

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Finance Framework

IGD Group

23 March 2022

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">• Green Finance Instruments
Relevant standards	<ul style="list-style-type: none">• International Capital Market Association (ICMA) Green Bond Principles (GBP), updated as of June 2021• Loan Market Association (LMA) Green Loan Principles (GLP) updated as of June 2021 February 2021
Scope of verification	<ul style="list-style-type: none">• IGD's Green Finance Framework (as of 09 March 2022)• IGD's Selection Criteria (as of 09 March 2022)
Lifecycle	<ul style="list-style-type: none">• Pre-issuance verification
Validity	<ul style="list-style-type: none">• The SPO will be valid as long as the Framework remains unchanged

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SCOPE OF WORK

IGD Group (“the Issuer” or “IGD”) commissioned ISS ESG to assist with its Green Finance Instruments by assessing three core elements to determine the sustainability quality of the instrument:

1. Green Finance Instruments link to IGD’s sustainability strategy – drawing on IGD’s overall sustainability profile and issuance-specific Use of Proceeds categories.
2. IGD’s Green Finance Framework (March 2022 version) – benchmarked against the ICMA’s Green Bond Principles and Green Loan Principles.
3. The Selection Criteria – whether the projects contribute positively to the UN SDGs and perform against ISS ESG’s issue-specific key performance indicators (KPIs) (See Annex 2).

IGD’S BUSINESS OVERVIEW

IGD SIIQ Group (“IGD”) is an Italian retail property company, investing in existing retail properties that are already operational and newly completed. It owns, manages, and leases shopping centers in Italy and Romania. Immobiliare Grande Distribuzione SiiQ S.p.a, the holding company, is headquartered in Bologna, Italy, and is listed on the STAR segment of Borsa Italiana (the Italian Stock Exchange) since 2005.

The company’s presence is concentrated in Italy (93.7% of the portfolio) and, since 2008, it is also present in Romania (6.3% of the portfolio).

The geographical distribution of its portfolio is diversified and segmented. It can be found in 12 of Italy’s 20 regions from north to south. Its properties, which are typically midsize, are located near urban centers.

The properties of its subsidiary WinMagazine SA, which specializes in shopping centers, are found in the historic centers of 13 Romanian cities.

ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ¹
<p>Part 1:</p> <p>Green Finance Instruments link to issuer's sustainability strategy</p>	<p>IGD owns, manages, and acquires shopping centers and hypermarkets across Italy and Romania. The company's property portfolio consists of 54 assets in Italy and 15 in Romania, servicing around 2,000 tenants overall.</p> <p>The issuer is not exposed to any severe controversy.</p> <p>IGD focuses on three of the key ESG industry challenges for the sector, and on clean transportation which is one of the core sustainability objectives of the company. The rationale for issuing Green Finance Instruments is clearly described by the issuer.</p>	<p>Consistent with issuer's sustainability strategy</p>
<p>Part 2:</p> <p>Alignment with GBP and GLP</p>	<p>The issuer has defined a formal concept for its Green Finance Instruments regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA's Green Bond Principles and Green Loan Principles.</p>	<p>Aligned</p>
<p>Part 3:</p> <p>Sustainability quality of the selection criteria</p>	<p>The overall sustainability quality of the selection criteria in terms of sustainability benefits, risk avoidance and minimization is good based upon the ISS ESG assessment. The Green Finance Instruments will (re-)finance eligible asset categories which include: green buildings, energy efficiency, renewable energy and clean transportation.</p> <p>Those use of proceeds categories have a significant contribution to SDG 11 "Sustainable cities and communities", "Affordable and Clean Energy" and SDG 13 "Climate Action". The environmental and social risks associated with those use of proceeds categories have been well managed.</p>	<p>Positive</p>

¹ ISS ESG's evaluation is based on the IGD's Green Finance Framework (as of 09 March 2022), on IGD's Selection Criteria as received on 09. March 2022, and on the ISS ESG Corporate Rating updated on 07. March 2022 and applicable at the SPO delivery date.

ISS ESG SPO ASSESSMENT

PART I: GREEN FINANCE INSTRUMENTS LINK TO IGD'S SUSTAINABILITY STRATEGY

A. ASSESSMENT OF IGD'S ESG PERFORMANCE

Methodological note: Please note that IGD Group is not part of the ISS ESG Corporate Rating Universe. Thus, the below sustainability profile is an assessment conducted by the analyst in charge of the Real Estate industry based on publicly available information exclusively. No direct communication between the issuer and the analyst has taken place during the process. The below is not based on an ISS ESG Corporate Rating but considers ISS ESG Research's methodology.

