



# Green Bond Report **2021**



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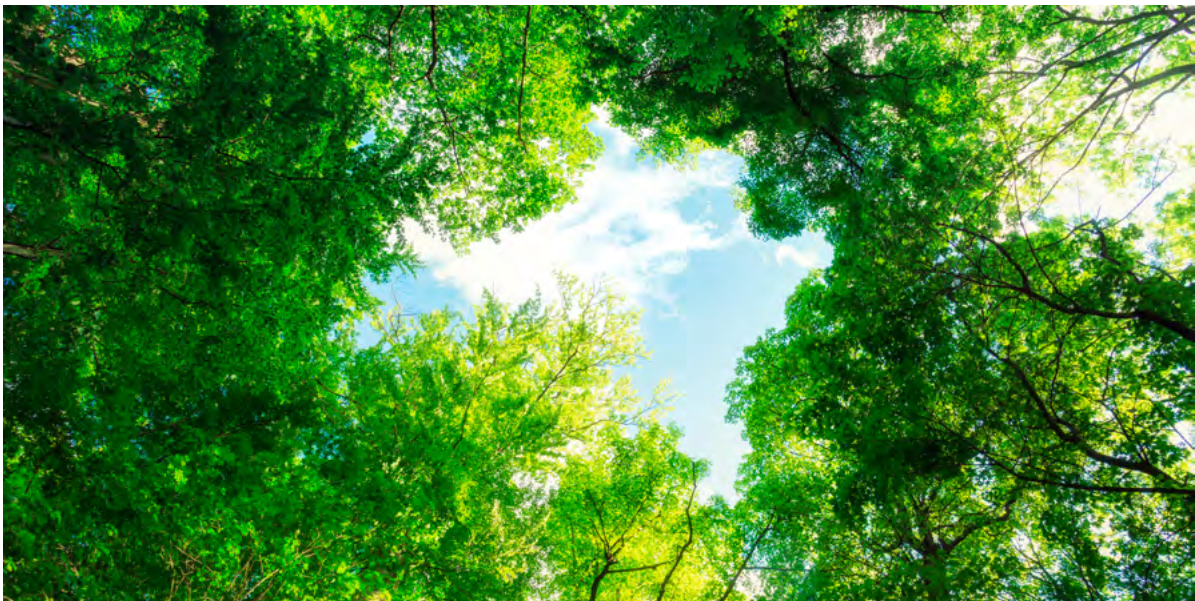
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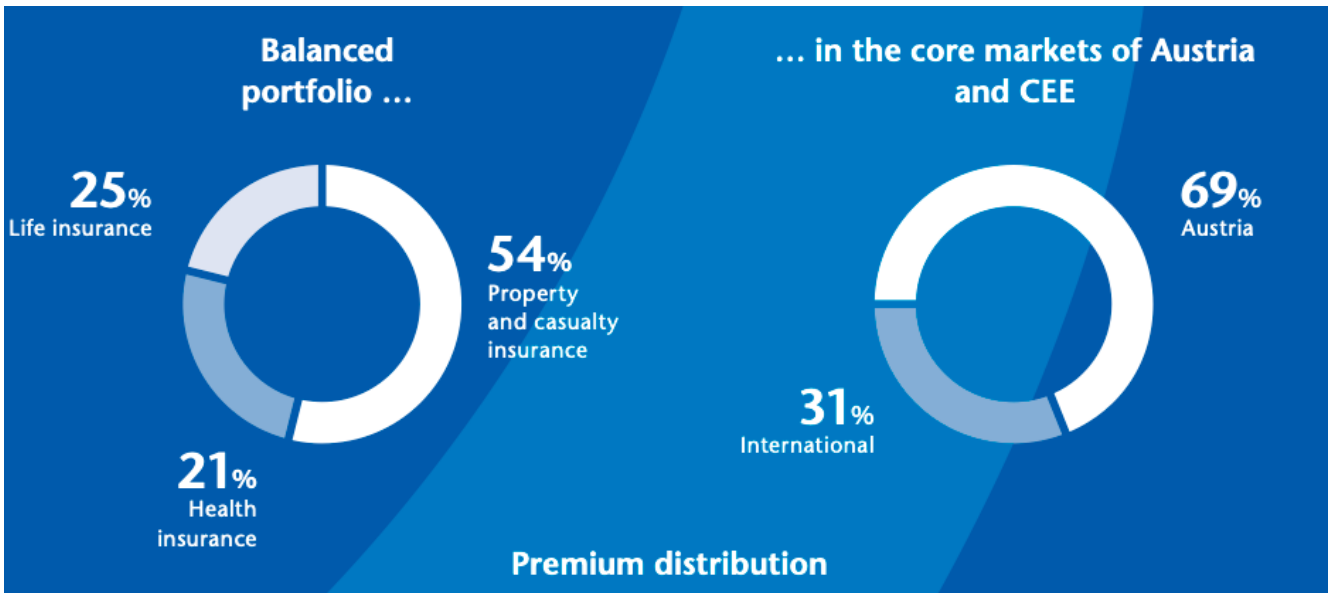


