

COVIVIO **SECOND PARTY OPINION**¹ ON THE SUSTAINABILITY OF COVIVIO'S "GREEN BOND"²

September 6th, 2019

SCOPE

Vigeo Eiris was commissioned to provide an independent opinion (hereafter the "Second Party Opinion" or the "SPO") on the sustainability credentials and management of the Green Bond (the "Bond") to be issued by Covivio (the "Issuer") in compliance with the Green Bond Framework (the "Framework") created to govern their issuances.

Our opinion is established according to our Environmental, Social and Governance ("ESG") exclusive assessment methodology and to the latest version of the International Capital Market Association's Green Bond Principles ("GBP") voluntary guidelines, edited in June 2018.

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

- 1) **Issuer:** we summarized our rating of the Issuer's ESG performance (evaluated in July 2019), and we assessed the Issuer's management of potential stakeholders-related ESG controversies and its involvement in controversial activities³.
- 2) **Issuance:** we assessed the coherence between the Framework and the Issuer's environmental commitments, the Bond's potential contribution to sustainability and their alignment with the four core components of the GBP 2018.

Our sources of information are multichannel, combining data from (i) public information gathered from public sources, press content providers and stakeholders, (ii) information from Vigeo Eiris exclusive ESG rating database, and (iii) information provided by the Issuer through documents.

We carried out our due diligence assessment from August 7th to September 6th, 2019. We consider that we were provided with access to all the appropriate documents and interviewees we solicited. We consider that the information made available enables us to establish our opinion with a reasonable level of assurance on its completeness, precision and reliability.

VIGEO EIRIS' OPINION

Vigeo Eiris is of the opinion that Covivio's Green Bond is aligned with the four core components of the Green Bond Principles 2018.

We express a reasonable assurance⁴ (our highest level of assurance) on the Issuer's commitments and on the potential contribution of the contemplated Bond to sustainability.

In addition, the Eligible Projects are likely to contribute to three of the United Nations' Sustainable Development Goals ("SDGs"), namely: Goal 7. Affordable and Clean energy, Goal 11. Sustainable Cities and Communities and Goal 13. Climate Action.

1) Issuer (see Part I):

- ▶ As of July 2019, Covivio displays an advanced ESG performance ranking 1st in our "Financial Services - Real Estate" sector which covers 84 companies. The Issuer's displays an advanced performance in all the Environmental, Social and Governance pillars.
- ▶ As of today, Covivio does not face any stakeholder-related ESG controversies.
- ▶ As of today, the Issuer is not involved in any of the 15 controversial activities screened under our methodology.

¹ This opinion is to be considered as the "Second Party Opinion" described in the GBP voluntary guidelines (June 2018 edition) edited by the International Capital Market Association (www.icmagroup.org).

² The "Green Bond" is to be considered as the bond to be potentially issued, subject to the discretion of the Issuer. The term "Green Bond" has been decided by the Issuer: it does not correspond to any opinion from Vigeo Eiris.

³ The 15 controversial activities analysed by Vigeo Eiris are: Alcohol, Animal welfare, Chemicals of concern, Civilian firearms, Fossil Fuels industry, Coal, Tar sands and oil shale, Gambling, Genetic engineering, High interest rate lending, Military, Nuclear power, Pornography, Reproductive medicine, and Tobacco.

⁴ Definition of Vigeo Eiris' scales of assessment (as detailed in the Methodology section).

2) Issuance (see Part II):

The Issuer has described the main characteristics of the Bond within a formalized Green Bond Framework which covers the four core components of the GBP 2018 (the last updated version of the Framework was provided to Vigeo Eiris on August 5th, 2019). In addition, the Issuer commits to publicly disclose its Framework on its website, before issuance date, which is in line with good market practices.

We are of the opinion that the contemplated Bond is coherent with Covivio's strategic sustainability priorities and sector issues, and contributes to achieving the Issuer's sustainability commitments.

Use of Proceeds

- ▶ The net proceeds of the Bond will exclusively finance or refinance, in part or in full, Eligible Projects falling under one Green Project Category ("Eligible Category"), namely: Green buildings. We consider the Eligible Category to be clearly defined.
- ▶ Eligible Projects are intended to contribute to one main environmental objective (climate change mitigation). This objective is formalized in the Framework and considered clearly defined and relevant.
- ▶ Eligible Projects are considered to provide clear environmental benefits. The Issuer has committed to assess and, as feasible, quantify the expected environmental benefits of the Bond issued. An area for improvement consists in defining ex-ante quantified environmental targets for the Eligible Projects.
- ▶ The Issuer has communicated to Vigeo Eiris on the estimated share of refinancing for its Bond issuance, which will be equal to 57%. The Issuer has committed that, in case of re-financing, a look-back period of maximum 36 months from the Bond's issuance date will be applied, in line with market practices. In addition, the Issuer has communicated the list of selected projects to Vigeo Eiris for this Green Bond issuance, which includes four buildings located in France and Italy with operational dates between 2020 and 2021.

