

## Second-Party Opinion

# UCI Green Bond Framework



## Evaluation Summary

Sustainalytics is of the opinion that the Unión de Créditos Inmobiliarios (UCI) Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018. This assessment is based on the following:



**USE OF PROCEEDS** The eligible category for the use of proceeds, Green buildings, is aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 11 & 7.



**PROJECT EVALUATION / SELECTION** Unión de Créditos Inmobiliarios' internal process in evaluating and selecting projects is handled by the Green Bond Framework Group (the "Group"), composed of the Green Mortgages & Loans Manager, the Structured Finance Manager, the Asset Liability Manager and Commercial Managers. Sustainalytics considers the project selection process in line with market practice.



**MANAGEMENT OF PROCEEDS** Unión de Créditos Inmobiliarios' process for management of proceeds is handled by the Asset Liability Management team, in collaboration with the Structured Finance department. Unallocated proceeds will be managed according to UCI's treasury criteria. The Group will review and verify the allocation of proceeds annually. This is in line with market practice.



**REPORTING** Unión de Créditos Inmobiliarios intends to report allocation proceeds on its website, on an annual basis, until full allocation. In addition, Unión de Créditos Inmobiliarios is committed to reporting on relevant impact metrics. Sustainalytics views Unión de Créditos Inmobiliarios' allocation and impact reporting as aligned with market practice.

<b>Evaluation date</b>	March 5, 2020
<b>Issuer Location</b>	Madrid, Spain

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### For inquiries, contact the Sustainable Finance Solutions project team:

**Evan Bruner (Amsterdam)**  
Project Manager  
evan.bruner@sustainalytics.com  
(+31) 20 205 0027

**Charles Cassaz (Amsterdam)**  
Project Support  
charles.cassaz@sustainalytics.com  
(+31) 20 205 02 09

**Jean-Claude Berthelot (Amsterdam)**  
Client Relations  
susfinance.emea@sustainalytics.com  
(+44) 20 3880 0193

## Introduction

Unión de Créditos Inmobiliarios (“UCI”, or the “Bank”) is a credit institution active in the real estate sector, specialized in mortgage loans. UCI Group operates in Spain, Portugal, Greece and Brazil and is headquartered in Madrid, Spain. UCI Group is owned at 50% by Santander, 40% by BNP Paribas Personal Finance and 10% by BNP Paribas.

UCI has developed the UCI Green Bond Framework (the “Framework”) under which it intends to issue a variety of green finance instruments, including green bonds, green private placements and green loans, and use the proceeds to finance and refinance, in whole or in part, existing and future projects that seek to improve existing and new buildings’ energy efficiency.

The Framework defines eligibility criteria in one area:

1. Green buildings

UCI engaged Sustainalytics to review the UCI Green Bond Framework, dated February 2020 and provide a second-party opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP).<sup>1</sup> This Framework has been published in a separate document.<sup>2</sup>

As part of this engagement, Sustainalytics held conversations with various members of UCI’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of UCI’s Green Bond Framework. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the UCI Green Bond Framework and should be read in conjunction with that Framework.

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<sup>1</sup> The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

<sup>2</sup> The UCI Green Bond Framework is available on Unión de Créditos Inmobiliarios’s website at: [uci.com](http://uci.com)

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the UCI Green Bond Framework

Sustainalytics is of the opinion that the UCI Green Bond Framework is credible and impactful and aligns with the four core components of the GBP 2018. Sustainalytics highlights the following elements of UCI's Green Bond Framework:

- Use of Proceeds:
  - The eligible category, Green buildings, is recognized by the GBP 2018. Sustainalytics positively views UCI's financing of new, energy efficient buildings and refurbishment of existing residential buildings. Projects will be located in Spain and Portugal.
  - UCI may use the proceeds to provide green mortgages and loans for energy efficient residential buildings and refurbished residential buildings. Energy efficient buildings include new and existing buildings in compliance with an EPC label A and B, as well as mortgages for purchasing and refurbishing a residential building that achieves at least a 30% improvement<sup>3</sup> in energy performance. In Spain, EPC labels A & B fall within the top 5% most energy efficient buildings for the existing building stock while in Portugal, EPC labels A & B account for the top 15% most energy efficient buildings of the existing stock. For new buildings in either Spain or Portugal, UCI has committed to a minimum EPC Label of A or better, which also falls within the top 15% building stock of both countries. Eligible refurbished buildings are existing buildings which have made an improvement of at least 30% in their efficiency. Sustainalytics is of the opinion that the green loans and mortgages funded through the Framework can improve the overall energy efficiency of residential buildings in Spain and Portugal and help facilitate the transition towards a low-carbon economy. Moreover, Sustainalytics notes that the above methodology is consistent with the Climate Bond Initiative standards for residential buildings, which is viewed as best practice.
- Project Evaluation and Selection:
  - UCI's internal process in evaluating and selecting projects is handled by the Green Bond Framework Group, which is composed of the Green Mortgages & Loans Manager, the Structured Finance Manager, the Asset Liability Management (ALM) and Commercial Managers. The Green Mortgages & Loans Manager will present the list of existing eligible assets to the steering committee on a monthly basis. In addition, the ALM will report on the compliance of the green finance instruments with the Framework, every two months. Sustainalytics acknowledges the thorough screening process and the inclusion of cross-department participation as strengthening UCI's project evaluation and selection process and is exemplary of a robust process that is aligned with best market practice.
- Management of Proceeds:
  - UCI's process for management of proceeds is handled by the ALM team, in collaboration with the Structured Finance department. Unallocated proceeds will be managed according to UCI's treasury criteria. UCI has created a database to keep track of eligible loans, and to control the use of proceeds. In addition, UCI will control the volume of earmarked green projects. The Group will review and verify the allocation of proceeds to eligible assets annually. Based on these elements, Sustainalytics considers this process to be in line with market practice.
- Reporting:
  - UCI intends to report allocation of proceeds on its website, on an annual basis, until full allocation. Reporting on allocation of proceeds will include total outstanding volume of green finance instruments issued, allocation of the proceeds to a portfolio of eligible assets and, if relevant, the value of unallocated proceeds. In addition, UCI is committed to reporting on relevant impact metrics, such as the EPC label composition of the portfolio, estimated energy savings in kWh and examples or case studies of assets. Sustainalytics views UCI's allocation and impact reporting as aligned with market practice.

<sup>3</sup> The EPC label improvements result from a wide range of measure such as building insulation, windows and doors, space heating, cooling, heating, energy efficient glazing, high-efficiency boilers and the installation of solar panels.

### **Alignment with Green Bond Principles 2018**

Sustainalytics has determined that the UCI Green Bond Framework aligns to the four core components of the GBP 2018. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

## **Section 2: Sustainability Strategy of UCI**

### **Contribution of Framework to Unión de Créditos Inmobiliarios' sustainability strategy**

UCI's sustainability strategy is underpinned by three goals (1) sustainable and responsible financial products, (2) internal projects/actions which minimize environmental impact and, (3) development of an environmental risk cartography. By financing the acquisition, development and refurbishment of energy efficient residential buildings in the Spanish and Portuguese markets, the proceeds of this Framework will be contributing towards the Bank's first goal related to sustainable products.

In acknowledgement of the role that green buildings play in the transition towards a low-carbon economy, UCI aims to provide its customers with incentives to buy highly energy efficient properties, or to improve their properties' energy efficiency through renovations. The Bank is one of the representatives of the Spanish mortgage sector in the European Mortgage Federation's (EMF) Energy Efficient Mortgage Initiative (EEMI), which aims to define EU-wide terms and characteristics for green mortgages. As such, UCI has integrated its Green Mortgages and Loans area as one of its key priorities for the Spanish and Portuguese markets.

