
- Team of Corporate Banking Sustainable Finance Department experts providing clients with guidance in sustainable, impact and transition finance



15% of corporate credit portfolio allocated to sustainable finance in 2030, up from 11% in 2024

Financing corporate clients' transformation

Corporate 



We are introducing a transition financing offer to support companies in strengthening their competitiveness. This aligns with mBank's strategy of directing capital toward sustainable investments, reinforcing our market position. Transition financing complements our broader sustainable finance offering.

Transition offer

- **Investment loan**
- **Open financing:** working capital loan, revolving credit

Preferential offer when:

1. The company has adopted climate goals, or
2. The investment contributes to the reduction of carbon footprint emissions, or
3. **The investment falls within the transformation support catalogue**

Example investments:

-  Modernization of production lines to increase energy efficiency
-  Comprehensive renovation of buildings
-  Construction of low-emission commercial properties (e.g., utility, warehouse, and production buildings)
-  Energy generation from waste heat
-  Renewable energy installations for own use
-  Heat pumps
-  Building insulation, including walls, windows, etc.

Retail Banking

A woman with brown hair and glasses, wearing a brown trench coat over a white shirt and blue tie, is standing outdoors. She is looking down at a smartphone in her hands. She is also holding several credit cards in her other hand. The background is a blurred city street with cars and buildings.



Krzysztof Bratos

vice-president of the management board, head of retail banking

The real estate market and the banking sector play a key role in the decarbonization process, especially in Poland, where the energy transition will be one of the most important economic challenges in the coming years.

We observe that the implementation of the ETS2 system, new regulations on energy efficiency and energy classes will directly affect the costs of purchasing, maintaining, and even selling real estate. Scenarios for buildings with low energy efficiency show that they may generate significant burdens for owners, and yet awareness of the need for these changes remains limited.

That is why our strategy places strong emphasis on supporting the transformation of the real estate market – we are expanding financing offer, simplifying processes, removing barriers, and educating. We want our clients to be able to make informed and responsible decisions, protect their comfort, their finances, and prepare for future challenges.

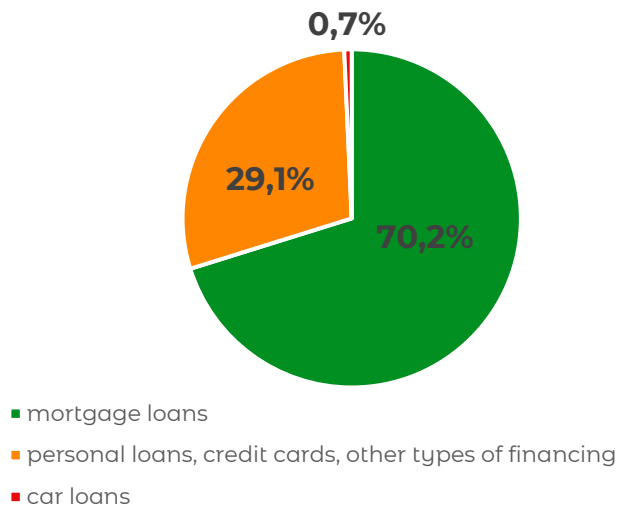
Our commitment goes beyond financing offers – it is also reflected in ambitious decarbonization goals that we pursue as a responsible partner in this transformation, because we know that the transition is a real opportunity to create a more resilient and sustainable market for everyone.

Retail portfolio structure and related emissions

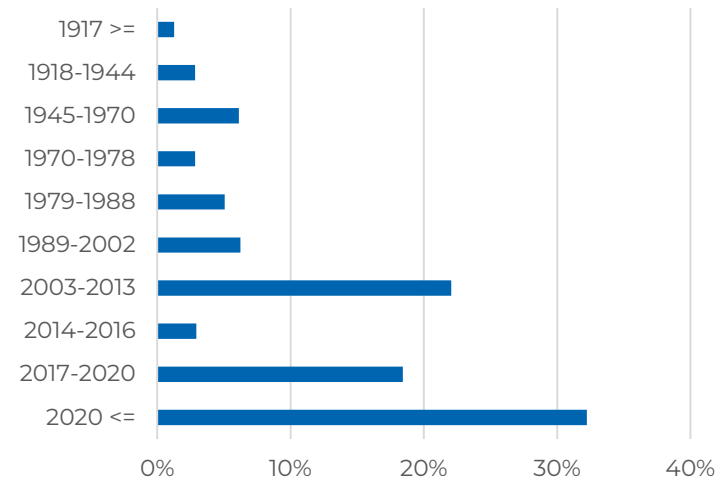
Total eligible portfolio: 50.3 billion PLN, financed emissions 545 718 tCO₂e (as of 31.12.2022)

- Retail portfolio constitute 33.5% of total assets. Among these, mortgage loans account for 50.28 billion PLN, non mortgage loans (ex. cash loans, credit cards) for 20.85 billion PLN, and car loans for 0.51 billion PLN. Non mortgage loans are not subject to GHG calculation. For car loans, for which we calculate the carbon footprint, we have not set the targets due to the phasing out of the offer.
- Mortgage loan portfolio is one of the biggest part in whole group portfolio with exposure of 50.3 billion PLN (23,5%) and is responsible for 545 718 tCO₂e (4.2%). Taking into account the above and the retail portfolio structure, we are focusing with our decarbonization targets and actions on mortgage loan portfolio.
- The residential real estate exposure is primarily in Poland (85% of the portfolio), with smaller shares in the Czech Republic and Slovakia.
- About 50% of the portfolio (by value) consists of properties that are no older than 10 years and have relatively good technical parameters.
- About 30% of portfolio is covered by energy certificates.
- Apartments dominate the collateral structure, accounting for 60% of the capital, however single-family houses are responsible for a larger area – 55%.
- About 85% of multi-family buildings are connected to centralized networks of heat energy sources.

Structure of retail portfolio by product type (% of total assets) as of December 2022



Structure of the residential real estate portfolio by year of construction (% of portfolio value) as of June 2024



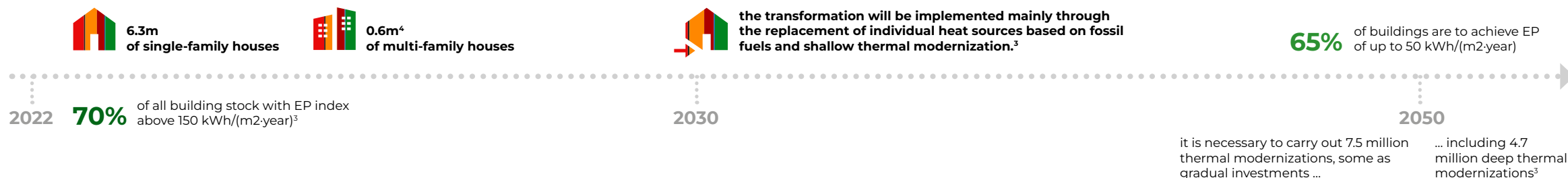
Residential Real Estate – sector overview



Retail

The operations of buildings account for 30% of global final energy consumption and 26% of global energy-related emissions¹. Therefore, buildings sector has a significant leverage effect in supporting the net zero transition. Households in Poland has a significant 20% share in gross inland energy consumption². A highly relevant energy carrier is district heating (55%), followed by solid fuels including coal (21%) and wood (19%).

Real estate sector in Poland currently and 2050 perspective



Residential real estate decarbonization levers

- Thermomodernization of external partitions
- Modernization of heat sources
- Integrating renewable energy sources along with storage systems
- Energy-efficient household appliances
- Innovations in technologies
- Decarbonization of the energy mix
- Education and behaviour change of residents
- Preferential financing



Decarbonization barriers and challenges

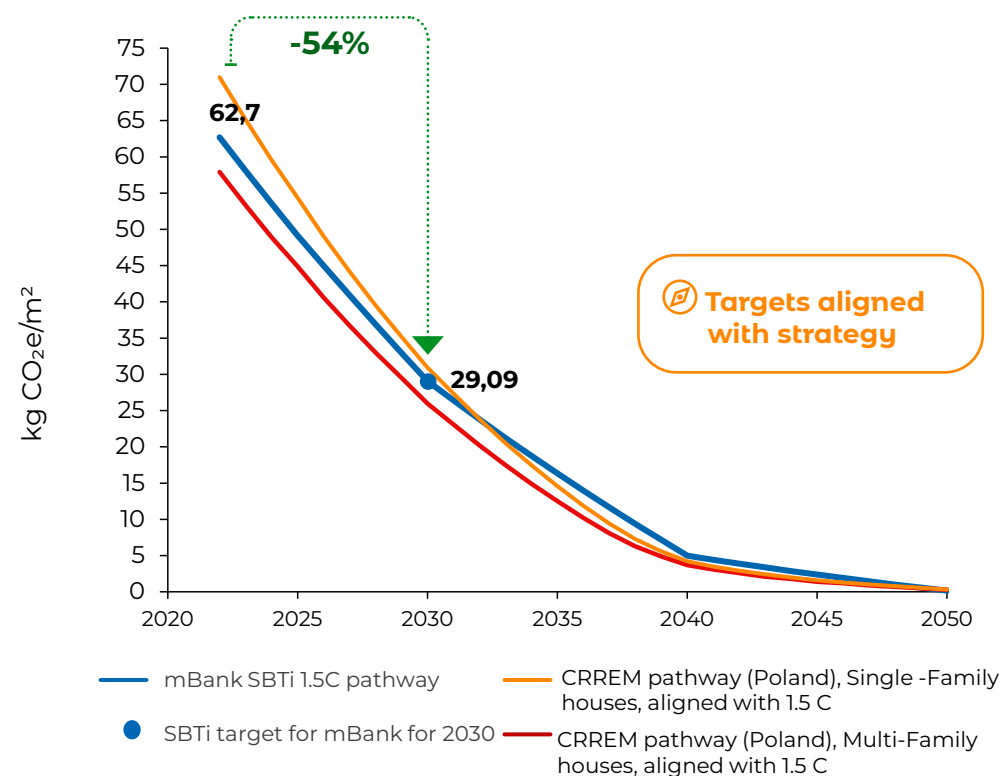
- Limited ability to influence the energy mix. Decarbonization progress is largely dependent on the implementation of National Strategies and the transformation of the energy market
- Limited possibilities of investment implementation by owners of multi-family housing apartments
- Technologies such as RES, Battery Energy Storage System, energy management systems, and modern insulation materials are mature and widely available but can be costly
- Lack of adequate knowledge and education among users
- Subsidy systems can be complicated, and programs are little known to users

Decarbonization pathway

Retail 

The decarbonization path sets a target of a 54% emission reduction, resulting in an emission intensity of 29.09 kg CO₂e/m² by 2030.