Process for Projects Evaluation and Selection

- ▶ The governance and the process for the evaluation and selection of the Eligible Projects are formalized in the Framework. We consider that the process is reasonably structured, transparent and relevant.
- ▶ The process relies on explicit eligibility criteria, relevant to the environmental objectives defined for the Eligible Category.
- ▶ The identification and management of the environmental and social risks associated with the Eligible Projects are considered advanced regarding environmental risks and good on social risks.

Management of Proceeds

- ▶ The rules for the management of proceeds are clearly defined and will be verified. We consider that they would enable a documented and transparent allocation process.

Reporting

- ▶ The reporting process and commitments appear to be good, covering both the funds allocation and the environmental and social benefits of the Eligible Projects.
- ▶ The selected environmental reporting indicators are relevant.

Covivio has committed that its Green Bond will be supported by external reviews:

- A pre-issuance consultant review: the hereby Second Party Opinion delivered by Vigeo Eiris, covering all the features of the Bond, based on pre-issuance assessment and commitments, to be made publicly available by the Issuer on its website⁵, before the date of issuance.
- An annual verification: an independent third-party will review the allocation of proceeds, compliance with the eligibility criteria defined in the Framework, and the environmental indicators.

This Second Party Opinion is based on the review of the Framework provided by the Issuer, according to our exclusive ESG assessment methodology and to the latest version of the GBP voluntary guidelines (June 2018)

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Disclaimer

Transparency on the relation between Vigeo Eiris and the Issuer: Vigeo Eiris has carried out one mission for Covivio (previously named Foncière des Régions) in April 2016. No established relationship (financial or other) exists between Vigeo Eiris and Covivio.

This opinion aims at providing an independent opinion on the sustainability credentials and management of the Bond, based on the information which has been made available to Vigeo Eiris. Vigeo Eiris has neither interviewed stakeholders out of the Issuer's employees, nor performed an on-site audit nor other test to check the accuracy of the information provided by the Issuer. The accuracy, comprehensiveness and trustworthiness of the information collected are a responsibility of the Issuer. Providing this opinion does not mean that Vigeo Eiris certifies the effectiveness, the excellence or the irreversibility of the assets to be financed by the Bond. The Issuer is fully responsible for attesting the compliance with its commitments defined in its policies, for their implementation and their monitoring. The opinion delivered by Vigeo Eiris neither focuses on the financial performance of the Bond, nor on the effective allocation of its proceeds. Vigeo Eiris is not liable for the induced consequences when third parties use this opinion either to make investments decisions or to make any kind of business transaction.

Restriction on distribution and use of this opinion: the opinion is provided by Vigeo Eiris to the Issuer and can only be used by the Issuer. The distribution and publication are at the discretion of the Issuer, submitted to Vigeo Eiris approval.

⁵ <https://www.covivio.eu/en/>

DETAILED RESULTS

Part I. ISSUER

Covivio, headquartered in Paris, France, manages a diversified real estate portfolio including offices, residential building and hotels. The Company's portfolio is comprised of over EUR 23 billion in assets that include office buildings, hotels and residential buildings. In 2018, Covivio completed the merger with Beni Stabili, an Italian real estate company and acquired 25% of Cœur d'Orly holding companies. During the same year, Covivio acquired a portfolio of twelve hotels in major cities across the United Kingdom and followed this up with long-term leases signed with the InterContinental Hotels Group to run the operational side.

Level of ESG performance

Vigeo Eiris has assessed the Issuer's ESG performance, based on our exclusive ESG rating database.

As of July 2019, Covivio displays an overall advanced ESG performance ranking 1st in our "Financial Services - Real Estate" sector which covers 84 companies.

