

SECOND PARTY OPINION

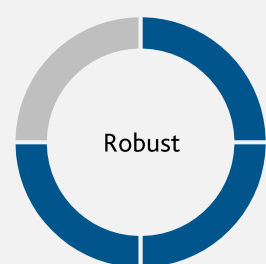
on the sustainability of Covivio's Sustainable Bond Framework

Moody's ESG Solutions considers that Covivio's Framework is aligned with the four core components of the ICMA's Green Bond Principles 2021 (GBP).



Framework

Contribution to Sustainability:



☐ Advanced
 ☐ Limited
 ☒ Robust
 ☐ Weak

	Weak	Limited	Robust	Advanced
Expected impacts				
ESG risks management				

SDG Mapping

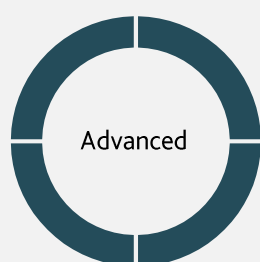


Characteristics of the Framework

Green Categories	⇒ 5 categories
Project Locations	Europe <ul style="list-style-type: none"> France – 38% Germany – 41% Italy – 16% Other Europe – 6%
Existence of Framework	Yes
Share of Refinancing	To be disclosed prior to each bond issuance
Look-back Period	24 months

Issuer

ESG Performance as of November 2021



☐ Advanced
 ☐ Limited
 ☒ Robust
 ☐ Weak

	Weak	Limited	Robust	Advanced
Environment				
Social				
Governance				

ESG Controversies

Number of Controversies	None
Frequency	N/A
Severity	N/A
Responsiveness	N/A

Controversial Activities

The Issuer does not appear to be involved in any of the 17 controversial activities screened under our methodology:

- | | | | |
|---|--|---|---|
| <input type="checkbox"/> Alcohol | <input type="checkbox"/> Fossil fuels industry | <input type="checkbox"/> High interest rate lending | <input type="checkbox"/> Pornography |
| <input type="checkbox"/> Animal welfare | <input type="checkbox"/> Coal | <input type="checkbox"/> Human embryonic stem cells | <input type="checkbox"/> Reproductive medicine |
| <input type="checkbox"/> Cannabis | <input type="checkbox"/> Gambling | <input type="checkbox"/> Military | <input type="checkbox"/> Tobacco |
| <input type="checkbox"/> Chemicals of concern | <input type="checkbox"/> Genetic engineering | <input type="checkbox"/> Nuclear power | <input type="checkbox"/> Unconventional oil and gas |
| <input type="checkbox"/> Civilian firearms | | | |

Coherence

Coherent
Partially coherent
Not coherent

Moody's ESG Solutions considers that the contemplated Framework is coherent with Covivio's strategic sustainability priorities and sector issues and that it contributes to achieving the Issuer's sustainability commitments.

Key findings

Moody's ESG Solutions considers that Covivio's Sustainable Bond Framework is aligned with the four core components of the GBP.

Use of Proceeds - Aligned with the GBP and best practices identified by Moody's ESG Solutions

- The Eligible Categories are clearly defined and detailed. The Issuer has communicated the nature of the expenditures, eligibility criteria and locations of the Eligible Projects for all categories.
- The Environmental Objectives are clearly defined, relevant and set in coherence with sustainability objectives defined in international standards for all Eligible Categories.
- The Expected Environmental Benefits are clear, precise, relevant and measurable.
- Covivio has committed to transparently communicate to the public the estimated share of refinancing prior to each bond issuance. The look-back period for refinancing will be equal to or less than 24 months from the issuance date, in line with good market practices.

Evaluation and Selection - Aligned with the GBP and best practices identified by Moody's ESG Solutions

- The Process for Project Evaluation and Selection has been clearly defined and detailed by the Issuer. The process is well-structured in all the evaluation and selection steps (including the proposal, selection, validation, and monitoring of Eligible Categories). The roles and responsibilities are clear and include relevant internal expertise. The process is publicly disclosed in the Framework and in this Second Party Opinion.
- Eligibility criteria for project selection have been clearly defined and detailed by the Issuer, including relevant exclusion criteria, for all Eligible Categories.
- The process applied to identify and manage potentially material ESG risks associated with Eligible Projects is publicly disclosed in the Issuer's Framework. The process is considered robust: it combines monitoring, identification and corrective measures for all Eligible Projects (see detailed analysis on pages 19 - 21).

Management of Proceeds - Aligned with the GBP

- The process for the Management and Allocation of Proceeds is clearly defined and is publicly available in the Framework.
- The allocation period will be 24 months or less.
- The net proceeds of the issuances will be placed in the General Treasury account and tracked by the Issuer in an appropriate manner and attested to in a formal internal process.
- Information on the intended types of temporary placement for the balance of the unallocated net proceeds is publicly disclosed. For as long as the instruments are outstanding, the Issuer has committed to periodically adjust the balance of tracked net proceeds to match allocations to Eligible Categories.
- For as long as the Bond is outstanding, the Issuer has committed to periodically adjust the balance of tracked net proceeds to match allocations to Eligible Categories.
- The Issuer has provided information on the procedure that will be applied in case of project postponements and has committed to reallocated divested proceeds to project that comply with the Framework within 24 months.

Reporting - Aligned with the GBP and best practices identified by Moody's ESG Solutions

- The Issuer has committed to report on the Use of Proceeds annually until full allocation and on a timely basis in case of material developments for the allocation reporting, and until Bond maturity for the impact reporting. The report will be publicly available on the Issuer's website.
- The Issuer has committed to include in the reports relevant information related to the allocation of proceeds and the expected sustainable benefits of the Eligible Categories. The Issuer has also committed to report on material developments and controversies related to Eligible Projects.
- The reporting methodology and assumption used to report on environmental benefits of the Eligible Categories will be publicly disclosed.
- An external auditor will verify the tracking and allocation of funds to Eligible categories until full allocation and in case of material changes. An independent third party will verify the reporting on the environmental benefits of Eligible Categories until full allocation and in case of material changes.

Contact

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SCOPE

Moody's ESG Solutions was commissioned to provide an independent Second Party Opinion ("SPO") on the sustainability credentials and management of the Green Bonds¹ (the "Bonds") to be issued by Covivio SA (the "Issuer" or "Covivio") in compliance with the Covivio's Sustainable Bond Framework (the "Framework") created to govern their issuance(s).

Our opinion is established according to Moody's ESG Solutions' Environmental, Social and Governance ("ESG") exclusive assessment methodology and to the latest version of the voluntary guidelines of ICMA's Green Bond Principles ("GBP") - edited in June 2021.

Our opinion is built on the review of the following components:

- Framework: we assessed the Framework, including the coherence between the Framework and the Issuer's environmental commitments, the Bonds' potential contribution to sustainability and its alignment with the four core components of the GBP.
- Issuer²: we assessed the Issuer's ESG performance, its management of potential stakeholder-related ESG controversies and its involvement in controversial activities³.

Our sources of information are multichannel, combining data (i) gathered from public sources, press content providers and stakeholders, (ii) from our exclusive ESG rating database, and (iii) information provided from the Issuer through documents and interviews conducted with the Issuer's managers and stakeholders involved in the Bonds issuance, held via a telecommunications system.

We carried out our due diligence assessment from April 26th, 2022 to May 18th, 2022. We consider that we were provided access to all documents and interviewees we solicited. For this purpose, we made reasonable efforts to verify the accuracy of all data used as part of the assessment.

