Second-Party Opinion

UCI Green Finance Framework

Evaluation Summary

Sustainalytics is of the opinion that the UCI Green Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2021. This assessment is based on the following:

USE OF PROCEEDS The eligible categories for the use of proceeds – Green Buildings, Energy Efficiency, and Renewable Energy – are aligned with those recognized by the Green Bond Principles and Green Loan Principles. Sustainalytics considers that investments in the eligible categories are expected to lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7 and 9.

PROJECT EVALUATION AND SELECTION UCI's Sustainability, Risk and Reporting departments will be responsible for evaluating and selecting eligible assets. UCI's Sustainability and Risk teams will approve the selected projects and submit to the Executive Committee for final approval. UCI will undertake an ESG risk assessment concerning all allocation decisions made under the UCI Green Finance Framework. Sustainalytics considers the project selection process to be in line with market practice.

MANAGEMENT OF PROCEEDS UCI's Assets Liability Management Committee, in collaboration with the Structured Finance department will track the allocation of proceeds through internal reporting systems. UCI intends to allocate the proceeds to eligible assets within 60 months of issuance and prior to the maturity of the financial instruments issued. Pending allocation, proceeds will be temporarily held in cash, cash equivalents or other liquid marketable investments. Sustainalytics considers it good practice to allocate the proceeds within 36 months of issuance and considers that UCI' use of a tracking system and disclosure on the temporary use of proceeds to be in line with market practice.

REPORTING UCI intends to report on the allocation of proceeds and corresponding impacts on its website on an annual basis until full allocation. Allocation reporting will include the total amount of green finance instruments issued, the allocation of net proceeds, the amount of unallocated proceeds and the share of financing versus refinancing. Sustainalytics views UCI's allocation and impact reporting as aligned with market practice.

Evaluation date	February 7, 2023[1]
Issuer Location	Madrid, Spain

Report Sections

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[1] This document updates a Second-Party Opinion originally published in March 2020. In January 2023, UCI engaged Sustainalytics to reassess the alignment of the UCI Green Finance Framework, which added two eligible use of proceeds categories, namely Energy Efficiency and Renewable Energy.

Introduction

Unión de Créditos Inmobiliarios S.A. E.F.C. ("UCI" or the "Financial Institution") is a financial institution in the real estate sector which is specialized in mortgage loans. Banco Santander and BNP Paribas jointly own UCI with a 50% share each. Headquartered in Madrid and with operations in Spain, Portugal, Greece and Brazil, the Financial Institution has more than 600 employees and an outstanding balance of EUR 10.7 billion as of 2021.[2]

UCI has developed the UCI Green Finance Framework dated February 2023 (the "Framework"), under which it intends to issue green bonds,[3] green loans, and green private placements,[4] collectively referred to as Green Financial Instruments (the "GFIs") and use the proceeds to finance, in whole or in part, existing and future assets, aiming to support the low carbon transition of the building stock in Spain and Portugal. The Framework defines eligibility criteria in three categories:

1. Green Buildings
2. Energy Efficiency
3. Renewable Energy

UCI engaged Sustainalytics to review the UCI Green Finance Framework and provide a second-party opinion on the Framework's environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)[5] and the Green Loan Principles 2021 (GLP).[6] The Framework has been published in a separate document.[7]

Scope of work and limitations of Sustainalytics' Second-Party Opinion

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent[8] opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework's alignment with the Green Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2021, as administered by LMA, APLMA and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer's sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.12, which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of UCI's management team to understand the sustainability impact of its business processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. UCI's representatives have confirmed that: (1) they understand it is the sole responsibility of UCI to ensure that the information provided is complete, accurate and up to date; (2) they have provided Sustainalytics with all relevant information and (3) any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

[2] UCI, "Annual Report 2021", at: https://uci.com/ucicomfiles/titulizaciones/informes_anuales/UCI_Annual_Report_2021.pdf
[3] Sustainalytics notes that UCI may also issue residential mortgage-backed securities as per ICMA's definition of secured green collateral bond in Appendix 1 of ICMA's Voluntary Process Guidelines for Issuing Green Bonds of June 2022. UCI has established a mechanism to report on each eligible mortgage, in order to prevent double counting.
[4] UCI has confirmed that private placements will be restricted to debt private placements.
[5] 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/.
[6] The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association and are available at https://www.lsta.org/content/green-loan-principles/
[7] The UCI Green Finance Framework is available at: https://www.uci.com/green-financiacion.aspx
[8] When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and UCI.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. UCI is encouraged to update the Framework after 24 (twenty-four) months from the evaluation date, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that UCI has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the UCI Green Finance Framework

