




Impact Report for Bonds and Loans VIG Sustainability Bond Framework


Impact Summary

Evaluation Date March 25, 2024


Issuer Location Vienna, Austria

Sustainalytics has calculated the estimated impact achieved by the sustainability bond issued by Vienna Insurance Group in March 2021. Since issuance, EUR 299 million have been allocated in the category Green Buildings. The projects are located across Austria, Czechia and Poland. For a representative year of the bond's term to maturity, Sustainalytics has calculated 1,457 tonnes of avoided GHG emissions in CO₂e.


 **€299M**
Allocated funds

 **1,457**
Annual emissions avoided (tCO₂e)

 **11**
Projects

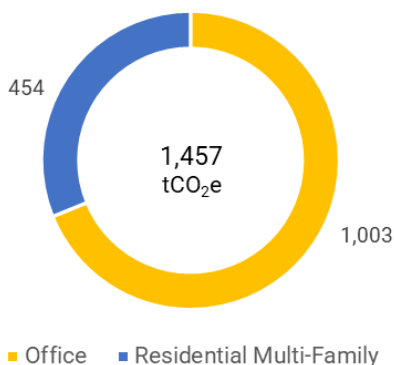
 **317**
Cars driven for one year

 **3**
Countries

 **96K**
Trees, yearly sequestration



Avoided CO₂e Emissions by Building Type and Location of Projects by Country



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Introduction

Vienna Insurance Group (hereafter “VIG” or the “Company”) is an international insurance group headquartered in Vienna, Austria. VIG companies develop insurance solutions in line with personal and local needs for customers in Austria and other countries in Central and Eastern Europe. The Group employs approximately 29,000 people at more than 50 companies and pension funds in 30 countries. In 2021, VIG issued a sustainability bond and allocated the proceeds according to the VIG Sustainability Bond Framework. Sustainalytics provided a Second-Party Opinion on the VIG Sustainability Bond Framework, evaluating it as aligned with the Sustainability Bond Principles 2018.^{1,2}

VIG engaged Sustainalytics to quantify the environmental benefits of the projects financed with the proceeds from VIG’s sustainability bond as an update of its engagement with Sustainalytics for its Sustainability Bond 2021 Allocation and Impact Report.³ This report covers the allocation of EUR 299 million raised in the 2021 issuance that financed green buildings. Using established methodologies, Sustainalytics has estimated avoided emissions from VIG’s projects. This report presents the details of our findings, including a description of the methodology used to calculate the impacts.

In addition, VIG engaged Sustainalytics to provide an allocation report that summarizes the allocation of the proceeds and their alignment with the VIG Sustainability Bond Framework. The allocation report is being published separately.

Scope of Work and Limitations

VIG has engaged Sustainalytics to calculate the environmental impacts of the projects financed with proceeds from the 2021 Sustainability Bond. For this work, Sustainalytics relied on the data provided by VIG on the amount allocated and the technical data on the projects financed.

Sustainalytics’ impact reporting is aligned with ICMA’s June 2023 Harmonised Framework for Impact Reporting.⁴ The methodology and assumptions made for the impact calculation are outlined in the methodology chapter.

As part of this engagement, Sustainalytics exchanged information with VIG’s representatives to understand the sustainability impact of its projects. Through these exchanges, VIG’s representatives have confirmed that:

- (1) They understand it is the sole responsibility of VIG to ensure that the information provided is complete, accurate and up to date;
- (2) They have provided Sustainalytics with all relevant information;
- (3) Any provided material information has been duly disclosed in a timely manner.

Sustainalytics also reviewed relevant public documents and non-public information.