Type of External Reviews supporting this Framework

<input checked="" type="checkbox"/>	Pre-issuance Second Party Opinion	<input checked="" type="checkbox"/>	Independent verification of impact reporting
<input checked="" type="checkbox"/>	Independent verification of funds allocation	<input type="checkbox"/>	Climate Bond Initiative Certification

¹ The "Green Bond" is to be considered as the bond to be potentially issued, subject to the discretion of the Issuer. The name "Green Bond" has been decided by the Issuer: it does not imply any opinion from Moody's ESG Solutions.

² The Issuer is part of our rating universe - the last ESG rating was performed in November 2021.

³ The 17 controversial activities screened by us are: Alcohol, Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Coal, Fossil Fuels industry, Unconventional oil and gas, Gambling, Genetic engineering, Human embryonic stem cells, High interest rate lending, Military, Nuclear Power, Pornography, Reproductive Medicine and Tobacco.

COHERENCE

Coherent
Partially coherent
Not coherent

We consider that the contemplated Framework is coherent with Covivio's strategic sustainability priorities and sector issues and that it contributes to achieving the Issuer's sustainability commitments.

In 2018, a study conducted by the US Energy Information Administration reported that the real estate sector accounted for nearly 40% of annual global GHG emissions.⁴ In the following year, the United Nations Environment Program (UNEP) published the 2019 Global Status Report for Buildings and Construction Sector, which revealed that for 2018, buildings and the construction sector accounted for 36% of final energy use and 39% of energy process-related CO₂ emissions. The major source of rising energy use and emissions by the global building stock was electricity, which had increased more than 19% since 2010. Significantly higher electricity was also used in space cooling, appliances, and hot water had resulted in increased emissions since 2010. Space cooling demand rose more than 33% during 2010-2018, and by 5% in 2017-2018, whereas energy demand for appliances increased by 18% from 2010 to 2018, and by 11% for water heating over the same period.⁵

Further, in 2020, construction emissions not only account up to 10% of total global energy related CO₂ emissions,⁶ but also come with significant environmental impact, including land and water use, noise pollution, waste, pollution and GHG emissions. These expose the real estate sector operations to potential operational, regulatory and reputational risk throughout the lifespan of a building.⁷ Supply chain environmental impacts are substantial too—sourcing raw materials from forestry, building materials and chemical value chain expose the sector to potential water, pollution, soil damage and emissions risks.⁸

Sustainable development and CSR are part of Covivio's strategy. Faced with economic, social, societal and environmental challenges, the Issuer has raised its ambition to achieve a 40% reduction in CO₂ emissions reduction by 2030, which was previously set at 34%.⁹

Covivio structures its CSR strategy around four focus areas: Sustainable Building, Sustainable City, Human Capital, and Ethical practices. In line with its focus areas, the Issuer has committed to a series of action plans. To list a few:

- Improving the portfolio's environmental performance;
- Combatting asset obsolescence and ensuring their resilience;
- Accelerating the transition to a circular and low-carbon economy;
- Turning each site into a biodiversity driver;
- Developing a responsible European procurement policy.

In order to reach its internal carbon ambitions that are compatible with the 1.5°C scenario of the Paris Agreement for scopes 1 and 2 greenhouse gas ('GHG') emissions and a well-below 2°C scenario for scope 3 GHG emissions (including construction activity) and approved by Science Based Targets initiative ("SBTi"),¹⁰ Covivio has adopted five strategic priorities, including: favouring refurbishment and fighting urban sprawling, low carbon construction, implementing new tools to measure performance, promoting the use of renewable energies, and mobilising a responsible supply chain. Covivio has taken the responsibility and commitment to provide environmental certifications for 100% of its buildings (new and refurbished buildings) by the end of 2025, reaching 91% environmentally certified assets in 2021.

These measures, as well as Covivio's Sustainability-Linked Bond Framework, are coherent with the Issuer's sustainability priorities and the key sustainability issues of the sector.

⁴ <https://architecture2030.org/why-the-building-sector/>

⁵ <https://www.unep.org/resources/publication/2019-global-status-report-buildings-and-construction-sector>

⁶ https://globalabc.org/sites/default/files/2021-10/GABC_Buildings-GSR-2021_BOOK.pdf

⁷ <https://www.crem.eu/wp-content/uploads/2019/12/CRREM-Carbon-Risk-Integration-in-Corporate-Strategies-within-the-Real-Estate-Sector.pdf>

⁸ https://worldgbc.org/sites/default/files/00081_WorldGBC_new_report_REDUCED_2021.pdf

⁹ <https://www.covivio.eu/en/wp-content/uploads/sites/3/2022/04/2021-Annual-Report-on-Sustainable-Performance.pdf>, pg. 8

¹⁰ <https://sciencebasedtargets.org/how-it-works>

FRAMEWORK

Covivio has described the main characteristics of the Bonds within a formalised Sustainable Bond Framework that covers the four core components of the GBP 2021 (the last updated version was provided to Moody's ESG Solutions on May 18th, 2022). Covivio has committed to make this document publicly accessible on its website, in line with good market practices.

Alignment with the Green Bond Principles

Use of Proceeds



The net proceeds of the Bonds will exclusively finance or refinance, in part or in full, projects falling under five Green Project Categories ("Eligible Categories"), as indicated in Table 1.

- The Eligible Categories are clearly defined and detailed. The Issuer has communicated the nature of the expenditures, eligibility criteria and locations of the Eligible Projects for all categories.
- The Environmental Objectives are clearly defined, relevant and set in coherence with sustainability objectives defined in international standards for all Eligible Categories.
- The Expected Environmental Benefits are clear, precise, relevant and measurable.
- Covivio has committed to transparently communicate to the public the estimated share of refinancing prior to each bond issuance. The look-back period for refinancing will be equal to or less than 24 months from the issuance date, in line with good market practices.

BEST PRACTICES

- ⇒ The definition and eligibility criteria (selection and exclusion) are clear and in line with international standards for all categories.
- ⇒ Relevant environmental benefits are identified and measurable for all project categories.
- ⇒ The Issuer has committed to transparently communicate the estimated share of refinancing prior to each bond issuance.
- ⇒ The look-back period for refinanced assets is equal or less than 24 months, in line with good market practices.

Table 1. Our analysis of Eligible Categories, Sustainability Objectives and Expected Benefits as presented in Covivio's Sustainable Bond Framework

- Nature of expenditures: capital expenditures, selected operational expenditures and investments¹¹
- Location of Eligible Projects: Europe: France (38%), Germany (41%), Italy (16%) and Other Europe (6%)

ELIGIBLE CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	MOODY'S ESG SOLUTIONS' ANALYSIS
Green Buildings	<p>New and existing buildings that comply with any of the following criteria:</p> <ol style="list-style-type: none"> Existing buildings that meet one of the following criteria: <ul style="list-style-type: none"> in-use certification: <ul style="list-style-type: none"> BREEAM "Very Good" or above; or HQE "Excellent" or above; or LEED "Gold" or above. Buildings built <u>before 31 December 2020</u> either with an Energy Performance Certificate (EPC) level at least equal to A or belonging to the top 15% most energy-efficient buildings of the national building stock. Buildings <u>built after 31 December 2020</u> with Primary Energy Demand (PED) at least lower of 10% than the relevant national threshold for nearly zero-energy building (NZEB) requirements. New buildings that meet one of the following criteria: <ul style="list-style-type: none"> new-build certification: <ul style="list-style-type: none"> BREEAM "Excellent" or above; or HQE Excellent" or above; or LEED "Gold" or above; or DGNB Gold" or above. Buildings built <u>after 31 December 2020</u> with Primary Energy Demand (PED) at least lower of 10% than the relevant national threshold for nearly zero-energy building (NZEB) requirements. 	<p><u>Climate Change Mitigation</u></p> <p>Reduced energy consumption</p> <p>Reduced GHG emissions</p> <p>Reduced water consumption</p>	<p>The Eligible Category is clearly defined. The Issuer has communicated the nature of the expenditures, eligibility criteria and locations of the Eligible Projects.</p> <p>The Issuer has clarified to Moody's ESG Solutions that this category only includes the construction of new buildings and the acquisition of existing buildings. Renovation of existing buildings is categorised under Energy Efficiency.</p> <p>The Environmental Objective is clearly defined and relevant for the Eligible Category. This is set in coherence with sustainability objectives defined in international standards.</p> <p>The expected Environmental Benefits are clear, relevant and measurable and will be quantified for the Eligible Category in the reporting.</p>

¹¹ Investments are defined by the Issuer as "Acquisition of new buildings that meet the eligibility criteria defined in this Framework, or of companies defined as "pure players", i.e. at least 90% of their revenue is derived from activities falling within the eligible categories and aligned with the eligibility criteria defined in this Framework".