Decarbonization pathway for submitted residential real estate portfolio (SBTi 1.5°C) vs CRREM pathways



- The pathway assumes a 54% reduction in CO₂ emission intensity by 2030, using the SDA method and sectoral pathways. This means achieving emission intensity of 29.09 kg CO₂e/m² in 2030.
- The reduction target for 2050 is 0 kg CO₂/m². The reduction trajectory aligns with local sector trends. Bank has submitted 60% of its RRE portfolio to SBTi, covering 57% of RRE emissions.
- For RRE, we have developed a model that predicts the structure and emissions of a portfolio over time. The model enables analysis of how decarbonization is influenced by various levers, such as changes in the sales structure, changes in the national energy mix, thermal modernization of properties, or the installation of renewable energy sources (RES)
- Decarbonization in the real estate sector is highly dependent on external factors, such as government actions and overall energy mix decarbonization, therefore our goals in this sector can only be achieved if these actions occur at the sufficient pace.

Decarbonization levers

Retail 

New sales

1. **Energy-efficient properties:** We maintain continuity in our strategic approach to supporting the market for energy-efficient properties. Strategic target for 2030 is to double the sales of energy efficient (taxonomy-aligned) mortgage loans compared to 2024.
2. **Cooperation with developers:** We want to establish partnerships with developers, including smaller companies responsible for single-family properties, to ensure that new constructions meet high energy efficiency standards.
3. **Managing the inflow of new transactions:** We will select an indicator that will limit sales for properties with the worst technical parameters.
4. **Technological tools:** We will utilize new technologies to streamline the process of obtaining financing for energy-efficient properties, making it faster and more convenient for customers.
5. **Financial incentives:** We will offer more attractive financing options for energy-efficient investments to encourage customers to choose properties with better energy performance.

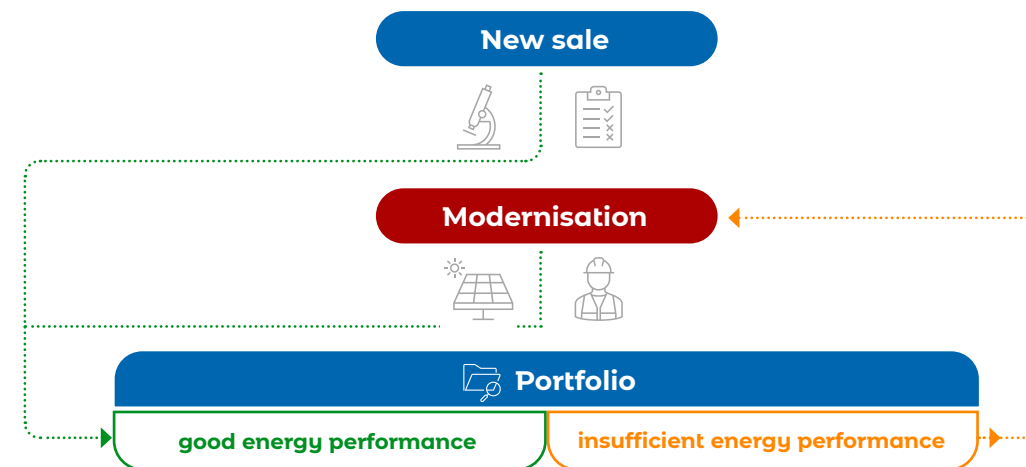
 Strategic target

Data improvement

1. **Energy Performance Certificates (EPCs):** We are increasing the percentage of EPCs obtained through direct contact with clients and by using market databases. This will improve the accuracy of emissions calculations and the management of the decarbonization process.
2. **National databases:** We are connecting to national databases to download energy performance data, which will enhance the quality of emissions data.
3. **System for data collection:** We will create a system for collecting the highest quality data from our clients, which will at the same time be built around the client's benefits and added values – so that comfort, satisfaction and profitability are always felt by our clients.

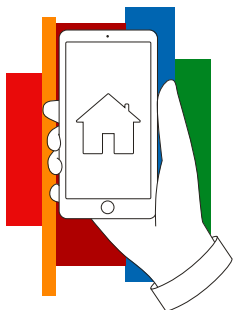
Modernization

1. **Product development:** We are developing a new NML product for financing the modernization of single-family houses.
2. **Partnerships:** We plan to collaborate with renowned brands and market companies to provide appropriate solutions, services, and technologies at competitive prices.
3. **Grant support:** We plan to support investments with grant funds to make modernization projects more financially viable for customers.
4. **Customer education:** We will develop educational programs to inform clients about the benefits and processes of property modernization, ensuring they make informed decisions.



Financing the retail client's transition

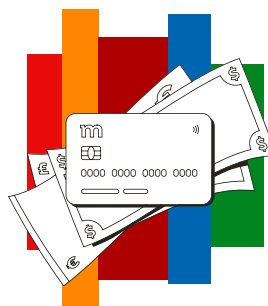
Retail 



Property purchase financing

We simplify the purchase of energy-efficient properties

- We have launched a pilot version of an integrated sales model, allowing customers to purchase residential properties and obtain financing in one place – solution available for selected real estate developments.
- We will simplify the mortgage process for energy-efficient apartments offered in collaboration with real estate developers.
- We will reduce margin for energy-efficient properties.
- We are acquiring new partners to expand the reach of our offering and create additional value for customers.



Property modernization financing

We facilitate investments in energy efficiency

- We will finance investments aimed at improving energy efficiency, including:
 - Thermal modernization,
 - RES.
- We will develop an innovative customer support process based on a one-stop-shop model.
- Education and communication as key enablers of decision-making – we will support customers at every stage of their energy efficiency investment journey.
- From advisory to implementation – we are engaging partners to support each stage of the investment process.



Client advantages

Cost savings

- Lower maintenance
- Subsidies for modernization

Safety and resilience

- Mitigation of transition risks
- Reduced exposure to energy market volatility

Environment

- Lowering environmental footprint

Health and comfort

- Improved acoustic comfort
- Maintenance-free technologies
- Healthier living conditions

Increased market value and easier resale of the property



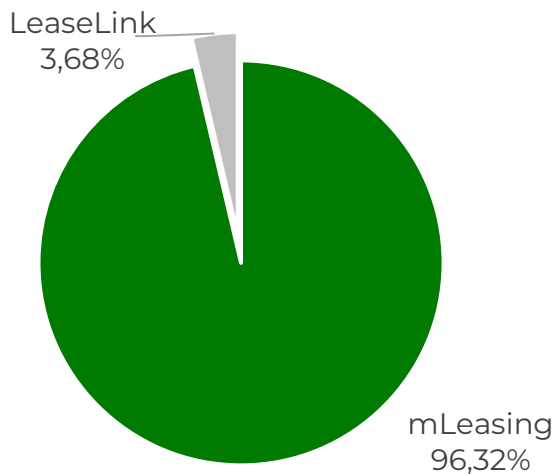
Leasing

mLeasing's portfolio structure and related emissions

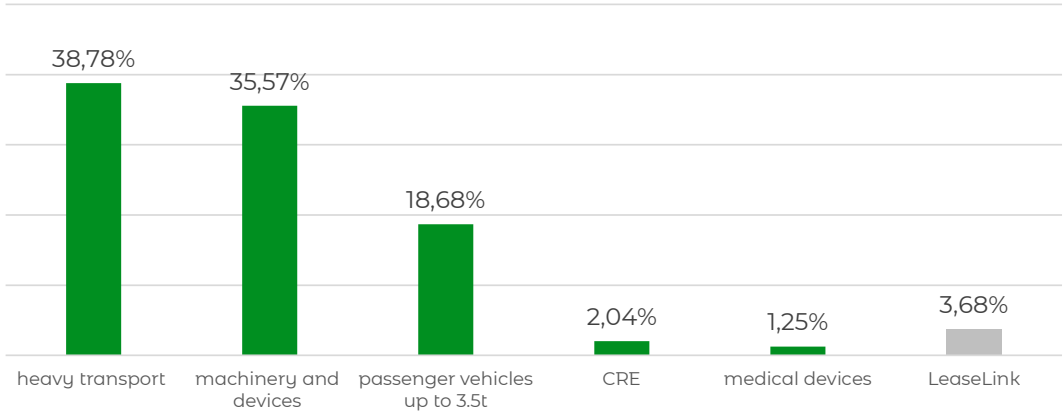
Total financed emissions: 1,388,079 tCO₂e in 2022

- **Portfolio emissions within the leasing structure can be attributed to two main areas:**
 - emissions resulting from mLeasing's financing
 - and those from LeaseLink's activities.
- mLeasing focuses on financing for small and medium-sized enterprises as well as corporate clients. Its offering includes leasing services for vehicles up to 3.5 tons, heavy transport, machinery and equipment (including medical and green assets), and commercial real estate (CRE). Since 2019, e-commerce leasing services have been developed through the LeaseLink.
- The largest exposures in mLeasing's portfolio were related to the financing of passenger vehicles and vans up to 3.5t, as well as machinery and equipment.
- Due to the nature of the assets financed in the e-commerce segment – primarily small-scale equipment – LeaseLink contributes only marginally to the overall portfolio emissions within the leasing business.