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# 1. UNIQA at a glance



The UNIQA Group is one of the leading insurance companies in its core markets of Austria and Central and Eastern Europe (CEE). Approximately 23.500 employees and exclusive partners serve 15.5 million customers in 18 countries.

The Group provides comprehensive products in property and casualty insurance, life insurance as well as health insurance to its customers.

The listed holding company UNIQA Insurance Group AG manages the Group and operates its indirect insurance business (i.e., inward reinsurance). UNIQA Österreich Versicherungen AG is a wholly owned subsidiary of UNIQA Insurance Group AG and has been the Group’s only direct insurer on the Austrian market since 1st of October 2016. Business activities include all product lines as in the UNIQA Group.

At the close of 2020, UNIQA presented a far-reaching strategic programme, „UNIQA 3.0 – Seeding the Future“ which it has committed to executing over the next 5 years: in response to the megatrends of persistently low interest rate levels, economic power shifts, demographic and social changes, innovation & digitalization, as well as sustainability focus subsequent to climate change UNIQA formulated

Guiding Principles in order to support it in effectuating its mission in supporting its customers in achieving a longer, better and safer life. Key operational elements of the programme were condensed in a set of business objectives as well as financial initiatives that are to be realized by 2025.

The initiatives in turn rest on four strategic pillars that define UNIQA’s core markets, the role of existing and new business lines, the targeted results as well as adjustments in the Group’s asset management aimed at achieving higher earnings as well as supporting the execution of the Group’s sustainability strategy. ■



## 2. Sustainability at UNIQA

### Sustainability Strategy

In 2020 UNIQA signed off its sustainability strategy. At its core the paper codifies guiding principles and the Group's future stakeholder orientation, cornerstone objectives to be pursued within the Group's insurance business together with details on the underlying governance of sustainability related activities as well as reporting and associated memberships and subscriptions.

### Holistic Approach

Under its guiding sustainability principles, UNIQA aims to combine its economic aspirations with its ecological and social commitment to the environment and society. As such, goals to create value for all UNIQA stakeholders were agreed upon. Related measures address improvements to operations of the insurance business to reduce UNIQA's carbon footprint; a sustainably oriented product development aimed at a.o. continuously implementing the Statement of Decarbonization, providing ecologically sound financial products to our customers as well as measures entailed in the Group's ESG based investment policy.

### Responsible Investing

As a large asset manager UNIQA acknowledges its responsibility as an investor and considers sustainable investing to be economically beneficial in the long term – as a complementary goal to classic investment criteria as "return", "security" and "liquidity". A positive reputation with customers, the loyalty of qualified employees and corruption-free structures are considered economic success factors for companies, countries, and their investors alike. Sustainability criteria do not replace proven instruments of classic securities management, but rather complement them in a beneficial way. To this end UNIQA signed on as a signatory to the UN Environmental Programme – Finance Initiative (UNEP-FI) in 2021 in addition to being a signatory of UN Global Compact.

Accordingly, UNIQA has committed to developing a Paris target-compliant portfolio development plan by 2025. Equally, by the same time, sustainable investments as defined by the EU taxonomy shall amount to at least EUR 1 billion.

**However, no challenge will be more important to UNIQA over the long term than the fight against the climate crisis – and thus the struggle to preserve the environment in which we live.**

2020 UNIQA Sustainability Report  
Andreas Brandstetter, CEO UNIQA Group

### Communication & Reporting

Going forward UNIQA aims to communicate its set of beliefs and motivations transparently and regularly to its investors and customers, as well as engage and contribute to the broader dialogue with public institutions. Ultimately the Group shall focus on living up to its responsibility to contributing to social value creation and reporting continuous improvements of its ESG ratings.

In 2020 UNIQA participated in ISS (Institutional Shareholder Services) agency's annual rating exercise and was awarded a C- rating. Likewise, the Carbon Disclosure Project provided UNIQA's ESG related efforts with a B- rating.