Domain	Comments	Opinion
Environment	<p>Covivio's performance in the Environment pillar is advanced.</p> <p>The Company's approach to environmental strategy addresses all responsibilities, including the energy efficiency of buildings, environmental considerations in investment and management processes, protection of biodiversity and cooperation with tenants on the reduction of environmental impacts from the use of buildings. In addition, Covivio has set up quantitative targets on green buildings and energy efficiency.</p>	Advanced
	<p>Measures are reported to support this commitment, including internal audits to assess the effectiveness of EMS. The Company has also implemented measures to reduce the environmental impacts from the use of its buildings, such as minimum environmental standards for new works. Finally, between 2014 and 2018, Covivio's portfolio energy intensity and carbon intensity decreased by 32% and 46%, respectively.</p>	Good
	<p>Covivio cooperates with tenants to help them reduce the environmental impacts from buildings' use and to do so has implemented comprehensive measures, including green leases clauses, awareness raising for tenants, sharing of utility data with separate metering facilities and mutual environmental targets concerning energy, waste and water.</p>	Limited
	<p>In addition, the Company has a commitment to include environmental factors in supply chain management and has implemented comprehensive measures to support this commitment, including supplier questionnaires and support, training of employees in charge of purchasing and procedures to manage supplier non-compliance.</p>	Weak
Social	<p>Covivio's performance in the Social Pillar is advanced.</p> <p>Covivio's commitment towards freedom of association covers the Company's main responsibilities, and is supported by on-going monitoring of labour rights risks. In addition, Covivio has issued a formalised commitment towards non-discrimination which is backed by extensive measures, such as the monitoring of salary disparities and career break opportunities. Finally, the Company's share of women in management positions has increased over the past five years, to stand at 49.2% in 2018.</p>	Advanced
	<p>In terms of Human Resources, Covivio discloses a comprehensive commitment towards employee health and safety as well as measures to ensure physical and mental health of employees. Furthermore, Covivio's recordable injury frequency rate decreased between 2014 and 2018. Moreover, the Company commits to promoting career management and addresses topics such as the adaptation of employees' skills set to their career paths. Finally, collective bargaining agreements cover 100% of Covivio's employees.</p>	Good
	<p>Covivio's commitment to promote local social and economic development addresses all of its responsibilities, including to contribute to the re-development of marginalized urban areas, promote spaces with a positive social impact on local communities, promote community engagement and implement a responsible tax strategy. These commitments are supported by relevant measures, such as the revitalisation of marginalised areas. Covivio has also set up a target to have 90% of office assets owned located within 10 minutes on foot of public transport by 2020. The percentage of offices (in France) that are located less than 10 minutes by foot (1km) from public transportation has increased in the past three years to stand at 99.6% in 2018 and the percentage of France and Italian offices accessible to people with reduced mobility has increased in the past two years to stand respectively at 83.8% and 97.1% in 2018.</p>	Limited

	<p>The Company commits to responsible customer relations (including the enhancement of customer satisfaction and cooperation with stakeholders) and has implemented sales evaluation based on client satisfaction indicators.</p> <p>In addition, the Company has a commitment to include social factors in supply chain management and has implemented comprehensive measures to support this commitment, including supplier questionnaires and support, training of employees in charge of purchasing, procedures to manage supplier non-compliance and risk assessments for suppliers.</p>	Weak
Governance	<p>Covivio's performance in the Governance pillar is advanced.</p> <p>More than half of Board members are considered to be independent and at least 40% are women. In addition, the roles of Chairman of the Board and the CEO are separated, and the Chairman is considered to be independent. Covivio respects the "one share - one vote" principle and no major restrictions have been identified in order to add items of the agenda of the AGM or to convene an EGM. Moreover, CSR issues are discussed at Board level. Furthermore, senior executive remuneration is linked to CSR topics such as human resources development and energy efficiency of buildings. Finally, Board members are elected every four years in staggered elections.</p> <p>In terms of Business Behaviour, the Company has a commitment to prevent corruption and money laundering and has implemented comprehensive internal and external controls to prevent corruption in its activities, including internal and external audits, as well as dedicated confidential hotlines.</p>	Advanced
		Good
		Limited
		Weak

Management of stakeholders-related ESG controversies

As of today, Covivio does not face any stakeholder-related ESG controversies.

Involvement in controversial activities

As of today, Covivio is not involved in any of the 15 controversial activities screened under our methodology, namely: Alcohol, Animal welfare, Chemicals of concern, Civilian firearms, Coal, Fossil Fuels industry, Tar sands and oil shale, Gambling, Genetic engineering, High interest rate lending, Military, Nuclear Power, Pornography, Reproductive Medicine and Tobacco.

The controversial activities research provides screening on companies to identify involvement in business activities that are subject to philosophical or moral beliefs. The information does not suggest any approval or disapproval on their content from Vigeo Eiris.

Part II. ISSUANCE

Coherence of the issuance

Context note:

According to United Nations' estimates, the Real Estate sector accounts for about 40% of the world's energy consumption and 33% of all carbon emissions. Therefore, this sector can play a leadership role in the way carbon emissions are valued and incorporated into property development, design and management. Since existing buildings will be standing for the next decades, the improvement of energy efficiency is a priority in the fight to climate change.

We are of the opinion that the contemplated Bond is coherent with Covivio's strategic sustainability priorities and sector issues, and contributes to achieving the Issuer's sustainability commitments.

Covivio appears to acknowledge its role in providing solutions to support society's transition to a low carbon and sustainable economy.