Distribution of greenhouse gas emissions within the mLeasing Group [tCO₂e], as of December 31, 2022



Share of CO₂e emissions by key product categories in the leasing portfolio, as of December 31, 2022

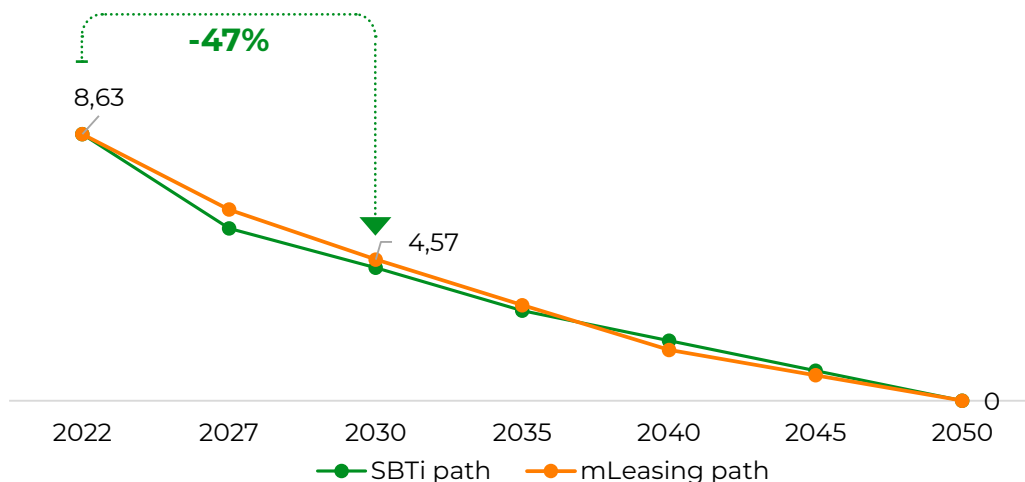


mLeasing – decarbonization pathway and levers

Leasing 

- Emissions associated with mLeasing's 2022 financed portfolio amounted to 1,388,079 tCO₂e.
- The mLeasing Group has chosen an economic intensity path [kg CO₂e /PLN net profit] in Scope 3 consistent with the 1.5-degree path of the Science Based Targets initiative (SBTi), without formally joining the initiative.
- The emission intensity per 1 PLN net profit in mLeasing was 8.63 kg CO₂e/PLN net profit.
- mLeasing has set a 2050 emissions reduction target of 0 kg CO₂e per PLN of net profit, with two interim milestones: a 47% reduction by 2030 and an 81% reduction by 2040, compared to the 2022 baseline.

mLeasing decarbonization pathway
[kgCO₂e /PLN net profit]



Action – 2030

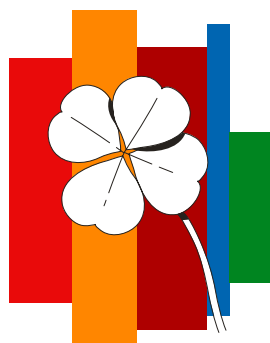
- We will expand the leasing of green assets, with a particular focus on RES.
- We will increase the share of zero-emission passenger vehicles in leasing portfolios.
- We will reduce the financing of high-emission machinery powered by fossil fuels.
- We will support the development of green infrastructure projects through dedicated financing solutions.
- We will combine lease agreements with green energy purchase contracts to promote sustainable energy use.

Action – 2050

- We will phase out the leasing of emission-intensive machinery powered by fossil fuels.
- We will finance 100% zero-emission trucks to support clean logistics.
- We will finance 100% zero-emission passenger vehicles to accelerate the transition to sustainable mobility.
- We will integrate green energy contracts with leasing agreements, targeting 10% of all financed machinery.

mLeasing supporting clients in transition

Leasing 



Green assets offer

We have created a broad catalogue of green assets

- **Including devices for:** recycling, electricity production, heat generation, water and wastewater treatment, and improving energy efficiency
- **We have simplified processes for products classified as green**
 - Decision-making automation: up to 1 million PLN
 - Simplified procedure: for small and large retail up to 3 million PLN.



Product schemes

We are developing and testing product schemes

- **GreenHub:** we have created a one-stop shop for enterprises seeking assistance in reducing energy consumption
- **We are conducting a pilot** of a product offering focused on energy savings
- **Small RES:** we have introduced pilot financing of commercial photovoltaic farms through leasing



Education

We are developing competencies in the field of energy transition

- We have built a community currently consisting of over 70 representatives from mLeasing and mBank in each branch.
- We hold monthly meetings to support green ambassadors in creating green business.
- We conduct meetings with clients on the energy transition of enterprises.

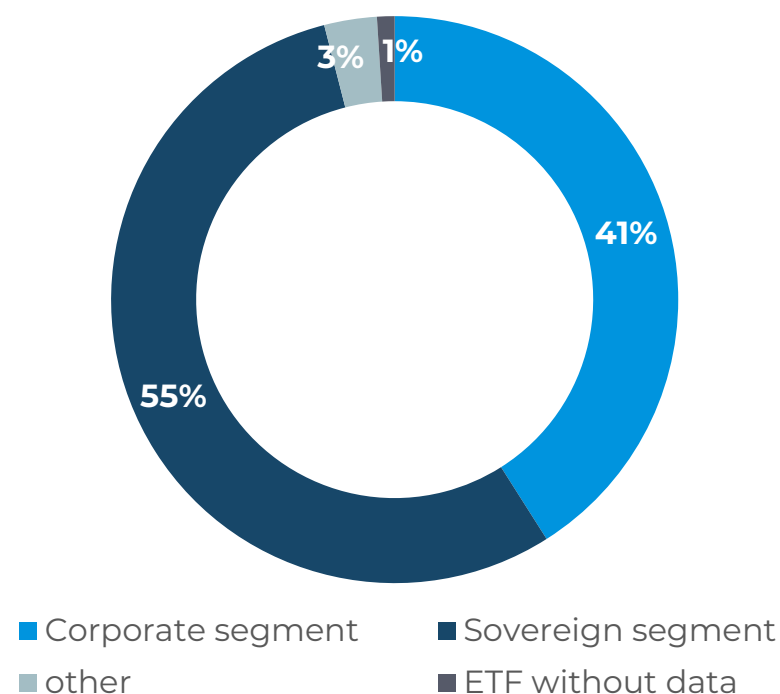


Assets under management

Assets under management (AuM) portfolio structure and related emissions

AuM ↺

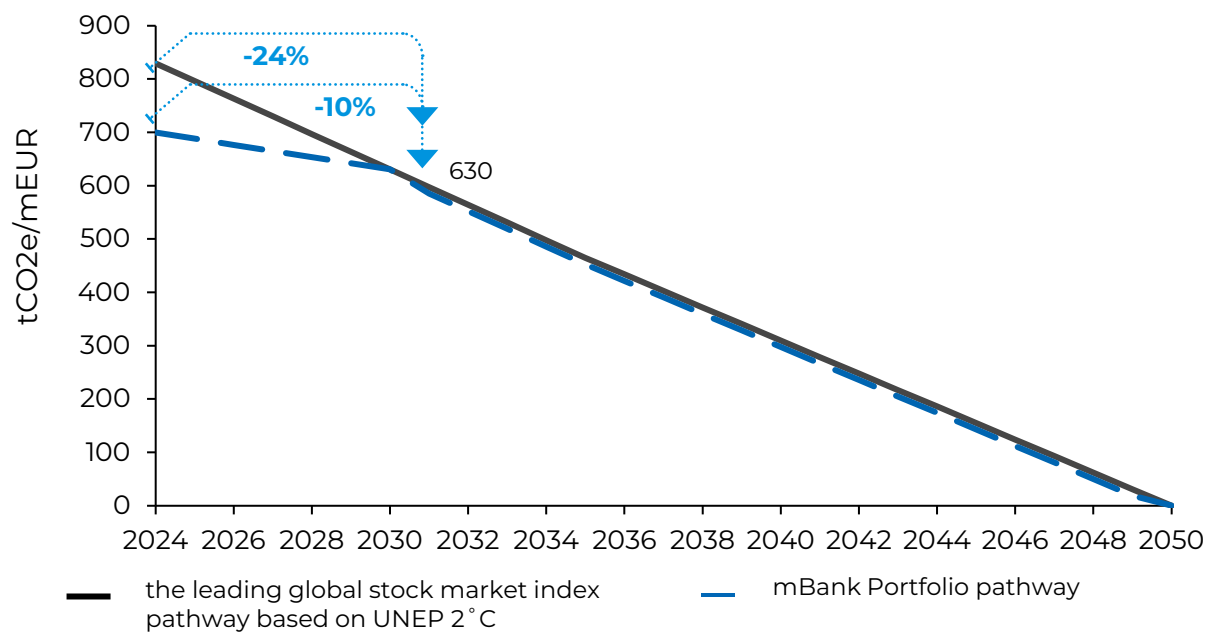
Asset classes in mBank's AuM portfolio



- The corporate segment of the AuM portfolio consists of direct investments in securities (shares, corporate bonds) issued by issuers, as well as the corporate portion of ETFs. The sovereign segment of the AuM portfolio consists of sovereign bonds and sovereign part of ETFs.
- mBank has been preparing the principal adverse impact (PAI) statement since 2023 (for the financial year of 2022), while mTFI launched the process in 2024 (for the financial year of 2023). The PAI statement includes emissions intensity indicators for the AuM portfolio.
- A review of market practices indicates that decarbonization targets are most commonly set for the corporate portion of AuM, including equities, corporate bonds, and the corporate segment of ETFs. For other types of investments, no market practice of setting targets in this area has been observed. Therefore, we have also decided to adopt emission intensity reduction target only for the corporate part of the portfolio.
- In 2024, the emissions intensity of the corporate segment of AuM in the mBank Group amounted to 699 tCO₂e/mEUR. This figure was lower than the benchmark value of 830 tCO₂e/mEUR, derived from the decarbonization pathway of a leading global stock market index aligned with the UNEP 2°C scenario.
- The emissions intensity of the portfolio is significantly influenced by factors beyond the control of the asset manager, such as: clients' asset allocation decisions within a given strategy; financial performance and market capitalization of the investments; changes and adjustments in emissions data related to the investments.

