

#Apostamosporelverde

Green bonds allocation and impact report

September 2023



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1 Introduction



Unicaja Banco's 2022-2024 Strategic Plan has entailed a commitment to sustainability in all its business lines and to the reduction of the carbon footprint, both for corporate and the credit and investment portfolios, with significant progress in 2022.

In this context, the group's financial strategy has contemplated the issuance of green bonds, understood as any type of bond whose funds are used exclusively to finance or refinance, in part or in full, projects considered environmentally sustainable, whether new and/or existing. To be considered green, the bonds must be aligned with the Green Bond Principles (GBP) issued by the International Capital Market Association (ICMA), which promote the integrity of the green bond market through a series of guidelines recommending transparency, disclosure and reporting.

Unicaja Banco's Green Bond Framework (GBF,) published in May 2022, is aligned with the Green Bond Principles published by ICMA in 2021, 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.



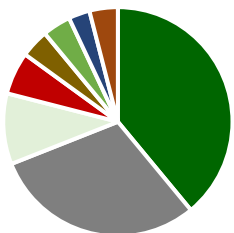
During 2022 Unicaja Banco issued two Green Bonds for an amount of 500 M€ each, dated 30/06/2022 and 15/11/2022. This document is the first allocation and impact report of these issues. For this reason, the calculation of the environmental impact has been carried out for each bond in the period from the date of issue until December 31, 2022. In subsequent years, the calculation of this amount will be made for both bonds using the full calendar year.

Unicaja Banco Green Bonds issuances



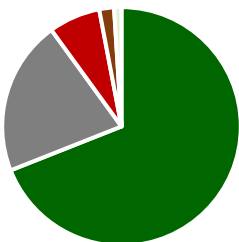
In 2022 Unicaja Banco has issued two Green Bonds for a nominal amount of 500 M€ each.

€500 - 4,5% Green SP 3NC2
30/06/2022



- Spain
- UK
- France
- Italy
- Benelux
- Germany
- Noprdis
- Other

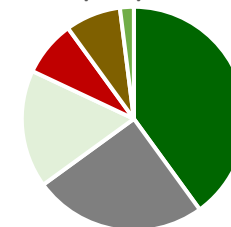
€500 - 4,5% Green SP 3NC2
30/06/2022



- Funds
- Banks
- Insurance
- Hedge Funds
- Other

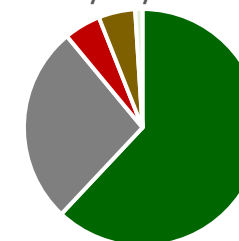
	First Green Bond	Second Green bond
Main terms	€500 - 4,5% Green SP 3NC2 30/06/2022	€500 - 7,25% Green SNP 5NC4 15/11/2022
Issuer	Unicaja Banco	Unicaja Banco
Yield	Senior Preferred	Senior Non-Preferred
Issuer rating	BBB-	BBB-
Issue rating	BBB-	BB+
Nominal amount	500.000.000 €	500.000.000 €
Maturity date	30-jun-25	15-nov-27
Execution date	30-jun-22	11-nov-22
Coupon	4,50%	7,25%
ISIN	ES0380907057	ES0380907065
Allocation of proceeds	GBF	GBF
Secondary opinion	DNV GL Business Assurance España, S.L.U.	DNV GL Business Assurance España, S.L.U.
Documentation	CNMV	CNMV

€500 - 7,25% Green SNP 5NC4
15/11/2022



- Iberia
- UK & IRE
- France
- Italy
- Germany, Austria & Suisse
- Others

€500 - 7,25% Green SNP 5NC4
15/11/2022



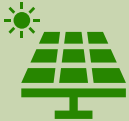





- Funds
- Banks
- Hedge Funds
- Insurance
- Others

3 Green Bond Framework



In May 2022 Unicaja Banco published its Green Bond Framework (GBF) aligned with the Green Bond Principles published by ICMA in 2021. Unicaja Banco's GBF has been reviewed by DNV GL Business Assurance España, S.L.U. with a favourable opinion. The content of this GBF includes the following sections:

a Use of proceeds

Green bond category for eligible projects	Eligibility criteria	EU Environmental Objective (EU Taxonomy)	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. 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. The transmission and distribution infrastructure or equipment is in an electricity system that complies with at least one of the EU Taxonomy criteria 	Climate change mitigation	
 <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%. 	Climate change mitigation Adaptation to climate change	  

The following exclusion criteria are also established: (i) Exploration, research and exploitation of fossil fuels, (ii) Alcohol, weapons, tobacco, gambling or mining industries.

b Process for Project Evaluation and Selection

The GBF states that for an adequate control of the projects and eligible assets, the ESG Business Management Directorate (Dirección de Negocios ESG) will maintain an inventory of all types of projects and assets associated with the financings included in the GBF. This product inventory will be presented in regular basis to the Sustainability and CSR Committee for its approval, applying a specific and individualized process for the evaluation and selection of eligible assets or projects defined in two phases:

- **Evaluation of eligible projects/assets:** Identification of those projects / assets in the Entity's loan portfolio that are eligible under the criteria established in the GBF.
- **Selección Selection of eligible projects/assets.** Identification, based on the above assessment, of a final perimeter of operations to be presented by the ESG Business Management Directorate it to the Sustainability and CSR Committee for approval. The eligible portfolio will be updated on a regular basis.

d 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 Sustainability and CSR Committee will review and approve the above information which will be included in the following reports:

- Allocation report of the proceeds into eligible assets
- Environmental impact report

c Management of Proceeds

The proceeds allocated under Unicaja Banco's Green Bond Framework, 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 dynamic since eligible projects will mature or might become ineligible and new eligible projects will be included in the register. This monitoring process will be carried out in accordance with the following principles:

- The green bond register will be constructed and maintained by the ESG Business Manager Directorate and will be subject to periodic reviews and discussion by the areas involved in the management of the GBF, as well as by the Sustainability and CSR Committee. It will include relevant information such as details of the bonds issued, as well as details of the Eligible Green Projects, including the amount of the portfolio by green category (Green Buildings, Renewable Energy, ... etc.)
- Unicaja Banco will maintain an excess of eligible projects above the balance issued in the form of green bonds to ensure compliance with the requirements of the use of proceeds
- Any balance of unallocated proceeds to eligible projects will be held in accordance with Unicaja Banco's normal liquidity management, without considering investments with GHG intensive activities. In any case, Unicaja Banco commits to fully allocate the proceeds of any green bonds issued under this Framework within the next 36 months after issuance date
- Any project attached to a green bond issued that no longer meets the requirements for classification within any of the categories of green projects, will be replaced for another project that meets the eligibility criteria within a maximum replacement period of 12 months.

Allocation of eligible projects

As of December 31, 2022, Unicaja Banco has eligible projects for 1,646 million euros, of which 1,001 million euros have been allocated at that date to the two Green Bonds issued, according to the following breakdown between renewable energy projects and green buildings



Renewable Energy	
Number of projects allocated (nº projects) ⁽¹⁾	32
Wind	2
Photovoltaic	22
Thermo-solar	8
Total balance allocated (€ million)	388
Wind	17
Photovoltaic	280
Thermo-solar	92
Renewable energy production in allocated projects (MWh)	215.415
Wind	18.102
Photovoltaic	163.184
Thermo-solar	34.129



Green Buildings	
Number of projects allocated (nº projects)	1.505
Finished residential mortgages	1.425
Residential developments	80
Total balance allocated (€ million)	613
Finished residential mortgages	278
Residential developments	335
Renewable energy production in allocated projects (MWh)	19.813
Finished residential mortgages	10.411
Residential developments	9.402

⁽¹⁾ The 32 allocated projects correspond to 67 financing operations



The methodology used by UNICAJA BANCO 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 Banco 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 (tonnes CO2/MWh)	Source
Spain	0.163	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.

6 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, from the date of issue of each of them until 31/12/2022, is as follows:

	Impact indicators					SDG
	Allocated projects (number)	Allocated balance in € million	Impact in Tm CO2 avoided ⁽¹⁾	Energy generated (MWh/year)	Installed capacity (MWP)	
Renewable Energy ⁽²⁾	32	388	34.702	215.415	390	 
 Wind	2	17	2.951	18.102	31	
Photovoltaic	22	280	26.599	163.184	334	
Thermo-solar	8	92	5.153	34.129	26	
Green Buildings	1.505	613	142			 
 Finished residential mortgages	1.425	278	22			
Residential developments	80	335	120			
TOTAL	1.537	1.001	34.844	215.415	390	

(1) The environmental impact has been calculated for each bond for the period from the date of issue to 31 December 2022.

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

Example of projects allocated to Green Bonds

Renewable Energy (photovoltaic)



Unicaja Banco participates in the financing for the construction and subsequent operation of a photovoltaic park located in Cáceres, called "Cáceres 2021" with a nominal capacity of 44.6 MW. Unicaja Banco is participating in 50% of the total financing granted for the construction of the project. It is estimated⁽¹⁾ that the renewable energy generated by the park during 2022 has avoided the emission of 3,872 tonnes of CO₂.

Renewable Energy (Wind)



Unicaja Banco participates in the financing for the construction and subsequent operation of 5 wind farms with a total nominal capacity of 74.22 MW located in Galicia. Unicaja Banco's participation amounts to 16.34% of the total financing granted to this company. It is estimated⁽¹⁾ that the renewable energy generated by the farms in 2022 has avoided the emission of 2,947 tonnes of CO₂.

Green Buildings (Residential mortgage)



Unicaja Banco 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 0.42 tonnes of CO₂.

Green Buildings: (Residential development)



Unicaja Banco has 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 24.1 tonnes of CO₂.

¹ The calculation of avoided emissions has been made considering (i) the bond to which each project has been assigned, (ii) the time period between the date of issue of the bond and 31 December 2022, (iii) the date the financing was granted, and (iv) in the case of renewable energy projects, the percentage of Unicaja Banco's participation in each financing project.



WHEN TRUST MATTERS

Independent Limited Assurance Report

to the Management of Unicaja Banco S.A.

Unicaja Banco S.A. ("UNICAJA BANCO") commissioned DNV GL Business Assurance España, S.L.U. ("DNV", "us" or "we") to conduct a limited assurance engagement over Selected Information presented in the Green Bond Allocation and Impact Report 2022 (the "Report") for the period from 1 January 2022 to 31 December 2022.



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, in particular 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 2022 to 31 December 2022 (the "Selected Information"), listed below:

- Impact indicators included in the table "Environmental impacts of assets allocated to the green bonds"
 - GHG emissions avoided (ton CO₂e avoided)
 - Renewable energy generated (MWh/year)
 - Installed capacity (MWP)
- The claims and assertions relating to the allocation of funds under the Green Bond Allocation and Impact Report 2022.

To assess the Selected Information, which includes an assessment of the risk of material misstatement in the Report, we have used UNICAJA BANCO Green Bond Framework, and the reporting criteria defined in the mentioned Green Bond Allocation and Impact Report 2022 (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 BANCO'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 BANCO'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 BANCO 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 narrative accompanying the Selected Information within it with regard 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 personnel 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 BANCO 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.

DNV Business Assurance Spain, S.L.U

Madrid, Spain.
27.10.2023



Responsibilities of the Directors of UNICAJA BANCO and DNV

The Directors of UNICAJA BANCO 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 BANCO 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

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