

Second-Party Opinion

CPI Property Group Sustainability Finance Framework



Evaluation Summary

Use of Proceeds Instruments

Green Bond Principles 2021

Sustainalytics is of the opinion that the CPI Property Group Sustainability Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 (the "Use of Proceeds Principles"). The eligible categories for the use of proceeds - Green Buildings, Energy Efficiency, Renewable Energy, and Environmentally Sustainable Management of Living Natural Resources and Land Use - are aligned with those recognized by the Use of Proceeds Principles and will lead to positive environmental impacts.

Sustainability-Linked Instruments

Sustainability-Linked Bond Principles 2020

Sustainalytics is of the opinion that the CPI Property Group Sustainability Finance Framework aligns with the Sustainability-Linked Bond Principles 2020. Overview of the KPI and SPTs:

KPI	SPTs	Strength of the KPI	Ambitiousness of SPT
Tonnes of CO ₂ equivalent emissions per m ² (tCO ₂ eq/m ²).	GHG emission intensity reductions equal to or lower than 0.102 tCO ₂ eq/m ² of CPIPG's property portfolio by 2025, representing a reduction of 16% compared to the 2019 baseline.	Very Strong	Ambitious
	GHG emission intensity reductions equal to or lower than 0.095 tCO ₂ eq/m ² of CPIPG's property portfolio by 2027, representing a reduction of 22% compared to the 2019 baseline.	Very Strong	Ambitious
	GHG emission intensity reductions equal to or lower than 0.085 tCO ₂ eq/m ² of CPIPG's property portfolio by 2030, representing a reduction of 30% compared to the 2019 baseline.	Very Strong	Ambitious

Evaluation Date	January 6, 2022
Issuer Location	Luxembourg City, Luxembourg

The UoPs and SPTs contribute to the following SDGs:



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Scope of Work and Limitations

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent¹ opinion on the alignment of the CPI Property Group Sustainability Finance Framework with current market standards. As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework's alignment with the Green Bond Principles 2021 and Sustainability-Linked Bond Principles 2020² (the "Principles").
- The credibility and anticipated positive impacts of the use of proceeds and SPTs;
- The Issuer's sustainability strategy, performance and sustainability risk management; and

As part of this engagement, Sustainalytics held conversations with various members of CPIPG's management team to understand the sustainability impact of their business processes and the core components of the Framework. CPIPG representatives have confirmed that:

- (1) They understand it is the sole responsibility of CPIPG to ensure that the information provided is complete, accurate or up to date;
- (2) They have provided Sustainalytics with all relevant information; and
- (3) Any provided material information has been duly disclosed in a timely manner.

Sustainalytics also reviewed relevant public documents and non-public information. This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework. Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and CPIPG.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. The Second-Party Opinion is valid for issuances aligned with the respective Framework for which the Second-Party Opinion was written up to 24 months or until one of the following occurs: (1) A material change to the external benchmarks³ against which targets were set; (2) A material corporate action (such as material M&A or change in business activity) which has a bearing on the achievement of the SLBs or the materiality of the KPI.

For use of proceeds instruments, Sustainalytics relied on its internal taxonomy, version 1.10.1, which is informed by market practice and Sustainalytics' expertise as an ESG research provider. The Second-Party Opinion:

- addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.
- opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities

For sustainability-linked instruments, the Second-Party Opinion:

- addresses the anticipated SPTs of the KPI but does not measure the KPI's performance. The measurement and reporting of the KPIs is the responsibility of the Bond issuer.

¹ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

² The bond Principles, Guidelines and Handbooks are administered by the International Capital Market Association and are available at: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/>

³ Benchmarks refers to science-based benchmarks



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

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Introduction

CPI Property Group SA ("CPIPG", the "Issuer" or the "Company") together with its subsidiaries is a real estate company that focuses on rental income-generating properties. CPIPG operates in five key segments: office, retail, residential, hotels & resorts and complementary assets, which includes landbank, development and other assets. The Company's geographical operations comprise primarily Central and Eastern Europe (CEE) and Berlin, with the Czech Republic constituting the majority of the Company's revenues.

CPIPG has developed the CPI Property Group Sustainability Finance Framework (the "Framework") under which it intends to issue use of proceeds (green, social, sustainability) bonds and sustainability-linked bonds. CPIPG engaged Sustainalytics to review the Framework, dated September 2021, and provide a Second-Party Opinion on the Framework's alignment with the Green Bond Principles 2021 and Sustainability-Linked Bond Principles 2020 (the "Principles"). This Framework has been published in a separate document.⁴

Under use of proceeds instruments, the proceeds will finance and/or refinance, in whole or in part, existing and/or future projects that improve the environmental performance of CPIPG's buildings. The Framework defines eligibility criteria in four areas:

1. Green Buildings
2. Energy Efficiency
3. Renewable Energy
4. Environmentally Sustainable Management of Living Natural Resources and Land Use

Under sustainability-linked instruments, the coupon margin of the bond is tied to the achievement of the Sustainability Performance Targets for one KPI based on the Company's GHG emissions.

The KPI and SPTs used by CPIPG are defined in Tables 1 and 2 below.

Table 1: KPI Definitions

KPI	Definition
Tonnes of CO ₂ equivalent emissions per m ² (tCO ₂ eq/m ²)	The KPI represents the GHG emissions intensity of the entire property portfolio of the Company and its subsidiaries, including CPIPG's equity stakes in associates and joint ventures. The KPI covers CPIPG's total emissions (Scope 1, 2, and 3), calculated according to the GHG Protocol Corporate Standard and ISO 14064-1:2018. CPIPG's definition of the KPI, tCO₂eq/m², is aligned with the global decarbonization pathways defined in the IEA ETP 2017 B2DS and sectoral decarbonization approach (SDA) recognized by SBTi.^{5,6}

Table 2: SPTs and Past Performance

KPI	2019 (baseline)	2020	SPT1 (2025)	SPT2 (2027)	SPT3 (2030)
Tonnes of CO ₂ equivalent emissions per m ² of gross leasable floor area (tCO ₂ eq/m ²)	0.122	0.118	0.102	0.095	0.085

⁴ The CPI Property Group Green Bond Framework is available on CPI Property Group's website at: <https://cpipg.com/for-investors-en>

⁵ <https://sciencebasedtargets.org/resources/legacy/2017/04/SBTi-manual.pdf>

⁶ https://sciencebasedtargets.org/resources/legacy/2020/08/GBT-financial-sector-guidance_final_draft.pdf

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Alignment of the Framework with Relevant Market Standards

