



# Second-Party Opinion

## SIGNA Prime Green Finance Framework

### Evaluation Summary

Sustainalytics is of the opinion that the SIGNA Prime Green Finance Framework is credible and impactful and aligns to the four core components of the Green Bond Principles 2018. This assessment is based on the following:



**USE OF PROCEEDS** The eligible categories for the use of proceeds – Green Buildings, Energy Efficiency, Renewable Energy, and Clean Transportation – are aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7 and 11.



**PROJECT EVALUATION / SELECTION** SIGNA Prime’s internal process in evaluating and selecting projects is overseen by the Green Finance Committee (GFC), which is chaired by SIGNA Prime’s CFO and comprised of members of the Group Management Board, Senior managers responsible for Asset Management, Project Development, Sustainable Finance & Group Strategy, and Property Finance. An ESG Council will conduct an initial asset eligibility screening for the GFC’s consideration and final approval. This is in line with market practice.



**MANAGEMENT OF PROCEEDS** SIGNA Prime’s processes for management of proceeds are handled by the Head of ESG Strategy & Sustainable Finance. The green finance instruments’ proceeds will be deposited in general accounts and earmarked for allocation towards eligible projects. Pending full allocation, unallocated proceeds will be held in cash or cash equivalents or will be used to repay existing borrowings in accordance with the applicable internal policies. This is in line with market practice.



**REPORTING** SIGNA Prime intends to report on allocation and impacts of proceeds on its website on an annual basis until full allocation. The allocation reporting will include details such as a list of eligible green projects financed and or/refinanced, allocation of the net proceeds of its green financing, share of proceeds used for financing and re-financing, and the remaining balance of unallocated proceeds. Additionally, where feasible, SIGNA Prime is committed to reporting on relevant impact metrics. This is aligned with market practice.

<b>Evaluation Date</b>	May 17, 2021
<b>Issuer Location</b>	Innsbruck, Austria

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## Introduction

SIGNA Prime Selection AG (“SIGNA Prime”, the “Company”, or the “Issuer”) is a non-listed real estate company based in Austria, which manages and develops commercial properties in prime city center locations in Austria, Germany, Switzerland and Northern Italy.

SIGNA Prime has developed the SIGNA Prime Green Finance Framework (the “Framework”) under which it intends to issue Green Finance Instruments including green bonds, green private placements, and green (syndicated) loans, and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that contribute to improved energy efficiency of buildings where SIGNA Prime operates. The Framework defines eligibility criteria in four areas:

1. Green Buildings
2. Energy Efficiency
3. Renewable Energy
4. Clean Transportation

SIGNA Prime engaged Sustainalytics to review the SIGNA Prime Green Finance Framework, dated May 2021, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP).<sup>1</sup> This Framework has been published in a separate document.<sup>2</sup>

### Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>3</sup> opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

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

- The Framework’s alignment with the Green Bond Principles 2018, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.8.1, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of SIGNA Prime’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. SIGNA Prime representatives have confirmed (1) they understand it is the sole responsibility of SIGNA Prime to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that 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 SIGNA Prime.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The

<sup>1</sup> The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

<sup>2</sup> The SIGNA Prime Green Finance Framework is available on SIGNA Prime Selection AG’s website at: <https://www.signa.at/de/realestate/signa-prime-selection-ag/>

<sup>3</sup> 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.

measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

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

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

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the SIGNA Prime Green Finance Framework

Sustainalytics is of the opinion that the SIGNA Prime Green Finance Framework is credible and impactful, and aligns to the four core components of the GBP. Sustainalytics highlights the following elements of SIGNA Prime's Green Finance Framework:

