

Green bonds allocation and impact Report 2023

28th June 2024



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01

Introduction



Introduction

This is the second annual report on the allocation and impact of Unicaja's green bond issuances.

In May 2022, Unicaja released its inaugural Green Bond Framework ('GBF') and issued its first Green Bond in June 2022. After that, it has continued issuing in Green format two more bonds, totalling €1.3Bn by the end of 2023.

In June 2024, the GBF has been updated to capture the evolution of its Sustainability strategy while also reflecting the most recent market practices. Both the original GBF and its subsequent update, are aligned with the ICMA Green Bond Principles¹ ("GBP") published in June 2021 (with June 2022 Appendix 1), contemplating the four main components of the GBP, as well as its recommendations for external review.

In accordance with this GBF, one year after each bond issue, an allocation report of the funds obtained will be made. The report will include details of the amount, the percentage of funds allocated to financing the stock portfolio, the new production and the amount of

unallocated funds at the end of the reporting period (if applicable). Likewise, on an annual basis, an emissions impact report shall be prepared, which shall include information on the expected environmental impacts for each of the categories of projects or assets considered in the GBF, other positive impacts of eligible projects, description of the eligible projects or assets and the methodologies and assumptions used to calculate the impact. This allocation and impact report will be published on Unicaja's corporate website.

During 2022 Unicaja Banco issued two Green Bonds for an amount of €500 M each, dated 30/06/2022 and 15/11/2022. In 2023, a new Green Bond was issued, for an amount of €300 M, dated 11/09/2023. This document corresponds to the allocation of these issues and to the calculation of the environmental impact. This environmental impact applies to the full year 2023 for the first two emissions and, in the case of the third issuance, from the date of issue until December 31, 2023. In subsequent years the calculation of this amount will be made for all vouchers using the full calendar year.

¹ [ICMA Green Bond Principles \(GBP\) 2021](#) (with June 2022 Appendix 1). The possible types of Green Bonds to be issued against the framework are as defined in Appendix 1, with the associated disclosure requirements for covered bonds to be followed if relevant.

Our purpose is to contribute financially to the development of a fairer and more inclusive society, supported by efficient economic management and fully respectful of the preservation of the planet