Alignment with Use of Proceeds Principles

Sustainalytics is of the opinion that the CPI Property Group Sustainability Finance Framework is credible, impactful and aligns with the Green Bond Principles 2021 (the "Use of Proceeds Principles"). For detailed information, please refer to Appendix 1: Green Bond / Green Bond Programme External Review Form. Sustainalytics highlights the following elements of CPIPG's Sustainability Finance Framework:



Use of Proceeds

Overall Assessment of Use of Proceeds

Use of Proceeds	Activity	Classification	Sustainalytics' Assessment
Green Buildings	Acquisition, construction or refurbishment of certified green buildings	Green	- The Framework defines two sustainability standards (BREEAM and LEED) and minimum certification levels (Very Good for BREEAM, Gold for LEED). Sustainalytics views BREEAM and LEED as credible certifications and considers BREEAM Excellent and LEED Gold to be impactful. - The Framework also considers the Very Good level of BREEAM eligible when the certification is obtained under the "In-Use" scheme, and only when certified under the most recent version of the certification. Sustainalytics notes that (i) the "In-Use" scheme places a higher emphasis on operational energy performance than new construction certification and (ii) the most recent "v6" iteration of the scheme is generally considered more stringent than older versions, and encourages CPIPG to strive for higher levels of certification where feasible. - For additional information on green building certification schemes, please consult Appendix 1.
Energy Efficiency	Energy-efficient buildings	Green	- Financing buildings which qualify for Primary Energy Demand ("PED") of at least 10% below the threshold set for nearly zero-energy building ("NZEB") requirements is aligned with market practice. - Financing buildings belonging to the top 15% most energy-efficient buildings in their jurisdiction, as determined by credible measures such as Energy Performance certificates ("EPCs") class A, is aligned with market practice. - With regards to the approach for EPC labels, Sustainalytics considers an upgrade of two levels to be significant, though the scale of impact will vary across the markets in which CPIPG operates, as different countries set energy performance levels differently. The Issuer has confirmed alignment with the EU Taxonomy in regard to EPCs and their application in most countries of operation.
	Building renovations	Green	- The 30% energy improvement threshold defined by the Framework for eligible renovations is aligned with market practice.
Renewable Energy	Photovoltaic solar and wind	Green	- Investments in wind and solar power generation are aligned with market practice.
	Biogas	Green	- The Framework specifies that biogas is sourced solely from waste sources, which Sustainalytics considers to be aligned with market practice.

	Renewable energy solutions	Green	- The use of air and ground source heat pumps is aligned with market expectation. - The Framework specifies that combined heat and power units are only eligible when not powered by fossil fuels. CPIPG has confirmed to Sustainalytics that the issuer considers renewable fuels such as biogas (including landfill or digester gas) and wood waste. Sustainalytics notes that market practice is to procure landfill gas from closed operations and encourages to pursue such practices in the future.
Environmentally sustainable management of living natural resources and land use	Farmland certified against EU standards on organic farming production	Green	- The proceeds of the bond will be used to make investments into the operation and maintenance of 12,000ha of certified EU Organic farmland. While the Green Bond Principles indicate a preference for project finance, Sustainalytics believes that OPEX directly linked to the operation and maintenance of certified organic farmland will be important to sustaining positive environmental impacts. - Sustainalytics views the EU organic certification as credible and robust.
	Green roof gardens and rooftop installations	Green	- Proceeds will be used for the development of rooftop gardens and rooftop installations such as beehives and artificial nesting sites for birds. - Sustainalytics notes that these activities do not include the active management and restoration of wild ecosystems. Rather, CPIPG has confirmed to Sustainalytics that these investments will be made primarily at buildings that are already undergoing refurbishments financed by green proceeds in conjunction with the eligibility criteria related to Green Buildings and Energy Efficiency. As such, these activities are considered as complimentary to broader environmental performance improvements taking place at these sites.



Project Evaluation and Selection

- Project selection and evaluation will be carried out internally by CPIPG's Green Bond Team, which is composed of representatives from the legal, finance and investor relations departments and will be chaired by the Chief Financial Officer. The Green Bond Team will evaluate projects according to the Framework and their internal policies. Projects are sent to the CSR Committee, which is formed by the CPIPG Board of Directors, and is responsible for supervising the corporate governance and sustainability strategy of the Group. The CSR Committee is also responsible for oversight of the project evaluation and selection process. The Committee will conduct a final review of projects proposed by the Green Bond team before providing its conclusion to the Board of Directors.
- Prior to project investment, CPIPG conducts a risk assessment that is applicable to all allocation decisions made under the Framework. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with market expectations. For additional detail, see Section 2.
- Projects will be periodically reviewed to ensure compliance with the Green Bond Framework. The Green Bond Team will conduct an annual review of the allocation and determine if any changes are required, e.g. if a project has been completed or is no longer eligible. These processes will be overseen by the CSR Committee.
- Sustainalytics considers CPIPG's approach to project evaluation and selection to be robust. Particularly noteworthy is the broad representation included in the Green Bond Team and direct oversight of the process by the Issuer's board level CSR Committee.



Management of Proceeds

- CPIPG will establish a Green Financing Register to manage the proceeds of the CPIPG Green Bond using a portfolio approach. The Register will contain information on the details of the bond and the use of proceeds, including the summary of project eligibility, total allocation, any unallocated amounts and estimated impact. Proceeds will be earmarked against eligible projects. The register will be reviewed annually by the Green Bond Team to account for any re-allocation, repayments or drawings on the eligible projects.
- CPIPG intends to fully allocate proceeds of the Green Bond at issuance for its first green bond issuance. However, in the event that proceeds are not allocated, unallocated proceeds will be held in cash or other short-term instruments until allocation. The Company has established a look-back period of 36 months for its refinancing activities.
- Sustainalytics views this approach to be in line with market practice.



Reporting

- CPIPG commits to provide, on an annual basis, a detailed report on the allocation of the net proceeds for the entire green bond portfolio. CPIPG will provide a portfolio level breakdown by eligible project categories, a list of eligible projects financed, the remaining balance of any non-allocated proceeds and the share of financing/refinancing. Where feasible, CPIPG will include case studies of projects allocated with the green bond(s) proceeds. Annual reporting will begin no later than one year after the date of the first green bond issuance. The annual report will be made publicly available on the Company's website.
- CPIPG intends to report on impact metrics on an annual basis in alignment with metrics provided under the Harmonized Framework for Impact Reporting. Indicators include the level of building certification by property, annual reduction in water consumption, annual GHG emissions avoided, annual energy savings, renewable energy capacity added, estimated land area with biodiversity management and quality enhancement of soil and/or water through management practices associated with the EU organic agriculture practices.
- Sustainalytics views CPIPG's impact and allocation reporting commitments to be in line with market practice.

