



## SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Finance Framework

AB Sagax

10 October 2023

### VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none"><li>Green Financing Instruments</li></ul>
Relevant standards	<ul style="list-style-type: none"><li>Green Bond Principles, as administered by the International Capital Market Association (ICMA) (as of June 2021 with June 2022 Appendix 1)</li><li>Green Loan Principles, as administered by the Loan Market Association (LMA) (as of February 2023)</li></ul>
Scope of verification	<ul style="list-style-type: none"><li>Sagax's Green Finance Framework (as of September 29, 2023)</li><li>Sagax's Eligibility Criteria (as of September 29, 2023)</li></ul>
Lifecycle	<ul style="list-style-type: none"><li>Pre-issuance verification</li></ul>
Validity	<ul style="list-style-type: none"><li>Valid as long as the cited Framework remains unchanged</li></ul>

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## SCOPE OF WORK

AB Sagax<sup>1</sup> (“the Issuer”, “the Company”, or “Sagax”) commissioned ISS Corporate Solutions (ICS) to assist with its Green Financing Instruments by assessing three core elements to determine the sustainability quality of the instruments:

1. Sagax’s Green Finance Framework (as of September 29, 2023) – benchmarked against the International Capital Market Association's (ICMA) Green Bond Principles (GBP) and Green Loan Principles (GLP).
2. The Eligibility Criteria – whether the project categories contribute positively to the United Nations Sustainable Development Goals (UN SDGs) and how they perform against proprietary issuance-specific key performance indicators (KPIs) (See Annex 1).
3. Linking the transactions to Sagax’s overall Environmental, Social, and Governance (ESG) profile – drawing on the issuance-specific Use of Proceeds (UoP) categories.


## SAGAX BUSINESS OVERVIEW

AB Sagax is a real estate company, which invests in commercial properties. The firm primarily focuses on owning and letting properties in the warehouse and light industry segment. It operates through the following geographical segments: Sweden, Finland, France, Netherlands, Spain, Germany, and Rest of Europe. The company was founded on July 14, 1995, and is headquartered in Stockholm, Sweden. Sagax is classified in the Real Estate industry, as per ISS ESG’s sector classification

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<sup>1</sup> The scope includes the subsidiaries which are multiple entities under AB Sagax Group that borrow against the Green Finance Framework.

## ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION <sup>2</sup>
<p><b>Part 1:</b></p> <p><b>Alignment with GBP/GLP</b></p>	<p>The Issuer has defined a formal concept for its Green Finance Instruments regarding the use of proceeds, processes for project evaluation and selection, management of proceeds, and reporting. This concept is in line with the Green Bond Principles and Green Loan Principles.</p> <p><i>* The existing Green Buildings that do not belong to the top 15% of the country threshold and heat pumps with mixed electricity sources are assessed as providing no clear environmental benefits according to our methodology (cf. part II of this report). However, as there are currently several national and international initiatives and that the definition of green and/or social might vary depending on sector and geography, it is recognized that those categories might be considered as eligible green or social categories by investors.</i></p>	<p><b>Aligned*</b></p>
<p><b>Part 2:</b></p> <p><b>Sustainability quality of the Eligibility Criteria</b></p>	<p>The Green Financing Instruments will (re)finance eligible asset categories which include:</p> <p>Green categories: Green Buildings, Energy Efficiency, Renewable Energy, and Clean Transportation.</p> <p>Product and service-related use of proceeds categories<sup>3</sup> individually contribute to one or more of the following SDGs:</p> <div style="text-align: center;">  </div> <p>For Green Buildings that do not belong to the top 15% of the country threshold, there is no evidence of clear environmental and/or social benefits.</p> <p>Process-related use of proceeds categories<sup>4</sup> individually improve (i) the Issuers'/Borrowers' operational impacts and (ii) mitigate potential negative externalities of the Issuers'/Borrowers' sector on one or more of the following SDGs:</p>	<p><b>Positive</b></p>

<sup>2</sup> The evaluation is based on the Sagax's Green Finance Framework (September 29, 2023 version), on the analysed Eligibility Criteria as received on August 17, 2023, and on the ISS ESG Corporate Rating updated on the September 5, 2022, and applicable at the SPO delivery date.