- Use of Proceeds:
  - The eligible categories for the use of proceeds – Green Buildings, Energy Efficiency, Renewable Energy, Clean Transportation – are aligned with those recognized by the GBP. Sustainalytics is of the opinion that SIGNA Prime's financing under the Framework is expected to improve energy performance of SIGNA Prime's building stock, increase renewable energy production, and promote sustainable transport in Austria, Germany, Switzerland and Northern Italy.
  - Under the Green Buildings category, SIGNA Prime may finance and/or refinance the acquisition, construction or refurbishment of buildings meeting one of the following minimum certification levels: (i) BREEAM "Excellent", (ii) LEED "Gold", (iii) DGNB "Gold", (iv) ÖGNI "Gold",<sup>4</sup> or (v) any equivalent certification. Please refer to Appendix 1 for Sustainalytics' assessment of these building certification schemes.
  - Under the Energy Efficiency category, SIGNA Prime may finance and/or refinance: (i) renovations or refurbishments of entire buildings which lead to 20% emissions reduction and/or achieve at least a 20% energy efficiency improvement compared to the buildings' performance before the renovation, and (ii) individual energy efficiency improvements of buildings that are expected to significantly reduce carbon emissions and improve energy efficiency (e.g. LED lighting, replacing and/or upgrading building management systems). SIGNA Prime intends to invest in the installation of energy-efficient technologies, products or equipment that are electric or non-motorized.
  - Under the Renewable Energy category, SIGNA Prime may finance and/or refinance the acquisition, development, construction and/or installation of renewable energy production units such as installation of solar photovoltaic panels. Under this category, SIGNA Prime also intends to invest in dedicated support infrastructure to connect, store and supply renewable energy to buildings or back to the grid.
  - Under the Clean Transport category, SIGNA Prime intends to finance and/or refinance electric vehicle charging infrastructure in its development projects.
  - SIGNA Prime has established a 36-month look-back period for its refinancing.
- Project Evaluation and Selection:
  - SIGNA Prime' internal process in evaluating and selecting projects is overseen by the Green Finance Committee (GFC) which is chaired by SIGNA Prime's CFO, and comprised of representatives of the Group Management Board, and senior managers responsible for Asset Management, Project Development, Sustainable Finance & Group Strategy, and Property Finance.

<sup>4</sup> ÖGNI certifies sustainable buildings and quarters according to the European DGNB quality certificate. ÖGNI "Gold" is therefore considered to be equivalent to DGNB "Gold".

- SIGNA Prime has a two-step project selection process (i), the Company's ESG Council will identify potential eligible projects and (ii) then the GFC will evaluate and approve eligible projects which meet the eligibility criteria, internal policies, and local regulations. The GFC will replace projects which no longer meet the eligibility criteria through annual monitoring.
- Based on these elements, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
  - SIGNA Prime's process for management of proceeds is overseen by the Head of ESG Strategy & Sustainable Finance. The Green Finance Instruments proceeds will be deposited in the Company's general accounts and earmarked for allocation to eligible green projects. Pending full allocation, SIGNA Prime may hold unallocated proceeds in cash or cash equivalents, or use them to repay existing borrowings aligned with applicable internal policies. The Company confirmed that debt refinancing will not be linked to carbon intensive assets or activities. Signa Prime intends to fully allocate the proceeds within 36 months of issuance.
  - Based on the presence of an internal tracking system and disclosure on temporary allocation of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
  - On an annual basis, SIGNA Prime is committed to reporting on the allocation and impact of its proceeds on its website until full allocation. The allocation reporting will provide information on the list of eligible green projects financed and or/refinanced, allocation of the net proceeds of its green financing, share of proceeds used for financing and re-financing, and the remaining balance of unallocated proceeds. Additionally, where feasible, SIGNA Prime will disclose environmental impact indicators such as type and level of green building certification, annual CO<sub>2</sub> emissions avoided, expected or realized energy consumption of the portfolio, and capacity of renewable energy plant(s) constructed or rehabilitated in MW.
  - Based on commitment to allocation and impact reporting on an annual basis, Sustainalytics considers this process to be in line with market practice.

### Alignment with Green Bond Principles 2018

Sustainalytics has determined that the SIGNA Prime Green Finance Framework aligns to the four core components of the GBP. For detailed information please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

## Section 2: Sustainability Strategy of SIGNA Prime

### Contribution of framework to SIGNA Prime's sustainability strategy

In 2021, SIGNA Prime announced its sustainability strategy called "Our sustainable SIGNature 2025" which aims to incorporate environmental and social factors into its business decision-making process and value chains.<sup>5</sup> The Company identifies the following key strategic sustainability issues: (i) "Energy and emissions during planning, construction, and operation", (ii) "Recyclability and longevity of construction materials", and (iii) "Sustainable mobility".<sup>5</sup>

In order to advance its sustainability strategy, the Company has set time-bound quantitative targets and measures for its key material sustainability issues, which are aligned with eligible projects financed under the Framework. SIGNA Prime is committed to (i) obtaining green building certifications for all new property investments by 2023; this process will include carrying out life-cycle analysis; (ii) ensuring climate neutrality of real estate portfolio by 2025; (iii) providing electric transportation infrastructure (parking spaces and charging stations for electric vehicles) in the real estate portfolio by 2021/2022.<sup>5</sup>