ELIGIBLE CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	MOODY'S ESG SOLUTIONS' ANALYSIS
Energy Efficiency	<p>Investment and/or expenditures to improve the energy efficiency of buildings that meet one of the following criteria:</p> <ol style="list-style-type: none"> Renovation and refurbishment of buildings leading to a Primary Energy Demand (PED) reduction of at least 30%¹² Renovation and refurbishment of buildings leading to a refurbishment certification of <u>one of the following levels</u>: <ul style="list-style-type: none"> BREEAM "Excellent" or above; HQE "Excellent" or above; LEED "Gold" or above; Or equivalent level in the context of potential future evolution(s) of HQE, BREEAM or LEED certification scheme(s). Acquisition, installation, maintenance or repair of <u>on-site energy efficiency equipment</u>¹³, which includes: <ul style="list-style-type: none"> insulation equipment energy efficient windows/ doors energy efficient light sources HVAC and water heating systems Acquisition, installation, maintenance and repair of <u>on-site instruments and devices</u> for measuring, regulation and controlling energy performance of buildings: <ul style="list-style-type: none"> zoned/smart thermostats and sensing equipment building automation and control systems energy management systems smart meters for gas, heat, cool and electricity building energy management systems light control systems, façade or roofing elements such as solar shading or solar control functions 	<p><u>Climate Change Mitigation</u></p> <p>Reduce energy consumption Reduced GHG emissions</p>	<p>The Eligible Category is clearly defined. The Issuer has communicated the nature of the expenditures, eligibility criteria and locations of the Eligible Projects.</p> <p>The Environmental Objective is clearly defined and relevant for the Eligible Category. This is set in coherence with sustainability objectives defined in international standards.</p> <p>The expected Environmental Benefits are clear, relevant and measurable and will be quantified for the Eligible Category in the reporting.</p>

¹² The 30% reduction in primary energy demand occurred in comparison to the baseline performance before the refurbishment.

¹³ Such energy efficiency equipment comply with minimum requirements set for individual components and systems in the applicable national measures implementing Directive 2010/31/EU and, where applicable, are rated in the highest two populated classes of energy efficiency in accordance with Regulation (EU) 2017/1369





ELIGIBLE CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	MOODY'S ESG SOLUTIONS' ANALYSIS
Renewable Energy	<p>Acquisition, installation, maintenance and repair of <u>on-site renewable energy equipment</u>:</p> <ul style="list-style-type: none"> Solar photovoltaic systems Solar hot water panels Heat pumps Any ancillary technical equipment of the above 	<p><u>Climate Change Mitigation</u></p> <p>Increase renewable energy generation mix</p> <p>Reduced GHG emissions</p>	<p>The Eligible Category is clearly defined. The Issuer has communicated the nature of the expenditures, eligibility criteria and locations of the Eligible Projects.</p> <p>The Issuer indicated the solar panels can be installed either on roof or on the ground. As of present, the Issuer does not have geographical sourcing requirements for solar panels.</p> <p>The Environmental Objective is clearly defined and relevant for the Eligible Category. This is set in coherence with sustainability objectives defined in international standards.</p> <p>The expected Environmental Benefits are clear, relevant and measurable and will be quantified for the Eligible Category in the reporting.</p>
Clean Transportation	<p>Acquisition, installation, maintenance and repair of on-site equipment and associated infrastructure to <u>promote the use of low carbon transport</u>:</p> <ul style="list-style-type: none"> electric vehicle charging points cycling facilities (e.g. cycle storage, changing facilities) 	<p><u>Climate Change Mitigation</u></p> <p>Reduced GHG emissions</p>	<p>The Eligible Category is clearly defined. The Issuer has communicated the nature of the expenditures, eligibility criteria and locations of the eligible projects.</p> <p>The Issuer has clarified to Moody's ESG Solutions that cycling facilities will only include cycle storage and changing facilities. Roads, paths, bridges are excluded.</p> <p>The Environmental Objective is clearly defined and relevant for the Eligible Category. This is set in coherence with sustainability objectives defined in international standards.</p> <p>The expected Environmental Benefit is clear, relevant and measurable and will be quantified for the Eligible Category in the reporting.</p>

ELIGIBLE CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	MOODY'S ESG SOLUTIONS' ANALYSIS
Sustainable Water	<p>Acquisition, installation, maintenance and repair of water efficiency equipment: water efficient sanitary equipment, sustainable urban drainage in new development, or development of rainwater harvesting. Such installations respect at least one of the following criteria:</p> <ul style="list-style-type: none"> ECAU label A¹⁴; Water consumption under 0.5m³/m²/year in France, 1 m³/m² in Italy, 1,5m³/m² in Germany, 2m³/m² for hotels; Wash hand basin taps and kitchen taps with a maximum water flow of 6 litres/min; Showers with a maximum water flow of 8 litres/min; WCs, including suites, bowls and flushing cisterns, with a full flush volume of a maximum of 6 litres and a maximum average flush volume of 3,5 litres. Urinals use a maximum of 2 litres/bowl/hour. Flushing urinals have a maximum full flush volume of 1 litre. 	<p><u>Climate Change Mitigation</u></p> <p>Reduced water consumption</p>	<p>The Eligible Category is clearly defined. The Issuer has communicated the nature of the expenditures, eligibility criteria and locations of the eligible projects.</p> <p>The Environmental Objective is clearly defined and relevant for the Eligible Category. This is set in coherence with sustainability objectives defined in international standards.</p> <p>The expected Environmental Benefit is clear, relevant and measurable and will be quantified for the Eligible Category in the reporting.</p>

¹⁴ ECAU is a classification system for Sanitary tapware covering four items, namely: water savings, comfort and energy savings, noise level and wear, classified from A to D (A is the best).

SDG Contribution

The Eligible Categories are likely to contribute to four of the United Nations' Sustainable Development Goals ("SDGs"), namely:

ELIGIBLE CATEGORY	SDG	SDG TARGETS
Sustainable Water	 6 Clean Water and Sanitation	6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.
Renewable Energy Energy Efficiency	 7 Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix. 7.3 By 2030, double the global rate of improvement in energy efficiency.
Green Buildings Energy Efficiency Clean Transportation	 11 Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.
Green Buildings Energy Efficiency Renewable Energy Clean Transportation	 13 Climate Action	Eligible projects broadly contribute to SDG 13, which is to take urgent action to combat climate change and its impacts.

Evaluation and Selection of Eligible Categories



- The Process for Project Evaluation and Selection has been clearly defined and detailed by the Issuer. The process is well-structured in all the evaluation and selection steps (including the proposal, selection, validation, and monitoring of Eligible Categories). The roles and responsibilities are clear and include relevant internal expertise. The process is publicly disclosed in the Framework and in this Second Party Opinion.
- Eligibility criteria for project selection have been clearly defined and detailed by the Issuer, including relevant exclusion criteria, for all Eligible Categories.
- The process applied to identify and manage potentially material ESG risks associated with Eligible Projects is publicly disclosed in the Issuer's Framework. The process is considered robust: it combines monitoring, identification and corrective measures for all Eligible Projects (see detailed analysis on pages 19 – 21).