Covivio has defined an objective to provide environmental certifications for 100% of the core office portfolio (new and refurbished buildings) in France by the end of 2020, 66% for the hotels in Europe by 2020 and 80% in Italy by 2022.

In 2018, Covivio worked with the French Scientific and Technical Centre for the Construction Industry (CSTB) to define its 2030 carbon trajectory, which was then approved by Science-Based Targets (SBT) initiative. This led to the definition of a commitment in the reduction of GHG emissions by square meter directly managed by Covivio (Scopes 1 + 2), by 35% by 2030, compared to 2017.

On a perimeter widened to the construction, exploitation and end of life of the whole Group's portfolio in Europe, included takers' energy consumption (Scopes 1, 2, 3), Covivio also commits to reduce its GHG emissions by square meter by 34% by 2030, compared to 2010.

Covivio has defined targets on other environmental aspects:

- Maintaining the average water consumption at under 1 m³/m²/year for its France & Italy Offices operating assets.
- Achieving at least 90% of office assets located within a 10-minute walk (1 km) of public transport link (99% as at 31 December 2018 for offices in France and Italy) to encourage the use of public and environmentally-friendly modes of transport.
- Having 100% of assets owned benefitting from selective collection as of the end of 2018.

By creating a Framework to issue a Green Bond intended to finance or refinance projects related to green buildings, the Issuer coherently aligns with its sustainability strategy and commitments, and addresses the main issues of the sector in terms of sustainable development.

Use of proceeds

The net proceeds of the Bond will exclusively finance or refinance, in part or in full, Eligible Projects falling under one Green Project Category (“Eligible Category”), namely: Green buildings. We consider the Eligible Category to be clearly defined.

Eligible Projects are intended to contribute to one main environmental objective (climate change mitigation). This objective is formalized in the Framework and considered clearly defined and relevant.

Eligible Projects are considered to provide clear environmental benefits. The Issuer has committed to assess and, as feasible, quantify the expected environmental benefits of the Bond issued. An area for improvement consists in defining ex-ante quantified environmental targets for the Eligible Projects.

The Issuer has communicated to Vigeo Eiris on the estimated share of refinancing for its Bond issuance, which will be equal to 57%. The Issuer has committed that, in case of re-financing, a look-back period of maximum 36 months from the Bond’s issuance date will be applied, in line with market practices. In addition, the Issuer has communicated the list of selected projects to Vigeo Eiris for this Green Bond issuance, which includes four buildings located in France and Italy with operational dates between 2020 and 2021.

Eligible Category	Definition and Eligibility Criteria	Objectives and benefits	Vigeo Eiris analysis
Green Buildings	<p>Construction and renovation of Eligible Projects, complying with the following criteria:</p> <p>1) Recent Green buildings Eligible projects are either on-going developments or in use and delivered since a maximum of 3 years. For each new project, a forecast date of delivery is communicated.</p> <p>2) Minimum building certification: Eligible projects should have received, or are expected to receive a minimum certification of HQE “Très bon” (very good), or BREEAM “Very good”, or LEED “Gold” (renovation, construction, or in-use) or any equivalent standard.</p> <p>3) Energy Efficiency: Eligible projects should achieve a high level of energy efficiency (HQE target n°4 with “HE” or “E” score, or equivalent standard).</p> <p>4) Accessibility to public transportation: Eligible projects should offer a good accessibility (located within a 10-minute walk of public transportation networks)</p> <p>5) Tenants relationships: Eligible projects should have signed green annexes (in France) or memorandum of understanding (in Italy) for new leases on the assets financed (sharing best practices with tenants)</p>	<p>Climate change mitigation --- <i>Avoidance of GHG emissions and reduction of energy consumption through the financing of Green Buildings.</i></p>	<p>The definition of the category is clear.</p> <p>It relies on locally and internationally recognized certifications and sector standards.</p> <p>The environmental objective is clearly defined and relevant.</p> <p>Eligible Projects have the potential to provide clear environmental benefits, which will be assessed and, where feasible, quantified by the Borrower one year after the Bond's issuance date. An area for improvement consists in defining ex-ante quantified environmental targets.</p>

In addition, the Eligible Projects are likely to contribute to three of the United Nations’ Sustainable Development Goals (“SDGs”), namely: Goal 7. Affordable and Clean energy, Goal 11. Sustainable Cities and Communities and Goal 13. Climate Action.



Eligible Green and Social Projects	UN SDGs identified	UN SDGs targets
Green Buildings	SDG 7. Affordable and Clean Energy	7.3
	SDG 11. Sustainable Cities and Communities	11.3, 11.6
	SDG 13. Climate Action	NA

Process for Projects Evaluation and Selection

The governance and the process for the evaluation and selection of the Eligible Projects are formalized in the Framework. We consider that the process is reasonably structured, transparent and relevant.