For 2020, UCI intends to allocate €47.5M to its green range of products, of which 93.7% will be in Spain and the remaining in Portugal. The Group targets an increase of 73.3% of the amount of proceeds allocated to its green range of products, between 2020 and 2025. The total amount allocated is expected to be €325M, mainly focusing on Green Acquisition & Refurbishment, which represents 76.9% of the funds committed. Over the five-year period, 94.3% of the proceeds are due to be allocated to projects located in Spain and 5.7% in Portugal. For more information, please see Appendix 1: Green Products Targets.

Sustainalytics is of the opinion that the UCI Green Bond Framework is aligned with the Bank's overall sustainability strategy and initiatives and will further the Bank's action on its key environmental priorities.

### **Well positioned to address common environmental and social risks associated with the projects**

While Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards eligible projects that are recognized by the GBP to have positive environmental impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Sustainalytics acknowledges that UCI is not directly accountable for the environmental and social risks associated with the projects financed. However, in order to address common environmental and social risks associated with the projects, the Bank has started working on creating an exclusion policy, further supporting the Bank's principle sustainability goals. Furthermore, the exclusion policy has the goal of mitigating any occupational health and safety, community relations/stakeholder participation, and land use issues associated with real estate development, emissions, effluents, and waste generated in construction. In addition, Sustainalytics is of the opinion that the following policies manage and/or mitigate potential risks through implementation of the following:

- UCI has implemented an Environmental Management System ("EMS"), which is expected to be certified by the ISO 14001: 2015 by June 2020. The EMS covers UCI's subcontractors and also includes certification criteria for environmentally impactful projects.
- The Environmental Impact Assessment ("EIA") Directive 2014/52/EU<sup>4</sup> aims at ensuring that projects conducted in the EU, which are likely to have significant impact on the environment, are adequately assessed before approval. The Directive recalls that the EU is party of the UN Convention on Biological Diversity and, therefore, that measures must be taken to "avoid, prevent, reduce and, if possible, offset significant adverse effects on the environment, in particular on species and

<sup>4</sup> EUR-Lex, "Directive 2014/52/EU", (2014), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014L0052>

habitats.”<sup>4</sup> Spain has transposed the Directive in its national legislation through the Spanish Law 21/2013.<sup>5</sup>

- The EIA Directive also identifies land use as a consideration when carrying land-intensive projects,<sup>4</sup> noting that the “EIA shall identify, describe and assess land use related impacts”.<sup>4</sup> Large scale projects should limit their impact of land and on soil, “including as regards organic matter, erosion, compaction and sealing.”<sup>4</sup>
- Regarding worker health and safety, the Directive 89/391/EEC<sup>6</sup> ensures minimum safety and health requirements throughout Europe. Employers “have a duty to ensure the safety and health of workers in every aspect related to the work.”<sup>6</sup> Necessary measures due to be taken by the employers include “prevention of occupational risks and provision of information and training, as well as provision of the necessary organization and means.”<sup>6</sup> Spain has implemented the 24 EU occupational safety and health Directives, mainly through Law 31/1995 on the Prevention of Work-Related Risks.<sup>7</sup>

Based on these policies, standards and assessments, Sustainalytics is of the opinion that UCI has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories

### Section 3: Impact of Use of Proceeds

The use of proceeds category is recognized as impactful by the GBP 2018. Sustainalytics has focused on the below where the impact is specifically relevant in the local context.

#### Energy Efficiency, Residential Buildings and Energy Consumption in Spain

The building sector accounted for 31% of Spain’s final energy consumption in 2015, with residential buildings accounting for 18.5% and non-residential buildings accounting for 12.5%.<sup>8</sup> Spain released a National Energy Efficiency Action Plan in order to reduce buildings’ energy consumption, in line with EU’s objectives for energy efficiency encompassed in Directive 2012/27/EU<sup>9</sup> and Directive 2010/31/EU.<sup>10</sup> The Action Plan targets a primary energy consumption reduction of 24.7% compared to the 2010 baseline, by 2020.<sup>11</sup> In addition, at the EU level, Spain’s strategy for energy renovation in the building sector (“ERESEE”) scores highest out of all 31 strategies, highlighting Spain’s leadership in renovating buildings and the subsequent contribution of UCI’s green mortgages for refurbishments to the ERESEE.<sup>8</sup>