The responsibility for project evaluation and selection rests with the Green Bond Committee ("GBC"). The Committee is tasked with:

- Reviewing, selecting and validating the projects and assets to be included in the Eligible Green Portfolio based on the eligibility criteria. This includes reviewing the eligibility of projects and assets already part of the Eligible Green Portfolio, and deciding on the inclusion of new projects and assets;
- Validating annual reporting for investors;
- Monitoring the on-going evolution of the GBPs, particularly in relation to disclosure and reporting, to ensure Covivio is in-line with best market practices; and
- Reviewing the framework to reflect any changes with regards to Covivio's sustainability strategies and initiatives, and any change in their third-party validator of social and environmental criteria for eligible criteria.

The Committee is composed of regional heads/CEOs (CEO of Italy, CEO of Germany, and Operations Director of France), Chief Financial Officer, Chief Sustainability Officer, further supported by the investing, finance, legal, and other departments and functions reporting into the committee members. The committee meets on an annual basis or more frequently as needs arise.

The Committee selects projects based explicitly on the eligibility criteria set forth in Covivio's Sustainable Bond Framework. Any projects that do not meet specific eligibility criteria outlined in the Framework are excluded. Covivio has committed to making the selection process fully transparent by providing process details in the Framework and making the Framework publicly available via company website.

- The traceability and verification of the project selection and evaluation is ensured throughout the process:
 - The Regular monitoring of compliance of the selected projects with the eligibility criteria is in place, according to the GBC operation. In case of existing projects' non-compliance, Covivio will use best efforts to divest and then substitute any assets within 24 months.
 - Covivio commits to at least review the ESG controversies yearly prior to the reporting and throughout the life of the instrument, and has provided details on the procedure in case a controversy is found. In this case, the eligibility of the project will be reassessed.
 - All committee decisions are recorded and traceable via the committee meeting minutes.

Eligibility Criteria

The process relies on explicit eligibility criteria (selection), relevant to the environmental objectives defined for the Eligible Categories.

- The selection and exclusion criteria are based on the definitions in the Eligible Categories defined in Table 1 of the Use of Proceeds section, and the following additional criteria:
 - Accessibility to public transportation: buildings should be located within 500 metres of public transportation networks;
 - Tenant relationships: tenants of buildings should have or plan to have signed green annexes for buildings in France, and green clauses for new leases for buildings in Italy.

BEST PRACTICES

- ⇒ Eligibility and exclusion criteria for Project selection are clearly defined and detailed for all of the Eligible Categories.
- ⇒ The Issuer reports that it will annually review potential ESG controversies associated with the financed Projects throughout the life of the instrument and has provided details on the procedure in case a controversy is found.
- ⇒ The Issuer reports that it will monitor compliance of selected Projects with eligibility criteria specified in the Framework throughout the life of the instrument and has provided details on the procedure adopted in case of non-compliance.
- ⇒ The Issuer reports that it will monitor potential ESG controversies associated with the financed Projects throughout the life of the instrument and has provided details on the procedure in case a controversy is found.

Management of Proceeds



- The process for the Management and Allocation of Proceeds is clearly defined and is publicly available in the Framework.
- The allocation period will be 24 months or less.
- The net proceeds of the issuances will be placed in the General Treasury account and tracked by the Issuer in an appropriate manner and attested to in a formal internal process.
- Information on the intended types of temporary placement for the balance of the unallocated net proceeds is publicly disclosed. For as long as the instruments are outstanding, the Issuer has committed to periodically adjust the balance of tracked net proceeds to match allocations to Eligible Categories.
- For as long as the Bond is outstanding, the Issuer has committed to periodically adjust the balance of tracked net proceeds to match allocations to Eligible Categories.
- The Issuer has provided information on the procedure that will be applied in case of project postponements and has committed to reallocated divested proceeds to project that comply with the Framework within 24 months.

Management Process

- Covivio has formalised a process to allocate, manage and track the net proceeds from bond issuances. The net proceeds will be credited to company's general treasury account, where funds will be earmarked in the internal accounting and reporting system.
- Covivio commits on a best effort basis to reach full allocation within 24 months following each issuance.
- Until full allocation to eligible projects, non-allocated funds will be invested in cash & equivalent and short term, fully liquid investments with no risk to capital, in line with the company's liquidity management policy.
- In case a project no longer meets the eligibility criteria, Covivio commits to reallocate the funds within 24 months, on a best effort basis.

Best Practices

- ⇒ The allocation period is 24 months or less
- ⇒ The Issuer has provided information on the procedure that will be applied in case of project divestment or postponement and it has committed to reallocate divested proceeds to projects that are compliant with the Bond Framework within 24 months.

Reporting

Not Aligned	Partially Aligned	Aligned	Best Practices
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- The Issuer has committed to report on the Use of Proceeds annually until full allocation and on a timely basis in case of material developments for the allocation reporting, and until Bond maturity for the impact reporting. The report will be publicly available on the Issuer's website.
- The Issuer has committed to include in the reports relevant information related to the allocation of proceeds and the expected sustainable benefits of the Eligible Categories. The Issuer has also committed to report on material developments and controversies related to Eligible Projects.
- The reporting methodology and assumption used to report on environmental benefits of the Eligible Categories will be publicly disclosed.
- An external auditor will verify the tracking and allocation of funds to Eligible categories until full allocation and in case of material changes. An independent third party will verify the reporting on the environmental benefits of Eligible Categories until full allocation and in case of material changes.

Indicators

The Issuer has committed to transparently communicate at Eligible Category level, on:

- Allocation of proceeds: The indicators selected by the Issuer to report on the allocation of proceeds are relevant and exhaustive.

REPORTING INDICATORS

- ⇒ The list of Eligible Projects (re)financed, including a brief description
- ⇒ The aggregated amount of (re)allocated net proceeds to Eligible Projects
- ⇒ Share of financing vs refinancing (%)
- ⇒ Share of co-financing (%) if any
- ⇒ The balance of the unallocated proceeds

- Environmental benefits: The indicators selected by the Issuer to report on the environmental benefits are clear, relevant and exhaustive.

ELIGIBLE CATEGORIES	ENVIRONMENTAL BENEFITS INDICATORS	
	OUTPUTS AND OUTCOMES	IMPACT INDICATORS
Green Buildings	<ul style="list-style-type: none"> • Coverage of reporting scope in m² of Gross Internal Area (GIA) • Coverage of reporting scope (Number of properties) • Total energy consumption (kWhfe¹⁵) • Energy intensity (kWhfe/m²GIA/year) • Total emissions (tCO₂e/year) • Carbon intensity (KgCO₂e/m²GIA/year) • Total water consumption (m³) • Water intensity (m³/m²GIA/year) • Type of scheme, certification level and m² of Gross Building Area (GBA) 	<ul style="list-style-type: none"> • Annual GHG emissions avoided in tonnes of CO₂e

¹⁵ kWhfe: kilowatt heure énergie finale

ELIGIBLE CATEGORIES	ENVIRONMENTAL BENEFITS INDICATORS	
	OUTPUTS AND OUTCOMES	IMPACT INDICATORS
Renewable Energy	<ul style="list-style-type: none"> Annual renewable energy generation in MWh 	<ul style="list-style-type: none"> Estimated annual CO₂ avoided (tCO₂e)
Energy Efficiency		<ul style="list-style-type: none"> Annual energy savings (MWh) Estimated annual CO₂ emissions reduced (tCO₂e)
Clean Transportation	<ul style="list-style-type: none"> Distance to public transportation (share of properties located at less than 500 meters from public transport) 	<ul style="list-style-type: none"> Annual GHG emissions reduced/avoided (tCO₂)
Sustainable Water	<ul style="list-style-type: none"> Area covered by sustainable land and water resources management practices 	<ul style="list-style-type: none"> Annual absolute (gross) water use before and after the project in m³ Reduction in water use in %