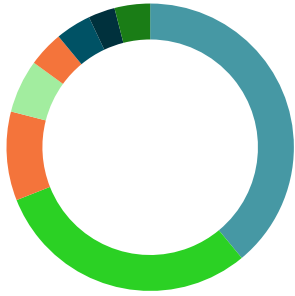
02

Unicaja Green Bonds issuances



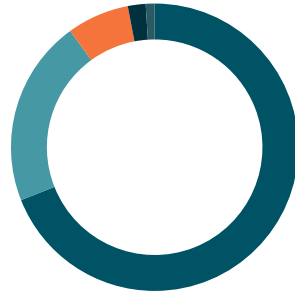
1st Green Bond Issuance

Geographical distribution



■ Spain ■ UK ■ France ■ Italy
■ Benelux ■ Germany ■ Nordics ■ Other

Investor Type



■ AM ■ Banks ■ Ins&PF
■ Hedge ■ Other

Green Senior Preferred

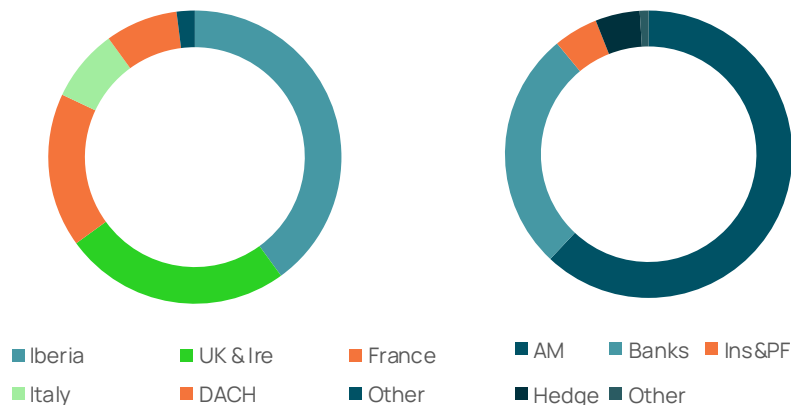
€500m

Main terms	€500 - 4,5% Green SP 3NC2 30/06/2022
Issuer	Unicaja Banco
Instrument	Senior Preferred
Issuer rating	BBB-
Issue rating	BBB-
Nominal amount	500.000.000 €
Maturity date	30-jun-25
Issue date	30-jun-22
Coupon	4.50%
ISIN	ES0380907057
Allocation of proceeds	GBF
GBF Secondary opinion	DNV GL Business Assurance España, S.L.U.
Documentation	CNMV



2nd Green Bond Issuance

Geographical distribution



Green Senior Non-Preferred

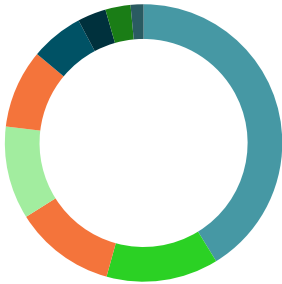
€500m

Main terms	€500 - 7,25% Green SNP 5NC4 15/11/2022
Issuer	Unicaja Banco
Instrument	Senior Non-Preferred
Issuer rating	BBB-
Issue rating	BB+
Nominal amount	500.000.000 €
Maturity date	15-nov-27
Issue date	15-nov-22
Coupon	7.25%
ISIN	ES0380907065
Allocation of proceeds	GBF
GBF Secondary opinion	DNV GL Business Assurance España, S.L.U.
Documentation	CNMV



3rd Green Bond Issuance

Geographical distribution



- UK
- Italy
- North America
- DACH
- Nordics
- Other European
- Iberia
- France
- Asia & ME

Investor Type



- AM
- Banks
- Hedge
- CB & Ois
- Ins&PF

Green Senior Non-Preferred

€300m

Main terms	€300 - 6,5% Green SNP 5NC4 11/09/2023
Issuer	Unicaja Banco
Instrument	Senior Non-Preferred
Issuer rating	BBB-
Issue rating	BB+
Nominal amount	300.000.000 €
Maturity date	11-sep-28
Issue date	11-sep-23
Coupon	6,50%
ISIN	ES0380907073
Allocation of proceeds	GBF
GBF Secondary opinion	DNV GL Business Assurance España, S.L.U.
Documentation	CNMV



03

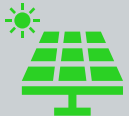


Green Bond Framework



Green Bond Framework

Unicaja’s [Green Bond Framework](#) is aligned to the ICMA Green Bond Principles (“GBP”) published in June 2021 . Unicaja Banco’s GBF has been reviewed by DNV GL Business Assurance España, S.L.U. with a favorable opinion. The content of this GBF includes the following sections:





3.1 Use of proceeds (I/II)

ICMA Eligible Green Project Category	Eligibility criteria	EU environmental Objective and EU Taxonomy Activities	SDG
<p>Renewable Energy</p> 	<p>Eligible projects are loans to finance assets that support the electricity generation from the following technologies: solar, wind, hydro, geothermal, hydrogen and bioenergy, including the acquisition, construction, operation, maintenance or repowering of facilities.</p> <p>Technical screening criteria:</p> <ul style="list-style-type: none"> • In the case of geothermal power production, facilities operating with life cycle emissions below 100gCO₂e/kWh are eligible. • Hydroelectric power shall include installations with a power density greater than 5 W/m² or life cycle emissions below 100gCO₂e/kWh or the electricity generation facility is a run-of-river plant and does not have an artificial reservoir. • Bioenergy can include high-efficiency biomass cogeneration, for which feedstocks are limited to sources that do not deplete existing terrestrial carbon stocks or compete with food production. <p>Eligible projects are loans to finance the development, construction, equipment, operation and maintenance of new or additional energy transmission and distribution networks from renewable sources.</p> <ul style="list-style-type: none"> • The transmission and distribution infrastructure or equipment is in an electricity system that complies with at least one of the following criteria: (a) the system is the interconnected European system; (b) more than 67% of newly enabled generation capacity in the system is below the generation threshold value of 100 gCO₂e/kWh measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period; (c) the average system grid emissions factor, calculated as the total annual emissions from power generation connected to the system, divided by the total annual net electricity production in that system, is below the threshold value of 100 gCO₂e/kWh measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period. 	<p>Climate change mitigation</p> <p>3.10. Manufacture of hydrogen</p> <p>4.1. Electricity generation using solar photovoltaic technology</p> <p>4.3. Electricity generation from wind power</p> <p>4.5. Electricity generation from hydropower</p> <p>4.6. Electricity generation from geothermal energy</p> <p>4.7 Electricity generation from renewable non-fossil gaseous and liquid fuels</p> <p>4.9. Transmission and distribution of electricity</p> <p>4.14. Transmission and distribution networks for renewable and low-carbon gases</p>	 



Green Bond Framework

3.1 Use of proceeds (II/II)

ICMA Eligible Green Project Category	Eligibility criteria	EU environmental Objective and EU Taxonomy Activities	SDG
<p>Green Buildings</p> 	<p>Eligible projects are loans that promote the acquisition, development and construction of buildings and renovation projects on existing buildings aiming at improving their energy efficiency in line with best available techniques, such as district heating, smart grids and efficient renovation measures.</p> <ul style="list-style-type: none"> • Residential: loans or mortgages to finance the acquisition of homes built before 31 December 2020 with an EPC (Energy Performance Certificate) equal to label A and/or belonging to the top 15% most efficient buildings in a determined area. • Loans or mortgages to finance the acquisition, developments and/or construction of homes built after 31 December 2020 with the Primary Energy Demand (PED) at least 10 % lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council. The energy performance is certified using an Energy Performance Certificate (EPC). • Loans or investments for refurbished (residential) buildings with an energy efficiency improvement of at least 30% 	<p>Climate change mitigation</p> <p>7.1. Construction of new buildings</p> <p>7.2. Renovation of existing buildings</p> <p>7.7. Acquisition and ownership of buildings</p>	  



Green Bond Framework

3.2 Process for Project Evaluation and Selection

The GBF states that for an adequate control of the projects and eligible assets, the **ESG working Group** will evaluate, on quarterly basis, the potential eligible loans which meet the conditions described in the 'Use of proceeds'.

For that, the definition of technical criteria and subsequent expert review, has been carried out. Unicaja has incorporated ESG risks in all relevant phases of the credit risk approval and monitoring processes.

In addition, the Exclusionary Criteria⁽¹⁾ avoids financing activities that may be contrary to the Group's principles of sustainability.

From the assets that meet the criteria, the **ESG working group** will select the green eligible portfolio and elaborate a report on quarterly basis. This report will be integrated into the management and reporting processes, first it will be submitted to the **Credit Risk Committee**, then to the **Steering Committee** and, finally, to the **Sustainability Committee** of the Board of Directors, for its approval.

3.3 Management of proceeds

The proceeds allocated under Unicaja's Green Bond Framework, once the projects are evaluated and selected, will be subject to a detailed control through their inclusion in a specific data base (green bond register) for monitoring their evolution.

- The green bond register will be constructed and maintained by the **ESG Working Group**.
- Unicaja will maintain an excess of eligible projects to ensure compliance with the requirements of the use of proceeds and to allow the issuer to fully allocate the proceeds of each green bond to eligible projects as soon as practicable reasonable. However, any balance of unallocated proceeds to eligible projects will be held in accordance with Unicaja's normal liquidity management. Unicaja commits to fully allocate the proceeds of any green bonds issued under this Framework within the next 24 months after issuance date.
- Any project attached to a green bond issued that no longer meets the requirements, will be replaced for another project that meets the eligibility criteria within a maximum replacement period of 12 months.