Alignment with Sustainability-Linked Principles

Sustainalytics is of the opinion that the CPIPG Sustainability Finance Framework aligns with the Sustainability-Linked Bond Principles 2020. For detailed information, please refer to Appendix 3 Sustainability Linked Bond External Review Form. Sustainalytics highlights the following elements of CPIPG's CPI Property Group Sustainability Finance Framework:



Selection of Key Performance Indicator (KPI)

Relevance and Materiality of KPI

In its assessment of materiality and relevance, Sustainalytics considers i) whether an indicator speaks to a material impact of the Issuer's business on environment or social issues, and ii) to what portion of impact the KPI is applicable.

The KPI, tonnes of CO₂ equivalent emissions per m² of gross leasable floor area (tCO₂eq/m²), is considered material and relevant to CPIPG given that it covers the GHG emissions derived from its buildings' operations and energy consumption. The KPI includes the total GHG emissions (Scope 1, 2 and 3) of all CPIPG's subsidiaries, including equity stakes in associates and joint ventures.

The Sustainability Accounting Standard Board (SASB)⁷ identifies energy management as a material topic for the real estate industry; SASB notes that real estate assets consume significant amounts of energy, primarily related to space heating, ventilating, air conditioning, water heating, lighting, and the use of equipment and appliances.⁸ Furthermore, the emissions intensity metric used by CPIPG, expressed in tCO₂eq/m², is a widely adopted approach to reducing the carbon footprint associated with buildings operations, in line with the global decarbonization pathways and sectoral decarbonization approach (SDA) applicable to the real estate sector. Based on this, Sustainalytics considers this KPI to be material, relevant and sufficient in scope.

KPI Characteristics

In its assessment of the KPI characteristics, Sustainalytics considers i) whether a clear and consistent methodology is used, ii) whether the Issuer follows an externally recognized definition, iii) whether the KPI is a direct measure of the performance of the Issuer on a material environmental or social issue, and, if applicable, iv) whether the methodology can be benchmarked to an external, contextual benchmark.⁹

Sustainalytics considers CPIPG's definition and methodology to calculate KPI performance to be clear and consistent and follows widely recognized methodologies to assess the carbon performance in the real estate sector, as a result of which the KPI can also be benchmarked against external carbon emissions trajectories. The KPI is also considered a direct measure of the performance of CPIPG's buildings.

Overall Assessment

Sustainalytics overall considers the KPI to be very strong given that: (i) it directly measures performance on a relevant and material ESG issue for the Company, applicable to its total GHG emissions (Scope 1, 2 and 3), (ii) its definition is aligned with credible external methodologies such as IEA B2DS scenario, and therefore, (iii) supports benchmarking against external emission reduction trajectories.

Tonnes of CO ₂ equivalent emissions per m ² of gross leasable floor area (tCO ₂ eq/m ²)	Not Aligned	Adequate	Strong	Very strong
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Calibration of Sustainability Performance Targets (SPTs)

Alignment with Issuer's Sustainability Strategy

CPIPG has set the following SPTs for its KPI:

- SPT1 (2025): GHG emission intensity reductions equal to or lower than 0.102 tCO₂eq/m² of CPIPG's property portfolio by 2025, representing a reduction of 16% compared to the 2019 baseline.
- SPT2 (2027): GHG emission intensity reductions equal to or lower than 0.095 tCO₂eq/m² of CPIPG's property portfolio by 2027, representing a reduction of 22% compared to the 2019 baseline.
- SPT3 (2030): GHG emission intensity reductions equal to or lower than 0.085 tCO₂eq/m² of CPIPG's property portfolio by 2030, representing a reduction of 30% compared to the 2019 baseline.

Sustainalytics considers the SPTs to be aligned with CPIPG's sustainability strategy (please refer to Section 2 for analysis of the credibility of CPIPG's sustainability strategy).

⁷ The SASB Foundation is a not-for-profit, independent organization that establish and maintain industry-specific standards to assist companies in disclosing financially material, decision-useful sustainability information to investors.

⁸ SASB, "Real Estate", (2018), at: https://www.sasb.org/wp-content/uploads/2018/11/Real_Estate_Standard_2018.pdf

⁹ External contextual benchmarks provide guidance on the alignment with ecological system boundaries. This criterion is not applied to social KPIs or impact areas for which such contextual benchmarks are not available.

Alignment with Issuer's Sustainability Strategy

As highlighted in its annual management report 2020,¹⁰ CPIPG considers climate change mitigation as the primary focus of its environmental strategy and recognizes its buildings' energy consumption as a significant driver of GHG emissions. Furthermore, SPT3 (2030) has been approved by its board-level CSR committee (April 2021).

In addition, CPIPG endorses the 2015 Paris Agreement within the UN Framework Convention on Climate Change and is committed to implementing the new EU Taxonomy into its proposals in the future. Also, in March 2021, CPIPG announced its commitment to transition all its electricity purchased to 100% renewable sources by 2024.

Strategy to Achieve the SPTs

CPIPG intends to achieve the SPTs through the following measures:

- **Renewable energy:** currently, over 30% of CPIPG's electricity supply is derived from fossil fuel sources. In this context, the Company aims to significantly reduce its overall GHG emissions intensity by transitioning to 100% renewable energy procurement by 2024. CPIPG will also continue to support renewable energy generation on-site – primarily through its subsidiary GSG Solar, a producer of solar energy. Additionally, CPI Energo, CPIPG's electricity distribution company in the Czech Republic, will aim to continue pursuing green energy production and innovative solutions.
- **Tenant involvement:** Most of CPIPG's GHG emissions are derived from Scope 3 (77.9% in 2020). The main source of GHG emissions in CPIPG's portfolio stems from the operation of buildings by CPIPG's tenants, where CPIPG has indirect control. Therefore, CPIPG has identified tenant involvement and cooperation as an important measure to reduce GHG emissions. Thus, CPIPG has executed Green Memorandums (for current tenants) and Green Leases (for future tenants) on a selective basis and expects to execute more in future. Green Lease principles are incorporated into standard lease forms and are considered for future renewals and new tenants. Several Green Leases have already been executed, such as Capgemini for the MAYHOUSE project in Prague. The Green Lease/Green Memorandum of understanding in terms of environmental protection between the landlord and the tenant covers the main areas: (i) set up of the building management committee, which will comprise representatives of the landlord, the tenant and other persons involved in the operation or management of the building and the premises; (ii) optimisation of building management system (BMS), (iii) cooperation on green measures considered or being employed at the building and the premises; and (iv) agreement on the environmental data sharing concerning the building and the premises in respect of electricity, gas, water, and any other energy consumption, waste generation and recycling, maintenance of the building and its equipment.
- **Energy efficiency enhancements:** CPIPG identifies and implements opportunities to enhance the day-to-day energy performance of the properties, extend the longevity of building systems and reduce future CAPEX requirements.
- **Green CAPEX:** CPIPG will look at opportunities to upgrade systems in existing properties where relevant and where significant energy savings can be achieved. The Company considers nearly zero-energy building requirements (NZEB) for its CAPEX projects.