The process for evaluation and selection of Eligible Projects is clearly defined.

The evaluation and selection of Eligible Projects is based on relevant internal expertise, with well-defined roles and responsibilities:

- For the purpose of the Bond, a Green Bond Committee (the “Committee”) has been created. This Committee is composed by the:
 - Sustainable Development Director
 - Chief Financial Officer
 - CEO Italy
 - Operations Director France
 - Head of Development France
 - Head of Asset Management Italy
 - Head of Development Italy.
- The Committee is responsible for:
 - Reviewing, selecting and validating the pool of Eligible Projects, based on the Framework;
 - Validating annual reporting for investors;
 - Monitoring the on-going evolution related to the Sustainable Capital Markets in terms of disclosure/reporting in order to be in-line with market best practices;
 - Review the Framework to reflect any changes with regards to the Company’s sustainability strategies and initiatives, and any change in their third party validator of social and environmental criteria for green buildings;
 - Monitoring the Eligible Projects portfolio to ensure that they meet the eligibility criteria during the lifetime of the Bond and replacing projects no longer in compliance with the Framework;
 - Deciding on the replacement of an asset in case of major controversies⁶ affecting the project: in the event of a major controversy, the Green Bond Committee will be convened to study the veracity of the facts and the potential corrective measures to be adopted. The Green Bond Committee will decide to replace the asset with a new project that complies with the Eligible Criteria.

⁶ The issuer defines as controversies as “major cases of material impacts in terms of asset value or legal prosecution”. In addition, the Issuer reports that corporate social responsibility topics are taken into consideration within its definition.

The traceability and verification of the selection and evaluation of the projects is ensured throughout the process:

- The Committee will meet at least once a year and additional meetings can occur in case of replacement of an asset after divestment or other important decisions that can impact the Green Bond portfolio.
- The traceability of the decisions appears to be ensured throughout the process, through meeting minutes that will be redacted for each meeting of the Committee.
- An external third party will verify the adherence of the selected projects to the selection criteria defined in the Framework.

The process relies on explicit eligibility criteria, relevant to the environmental objectives defined for the Eligible Category.

- The selection is based on the description of the Eligible Category provided in the "Use of Proceeds" section of the Framework.

The identification and management of the environmental and social risks associated with the Eligible Projects are considered advanced regarding environmental risks and good on social risks.

The process for identifying and managing environmental and social risks is described in the Projects documentation.

The identification and management of environmental risks is advanced:

- Eco-design approach: all the issuer's development projects are certified under international environmental certification frameworks since the design stage, guaranteeing the application of eco-construction standards (in France HQE and/or BREEAM, in Italy LEED and/or BREEAM). In addition, the Issuer requests a minimum level of these certifications ("Very Good" or "Excellent" for BREEAM/HQE and "Gold" or "Platinum" for LEED) in order to ensure the best environmental performance of its buildings. In addition to the development projects, the Issuer has also adopted a "greening" strategy of its existing portfolio, consisting in the environmental certification of assets (mainly BREEAM In-Use or HQE Exploitation certifications). The issuer has not planned to certify its buildings to ISO 14001.
- Biodiversity: The issuer has implemented measures to manage its impacts during construction and operational phases regarding loss of biodiversity. Covivio launched a Biodiversity Policy in 2010 in France, which integrates charters for the design and management of green spaces during development and operations. The issuer also entered into the BiodiverCity label framework for three out of the four selected assets for this Bond. This label has established indicators to ensure ecosystems, diversity of species and human interactions aspects are taken into account at every stage of a construction project.
- Water: The issuer monitors its water footprint and has implemented systematic use of water-saving systems during buildings' construction phase and during operations. It also reports on rainwater harvesting systems in one of the four Eligible Projects.
- Waste: For the construction phases, the issuer implements "Charters for low-impact construction sites" in which comprehensive measures are reported to monitor waste during construction, to manage waste during decommissioning phase, construction and at source (i.e. using eco-design measures to reduce scraps and partnering with manufacturers to reintroduce waste within production cycles). The Issuer has flagged that collecting data on waste removal at operations sites is difficult due to the lack of weighing systems in countries of operations, but Covivio has systematically implemented selective waste collection at operation sites.
- Energy and emissions management: The Issuer implements monitoring systems during construction and operation phases for both energy and CO2 emissions. In addition, systems are in place to reduce consumption and associated emissions during construction phases (including low-energy consumption equipment for heating and air-conditioning systems, and lighting, insulation initiatives). In addition, the four assets within this Green Bond have energy performance targets to achieve (minimum levels within environmental certifications defined per asset). For one of the projects in Italy, photovoltaic systems have been installed for the self generation of electricity. In addition, the Issuer foresees to purchase energy from renewable sources for some of the Eligible Projects, nevertheless the share of renewable energy to be purchased remains unclear.
- Integration of environmental factors in the supply chain for the construction of projects: The Issuer has a Responsible Procurement Charter in place along with the inclusion of environmental commitments in new contracts agreed with suppliers and survey questionnaires about the policy of its suppliers towards CSR-related aspects (including energy use). However, the Issuer confirms that it does not conduct on-site audits. Covivio requests its suppliers to source wood from legal sources and for some projects, the Issuer will request that at least 80% of the wood used on French construction sites should be labelled FSC or PEFC.

