

UNIQA Green Bond Framework

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Introduction

The UNIQA Group is one of the leading insurance groups in its core markets of Austria and Central and Eastern Europe (CEE). In total, the company operates in 16 countries and serves about 10.5 million customers.

The UNIQA Group offers a comprehensive range of insurance and retirement products: solutions for just about any need – from private automobile insurance to commercial storm insurance.

Property and casualty insurance, in terms of premiums, is the largest insurance line in the UNIQA Group. In property and casualty insurance, we cleared EUR 2.85 billion in premiums written across the Group in 2019; this was about 53 per cent of total premium volume.

Behind property and casualty insurance ranks life insurance, we cleared EUR 1.4 billion in premiums.

Health insurance is the third-largest insurance line in the UNIQA Group. We cleared more than EUR 1.1 billion in premiums or 20 per cent of total premium volume. We are the undisputed market leader in this line of insurance in Austria, with a 46 per cent market share.

Further information on the Company is available at www.uniqagroup.com



Sustainability at UNIQA

As far as we are concerned, sustainability and the notion of creating economic value are two sides of the same coin. Consequently, we consider value-based company management to be about more than just satisfying the interests of stakeholders and investors. We go a step further and give consideration to environmental and socio-cultural values, and make these an integral part of many of our processes.

To UNIQA, sustainability means employing a clear, transparent system of governance to take responsibility in three areas: economic, social and environmental. In our view, the path towards ingraining sustainability comprehensively in UNIQA's strategy and business model involves four phases:

- **Phase 1:** the purely commercial approach. The focus lies on purely business-related goals. Environmental and social aspects are not considered.
- **Phase 2:** compliance fulfilment. The company fulfils the minimum requirements for compliance. It also supports individual projects, but remains unstructured in its approach. Sustainability is still viewed primarily as a PR tool.
- **Phase 3:** risk and values management. Sustainability is linked to strategy and integrated in processes and systems. There is management of responsibility and values. Compliance rules not only meet legislative targets, but are a major element of corporate culture. The issue of sustainability is addressed actively and in a structured manner.
- **Phase 4:** strategic differentiation. Sustainability is integrated in the company strategy. Incentive schemes and product innovations are consistently geared towards sustainability. New market segments are opened up.

Until recently, UNIQA – like most companies in our industry – was in Phase 2.

We have since made progress and are working systematically towards reaching Phase 3.

UNIQA is a signatory to the United Nations Global Compact¹⁾. In addition, UNIQA is considering becoming a signatory to the Principles for Sustainable Insurance (PSI)²⁾, as well as enhancing engagement with certain³⁾ ESG Ratings agencies.

Climate Strategy

As an insurance company, UNIQA is not immune to climate change. We are taking responsibility and making a valuable contribution to a low-carbon future. For this reason, in 2018 UNIQA became the first Austrian insurance group to announce the gradual elimination of carbon-based business models.

For details, see the "Statement on Decarbonisation"⁴⁾. This voluntary commitment is set forth in the "UNIQA Policy for Responsible Investments" and the "UNIQA Underwriting Policy".

To date, the following actions have already been taken:

- No investments in carbon: As of the end of January 2019, all investments in carbon-based companies have been sold.
- No new carbon business as an insurer: As of early 2019, UNIQA does not generate new business with companies from the coal industry.

Moreover, UNIQA has committed – under certain conditions – to proactive, supportive services for existing clients from the coal industry to help them transform their business models until at least 2025. However, this requires the creation and enactment of a plausible transformation plan and a focus on sustainability criteria.

1) <https://www.unglobalcompact.org/>

Note that the required documentation has been filed with UNGC, however the UNGC website has yet to be updated to reflect the UNIQA signatory status. Documentation concerning the UNIQA UNGC commitment is available if required.