Ambitiousness, Baseline and Benchmarks

To determine the ambitiousness of the SPTs, Sustainalytics considers i) whether they go beyond a business-as-usual trajectory, ii) how the SPTs compare to targets set by peers, iii) and how the SPTs compare with science-based trajectories.¹¹

CPIPG set the baseline for the SPTs in 2019 as this is the most recently completed financial year that CPIPG reported on its environmental performance before the submission to the Science Based Targets initiative (SBTi) in early 2021 to verify the target's alignment with well below 2 degrees scenario. To meet the SPT3 (2030), CPIPG needs to reduce GHG emissions intensity (tCO₂eq/m²) by at least 30% between 2019 and 2030, which translates to an implied average decrease of roughly 2.7% in annual linear terms, year-on-year. In line with CPIPG's commitment to having the SPT3 (2030) verified by SBTi, the Company revised its methodology to calculate GHG emissions in 2019. The Company did not recalculate prior years' data in line with the new methodology. Accordingly, Sustainalytics has not relied on historical performance for assessing the ambitiousness of the SPTs.

¹⁰ CPIPG annual management report 2020, (2021), at: <https://www.cpipg.com/uploads/978888d5c758951080cb5df37f933fb0436326d4.pdf>

¹¹ We refer here to contextual benchmarks, that indicate the alignment of targets with ecosystem boundaries.

Compared to its peers, CPIPG is aligned with best practice. Sustainalytics has identified a peer group of five other companies in the European real estate sector with targets expressed in tCO₂eq/m², with only one other peer including Scope 3 GHG emissions within its targets.

In terms of alignment to science-based trajectories, Sustainalytics has considered how the intensity target aligns with benchmarks such as the IEA's ETP 2017 B2DS (Beyond Two-Degree Scenario) for the building sector and how the target contributes to CPIPG's absolute emissions reductions. It is noted that the SPTs are based on all-scope emissions and includes both residential and commercial buildings making a direct comparison with the IEA's 2030 benchmarks (Scopes 1 and 2 emissions of 26.97 kgCO₂eq/m² for service buildings and 11.71 kgCO₂eq/m² for residential buildings) challenging. However, Sustainalytics recognizes that a 30% decrease in CPIPG's current Scope 1 and 2 emissions intensity (approximately 37.82 kgCO₂eq/m²) would result in a figure well below the benchmark target for service buildings and below a weighted average of the service and residential targets based on CPIPG's current portfolio composition.¹² On this basis, Sustainalytics is of the opinion that the Company's targets to reduce its Scope 1, 2 and 3 emissions intensity to a maximum of 0.102 tCO₂eq/m² by 2025, 0.095 tCO₂eq/m² by 2027 and finally 0.085 tCO₂eq/m² by 2030 are substantial, and that consideration of whole lifecycle emissions with significant coverage of (and potential to decrease) Scope 3 emissions will allow the Company to achieve a positive holistic impact of their environmental footprint.

Overall Assessment

Sustainalytics considers the SPTs to align with Issuer's sustainability strategy and to be ambitious given that: (i) they align with peers best practice, and (ii) they present an emissions intensity reduction in line with a well-below 2°C scenario.

GHG emission intensity reductions equal to or lower than 0.102 tCO ₂ eq/m ² of CPIPG's property portfolio by 2025, representing a reduction of 16% compared to the 2019 baseline.	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
GHG emission intensity reductions equal to or lower than 0.095 tCO ₂ eq/m ² of CPIPG's property portfolio by 2027, representing a reduction of 22% compared to the 2019 baseline.	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
GHG emission intensity reductions equal to or lower than 0.085 tCO ₂ eq/m ² of CPIPG's property portfolio by 2030, representing a reduction of 30% compared to the 2019 baseline.	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious



Bond Characteristics

CPIPG has disclosed that any sustainability-linked financing instrument pertaining to the Framework will be subjected to a penalty in the event that the specified SPTs are not achieved by the target observation date of December 31, 2025, December 31, 2027, and December 31, 2030 respectively. The mechanism for the adjustment will be specified in the sustainability-linked instrument's documentation, and will comprise of an increase in the coupon margin (a 'step-up' margin) of at least 25 basis points (bps) payable from the first coupon payment date following the Sustainability Performance Target Observation Date, until maturity of the relevant Sustainability-Linked financing instrument.

If for any reason the performance level against the SPTs cannot be calculated or observed, or not in a satisfactory manner, the increased coupon margin (as defined) will be applicable. If for any reason CPIPG does not publish details of its performance against the relevant SPTs, the increased coupon margin will be applicable. No more than one step-up margin shall be applied over the life of a given sustainability-linked financing instrument. If the

¹² CPIPG portfolio, accessed on August 25, 2021, at: <https://www.cpipg.com/about-us-en>

specified SPTs have been met, and the specified reporting and verification has been made public, the financial characteristics of any sustainability-linked financing instrument issued under this Framework shall remain unchanged.

Sustainalytics positively notes that the SPTs need to be met at the evaluation date to avoid an increase in the coupon margin and that the bond characteristics are aligned with market practice; however, it does not opine on the adequacy of the penalty imposed for not achieving the SPTs.



Reporting

CPIPG commits to report on an annual basis on its performance on the KPI, and expects to include the relevant figures in its annual Management Report, published on CPIPG's website, which is aligned with the SLBP. CPIPG further commits to disclose relevant information that enables investors to monitor the level of ambition of the SPTs. Furthermore, CPIPG commits to report any potential events, such as material acquisitions or divestitures, that can substantially impact the calculation of the KPI, and may require the restatement of the SPTs or pro-forma adjustments of baselines or KPI scope.



Verification

CPIPG commits to having an external verifier provide assurance on the published KPI performance figures for each fiscal year/on the KPI performance at the SPT deadline, which is aligned with the SLBP on verification.

Section 2: Assessment of CPIPG's Sustainability Strategy

Credibility of CPI Property Group's Sustainability Strategy

At the group level, CPIPG's board-level CSR Committee has oversight of the Company's sustainability strategy, social and environmental risk management, corporate social responsibility, green financing and compliance. CPIPG's Corporate Social Responsibility and Sustainability Policy¹³ is structured around a clear commitment to high standards of environmental, social and ethical actions within its business operations as well as its corporate culture. The Company has defined five primary CSR principles:¹⁴ (i) Promoting a sustainable approach towards real estate development and management; (ii) Contributing to environmental protection and the development of local communities in which the Group operates; (iii) Pursuing a sustainable business model that allows the Group to achieve its business objectives without placing an excessive burden on the environment; (iv) Actively managing the Group's assets to continually improve environmental performance, quality and resilience; and (v) Encouraging cooperation with all employees, tenants and customers to foster a close relationship with all our stakeholders.