### Governance

To execute on cited goals, initiatives, and commitments, UNIQA installed a dedicated ESG Committee in early 2021. Its responsibility lies in ensuring that ESG related measures are designed and implemented throughout the Group. The committee complements the existent ESG Office and the ESG Working Group. The Committee consists of the Group CO HR & BRAND (Chairman), GROUP CIO, Group COO, Group CFRO, CSO Austria, CSO Retail Austria, Head of Corporate Business, Head of Sustainability. ■

### 3. Process for Asset evaluation and selection

In accordance with the **UNIQA Green Bond Framework issued in 2020**, an amount equivalent to the net proceeds was exclusively employed to refinance investments in sustainable assets. The Group ensures that the eligible assets comply with official national and international environmental and social standards and local laws and regulations on a best effort basis.

In addition to the Green Bond Framework, the asset selection complies with UNIQA Group’s internal ESG guidelines such as its

- UNIQA Sustainability Strategy
- UNIQA Responsible Investing Policy

#### Green Bond Working Group

As cited in UNIQA’s Green Bond Framework a working group was set up as integral part of the green bond governance. The role of the working group is to review and validate existing pool’s of eligible green assets, if need be updating the Framework, and monitor on-going evolution related to green bond market practices in terms of disclosure/reporting, harmonization.

Specifically, the Group is comprised of representatives of following business units with according responsibilities:

- Group Treasury - Responsible for coordinating teams involved

- Investor Relations - responsible for liaising with external parties within the analysts and investor communities
- Group Sustainability Office - Responsible for ensuring the consistency between the characteristics of the eligible assets and the broader UNIQA Group Sustainability strategy
- Group Asset Management - Responsible for ensuring eligible assets are consistent with the Group Responsible Investment Guidelines and in charge of providing updates on the investment/financing activity performed in sustainable infrastructure

#### Asset Evaluation & Selection

The process for evaluation and selection of eligible assets reflects the integration of sustainability criteria in the Group’s investment process:

- Analysis of eligibility – the persons in infrastructure investments are familiar with the criteria of eligibility;
- Confirmation of eligibility – the identified assets are subject to analysis with respect to conformity with Green Bond criteria;
- Allocation decision – the Green Bond Working Group took final decision on the selection of designated assets to the bonds. ■



## 4. Impact Report

### Summary

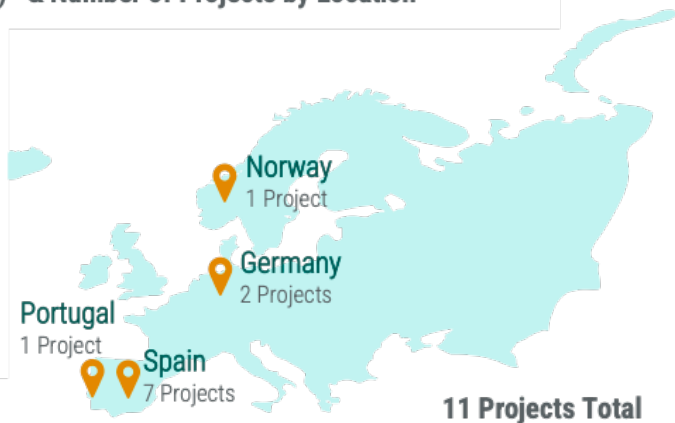
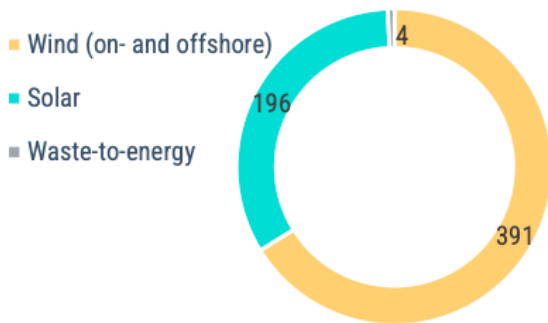
Sustainalytics has calculated the estimated impact achieved by the Green Bond issued by UNIQA Group in June 2020. Since Issuance, 202 million Euros have been allocated in the category *Renewable Energy* and specifically in technologies including wind, solar and waste-to-energy. Projects are located across various European countries. For the period from June 2020 to June 2021, Sustainalytics has calculated avoided emissions of 804 kilotons of CO<sub>2</sub>eq.