2) <https://www.unepfi.org/psi/>

3) <https://www.issgovernance.com/esg/>

4) https://www.uniqagroup.com/gruppe/versicherung/media/files/UNIQA_Statement_on_Decarbonisation.pdf

Responsible Investments

UNIQA is a relevant stakeholder on the capital market. We use our investments to support the chosen companies and their business models. While sustainability criteria alone are no substitute for tried-and-true, classic investment management, they are a beneficial addition. Thus, we do not feel that taking social and environmental criteria into account for investment decisions is a means of moral “extra credit”. Rather, we firmly believe that sustainable capital investments are also financially successful for the long term.

In 2018, the “UNIQA Policy for Responsible Investments” was adopted and we began to phase out investments in carbon at the same time. The investment portfolio had no more carbon-based investments as of late January 2019. UNIQA was the first insurance company in Austria to be awarded a bronze sustainability certificate for investment strategies from the Austrian Society for Environment and Technology (ÖGUT)⁵⁾ in March 2019.

UNIQA also intends to become a signatory to the Principles for Responsible Investment⁶⁾ in the near future and is currently making the necessary preparations.



Rationale for Issuance

UNIQA recognises that the insurance and asset management industry has an important role to play in the transition toward more sustainable, lower-carbon economies, both through the risk management products and services it provides and the financial assets it manages. UNIQA’s ambition is to ensure that our investment portfolio has genuinely positive impact on society and the environment, at the same time as they are of sound financial quality. We believe that there is an opportunity to secure market recognition of the role played by our sector and has therefore decided to issue a Green Bond to allow investors an opportunity to support this vision.

Alignment with the Green Bond Principles⁷⁾

UNIQA has aligned this Green Bond Framework with the Green Bond Principles 2018. The Company has also taken into account the developing “EU Taxonomy”⁸⁾ on environmentally-sustainable economic activities in determining eligible Uses of Proceeds.

Use of Proceeds

An amount equal to the net proceeds of any UNIQA Green Bond issuance will be used to finance and/or refinance, in whole or in part, investments in Eligible Green Assets as defined below.

UNIQA will make allocations to Eligible Green Assets where the investment has taken place within a maximum of 3 years prior to the date of any Green Bond issuance. On a best efforts basis, UNIQA will allocate an amount equal to the proceeds raised by any Green Bond issuance as soon as practically possible, and no later than the maturity of the bond.

5) <https://www.oegut.at/en/about/oegut-portrait.php>, <https://www.oegut.at/en/topics/green-investment/focus-areas.php>

6) www.unpri.org

7) <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

8) https://ec.europa.eu/knowledge4policy/publication/sustainable-finance-teg-final-report-eu-taxonomy_en.

Eligible Green Asset Categories	Eligibility Criteria	Example Green Assets	Example Impact Metrics	Relevant EU Taxonomy NACE Codes	Relevant SDGs
Renewable energy	Wind and/or Solar Power Projects located in High-Income OECD countries. ¹⁰⁾	Skinansfjellet Onshore Wind 76 MW Borkum Riffgrund 2 – 450 MW Offshore Wind Sonnedix Solar Eliantus Finco Solar PV	tCO ₂ e ⁹⁾ avoided	D35.1.1	
Pollution Prevention and Control	Waste-to-Energy Projects with materials recovery and recycling prior to incineration, and acceptable levels of thermal efficiency ¹¹⁾ located in High-Income OECD countries, including Municipal Solid Waste treatment plant: Mechanical-Biological Treatment (MBT), materials recovery, combustion with energy recovery, and anaerobic digestion.	Gipuzkoa Environmental Complex, integrated Mechanical-Biological	tCO ₂ e ⁹⁾ avoided	E38.3.2	
Clean transportation	Electric Rail Transportation Projects located in High-Income OECD countries, including investments in rolling stock, rolling stock refurbishment, rail transportation systems and infrastructure.	Netz-Elbe-Spree, Refurbishment of 8 electric multiple unit trainsets for passenger rail network Augusta Public Transport – Tram	tCO ₂ e ⁹⁾ avoided	H49.1 H49.2 H49.3	 
Sustainable Water and Wastewater Management	Projects which improve the energy and/or water efficiency of water supply and wastewater treatment infrastructure, located in High-Income OECD countries.		MWh saved Water losses avoided, m ³	E36.0 E37.0	 

9) tCO₂e: tonnes of carbon dioxide equivalent

10) High-Income OECD countries are defined by the World Bank at the time of writing as: Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Rep., Latvia, Lithuania, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States.