BEST PRACTICES

- ⇒ The Issuer will report on an annual basis, until full allocation and on a timely basis in case of material developments for the allocation reporting, and until Bond maturity for the impact reporting.
- ⇒ The Issuer report will be publicly available.
- ⇒ The reporting will cover relevant information related to the allocation of Bond proceeds and to the expected sustainable benefits of the categories. The Issuer has also committed to report on material development related to the projects, including ESG controversies.
- ⇒ The indicators selected by the Issuer are exhaustive with regards to allocation reporting.
- ⇒ The indicators selected by the Issuer are clear and relevant and cover all expected benefits associated with Eligible Categories.
- ⇒ The reporting methodology and assumptions used to report on environmental benefits of the Eligible Categories will be disclosed publicly.
- ⇒ Environmental benefits and impacts will be externally verified, until full allocation and in case of material changes.

CONTRIBUTION TO SUSTAINABILITY

Expected Impacts

The potential positive Impact of the Eligible Projects on environmental objectives is considered to be robust.

ELIGIBLE CATEGORY	EXPECTED IMPACT	ANALYSIS
Green Buildings	ROBUST	<p>The buildings sector accounts up to 36% of GHG emissions in Europe¹⁶. Buildings are largely responsible for a significant portion of the real estate sector's footprint.</p> <p>New constructions (due to their absolute effect on energy consumption and GHG emissions) and acquisitions (due to the less straight forward additionality) are considered less crucial in the real estate sector than renovations.</p> <p>Despite generating an absolute increase in energy consumption, investing in the construction of new green buildings will have systemic positive impact as it will benefits all stakeholders. Projects financed under this eligibility criteria will at least have a LEED certification "Gold" or equivalent, which may still have some negative impact on construction stage. However, benefits stemming from green buildings, including GHG emissions reductions, will have a positive impact for all stakeholders, both local and global.</p> <p>The eligibility criteria of the category are based on internationally recognised standards.</p>
Energy Efficiency	ROBUST	<p>While the European Union is set to be climate-neutral by 2050, currently, the buildings sector accounts up to 36% of GHG emissions in Europe.¹⁷ The International Energy Agency found that by 2050, the real estate sector can potentially cut 87% of GHG emissions from buildings by pairing energy efficiency with clean electricity technologies that are already available.¹⁸ The Issuer commits to renovating and refurbishing existing properties at minimum LEED "Gold" standards and equivalent, and to deploy energy efficient appliances and on-site instruments and devices which follows EU regulation, the actual magnitude of the impacts is difficult to estimate at these stage. Furthermore, minimum LEED "Gold" standards does not automatically put the Issuer's portfolio in the top 15% of most energy-efficient buildings of the national building stock. The eligibility criteria of the category are based on internationally recognised standards, but there are more stringent standards available in the market.</p>
Renewable Energy	ADVANCED	<p>Greater expansion of renewable energy is key to attaining a net zero economy. Many countries around the world have committed themselves to achieving net zero, and Germany and France are in the process of implementing net zero goals as part of their national regulations. In Italy, the country is planning to adopt net zero as part of its policy making goals.¹⁹ Encompassing renewable energy in its green portfolio therefore not only addresses Covivio's CSR strategy in creating sustainable buildings and building smarter, more inclusive sustainable city,²⁰ but also this project category addresses the critical milestones for Germany, France and Italy to meet its net zero goals through increasing overall renewable energy capacity. This category includes the following technologies: solar panels (photovoltaic and thermal), heat pumps and related equipment. Details on the panels' origin and their installation (roof or ground) could be useful to assess the potential negative impacts. Projects that encompass the installation of solar PVs and heat pumps in this category are considered sustainable under the EU Delegated Acts²¹ and contributes to reducing global GHG emissions. Therefore, the category is aligned with the most demanding industry standards to contribute to the project's intended objective.</p>

¹⁶ https://www2.deloitte.com/content/dam/Deloitte/de/Documents/real-estate/Deloitte-Real_Estate_ESG-series_article-2.pdf

¹⁷ https://www2.deloitte.com/content/dam/Deloitte/de/Documents/real-estate/Deloitte-Real_Estate_ESG-series_article-2.pdf

¹⁸ <https://www.iea.org/reports/the-critical-role-of-buildings>

¹⁹ <https://ec.europa.eu/netzerotracker>

²⁰ <https://www.covivio.eu/en/csr-innovation/csr-strategy/>

²¹ https://www.ehpa.org/fileadmin/red/03_Media/Position_papers/20210510_Note_on_Taxonomy_and_heat_pumps.pdf

ELIGIBLE CATEGORY	EXPECTED IMPACT	ANALYSIS
Clean Transportation	ADVANCED	Transportation sector accounts for 16% of global GHG emissions. Of that, road transport contributes 12%, or 75% of total transportation related GHG emissions. Investments in charging infrastructure promotes the adoption of zero direct emission vehicles and meaningfully contribute the decarbonisation of the whole sector. According to the International Council on Clean Transportation, on average, emissions over the lifetime of a medium-size Battery Electric Vehicle (BEV) are lower than comparable Internal Combustion Engine (ICE) cars by 66-69% in Europe. ²² This signifies the importance of clean transportation to mitigate climate change. While EVs and low carbon transportation continues to gain traction in the market, this increase in demand should be met by supply of equally growing clean transportation infrastructure. Therefore, projects under this category that acquiesce, maintain and install on-site equipment and infrastructure to promote the use of low carbon transport (EVs, bike racks, etc.) supplement the overall growth and expansion of clean transportation in Europe and have a positive impact to both local and global stakeholders. Even though the depth of the impact of only financing charging stations and cycling facilities should be limited, the category is aligned with the most demanding industry standards to contribute to the project's intended objective.
Sustainable Water	ROBUST	Disrupted weather patterns and extreme weather events caused by climate change are exacerbating water scarcity worldwide. Commercial office building sector accounts for significant water usage, and according to the European Commission report on buildings' water performance, office water can account up to 10% of a city's total water consumption. ²³ Moderate size building of 10,000m ² typically consumes over 20,000L/day (more than 7 million L/year and enough to supply 40 average-sized houses), and water savings of 30-40% are often achievable. ²⁴ With rising temperatures caused by climate change, it is observed that water consumption in buildings have also significantly increased. As a result, improving water distribution efficiency and conservation are important issues to address in the eligible category. While most European countries are already substantially reusing and recycling its wastewater—in Germany, 96% of wastewater from private households and private institutions are treated and reused ²⁵ —France and Italy face a growing water crisis with its rivers and water supplies ²⁶ drying up due to heatwaves, droughts and other effects of climate change. ²⁷ The eligibility criteria are in line with the DNSH "Sustainable use and protection of water and marine resources" requirements for the category 7.1. The projects enable increased water efficiency in the Issuer's portfolio, which will have positive impacts on local stakeholders.
OVERALL ASSESSMENT	ROBUST	

²² <https://theicct.org/publication/a-global-comparison-of-the-life-cycle-greenhouse-gas-emissions-of-combustion-engine-and-electric-passenger-cars/>

²³ https://ec.europa.eu/environment/water/quantity/pdf/Water%20Performance%20of%20Buildings_Study2009.pdf, pg. 24

²⁴ Ibid.