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

- Use of Proceeds:
  - The eligible categories – Green Buildings, Energy Efficiency, and Renewable Energy – are aligned with those recognized by the GBP and GLP. Sustainalytics considers that the eligible projects are expected to support the transition to a low-carbon economy and deliver positive environmental impacts in Spain and Portugal.
  - UCI has defined a three-year look-back period for its refinancing activities, which Sustainalytics considers to be in line with market practice.
  - Under the Green Buildings category, UCI may finance or refinance loans and mortgages for the construction, acquisition or purchase, and renovation of green residential buildings in Spain and Portugal in accordance with the following criteria:
    - Construction of new buildings where the net primary energy demand (PED) resulting from the construction is at least 10% lower than the threshold set for the local nearly zero-energy buildings (NZEB) requirements. Sustainalytics considers this to be aligned with market practice.
    - Acquisition or purchase of buildings that meet one of the following criteria: i) buildings built before 31 December 2020 with an energy performance rating (EPC) of A or those in the top 15% of the national or regional building stock based on PED.; ii) buildings built after 31 December 2020 with PED at least 10% lower than the threshold set for the local NZEB requirements. Sustainalytics considers this to be aligned with market practice.
  - Under the Energy Efficiency category, UCI may finance or refinance loans and mortgages for the renovations of existing buildings that result in at least a 30% improvement in energy efficiency over the pre-renovate level. UCI has confirmed that it will limit financing to renovation expenditures exclusively rather than the total asset value of the buildings. Sustainalytics considers investments in non-fossil fuel-powered building improvements that achieve the specified level of energy efficiency to be aligned with market practice.
  - Under the Renewable Energy category, UCI may finance the installation, maintenance and repair of renewable energy systems and technical equipment for the purpose of heating, cooling and hot water for residential buildings, which includes solar photovoltaic panels and geothermal or aerothermal energy devices. UCI has confirmed that renewable energy systems and technical

equipment will be applied exclusively to residential buildings and are not dedicated to any controversial, carbon-intensive or fossil fuel-reliant activities.

- Project Evaluation and Selection:
  - UCI has established a multi-step project evaluation and selection process. UCI's Sustainability, Risk and Reporting departments are responsible for evaluating and selecting eligible assets in line with the Framework's eligibility criteria. UCI's Sustainability and Risk teams will approve the selection of eligible assets and submit to the Financial Institution's Executive Committee, comprised of executive-level managers, for final approval.
  - UCI assesses the ESG risks associated with the eligible assets and ensures that any identified risks are appropriately mitigated. This assessment applies to all allocation decisions made under the Framework. Sustainalytics considers UCI's risk assessment process to be adequate and aligned with market practice.
  - Based on the cross-functional oversight for project evaluation and selection and the presence of a risk management system, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
  - UCI's Assets Liability Management Committee, in collaboration with the Structured Finance department, will be responsible for the management and allocation of proceeds. The proceeds will be tracked through the Financial Institution's internal reporting systems.
  - UCI intends to allocate all the proceeds to eligible assets within 60 months of issuances and prior to the maturity of the GFIs. Pending allocation, UCI will temporarily invest the proceeds in cash, cash equivalents or other liquid marketable investments.
  - Sustainalytics considers the use of a tracking system to manage the proceeds and the disclosure of temporary use of proceeds to be in line with market practice. Sustainalytics also considers it good practice to allocate proceeds within 36 months of issuance.
- Reporting:
  - UCI intends to report on the allocation of proceeds and corresponding impact on its website[9] on an annual basis until full allocation.
  - Allocation reporting will include the total outstanding amount of green finance instruments issued, the allocation of net proceeds, the amount of unallocated proceeds and the share of financing versus refinancing.
  - In addition, the Financial Institution commits to reporting on relevant impact metrics, including the share of renewable energy in electricity consumption, the number of renewable energy projects financed, the number of newly constructed buildings in the Financial Institution's green asset pool and the number of upgraded or funded buildings in the green asset pool.
  - Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2021 and Green Loan Principles 2021