AuM – decarbonization pathway and levers

AuM – decarbonization pathway



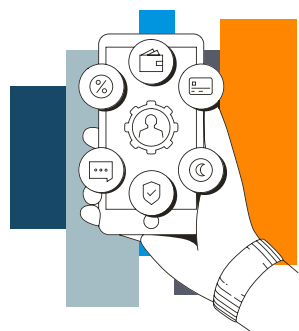
- Our target for 2030 is to reduce the GHG emissions intensity in the corporate segment of the mBank Group's managed investment portfolio by 10%.
- The target is based on the decarbonization pathway of a leading global stock market index, aligned with the UNEP 2°C scenario. This approach is consistent with the investment strategy previously applied to the assets managed within the mBank Group.
- Our base year for this target is 2024.
- The target applies to the corporate part of the portfolio (direct investments and the corporate part of ETFs).
- The target is shared across all AuM, including mBank Brokerage House and mTFI.

Actions – 2030

- In our investment policy, we will apply a “best-in-class” selection process to identify potential investments in funds and companies with the strongest decarbonization trajectories.
- We will screen our portfolios against companies from the fossil fuel sector.
- We will incorporate climate factors into investment decisions.
- We will reallocate our investments if our adopted criteria are not met.
- We will engage in sectoral initiatives aimed at decarbonization.
- We will maintain the product range that supports climate transition and responds to clients' sustainability preferences.

Assets under management – promoting sustainability in our investment decisions

AuM 



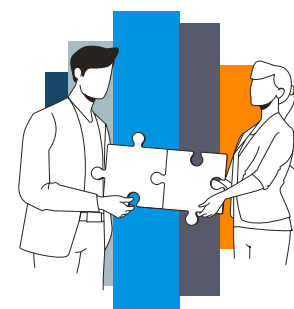
Range of financial products

- All our model strategies within portfolio management services promote sustainability aspects – they are subject to disclosure requirements under Article 8 of the SFDR, meaning they are classified as the so-called 'light green' products.
- 8 out of 13 funds offered by mTFI are light green products.



Sustainability factors in our portfolio strategies

- 10% of the portfolio are SFDR sustainable investments.
- 50-80% of the financial instruments have the ESG rating of at least BBB.
- As part of our investment process, we incorporate a range of Principal Adverse Impact (PAI) indicators and apply exclusion criteria as integral components of the financial instrument selection framework.



How we will implement the strategic target

- When making investment decisions, we will take into account PAI No. 3.
- We will gradually increase the portfolio allocation to sustainable investments as their share in the real economy continues to grow.
- We will adjust the product range in line with the progress of the real economy's climate transition.



ESG risk management

An appropriate ESG risk management structure will assist us in achieving our decarbonization goals



Tomasz Nalewajczyk
Chief Environmental Risk Officer (CERO)

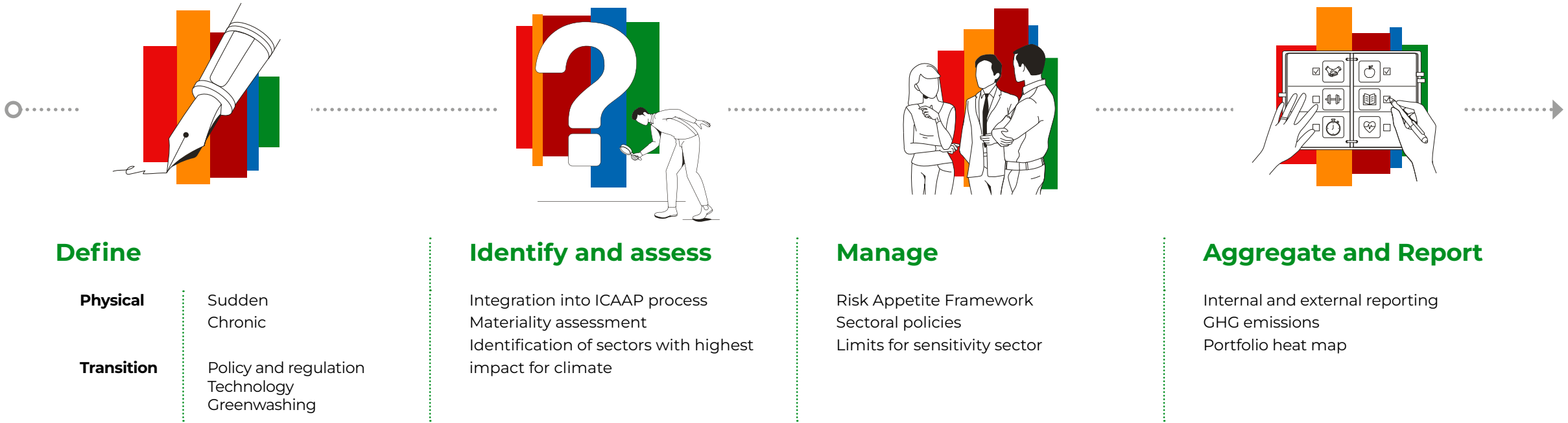
Effective Environmental risk management processes are paramount for our organization in achieving its decarbonization objectives. By prioritizing environmental considerations within our ESG framework, we can systematically identify, assess, and mitigate risks associated with our environmental impact. This approach ensures that our operations are sustainable and aligned with regulatory standards, thereby enhancing our reputation and fostering long-term resilience.

Our commitment to robust ESG risk management drives innovation and improves resource efficiency, which are critical components in reducing carbon emissions. By integrating environmental risk management into our strategic planning, we can navigate the complexities of transitioning to a low-carbon economy and contribute meaningfully to global decarbonization efforts.

Our approach to ESG risk management

At mBank, we recognize the critical importance of managing ESG risks to ensure the successful implementation of our Transition Plan and to navigate the complexities and uncertainties associated with climate change. By integrating ESG risk management into its operations, we can systematically identify and address potential risks that may hinder decarbonization efforts. This proactive approach enables us to implement targeted measures to reduce carbon emissions across portfolios and business activities, while ensuring alignment with regulatory expectations and strategic climate objectives. Furthermore, we have prioritized ESG risk management with a particular emphasis on environmental aspects, which we identify as a key challenge. This approach serves as both a foundation and a catalyst in pursuing our long-term decarbonization objectives.

In 2024, mBank Group implemented Environmental Risk Management Strategy, which is integrated into the overall risk management framework of the bank. This strategy includes defining, identification, measurement, mitigating and monitoring of environmental risks. The approach is holistic, encompassing various aspects such as climate change mitigation, adaptation to climate change, and the prevention of greenwashing.



Environmental risk governance strengthens our processes

Organization of environmental risk management

Our organizational structure ensures that environmental risk management is embedded throughout organization, enabling the bank to effectively address and mitigate environmental risks while supporting its sustainability goals.



The environmental risk management process takes place at all levels of the bank's operation, starting from individual business units, through specialized units responsible for risk identification, measurement, monitoring, control and mitigation, to the bodies making credit decisions, as well as the bank's Management Board and Supervisory Board.

We organize the roles and responsibilities in the group in accordance with the three lines of defence scheme defined in the Control Function Methodology.



Supervisory Board
The Supervisory Board oversees the activities of mBank in the area of sustainable development and risk management. It is responsible for approving the environmental risk management strategy and monitoring its implementation. The Board reviews periodic reports on the status of environmental risks and the utilization of established limits.



Management Board
The Management Board is responsible for adopting and implementing the environmental risk management strategy. It defines strategies and policies for managing various types of risk, including climate-related and environmental risks (CRER). The Board ensures that the organizational structure supports effective risk management and oversees the monitoring of key performance indicators (KPIs) and relevant reports.



Group Sustainable Development Committee
The committee consists of 6 board members. This committee is responsible for supervision of the sustainable development management system and monitoring of all sustainable development goals, including environmental goals and implementing the Transition Plan.



Chief Risk Officer (CRO)
The CRO is responsible for integrated risk and capital management within mBank. This includes defining strategies and policies, measuring, controlling, and independently reporting all types of risk, including environmental risk. The CRO approves risk limits and oversees the tools and methods used for environmental risk management.



Chief Environmental Risk Officer (CERO)
The CERO's primary function is to establish the framework for environmental risk management within the bank. This includes setting standards for managing environmental risk, overseeing the control process within the second line of defence, supervising the methodology for carbon footprint control (Net Zero / SBTi), and establishing internal control frameworks for greenwashing risk.

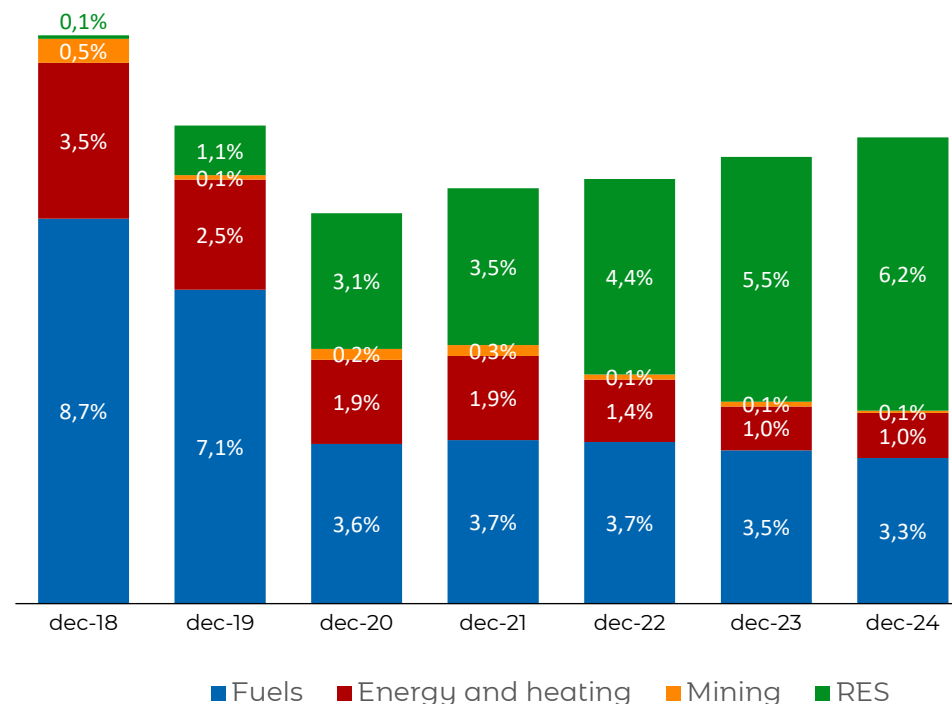


Department of Non-Financial Risk Management (DRN) and Environmental Risk Management Team
The Environmental Risk Management Team within the DRN is specifically focused on managing environmental risks. This team is responsible for implementing the bank's environmental risk management strategy and ensuring that all environmental risks are effectively identified, assessed, and mitigated. By having a dedicated Environmental Risk Management Team within the DRN, mBank ensures that environmental risks are managed with the same rigor and attention as other types of risks. This structure supports the bank's commitment to sustainability and its goal of achieving net zero emissions.