²⁵ <https://www.bmu.de/en/topics/water-resources-waste/water-management/policy-goals-and-instruments/water-protection-policy-in-germany>

²⁶ <https://www.reuters.com/article/us-france-water-idUSKCN1TW3DH>

²⁷ <https://www.nationalgeographic.com/science/article/partner-content-solving-the-water-problem-in-italy>

ESG Risks Identification and Management Systems in Place at Project Level

The identification and management of the environmental, social, and governance risks associated with the Eligible Projects are considered robust.

Environmental Management and Life Cycle Assessment

The Issuer carries out environmental certification (construction—HQE, BREEAM, LEED; operation—BREEAM In-Use, HQE Exploitation) on all projects at high level of performance to consider all aspects. At the Group Share value, 46.7% of tertiary assets with HQE/LEED/BREEAM certification had level greater than or equal to "Very Good".²⁸ New labels have also been integrated to focus on building performance by specific issue, namely energy with BBC renovation, Effinergie+, E+C-; carbon footprint with Association for Low carbon Building Development (BBCA); biodiversity with BiodiverCity' well-being and health with Well, Fitwell and/or WiredScore.

Life Cycle Analyses ("LCA") have been carried out since 2010 on some projects in order to quantify the environmental impact of projects at each stage of their life cycle (extraction and manufacture of materials, operation and ultimately deconstruction). LCAs are carried out by analysing six modules: materials, energy, water, travel, building sites and waste. Since 2020, Covivio has worked with the Scientific and Technical Centre for Building (CTSB) to develop LCA express calculation to assess the carbon impact of the project to come. The objective is also to enable a better monitoring of the LCA.

Environmental Impact

All projects selected in the portfolio comply with at least one environmental certification for its use and/or construction phase. Covivio reports on ISO 14001 certification rate of its suppliers based on the number of employees. Covivio's certification rate is proportion of buildings certified for their construction (HQE, BREEAM, LEED) and/or their operation (BREEAM In-Use, HQE Exploitation, etc.).²⁹ Currently, Covivio has 91% green portfolio with HQE, BREEAM, LEED or equivalent certification—in France 99.3% of portfolio was certified as of 2021 and in Italy, 93.6%.³⁰ The Issuer has set itself on the target of having 100% of its core assets by the end of 2025.

Eco-Design

Eco design is part of the Issuer's environmental certification scheme for new development and refurbishment. All projects developed after 2021 undergo a Life Cycle analysis, calculated based on total emissions of the building over 50 years and considering the following elements: Construction to exploitation, Materials, Networks, Works, Water use, Production of energy.

Covivio also takes a circular approach on its development projects that is supported by technology with the use of Building Information Modelling ("BIM") on all new office development. In 2020, Covivio developed two tools to accompany the implementation of carbon trajectory. CSTB accompanied Covivio in 2017/2018 to assess the environmental impacts of all its projects built since 2010, which enabled the Issuer to include the construction in Scope 3 targets.

Biodiversity and Environmental Pollution

The Issuer joined the ACT4Nature in November 2021 as part of a voluntary commitment initiative. Covivio is also committed to net zero artificialisation and is in the process of calculating precise indicators to ensure that projects contribute positively to biodiversity. The Issuer's biodiversity policy covers six areas and over 50% of its operations are refurbishments. During the construction phase, environmental certifications are also taking into account biodiversity aspects. For some development projects with particular biodiversity qualities, the Issuer aims at obtaining the BiodiverCity label.

The Issuer has implemented environmental accident monitoring across all its development and renovation operations. Regulations are also gradually becoming more stringent across Europe and as a result, Covivio conducts annual studies of the quality of air in France.

GHG Emissions and Energy Efficiency

The Issuer's carbon trajectory covers all its activities in Europe, including construction and renovation. All projects are also covered by its objectives, which are aligned with the 1.5°C trajectory for Scopes 1 & 2 and well below 2°C for Scope 3. For development projects, the Environmental Manager on the project carries out specific reporting (monitoring of energy data, water, emission of pollutants, wastes) and is responsible for the monitoring of certification. In the design phase, an energy and carbon target are set for buildings to come and reaffirmed with LCA express.³¹ Best class materials are also used to reduce air pollutants. Choice of material has important impacts and for this reason, when possible, the Issuer uses local sources.

²⁸ This is the best level given in the event of dual Operations/Construction certification.

²⁹ <https://www.covivio.eu/en/wp-content/uploads/sites/3/2022/04/2021-Universal-registration-document.pdf>, pg 140

³⁰ Ibid, pg. 141

³¹ Tool designed by CTSB to ensure that the project target is consistent with energy/carbon performance.

Energy use is key to the Issuer's CSR strategy for in-use buildings. The Issuer has implemented numerous measures including energy reporting in its portfolio, supervision tool on multi-let office buildings, implementation of energy performance contracts, subscription to green electricity contract, and multi-year works plan, which focus on energy performance (insulation, windows, BMS, LED). The Issuer has also set up monitoring platform in 2019 with Delta Dore's PowerBat and collects real time consumption data. Furthermore, in accordance with the European Directive on energy performance of buildings and its transposition into national laws in the countries where Covivio operates, the Issuer ensures that energy performance diagnostics are carried out in its buildings.

Waste and Water Management

The Issuer has limited data available in waste removal due to the lack of weighing in most countries where it operates. In the absence of information on waste collected, Covivio has implemented selective waste collection (100% of selective collection in 2020 and 2021 for offices). The Issuer also has set a target to reduce its waste production by 15% between 2019 and 2030 on its direct management portfolio.

Moody's ESG Solutions currently lacks visibility on the Issuer's capacity to properly collect data and expanding selective waste collection to beyond offices. For the Issuer's portfolio, reducing water footprint involves systematic use of water-saving installations and closely monitoring consumption. Most new Covivio developments collect rainwater. On construction sites, water consumption is also monitored, and measures are in place to reduce it in the context of environmental certifications.

Climate Change and Decommissioning

In order to assess the exposure of Covivio's portfolio to climate change, the Issuer tested the PREDICT model developed by EY and MCSI Real Estate Climate-Value-at-Risk study. One method that Covivio adopts is to ensure the length of the building over the years and fight against its future obsolescence. The Issuer also favours refurbishment over deconstruction. The Issuer also utilises BIM to aid in the end-of-life phase by identifying deconstruction and isolating elements that can be reused, recycled and reemployed.

Tenant Cooperation

The Issuer reports that it will have green annexes for buildings in France and green clauses for new leases for buildings in Italy.

Human Rights

The Issuer operates exclusively in European countries with employees in France, Germany and Italy, where human rights standards are relatively high. Covivio is a signatory of the Global Compact since 2011 and Diversity Charter since 2012.³² In case of violation of Covivio's European Code of Ethics, there is a whistleblowing system open to all stakeholders. Covivio's European Code of Ethics also ensure the respect of best practices among the Group, and it includes a reference to the whistleblowing system open to all stakeholders. Each of the entities within the group applies the eight conventions of the International Labour Organisation (ILO).

Health and Safety

The Issuer has a Health and Safety Committees (CSSCT) in France, Germany and Italy to verify the compliance of operation safety. Internal Risks, Compliance, Audit and Control Department puts in place training session for employees. The Issuer also has a Health, Safety, and working conditions Committee (CHSCT), which is in charge of contributing to employee's health and safety protection, as well as working conditions improvement. Security and Prevention Coordinator is appointed for each development project and accident monitoring on construction sites are carried out by the Issuer.