¹ Sustainalytics, “Second-Party Opinion – Vienna Insurance Group Sustainability Bond Framework”. (23/12/2020), available at: [https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/vienna-insurance-group/vienna-insurance-group-sustainability-bond-framework-second-party-opinion-\(2020\)/vienna-insurance-group-sustainability-bond-framework-second-party-opinion-\(2020\)](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/vienna-insurance-group/vienna-insurance-group-sustainability-bond-framework-second-party-opinion-(2020)/vienna-insurance-group-sustainability-bond-framework-second-party-opinion-(2020))

² The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

³ Vienna Insurance Group (VIG), “Sustainability Bond 2021 Allocation and Impact Report”, (2021), available at: https://group.vig/media/0bsjyudv/220328_-_vig_allocation_impact_report_final.pdf

⁴ ICMA, “Handbook - Harmonised Framework for Impact Reporting”, (2023), at: <https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Handbook-Harmonised-framework-for-impact-reporting-June-2023-220623.pdf>

Impact Findings

For reporting, Sustainalytics follows the ICMA Harmonised Framework for Impact Reporting,⁵ which synthesizes market expectations and outlines recommendations for impact reporting to create a standardized reporting structure and to enhance the understanding of the impact to all stakeholders, including investors.

Table 1 below provides a summary of the impact, which Sustainalytics calculated from the allocation of proceeds from VIG's 2021 Sustainability Bond. Appendix 1 provides project-level details. These metrics correspond to a representative year during the bond's term to maturity, and are based on the share of project financing.

Table 1: Summary of Impact - Portfolio Level⁶

Allocated Amount	Bond Tenor	Financed Energy Reduction	Financed Emissions Avoided	Financed Emissions Avoided/M EUR
EUR	Years	MWh	tCO ₂ e/year	tCO ₂ e/year/M EUR
299,167,106	15	6,335	1,457	4.87

Table 2: Summary of Impact – Use of Proceeds

Building Type	Number of Projects	Allocated Amount	Gross Building Area	Financed Energy Reduction	Financed Emissions Avoided	Financed Emissions Avoided/M EUR
		EUR	m ²	MWh	tCO ₂ e/year	tCO ₂ e/year/M EUR
Office	7	224,430,058	66,300	3,781	1,003	4.47
Residential multi-family	4	74,737,048	22,035	2,553	454	6.07

⁵ ICMA, "Handbook - Harmonised Framework for Impact Reporting", (2023), at: <https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Handbook-Harmonised-framework-for-impact-reporting-June-2023-220623.pdf>

⁶ Due to rounding, the summary might not sum up to the exact amount in other tables.

Methodology

Sustainalytics developed its own methodologies for quantifying GHG avoidance and other metrics, including leveraging publicly available best-in-class methodologies, protocols and frameworks that are currently industry best practice. Our estimation practices and general principles rely on the GHG Protocol.⁷ Our methodologies are based on guidance provided by the International Financial Institutions⁸ on calculation methodology and global emissions. In addition, we rely on the Partnership for Carbon Accounting Financials' Global Accounting Standard⁹ for guidance on estimation where data is not readily available and assumptions must be made. Finally, the UN's Clean Development Mechanism¹⁰ provides guidance and information, serving as the foundation for these and other methodologies, including those implemented in this report.

Green Buildings

It is assumed that green buildings consume less energy than a mix of existing buildings and new construction. The avoidance of greenhouse gas emissions is then calculated using:

- a) The emissions of the green building projects. To the extent available, the reporting is based on metered energy consumption. If such information is not available, estimates for the relevant projects are based on the building certificates, standards or country-level averages.
- b) The baseline emissions, or emissions occurring in the absence of the projects. This figure is based on the estimated energy intensity of comparable buildings, or in the case of refurbishments, the prior emissions.

Data Sources and Assumptions

- For the projects included in this report, building data including gross building area, location and green building certificates were provided by VIG and used as inputs for the calculations by Sustainalytics.
- Sustainalytics has performed calculations based on the most recent available green building certificates or energy performance certificates for each property.¹¹
- In the absence of data on building energy use intensity (EUI), it is assumed that a building has an intensity equal to that of the maximum permissible EUI under the same green building certification scheme and rating. Based on location and building characteristics such as type and size, the EUI of a baseline building is estimated using a combination of country averages and publicly available statistical models.^{12,13}
- The emissions factors for the project and baseline properties are based on the average energy mix for buildings in the relevant country. A distinction is made between electricity consumption and other energy consumption.
- The grid emissions factors for the countries in which the projects are located were sourced from IFI.¹⁴ To account for emissions from upstream activities, Sustainalytics applies an additional, indirect emissions factor.¹⁵

