



# Sustainability Bond 2021 Allocation and Impact Report

as of 31 December 2021

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# 1. Management Statement



Climate change and digitalization are the major issues that will essentially determine our future. The increase in extreme weather events and the damage they cause, which we are already clearly feeling, is just one of the consequences of global warming. As a society, we are collectively facing the task of protecting today what will increasingly matter tomorrow: sustainable, renewable energy, habitats of all kind, necessary resources, and social cohesion. The fact that social and ecological goals are equally important to us is demonstrated, for example, by the issuance of our Sustainability Bond.

**Elisabeth Stadler, CEO**



In March 2021, VIG became the first insurance company in Europe to place a Benchmark Sustainability Bond on the market. Its focus lies on expanding investments in socially and environmentally sustainable projects. We use the entire proceeds to support projects in areas such as renewable energy and clean transportation, as well as social projects for greater access to education and health care or for more affordable housing. The issuance of our Sustainability Bond underpins our commitment to support a sustainable development.

**Gerhard Lahner, COO**

## 2. VIG Sustainability Bond in a Nutshell

“First Benchmark Senior Sustainable Bond of a European Insurer”

EUR Mio

**500**

Volume

Maturity Date

**March  
2036**

**1% pa**

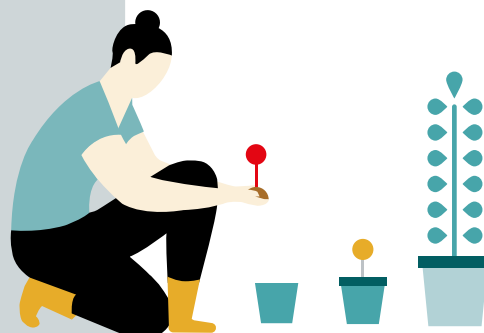
Fixed Coupon

Standard & Poor's  
Instrument Rating

**A**

**100%**

of the net proceeds  
committed to green  
and social projects



### 3. How the Sustainability Bond works

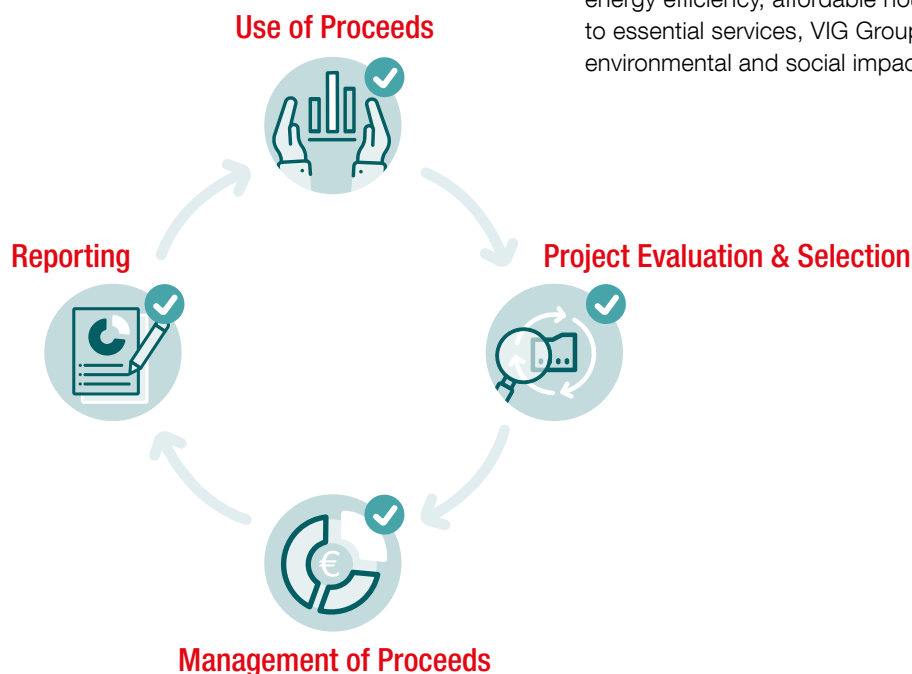