Furthermore, SIGNA Prime aims to establish emission reduction targets approved by the Science Based Targets Initiative<sup>6</sup> by 2024.<sup>5</sup>

<sup>5</sup> SIGNA, "Sustainability Strategy: SIGNA Prime Selection AG", (2021), at: <https://www.signa.at/assets/upfiles/2021/04/20210414-signa-esg-strategie-2025-signa-prime-en-final.pdf>

<sup>6</sup> Science Based Targets, "Set a Target", at: <https://sciencebasedtargets.org/set-a-target>

Sustainalytics is of the opinion that the SIGNA Prime Green Finance Framework is aligned with the company's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities.

### **Well-positioned to address common environmental and social risks associated with the projects**

While Sustainalytics recognizes that the net proceeds from the green finance instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects could include occupational health and safety, community relations, land use and biodiversity issues associated with large-scale infrastructure development, emissions, effluents, and waste generated in construction. Sustainalytics is of the opinion that SIGNA Prime is able to manage and/or mitigate potential risks through implementation of the following regulations and procedures:

- SIGNA Prime is compliant with EU Directive 2011/92/EU which requires Environmental Impact Assessment (EIA) for projects associated with significant effects on the environment, securing consent prior to development, ensuring the mitigation of environmental risks relevant to land use changes and infrastructure development.<sup>7</sup>
- In accordance with EU regulation on construction and demolition waste (CDW), SIGNA Prime 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.<sup>8</sup>
- The countries where SIGNA Prime operates are classified as "Designated Countries" by the Equator Principles (EPs), suggesting the existence of strong environmental and social governance systems and institutional capacity designed to protect the local environment and communities.<sup>9</sup>
- Regarding occupational health and safety risks at construction sites, SIGNA Prime is committed to protecting its employees and contractors' health and safety by ensuring strict compliance with safety and fire prevention.<sup>10</sup>
- SIGNA Prime is committed to protecting human rights in its business operation by avoiding any type of modern slavery (child/compulsory/forced labor).<sup>10</sup>
- SIGNA Prime's suppliers must meet the Code of Conduct for Business Partners to comply with the requirements associated with health and safety, human rights, and environmental protection.<sup>11</sup>
- SIGNA Prime engages the local community from the initial phase to the completion phase of its development projects to implement their opinions into the decision-making process.<sup>12</sup>

Based on these regulations and procedures, Sustainalytics is of the opinion that SIGNA Prime has implemented adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

## **Section 3: Impact of Use of Proceeds**

All four use of proceeds categories are aligned with those recognized by the GBP. Sustainalytics has focused on the below where the impact is specifically relevant in the local context.

### **Importance of Green Building Projects in Germany, Austria and Switzerland**

In the EU, the building sector accounts for 40% of total energy consumption and 36% of CO<sub>2</sub> emissions.<sup>13</sup> Approximately 36% of the building stock in EU Member States is over 50 years old, and approximately 75% of the EU building stock is considered energy inefficient.<sup>14</sup> The *European Green Deal*, announced in 2020,

<sup>7</sup> European Commission, "Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment Text with EEA relevance", (2012), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32011L0092>

<sup>8</sup> EU, "Waste Framework Directive", (2008), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32008L0098&from=EN>

<sup>9</sup> The Equator Principles, "Designated Countries", at: <https://equator-principles.com/de/SIGNAated-countries/>

<sup>10</sup> SIGNA, "Value Management System", at: <https://www.signa.at/assets/upfiles/2019/01/20201211-en-signa-value-management.pdf>

<sup>11</sup> SIGNA, "Code of Conduct for Business Partners", at: <https://www.signa.at/assets/upfiles/2019/01/20201211-en-signa-code-of-conduct-for-business-partners.pdf>

<sup>12</sup> SIGNA, "2019 Sustainability Report (p.6. Involvement of stakeholders)", (2019), at: <https://www.SIGNA.at/assets/upfiles/2019/01/sps-nachhaltigkeitsbericht-en.pdf>

<sup>13</sup> EC, "Sustainable buildings for Europe's climate-neutral future", at: <https://ec.europa.eu/easme/en/news/sustainable-buildings-europe-s-climate-neutral-future>