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

Section 2: Sustainability Strategy of UCI

Contribution to Unión de Créditos Inmobiliarios's sustainability strategy

UCI's sustainability strategy is underpinned by the commitment to: i) develop sustainable and responsible financial products, ii) implement projects that minimize the Financial Institution's own environmental footprint, and iii) prepare an environmental risk assessment.[10]

In 2020, UCI created its Sustainability and CSR Department and published its ESG Framework, in which UCI identifies sustainable housing finance as its top material environmental issue. In light of this, UCI aims to support low carbon transition by providing its customers mortgages to purchase energy-efficient properties or to improve their properties' energy efficiency through renovations.[11] In order to further promote the

[9] UCI's allocation and impact reporting will be published at: https://uci.com/green-financiacion.aspx
[10] UCI, "Committed to Sustainability", at: https://www.uci.com/green.aspx
[11] UCI, "ESG Framework", (2021), at: https://www.uci.com/documentacion/ESG_Framework_UCI_Group.pdf

environmental performance of real estate properties, the Financial Institution collaborates with other stakeholders in the sector and joined initiatives that focus on green mortgages. In 2018, UCI became one of the representatives of the Spanish mortgage sector in the European Mortgage Federation's Energy Efficient Mortgage Initiative (EEMI),[12] which aims to define EU-wide terms and characteristics for green mortgages. In 2021, the Financial Institution undertook the role to lead EEMI's Taxonomy working group, with a focus on aligning EEMI's standards with the EU Taxonomy.[13]

Green Mortgages and Loans business is one of the Financial Institution's key priorities for the Spanish and Portuguese markets. In 2020, UCI signed an agreement with the European Investment Bank to finance the construction of nearly zero-energy buildings and the refurbishment of existing buildings in the Iberian Peninsula. The agreement expands the Financial Institution's financing capability and is expected to support Spain and Portugal meet their climate and energy saving targets by contributing to an estimated energy savings of 43.7 gigawatt-hour per year.[14] In 2021, UCI provided a total of EUR 892.1 million in loans to 4,831 households, of which EUR 64 million were allocated to green mortgages. This represents a 31% increase in the Financial Institution's green allocation from 2020.[15] UCI further aims to allocate a total of EUR 325 million to its green range of products by 2024.[16] As of 2022, UCI has provided EUR 276.21 million cumulatively for green mortgages and loans, accomplishing 85% of its target.[17]

Sustainalytics is of the opinion that the Green Finance Framework is aligned with the Financial Institution's overall sustainability strategy and initiatives. By financing the acquisition, development and refurbishment of energy-efficient residential buildings in Spain and Portugal, the Framework will contribute to UCI's objective to foster sustainable financing and its key environmental priorities.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed toward eligible assets that are expected to have positive environmental and social impact. However, Sustainalytics is aware that such eligible assets could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible assets may include emissions, effluents and waste generated during construction; land use and biodiversity issues; occupational health and safety risk and risks related to business ethics. Sustainalytics acknowledges that UCI plays a limited role in the assets to be financed under the Framework, but notes that UCI is exposed to environmental and social risks associated with the loans it may finance.

Sustainalytics is of the opinion that UCI is able to manage and mitigate potential risks through implementation of the following:

- UCI has established an Environmental Risk Management Policy[18] aimed at mitigating the potential impact of its lending portfolio on the environment. Under the Policy, UCI develops an environmental risk management plan for each real estate financing activity and monitors the financed green assets to ensure compliance with UCI's environmental policy standards. In cases of non-compliance, the Financial Institution stimulates customers to adopt necessary measures to mitigate the risks associated with controversial activities in the shortest possible time.[19]
- The construction of green buildings financed under the Framework complies with the requirements in the Environmental Impact Assessment Directive 2014/52/EU.[20] The Directive ensures that projects conducted in the EU, that are likely to have a significant impact on the environment, are adequately assessed before approval. It also requires measures to be taken to avoid, prevent, reduce and offset significant negative effects on the environment, especially those on species and habitats.[21]
- The EIA Directive, which also identifies land use as a consideration when carrying out land-intensive projects, also requires: i) land use-related impact to be identified, described and assessed with an environmental impact assessment; and ii) large-scale projects to limit their impact on land and soil including organic matter, erosion, compaction and sealing.[22]