Industry classification:

Real Estate

Key Issues of the industry:

1. Green building considerations
2. Climate protection, energy efficiency and renewables
3. Environmental and social aspects in site selection
4. Occupational health and safety
5. Health and well-being of occupants

Indicative ESG risk and performance assessment:

IGD owns, manages, and acquires shopping centers and hypermarkets across Italy and Romania. The company's property portfolio consists of 54 assets in Italy and 14 in Romania, servicing around 2,000 tenants overall.

Based on this business model, the salient ESG risks of the company relate to energy and resource efficiency of buildings, climate protection, and tenant and employee health and safety.

Regarding social risks, IGD has implemented a safety at work management system targeted at employees. While not being certified to an international standard, elements of this system include training, safety measures, and yearly inspections, among others. The company's work-related lost day rate also demonstrates a downward trend in the last three years in both Italy and Romania. IGD addresses tenant health and security through a targeted safety plan for their properties, including measures focused on seismic improvement and fire prevention. Some centers also have Biosafety Trust certifications and COVID related protection measures to curtail exposure to biological health factors. Additionally, the monitoring of legionella is included in the company's audit process. Measures related to physical and chemical health factors and customer well-being do not seem to be sufficiently tackled, however.

The company recognizes the importance of reducing its environmental impact and has adopted a long-term target of bringing carbon emissions to zero by 2030. As of 2021, there is no evidence of a greenhouse gas emissions target in line with the Paris Agreement goals. Nevertheless, the company

plans to integrate science-based targets starting 2022. The company provides data on greenhouse gas emissions (scope 1, 2, and 3) and energy consumption, and the intensities show a decreasing trend in recent years. Energy efficiency initiatives such as building insulation, photovoltaic systems, LED light installations, and high efficiency air-conditioning are present in some of the company's properties. IGD aims to fully retrofit their Italian portfolio with LED lighting by the end of 2022. Additionally, to further help with achieving their long-term carbon emission goals, the company purchased energy exclusively from renewable sources in 2020 and, through a detailed target, expects to lower their energy consumption by 15% in 2024. While some initial steps have been implemented, comprehensive strategies on other important energy efficient elements such as building insulation and automation systems do not seem to be present.

IGD has set-up an ISO 14001-certified environmental management system in several shopping centers. While the company collects water inventories, there is no evidence of a water reduction target.

Sustainable transportation measures are present in several of their properties in the form of an electric vehicle charging stations, bicycle projects, and close vicinity to public transportation. The company has initiated a biodiversity management plan for its shopping centers, though such a strategy has yet to be fully implemented across their portfolio. Further environmental aspects such as responsible site selection strategies are not sufficiently addressed by the company's public reporting.

Sustainability tours arranged by IGD to engage with customers regarding ESG awareness had to be cancelled in the latter half of 2020 and early 2021 due to the pandemic.

Indicative product portfolio assessment:

Social impact of the product portfolio

There exists few medical and dental clinics within IGD's properties which may contribute to relevant SDG objectives such as ensuring health. Yet, as the estimated share of floor space from such is considered to be low relative to the company's overall assets (<1%), the entirety of the company's retail portfolio is considered to have a neutral positive social impact.

Environmental impact of the product portfolio

IGD refers to several existing properties achieving the comprehensive green building standard BREEAM In Use certifications with an assessment level of "Very Good." The company aims to have 80% of their fully owned malls in Italy to be BREEAM certified by 2030. A total of 8 properties have been certified in 2021, representing about half of the target in terms of floor space. The number of properties currently certified, although having positive environmental impacts, do not account for the majority of the overall portfolio.

Controversy Assessment

Company Screening

The analyst in charge of producing this report conducted a high-level controversy assessment, based on publicly available information exclusively. There is no indication of IGD being involved in any of the below mentioned controversies.

Industry risks

Based on a review of controversies in the period of 07 January 2020 – 07 January 2022, the greatest risk reported against companies operating in Real Estate industry relate to activities of labour rights and paying fair share of taxes. This is closely followed by activities related to human rights. The top two issues that have been reported against companies within the industry are as follows: failure to respect the right to just and favourable conditions of work and failure to pay fair share of taxes. This is closely followed by failure to respect consumer health and safety, and failure to conduct human rights due diligence (both equal in third place).