<sup>14</sup> 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>

promotes scaling up renovations of buildings in the EU Member States and constructing greener new buildings.<sup>15</sup> Similar to the EU countries, the building sector in Switzerland accounts for 40% of total energy consumption<sup>16</sup> and 24% of CO<sub>2</sub> emissions.<sup>17</sup> Given these circumstances, these countries have set national targets and initiatives for buildings as part of climate and energy strategy as follows:

- As part of the energy efficiency initiative, the Government of Germany is committed to improving the energy efficiency of buildings by 2030. Additionally, the Government aims to increase a share of renewables to 24-32% in the building sector by 2030.<sup>18</sup>
- The Austrian Federal Government aims to meet the heating and cooling needs of newly constructed buildings without fossil fuels where feasible. By doing so, it is expected to reduce approximately 3 million tonnes CO<sub>2</sub>eq of emissions by 2030 compared to the 2016 baseline.<sup>19</sup>
- The Swiss Federal Council strives to reduce GHG emissions to net zero in the building stock by 2050 through the elimination of fossil fuels while using renewable energies and district heating.<sup>20</sup> By 2026/2027, the Council aims to achieve approximately 50% of reduction in CO<sub>2</sub> emissions from buildings compared to the 1990 level.<sup>21</sup> In line with this target, heating systems will not be powered by fossil fuels for new buildings from 2023.<sup>21</sup> Furthermore, the Council notes that significant renovation work is required to substitute fossil fuels with renewables in Switzerland.<sup>20</sup>

Based on the above, Sustainalytics acknowledges the importance of developing green buildings in Germany, Austria, Switzerland, and their impacts on reducing energy consumption and carbon emissions in the countries. SIGNA Prime's investment in green building projects is expected to reduce GHG emissions from the built environment where SIGNA Prime operates, thereby supporting the transition towards decarbonization.

#### Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The green finance instruments issued under the SIGNA Prime Green Finance Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	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
Energy Efficiency	7. Affordable and Clean Energy	7.3. By 2030, double the global rate of improvement in energy efficiency
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
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

<sup>15</sup> EC, "Building and renovating", (2019), at: [https://ec.europa.eu/commission/presscorner/detail/en/fs\\_19\\_6725](https://ec.europa.eu/commission/presscorner/detail/en/fs_19_6725)

<sup>16</sup> ODYSSEE-MURE, "Switzerland Profile", at: <https://www.odyssee-mure.eu/publications/efficiency-trends-policies-profiles/switzerland.html>

<sup>17</sup> The Federal Council, "Greenhouse gas emissions from buildings", at:

<https://www.bafu.admin.ch/bafu/en/home/topics/climate/state/data/greenhouse-gas-inventory/buildings.html>

<sup>18</sup> Government of Germany, "Integrated National Energy and Climate Plan", (2020), at:

[https://ec.europa.eu/energy/sites/default/files/documents/de\\_final\\_necp\\_main\\_en.pdf](https://ec.europa.eu/energy/sites/default/files/documents/de_final_necp_main_en.pdf)

<sup>19</sup> Federal Ministry Republic of Austria, "Integrated National Energy and Climate Plan for Austria", (2019), at:

[https://ec.europa.eu/energy/sites/default/files/documents/at\\_final\\_necp\\_main\\_en.pdf](https://ec.europa.eu/energy/sites/default/files/documents/at_final_necp_main_en.pdf)

<sup>20</sup> The Federal Council, "Switzerland's Long-Term Climate Strategy", (2021), at: <https://www.news.admin.ch/news/message/attachments/65265.pdf>

<sup>21</sup> Federal Office for the Environment, "Buildings", at: <https://www.bafu.admin.ch/bafu/en/home/topics/climate/info-specialists/reduction-measures/buildings.html>

## Conclusion




SIGNA Prime has developed the SIGNA Prime Green Finance Framework under which it may issue green finance instruments including green bonds, green private placements, and green (syndicated) loans, and use the proceeds to finance projects that are expected to improve energy efficiency of buildings where SIGNA Prime operates. Sustainalytics considers that the projects funded by the green finance instruments proceeds are expected to provide positive environmental impact.