<sup>3</sup> Green Buildings, Clean Transportation, and Renewable Energy

<sup>4</sup> Green Buildings (sub-category Major Renovations) and Energy Efficiency

	<div data-bbox="726 309 960 427" data-label="Image"> </div> <p data-bbox="411 465 1182 613">For Energy Efficiency category (and heat pumps with mixed electricity sources), there is no evidence of an environmental contribution or of an improvement on the Issuer and/or end users' potential negative externalities.</p> <p data-bbox="411 633 1182 707">The environmental and social risks associated with those use of proceeds categories are managed.</p>	
<p><b>Part 3:</b> <b>Linking the transaction(s) to Sagax's ESG profile</b></p>	<p>The key sustainability objectives and the rationale for issuing Green Finance Instruments are clearly described by AB Sagax. All the project categories considered are in line with the sustainability objectives of the Issuer.</p>	<p><b>Consistent with Issuer's sustainability strategy</b></p>

## SPO ASSESSMENT

### PART I: ALIGNMENT WITH GREEN BOND AND LOAN PRINCIPLES

This section evaluates the alignment of Sagax’s Green Finance Framework (as of September 29, 2023) with the Green Bond Principles (GBP) and the Green Loan Principles (GLP).

GREEN BOND PRINCIPLES AND GREEN LOAN PRINCIPLES	ALIGNMENT	OPINION
1. Use of Proceeds	✓	<p>The Use of Proceeds description provided by Sagax’s Green Finance Framework is <b>aligned</b> with the GBP and GLP.</p> <p>The Issuer’s green categories align with the project categories as proposed by the GBP and GLP. Criteria are defined in a clear and transparent manner. Distribution of proceeds will be defined in the allocation period, which is 12 months. Environmental benefits are described.</p> <p>The Issuer defines exclusion criteria for harmful projects categories and a look-back period of three years<sup>5</sup> in line with best market practices.</p>
2. Process for Project Evaluation and Selection	✓	<p>The Process for Project Evaluation and Selection description provided by Sagax’s Green Finance Framework is <b>aligned</b> with the GBP and GLP.</p> <p>The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed through an appropriate process. Moreover, the projects selected show alignment with the sustainability strategy of the Issuer.</p> <p>The Issuer involves various stakeholders in this process, clearly defines responsibilities in the process for project evaluation and selection, and is transparent about it, in line with best market practice. Additionally, the Issuer identifies alignment of their Green Finance Framework and their green projects with the EU Taxonomy and references any green standards or certifications used, in line with best market practice.</p>

<sup>5</sup> The look-back period is defined for capital expenditures within the Framework for the following project categories: Energy Efficiency, Renewable Energy and Clean Transportation.

<p><b>3. Management of Proceeds</b></p>	<p>✓</p>	<p>The Management of Proceeds provided by Sagax’s Green Finance Framework is <b>aligned</b> with the GBP and GLP.</p> <p>The net proceeds collected will be equal to the amount allocated to eligible projects, with no exceptions. The net proceeds are tracked in an appropriate manner and attested in a formal internal process. The net proceeds are managed on an aggregated basis for multiple Green Bonds (portfolio approach). Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds.</p> <p>The Issuer has defined an expected allocation period of 12 months, in line with best market practice.</p>
<p><b>4. Reporting</b></p>	<p>✓</p>	<p>The allocation and impact reporting provided by Sagax’s Green Finance Framework is <b>aligned</b> with the GBP and GLP.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and to report in an appropriate frequency. The reporting will be publicly available on the Issuer’s website. Sagax explains that the level of expected reporting will be at project category level and the type of information that will be reported. Moreover, the Issuer commits to report annually and in the event of material changes, until the proceeds have been fully allocated.</p> <p>The Issuer discloses the location and link of the report and commits to getting the allocation report audited by an external party, in line with best market practices. Moreover, the Issuer is transparent on the level of impact reporting and the information reported and further defines the duration, scope, and frequency of the impact reporting, in line with best market practice.</p>