**Evaluation Date** SEPTEMBER 2021  
**Issuer Location** VIENNA, AUSTRIA



<b>7</b> AFFORDABLE AND CLEAN ENERGY		

### Financed Generation Capacity by Technology (MW)\* & Number of Projects by Location



\* On average, UNIQA is financing 40% of the total projects finance. Values in this chart represent the pro-rata share of the capacity financed by UNIQA

### Scope of Work and Limitations

UNIQA engaged Sustainalytics to calculate the environmental impacts of the projects allocated to the UNIQA Green Bond issued in June 2020. Sustainalytics' impact reporting is aligned with the June 2021 ICMA Handbook Harmonised Framework for Impact Reporting<sup>1</sup>. For this work data was provided by the project financing parties on the amount allocated and the technical data on the projects financed. In compiling the report Sustainalytics exchanged information with UNIQA to understand the sustainability impact of the projects. The exchanges resulted in following agreements:

- (1) it is understood that it is the sole responsibility of the issuer to ensure complete, accurate or up to date information;
- (2) Sustainalytics was provided all relevant information;
- (3) provided material information was been duly disclosed in a timely manner.

The methodology and assumptions made for the impact calculation are outlined in the methodology chapter. Sustainalytics also reviewed relevant public documents and non-public information. ■

## Impact Findings

For reporting, the report adheres to the ICMA Harmonised Framework for Impact Reporting<sup>1</sup>. This framework synthesizes market expectations and outlines recommendations for impact reporting in order to create a standardized reporting structure to enhance the understanding of the impact to all stakeholders including bond investors.

**Table 1** below provides project level details for the allocated projects, by technology, allocated to this bond. **Table 2** provides a summary at the portfolio level. Project level avoided emissions can be found in the Appendix. These metrics represent the time period from June 2020 to June 2021. ■

**Table 1: Impacts of Renewable Energy by Technology**

Use of Proceeds	Technology Type	Invested Amount	Average Project Lifetime*	Financed Generation	Financed Capacity	Annual Emissions Avoided, project share
Renewable Energy	Wind (onshore and offshore)	87 628 980	25	1 272 011	391	698 855
Renewable Energy	Solar (PV)	96 516 810	30	29 445	196	100 103
Pollution Prevention and Control	Waste-to-Energy	17 823 000	-	24 935	4	4 661

**Table 2: Summary of Renewable Energy Impacts – Portfolio Level**

Signed Amount	Average Project Lifetime*	Financed Generation	Financed Capacity	Annual Emissions Avoided, project share
EUR	Years	MWh	MW	CO <sub>2</sub> eq tonnes
201 968 790	28	1 589 392	591	803 619

<sup>1</sup> ICMA Handbook Harmonised Framework for Impact Reporting, June 2021 at: <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Handbook-Harmonised-Framework-for-Impact-Reporting-June-2021-100621.pdf>





Project Name	Technology	Country	Invested Amount	Share of project financing	Project Lifetime	Project Generation	Financed Generation	Project Capacity	Financed Capacity	Annual Emissions Avoided	Financed Annual Emissions Avoided
			EUR	%	Years	MWh	MWh	MW	MW	CO <sub>2</sub> eq tonnes	CO <sub>2</sub> eq tonnes
N1	Wind (onshore)	Norway	30.000.000	21%	25	550.000	115.500	155	33	173.250	36.383
N2	Wind (onshore)	Norway	3.285.600	2%	25	550.000	12.650	155	4	173.250	3.985
G1	Wind (offshore)	Germany	38.792.170	68%	25	1.546.255	1.051.453	465	316	921.386	626.542
S1	Solar (PV)	Spain	25.254.000	91%	30	174.582	158.870	127	116	59.759	54.381
S2	Solar (PV)	Spain	32.458.000	75%	30	63.127	47.345	43	32	21.608	16.206
S3	Solar (PV)	Spain	17.082.000	78%	30	53.669	41.862	30	23	18.371	14.329
S4	Solar (PV)	Spain	7.405.000	78%	30	12.523	9.768	7	5	4.287	3.344
S5	Solar (PV)	Spain	14.317.810	39%	-	89.600	34.600	50	19	30.670	11.844
S6	Wind (onshore)	Spain	9.841.944	18%	-	443.400	79.027	181	32	151.775	27.051
P1	Wind (onshore)	Portugal	5.709.267	1%	-	2.268.000	13.381	1.041	6	829.584	4.895
S7	Waste-to-Energy	Spain	11.882.000	5%	-	102.400	4.864	20	1	15.415	732
G2	Waste-to-Energy	Germany	5.941.000	6%	-	337.900	20.071	50	3	66.138	3.929