Responsible credit policies are one of the key tools for minimizing our footprint on the environment

- Credit policy for industries relevant to the EU's climate policy determines the risk appetite for financing high-carbon sectors, implemented as early as in 2019. The introduction of the policy has significantly contributed to minimize exposure in the fossil fuel industry - as illustrated in the adjacent chart. The policy has been updated annually since implementation.
- Due to the SBTi submission, we have introduced changes to our Climate Policy that address the challenges of economic transition and include measures to help us meet our decarbonization targets.
- We are introducing a control framework for the financing of high-emission activities and portfolio monitoring.
- Adequate financing regulations will also be introduced to other credit policies.
- Credit regulations will be updated annually depending on the portfolio decarbonization progress.

Share of fossil fuels industry and RES in corporate credit portfolio



Other ESG factors incorporated into credit process



ESG Risk Map

The analysis and assessment of ESG risk factors is conducted based on the ESG risk factor map. The map indicates the level of ESG risk in three categories: **E – environment, S – social responsibility and G – corporate governance** on a scale from 0 (no risk) to 5 (very high risk) in relation to the sector defined by the Polish classification of economic activities. The indicated categories contain eight, nine and three variables describing risk factors, respectively. In the future, the bank will introduce detailed principles of analysis and measurement for physical risk and transition (to climate risk) into the credit process and customer assessment.

Data obtained during the process

We are expanding the scope of information collected from clients to include:

- an energy efficiency certificate in the case of mortgage loans,
- information on whether their operations have a significant environmental impact,
- whether they calculate their carbon footprint and set decarbonization targets,
- confirmation that they do not violate the Ten Principles of the UN Global Compact, the Polish Labour Code, the Consumer Rights Act, the Act on Combating Unfair Competition, or applicable tax regulations.

ESG risk factors in credit risk models

We examined the relevance of information on energy efficiency of collateral in the scoring models in retail banking. However, the final impact on the efficiency of the entire mortgage card was insignificant, as a result of which we decided not to include it in the model at this stage.

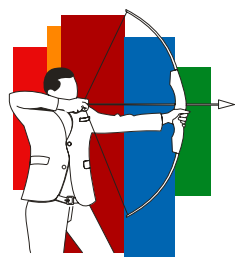
The collateral valuation

In retail banking, documents confirming the use of loan are monitored in detail during credit analysis, during the loan run process and after the investment is completed. In the case of real estate loans, we additionally require an energy certificate confirming the parameters of the property in accordance with the regulations for such loans.

For mortgage loan collaterals in the retail portfolio, we require property insurance policies that must cover flood risk.

Stress tests for assets exposed to climate change risk (CST)

We treat environmental risks as hybrid risks, which, through various transmission channels, affect traditional types of risks. Moreover, risk analysis should incorporate not only retrospective (ex-post) but also anticipatory (ex-ante) approaches. We take into consideration long-term horizons that extend beyond standard planning periods, enabling proactive identification and management of emerging environmental risks. We use an internally developed methodology for Climate Stress Tests to assess the impact of these risks on the bank's operations.



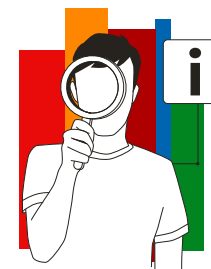
Purpose of the analysis

- assessment of the impact of climate change on the risk profile of the mBank Group
- assistance in risk management and strategic planning
- verification of the strategic goal of achieving net zero emissions by 2050
- Integration of ESG risks into the decision-making process



Scope of the test

- cover physical risks and transition risks
- refers to Pillar I risks (credit, operational, market)
- limited to risks considered significant in ICAAP
- limited to Corporate client portfolio secured by residential real estate (mortgages)



Key assumption

- long term horizon to 2050
- use Network for Greening the Financial System scenarios Net Zero 2050, Fragmented World
- a static balance sheet approach
- transmission channels to data:
 - physical risk** – location, unemployment, inflation
 - transition risk** – investment, GHG emissions, employment, energy consumption, effective exchange rate,

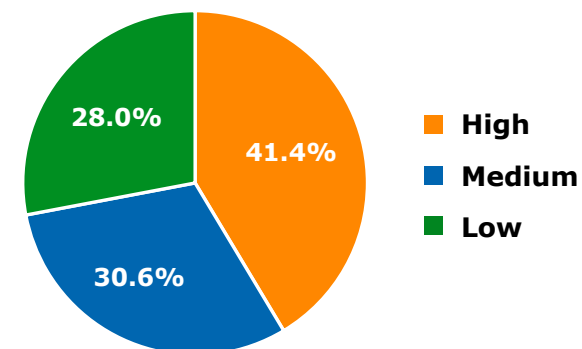
Results of the Climate Stress Tests in 2025

Climate stress testing revealed no material impact on operations, but scenario limitations require cautious interpretation. Net Zero 2050 scenario showed unexpectedly higher asset value losses, highlighting the need for ongoing monitoring and sector-specific risk oversight. Both physical risks and transition risks are expected to intensify over time. Continuous monitoring is essential to ensure the resilience of the bank's business model.

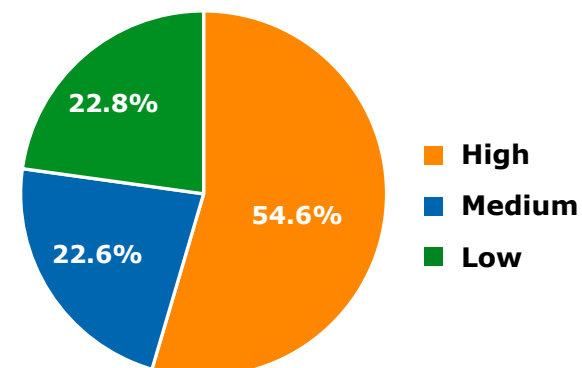
Developing our approach to biodiversity

- We are continuously developing our approach to environmental risk management. Moving beyond climate risk alone, we have begun to analyse biodiversity risk. The initial assessment, based on the ENCORE methodology, marks the starting point for deeper analyses and future actions. We recognize that understanding both dependencies and impacts on biodiversity is increasingly important and we intend to continue exploring it in the future.
- The dependency analysis revealed that approx. 41% of our portfolio carried high risk resulting from dependence on biodiversity and ecosystems. Among the industries with the largest exposure and simultaneously classified as high risk are activities related to construction of buildings and retail trade, except of motor vehicles and motorcycles.
- The impact analysis showed that approx. 55% of our portfolio have high risk resulting from the impact on biodiversity and ecosystems. Among the industries with the largest exposure in the portfolio and simultaneously classified as high risk are activities related to wholesale trade, except of motor vehicles and motorcycles, and construction of buildings.
- Analysis of the sensitivity and exposure to risk related to dependence on biodiversity and natural assets and assessment of the environmental pressure exerted by entities may support further understanding of the scale of the risk of the corporate finance portfolio and indicate the most important areas requiring further actions. Deeper analysis of the topic is planned in the future.

Distribution of risk resulting from dependencies on biodiversity and ecosystem in the mBank Group corporate client financing portfolio as of 31 December 2024



Distribution of risk resulting from impact on biodiversity and ecosystems in the mBank Group corporate client financing portfolio as of 31 December 2024



Greenwashing risk assessment



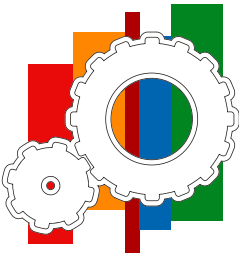
We adopted Greenwashing Risk Assessment Methodology.

The main goal of this is to identify areas susceptible to greenwashing risk, assess the level of threat, and, if applicable, implement appropriate mitigating actions to address identified risks. We took into consideration sustainability-related products and internal processes related to sustainability aspects which are externally communicated.

We conduct this assessment not only to examine the organization's exposure to greenwashing risks but also to raise awareness of these risks at various levels within the organization. It is also an opportunity for us to examine the implemented mitigants and verify their effectiveness.



sustainability-related products available in the Group's companies



internal processes related to sustainability, aspects of which are communicated externally



identify the areas



indicate the level of threat



propose the mitigation actions



Stakeholder engagement and cooperation

Key stakeholders involved in transition planning

Internal Stakeholders

The process of preparing a transition plan started in 2024 and involved multiple units within the bank. Areas, such as risk management, business units, sustainability and finance, took active part in preparing plan for reaching net zero. We have included representatives of the subsidiaries in the cooperation. We believe that such collaborative approach to transition planning has multiple advantages, i.e.:

- different units within the organization possess unique insights and expertise that are essential for identifying and assessing environmental risks, developing effective mitigation strategies, and leveraging opportunities for sustainable growth.
- a single department may not have the comprehensive view needed to align the transition plan with all strategic objectives and regulatory requirements.
- this collective responsibility helps ensure that the plan is not only well-designed but also effectively executed.
- engaging different internal stakeholders ensures that all departments and subsidiaries are aware of their roles and responsibilities in implementing the transition plan, leading to more efficient and effective execution.