#### Sustainability Bond Framework

VIG published its Sustainability Bond Framework in March 2021, which aligns with the four core components of the Green Bond Principles 2018 and the Social Bond Principles 2020 administered by the International Capital Markets Association. Sustainalytics, an independent ESG rating agency, confirmed in its Second Party Opinion that VIG's Framework is credible and impactful and aligns with the Sustainability Bond Guidelines<sup>1</sup>.

#### Asset Evaluation and Selection

The process of evaluating and selecting projects is managed by the VIG Sustainability Bond Committee, which is comprised of members from the European Affairs and ESG (former: Corporate Social Responsibility), Asset Management (incl. Real Estate), Treasury incl. ALM and Compliance departments as well as the ESG Project Leader and Manager of Proceeds. The Committee meets on a regular basis – at least two times a year – and ensures that, in accordance with the Framework, allocations of an amount equal to the net proceeds of VIG's Sustainability Bond are made to eligible green and/or social assets.

The investments are made by VIG Group. With the eligible categories for the use of proceeds being green buildings, renewable energy, clean transportation, energy efficiency, affordable housing and access to essential services, VIG Group aims for a positive environmental and social impact with its investments.



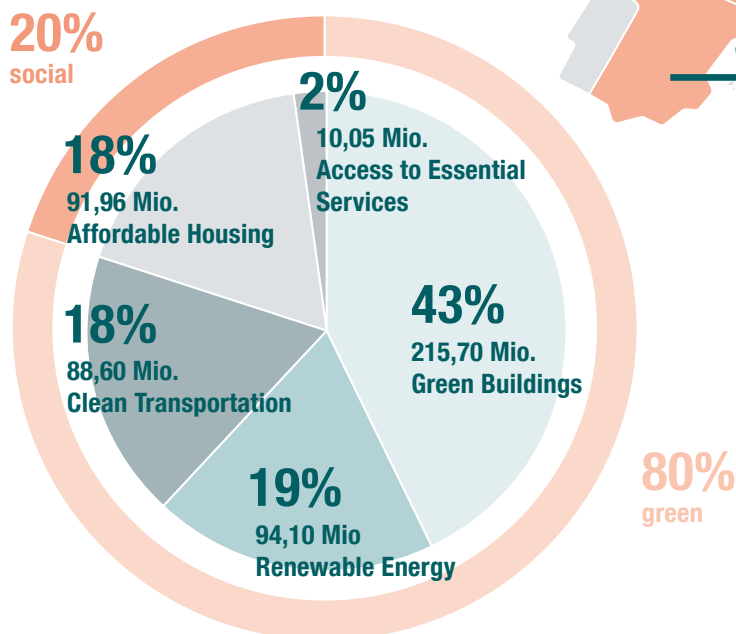
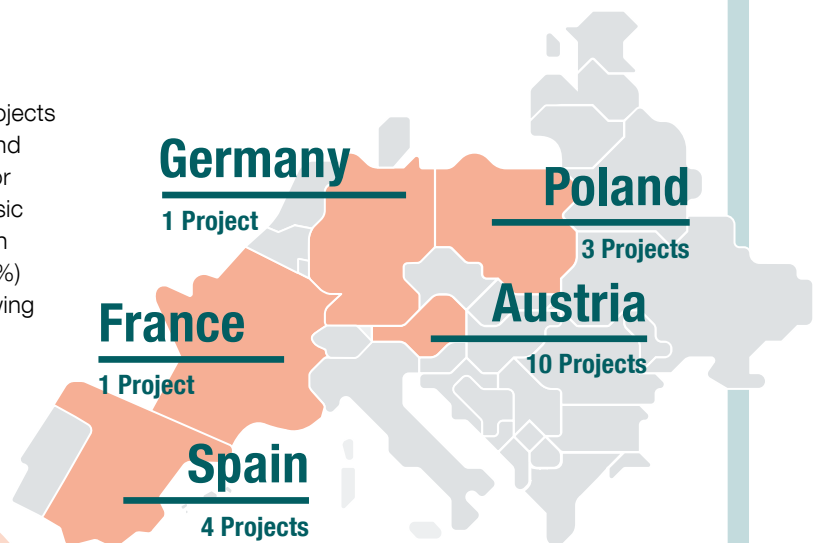
<sup>1</sup> The VIG Sustainability Framework and the Second Party Opinion of Sustainalytics can be downloaded from our website: <https://www.vig.com/de/investor-relations/anleihen/senior-nachhaltigkeitsanleihe-2020.html>