The Issuer aims to reduce environmental impacts related to the transport of raw materials through the choice of local suppliers for the construction phase of projects. A daily reporting about the number of deliveries, the number of kilometers for each delivery and the ways of transportation of the materials is in place. It is unclear which mechanisms are in place to reduce energy consumption from transport.

- Cooperation with tenants: Covivio reports that it will have green annexes or memorandum of understanding in order to optimise the environmental performance of the buildings that tenants occupy for the four assets within this Green Bond. This document is now appended to all new leases.

The identification and management of Social Risks is good:

- Respect for human and labour rights standards and prevention of violations: Covivio reports that it carries out activities in Europe, mainly in France, Germany and Italy and that these countries present little risk regarding the violation of human rights. The Issuer is committed to respect the principles of the Universal Declaration of Human Rights, the conventions of the International Labour Organisation, the ten Principles of the Global Compact. Internal rules and all Human Resources policies in each of Covivio's entity comply with the international conventions on human rights. However, there is no disclosure on the measures that are implemented in order to ensure the respect of human and labour rights within its construction and operational projects.

An area for improvement is to disclose the mechanisms in place to ensure the respect of human rights conventions.

- Health and safety: given the nature of the projects, Covivio's main responsibilities are linked to ensuring the health and safety of suppliers on construction sites. Covivio has appointed a Security, Prevention, Safety Coordinator for all Eligible Projects. In addition, a "welcome booklet" is communicated to suppliers and include information on rules to follow on site about health, safety and risk prevention, reminders of the dangerous situations to avoid, communication of the contact information of responsible persons, rules about the protection equipment to wear and information on evacuation procedure. Covivio also monitors the number of fatal accidents, injury rate, frequency rate and severity rate at construction sites, which are then reported in the Sustainable Development Report.
- Relations with surrounding communities: Letters to neighbours are systematically sent and a whistleblowing system is in place to report any issue that can occur.
- Integration of social factors in the supply chain: The Issuer has a Responsible Procurement Charter in place along with the inclusion of social commitments in new contracts agreed with suppliers and survey questionnaires about the policy of its suppliers towards CSR-related aspects (including health and safety, diversity, fair remuneration, forced labour, fundamental labour rights). The Issuer includes local and/or "insertion" clause in some of its contracts for development projects in order to promote the local employment and help people in difficult employment situations. Suppliers implement measures to ensure health and safety in construction sites, including training and wearing personal protective equipment and systems in place to report risks and manage accidents. Nevertheless, the Issuer confirms that it does not conduct on-site audits but suppliers have conducted some internal audits.

An area for improvement consists in implementing mechanisms to ensure that guidelines provided by the Issuer are implemented by suppliers (on site audits, surveys, or questionnaires).

- Accessibility of buildings: The Issuer has identified two aspects linked to accessibility. To encourage the use of public and environmentally-friendly modes of transport, the Issuer reports that more than 90% of its buildings in Europe are located less than 10 minutes by foot from public transportation networks. In addition, on the issue of accessibility, the Issuer aims to have more than 80% of office buildings with accessibility for people with reduced mobility by 2020. The four projects within this Green Bond will ensure that the buildings are accessible to people with reduced mobility.

Finally, the Issuer reports on several measures to ensure business ethics in its activities and among suppliers, which include training of employees, confidential whistleblowing systems, Know Your Customer (KYC) procedure of the supplier and tender procedures when suppliers are above a certain threshold.

Management of proceeds

The rules for the management of proceeds are clearly defined and will be verified. We consider that they would enable a documented and transparent allocation process.

The allocation and management of the proceeds are overall clearly defined:

- The net proceeds from Covivio's Green Bond will be deposited in the general account and an amount equal to the net proceeds will be earmarked for allocation to the Eligible Projects as selected by the Green Bond Committee.
- The Issuer states that the proceeds will be used by 2021, which is the planned date of delivery of the four buildings. The Issuer commits to allocate the net proceeds in less than 36 months, in line with market practices.
- The unallocated funds will be invested, at Covivio's own discretion, in cash and/or cash equivalents.
- In case of divestment from a selected project, the Issuer has committed to select another project that is aligned with the principles enunciated in its Framework within 18 months.