B. CONSISTENCY OF GREEN FINANCE INSTRUMENTS WITH IGD'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the issuer

In 2017, IGD launched its “Becoming Great” strategy, which acts as the foundation of the issuer’s sustainability strategy. IGD’s “Becoming Great” sustainability strategy focuses on the environment (Green), people (Responsible), ethics (Ethical), attractive locations (Attractive), together with its stakeholders (Together).

IGD’s commitment to these sustainability principles are testified by IGD’s following actions, as outlined in its 2021 sustainability report (latest available).²

- **Green:** Altogether 1.2 millions euros were invested to improve energy efficiency in the structures in Italy and 620,000 euros in Romania; Reporting on Scope 3 was begun; Certification renewed for 2 Breeam In Use certified assets, with an improvement in the evaluation; Energy consumption was maintained at levels that were significantly lower compared to 2019, even in the months where opening restrictions were not in place; The roll out plan for the installation of 22 kw EV charging stations was concluded. There are now 20 Shopping Centres with this type of charging station and 35 charging stations installed; Work on mobility: work was completed on the cycle path to reach Clodi Retail Park and a bus stop was created near Katanè Shopping Centre; an audit for ISO 14001 was conducted in 2021 for the 8 shopping centers and IGD headquarters in Bologna and compliance was confirmed.
- **Responsible:** The new Information Technology corporate role was defined; Training activities regarding soft skills for corporate directors and managerial staff were carried out as were those regarding digital skills for Shopping Centre Managers; Covid policies regarding employees were updated: a smart working agreement was signed and employees were given the possibility to receive their vaccination with the creation of a hub in agreement with the National Health Service, so as to accelerate the vaccination process; 100% of employees used the corporate welfare services; Bio Safety Certification obtained for 7 Shopping Centres as well as the headquarter
- **Ethical:** Strategic guidelines including those regarding Sustainability were shared with the new Board of Directors during 3 induction sessions with the participation of the Company’s Management; Second audit cycle was carried out for the UNI ISO 37001:2016 “Anti bribery management system” certification, with the identification of areas of adjustment; The Top Management’s variable remuneration was anchored to performance targets regarding ESG issues; Positive assessments were obtained from external companies (proxy advisors) with regard to governance risk and the integration of sustainability into governance
- **Attractive:** Two vaccination hubs were created in two freehold Shopping Centres, with over 400,000 people being vaccinated since they were opened; Scouting activities for new brands continued with the introduction of 34 new tenants in the Italian Shopping Malls. The first medical clinic in an IGD Shopping Centre was also introduced; Marketing activity resumed, with focus on experience, omnichannel and loyalty; The Digital Plan was developed, which integrated tools that were already present with new ones created during the year, so as to

² See [here](#).

give the visitors the possibility to get in touch with the Shopping Centres both in a digital and physical manner during the so-called customer journey

- **Together:** Structured engagement was carried out with all stakeholders in order to understand their expectations; Engagement activities were carried out with the banking system also in order to assess the tools regarding sustainable finance. On this point, the Company started to organise the relevant frameworks; Increased discussions were held with investors on CSR issues (an increase, for example, in the meetings organised during the Italian Sustainability Week of Borsa Italiana – The Italian Stock Exchange) Engagement activities were carried out with approximately 17,000 Shopping Centre visitors and non visitors and, in cooperation with Nomisma, with 5,000 students between the age of 12 and 19; Cooperation with 201 local associations and NPOs was maintained; the Shopping Centres also contributed to local projects in the form of €140,000

In 2020 IGD formalized its adhesion to the United Nations' Global Compact. IGD's support for the Ten Principles of the Global Compact relating to Human Rights, Labor, Environment and Anti-Corruption are also reported in its sustainability report.

In addition, IGD also became a signatory of the guidelines of Global Compact Network Italy in 2020, and identified **10 SDGs** that are relevant to its business and are connected to the material issues IGD identified. These SDGs are outlined below.



Rationale for issuance

The real estate sector accounts for a large part of total energy consumption and GHG emissions in Europe. Therefore, IGD believes that it has a central role to play in the transition to a sustainable economy and the achievement of the objectives set by the Paris Agreement.

For more than 10 years, IGD has been working towards making its business more sustainable from various points of view: economic, social and environmental. It has also decided to publicly commit in the future and actively contribute to a transition towards a “low carbon” economy in the cities where its shopping centres are located.

By establishing this Green Financing Framework (the “Framework”), it aims to further emphasize its commitment to sustainability, and meaningfully demonstrate how its funding obligations support its sustainability objectives. Green Financing Instruments (“GFIs”) will support its journey to achieve its sustainability ambitions. The Framework aims to cover bonds, loans, and any other financing instruments.