## 4. Allocation Report

On March 26, 2021, VIG successfully placed its EUR 500 million Senior Sustainability Bond with institutional investors in Austria and abroad. The Senior Notes have a tenor of 15 years and bear interest at a fixed rate of 1.00% per annum.

Bond Type	ISIN	Settlement Date	Maturity Date	Instrument Rating	Nominal Amount	Listing
Senior	AT0000A2QL75	26.3.2021	26.3.2036	A (S&P)	EUR 500 Mio.	Vienna Stock Exchange

In the first year of the issue, VIG Group already succeeded in allocating over EUR 500 million to projects in the fields of renewable energy, green buildings and clean transportation, as well as to social projects for more affordable housing or improved access to basic services such as education or health. The allocation represents a mixture of green (80%) and social (20%) project categories and of geographical areas, showing a 29,62%-refinancing rate.



## 5. Impact Report

In line with its Framework, VIG provides information on the positive impacts of the Group's investments in eligible green and social assets, subject to the availability of suitable information and data. Depending on the underlying economic activity financed, the specifics of the relevant investment management contract and the position of VIG Group in the investment chain, the report may show different impacts.

The primary impact metrics which is available for reporting is tons of carbon dioxide equivalent emissions (tCO2e) avoided, the carbon intensity for passenger transportation and the numbers of affordable housing units made available or upgraded.

All impacts are calculated for the period from 26 March 2021 to 31 December 2021.

### Impact Summary

#### Renewable Energy

**36.329**

tCO2e avoided

#### Green Buildings

**516**

tCO2e avoided

#### Affordable Housing

**959**

Affordable housing units constructed or refurbished

#### Clean Transportation

**3**

Low carbon public transport investments


**Clean Transportation<sup>2</sup>**

Project	Country	Allocated Amount in €	Maturity Date	Share of project financing	Investment Period	CO2 intensity <sup>3</sup>
High-Speed Electric Rail	France	23 600 000	31.12.2048	0,7%	2019	28.38 g/pkm
Metro System L9 Section 4	Spain	40 000 000	28.6.2038	7,2%	2020	23.7 g/pkm
Metro System L9 Section 1	Spain	25 000 000	31.12.2037	2,1%	2021	23.7 g/pkm


**Renewable Energy**

Project	Country	Allocated Amount in €	Maturity Date	Share of project financing	Investment Period	Financed tCO2e avoided <sup>4</sup>	Financed Generation
Off-shore Wind Farm	Germany	34 500 000	30.4.2032	6,8%	2020	33 288	107,04 GWh
Solar (PV)	Spain	36 000 000	30.6.2037	11,1%	2020	2 099	13,42 GWh
Solar (PV)	Spain	23 600 000	30.6.2038	11,4%	2019	942	6,02 GWh

<sup>2</sup> According to the VIG Sustainability Bond Framework the carbon intensity for passenger transportation investments must be less than 75g CO2e/passenger km.

<sup>3</sup> In 2019, average CO2 emissions from all new cars in Europe reached 122.3g CO2/km (<https://www.eea.europa.eu/ims/co2-performance-of-new-passenger>).