11) Assessed by reference to gross efficiency benchmarks published in the European Union Best Available Techniques (BAT) Reference Document for Waste Incineration, 2019 (https://eippcb.jrc.ec.europa.eu/sites/default/files/2020-01/JRC118637_WI_Bref_2019_published_0.pdf)

Exclusions

Allocations will be made in accordance with the specifications in the Use of Proceeds table above. For the avoidance of doubt, allocations to the following activities are excluded: Fossil Fuels, Nuclear Energy, Alcohol, Gaming, Tobacco, Defence.

Process for Project Evaluation & Selection

In the context of any UNIQA Green Bond issuance under this Framework, “Project Evaluation & Selection” refers to the process of determining which assets are eligible for allocation in accordance with the specifications in the Use of Proceeds section above.

To ensure that allocations are made to Eligible Green Assets as specified above, the Company will establish a Green Bond Committee.

The Green Bond Committee will be responsible for:

- Ensuring the proposed pool of Eligible Green Assets is aligned with the categories as specified in the Use of Proceeds section above, and approving any proposed changes to the pool in the event that the existing assets no longer meet the eligibility criteria (e.g. following divestment, liquidation, technology switch, concerns regarding alignment of underlying activity with eligibility criteria etc.);
- Reviewing and approving allocation and where relevant, impact reports, where suitable data is available; and,
- Reviewing and approving any proposed updates to the Framework.

The Green Bond Committee will be comprised of the following:

- Head of Responsible Investment
- Head of Treasury
- Head of Corporate Social Responsibility
- Portfolio Manager, Private Markets



The Committee will meet on an annual basis to review proposed allocations and ensure these are made in line with the specified uses here above.

Management of Proceeds

The Company will establish an internal process to establish a pool of Eligible Green Assets and will track allocations matched to the green bond proceeds, using a dedicated Eligible Green Assets register. This process will be managed by the UNIQA Investment office. Pending allocation, proceeds will be held or invested on a temporary basis, in cash or investment grade instruments, in accordance with the UNIQA Responsible Investment policy.

Reporting

Within 1 year of issuance, and annually thereafter until full allocation of the Green Bond Proceeds, UNIQA will provide an External Report to investors. This will include (i) an Allocation Report and (ii) an Impact Report, subject to the availability of suitable information and data¹²⁾.

These reports shall be made available publicly via the UNIQA website at www.uniqagroup.com.

It is anticipated that the Allocation Report will include:

- Total amount of proceeds allocated to Eligible Green Assets per category;
- Details of the proportion of proceeds allocated to refinancing; and,
- Unallocated proceeds

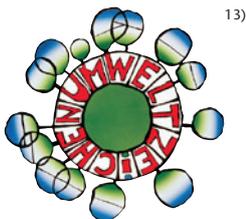
The Company will also report on selected environmental impacts of its Eligible Green Assets on a best efforts basis, and subject to the availability of suitable information and data.

Ability to report impact metrics associated with investments in Eligible Green Assets will depend on the specifics of any relevant investment management contract, the underlying project financed, and the position of UNIQA in the investment chain, as well as the ability of the project developer to provide suitable information and data. UNIQA anticipates that the primary impact metric which may be available for reporting will be tonnes of carbon dioxide equivalent emissions (tCO₂e) avoided.

External Review

Sustainalytics have provided a Second Party Opinion on the UNIQA Green Bond Framework. The Second Party Opinion is available on the provider's website at www.sustainalytics.com.

UNIQA also intends to commission a "Compliance Review" within 1 year of issuance and annually thereafter until full allocation of any Green Bond, with the intention of confirming that the Green Bond proceeds have been allocated in accordance with the Uses of Proceeds specified in this Framework document.