Contribution of Use of Proceeds categories to sustainability objectives and priorities

ISS ESG mapped the Use of Proceeds categories financed under its Green Finance Instruments with the sustainability objectives defined by the issuer, and with the key ESG industry challenges as defined in the ISS ESG Corporate Rating methodology for the Real Estate sector. Key ESG industry challenges are key issues that are highly relevant for a respective industry to tackle when it comes to sustainability, e.g. climate change and energy efficiency in the buildings sector. From this mapping, ISS ESG derived a level of contribution to the strategy of each Use of Proceeds categories.

USE OF PROCEEDS CATEGORY	SUSTAINABILITY OBJECTIVES FOR THE ISSUER	KEY ESG INDUSTRY CHALLENGES	CONTRIBUTION
Green Buildings	✓	✓	Contribution to a material objective
Energy Efficiency	✓	✓	Contribution to a material objective
Renewable Energy	✓	✓	Contribution to a material objective
Clean Transportation	✓	—	Contribution to a non-material objective

Opinion: ISS ESG finds that the IGD focuses on three of the key ESG industry challenges for the sector, and on clean transportation which is one of the core sustainability objectives of the company. The rationale for issuing Green Finance Instruments is clearly described by the issuer.

PART II: ALIGNMENT WITH GREEN BOND PRINCIPLES AND GREEN LOAN PRINCIPLES

1. Use of Proceeds

FROM ISSUER'S FRAMEWORK

An amount at least equivalent to the net proceeds from any GFIs issued under this Framework will be used to finance or refinance, in whole or in part, new or existing green projects ("Eligible Green Projects") subject to the following eligibility criteria, together forming the Eligible Green Project Portfolio (the "Green Portfolio").

Eligible Green Projects Categories	ELIGIBILITY CRITERIA
<p>Green Buildings</p>	<p>Acquisition and ownership of buildings that received the following certifications:</p> <ul style="list-style-type: none"> ○ BREEAM certification Very Good or above ○ DGNB certification Gold or above ○ LEED certification Gold or above
<p>Energy Efficiency</p>	<p>Investment and/or expenditures to improve the energy efficiency of IGD's buildings, such as:</p> <ol style="list-style-type: none"> 1. Renovation and refurbishment of buildings leading to a Primary Energy Demand (PED) reduction of at least 30%³ 2. Acquisition, installation, maintenance or repair of energy efficiency equipment⁴, such as: <ul style="list-style-type: none"> ○ insulation equipment ○ energy efficient windows ○ energy efficient doors ○ energy efficient light sources ○ HVAC and water heating systems 3. Acquisition, installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings, such as: <ul style="list-style-type: none"> ○ zoned/smart thermostats and sensing equipment ○ building automation and control systems ○ energy management systems ○ smart meters for gas, heat, cool and electricity ○ building energy management systems ○ light control systems, ○ façade or roofing elements such as solar shading or solar control functions

³ The 30% reduction in primary energy demand occurred in comparison to the baseline performance before the refurbishment.

⁴ These elements comply with the minimum requirements set for individual components and systems in the applicable national measures implementing Directive 2010/31/EU and, where applicable, are rated in the highest two populated classes of energy efficiency in accordance with Regulation (EU) 2017/1369 and the delegated acts adopted under that Regulation.

<p>Renewable Energy</p>	<p>Acquisition, installation, maintenance and repair of on-site renewable energy equipment, such as:</p> <ul style="list-style-type: none"> ○ solar photovoltaic systems ○ solar hot water panels ○ heat pumps⁵ ○ wind turbines ○ any ancillary technical equipment of the above
<p>Clean Transportation</p>	<p>Acquisition, installation, maintenance and repair of equipment and associated infrastructure to promote the use of low carbon transport, such as:</p> <ul style="list-style-type: none"> ○ electric vehicle charging points ○ cycling facilities

Eligible Green Projects may include assets, investments, and capital and selected operational expenditures.

Investments, and capital and operational expenditures are subject to a 36 month lookback period. Assets falling under the Green Building category will be recognised at their last appraisal value and shall qualify for refinancing without a specific look-back period provided that they follow the relevant eligibility criteria.