<sup>4</sup> The emissions for low or zero carbon technologies (e.g. solar and wind) per generated unit are assumed to be zero. The greenhouse gas emission intensity of electricity generation for the countries where the projects are located serves as baseline. According to the European Environment Agency the 2020 value for Spain is 156g CO2e/kWh, for Germany it is 311g CO2e/kWh ([https://www.eea.europa.eu/data-and-maps/daviz/co2-emission-intensity-9/#tab-googlechartid\\_googlechartid\\_googlechartid\\_chart\\_1111](https://www.eea.europa.eu/data-and-maps/daviz/co2-emission-intensity-9/#tab-googlechartid_googlechartid_googlechartid_chart_1111)).




**Green Buildings<sup>5</sup>**

Project	Country	Allocated Amount in €	Share of project financing	Investment Period	Financed tCO <sub>2</sub> e avoided <sup>6</sup>	Certification
Office Building	Austria	87 468 308,55	94%	2018 - 2020	194	ÖGNI Platinum
Office Building	Austria	61 200 000	100%	2021	65	Klimaaktiv Gold
Residential Building <sup>7</sup>	Austria	14 308 500	51%	2021	25	ÖGNI Gold
Office Building	Poland	21 687 619	100%	2021	67	BREEAM Very Good
Office Building	Poland	22 213 000	100%	2021	63	BREEAM Excellent LEED Gold
Office Building	Poland	8 826 842	100%	2021	102	BREEAM Very Good


**Access to Essential Services**

Project	Country	Allocated Amount in €	Share of project financing	Investment Period	Number of Beneficiaries
School Building	Austria	1 000 000	10%	2020	Extension of a school by 6 classes, common area, and assembly hall
Healthcare	Austria	9 054 075,60	4,3%	2020 - 2021	n/a <sup>8</sup>

<sup>5</sup> VIG has engaged Sustainalytics to calculate the environmental impacts of the green building projects financed through the sustainability bond.

<sup>6</sup> 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. Sustainalytics estimation practices, general principles, and reporting standards rely on the ICMA Harmonised Framework for Impact Reporting (<https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Handbook-Harmonised-Framework-for-Impact-Reporting-June-2021-100621.pdf>) and the GHG Protocol (<https://ghgprotocol.org/>).

<sup>7</sup> The building is currently under construction and is expected to receive the ÖGNI Gold certificate once construction has been completed in late 2022.

<sup>8</sup> Potential product candidates are in preclinical or clinical trials (<https://www.apeiron-biologics.com/>).



### Affordable Housing<sup>9</sup>

Project	Country	Allocated Amount in €	Share of project financing	Investment Period	Financed Affordable Housing Units
Non-Profit Housing	Austria	22 230 760,78 <sup>10</sup>	14,2%	2021	92 Apartments (Construction) 138 Apartments (Refurbishment)
Non-Profit Housing	Austria	14 522 834,31 <sup>11</sup>	39,4%	2021	71 Apartments (Construction)
Non-Profit Housing	Austria	2 051 183,74 <sup>12</sup>	5,9%	2021	1 Apartment (Construction) 47 Apartments (Refurbishment)
Non-Profit Housing	Austria	10 245 900,50 <sup>13</sup>	13,42%	2021	52 Apartments (Construction)
Non-Profit Housing	Austria	42 911 000 <sup>14</sup>	64%	2021	168 Apartments (Construction) 390 Apartments (Refurbishment)

<sup>9</sup> As defined by the Austrian federal law of 8 March 1979 on Charitable Housing (Wohnungsgemeinnützigkeitsgesetz – WGG), as amended and updated.

<sup>10</sup> Thereof 4,82% refurbishments under TEUR 300 and interior refurbishments which cannot be assigned to individual objects.

<sup>11</sup> Thereof 5,78% refurbishments under TEUR 300 and interior refurbishments which cannot be assigned to individual objects.