[12] Energy Efficient Mortgages Initiative, at: https://energyefficientmortgages.eu/
[13] UCI, "Annual Report 2021", at: https://uci.com/ucicomfiles/titulizaciones/informes_anuales/UCI_Annual_Report_2021.pdf
[14] Ibid.
[15] Ibid.
[16] UCI, "Annual Report 2021", at: https://uci.com/ucicomfiles/titulizaciones/informes_anuales/UCI_Annual_Report_2021.pdf
[17] UCI shared the data with Sustainalytics confidentially.
[18] The Environmental Risk Management Policy is an internal document shared with Sustainalytics.
[19] UCI's Environmental Risk Management Policy is shared by UCI with Sustainalytics.
[20] European Parliament, "Directive 2014/52/EU of the European Parliament and of the Council of 16 April 2014 amending Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment", (2014), at: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0052&from=EN
[21] Ibid.
[22] Ibid.

- Regarding occupational health and safety ("OHS"), UCI and its financed construction projects will comply with the EU Directive on Worker Health and Safety, which sets out minimum safety and health requirements and further requires employers to ensure the health and safety of workers in every aspect of work.[23] OHS risks in Spain are regulated under the Prevention of Workplace Risks Law (Law 31/95),[24] which requires companies to have a risk prevention plan, a risk evaluation plan and an emergency plan in place. Additionally, all employers in Spain are required to provide employees with information and training on health and safety issues.[25,26] In Portugal, OHS risks are regulated by the Occupational Safety and Health Law (Law 102/2009) and enforced by the Working Conditions Authority, which also supervises compliance with labour standards in the private sector and promotes the improvement of overall working conditions.[27,28]
- To ensure ethical and responsible business practices, UCI has established a Code of Ethics, which details guidelines and requirements for employees' ethical behaviour such as compliance with law, protection of human rights, and elimination of discrimination and harassment.[29] UCI also developed a whistleblowing channel for employees to report on unlawful activity and violation of the Financial Institution's Code of Ethics.[30] In 2020, UCI committed to adhering to the UN Global Compact ("UNGC") and implementing UNGC's ten principles, which cover human rights, eliminating unfair labour practices and preventing environmental degradation and corruption, into its business strategy and daily operation.[31]

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 categories are aligned with those recognized by the GBP and GLP. Sustainalytics has focused below on where the impact is specifically relevant in the local context.

Importance of green buildings in Spain and Portugal

The building sector is a key contributor to GHG emissions in the European Union, accounting for 36% of total CO_2 emissions and 40% of energy consumption in 2021.[32] Decarbonizing the building sector is fundamental to meet the EU's commitment to reduce GHG emissions by 55% below 1990 levels by 2030 and to achieve climate neutrality by 2050 under the 2030 Climate Target Plan.[33] To achieve the 2030 and 2050 goals, the European Commission requires all EU member states to have NZEB requirements for all new buildings as of 2021[34] and to establish a long-term strategy to decarbonize the building stock by 2050, with a roadmap of clear milestones for 2030 and 2040.[35] In addition, given that 75% of the building stock in the EU is energy inefficient, the European Green Deal aims to at least double the annual renovation rate of buildings by 2030 compared to 2020 levels, promoting deep energy renovation in 35 million building units by 2030.[36]

[23] European Council, "Directive 89/391/EEC on the introduction of measures to encourage improvements in the safety and health of workers at work", (1989), at: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:31989L0391&from=FR
[24] Ley 31/1995, de 8 de noviembre, de prevención de Riesgos Laborales, at : https://www.boe.es/buscar/act.php?id=BOE-A-1995-24292
[25] European Agency for Safety and Health at Work, "National Focal Points-Spain", at: https://osha.europa.eu/en/about-eu-osha/national-focal-points/spain
[26] Corner-I, "Spain: In-depth", (2020), at: https://osha.europa.eu/en/about-eu-osha/national-focal-points/spain
[27] Lei n.º 102/2009, de 10 de setembro, at: https://dre.pt/dre/detalhe/lei/102-2009-490009
[28] Working Conditions Authority – ACT, at: https://www.act.gov.pt/(pt-PT)/Paginas/default.aspx
[29] UCI, "Annual Report 2021", at: https://uci.com/ucicomfiles/titulizaciones/informes_anuales/UCI_Annual_Report_2021.pdf
[30] Ibid.
[31] UCI, "Letter of Commitment", at: https://ungc-production.s3.us-west-2.amazonaws.com/commitment_letters/139796/original/Adhesion_UCI_Pacto_Mundia_Derechos_Humanos.pdf?1589198524
[32] European Commission, "Factsheet - Energy Performance of Buildings", (2021), at: https://ec.europa.eu/commission/presscorner/detail/en/fs_21_6691
[33] European Commission, "2030 Climate Target Plan", at: https://ec.europa.eu/clima/eu-action/european-green-deal/2030-climate-target-plan_en
[34] Buildings that meet one of the certification levels specified under the Framework meet the requirements for a nearly zero-emission building (NZEB).
[35] European Commission, "Directive (EU) 2018/844 of the European Parliament and of the Council", (2018), at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2018.156.01.0075.01.ENG
[36] European Commission, "A Renovation Wave for Europe – greening our buildings, creating jobs, improving lives", (2020), at: https://eurlex.europa.eu/resource.html?uri=cellar:0638aa1d-0f02-11eb-bc07-01aa75ed71a1.0003.02/DOC_1&format=PDF