## 5. Methodology

**Methodologies for quantifying GHG** avoidance and other metrics are developed by Sustainalytics but leverage publicly available best-in-class methodologies, protocols and frameworks that are currently industry best practice. Firstly, conservative estimation practices and general principles rely on The GHG Protocol<sup>2</sup>. Sustainalytics' methodologies are based on guidance provided by the International Financial Institutions' (IFIs)<sup>3</sup> Approach to GHG Accounting for Renewable Energy Projects<sup>4</sup>, notably on calculation methodology and global emissions. In addition, we rely on the Partnership for Carbon Accounting Financials (PCAF) Global Accounting Standard<sup>5</sup> for guidance of estimation where data is not readily available and assumptions must be made. Finally, the UN's Clean Development Mechanism<sup>6</sup> provides guidance and information serving as the foundation that other methodologies, including those implemented in this report, are built upon.

### Renewable Energy

It is assumed that new energy generated by the projects crowd out a mix of current and upcoming planned generation capacity, and therefore associated emissions. The approach taken to derive the carbon avoidance is based on the comparison between:

- a) The emissions of the Renewable Energy projects, which is often (but not always) zero and
- b) Baseline emissions, which are based on emissions from the grid energy in the projects' location (i.e. country). The emission factors used, and recommended by IFI, blend a Combined Margin, which is a combination of the Build Margin (emissions of prospective/future power plants) and the Operating Margin (emissions of existing power plants). The split of operating to build margin is 75%/25% for variable generation (i.e. wind and solar), and 33%/67% for firm generation (i.e. WTE and biomass).<sup>7</sup>

### Data Sources and Assumptions

- For the projects included in this report, energy generation (measured in MWh) and capacity (measured in MW) data was provided by the issuer of project financings.
- For zero-carbon technologies such as solar and wind, the emissions per unit of generation were assumed to be 0.
- For the WTE projects, the emission factors were provided by the issuer.

- The baseline emission factors for the countries where projects are located were sourced from IFI.<sup>8</sup>
- In the case of the Nordic countries, the grids are highly interconnected and a common emission factor is recommended by the Nordic Position Paper<sup>9</sup>, which is 315g CO<sub>2</sub>e/kWh.
- The diversion of waste from landfill to produce electricity has the potential to avoid methane emissions that would otherwise be released into the atmosphere. In this analysis we focus on energy generation, thus do not take this into account, and therefore makes our estimates more conservative. ■

<sup>2</sup> The Greenhouse Gas Protocol provides standards, guidance, tools and training for business and government to measure and manage climate-warming emissions (<https://ghgprotocol.org/>)

<sup>3</sup> Close to 25 institutions are currently members of the IFI Technical Working Group, and include multilateral development banks such as the Asian Development Bank, African Development Bank, European Bank for Reconstruction and Development, European Investment Bank, Inter-American Development Bank, and the World Bank Group. The UNFCCC secretariat has been a member of the IFI TWG since 2015.

<sup>4</sup> The IFI Approach to GHG Accounting for Renewable Energy is in accordance with the International Approach to Greenhouse Gas Accounting. A technical working group of IFI's have agreed to a common methodology and set of emissions factors for GHG accounting of electricity production from Renewable Energy (RE) projects.

<sup>5</sup> PCAF is a group of leading international financial institutions that launched a global initiative to develop a global GHG accounting standard to increase the number of financial institutions applying the standard and ultimately make GHG accounting common practice within the financial industry. <https://carbonaccounting-financials.com/>

<sup>6</sup> CDM Methodology Booklet at <https://cdm.unfccc.int/methodologies/documentation/index.html>

<sup>7</sup> The full methodology can be accessed at: [https://unfccc.int/sites/default/files/resource/Renewable%20Energy\\_GHG%20accounting%20approach.pdf](https://unfccc.int/sites/default/files/resource/Renewable%20Energy_GHG%20accounting%20approach.pdf)

<sup>8</sup> Harmonized Grid Emission factor data set can be accessed at: [https://unfccc.int/sites/default/files/resource/Harmonized\\_Grid\\_Emission\\_factor\\_data\\_set.xlsx](https://unfccc.int/sites/default/files/resource/Harmonized_Grid_Emission_factor_data_set.xlsx)

<sup>9</sup> A number of Nordic public sector issuers recommend an alternative emission factor at [https://www.kuntarahoitus.fi/app/uploads/sites/2/2020/02/NPSI\\_Position\\_paper\\_2020\\_final.pdf](https://www.kuntarahoitus.fi/app/uploads/sites/2/2020/02/NPSI_Position_paper_2020_final.pdf)

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