The SIGNA Prime Green Finance Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the SIGNA Prime Green Finance Framework is aligned with the overall sustainability strategy of the company and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 7 and 11. Additionally, Sustainalytics is of the opinion that SIGNA Prime has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that SIGNA Prime Selection AG is well-positioned to issue green finance instruments and that the SIGNA Prime Green Finance Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2018.

## Appendices

### Appendix 1: Certification Schemes for Green Buildings

	<b>BREEAM</b>	<b>LEED</b>	<b>DGNB</b>
<b>Background</b>	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK. Used for new, refurbished and extension of existing buildings.	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).	The German Green Building Certification or DGNB was developed in 2007 by the non-profit German Sustainable Building Council in partnership with the German Federal Ministry of Transport, Building, and Urban Affairs in order to actively encourage sustainable building.
<b>Certification levels</b>	Pass Good Very Good Excellent Outstanding	<ul style="list-style-type: none"> <li>• Certified</li> <li>• Silver</li> <li>• Gold</li> <li>• Platinum</li> </ul>	<ul style="list-style-type: none"> <li>• Bronze</li> <li>• Silver</li> <li>• Gold</li> <li>• Platinum</li> </ul>
<b>Areas of Assessment</b>	<ul style="list-style-type: none"> <li>• Energy</li> <li>• Land Use and Ecology</li> <li>• Pollution</li> <li>• Transport</li> <li>• Materials</li> <li>• Water</li> <li>• Waste</li> <li>• Health and Wellbeing</li> <li>• Innovation</li> </ul>	<ul style="list-style-type: none"> <li>• Energy and atmosphere</li> <li>• Sustainable Sites</li> <li>• Location and Transportation</li> <li>• Materials and resources</li> <li>• Water efficiency</li> <li>• Indoor environmental quality</li> <li>• Innovation in Design</li> <li>• Regional Priority</li> </ul>	<ul style="list-style-type: none"> <li>• Environment</li> <li>• Economic</li> <li>• Sociocultural and functional aspects</li> <li>• Technology</li> <li>• Processes</li> <li>• Site</li> </ul>
<b>Requirements</b>	<p>Prerequisites depending on the levels of certification and credits with associated points</p> <p>This number of points is then weighted by item<sup>22</sup> 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.</p> <p>BREEAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.</p>	<p>Prerequisites independent of level of certification, and credits with associated points.</p> <p>These points are then added together to obtain the LEED level of certification</p> <p>There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).</p>	<p>Percentage-based performance index</p> <p>The total performance index (expressed as a percentage) is calculated by adding the six key areas of assessment. The environmental, economic, socio-cultural and functional aspects and technical quality each account for 22.5% of the total, process accounts for 10% and the site quality is given a separate grade.</p>
<b>Performance display</b>			

<sup>22</sup> BREEAM weighting: Management 12%, Health and wellbeing 15%, Energy 19%, Transport 8%, Water 6%, Materials 12.5%, Waste 7.5%, Land Use and ecology 10%, Pollution 10% and Innovation 10%. One point scored in the Energy item is therefore worth twice as much in the overall score as one point scored in the Pollution item.



<b>Qualitative Considerations</b>	Used in more than 70 countries: Good adaptation to the local normative context. Predominant environmental focus. BREEM certification is less strict (less minimum thresholds) than HQE and LEED certifications.	Widely recognized internationally, and strong assurance of overall quality.	DGNB certification is based on current European Union standards and norms and is being recommended by the German Federal Ministry of Transport, Building and Urban Development. DGNB System has partnerships in a number of countries, among which Bulgaria, Denmark, Austria, Thailand and Switzerland.
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## Appendix 2: Green Bond / Green Bond Programme - External Review Form

### Section 1. Basic Information

<b>Issuer name:</b>	SIGNA Prime Selection AG
<b>Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:</b>	SIGNA Prime Green Finance Framework
<b>Review provider's name:</b>	Sustainalytics
<b>Completion date of this form:</b>	May 17, 2021
<b>Publication date of review publication:</b>	

### 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:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds        | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting                                    |

#### ROLE(S) OF REVIEW PROVIDER

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification   | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> 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):

The eligible categories for the use of proceeds – Green Buildings, Energy Efficiency, Renewable Energy, Clean Transportation – are aligned with those recognized by the GBP. Sustainalytics is of the opinion that SIGNA Prime’s financing under the Framework is expected to improve energy performance of SIGNA Prime’s building stock, increase renewable energy production, and promote sustainable transport in Austria, Germany, Switzerland and Northern Italy.