To implement its approach, CPIPG identified two key focus areas, for which CPI Property Group has already engaged various activities:

- **Green Energy:** CPIPG has installed more than 25,250 solar modules over a 45,000 m² photovoltaic area generating around 9,448 MWh in total annual output, creating Berlin's largest photovoltaic system. In addition, CPIPG Property owns and operates six cogeneration plants in its Berlin portfolio, each generating around 800 KW in electrical output and supporting the Company's carbon offsetting capabilities.¹⁵
- **Green Properties:** The Group acknowledges the importance of improving resource efficiency and implementing sustainability principles at its properties. The goal is to increase the percentage of green and certified buildings in its portfolio and to address all aspects of environmental impacts created by their properties, including energy performance,

¹³ CPIPG, "Property Corporate Social Responsibility and Sustainability policy", at: <http://sustainability.cpipg.com/>

¹⁴ CPIPG, "Management Report 2019", at: <https://www.cpipg.com/uploads/3ab4bf98d1d54c67a78af8f364e52b3753a6d3.pdf>

¹⁵ CPIPG, "Environmental Responsibility", at: <http://sustainability.cpipg.com/environment.php>

water consumption, use of eco-friendly construction materials, recycling infrastructure, land use, pollution, transportation and local environmental conservation. As of 2020, certified buildings (BREEAM and LEED) represented 21.8% share of the Group's GLA,¹⁶ and 27% of total portfolio value.¹⁵ Furthermore, CPIPG conducts Life Cycle Analysis (LCA) on all new constructions over 10,000m².⁴

Sustainalytics considers CPIPG to have a strong sustainability strategy and considers that the SLBs will further support CPIPG's sustainability strategy.

CPI Property Group's Environmental and Social Risk Management

According to Sustainalytics' ESG Risk Rating, CPIPG's overall management of material ESG issues is average. At the same time, the Company's ESG reporting is considered to be strong. Sustainalytics' analysis is based on CPIPG's overall performance in environmental, governance and social issues.¹⁷

Sustainalytics also recognizes that while CPIPG's defined targets are impactful, it is acknowledged that achieving the SPTs in the real estate management industry bears environmental and social risks related to health and safety risks, create unintended waste and wastewater discharges, as well as pollution and land-use risk. For example, through land clearing, the operation of diesel engines, demolition, etc. construction sites generate high levels of particulate matter that can travel long distances and have an impact on air quality, causing a risk to humans and wildlife. Additionally, the Company needs to be aware of and engage surrounding communities to mitigate any potential stakeholder issues.

In the following section Sustainalytics comments on CPIPG's ability to mitigate such potential risks.

- The Group is committed to reducing the environmental impact caused by operational activities. Prior to project investment, the Group conducts a risk assessment.¹³ In 2018, CPIPG began the establishment of the Group's KPI and set up monitoring, reporting and targeting processes, to align with ISO 14001. The Group is working towards standardizing environmental practices for its existing assets and for new developments and acquisitions.
- CPI Property is committed to ensuring that waste management practices at buildings are in compliance with local legislation and ensures waste separation into streams relevant to building operation, recycling and occupants needs.
- In accordance with EU regulation on construction and demolition waste (CDW), CPI is required to follow the guidelines set out by each of the Member States that the Company operates in. These regulations are aimed at ensuring waste management is carried out without endangering human health or causing harm to the environment.¹⁸
- Additionally, CPIPG confirmed to Sustainalytics its compliance with EU legislation related to worker health and safety and its focus on raising awareness and training of teams on occupational health and safety risks. The Company publicly reports on OSHA figures in its annual Corporate Social Responsibility report and recorded a total of 54 accidents in 2019, with no recorded fatal injuries.¹³ Moreover, the countries where CPIPG operates are classified as "Designated Countries" by the Equator Principles, suggesting the existence of strong environmental and social governance systems and institutional capacity designed to protect the local environment and communities.¹⁹
- Since March 2020, the Group's Board of Directors resolved that top management remuneration will depend on the fulfilment of ESG related KPI.⁴
- In 2021, CPI Property Group became a signatory of the United Nations Global Compact²⁰ and is committed to incorporating principles to ensure environmental and labour standards.⁴
- Regarding stakeholder engagement, CPIPG confirmed to Sustainalytics its practices aimed at fostering responsibility within the communities in which it operates. In this regard, CPIPG actively engages communities in the project development stages by conducting surveys to garner stakeholder feedback and incorporate that into the planning and implementation phases. CPIPG noted that stakeholder engagement is an iterative process and that it is committed to providing the community with multiple opportunities and platforms to voice their opinions. The Company is also actively engaged in community activities that support the health and well-being of tenants.¹³

Overall, Sustainalytics considers that CPIPG has strong management programs and policies to mitigate potential environmental and social risks that are associated with the activities that will be carried out with this Framework.

¹⁶ Gross Lettable Value

¹⁷ This assessment has been derived from Sustainalytics' ESG Risk Ratings on August 18, 2021.

¹⁸ EU, "Waste Framework Directive", (2008), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32008L0098&from=EN>

¹⁹ The Equator Principles, "Designated Countries", at: <https://equator-principles.com/designated-countries/>

²⁰ UN, "Global Compact", at: <https://www.unglobalcompact.org/>

Section 3: Impact of the UoPs and SPTs Selected

Importance of renewable energy and energy efficiency in European buildings

The EU's real estate sector accounts for 40% of the European block's total energy consumption and 36% of its CO₂ emissions.²¹ This problem is particularly relevant in Central and Eastern Europe (CEE), where the real estate sector can account for up to 50% of a country's total energy consumption, such as in Hungary.²² Additionally, the EU has specifically identified the Czech Republic for its failure to improve the transparency around building energy performance,²³ which can limit transparency and slow efforts to improve building energy performance. Furthermore, the European Commission has concluded that high energy consumption levels are directly correlated with the age of buildings. Approximately 36% of the EU's building stock is over 50 years old, and approximately 75% of EU building stock is considered energy inefficient.²¹ According to the EC, through the renovation and retrofit of existing buildings, significant energy savings can be achieved, with the potential of reducing the EU's total energy consumption by 5-6% and lowering total CO₂ emissions by about 5%.²¹

Given that there is a particular need for renovating buildings in CEE, where efficiency gains stand to have a greater overall impact on carbon reduction,²² Sustainalytics is of the opinion that CPIPG's green buildings and energy efficiency projects will provide a meaningful contribution towards the EU's decarbonization efforts, and that CPIPG's focus on achieving EPC labels for its properties will contribute to improving transparency on energy performance in the market. Specifically, investments in more energy efficient buildings, the pursuit of green building certification and the expansion of photovoltaic infrastructure will reduce energy demand and carbon intensity and increase renewable energy use.