In 2020, the building sector was responsible for 30% of Spain's final energy consumption[37] as 84% of the Spanish building stock was estimated to be energy inefficient.[38] Spain established the Strategy for Energy Renovation and Innovation and targets to improve the energy efficiency of its building stock by 73.7% by the end of 2030 and to double the share of renewable energy in the heating and cooling sector from 16.8% in 2015 by 2030.[39,40] These improvements are expected to save EUR 7.2 billion on household energy bills from 2021 to 2030.[41]

Similarly to Spain, the building stock in Portugal is old (70% pre-1990) and highly energy inefficient, with a deep renovation rate as low as 0.1%.[42,43] In line with the EU targets, Portugal's Long-Term Strategy for Building Renovation of 2021 set a target to achieve primary energy savings of 11% by 2030, 27% by 2040 and 34% by 2050 compared to 2018 by improving buildings' energy performance, enhancing electrification and increasing the use of renewable energy.[44] Implementing the strategy requires an estimated total investment of EUR 143.5 billion, with EUR 110 billion dedicated to the renovation of residential buildings.[45]

In this context, Sustainalytics is of the opinion that UCI's financing of green buildings and building renovation projects is expected to contribute to the decarbonization of Spain and Portugal's building stock and support both countries' transition to a low-carbon economy.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Green Finance Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

Conclusion

UCI has developed the UCI Green Finance Framework, under which it may issue green bonds, secured green bonds, green loans, and green private placements, and use the proceeds to finance the acquisition, construction and refurbishment of green properties. Sustainalytics considers that the assets funded by the proceeds of the green instruments are expected to contribute to the low-carbon transition of Spain and Portugal's building stock.

[37] Government of Spain, Ministry of Public Work and Transport, "ERESEE 2020", (2020), at: https://cdn.mitma.gob.es/portal-web-drupal/planes_estartegicos/en_ltserb.pdf
[38] Interreg Europe, "World Energy Efficiency Day: Challenges in Spain", (2018) at: https://projects2014-2020.interregeurope.eu//enerselves/news/news-article/2758/world-energy-efficiency-day-challenges-in-spain/
[39] IEA, "Spain 2021, Energy policy review", (2021), at: https://iea.blob.core.windows.net/assets/2f405ae0-4617-4e16-884c-7956d1945f64/Spain2021.pdf
[40] Odyssee-Mure, "Energy renovations of buildings in Spain and the EU", (2021), at: https://www.odyssee-mure.eu/publications/policy-brief/spanish-building-retrofitting-energy-efficiency.html#:~:text=According%20to%20the%20ERESEE%202020,7%2C730%20M%20in%20energy%20bills.
[41] Government of Spain, Ministry of Public Work and Transport, "ERESEE 2020", (2020), at: https://cdn.mitma.gob.es/portal-web-drupal/planes_estartegicos/en_ltserb.pdf
[42] Eppedia, "Energy Efficiency of the Housing Stock in Portugal", (2021), at: https://www.eppedia.eu/article/energy-efficiency-housing-stock-portugal
[43] European Commission, "Comprehensive study of building energy renovation activities and the uptake of nearly zero-energy buildings in the EU", (2019), at: https://energy.ec.europa.eu/comprehensive-study-building-energy-renovation-activities-and-uptake-nearly-zero-energy-buildings-eu_en
[44] Portuguese Official Gazette, "Council of Ministers Resolution No 8-A/2021, Approves the Long-term Strategy for the Renovation of Buildings", (2021), at: https://energy.ec.europa.eu/system/files/2021-12/2020_pt_ltrs_-_en_version.pdf
[45] Ibid.