From 2000 to 2015, residential buildings’ energy consumption increased by 24.17%,<sup>12</sup> and then decreased by 12.07%<sup>12</sup> between 2010 and 2015.<sup>13</sup> Since 2014, energy consumption in households has been increasing; between 2015 and 2016, it increased by 1.2%. On the long-term basis i.e. 2000 to 2015, energy savings failed to offset the energy consumption increase,<sup>14</sup> underlining the need to further implement energy efficiency solutions. As such, UCI’s green buildings projects can reduce the overall final energy consumption of dwellings and thus assist Spain in meeting its primary energy consumption reduction target.

#### Energy Efficiency, Residential Buildings and Energy Consumption in Portugal

In 2016, buildings contributed to 29% of total final energy consumption in Portugal.<sup>15</sup> Following a downward trend, buildings’ energy consumption decreased by 15.9% between 2006 and 2016.<sup>15</sup> Residential buildings’ energy consumption also decreased substantially, by 19.7% compared to 2006.<sup>15</sup> This is due to the implementation of the Directive 2010/31/EU and measures<sup>15</sup> including more efficient building components,

<sup>5</sup> Gobierno de España, “Ley 21/2013, de 9 de diciembre, de evaluación ambiental”, (2013), at: <https://www.boe.es/buscar/act.php?id=BOE-A-2013-12913>

<sup>6</sup> EUR-Lex, “Directive 89/391/EEC”, (1989), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:31989L0391&from=FR>

<sup>7</sup> Gobierno de España, “Ley 31/1995, de 8 de noviembre, de prevención de Riesgos Laborales”, (1995), at: <https://www.boe.es/buscar/act.php?id=BOE-A-1995-24292>

<sup>8</sup> Ministry of Public Work and Transport, “2017 ERESEE – 2017 Update of the Long-Term Strategy for Energy Renovation in the Building Sector in Spain”, (2017), at: [https://www.mitma.gob.es/recursos\\_mfom/paginabasica/recursos/es\\_building\\_renov\\_2017\\_en.pdf](https://www.mitma.gob.es/recursos_mfom/paginabasica/recursos/es_building_renov_2017_en.pdf)

<sup>9</sup> EUR-Lex, “Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency”, (2012), at: <https://eur-lex.europa.eu/legal-content/en/ALL/?uri=CELEX%3A32012L0027>

<sup>10</sup> EUR-Lex, “Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings”, (2010), at: <https://eur-lex.europa.eu/legal-content/FR/ALL/?uri=CELEX%3A32010L0031>

<sup>11</sup> Ministry of Energy, Tourism and Digital, “2017-2020 National Energy Efficiency Action Plan”, (2017) at: [https://ec.europa.eu/energy/sites/ener/files/documents/es\\_eneap\\_2017\\_en.pdf](https://ec.europa.eu/energy/sites/ener/files/documents/es_eneap_2017_en.pdf)

<sup>12</sup> Odyssee-Mure, “Energy Efficiency Trends and Policies in SPAIN”, (2018), at: <https://www.odyssee-mure.eu/publications/national-reports/energy-efficiency-spain.pdf>

<sup>13</sup> Reasons include rise of electricity prices and the financial crisis.

<sup>14</sup> Odyssee-Mure, “Spain Country Profile”, (2015), at: <https://www.odyssee-mure.eu/publications/efficiency-trends-policies-profiles/>

<sup>15</sup> Adene, “Energy Efficiency trends and policies in Portugal”, (2018), at:

<https://www.odyssee-mure.eu/publications/national-reports/energy-efficiency-portugal.pdf>

solar thermal panels for domestic hot water production, more efficient technologies for acclimatization. In addition, income tax rise in private consumption that lead to a higher attention on population behavior.<sup>15</sup> For example, in 2016, solar thermal panels reached a total of 1.18M m<sup>2</sup>, rising by 4.9% over the previous year.<sup>15</sup> EPC label improvements resulting from measures such as installing solar panels are therefore seen as impactful by Sustainalytics.