Traceability and verification of both tracking method and allocation of the proceeds, are ensured throughout the process:

- The Committee is responsible for monitoring and verifying that the net proceeds match the Green Portfolio until full allocation of net proceeds.
- An independent third party will verify the Eligible Project Portfolio's outstanding amount once a year and until full allocation of net proceeds.

Monitoring & Reporting

The reporting process and commitments appear to be good, covering both the funds allocation and the environmental benefits of the Eligible Projects.

The processes for monitoring, data collection, consolidation, validation and reporting are clearly defined by the Issuer in internal documentation.

The process is structured and based on relevant internal expertise and involves relevant departments of the Issuer:

- The Sustainable Development Department will be responsible for collecting and monitoring the social and environmental data (data on energy and water consumption, waste) associated to the Eligible Projects and creating the Green Bond reports. The Finance Department will be responsible for collecting and monitoring the allocation of proceeds.
- The Sustainable Development Department will control, asset per asset, the consistence of the data by comparing it to the other building's data and to the previous years. The data is then verified by the French Scientific and Technical Centre for the Construction Industry (CSTB), which produces the European Real Estate Association (EPRA) environmental reporting tables. After this step, the Sustainable Development Department then controls the tables and the coherence of the indicators before sending it for final verification to the independent third party organisation.
- The issuer will report, at least to investors, in case of material developments relating to the Bond and to the Eligible projects, through its Annual Reports, which will be made publicly accessible on Covivio's website. The reporting of impact indicators will be made at aggregated bond level ("Portfolio reporting metric").

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

- Allocation of proceeds: the selected reporting indicators on the fund's allocation are relevant.

Reporting indicators
<ul style="list-style-type: none">- The list of eligible projects (re)financed- The proportion of net proceeds used for financing versus refinancing; and,- The balance of any unallocated proceeds invested in cash and/or cash equivalents.- The share of co-financing project by project

- Environmental benefits: the selected reporting indicators are relevant.

Eligible Category	Environmental benefits indicators	
	Outputs and outcomes	Impact Indicators
Green Buildings	<ul style="list-style-type: none"> - Number of buildings with environmental labels or certification obtained (HQE, LEED, BREEAM) and attained levels. - Buildings' energy efficiency level: HQE target - Total green floor area in m² - Distance to public transportation (share of properties located at less than 10 minutes by walk from public transportation) 	<ul style="list-style-type: none"> - Total energy consumption (kWhfe) - Energy intensity (reduction)⁷ (kWhfe/m²GIA/year) - Total emissions (tCO₂e/year) - Carbon intensity (reduction)⁷ (kgCO₂e/m²GIA/year) - Total water consumption (m³) - Water intensity (reduction)⁷ (m³/m²GIA/year)

The Issuer has committed that the key methodologies and assumptions used to calculate the benefits of Eligible Projects will be publicly disclosed in the Issuer's website, for each Sustainable Development report⁸.

In addition, the allocation of Green Bond proceeds, adherence to asset selection criteria, and environmental indicators will be reviewed by a third-party appointed by Covivio, and the auditors' report will be made available on Covivio's website.

⁷ The issuer will report intensity figures for the first two years and add intensity reduction figures after at least two years of exploitation.

⁸ <https://www.covivio.eu/en/>

METHODOLOGY

In Vigeo Eiris' view, Environmental, Social and Governance (ESG) factors are intertwined and complementary. As such they cannot be separated in the assessment of ESG management in any organization, activity or transaction. In this sense, Vigeo Eiris writes an opinion on the Issuer's Corporate Social Responsibility as an organization, and on the process and commitments applying to the intended issuance.

Vigeo Eiris' methodology for the definition and assessment of the corporate's ESG performance is based on criteria aligned with public international standards, in compliance with the ISO 26000 guidelines, and is organized in 6 domains: Environment, Human Resources, Human Rights, Community Involvement, Business Behaviour and Corporate Governance. Our evaluation framework of the material ESG issues have been adapted, based on our generic *Financial Services - Real Estate's* ESG assessment frameworks and on specific issues considering the Issuer's business activity.

Our research and rating procedures are subject to internal quality control at three levels (analysts, heads of cluster sectors, and internal review by the audit department for second party opinions) complemented by a final review and validation by the Direction of Methods. Our SPO are also subject to internal quality control at three levels (consultants in charge of the mission, Quality Manager, and final review and validation by the Direction of Sustainable Finance). A right of complaint and recourse is guaranteed to all companies under our review, following three levels: first, the team linked to the company, then the Direction of Methods, and finally Vigeo Eiris' Scientific Council.

All employees are signatories of Vigeo Eiris' Code of Ethics, and all the consultants have also signed its add-on covering financial rules of confidentiality.