## PART II: SUSTAINABILITY QUALITY OF THE ELIGIBILITY CRITERIA

### A. CONTRIBUTION OF THE GREEN FINANCING INSTRUMENTS TO THE UN SDGs<sup>6</sup>

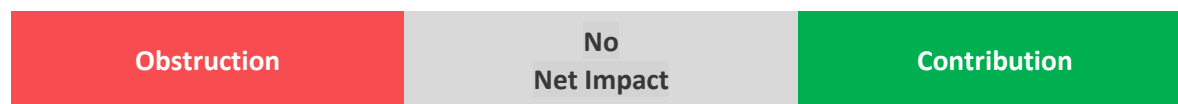
Companies can contribute to the achievement of the SDGs by providing specific services/products which help address global sustainability challenges, and by being responsible corporate actors, working to minimize negative externalities in their operations along the entire value chain. The aim of this section is to assess the SDG impact of the UoP categories financed by the Issuer in two different ways, depending on whether the proceeds are used to (re)finance:

- specific products/services,
- improvements of operational performance.



#### 1. Products and services

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an Issuer's products or services on the UN SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the ICMA Green and/or Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on a 3-point scale (see Annex 1 for methodology):



Each of the Green Financing Instruments' Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><b>Green Buildings</b></p> <p><i>New buildings constructed after December 31, 2020, and existing buildings constructed before December 31, 2020, with BREEAM/BREEAM In-Use Very Good, Miljöbyggnad Silver, LEED Gold, DGNB Silver, or an equivalent level from a certification scheme.<sup>7</sup></i></p>	<b>Contribution</b>	
<p><b>Green Buildings</b></p> <p><i>Existing buildings constructed in Sweden before December 31, 2020, with energy consumption</i></p>	<b>Contribution</b>	

<sup>6</sup> The impact of the UoP categories on UN Social Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer's description in the framework.

<sup>7</sup> The review is limited to the certifications spelled out in the Framework.



below thresholds<sup>8</sup> (buildings belonging to top 15% of the country in terms of primary energy demand)<sup>9</sup>.

**Green Buildings**

Existing buildings constructed in Sweden before December 31, 2020, with energy consumption below thresholds (buildings not belonging to the top 15% of the country in terms of primary energy demand).

**No Net Impact**

**Green Buildings**

New buildings constructed after December 31, 2020, and existing buildings constructed before December 31, 2020, with an Energy Performance Certificate (EPC) class "A" or "B"<sup>10</sup> or

Primary Energy Demand ("PED") 10% below the threshold set for Nearly Zero-Energy Building (NZEB)

**Contribution**



**Clean Transportation**

Capital expenditures referring investments in electric vehicle charging points and cycling facilities (bike storage).

**Contribution**



**Renewable energy**

Capital expenditures in renewable energy investments, solar power installations, wind power, geothermal energy, and emission free heat pumps<sup>11</sup>. And installations, structural improvements, roof structures and relevant infrastructure to improve energy efficiency (grid connections and foundations).

**Contribution**



<sup>8</sup> Thresholds: Construction year Before 1971 - energy consumption 110 kWh per sq.m. / Construction year Between 1971 and 1999 - energy consumption 100 kWh per sq.m. / Construction year Between 2000 and 2006 - energy consumption 90 kWh per sq.m. / Construction year After 2006 - energy consumption 10% below the applicable national building regulation

<sup>9</sup> The energy consumption thresholds are based on the most efficient buildings in Sagax's portfolio in Sweden. The energy consumption is validated through an EPC.

<sup>10</sup> Except for buildings in the Netherlands, where to be eligible a minimum of EPC "A" is required.

<sup>11</sup> Emission free heat pumps include air and/or green electricity only.