Thus, the household sector experienced the largest developments in energy efficiency gains, estimated at 37% by the ODEX indicator,<sup>16</sup> between 2000 and 2016.<sup>15</sup> Annual efficiency gains were also continuously higher than the EU28, during the same period.<sup>15</sup> This resulted in a decrease of households' CO<sub>2</sub> emissions, which fell by 13.6% from 2009 to 2015.<sup>15</sup> As such, Sustainalytics is of the opinion that UCI's green mortgages and loans can further support a decrease in households' energy consumption and CO<sub>2</sub> emissions.

Based on the above, Sustainalytics is of the opinion that UCI's financing of green buildings in both Spain and Portugal will contribute to the countries' national climate targets and further contribute to the transition towards a low-carbon economy. As such, Sustainalytics views UCI as well-positioned to issue green bonds.

#### Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This green bond advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Green buildings	11. Sustainable Cities and Communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency

#### Conclusion

UCI has developed the UCI Green Bond Framework under which it will issue green bonds and use the proceeds to finance green mortgages for new residential buildings and refurbishments. Sustainalytics considers that the projects funded by the green bond proceeds will provide positive environmental impact, contributing to reduce the energy consumption of the residential building stock in Spain and Portugal.

The UCI Green Bond Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the UCI Green Bond Framework is aligned with the overall sustainability strategy of the company and that the green use of proceed category will contribute to the advancement of the UN Sustainable Development Goals 7 and 11. Additionally, Sustainalytics is of the opinion that UCI has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Unión de Créditos Inmobiliarios is well-positioned to issue green bonds and that the UCI Green Bond Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2018.

<sup>16</sup> ODEX is an energy efficiency tool developed within the Odyssee-Mure project. The project seeks to provide a comprehensive monitoring of energy consumption and efficiency trends for EU countries and Norway. The project is co-ordinated by ADEME, with technical support of Enerdata and Faunhofer. The ODEX methodology is publicly available at: <https://www.indicators.odyssee-mure.eu/odex-indicators-database-definition.pdf>

## Appendices

### Appendix 1: Green Products Targets

	Y1	Y2	Y3	Y4	Y5	Total
<b>TOTAL GREEN RANGE OF PRODUCTS</b>	<b>47,5</b>	<b>55,8</b>	<b>63,2</b>	<b>76,2</b>	<b>82,3</b>	<b>325,0</b>
<b>TOTAL SPAIN</b>	44,5	52,3	59,4	72,2	78,1	306,5
<b>SPAIN GREEN RANGE OF PRODUCTS</b>						
New Building EPC A & B	3	3,5	4,0	4,5	5,0	20,0
Green Aquisition & Refurbishment	35	42,0	48,0	60,0	65,0	250,0
Green Refurbishment	3	3,2	3,5	3,7	3,9	17,2
Green Buildings Rehabilitation	3,5	3,7	3,9	4,1	4,3	19,3
<b>TOTAL PORTUGAL</b>	3	3,5	3,8	4,0	4,2	18,5
<b>PORTUGAL GREEN RANGE OF PRODUCTS</b>						
New Building EPC A	3	3,5	3,8	4,0	4,2	18,5
Green Aquisition & Refurbishment						
Green Refurbishment						

Amount in MM€

### Appendix 2: Green Bond / Green Bond Programme - External Review Form

#### Section 1. Basic Information

<b>Issuer name:</b>	Unión de Créditos Inmobiliarios
<b>Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: <i>[specify as appropriate]</i></b>	UCI Green Bond Framework
<b>Review provider's name:</b>	Sustainalytics
<b>Completion date of this form:</b>	March 5, 2020
<b>Publication date of review publication: <i>[where appropriate, specify if it is an update and add reference to earlier relevant review]</i></b>	

#### Section 2. Review overview

##### SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds        | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting                                    |

### ROLE(S) OF REVIEW PROVIDER

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification   | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other ( <i>please specify</i> ):                       |  |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

### EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

## Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

### 1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible category for the use of proceeds, Green buildings, is aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 11 & 7.