3.4 Reporting

During the life of any Green Bond issued under this Framework, Unicaja Banco will provide to investors information on the allocation of proceeds and the environmental impacts.

The **Risk Committee** will review and approve the above information which will be included in the following reports:

- Allocation report.
- Environmental impact report

These reports will subsequently be approved by the **Steering Committee, Sustainability Committee, Audit and Compliance Committee** and, ultimately, the **Board of Directors**.

(1) [Exclusionary criteria](#) available in our webpage





04

Allocation of eligible projects



Allocation of eligible projects

As of December 31, 2023, Unicaja has eligible projects for 1.892 million euros, of which 1,300 million euros have been allocated at that date to the three Green Bonds issued, according to the following breakdown between renewable energy projects and green buildings

Renewable Energy	
Number of projects allocated (#)	43
Wind	2
Photovoltaic	32
Thermo-solar	9
Total balance allocated (€ mill)	486
Wind	23
Photovoltaic	370
Thermo-solar	93
Renewable energy production in allocated projects (MWh)	452,653
Wind	6,684
Photovoltaic	369,584
Thermo-solar	76,384

Green Buildings	
Number of projects allocated (#)	3.234
Finished residential mortgages	3.167
Residential developments	67
Total balance allocated (€ mill)	815
Finished residential mortgages	537
Residential developments	277
Energy consumption (MWh)	33.508
Finished residential mortgages	25.002
Residential developments	8.506





05

Impact methodology

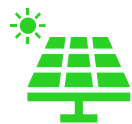


Impact methodology

The methodology used by Unicaja to calculate the avoided emissions related to the investment projects covered by this report is based on international recognized standards and guidelines, which ensure that the results are certified, reliable and verifiable. Specifically, the methodology is based on the generation of equivalent and comparable scenarios following the reference scenarios proposed in the ISO-14.062 standard, and specifically in section 2: "Greenhouse Gases. Specification with guidance at project level for the quantification and reporting of greenhouse gas emission reductions and improvements in elimination".

The methodology used by Unicaja to calculate the environmental impact of the projects assigned to green bonds has been developed by an external independent consultant (Ecodes), thus guaranteeing the independence and impartiality of the calculations made, as well as the use of objective, rigorous and comparable data sources.

Renewable Energy



In the case of renewable energy projects, the avoided CO₂ emissions have been calculated by multiplying the renewable electricity injected into the local electricity grid by the CO₂ emission factor of the national energy mix. The CO₂ emission factors of the energy mix used in each country were as follows:

Country	Emission factor (Tn CO ₂ /MWh)	Source
Spain	0.122	Red Eléctrica de España

The renewable electricity generated by these projects has been calculated on the basis of the electricity generation estimates available during the Due Diligence of each investment project for the P90 value.

In the case of mixed renewable electricity generation projects (with natural gas consumption for electricity production), emissions have been calculated exactly as in the previous case but deducting from the avoided emissions those resulting from the combustion of natural gas. The emission factors and energy mix considered have been the same, while the emission factor used for natural gas has been 0.173 tonnes CO₂/MWh (official data from the Ministry of Ecological Transition and Demographic Challenge / Ministerio de Transición Ecológica y Reto Demográfico).

Green Buildings



In the case of energy efficient building projects, the energy savings have been calculated as the difference between the non-renewable primary energy consumption of the building and the limit set by the European Taxonomy to consider the building as eligible. In particular, the consumption must be at least 10% below the limit for non-renewable primary energy consumption according to the national standard. This consumption is multiplied by the CO₂ emission factor of the national energy mix, indicated in the renewable energy section, and by the surface area of the building.