External Stakeholders

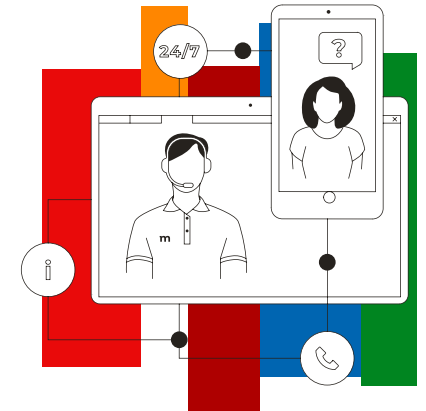
In terms of external stakeholders' engagement, we decided to gather feedback from various angles. Key focus areas concerned the following elements:

- investors, including Commerzbank as main shareholder, and market analysts were surveyed to indicate the key elements they would expect the Transition Plan to cover. The questionnaire was distributed within the more comprehensive survey prepared for the purpose of double materiality assessment under CSRD reporting. Opinions expressed by respondents allowed us to widen our perspective concerning usability of Transition Plan for the market. Findings indicate that most important aspects presented in this Plan have also been pointed out by participants of the survey.
- regulatory requirements and guidelines were analysed by our experts, supported by external advisors, to ensure compliance and completeness of the plan, whilst a detailed benchmarking analysis allowed us to incorporate good market practices in this document.



External engagement with value chain

External engagement with stakeholders in a transition plan involves bank interacting with various entities in our value chain, including clients, customers, suppliers, industry counterparts, government bodies, public sector organizations. This engagement is crucial for achieving the strategic ambition of transitioning to a low-GHG emissions, climate-resilient economy. We engage with clients and customers to understand their transition priorities and pathways, support the managed phase-out of GHG-intensive assets, and promote climate-resilient products and services. This includes:



Education

An important activity that underpins our significant role as a partner to clients in sustainable transformation, is educational activity. We support them in acquiring knowledge about sustainable transformation. We organize meetings, as well as open educational initiatives for corporate clients. In 2024, we organized over 180 educational and training events (meetings, workshops, webinars, conferences, study visits, podcasts, reports) focused on sustainable finance and transformation. Our activities contribute to increasing knowledge about sustainable development among our current and potential clients.



Initiatives and Conferences

In the first quarter of 2025, we actively participated in several key events aimed at educating clients on various aspects of transformation, energy efficiency, and EU funds. One of the most significant events was The Summit on Competitiveness & Future of Finance, held on February 18, 2025. This event received the patronage of the Polish presidency of the Council of the European Union and the Ministry of Finance. It was a joint initiative involving members of the EU Platform on Sustainable Finance (an advisory body to the European Commission), the International Sustainable Finance Centre (ISFC), Sustainable Investment Forum Poland (POLSIF), University College Dublin, and mBank S.A.



Next steps

Looking ahead, we plan to continue our efforts in corporate banking by organizing regional client conferences in collaboration with leasing partners. Additionally, we aim to enhance our clients' knowledge through webinars focused on transition and carbon footprint calculation. In relation to assets under management, we intend to actively participate in sectoral initiatives, that support the transition towards a low-carbon economy.

Collaborations and partnerships

By fostering strong partnerships and collaboration, bank enhance the capacity to implement effective transition plan. Partnerships enable us to access specialized knowledge and expertise that may not be available internally. Collaborating with experts and different institutions allows bank to leverage shared resources, such as data, methodologies, and best practices, enhancing the efficiency of transition plan.



Sustainable Development Goals (SDGs)

We are firmly committed to driving inclusive and sustainable banking. Our operations and investments contribute to 13 of the 17 United Nations' SDGs, showcasing our commitment to positive global impact.



United Nations Environment Programme Finance Initiative

Since 2021, we have been a member of the United Nations Environment Programme Finance Initiative (UNEP-FI) and a signatory to its Principles for Responsible Banking. Our first milestone was signing the 'Commitment to Financial Health and Inclusion' and setting ambitious financial health goals. Next, we will establish mBank's Climate Goals to reduce GHG emissions, aligned with UNEP-FI's SMART target-setting guidelines, as part of our Transition Plan. We will also provide regular updates on our progress.



Science Based Targets initiative

In October 2022, we joined the Science Based Targets initiative (SBTi) as the first bank in Poland. Following our work in 2023, where we analysed the requirements of SBTi, identified gaps in data and information, and constructed a framework action plan, we were well prepared to calculate portfolio emissions and prepare for reporting targets to SBTi. **In September 2024 we submitted our decarbonization targets to SBTi, which have been validated in January 2025. We are the first Polish bank with targets validated by SBTi.**



Partnership for Carbon Accounting Financials

As the first bank in Poland, we are member of the Partnership for Carbon Accounting Financials (PCAF) and use its methodologies to measure the carbon footprint of our credit portfolio.



Governance



Board oversight and monitoring framework

mBank has adopted a comprehensive approach to board oversight to ensure the successful implementation and monitoring of its transition plan towards a low-GHG emissions, climate-resilient economy.

The Management Board is responsible for setting the strategic direction and ensuring that the transition plan is integrated into the bank's broader business strategy. The Transition Plan was approved by the Management Board on October 23, 2025.

Sustainable Development Committee, which comprises all sustainability leaders and the Vice Presidents of the Management Board is responsible for monitoring all sustainability objectives and also Transition Plan implementation. Periodic updates on this topic will also be provided to the Supervisory Board, ensuring that the implementation of the Transition Plan is adequately supported at all levels of the bank. Additionally, we have established a robust management system for sustainable development led by the Chief Sustainability Officer (CSO) and the Chief Environmental Risk Officer (CERO), who is responsible for implementing the Transition Plan.

Board members should have the necessary skills, knowledge, and expertise to oversee the Transition Plan effectively. To further enhance their expertise in sustainability, members of the Supervisory and Management Board actively participate in training programs and industry events, including a 2024 workshop focused on transition plans in the banking sector.

Monitoring and reporting

As part of monitoring the Transition Plan, we adopt an approach combined with target management system applied in the organization. Our goal is to ensure the continuity of actions leading to the achievement of the long-term goal of zero emissions, while simultaneously monitoring progress in shorter, annual cycles.

We will plan annual objectives, both:

- Quantitative – aligned with the decarbonization pathway, expressed as specific emission indicators (e.g., emission intensity, portfolio temperature),
- Qualitative – encompassing initiatives that indirectly support emission reduction (e.g., implementation of strategies, analyses, policies, educational activities).

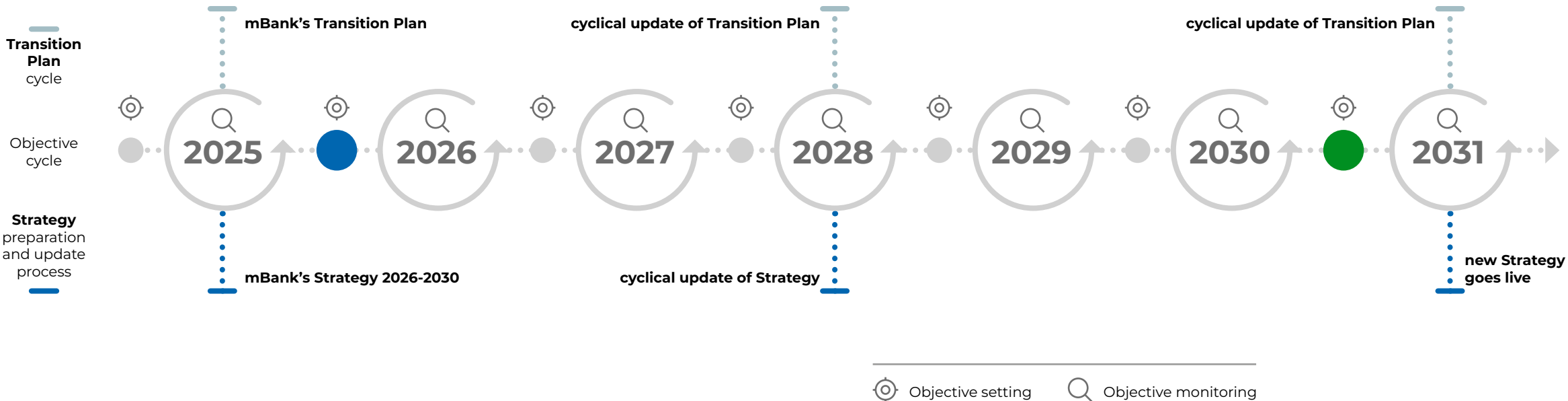
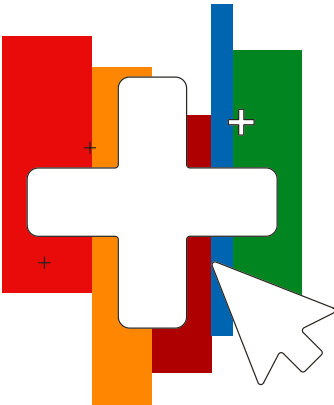
Progress towards achieving the objectives will be monitored quarterly, allowing for the quick identification of barriers, assessment of the effectiveness of actions, and adjustment of the process where necessary.

Monitoring results will be regularly discussed by the Sustainable Development Committee.



Update cycle

Transition plan cycle is combined with preparation of our business strategy and SBTi target setting for new time perspective. This allow us to get maximum of synergy between those processes. This cycle will be repeated until 2050. Moreover, we have a yearly process of Objective setting for particular year giving an opportunity of cascading and monitoring targets in shorter time intervals.