#### Use of proceeds categories as per GBP:

- |  |  |
|--|--|
| <input type="checkbox"/> Renewable energy  | <input type="checkbox"/> Energy efficiency   |
| <input type="checkbox"/> Pollution prevention and control  | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation   | <input type="checkbox"/> Clean transportation  |
| <input type="checkbox"/> Sustainable water and wastewater management   | <input type="checkbox"/> Climate change adaptation   |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes                             | <input checked="" type="checkbox"/> Green buildings  |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other ( <i>please specify</i> ):  |

If applicable please specify the environmental taxonomy, if other than GBPs:

### 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

UCI's internal process in evaluating and selecting projects is handled by the Green Bond Framework Group, which is composed of the Green Mortgages & Loans Manager, the Structured finance Manager, the ALM and Commercial Managers. The Green Mortgages & Loans Manager will present the list of existing eligible assets to the steering committee on a monthly basis. In addition, the ALM will report on the compliance of the green finance instruments with the Framework, every two months. Based on these elements, Sustainalytics considers this process to be in line with market practice.

#### Evaluation and selection

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives            | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories    |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available                  | <input type="checkbox"/> Other ( <i>please specify</i> ):  |

#### Information on Responsibilities and Accountability

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other ( <i>please specify</i> ):  |  |

### 3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

Unión de Créditos Inmobiliarios' process for management of proceeds is handled by the Asset Liability Management (ALM) team, in collaboration with the Structured Finance department. Unallocated proceeds will be managed according to UCI's treasury criteria. The Group will review and verify the allocation of proceeds annually. This is in line with market practice.

#### Tracking of proceeds:

- |  |
|--|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds   |
| <input type="checkbox"/> Other ( <i>please specify</i> ):  |

#### Additional disclosure:

- |   |   |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input checked="" type="checkbox"/> Allocation to a portfolio of disbursements          |

- Disclosure of portfolio balance of unallocated proceeds
- Other (*please specify*):

#### 4. REPORTING

Overall comment on section (if applicable):

UCI intends to report allocation proceeds on its website, on an annual basis, until full allocation. Reporting on allocation of proceeds will include total outstanding volume of green finance instruments issued, allocation of the proceeds to a portfolio of eligible assets and, if relevant, the value of unallocated proceeds. In addition, UCI is committed to reporting on relevant impact metrics, such as the EPC label composition of the portfolio, estimated energy savings in kWh and examples or case studies of assets. Sustainalytics views UCI's allocation and impact reporting as aligned with market practice.

#### Use of proceeds reporting:

- Project-by-project
- On a project portfolio basis
- Linkage to individual bond(s)
- Other (*please specify*):

#### Information reported:

- Allocated amounts
- Green Bond financed share of total investment
- Other (*please specify*): total outstanding amount of green finance instruments, value of unallocated proceeds (if any)

#### Frequency:

- Annual
- Semi-annual
- Other (*please specify*):

#### Impact reporting:

- Project-by-project
- On a project portfolio basis
- Linkage to individual bond(s)
- Other (*please specify*):

#### Frequency:

- Annual
- Semi-annual
- Other (*please specify*):

#### Information reported (expected or ex-post):

- GHG Emissions / Savings
- Energy Savings

- Decrease in water use
- Other ESG indicators (please specify): EPC label composition of the portfolio, examples of case studies of eligible assets

**Means of Disclosure**

- Information published in financial report
- Information published in sustainability report
- Information published in ad hoc documents
- Other (please specify):
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

**USEFUL LINKS** (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**

**Type(s) of Review provided:**

- Consultancy (incl. 2<sup>nd</sup> opinion)
- Certification
- Verification / Audit
- Rating
- Other (please specify):

**Review provider(s):**

**Date of publication:**

**ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP**

- i. Second Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.

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- iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognized external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
  - iv. Green Bond Scoring/Rating: An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialized research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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