Benefits of organic farming, rooftop gardens, beehives and artificial bird nesting

While most of the proceeds for this Framework will be used to finance CPIPG's building portfolio in accordance with the criteria for green buildings, energy efficiency and renewable energy, CPIPG will dedicate a small portion of the proceeds to manage and maintain its organic farmland assets and to develop green building installations that act as a habitat for a range of species, such as gardens, beehives and nesting sites. Regarding organic farming, the impacts of conventional agriculture are well established, ranging from pollution to biodiversity loss and natural resource depletion.²⁴ EU Organic farming standards help to mitigate some of these impacts and contribute to more sustainable food production. For example, through carbon sequestration, reduced dependence on fossil-fuel inputs and the use of renewable energy, organic agriculture can contribute to reducing energy consumption and mitigating the impacts of carbon emissions.²⁵ Similarly, the FAO has indicated that "organic agriculture provides management practices that can help farmers adapt to climate change through strengthening agro-ecosystems, diversifying crop and livestock production, and building farmers' knowledge base to best prevent and confront changes in climate."²⁵ CPIPG is also financing the implementation of climate-smart agriculture management practices on their organic farmland, including active herd health management, soil remediation and organic soil fertility management. Active herd management is practised with the aim that the health of livestock is not only maintained, but optimized, by focusing on providing high-quality nutrition, natural living conditions and avoiding the unnecessary use of vaccines and antibiotics. Soil remediation and organic soil fertility management are practised to ensure that the farmland is not overused by livestock and involves regular treatment²⁶ and pasture rotation.²⁷

Sustainalytics views EU certified organic farming to be a credible, robust and science-based standard that positively contributes to the transition towards a sustainable food system and the mitigation of climate change, and considers CPIPG's application of climate-smart agricultural practices on these farms to add additional impact. Furthermore, CPIPG's promotion of organic agriculture in Central and Eastern Europe, the Czech Republic specifically, is notable, given that over 50% of organic farming in the EU takes place in Spain Italy, France and Germany.²⁸ As such, Sustainalytics considers that the CPIPG green bond framework will support organic agricultural practices in European countries that have lower levels of organic food production currently.

²¹ European Commission, "Document on the energy performance of buildings in the European Union", at:

<https://ec.europa.eu/energy/en/topics/energy-efficiency/energy-performance-of-buildings>

²² Corporate Leaders Group, "The Energy Transition in Central and Eastern Europe", (2018) at: <https://www.corporateleadersgroup.com/reports-evidence-and-insights/publications/publications-pdfs/cee-energy-transition-report.pdf>

²³ European Commission, "Energy efficiency in buildings: Commission refers Czechia and Slovenia to Court for failure to ensure proper display of energy performance certificates for buildings", (2019) at: http://europa.eu/rapid/press-release_IP-19-464_en.htm

²⁴ Rodriguez, E. (2004), "Negative Effects of Agriculture on our Environment" at:

https://www.researchgate.net/publication/246925467_Negative_Effects_of_Agriculture_on_Our_Environment

²⁵ FAO, "Organic Agriculture and Climate Change", (2018) at: <http://www.fao.org/organicag/oa-specialfeatures/oa-climatechange/en/>

²⁶ Sowing, mowing, mulching, aerating, verticutting, etc.

²⁷ CPIPG, "Environmental Responsibility", at: http://sustainability.cpipeg.com/environment.php#green_agriculture

²⁸ European Commission "Organic Farming in the EU, a Fast Growing Sector", (2019) at: https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/farming/documents/market-brief-organic-farming-in-the-eu_mar2019_en.pdf

Green roofs can offer several environmental benefits. For example, green roofs can act as a heat-mitigation strategy, which can result in lower demand for air-conditioning, thus leading to a decrease in air pollution and energy savings.²⁹ The Environmental Protection Agency (EPA) found that "vegetation can also remove pollutants and GHG emissions from the air through dry deposition, and carbon sequestration and storage, respectively".²⁹ It is important to note that the impact of a green roof will be dependent on a number of factors including the type of green roof,³⁰ local environmental conditions and total area of coverage.³¹ Furthermore, when planted with indigenous fauna, it is possible for rooftop gardens to attract native bird populations and stimulate local biodiversity, as has been demonstrated in the United States and Europe.³¹ Sustainalytics considers these activities to be impactful, especially when considering that they will mostly be pursued for buildings that comply with other elements of CPIPG's Framework, indicating that they are part of a broader programme to enhance the environmental performance of these buildings.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. The CPI Property Group Sustainability Finance Framework advances the following SDG goals and targets:

Category / KPI	SDG	SDG Target
Green Buildings Energy Efficiency	7. Affordable and clean energy	7.3. By 2030, double the global rate of improvement in energy efficiency
	11. Sustainable cities and communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
Renewable Energy	7. Affordable and clean energy	7.2. By 2030, increase substantially the share of renewable energy in the global energy mix
Environmentally Sustainable Management of Living Natural Resources and Land Use	12. Responsible consumption and production	12.2. By 2030, achieve the sustainable management and efficient use of natural resources
KPI: Tonnes of CO ₂ equivalent emissions per m ² of gross leasable floor area (tCO ₂ eq/m ²)	9. Industry, innovation and infrastructure	9.4. By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.
	7. Affordable and clean energy	7.2. By 2030, increase substantially the share of renewable energy in the global energy mix

²⁹ EPA, "Using Green Roofs to Reduce Heat Islands", (2018) at: <https://www.epa.gov/heat-islands/using-green-roofs-reduce-heat-islands>

³⁰ CPI has not indicated if they will be pursuing the development of Extensive Green Roofs or Intensive Green Roofs. For more information, see the EPA link above.

³¹ Audubon, "Roofing Revolution: How (Gorgeous) Green Roofs Benefit", (2016) at: <https://www.audubon.org/news/roofing-revolution-how-gorgeous-green-roofs-benefit-birds>

Conclusion

CPI Property Group has developed the CPIPG Sustainability Finance Framework under which it may issue use of proceeds and/or sustainability-linked bonds.

Under the green bonds, the proceeds may finance projects related to green buildings, energy efficiency, renewable energy and environmentally sustainable management of living natural resources and land use. Sustainalytics considers that the projects funded by the use of proceeds bonds are expected to provide a positive environmental impact. The CPI Property Group Sustainable Finance Framework outlines a process by which proceeds will be tracked, allocated, and managed and makes commitments for reporting on the allocation and impact of the use of proceeds.