Alignment with company's culture & values

VALUES OF THE MBANK GROUP:

	authenticity	know your strengths and talents, try to be the best version of yourself, respect and celebrate differences between people.
	empathy	treat others with empathy; be sensitive to the needs, opinions and emotions of your team members, customers and the public.
	courage	make bold decisions, openly express your opinions while respecting those of others, speak directly, be willing to admit your mistakes, learn from them, and treat them as a natural way to discover new opportunities.
	responsibility	be thoughtful towards the company, in your daily work look through the lens of the bank as a whole, remember that you are an important part of a larger whole, act ethically and responsibly, keep your word, care for the environment you live in, be open to social sensitivity.
	cooperation	be willing to work together, assume that others have good intentions, take into account different points of view and opinions, look for the best ways to achieve common goals.



Authenticity, empathy, courage, responsibility and cooperation – five values of mBank build the organizational culture of the entire Group. Our work, targets and every action are based on trust and good intentions, and a catalogue of values helps both employees and the company as a whole achieve their goals.

Culture and values at mBank play a crucial role in supporting the Transition Plan. Thanks to them, we consciously and responsibly set our commitment to supporting global and national transformation towards sustainable economy. Our mission is to enable individuals, companies, and communities not only to achieve economic growth but also to make a significant contribution to a sustainability.

Our values also set the direction and form of the Transition Plan. Based on them, we define ambitious, specific, and measurable goals that will lead us to net-zero.

Competencies and trainings

The Transition Plan will also be embedded in educational initiatives at all levels, with special focus on client-facing staff and management, equipping our teams to support our sustainability journey. Today, mBank has introduced mandatory training on sustainable development for all employees. In addition, we have a range of initiatives, including the mBank Sustainability Summit, trainings, webinars, and other educational events. All of these will incorporate elements that support the implementation of the Transition Plan.

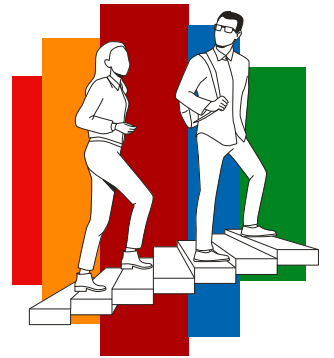
Our education programs emphasize broad engagement and continuous learning across all levels of the organization. These initiatives include:

- **Mandatory training:** All employees participate in a comprehensive Sustainability/ESG training module accessible via a digital platform, designed to build a foundational understanding of ESG topics, with a final test to confirm proficiency.
- **mBank Sustainability Summit:** An annual internal conference dedicated to sustainability, covering a range of topics. The Summit features expert speakers, practical sessions, and strategic updates, ensuring alignment on the bank's goals.
- **Risk Academy Conference:** An annual, in-depth conference discussing risks, also from the perspective of sustainability, climate change and decarbonization.
- **Sustainability Talks:** Monthly webinars where employees and guest experts share knowledge and personal experiences related to sustainability, with quarterly updates on our strategic sustainability goals.
- **Sustainable Finance & ESG Academy:** We provide expert training for Corporate and Investment Banking team sessions, covering complex topics such as climate transitions, adaptation, decarbonization, EU Taxonomy, sustainability reporting, and sustainable finance. We also organise the Sustainable Finance Masterclass
- **ESG and sustainable finance library:** Our employees can access a curated library of sustainability resources, available both in print and digitally, through the Legimi app.
- **Offsite departments events:** Departments hold annual events on current topics, with sustainability as one of the themes, featuring external experts who provide valuable insights.
- **Groups and partnerships:** Our involvement in industry working groups and partnerships further enriches employee expertise and aligns us with best practices.

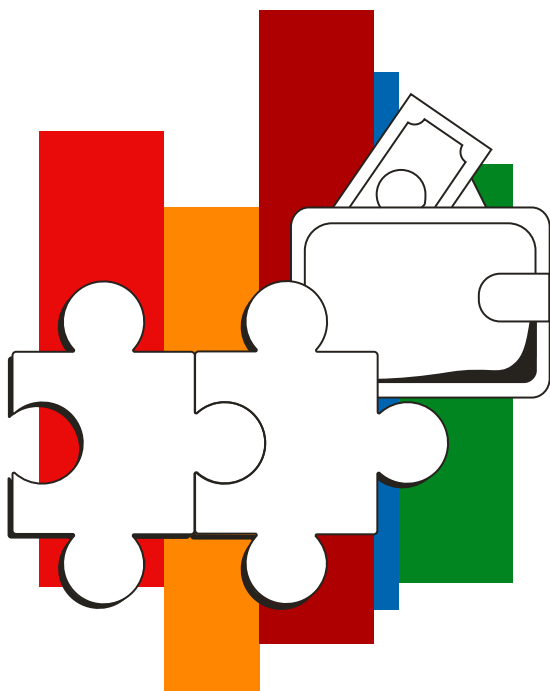
ENHANCING EDUCATION FOR TRANSITION PLAN IMPLEMENTATION

To support the successful implementation of our Transition Plan, we are committed to providing comprehensive education and training focused on sustainability and decarbonization. We will utilize the established tools and methods from our sustainability programs to ensure that all staff members gain a thorough understanding of the Transition Plan's objectives and requirements.

All relationship managers in the large enterprise segment have been trained in on-site courses on the Transition offer. We have also conducted training sessions for sales analysts in the regions. The aim of the training is to provide practical knowledge about the functioning of the offer. By fostering a culture of continuous learning, we aim to empower our employees to contribute effectively to our decarbonization goals and embrace their roles in advancing mBank's sustainability agenda. Through this dedicated educational effort, we will ensure that decarbonization remains a shared responsibility across the organization.



Incentive system



Sustainability performance has been included in the executives' MBO framework for a couple of years already, promoting long-term strategy execution and accountability at the leadership level. The Supervisory Board of mBank carefully fosters the execution of the sustainability strategy and approves respective MBO goals for the management board accordingly.

The goals are derived from the strategic aspirations of the mBank Group, including sustainability targets and climate commitments.



As a rule, since 2025 sustainability goals constitute 20% of Group goals, which account for 60% of overall MBO for the Management Board. Moreover, from 2025 onwards, the bonus system for management board members of mBank is directly linked to the achievement of MBO targets, including ESG measures.

ESG data management



Challenges

The bank acknowledges the complexities involved in collecting ESG data. This is a novel experience for us, as we have never had the chance to gather and process such diverse information.



Opportunities

Despite the challenges, we recognize the potential benefits. By deepening our understanding of the nature and application of ESG data, we can make more informed and effective business decisions.



Initiative launch

In 2024, we have initiated a project to develop mBank's data architecture, where ESG data is a crucial part of the data ecosystem. This unique endeavour is aimed at enhancing our ability to provide superior solutions to our clients and stakeholders.

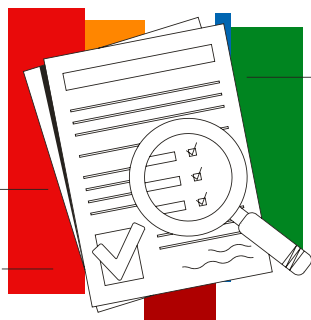


Data architecture features

We are expanding business systems (CRM) with ESG data, adding ESG data to the central data warehouse, and **building the ESG Data Mart**, which serves as the single source of data for non-financial reporting. The data is subject to bank-wide data quality management processes. These actions enable the automation of reporting based on the highest quality data.

Next steps in transition planning

In our commitment to achieving a net zero, it is essential that we remain vigilant and responsive to the evolving landscape of environmental, social, and governance (ESG) factors. Our transition plan is not a static document; it is a dynamic framework that will be continuously monitored, reviewed, and updated to reflect new information, emerging trends, and regulatory changes. We will maintain open and transparent communication with our clients, investors, regulators, and communities to gather feedback and insights. This engagement will help us understand stakeholder expectations, address concerns, and incorporate their perspectives into our transition plan.

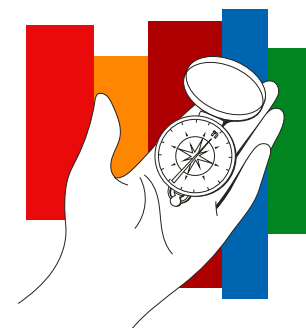


ADJUSTING TO CHANGES IN THE ESG LANDSCAPE

We recognize that regulatory frameworks related to ESG are constantly evolving. To ensure compliance and alignment with new regulations, we will closely monitor changes in legislation and industry standards.

We will actively monitor changes in the ESG landscape. This includes tracking developments in climate science, regulatory requirements, industry best practices, and stakeholder expectations. This way we want to be sure that we have access to accurate and timely information that informs our decision-making.

We adapt and constantly improve our dedicated monitoring process of ESG regulations. The process mainly involves experts in the field of ESG, which improves its effectiveness.



PLANS FOR FURTHER DEVELOPMENT

Our commitment to environmental responsibility aligns with our long-term goals and operational practices.

Through this integration, we will not only meet regulatory requirements but also set a benchmark for industry standards in sustainable development.

Our approach to decarbonization will be also in line with cutting-edge technologies, we aim to significantly reduce carbon footprint among economy sectors where we provide financing.



**Additional
information**

Locked-in emissions



Locked-in emissions – estimates of future greenhouse gas emissions likely to be caused by the entity's key assets or products over their lifetime. Locked-in emissions is a term suitable for non-financial corporations, but we analyse a possible approach.



General approach

Individually significant exposures to high-carbon sectors with maturities beyond 2030. Exclusion of clients or investments subject to climate transformation plans, e.g. with KPIs that include decarbonization or alignment with Taxonomy, may be considered.



CSRD requirements

- Key assets from the bank's perspective are financing provided, own buildings and assets acquired. In the context of the disclosure time horizon, financings whose full repayment dates will exceed 2030 and/or 2050 should be considered.
- In the case of the bank's existing financing, the contractual and expected maturity should be described, and if the bank has an ability and plans to exit these contracts early or put pressure on the customer to reduce emission, such plans should be described. Some of this data may be confidential, in which case the bank may waive disclosure.