Transitionally, and for projects finished before 31 December 2020 and following the European Taxonomy for building ownership or acquisition, the eligibility threshold has been set at all buildings with an A, B or C emissions rating, as these are in the top 15% of the national stock. In this case, the calculation of emissions will be the difference between the consumption of the building and the limit between energy certification levels A and B (since the national standard for nZEB had not been defined at that time) multiplied as in the previous case by the CO₂ emission factor of the national energy mix, indicated in the section on renewable energies, and by the surface area of the building.










06

Environmental impact of Green Bonds



Environmental impact of Green Bonds

The detail of the estimated environmental impact ⁽¹⁾ for the projects assigned to each of the two green bonds issued by Unicaja Banco, calculated considering the full calendar year for the bonds issued in 2022 and, calculated considering the period from the date of issue until 31/12/2023 for the bond issued in 2023, is as follows:

			Impact Indicators			43
	Allocated projects (#)	Allocated balance in € million	Impact in Tm CO ₂ avoided ⁽¹⁾	Energy generated (MWh/year)	Installed capacity (MWP)	SDG
Renewable energy ⁽²⁾	43	486	54.488	452.653	623	 
Wind	2	23	819	6.684	31	
Photovoltaic	32	370	45.272	369.584	564	
Thermo-solar	9	93	8.398	76.384	28	
Green buildings	3.234	815	302	-	-	  
Finished residential mortgages	3.167	537	171			
Residential developments	67	277	131			
Total	3.277	1.300	54.791	452.653	623	

(1) The environmental impact applies to the full year 2023 for the first two issuances and, in the case of the third issuance, from the date of issue until December 31, 2023.

(2) The impact of emissions avoided in renewable energy projects has been calculated considering Unicaja Banco's percentage stake in each financing project.





07

Example of projects allocated to Green Bonds



Example of projects allocated to Green Bonds



Unicaja participates in the financing for the operation of a thermosolar plant located in Badajoz with a nominal power of 49.9 MW. Unicaja participates in 4.78% of the total financing granted for the operation of the project. It is estimated⁽¹⁾ that the renewable energy generated by the park during 2023 has avoided the emission of 1,268 tonnes of CO₂



Unicaja participates in the financing for the construction and subsequent operation of a photovoltaic park located in Plasencia (Cáceres), called "La Solana" with a nominal power of 20.2 MW. Unicaja participates in 100% of the total financing granted for the construction of the project. It is estimated¹ that the renewable energy generated by the park during 2023 has avoided the emission of 4,462 tonnes of CO₂.



Unicaja granted mortgage financing in 2022 for the purchase of a single-family home located in Leon. The house has an Energy Efficiency Certificate A, an estimated non-renewable energy consumption of 28 kWh/m² and emissions of 11 KgCO₂/m², estimating⁽¹⁾ an annual emissions saving of 2.45 tonnes of CO₂.



Unicaja granted mortgage financing for a project consisting of the development and construction of a residential building located in Oviedo, called "Jardines de Foncalada". The project consists of 84 dwellings, parking areas and commercial premises with a total surface area of 9,188.4 m². The building has an Energy Rating Certificate A, a non-renewable energy consumption of 18.15 kWh/m², emissions of 3.8 KgCO₂/m², and is expected⁽¹⁾ to avoid annual emissions of 18.06 tonnes of CO₂.

(1) The calculation of avoided emissions has been made considering:

- The bond to which each project has been assigned
- The time period environmental impact applies to the full year 2023 for the first two emissions and, in the case of the third issuance, from the date of issue until December 31, 2023.
- The date on which the funding is granted
- In the case of renewable energy projects, the percentage of Unicaja's participation in each financing project.





08

Independent review



Independent review



WHEN TRUST MATTERS

Independent Limited Assurance Report to the Management of Unicaja Banco S.A.