Under the sustainability-linked instruments, CPI Property Group intends to tie the financial characteristics of the bonds to the achievements of the following SPTs:

- GHG emission intensity reductions equal to or lower than 0.102 tCO₂eq/m² of CPIPG's property portfolio by 2025, representing a reduction of 16% compared to the 2019 baseline.
- GHG emission intensity reductions equal to or lower than 0.095 tCO₂eq/m² of CPIPG's property portfolio by 2027, representing a reduction of 22% compared to the 2019 baseline.
- GHG emission intensity reductions equal to or lower than 0.085 tCO₂eq/m² of CPIPG's property portfolio by 2030, representing a reduction of 30% compared to the 2019 baseline.

Sustainalytics considers the KPI, tonnes of CO₂ equivalent emissions per m² of gross leasable floor area (tCO₂eq/m²), to be very strong as it directly measures performance on a relevant and material ESG issue for the Company, has significant scope of applicability, is aligned with credible external methodologies and is fit for benchmarking.

Sustainalytics considers CPIPG's SPTs to be ambitious as they represent a material improvement compared to past performance, align with peer best practice, and indicate emissions intensity reductions in line with a well-below 2°C scenario. Sustainalytics considers reporting and verification commitments to be aligned with market expectations.

Furthermore, Sustainalytics believes that the CPIPG Sustainable Finance Framework is aligned with the Company's overall sustainability strategy and that CPIPG's overall management of material ESG issues is average.

Based on the above, Sustainalytics is confident that CPI Property Group is well-positioned to issue green bonds and sustainability-linked bonds and that the CPIPG Finance Framework is in alignment with the Green Bond Principles 2021 and the Sustainability-Linked Bond Principles 2020.

Appendix 1: Referenced Green Building Certifications

	LEED	BREEAM
Background	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance, and operation of buildings.	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK, BREEAM can be used for new, refurbished or extension of existing buildings and buildings in operation.
Certification levels	• Certified • Silver • Gold • Platinum	• Pass • Good • Very Good • Excellent • Outstanding
Areas of assessment	• Energy and atmosphere • Sustainable Sites • Location and Transportation • Materials and resources • Water efficiency • Indoor environmental quality • Innovation in Design • Regional Priority	• Energy • Land Use and Ecology • Pollution • Transport • Materials • Water • Waste • Health and Wellbeing • Innovation
Requirements	Minimum requirements independent of level of certification; point-based scoring system weighted by category to determine certification level. The rating system is adjusted to apply to specific sectors, such as: New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, and Existing Buildings: Operation and Maintenance.	Prerequisites depending on the levels of certification, and credits with associated points. This number of points is then weighted by item and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score.
Qualitative Considerations	Widely accepted within the industry, both in North America and internationally, and considered a guarantee of strong performance.	Widely accepted within the industry, considered more flexible and able to be tailored to local conditions.
Performance display		



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

Section 1. Basic Information

Issuer name:	CPI Property Group
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	CPI Property Group Sustainability Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	January 6, 2022
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

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

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

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

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| ☒ Consultancy (incl. 2 nd opinion) | ☐ Certification |
| ☐ Verification | ☐ Rating |
| ☐ Other <i>(please specify)</i> : | |

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

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

Please refer to Evaluation Summary above.

Section 3. Detailed review

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

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

Sustainalytics is of the opinion that the CPI Property Group Sustainability Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 (the "Use of Proceeds Principles"). The eligible categories for the use of proceeds - Green Buildings, Energy Efficiency, Renewable Energy, and Environmentally Sustainable Management of Living Natural Resources and Land Use - are aligned with those recognized by the Use of Proceeds Principles and will lead to positive environmental impacts.

Use of proceeds categories as per GBP:

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

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section *(if applicable)*:

- Project selection and evaluation will be carried out internally by CPIPG's Green Bond Team, which is composed of representatives from the legal, finance and investor relations departments and will be chaired by the Chief Financial Officer.
- Prior to project investment, CPIPG conducts a risk assessment. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with market expectation.
- Projects will be periodically reviewed to ensure compliance with the Green Bond Framework. The Green Bond Team will conduct an annual review of the allocation and determine if any changes are required, e.g. if a project has been completed or is no longer eligible. These processes will be overseen by the CSR Committee.
- Sustainalytics considers CPIPG's approach to project evaluation and selection to be robust. Particularly noteworthy is the broad representation included in the Green Bond Team and direct oversight of the process by the Issuer's board level CSR Committee.

Evaluation and selection

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

Information on Responsibilities and Accountability

- | | |
|--|--|
| ☒ Evaluation / Selection criteria subject to external advice or verification | ☐ In-house assessment |
| ☐ Other (<i>please specify</i>): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

- CPIPG will establish a Green Financing Register to manage the proceeds of the CPIPG Green Bond using a portfolio approach. The Register will contain information on the details of the bond and the use of proceeds, including the summary of project eligibility, total allocation, any unallocated amounts and estimated impact. Proceeds will be earmarked against eligible projects. The register will be reviewed annually by the Green Bond Team to account for any re-allocation, repayments or drawings on the eligible projects.
- CPIPG intends to fully allocate proceeds of the Green Bond at issuance for its first green bond issuance. However, in the event that proceeds are not allocated, unallocated proceeds will be held in cash or other short-term instruments until allocation. The Company has established a look-back period of 36 months for its refinancing activities.
- Sustainalytics views this approach to be in line with market practice.

Tracking of proceeds:

- | |
|---|
| ☒ Green Bond proceeds segregated or tracked by the Issuer in an appropriate manner |
| ☒ Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| ☐ Other (<i>please specify</i>): |

Additional disclosure:

- | | |
|---|---|
| ☐ Allocations to future investments only | ☒ Allocations to both existing and future investments |
| ☐ Allocation to individual disbursements | ☐ Allocation to a portfolio of disbursements |

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

4. REPORTING

Overall comment on section (if applicable):

- CPIPG commits to provide, on an annual basis, a detailed report on the allocation of the net proceeds for the entire green bond portfolio. CPIPG will provide a portfolio level breakdown by eligible project categories, a list of eligible projects financed, the remaining balance of any non-allocated proceeds and the share of financing/refinancing. Where feasible CPIPG will include case studies of projects allocated with the green bond(s) proceeds. Annual reporting will begin no later than one year after the date of the first green bond issuance. The annual report will be made publicly available on the Company's website.
- CPIPG intends to report on impact metrics on an annual basis in alignment with metrics provided under the Harmonized Framework for Impact Reporting. Indicators include the level of building certification by property, annual reduction in water consumption, annual GHG emissions avoided, annual energy savings, renewable energy capacity added, estimated land area with biodiversity management and quality enhancement of soil and/or water through management practices associated with EU organic agriculture practices.
- Sustainalytics views CPI Property's impact and allocation reporting commitments to be in line with market practice.