## 2. Improvements of operational performance (processes)

The below assessment aims at qualifying the direction of change (or “operational impact improvement”) resulting from the operational performance projects (re)financed by the UoP categories, as well as related UN SDGs impacted. The assessment displays how the UoP categories are mitigating the exposure to the negative externalities relevant to the business model and the sector of the Issuer.

According to ISS ESG SDG Impact Rating methodology, potential impacts on the SDGs related to negative operational externalities<sup>12</sup> in the Real Estate (to which Sagax belongs) are the following:



The table below aims at displaying the direction of change resulting from the operational performance improvement projects. The outcome displayed does not correspond to an absolute or net assessment of the operational performance.

USE OF PROCEEDS (PROCESSES)	OPERATIONAL IMPACT IMPROVEMENT <sup>13</sup>	SUSTAINABLE DEVELOPMENT GOALS
<p><b>Green Buildings</b></p> <p><i>Major renovations and re-constructions leading to savings of at least 30% of Primary Energy Demand (PED)<sup>14</sup></i></p>	✓	 
<p><b>Green Buildings</b></p> <p><i>Major renovations</i></p> <p><i>An improvement in the EPC class of the existing building by two rating grades or more, as verified by a new EPC label</i></p>	✓	 

<sup>12</sup> Please, note that the impact of the Issuer’s products and services resulting from operations and processes is displayed in section 3 of the SPO.

<sup>13</sup> Limited information is available on the scale of the improvement as no threshold is provided. Only the direction of change is displayed.

<sup>14</sup> Validated with an EPC and achieved within a maximum of 3 years.

**Energy Efficiency**

*Expenditures related to energy-efficiency projects including systems for monitoring and optimizing energy use, smart controls and sensors, smart meters.*

✓



**Energy Efficiency**

*Expenditures related to energy-efficiency projects including energy efficient windows<sup>15</sup> and lighting (LED), improved thermal insulation, installation and replacement of ventilation and heating systems.*

✓



**Energy Efficiency**

*Expenditures related heat pumps.<sup>16</sup>*

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<sup>15</sup> The methodology would entail ensuring that the window replacement would lead to improved energy performance, for example, by less heat loss.

<sup>16</sup> Heat pumps that aim to improve energy efficiency.

## B. MANAGEMENT OF ENVIRONMENTAL & SOCIAL RISKS ASSOCIATED WITH THE ELIGIBILITY CRITERIA

The table below evaluates the Eligibility Criteria against issuance specific KPIs. All of the assets are located in Sweden, Finland, France, the Netherlands, Germany, Spain and Denmark.

### ASSESSMENT AGAINST KPIs

#### KPIs RELEVANT TO ALL CATEGORIES

##### Labour, Health, and Safety

- ✓ The assets are in Sweden, Finland, France, the Netherlands, Germany, Spain and Denmark where high labour and health and safety standards are in place (e.g., ILO core conventions). Sagax has policies and measures in place systematically ensuring that assets financed under this Framework meet high operational safety standards.
- ✓ Sagax has measures and policies in place ensuring that assets financed under this Framework meet high labour, health and safety requirements in the supply chain. The Issuer's Supplier Code of Conduct involves health and safety aspects regarding the suppliers, and Sagax monitors its suppliers through survey to ensure compliance. Also, the Issuer follows the United Nations Global Compact and its ten principles (the principles are incorporated into the Company's sustainability policy and implemented through policies and the Code of Conduct for Suppliers). The Issuer has a Code of Conduct for suppliers and contracts with technical service providers.

#### KPIs RELEVANT TO GREEN BUILDINGS

##### User Safety

- ✓ Sagax has policies and measures to ensure safety of buildings. The Issuer complies with international legislation regarding user safety in buildings, including the regulation (EU) No 305/2011 of the European Parliament and of the Council of 9 March 2011. The measures in place involved performing inspections and monitoring the buildings by contracted technical service providers. In addition, Sagax has a goal of zero accidents related to the properties by monitoring internally, and requiring external parties to report accidents. Also, work safety programs are required, and operational strategy is monitored by external technical service.