13)

12) Allocations of Green Bond Proceeds to Eligible Green Assets reflect UNIQA's role as an investor in the underlying projects, and not as the primary actor in their development. Hence sufficient data may not be available regarding the environmental impacts of these projects.

13) The Austrian Eco-label ("Österreichische Umweltzeichen") was awarded by the Federal Ministry for Climate Protection, Environment, Energy, Mobility, Infrastructure and Technology (BMK) for the UNIQA Greenbond and its framework on 24.9.2020 (UW 1360) because, in addition to economic criteria, ecological and social criteria are also taken into account when selecting eligible green assets or projects financed by means of Green Bonds. The eco-label ensures that these criteria and their implementation are suitable for selecting appropriate shares/bonds/participation certificates or real estate, projects or forms of investment. This has been independently verified. The eco-label award does not represent an economic evaluation and does not allow any conclusions to be drawn about the future performance of the financial product.

Disclaimer

The information and opinions contained in this Framework are provided as at the date of this document and are subject to change without notice.

UNIQA does not assume any responsibility or obligation to update or revise such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise.

This Framework represents current UNIQA policy and intent, is subject to change and is not intended nor can be relied on, to create legal relations, rights or obligations.

This Framework is provided for information purposes only and does not constitute or form part of, and should not be construed as, an offer or invitation to sell UNIQA Bonds, or the solicitation of an offer to underwrite, subscribe for or otherwise acquire any debt or bonds of UNIQA, and nothing contained herein shall form the basis of or be relied on in connection with any contract or commitment whatsoever.

Any decision to purchase any UNIQA Bonds should be made solely on the basis of the information to be contained in any offering document produced in connection with the offering of such bonds.

Prospective investors are required to make their own independent investment decisions. No representation is made as to the suitability of any UNIQA Bonds to fulfil environmental and sustainability criteria required by prospective investors. Each potential purchaser of UNIQA Bonds should determine for itself the relevance of the information contained or referred to in this Framework or the relevant bond documentation for such UNIQA Bonds regarding the use of proceeds and its purchase of UNIQA Bonds should be based upon such investigation as it deems necessary.

UNIQA has set out its intended policy and actions in this Framework in respect of use of proceeds, project evaluation and selection, management of proceeds and investor reporting, in connection with UNIQA Bonds. However, it will not be an event of default or breach of contractual obligations under the terms and conditions of any UNIQA Bonds if the UNIQA fails to adhere to this Framework, whether by failing to fund or complete Eligible Green Projects or to ensure that proceeds do not contribute directly or indirectly to the financing of the excluded activities as specified in this Framework, or by failing (due to a lack of reliable information and/or data or otherwise) to provide investors with reports on uses of proceeds and environmental impacts as anticipated by this Framework, or otherwise.

In addition, it should be noted that all of the expected benefits of the Projects as described in this Framework may not be achieved. Factors including (but not limited to) market, political and economic conditions, changes in Government policy (whether with a continuity of the Government or on a change in the composition of the Government), changes in laws, rules or regulations, the lack of available suitable projects being initiated, failure to complete or implement projects and other challenges, could limit the ability to achieve some or all of the expected benefits of these initiatives.

In addition, each environmentally-focused potential purchaser of UNIQA Bonds should be aware that the projects underlying Eligible Green Assets may not deliver the environmental or sustainability benefits anticipated, and may result in adverse impacts. On this basis, all and any liability, whether arising in tort, contract or otherwise which any purchaser of UNIQA Bonds or any other person might otherwise have in respect of this Framework or any UNIQA Bonds as a result of any failure to adhere to or comply with this Framework is hereby disclaimed. This material is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation. Persons into whose possession such documents may come must inform themselves about, and observe, any applicable restrictions on distribution. This Framework contains certain statements which may constitute "forward-looking statements". These statements are not guarantees or predictions of future performance, and are subject to risks and uncertainties. As a result, actual results or developments may differ from those expressed in the statements contained in this Framework.