Use of proceeds reporting:

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

Information reported:

- ☐ Allocated amounts
 ☐ Green Bond financed share of total investment
- ☐ Other *(please specify)*:

Frequency:

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

Impact reporting:

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

Information reported (expected or ex-post):

- ☒ GHG Emissions / Savings
 ☒ Energy Savings
- ☒ Decrease in water use
 ☒ Other ESG indicators (please specify): the level of building certification by property,



renewable energy capacity
added, estimated land area
with biodiversity
management and quality
enhancement of soil and/or
water through management
practices associated with EU
organic agriculture practices.

Frequency

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

Means of Disclosure

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

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

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

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**Type(s) of Review provided:**

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

Review provider(s):

Date of publication:

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

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



allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.

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

Appendix 3: Sustainability-Linked Bonds - External Review Form

Section 1. Basic Information

Issuer name: CPI Property Group

Sustainability-Linked Bond ISIN:

Independent External Review provider's name for second party opinion pre-issuance (sections 2 & 3): Sustainalytics

Completion date of second party opinion pre-issuance: January 6, 2022

Independent External Review provider's name for post-issuance verification (section 4):

Completion date of post issuance verification:

At the launch of the bond, the structure is:

- ☒ a step-up structure ☐ a variable redemption structure

Section 2. Pre-Issuance Review

2-1 SCOPE OF REVIEW

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

The review:

- ☒ assessed all the following elements (complete review) ☐ only some of them (partial review):
- | | |
|--|--|
| ☒ Selection of Key Performance Indicators (KPI) | ☒ Bond characteristics (acknowledgment of) |
| ☒ Calibration of Sustainability Performance Targets (SPTs) | ☒ Reporting |
| ☒ Verification | |
- ☒ and confirmed their alignment with the SLBP.

2-2 ROLE(S) OF INDEPENDENT EXTERNAL REVIEW PROVIDER

- | | |
|--|---|
| ☒ Second Party Opinion | ☐ Certification |
| ☐ Verification | ☐ Scoring/Rating |

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

2-3 EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)



Section 3. Detailed pre-issuance review

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

3-1 SELECTION OF KEY PERFORMANCE INDICATORS (KPI)

Overall comment on the section (if applicable): Sustainalytics overall considers the KPI to be very strong given that: (i) it directly measures performance on a relevant and material ESG issue for the Company, applicable to its total GHG emissions (Scope 1, 2 and 3), (ii) its definition is aligned with credible external methodologies such as IEA B2DS scenario, and therefore, (iii) supports benchmarking against external emission reduction trajectories.

List of selected KPIs:

- Tonnes of CO₂ equivalent emissions per m² of gross leasable floor area (tCO₂eq/m²)

Definition, Scope, and parameters

- | | |
|--|---|
| ☒ Clear definition of each selected KPIs | ☒ Clear calculation methodology |
| ☐ Other (please specify): | |

Relevance, robustness, and reliability of the selected KPI

- | | |
|--|--|
| ☒ Credentials that the selected KPIs are relevant, core and material to the Issuer's sustainability and business strategy. | ☒ Evidence that the KPIs are externally verifiable |
| ☒ Credentials that the KPIs are measurable or quantifiable on a consistent methodological basis | ☒ Evidence that the KPIs can be benchmarked |
| ☐ Other (please specify): | |

3-2 CALIBRATION OF SUSTAINABILITY PERFORMANCE TARGETS (SPTs)

Overall comment on the section (if applicable): Sustainalytics considers the SPTs to align with Issuer's sustainability strategy and considers CPIPG's SPTs ambitious given that: (i) they present a material improvement compared to past performance, (ii) they align with peers best practice, and (iii) they present an emissions intensity reduction in line with a minimum well-below 2°C scenario.

Rationale and level of ambition

- | | |
|--|---|
| ☒ Evidence that the SPTs represent a material improvement | ☒ Credentials on the relevance and reliability of selected benchmarks and baselines |
| ☒ Evidence that SPTs are consistent with the Issuer's sustainability and business strategy | ☒ Credentials that the SPTs are determined on a predefined timeline |
| ☐ Other (please specify): | |

Benchmarking approach

- | | |
|--|--|
| ☒ Issuer own performance | ☒ Issuer's peers |
| ☒ reference to the science | ☐ Other (please specify): |

Additional disclosure

- | | |
|---|--|
| ☒ potential recalculations or adjustments description | ☒ issuer's strategy to achieve description |
| ☒ identification of key factors that may affect the achievement of the SPTs | ☐ Other (please specify): |

3-3 BOND CHARACTERISTICS

Overall comment on the section (if applicable): CPIPG has disclosed that any Sustainability-Linked financing instrument pertaining to the Framework will be subjected to a penalty in the event that the specified SPTs are not achieved by their target observation dates on December 31, 2025, December 31, 2027, and December 31, 2030 respectively. The mechanism for the adjustment will be specified in the Sustainability-Linked instrument's documentation, and will comprise of an increase in the coupon margin (a 'step-up' margin) of at least 25 basis points (bps) payable from the first coupon payment date following the Sustainability Performance Target Observation Date, until maturity of the relevant Sustainability-Linked financing instrument.

Financial impact:

- ☒ variation of the coupon
- ☐ ...
- ☐ Other (please specify):

Structural characteristic:

- ☐ ...
- ☐ ...
- ☐ Other (please specify):

3-4 REPORTING

Overall comment on the section (if applicable): CPIPG commits to report on an annual basis on its performance on the KPI, and expects to include the relevant figures in its annual Management Report, published on CPIPG's website, which is aligned with the SLBP. CPIPG further commits to disclose relevant information that enables investors to monitor the level of ambition of the SPTs. Furthermore, CPIPG commits to report any potential events, such as material acquisitions or divestitures, that can substantially impact the calculation of the KPI, and may require the restatement of the SPTs or pro-forma adjustments of baselines or KPI scope.

Information reported:

- | | |
|--|---|
| ☒ performance of the selected KPIs | ☒ verification assurance report |
| ☐ level of ambition of the SPTs | ☐ Other (please specify): |

Frequency:

- | | |
|--|--------------------------------------|
| ☒ Annual | ☐ Semi-annual |
|--|--------------------------------------|



☐ Other (please specify):

Means of Disclosure

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

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

Level of Assurance on Reporting

- ☐ limited assurance ☐ reasonable assurance
- ☐ Other *(please specify):*

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

Section 4. Post-issuance verification

Overall comment on the section *(if applicable):*

Information reported:

- ☐ limited assurance ☐ reasonable assurance
- ☐ Other (please specify):

Frequency:

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

Material change:

- ☐ Perimeter ☐ KPI methodology
- ☐ SPTs calibration

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