##### Water use minimization in buildings

- Sagax has measures to ensure the reduction of water consumption (e.g. faucets, WCs with low water flow). Some of the buildings have water meters (smart meters) that alert if there is an unusual water consumption to identify irregular water usage

and leaks. However, the Issuer does not have reduction targets set at Company level and the water reduction measures are not applicable to all future assets.

#### Site selection

- Sagax does not have a systematic policy to ensure all assets are located within 1 km of public transportation. However, most of the buildings are in industrial areas where public transportation is available.
- ✓ Sagax has policies and measures to ensure responsible site selection is in place and complies with local legislation regarding land use (protected areas and sites of high environmental value are excluded). The Issuer's portfolio consists of mostly existing properties and limited new buildings, which are located in industrial areas. In each country the local laws regulate the location of new buildings. In Sweden, for example, it is regulated by regional plans (Plan – och bygglagen).

#### Construction standards

- ✓ Sagax has policies and measures to ensure the recycling and circularity of building materials for the new buildings. According to its Sustainability Policy and Code of Conduct, operations should be environmentally responsible, suppliers should comply with regulations and laws, and use technologies that facilitate sustainable development. Also, waste is sorted, and recycling is implemented when demolition is involved. In Sweden, a material database (Byggvarubedömningen) ensures that prescribed materials are acceptable, and the logbook registers materials' data and information.

### KPIs RELEVANT TO GREEN BUILDINGS, AND RENEWABLE ENERGY

#### Conservation and biodiversity management

- ✓ Sagax has policies in place to ensure the potential impact on biodiversity is mitigated, including performing an environmental assessment in line with the EU directive (2014/52/EU) of the land use and risk of contamination. In addition, new constructions are certified (Miljöbyggnad, BREEAM, LEED [or equivalent]) according to its Sustainability Policy. Furthermore, Sagax complies with laws and regulations, and its Sustainability Policy includes a commitment to the UN's Sustainable Development Goals.

### KPIs RELEVANT TO SOLAR ENERGY, AND ENERGY EFFICIENT MEASURES

#### Recycling at end-of-life

- ✓ Sagax has policies and measures to ensure that assets can be recycled at the end of their lives. The solar panels are disassembled at the end of their life to minimize waste and facilitate recycling. The assets are in EU countries, where the WEEE directive is applicable and covers the recycling of components.

### KPIs RELEVANT TO ENERGY EFFICIENT MEASURES

#### High environmental standards and requirements in the supply chain

- Sagax has policies and measures in place covering environmental standards and requirements in the supply chain. The Issuer has a Code of Conduct for its suppliers and performs digital surveys to check the compliance of its suppliers with it. However, Sagax does not require suppliers to have Environmental Management Systems.

### KPIs RELEVANT TO GEOTHERMAL, GRID CONNECTIONS AND WIND

#### Environmental aspects of construction (or production) and operation

- Sagax follows local laws and regulations covering the environmental aspect of construction (noise, dust, and vibrations). For the installation of geothermal energy facilities, the Issuer obtains a permit from the local authorities. Regarding the grid connections, Sagax has signed agreements for green electricity in Sweden, Finland, and the Netherlands, with a guarantee of origin of either wind or hydropower.

### KPIs RELEVANT TO EV CHARGING STATIONS AND NETWORKS

#### Data information and security

- ✓ Sagax has policies and measures to ensure that the minimum requirements for data and information security are met. The Issuer and its Suppliers comply with General Data Protection Regulation (GDPR).

### KPIs RELEVANT TO WIND, AND GEOTHERMAL

#### Community dialogue

- ✓ Sagax has policies and measures ensuring community dialogue is an integral part of the planning process. Prior to installing geothermal heating, a permit is needed from the local authority which collects the public's point of view on the matter (neighbours and other affected parties). Also, the Issuer's whistleblower mechanism is available in its website and can be used by internal and external parties.