Approach to corporate portfolio

We have analysed all exposures exceeding 10 million PLN from sectors: fossil fuels, energy generation, food & agro, metals, construction materials, chemical & plastic, with maturities beyond 2030. We excluded CRE sector because of retrofitting possibility. We identified 37 contracts but most of them were RES. Locked-in emissions were identified in 3 contracts, their emissions are 23.141 tCO₂e, which constitutes about 0.2% of the total emissions of corporate portfolio. The low estimated value of locked-in emissions does not pose a risk to achieving our greenhouse gas reduction targets.



Approach to financing of residential real estate

For any property, it is possible for its emissions to decrease as a result of the lowering the energetic mix for Poland and possibility of retrofitting. It could be contradiction where we the same properties define as locked-in emissions and plan retrofitting.

Methodologies used



GHG emissions calculation methods

Measurement of the carbon footprint of mBank Group's own emissions is conducted for:

- Scope 1 – in accordance with The Greenhouse Gas Protocol (GHG): A Corporate Accounting and Reporting Standard. Revised edition,
- Scope 2 – using the market-based approach and location-based approach in accordance with GHG Protocol. Scope 2 Calculation Guidance. An amendment to the GHG Protocol Corporate Standard,
- Scope 3 – using GHG Protocol. Technical Guidance for Calculating Scope 3 Emissions (version 1.0). Supplement to the Corporate Value Chain (Scope 3) Accounting & Reporting Standard.

In Scope 3, for category 15, we calculate the carbon footprint of the portfolio (indirect emissions in the value chain) in accordance with the PCAF (Partnership for Carbon Accounting Financials) methodology. The PCAF methodological recommendations comply with the requirements presented in the GHG Protocol The Corporate Value Chain (Scope 3) Accounting and Reporting Standard. They pertain to the corporate value chain (Scope 3) in carbon footprint accounting and reporting for investment activities, known as category 15. The PCAF standard includes detailed guidelines for measuring and disclosing greenhouse gas emissions associated with seven asset classes: mortgages, motor vehicle loans, listed equity and corporate bonds, business loans and unlisted equity, project finance, commercial real estate (CRE), and public debt. This allows for the calculation of the credit portfolio emissions. For category 13 (leasing) it is worth notice that, 100% of emissions resulting from the use of the asset are attributed to leasing over the life of contract.

For calculations we utilize emission factors developed by The Department for Environment, Food and Rural Affairs (DEFRA), the National Centre for Emissions Management (KOBiZE), the Energy Regulatory Office (URE), the Association of Issuing Bodies (AIB), GEMIS, the Agency of the Ecological Transition (ADEME), the International Energy Agency (IEA), and Exiobase.

Greenhouse gas emissions, expressed in CO₂ equivalent (CO₂e), also include greenhouse gases other than carbon dioxide: methane (CH₄), nitrous oxide (N₂O), sulfur hexafluoride (SF₆), perfluorocarbons (PFCs), hydrofluorocarbons (HFCs), and nitrogen trifluoride (NF₃). Greenhouse gas emissions have been converted to carbon dioxide equivalent according to the Global Warming Potential (GWP) value, which determines the potential of individual gases relative to the carbon dioxide equivalent, in accordance with the Intergovernmental Panel on Climate Change (IPCC) report, "Climate Change 2021: IPCC Sixth Assessment Report (AR6).

A detailed description of the carbon footprint calculation methodology can be found in the [Management Board Report on the Performance of mBank S.A. Group in 2024](#) (chapter 10. Sustainability statement of mBank Group for 2024).



Setting the targets

Targets approved by SBTi:

The Group's reduction targets are based on scientific foundations and are consistent with the 1.5°C scenario. They include the targets over a 5-year horizon, i.e., until 2029 and 2030, depending on the adopted method. These targets were validated and approved by SBTi.

The Group's submission to SBTi includes:

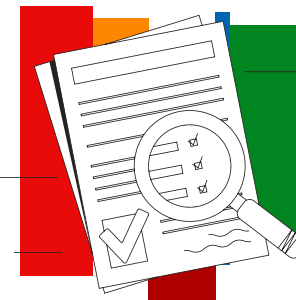
- mBank and consolidated subsidiaries for Scopes 1 and 2;
- in category 15 of Scope 3, the submission to SBTi covers 52.7% of the qualifying assets of the loan portfolio according to the methodology as of the end of 2022, which is the base year of our submission:
 - In the area of retail real estate financing: mBank (excluding the non-core portfolio including foreign currency loans and portfolios in the Czech Republic and Slovakia) and mBank Hipoteczny;
 - In the area of the corporate portfolio: mBank and mFaktoring.

For financed emissions, the submitted targets are aligned with the 1.5°C pathway. We have set 2022 as the base year and determined the decarbonization path using the SDA method for 3 sectors (CRE, Power generation and RRE). The Sectoral Decarbonization Approach is a method for setting physical intensity targets that uses convergence of emissions intensity. An intensity target is defined by a reduction in emissions relative to a specific business metric, such as production output of the company (e.g., metric ton CO₂e per ton product produced). For other sectors we used Temperature Rating Score methodology. This method was chosen because we do not have access to sufficiently detailed data required for the application of the SDA. The temperature rating method allows financial institutions to determine the current alignment of their investment and lending portfolios with global warming scenarios, based on the emissions reduction targets publicly disclosed by portfolio companies. A company receives a "temperature rating" indicating the level of global temperature rise that would result if all companies followed a similar climate strategy. This rating is based on the analysis of a company's emission reduction targets and their alignment with scientific climate scenarios.

Other targets:

mLeasing has adopted a decarbonization pathway for its financed portfolio, based on economic intensity (kg CO₂e per PLN net profit), consistent with the 1.5°C scenario. The methodology follows the principles of the Science Based Targets initiative (SBTi), although mLeasing has not formally joined the initiative. The base year is 2022, with interim reduction milestones for 2030 and 2040, and a net-zero target for 2050. Emissions are calculated in accordance with the GHG Protocol and PCAF standards, attributing 100% of emissions from the use of leased assets over the contract period.

For the AuM (mBank Brokerage House and mTFI) target, the methodology is based on the decarbonization pathway of a leading global stock market index, aligned with the UNEP 2°C scenario. The target applies to direct investments and the corporate part of ETFs. Emissions intensity is monitored and reported annually, and the approach is consistent with market best practices for sustainable investment management.



Glossary

Biodiversity	The variety of life in the world or in a particular habitat or ecosystem.
Carbon Footprint	The total amount of greenhouse gases emitted directly and indirectly by an individual, organization, event, or product.
Carbon Intensity	The amount of carbon (in CO ₂ emissions) released per unit of electricity consumed.
Chief Sustainability Officer (CSO)	An executive responsible for an organization's sustainability strategy and initiatives.
Circular Economy	An economic system aimed at eliminating waste and the continual use of resources through recycling, reusing, and refurbishing.
Climate Stress Test	An analysis to assess the impact of climate change on the risk profile of an organization.
Decarbonization	The process of reducing carbon dioxide emissions through the use of low-carbon power sources, increased energy efficiency, and changing industrial processes.
Energy Transition	The shift from fossil-based energy production and consumption to renewable energy sources.
Environmental Risk	The potential negative impact on an institution resulting from environmental factors such as climate change, pollution, and resource scarcity.
Environmental Risk Management Strategy	A comprehensive plan to identify, assess, mitigate, and monitor environmental risks within an organization.



Chief Environmental Risk Officer (CERO)	A role within an organization responsible for overseeing environmental risk management.
Environmental, Social, Governance (ESG)	Refers to the three central factors in measuring the sustainability and societal impact of an investment in a company or business.
ESG Risk	The risk associated with the environmental, social, and governance aspects of a company's operations, which can impact its financial performance and reputation.
GHG Protocol	A standardized framework for measuring and managing greenhouse gas emissions.
Green Bond	A type of fixed-income instrument that is specifically earmarked to raise money for climate and environmental projects.
Greenhouse Gas (GHG)	Greenhouse gases, including carbon dioxide (CO ₂), methane (CH ₄), and nitrous oxide (N ₂ O), which trap heat in the Earth's atmosphere and contribute to global warming.

Glossary

Greenwashing	The practice of making misleading claims about the environmental benefits of a product, service, or company.
Internal Capital Adequacy Assessment Process (ICAAP)	A process used by banks to ensure they have sufficient capital to cover all material risks.
Internal Liquidity Adequacy Assessment Process (ILAAP)	A process used by banks to ensure they have sufficient liquidity to cover all material risks.
Nearly Zero-Energy Building (NZEB)	A building with very high energy performance, where the low amount of energy required comes mostly from renewable sources.
Net Zero	Achieving a balance between the amount of greenhouse gas emissions produced and the amount removed from the atmosphere.
Objectives and Key Results (OKR)	A framework for setting and tracking goals and their outcomes.
Partnership for Carbon Accounting Financials (PCAF)	A global partnership of financial institutions that work together to develop and implement a harmonized approach to assessing and disclosing greenhouse gas emissions associated with their loans and investments.
Renewable Energy Sources (RES)	Energy sources that are naturally replenishing such as solar, wind, and hydroelectric power.

Science Based Targets initiative (SBTi)	An organization that helps companies set science-based emissions reduction targets in line with climate science.
Scope 1 Emissions	Direct emissions from owned or controlled sources.
Scope 2 Emissions	Indirect emissions from the generation of purchased electricity, steam, heating, and cooling consumed by the reporting company.
Scope 3 Emissions	All other indirect emissions that occur in the value chain of the reporting company, including both upstream and downstream emissions.
Sustainable Development Goals (SDGs)	A collection of 17 global goals set by the United Nations General Assembly in 2015 to achieve a better and more sustainable future for all.
Sustainable Finance	Financial services that integrate environmental, social, and governance criteria into business or investment decisions.
Sustainability-Linked Loans (SLL)	Loans that incentivize borrowers to achieve ambitious, predetermined sustainability performance objectives.
Taxonomy-aligned mortgages	Properties that meet the criteria set out in the EU Taxonomy Regulation 2020/852
Temperature Rating	A method to determine the alignment of a portfolio with the temperature goals of the Paris Agreement.
Transition Finance	Financing aimed at supporting companies in their transition to more sustainable practices

Disclaimer

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