The UCI Green Finance Framework outlines a process by which proceeds will be tracked, allocated, and managed, and makes commitments for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the UCI Green Finance Framework is aligned with the overall sustainability strategy of the Financial Institution and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 7 and 9. 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 assets funded by the proceeds.

Based on the above, Sustainalytics is confident that Unión de Créditos Inmobiliarios is well positioned to issue green finance instruments and that the UCI Green Finance Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2021.

Appendix

Appendix 1: Green Bond / Green Bond Programme – External Review Form

Section 1. Basic Information

Issuer name:	Unión de Créditos Inmobiliarios S.A. E.F.C.
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Green Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	February 7, 2023
Publication date of review publication: **Original publication date *[please fill this out for updates]*:**	

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 GBP:

☒	Use of Proceeds	☒	Process for Project Evaluation and Selection
☒	Management of Proceeds	☒	Reporting

ROLE(S) OF REVIEW PROVIDER

☒	Consultancy (incl. 2nd opinion)	☐	Certification
☐	Verification	☐	Rating
☐	Other *(please specify)*:		

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 categories for the use of proceeds – Green Buildings, Energy Efficiency, and Renewable Energy – are aligned with those recognized by the Green Bond Principles and Green Loan Principles. Sustainalytics considers that investments in the eligible categories are expected to lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7 and 9.

Use of proceeds categories as per GBP:

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

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

UCI's Sustainability, Risk and Reporting departments will be responsible for evaluating and selecting eligible assets. UCI's Sustainability and Risk teams will approve the selected projects and submit to the Executive Committee for final approval. UCI will undertake an ESG risk assessment which applies to all allocation decisions made under the UCI Green Finance Framework. Sustainalytics considers the project selection process to be in line with market practice.

Evaluation and selection

☒	Credentials on the issuer's environmental sustainability objectives	☒	Documented process to determine that projects fit within defined categories
☒	Defined and transparent criteria for projects eligible for Green Bond proceeds	☒	Documented process to identify and manage potential ESG risks associated with the project
☒	Summary criteria for project evaluation and selection publicly available	☐	Other *(please specify):*

Information on Responsibilities and Accountability

☒ Evaluation / Selection criteria subject to external advice or verification

☐ In-house assessment

☐ Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section *(if applicable)*:

UCI's Assets Liability Management Committee, in collaboration with the Structured Finance department will track the allocation of proceeds through internal reporting systems. UCI intends to allocate the proceeds to eligible assets within 60 months of issuance and prior to the maturity of the financial instruments issued. Pending allocation, proceeds will be temporarily held in cash, cash equivalents or other liquid marketable investment. Sustainalytics considers it good practice to allocate the proceeds within 36 months of issuance and considers that UCI's use of a tracking system and disclosure on the temporary use of proceeds to be in line with market practice.

Tracking of proceeds:

☒ Green Bond proceeds segregated or tracked by the issuer in an appropriate manner

☒ Disclosure of intended types of temporary investment instruments for unallocated proceeds

☐ Other *(please specify)*:

Additional disclosure:

☐ Allocations to future investments only

☒ Allocations to both existing and future investments

☐ Allocation to individual disbursements

☒ 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 on the allocation of proceeds and corresponding impacts on its website on an annual basis until full allocation. Allocation reporting will include the total amount of green finance instruments issued, the allocation of net proceeds, the amount of unallocated proceeds and the share of financing versus refinancing. 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):*

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):

Information reported (expected or ex-post):

- ☒ GHG Emissions / Savings
- ☐ Energy Savings
- ☐ Decrease in water use
- ☒ Other ESG indicators (please specify): the share of renewable energy in electricity consumption, the number of renewable energy projects financed, the number of newly constructed buildings in the Financial Institution's green asset pool and the number of upgraded or funded buildings in the green asset pool.

Frequency

- ☒ Annual
- ☐ Semi-annual
- ☐ Other (please specify):

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. 2nd 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.

iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised 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 specialised 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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These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics` opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit http://www.sustainalytics.com/legal-disclaimers.

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In case of discrepancies between the English language and translated versions, the English language version shall prevail.

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