## PART III: LINKING THE TRANSACTION(S) TO SAGAX'S ESG PROFILE

### A. CONSISTENCY OF THE GREEN FINANCE INSTRUMENTS WITH SAGAX'S SUSTAINABILITY STRATEGY

#### *Key sustainability objectives and priorities defined by the Issuer*

Sagax's sustainability objective is to make a positive contribution to the environment, people, and society, while minimising the negative impact. This commitment to sustainability is executed through four key focus strategic areas: (i) environmental and resource efficiency, (ii) business ethics, (iii) financial sustainability, and (iv) professional and dedicated employees. Sagax has further defined specific targets under these priorities for the short and long terms:

1. Environmental and resource efficiency:
  - To reduce energy consumption in the portfolio 2% per year until 2030 in comparable portfolios with energy consumption data for the last two years.
  - To reduce Scope 1 and 2 greenhouse gas emissions (GHG) 42% by 2030 and to measure and reduce Scope 3.
  - To implement green leases for new letting and renegotiation. The Company has exceeded its 2022 target to sign 30 green leases by signing 63 new green leases.
  - To increase the share of sustainability-rated properties in the property portfolio to 30% of the lettable area by 2025. Additionally, the Company requires all new buildings and large-scale remodeling to have a sustainability rating under Miljöbyggnad, level Silver at a minimum, Very Good according to BREEAM, LEED Gold, or equivalent.
2. Business ethics:
  - To have zero incidents of corruption.
  - To have all suppliers implement and comply with the Sagax Code of Conduct for Suppliers.
3. Financial sustainability
  - To have Sagax's return on equity measured over a five-year period fall above 15% per year. The Company reported in 2022 a five-year average of 22%.
  - To have the profit from property management per Class A and B share increase by a minimum of 15% per year. The Company reported in 2022 a five-year average of 21%.
4. Professional and dedicated employees
  - To have zero incidents of discrimination. The Company reported in 2022 that no discrimination cases were recorded.
  - To have zero accidents related to its properties. The Company reported in 2022 that no accidents were recorded.

Sagax's 2022 Annual Report includes its detailed action plan to achieve its ESG targets. For example, (i) collaborating with its tenants on heating of premises and the use of electricity to achieve

environmental and recourse efficiency targets, (ii) implementing a Code of Conduct for suppliers and monitor compliance regularly to achieve business ethics targets, (iii) focusing on long term value creation by setting and abstaining from maximizing rent levels at all points of time in favor of signing leases of a longer duration with solvent tenants to achieve financial sustainability targets, and (iv) setting a non-discriminative environment, salary structure, opportunities for promotion and skills development to achieve professional and dedicated employees targets.

The Board of Directors is responsible for the realization of the Sagax's Sustainability strategy and it annually adopts the Sustainability Policy.

Sagax discloses the defined targets and tracks their progress annually in its Sustainability Report, which is prepared according to the Global Reporting Initiative (GRI) standards. Additionally, the Issuer regularly conducts a physical climate risk analysis and materiality analysis to identify the most important issues to its stakeholders and map out potential impacts, including climate and environmental factors. It publishes its Annual Report every year, which includes reporting on how potential risks are monitored, managed, and mitigated. The reporting is completed based on the set of standards of the GRI and is also subject to sector-specific guidelines such as Task Force on Climate-Related Financial Disclosures (TCFD), and Carbon Disclosure Project (CDP) principles. As of 2022, Sagax's goals for reducing carbon emissions were validated by the Science Based Targets Initiative (SBTi).

In line with its environmental commitments, Sagax issued two bonds of aggregate SEK 750 million in December 2019, which were targeted at investments in green buildings and renewable energy as part of its Green Bond Program.

### *Rationale for issuance*

To align its funding strategy with its mission and sustainability objectives, Sagax established a Green Finance Framework to be able to issue Green Finance Instruments, more specifically green bonds and other types of debt instruments such as loans, revolving credit facilities, hybrid bonds and commercial papers.