**Use of proceeds categories as per GBP:**

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

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

**2. PROCESS FOR PROJECT EVALUATION AND SELECTION**

Overall comment on section (if applicable):

SIGNA Prime’ internal process in evaluating and selecting projects is overseen by the Green Finance Committee (GFC) which is chaired by SIGNA Prime’s CFO, and comprised of representatives of the Group Management Board, Senior managers responsible for Asset Management, Project Development, Sustainable Finance & Group Strategy, and Property Finance.  
SIGNA Prime has a two-step project selection process (i), the Company’s ESG Council will identify potential eligible projects and (ii) then the GFC will evaluate and approve eligible projects which meet the eligibility criteria, internal policies, and local regulations. The GFC will replace projects which no longer meet the eligibility criteria through an annual monitoring.

Based on these elements, Sustainalytics considers this process to be in line with market practice.

#### Evaluation and selection

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

#### Information on Responsibilities and Accountability

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other ( <i>please specify</i> ):  |  |

### 3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

SIGNA Prime's processes for management of proceeds are handled by the Head of ESG Strategy & Sustainable Finance. The green finance instruments' proceeds will be deposited in general accounts and earmarked for allocation towards eligible projects. Pending full allocation, unallocated proceeds will be held in cash or cash equivalents or will be used to repay existing borrowings in accordance with the applicable internal policies. This is in line with market practice.

#### Tracking of proceeds:

- |   |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner          |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other ( <i>please specify</i> ):   |

#### Additional disclosure:

- |  |   |
|--|---|
| <input type="checkbox"/> Allocations to future investments only                  | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input checked="" type="checkbox"/> Allocation to individual disbursements       | <input type="checkbox"/> Allocation to a portfolio of disbursements                     |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other ( <i>please specify</i> ):                               |

#### 4. REPORTING

Overall comment on section (if applicable):

On an annual basis, SIGNA Prime is committed to reporting on the allocation and impact of its proceeds on its website until full allocation. The allocation reporting will provide information on the list of eligible green projects financed and or/refinanced, allocation of the net proceeds of its green financing, share of proceeds used for financing and re-financing, and the remaining balance of unallocated proceeds. Additionally, where feasible, SIGNA Prime will disclose environmental impact indicators such as type and level of green building certification, estimated of annual CO2 emissions, expected or realized energy consumption of the portfolio, and capacity of renewable energy plant(s) constructed or rehabilitated in MW. Based on commitment to allocation and impact reporting on an annual basis, Sustainalytics considers this process to be in line with market practice.

##### Use of proceeds reporting:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other ( <i>please specify</i> ):        |

##### Information reported:

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts     | <input type="checkbox"/> Green Bond financed share of total investment |
| <input type="checkbox"/> Other ( <i>please specify</i> ): |  |

##### Frequency:

- |   |                                      |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual                | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other ( <i>please specify</i> ): |                                      |

##### Impact reporting:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other ( <i>please specify</i> ):        |

##### Information reported (expected or ex-post):

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings   |
| <input type="checkbox"/> Decrease in water use              | <input checked="" type="checkbox"/> Other ESG indicators ( <i>please specify</i> ): Type of and degree of certification for buildings and projects; Expected or realised energy consumption of the portfolio (per sqm pa); Capacity of renewable energy plant(s) constructed or rehabilitated in MW |

##### Frequency

- |   |                                      |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual                | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other ( <i>please specify</i> ): |                                      |

**Means of Disclosure**

- |   |   |
|---|---|
| <input type="checkbox"/> Information published in financial report  | <input type="checkbox"/> Information published in sustainability report       |
| <input type="checkbox"/> Information published in ad hoc documents  | <input checked="" type="checkbox"/> Other (please specify): corporate website |
| <input type="checkbox"/> 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.)

<https://www.signa.at/de/realestate/signa-prime-selection-ag/>

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

- |  |  |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit                        | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other ( <i>please specify</i> ):            |  |

**Review provider(s):****Date of publication:****ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP**

- i. **Second-Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.



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## About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. The firm works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The world's foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2020, Climate Bonds Initiative named Sustainalytics the "Largest Approved Verifier for Certified Climate Bonds" for the third consecutive year. The firm was also recognized by Environmental Finance as the "Largest External Reviewer" in 2020 for the second consecutive year. For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com).