⁷ Greenhouse Gas Protocol, "About Us", (2023), at: <https://ghgprotocol.org/>

⁸ International Financial Institutions (IFI), "Members of the International Financial Institutions on Greenhouse Gas Accounting", at: https://unfccc.int/sites/default/files/resource/IFIs_membership_for_UNFCCC_%27white_pages%27_0.pdf

⁹ Partnership for Carbon Accounting Financials (PCAF), "About", (2023) at: <https://carbonaccountingfinancials.com/>

¹⁰ UNFCCC, "CDM Methodologies Booklet – Fourteenth edition", (2022), at: <https://cdm.unfccc.int/methodologies/documentation/index.html>

¹¹ In cases where only ÖGNI certification was provided, Sustainalytics mapped ÖGNI to LEED based on a representative sample of buildings, assuming a 35% energy use intensity improvement in comparison to the baseline, please refer to LEED v4.1.

US Green Building Council, at: <https://www.usgbc.org/leed/v4>

¹² IFC's EDGE model is used for statistical modelling of buildings, available at: <http://www.edgebuildings.com>

¹³ Country averages are available at: <https://www.crrem.org/>

¹⁴ UNFCCC, "IFI TWG – List of methodologies", at: <https://unfccc.int/climate-action/sectoral-engagement/ifis-harmonization-of-standards-for-ghg-accounting/ifi-twg-list-of-methodologies>

¹⁵ UK Government, Department for Business, Energy & Industrial Strategy, "Government conversion factors for company reporting of greenhouse gas emissions", at: <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

Appendix 1: Impact of Green Building projects

Project Name	Building Type	Country	Gross Building Area	Allocated Amount	Share of Total Project Financing	Energy Intensity	Energy Reduction ¹⁶	Financed Direct Emissions ¹⁷	Financed Indirect Emissions ¹⁸	Financed Emissions Avoided	Financed Emissions Avoided/M EUR
			m ²	EUR	%	kWh/m ²	kWh/year	tCO ₂ e/year	tCO ₂ e/year	tCO ₂ e/year	tCO ₂ e/year/M EUR
Project 1	Residential multi-family	Austria	6,869	28,700,000	100%	66	797,434	61.01	19.60	141.79	4.94
Project 2	Residential multi-family	Austria	6,295	24,800,000	100%	67	726,706	56.93	18.29	129.21	5.21
Project 3	Office	Austria	9,069	18,000,000	100%	117	570,771	176.81	35.90	114.54	6.36
Project 4	Residential multi-family	Austria	5,166	13,667,247	100%	68	618,069	47.48	15.25	109.90	8.04
Project 5	Office	Czechia	15,972	5,034,288	100%	88	772,137	422.93	85.13	278.87	55.39
Project 6	Residential multi-family	Austria	3,705	7,569,801	100%	69	411,148	34.55	11.10	73.10	9.66
Project 7	Office	Austria	21,277	87,468,309	94%	99	1,469,46	328.96	66.80	294.89	3.37
Project 8	Office	Austria	4,499	61,200,000	100%	79	494,523	58.99	11.98	99.24	1.62
Project 9	Office	Poland	5,576	21,687,619	100%	133	102,751	284.03	52.65	46.75	2.16
Project 10	Office	Poland	6,263	22,213,000	100%	139	62,488	334.17	61.95	28.43	1.28
Project 11	Office	Poland	3,643	8,826,842	100%	74	309,024	103.06	19.11	140.61	15.93

¹⁶ Compared to a baseline building with similar properties.

¹⁷ Direct emissions are the emissions from the energy consumed directly on-site.

¹⁸ Indirect emissions are the emissions resulting from the extraction, refining and transportation of primary fuels, including transmission and distribution losses.

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