<sup>12</sup> Thereof 33,60% refurbishments under TEUR 300 and interior refurbishments which cannot be assigned to individual objects.

<sup>13</sup> Granting of a building right to Sozialbau AG (<https://www.sozialbau.at/>).

<sup>14</sup> Thereof 25% housing improvements and maintenance expenses which cannot be assigned to individual objects.

## 6. Annual Review



### VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe

**Type of Engagement:** Annual Review

**Date:** March 21, 2022

**Engagement Team:**

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#### Introduction

In December 2020, VIENNA INSURANCE GROUP Wiener AG Versicherung Gruppe (“VIG” or the “Company”) developed the VIG Sustainability Bond Framework (the “Framework”)<sup>1</sup> aimed at financing projects that promote greener buildings, renewable energy use, cleaner transportation, energy efficiency and increase affordable housing and access to essential services. In February 2022, VIG engaged Sustainalytics to review the projects funded through the issued 2021 sustainability bond and provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Framework. Sustainalytics provided a Second Party Opinion on the Framework in December 2020.<sup>2</sup>

#### Evaluation Criteria

Sustainalytics evaluated the projects and assets funded with proceeds from the 2021 sustainability bond issuance based on whether the projects and programmes:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the Framework.

Table 1 lists the Use of Proceeds, Eligibility Criteria, and associated KPIs while Table 2 lists the detailed findings.

**Table 1: Use of Proceeds, Eligibility Criteria, and associated KPIs**

Use of Proceeds	Eligibility Criteria	Key performance indicators (KPIs)
<b>Green Buildings</b>	Investments in real estate (including new buildings and renovations), that have received or are expected to receive: <ul style="list-style-type: none"> <li>• BREEAM Certification (Outstanding, Excellent, or Very Good)</li> <li>• LEED Certification (Platinum or Gold)</li> <li>• OGNI Certification (Platinum or Gold)</li> <li>• DGNB (Platinum or Gold)</li> <li>• Klimaaktiv (Gold or Silver)</li> </ul>	tCO <sub>2</sub> e avoided
<b>Renewable Energy</b>	Investments relating to the construction, development, acquisition, maintenance, and operation of renewable energy projects / facilities / companies including solar and wind power, hydropower, and geothermal. <sup>3</sup>	tCO <sub>2</sub> e avoided

<sup>1</sup> Vienna Insurance Group Sustainability Bond Framework is available on VIG’s website at: <https://www.vig.com/en/investor-relations/bonds/senior-sustainability-bond-2020.html>

<sup>2</sup> The Vienna Insurance Group Sustainability Bond Framework is available on Sustainalytics’ website 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))

<sup>3</sup> Only hydropower assets developed in European Union countries, and in the case of new assets, which have been accompanied by an independent Environmental Impact Assessment as required under EU law, will be considered eligible for allocation. In addition, hydropower projects which are the subject of significant negative media coverage regarding Environmental, Social and Governance (ESG) related matters will not be considered eligible for allocations.

<b>Clean Transportation</b>	Investments relating to the development, construction, acquisition, maintenance, and operation of electric rail infrastructure and electric rolling stock for both passenger and freight transportation: <ul style="list-style-type: none"> <li>For passenger transportation, where carbon intensity of transportation is less than 75g CO<sub>2</sub>e/passenger km</li> <li>For freight transportation, where such transportation does not involve fossil fuels</li> </ul> Investments relating to the development, construction, acquisition, maintenance, and operation of Battery Electric Vehicle infrastructure	tCO <sub>2</sub> e avoided
<b>Energy Efficiency</b>	Investments which serve to improve the energy efficiency of the electricity grid/energy system, and/or establish additional energy storage capacity	tCO <sub>2</sub> e avoided
<b>Affordable Housing</b>	Investments in construction, refurbishment, maintenance and operation of housing meeting the relevant statutory definitions of affordability.	Number of affordable housing units upgraded and added to supply
<b>Access to Essential Services</b>	Investments in health, education and vocational training, healthcare, financing and financial services.	Number of beneficiaries

### Issuing Entity’s Responsibility

VIG is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, amounts allocated, and project impact.

### Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of VIG’s Sustainability Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from VIG employees and review of documentation to confirm the conformance with the Framework.

Sustainalytics has relied on the information and the facts presented by VIG with respect to the Nominated Projects. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by VIG.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the review.

### Conclusion

Based on the limited assurance procedures conducted,<sup>4</sup> nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of VIG’s Sustainability Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Framework. VIG has disclosed to Sustainalytics that the proceeds of the sustainability bond were fully allocated as of March 10, 2022.

<sup>4</sup> Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

**Detailed Findings**

**Table 2: Detailed Findings**

<b>Eligibility Criteria</b>	<b>Procedure Performed</b>	<b>Factual Findings</b>	<b>Error or Exceptions Identified</b>
<b>Use of Proceeds Criteria</b>	Verification of the projects funded by the 2021 sustainability bond to determine if projects aligned with the Use of Proceeds Criteria outlined in the Framework and above in Table 1.	All projects reviewed complied with the Use of Proceeds criteria.	None
<b>Reporting Criteria</b>	Verification of the projects funded by the 2021 sustainability bond to determine if impact of projects was reported in line with the KPIs outlined in the Framework and above in Table 1. For a list of KPIs reported please refer to Appendix 2.	All projects reviewed reported on at least one KPI per Use of Proceeds criteria.	None

## Appendices

### Appendix 1: Allocation Reporting by Eligibility Criteria

In March 2021, VIG issued a Sustainability Bond with a value of EUR 500 million. The proceeds have been fully allocated. Of the eligible categories, 70.4% of net proceeds were used in financing new projects while 29.6% was used for refinancing projects. The table below provides a category-wise allocation of use of proceeds:

Use of Proceeds Category	Amount Allocated (EUR, millions)	Percentage of Use of Proceeds (%)
Green Buildings	215.7	43.1
Renewable Energy	94.1	18.8
Clean Transportation	88.6	17.7
Affordable Housing	91.9	18.4
Access to Essential Services	10.1	2.0
<b>Total amount of proceeds allocated</b>	<b>500.4</b>	<b>100.0</b>

### Appendix 2: Impact Reporting by Eligibility Criteria

Use of Proceeds Category	Environmental Impact Reported by Eligibility Criteria <sup>5,6</sup>
<b>Renewable Energy</b>	<ul style="list-style-type: none"> <li>• 33,288 tCO<sub>2</sub>e avoided through off-shore wind farm with energy generation of 107.04 GWh</li> <li>• 3,041 tCO<sub>2</sub>e avoided with 19.44 GWh of electricity generated through solar PV</li> </ul>
<b>Clean Transportation</b>	<ul style="list-style-type: none"> <li>• Financing of three electric passenger rails with carbon intensity between 23.70 - 28.38 g/pkm</li> </ul>
<b>Affordable Housing<sup>7,8</sup></b>	<ul style="list-style-type: none"> <li>• 384 new housing units constructed</li> <li>• 575 housing units refurbished</li> </ul>
<b>Access to Essential Services</b>	<ul style="list-style-type: none"> <li>• Extension of a school by 6 classes, common area and assembly hall</li> </ul>

<sup>5</sup> All impacts are calculated for the period from end of March 2021 to the end of December 2021

<sup>6</sup> The environmental impact created by investment in green buildings has been reported separately by Sustainalytics in the "Import Report for Bonds and Loans" on March 15, 2022

<sup>7</sup> As defined by the Austrian federal law of 8 March 1979 on Charitable Housing (Wohnungsgemeinnützigkeitengesetz – WGG), as amended and updated

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