Part I. ISSUER

NB: The Issuer's level of ESG performance (i.e. commitments, processes, results of the Issuer related to ESG issues), has been assessed through a complete process of rating and benchmark developed by Vigeo Eiris.

Level of the Issuer's ESG performance

Covivio's ESG performance has been assessed by Vigeo Eiris on the basis of its:

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

Management of stakeholder-related ESG controversies

A controversy is an information, a flow of information, or a contradictory opinion that is public, documented and traceable, allegation against an Issuer on corporate responsibility issues. Such allegations can relate to tangible facts, be an interpretation of these facts, or constitute an allegation on unproven facts.

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

Vigeo Eiris provides an opinion on companies' controversies risks mitigation based on the analysis of 3 factors:

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

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

Involvement in controversial activities

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

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

Part II. ISSUANCE

The Framework has been evaluated by Vigeo Eiris according to the GBP 2018 and on our methodology based on international standards and sector guidelines applying in terms of ESG management and assessment.

Use of proceeds

The definitions of the Eligible Projects and of their sustainable objectives and benefits are a core element of Green/Social/Sustainable Bonds or Loans standards. Vigeo Eiris evaluates the definition of the Eligible Categories, as well as the definition and the relevance of the aimed sustainability objectives. We evaluate the definition of the expected benefits in terms of assessment and quantification. In addition, we evaluate the potential contribution of Eligible Projects to the United Nations Sustainable Development Goals' targets.

Process for evaluation and selection

The evaluation and selection process has been assessed by Vigeo Eiris regarding its transparency, governance and relevance. The eligibility criteria have been assessed regarding their explicitness and relevance vs. the intended objectives of the Eligible Projects. The identification and management of the ESG risks associated with the Eligible Projects are analysed based on material issues considered in Vigeo Eiris' ESG assessment methodology based on international standards and sector guidelines applying in terms of ESG management and assessment.

Management of proceeds

The rules for the management of proceeds and the allocation process are evaluated by Vigeo Eiris regarding their transparency, coherence and efficiency.

Reporting

Monitoring process and commitments, reporting commitments, reporting indicators and methodologies are defined by the Issuer to enable a transparent reporting on the proceeds allocation and tracking, on the sustainable benefits (output and impact indicators) and on the responsible management of the Eligible Projects financed by the issuance. Vigeo Eiris has evaluated the reporting framework regarding its transparency, exhaustiveness and relevance.

VIGEO EIRIS' ASSESSMENT SCALES

Performance evaluation		Level of assurance	
Advanced	Advanced commitment; strong evidence of command over the issues dedicated to achieving the objective of social responsibility. Reasonable level of risk management and using innovative methods to anticipate emerging risks.	Reasonable	Able to convincingly conform to the prescribed principles and objectives of the evaluation framework
Good	Convincing commitment; significant and consistent evidence of command over the issues. Reasonable level of risk management.	Moderate	Compatibility or partial convergence with the prescribed principles and objectives of the evaluation framework
Limited	Commitment to the objective of social responsibility has been initiated or partially achieved; fragmentary evidence of command over the issues. Limited to weak level of risk management.	Weak	Lack or unawareness of, or incompatibility with the prescribed principles and objectives of the evaluation framework
Weak	Commitment to social responsibility is non-tangible; no evidence of command over the issues. Level of insurance of risk management is weak to very weak.		

Vigeo Eiris is an independent international provider of environmental, social and governance (ESG) research and services for investors and public & private organizations. We undertake risk assessments and evaluate the level of integration of sustainability factors within the strategy and operations of organizations.

Vigeo Eiris offers a wide range of services:

- ▶ **For investors:** decision making support covering all sustainable and ethical investment approaches (including ratings, databases, sector analyses, portfolio analyses, structured products, indices and more).
- ▶ **For companies & organizations:** supporting the integration of ESG criteria into business functions and strategic operations (including sustainable bonds, corporate ratings, CSR evaluations and more).

Vigeo Eiris is committed to delivering client products and services with high added value: a result of research and analysis that adheres to the strictest quality standards. Our methodology is reviewed by an independent scientific council and all our production processes, from information collection to service delivery, are documented and audited. Vigeo Eiris has chosen to certify all its processes to the latest ISO 9001 standard. Vigeo Eiris is an approved verifier for CBI (Climate Bond Initiative). Vigeo Eiris' research is referenced in several international scientific publications.

With a team of more than 240 experts of 28 different nationalities, Vigeo Eiris is present in Paris, London, Brussels, Milan, Montreal, Hong Kong, Casablanca, Rabat and Santiago.

The Vigeo Eiris Global Network, comprising 4 exclusive research partners, is present in Brazil, Germany, Israel and Japan.

For more information: www.vigeo-eiris.com