Community Engagement and Socioeconomic Development

The Issuer works alongside with local authorities and contributes to the activeness of the regions. In order to maximise local impact, it takes the employment and procurement approach, where it uses local organisations who hire protected workers or long-term unemployed people and promote local suppliers and subcontractors. The Issuer also maintains strong ties with its main stakeholders. The Issuer has confirmed that public consultation is a requirement prior works and these aspects are also integral to some of the certifications sought by the Issuer (within HQE certification, Low nuisance charters" are written to ensure that the relations with stakeholders and neighbours has been well planned). Moody's ESG Solutions currently lacks visibility on the procedure in place to process and respond to grievances during the construction and operation of a project, as well as conducting a study to determine if a project will negatively impact the community.

Supply Chain Risks

Issuer's procurement policy covers the whole supply chain for development and management activities of the company's overhead. The procurement charter takes into account certain provision relating to BREEAM In-Use certification. ESG performance of suppliers is assessed via questionnaires to around 10 suppliers each year and was verified by BuyYourWay, an

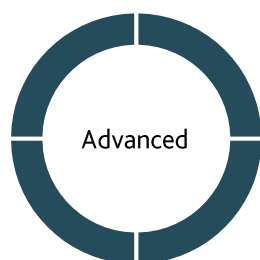
³² <https://www.covivio.eu/en/wp-content/uploads/sites/3/2022/04/2021-Universal-registration-document.pdf>, pg 188

independent consulting firm. 30% of the suppliers had responded to the questionnaires. Starting in 2022, Covivio has engaged the services of Ecovadis to conduct supply chain sustainability assessments and plans to extend the number of suppliers covered.

Business Ethics

The Issuer's Risk, Compliance, Audit and internal Control Department is responsible for identifying and rating risks. Internal system is designed to identify and to measure the impact and the probability of all risks, including risk arising from business ethics. The system, along with its internal controls, is applicable in all geographic locations and designed to ensure compliance with local laws, regulations and internal procedures as well as uphold company standards and guidelines. Additionally, a whistle-blower system is in place and available to all stakeholders.

ISSUER



Covivio manages a diversified real estate portfolio including offices, residential building and hotels. The Company's portfolio is comprised of almost 400 hotels in Europe. In 2020, Covivio acquired the company Godewind Immobilien, which holds a portfolio of ten prime office assets in major German cities. Covivio Hotels also finalized the acquisition of a portfolio of eight high-end hotels in major European cities.

Level ESG Performance

The Issuer's ESG performance was assessed through a complete process of rating and benchmarking.

As of November 2021, Covivio displays an advanced ESG performance, ranking 1st in our Financial Services-Real Estate sector, which covers 92 companies. The company is advanced in the Environmental, Social and Governance pillars.

DOMAIN	COMMENTS	OPINION
Environmental	<p>Covivio's performance in the Environmental pillar is considered <u>advanced</u>. Covivio's environmental commitment covers all relevant aspects of the real estate sector, and has set targets related to carbon reduction, energy efficiency, waste and water use. Most of the Issuer's assets are also green certified.</p> <p>Covivio has implemented measures to identify the impacts of its operations on biodiversity, including environmental impact assessment. Its commitment to improve energy efficiency is supported by use of renewable sources measures and more. In addition, tenants involved in buildings' management are part of its sustainable development committee.</p> <p>The Issuer has developed a comprehensive methodology to assess environmental risks in its due diligence process for all new acquisitions and/or developments. In addition, Covivio integrates environmental considerations in the risk management process of its whole portfolio.</p>	Advanced
		Robust
		Limited
		Weak
Social	<p>Covivio's performance in the Social pillar is considered <u>advanced</u>. Covivio's commitment to promote local social and economic development address all of its responsibilities, including the implementation of a responsible tax strategy. Covivio reports extensive measures throughout the company to promote local socioeconomic development, such as revitalisation of marginalised areas. The Issuer has also set up quantitative targets in terms of the accessibility of its services and has allocated innovative measures to promote the connectivity and safe access to its property portfolio.</p> <p>Covivio has disclosed a comprehensive commitment towards employees' health and safety, backed by extensive measures to address stress and mental health, such as a training on stress for employees and managers. Concerning reorganisations, Covivio provides several measures to mitigate their negative effects, including internal mobility, re-training and outplacement services. Moreover, Covivio's commitment to promoting career management and training addresses all of its responsibilities, and employees have regular performance assessments and career counselling interviews.</p> <p>Covivio's commitment on fundamental labour rights address all its responsibilities. Covivio conducts an ongoing monitoring of labour rights risks. The Issuer has provided resources to ensure that employees receive information on trade union rights and are able to exercise them. In addition, Covivio has issued a very detailed commitment towards non-discrimination and backed by extensive measures, such as monitoring of salary disparities and career break opportunities.</p>	Advanced
		Robust
		Limited
		Weak

Governance	<p>Covivio's performance in the Governance pillar is considered <u>advanced</u>.</p> <p>Covivio has a formalised commitment to ensure transparency and integrity of lobbying practices which covers all relevant issues. The Director of Institutional Relation is responsible for monitoring the relationship with the lobbying firm and compensation structure. Furthermore, Covivio has set up internal and external controls to prevent corruption, including a confidential reporting system.</p> <p>While Covivio's performance is advanced, it has declined compared to previous years. Less than half of its Board members are considered independent, but at least 40% are women. Most CSR risks are discussed at the Board level. Concerning Audit and Internal Controls, all CSR risks inherent to the Issuer's business operations are covered by the Issuer. Furthermore, Covivio has put in place a whistleblowing system, which enables reporting confidentially accounting and financial violations. In addition, Covivio has presented to shareholders and investors its CSR strategy that covers all the relevant CSR issues, such as energy efficiency and climate change. Performances in terms of energy efficiency of buildings, human resources and development, and customer satisfaction are included in the variable remuneration scheme.</p>	Advanced
		Robust
		Limited
		Weak

Management of ESG Controversies

As of today, the review conducted by Moody's ESG Solutions did not reveal any ESG controversy against Covivio over the last four years.

Involvement in Controversial Activities

The Issuer appears to be not involved in any of the 17 controversial activities screened under our methodology, namely: Alcohol, Animal welfare, Cannabis, Chemicals of Concern, Civilian firearms, Coal, Fossil Fuels industry, Unconventional oil and gas, Gambling, Genetic engineering, Human embryonic stem cells, High-interest rate lending, Military, Nuclear Power, Pornography, Reproductive Medicine and Tobacco.

The controversial activities research provides screening of companies to identify involvement in business activities that are subject to philosophical or moral beliefs. The information does not suggest any approval or disapproval on their content from Moody's ESG Solutions.

METHODOLOGY

In our view, Environmental, Social and Governance (ESG) factors are intertwined and complementary. As such they cannot be separated in the assessment of ESG management in any organisation, activity or transaction. In this sense, we provide an opinion on the Issuer's ESG performance as an organisation, and on the processes and commitments applicable to the intended issuance.

Our Second Party Opinions (SPOs) are subject to internal quality control at three levels (Analyst, Project Manager and Quality Reviewer). If necessary, this process is complemented by a final review and validation by the Expertise Committee and Supervisor. A right of complaint and recourse is guaranteed to all companies under our review.

COHERENCE

Scale of assessment: not coherent, partially coherent, coherent

This section analyses whether the activity to be financed through the selected instrument is coherent with the Issuer's sustainability priorities and strategy, and whether it responds to the main sustainability issues of the sector where the Issuer operates.

ISSUANCE

Alignment with the Green and/or Social Bond Principles

Scale of assessment: Not aligned, Partially aligned, Aligned, Best Practices

The Framework has been evaluated by Moody's ESG Solutions according to the ICMA's Green Bond Principles - June 2021 ("GBP"), and on our methodology based on international standards and sector guidelines applicable in terms of ESG management and assessment.