Sagax utilizes its Green Finance Instruments as a tool for channeling its investments to projects and assets that have demonstrated clear environmental or climate benefits and contribute to the achievement of the UN Sustainable Development Goals (UN SDGs) and Paris Agreements, and also for its SBTi commitment to achieving deep emission reduction near term target by 2030. The projects that will be financed under this Framework contribute to the objective "Climate Change Mitigation" and will enable Sagax to roll out its Emission Reduction targets.

**Opinion:** *The key sustainability objectives and the rationale for issuing Green Bonds and Green Loans are clearly described by the Issuer. The project categories financed are in line with the sustainability objectives of the Issuer.*



## B. SAGAX'S BUSINESS EXPOSURE TO ESG RISKS

This section aims to provide an overall level of information on the ESG risks to which the Issuer is exposed through its business activities, providing additional context to the issuance assessed in the present report.

### *ESG risks associated with the Issuer's industry*

The Issuer is classified in the Real Estate industry, as per ISS ESG's sector classification. Key challenges faced by companies in terms of sustainability management in this industry are displayed in the table below. Please note, that this is not a Company specific assessment but areas that are of particular relevance for companies within that industry.

ESG KEY ISSUES IN THE INDUSTRY
Green building considerations
Climate protection, energy efficiency and renewables
Environmental and social aspects in site selection
Health and well-being of occupants
Occupational health and safety


### *ESG performance of the Issuer*

Leveraging ISS ESG's Corporate Rating research, further information about the Issuer's ESG performance can be found on ISS ESG Gateway at: <https://www.issgovernance.com/esg/iss-esg-gateway/>.

Please note that the consistency between the issuance subject to this report and the Issuer's sustainability strategy is further detailed in Part III.A of the report.

### *Sustainability impact of products and services portfolio*

Leveraging ISS ESG's Sustainability Solutions Assessment methodology, the contribution of the Issuer's current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs) has been assessed as per the table below. This analysis is limited to the evaluation of final product characteristics and does not include practices along the Issuer's production process.

PRODUCT/SERVICES PORTFOLIO	ASSOCIATED PERCENTAGE OF REVENUE <sup>17</sup>	DIRECTION OF IMPACT	UN SDGS
<b>Buildings certified to a comprehensive sustainable building standard</b>	5%	CONTRIBUTION	

<sup>17</sup> Percentages presented in this table are not cumulative.

### *Breaches of international norms and ESG controversies*

#### At Issuer level

At the date of publication and leveraging ISS ESG Research, no controversy in which the Issuer would be involved has been identified.

#### At industry level

Based on a review of controversies over a 2-year period, the top three issues that have been reported against companies within the Real Estate industry are as follows: Accounting / disclosure standards, Failure to respect the right to just and favorable conditions of work and Strike action.

Please note, that this is not a Company specific assessment but areas that can be of particular relevance for companies within that industry.

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## ANNEX 1: Methodology

The ISS ESG SPO provides an assessment of labelled transactions against international standards using ISS ESG proprietary methodology. For more information, please visit:

<https://www.issgovernance.com/file/publications/SPO-Use-of-Proceeds-Bonds-and-Loans.pdf>

## ANNEX 2: Quality management processes

### SCOPE

Sagax commissioned ICS to compile a Green Financing Instruments SPO. The Second Party Opinion process includes verifying whether the Green Finance Framework aligns with the Green Bond Principles, and the Green Loan Principles and to assess the sustainability credentials of its Green Financing Instruments, as well as the Issuer's sustainability strategy.

### CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA Green Bond Principles (as of June 2021 with June 2022 Appendix 1)
- LMA Green Loan Principles (as of February 2023)

### ISSUER'S RESPONSIBILITY

Sagax's responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria
- Documentation of ESG risks management at the asset level

### ISS ESG's VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The Company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

This independent Second Party Opinion of the Green Financing Instruments to be issued by Sagax has been conducted based on a proprietary methodology and in line with the ICMA Green Bond Principles and Green Loan Principles.

The engagement with Sagax took place from June to October 2023.

### ISS' BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

## About this SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the Issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For more information on SPO services, please contact: [SPOsales@isscorporatesolutions.com](mailto:SPOsales@isscorporatesolutions.com)

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