Unicaja Banco, S.A. ("UNICAJA") commissioned DNV Business Assurance Spain, S.L.U. ("DNV", "us" or "we") to conduct a limited assurance engagement over Selected Information presented in Green Bonds allocation and impact report (the "Report") for the period from 1 January 2023 to 31 December 2023.



Our Conclusion: Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information is not fairly stated and has not been prepared, in all material respects, in accordance with the Criteria.

This conclusion relates only to the Selected Information and is to be read in the context of this Independent Limited Assurance Report, particularly the inherent limitations explained overleaf.

Selected information

The scope and boundary of our work is restricted to the key performance indicators included within the Report for the reporting period 1 January 2023 to 31 December 2023 (the "Selected Information"), listed below:

- Impact indicators included in the table "Environmental impact of assets allocated to the green bonds"
 - GHG emissions avoided (ton CO2eq avoided)
 - Renewable energy generated (MWh/year)
 - Installed capacity (MWP)
- The claims and assertions relating to the allocation of funds under the Green Bonds Allocation and Impact Report 2023.

To assess the Selected Information, which includes an assessment of the risk of material misstatement in the Report, we have used UNICAJA Green Bond Framework, and the reporting criteria defined in the mentioned Green Bonds Allocation and Impact Report 2023. (the "Criteria").

We have not performed any work, and do not express any conclusion, on any other information that may be published in the Report or on UNICAJA's website for the current reporting period or for previous periods.

Basis of our conclusion

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information; our work included, but was not restricted to:

- Conducting interviews with UNICAJA's management to obtain an understanding of the key processes, systems and controls in place to generate, aggregate and report the Selected Information;
- Performing limited substantive testing on a selective basis of the Selected Information to check that data had been appropriately measured, recorded, collated and reported;
- Reviewing that the evidence, measurements and their scope provided to us by UNICAJA for the Selected Information is prepared in line with the Criteria;
- Assessing the appropriateness of the Criteria for the Selected Information; and
- Reading the report and the narrative accompanying the selected information within it in relation to the criteria.

Our competence, independence and quality control

DNV established policies and procedures are designed to ensure that DNV, its personnel and, where applicable, others are subject to independence requirements (including personal of other entities of DNV) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. Our multi-disciplinary team consisted of professionals with a combination of environmental and sustainability assurance experience.

Inherent limitations

All assurance engagements are subject to inherent limitations as selective testing (sampling) may not detect errors, fraud or other irregularities. Non-financial data may be subject to greater inherent uncertainty than financial data, given the nature and methods used for calculating, estimating and determining such data. The selection of different, but acceptable, measurement techniques may result in different quantifications between different entities. Our assurance relies on the premise that the data and information provided to us by UNICAJA have been provided in good faith. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Limited Assurance Report.



WHEN TRUST MATTERS

Standard and level of assurance

We performed a limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 revised – 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' (revised), issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance.

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We planned and performed our work to obtain the evidence we considered sufficient to provide a basis for our opinion, so that the risk of this conclusion being in error is reduced but not reduced to very low.

Responsibilities of the Directors of UNICAJA and DNV

The Directors of UNICAJA have sole responsibility for:

- Preparing and presenting the Selected Information in accordance with the Criteria;
- Designing, implementing and maintaining effective internal controls over the information and data, resulting in the preparation of the Selected Information that is free from material misstatements;
- Measuring and reporting the Selected Information based on their established Criteria; and
- Contents and statements contained within the Report and the Criteria.

Our responsibility is to plan and perform our work to obtain limited assurance about whether the Selected Information has been prepared in accordance with the Criteria and to report to UNICAJA in the form of an independent limited assurance conclusion, based on the work performed and the evidence obtained. We have not been responsible for the preparation of the Report.

DNV Business Assurance Spain, S.L.U

DNV Business Assurance Spain, S.L.U Limited is part of DNV – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. <https://www.dnv.es/about/supplychain>



DNV Business Assurance Spain, S.L.U
Madrid, Spain.
28.06.2024





Green bonds allocation and impact Report 2023

June 2024