Use of proceeds

The definition of the Eligible Projects and their sustainable objectives and benefits are a core element of Green/Social/Sustainable Bonds and Loans standards. Moody's ESG Solutions evaluates the clarity of the definition of the Eligible Categories, as well as the definition and the relevance of the primary sustainability objectives. We evaluate the descriptions of the expected benefits in terms of relevance, measurability and quantification. In addition, we map the potential contribution of Eligible Projects to the United Nations Sustainable Development Goals' targets.

Process for evaluation and selection

The evaluation and selection process is assessed by Moody's ESG Solutions on its transparency, governance and relevance. The eligibility criteria are assessed on their clarity, relevance and coverage vs. the intended objectives of the Eligible Projects.

Management of proceeds

The process and rules for the management and the allocation of proceeds are assessed by Moody's ESG Solutions on their transparency, traceability and verification.

Reporting

The monitoring and reporting process and commitments defined by the Issuer are assessed by Moody's ESG Solutions on their transparency, exhaustiveness and relevance, covering the reporting of both proceeds' allocation and sustainable benefits (output, impact indicators).

Contribution to sustainability

Scale of assessment: Weak, Limited, Robust, Advanced

Our assessment of activities' contribution to sustainability encompasses both the evaluation of their expected positive impacts on environmental/social objectives, as well the management of the associated potential negative impacts and externalities.

Expected positive impact of the activities on environmental/social objectives

The expected positive impact of activities on environmental/social objectives to be financed by the Issuer or Borrower is assessed on the basis of:

- i) the relevance of the activity to respond to an important environmental/social objective for the sector of the activity;³³
- ii) the scope of the impact: the extent to which the expected impacts are reaching relevant stakeholders (i.e. the Issuer, its value chain, local and global stakeholders);
- iii) the magnitude and durability of the potential impact of the proposed activity on the environmental/social objectives (capacity to not just reduce, but to prevent/avoid negative impact; or to provide a structural/long-term improvement);
- iv) for environmental objectives only: the extent to which the activity is adopting the best available option.

ESG risk management for eligible activities

The identification and management of the potential ESG risks associated with the eligible projects/activities are analysed on the basis of Moody's ESG Solutions' ESG assessment methodology, international standards and sector guidelines applicable in terms of ESG management and assessment.

Issuer's ESG Performance

Scale of assessment of ESG Performance: Weak, Limited, Robust, Advanced

NB: The Issuer's level of ESG performance (i.e. commitments, processes, results of the Issuer related to ESG issues), has been assessed through a complete process of rating and benchmarking developed by us. The Issuers' ESG performance has been assessed by us on the basis of its:

- Leadership: relevance of the commitments (content, visibility and ownership).
- Implementation: coherence of the implementation (process, means, control/reporting).
- Results: indicators, stakeholders' feedbacks and controversies.

Management of Stakeholder-Related ESG Controversies

Moody's ESG Solutions defines a controversy as public information or contradictory opinions from reliable³⁴ sources that incriminate or make allegations against an Issuer regarding how it handles ESG issues as defined in our ESG framework. Each controversy may relate to several facts or events, to their conflicting interpretations, legal procedures or non-proven claims.

Moody's ESG Solutions reviewed the information provided by the Issuer, press content providers and stakeholders (partnership with Factiva Dow Jones: access to the content of 28,500 publications worldwide from reference financial newspapers to sector-focused magazines, local publications or Non-Government Organizations). Information gathered from these sources is considered as long as it is public, documented and traceable.

Moody's ESG Solutions provides an opinion on companies' controversies risks mitigation based on the analysis of 3 factors:

- **Frequency:** reflects for each ESG challenge the number of controversies that the Issuer has faced. At corporate level, this factor reflects on the overall number of controversies that the Issuer has faced and the scope of ESG issues impacted (scale: Isolated, Occasional, Frequent, Persistent).
- **Severity:** the more a controversy is related to stakeholders' fundamental interests, proves actual corporate responsibility in its occurrence, and have caused adverse impacts for stakeholders and the Issuer, the higher its severity is. Severity assigned at the corporate level will reflect the highest severity of all cases faced by the Issuer (scale: Minor, Significant, High, Critical).
- **Responsiveness:** ability demonstrated by an Issuer to dialogue with its stakeholders in a risk management perspective and based on explanatory, preventative, remediating or corrective measures. At corporate level, this factor will reflect the overall responsiveness of the Issuer for all cases faced (scale: Proactive, Remediate, Reactive, Non- Communicative).

³³ The importance of a specific social need at country level is assessed on the basis of the country performance on the priority SDG that the project is targeting using data from Sachs, J., Schmidt-Traub, G., Kroll, C., Lafortune, G., Fuller, G., Woelm, F. 2020. The Sustainable Development Goals and COVID-19. Sustainable Development Report 2020. Cambridge: Cambridge University Press.

³⁴ 'Reliable' means that there are sufficient details to substantiate claims made, with due attention paid to the political dimension of news and the danger of misinformation. Moody's ESG Solutions draws on investigative journalism, the business press, NGO and trade union reports which focus on corporate behavior relating to ESG issues. It is neither possible nor advisable to create a prescriptive fixed list of sources as new, valid sources arise all the time and it is necessary to investigate these as and when they are retrieved in order to comprehensively cover evolving issues and media.

The impact of a controversy on an Issuer's reputation reduces with time, depending on the severity of the event and the Issuer's responsiveness to this event. Conventionally, our controversy database covers any controversy with Minor or Significant severity during 24 months after the last event registered and during 48 months for High and Critical controversies.

Involvement in Controversial Activities

17 controversial activities have been analysed following 30 parameters to screen the Issuer's involvement in any of them. The Issuer's level of involvement (Major, Minor, No) in a controversial activity is based on:

- An estimation of the revenues derived from controversial products or services.
- The specific nature of the controversial products or services provided by the Issuer.

OUR ASSESSMENT SCALES

Scale of assessment of Issuer's ESG performance or strategy and financial instrument's Contribution to sustainability		Scale of assessment of financial instrument's alignment with Green and/or Social Bond and Loan Principles	
Advanced	Advanced commitment: strong evidence of command over the issues dedicated to achieving the sustainability objective. An advanced expected impact combined with an advanced to robust level of ESG risk management & using innovative methods to anticipate new risks.	Best Practices	The Instrument's practices go beyond the core practices of the ICMA's Green and/or Social Bond Principles and/or of the LMA/APLMA/LSTA's Green and/or Social Loan Principles by adopting recommended and best practices.
Robust	Convincing commitment; significant and consistent evidence of command over the issues. A robust expected impact combined with an advance to robust level of assurance of ESG risk management or an advanced expected impact combined with a limited level of assurance of ESG risk management.	Aligned	The Instrument has adopted all the core practices of the ICMA's Green and/or Social Bond Principles and/or of the LMA/APLMA/LSTA's Green and/or Social Loan Principles.
Limited	Commitment to the objective of sustainability has been initiated or partially achieved; fragmentary evidence of command over the issues. A limited expected impact combined with an advanced to limited level of assurance of ESG risk management; or a robust expected impact combined with a limited to weak level of assurance of ESG risk management; or an advance expected impact combined with a weak level of assurance of ESG risk management.	Partially Aligned	The Instrument has adopted a majority of the core practices of the ICMA's Green and/or Social Bond Principles and/or of the LMA/APLMA/LSTA's Green and/or Social Loan Principles, but not all of them.
Weak	Commitment to social/environmental responsibility is non-tangible; no evidence of command over the issues. A weak expected impact combined with an advanced to weak level of assurance of ESG risk management or a limited expected impact with a weak level of assurance of ESG risk management.	Not Aligned	The Instrument has adopted only a minority of the core practices of the ICMA's Green and/or Social Bond Principles and/or of the LMA/APLMA/LSTA's Green and/or Social Loan Principles.

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