Opinion: ISS ESG considers the Use of Proceeds description provided by IGD’s Green Finance Framework as aligned with the ICMA’s Green Bond Principles and LMA’s Green Loan Principles. The Eligible Green Projects Categories defined by IGD Group are transparent, clear and aligned with categories defined by the principles. Besides that, IGD adopts a good practice of explicitly stating the lookback period for its investments, and capital and operational expenditures.

2. Process for Project Evaluation and Selection

FROM ISSUER’S FRAMEWORK

IGD has established a dedicated internal Sustainability Committee (the “Committee”, see Sustainability Governance paragraph) to identify, review, monitor and approve all Eligible Green Projects that meet the eligibility criteria.

The Committee will be responsible for:

- Reviewing, selecting and validating the Eligible Green Projects, as well as replacing assets and expenditures that no longer comply with the Eligibility Criteria.
- Monitoring and approving the annual allocation and impact reporting of the GFIs.
- Reviewing and approving the Green Financing Framework and any changes proposed or made to the Framework to ensure IGD is in-line with best market practices.

The committee will meet at least on an **annual basis**, or more frequently as required, to review proposed allocations and ensure that these are in alignment with the Framework.

Projects are considered and assessed based on their environmental impact, their compliance with IGD’s Eligibility Criteria, and their contribution to IGD’s sustainability strategy.

Sustainability Risks

⁵ Heat pumps contribute to the targets for renewable energy in heat and cool in accordance with Directive (EU) 2018/2001.

IGD has in place procedures, processes, and risk management systems to identify, monitor and mitigate adverse environmental impacts of its Eligible Green Projects.

Every year IGD monitors its risks by means of IGD’s Enterprise Risk Management (ERM) system. Indeed, some more relevant risks have ESG (Environmental, Social and Governance) implications. They are included in the ERM model and are subjected to constant control with the help of advanced and effective risk management models. Others, which are important for corporate business, are linked to what IGD considers to be relevant material issues. They are also linked to the policies and actions identified in order to limit the risk and to the indicators used to monitor the effectiveness of the actions undertaken. Internally, the Company verifies every year the level of effectiveness of the actions undertaken to mitigate each risk and, at the same time, it assesses whether any modifications to existing risks are required. IGD reports on these risks annually in IGD’s Sustainability Report, available on IGD’s website⁶.

Below are IGD’s risks and impacts and the associated policies to prevent/resolve them

Material issue	Why the issue is material	Risks and possible impacts	Short/medium/long term	Associated policies and action plans
Climate Change	The Shopping Centres, by their very nature, are energy-intensive structures with an environmental impact. IGD is committed to operating in such a way as to reduce these impacts (with their economic repercussions), by identifying actions that are increasingly effective both during the construction/restyling phase of the Centres and in the management of the structures themselves	Increase in energy consumption and costs and damages to assets due to unexpected environmental factors (flooding, temperature increase)	Medium	- Structural actions (photovoltaic systems, LED lighting systems) and asset analysis aimed at fostering both energy efficiency of the structures and resilience to weather conditions
		Increase in management costs due to a rise in prices of fossil fuel	Short	- Structural actions (photovoltaic systems, LED lighting systems) and asset analysis aimed at fostering both energy efficiency of the structures and resilience to weather conditions - Continuous monitoring of electricity consumption by means of divisional meters and monthly internal reporting; integrated monitoring system pilot project carried out - Management actions also in line with UNI EN ISO 14001 and BREEAM certification requirements
		Sanctions related to the increasingly stringent environmental regulations	Medium	- EMS (Environmental Management System) UNI EN ISO 14001 certified both with regard to the headquarters and to 24 Shopping Centres
		Risk regarding non-compliance to new European/national laws on environmental issues	Medium/long	- Constant vigilance regarding initiatives by means of active participation in the ECSP Sustainability Committee and in the ESG Commission of the CNCC
		Reputational fall due to a lack in management/investments with regard to environmental issues	Short	- UNI EN ISO 14001 certification; - Breeam and Breeam in Use certification obtained for key assets. The possibility for other Shopping Centres to be certified is currently under assessment; - Investments to improve energy efficiency; - 100% energy from renewable sources; - Awareness raising activities regarding visitors, tenants and employees; - Circular economy: "Waste2Value" project and "And" project

IGD also responds to the recommendations of the Task Force on Climate-Related Financial Disclosures⁷, with the aim to provide stakeholders with all the necessary information in order to assess the company’s approach to climate change, examining in detail the 4 required areas: governance, strategy, risk management and metrics/targets related to this issue.

In addition, IGD’s assets are all subject to the comprehensive European, national and industry related regulations for working and social conditions. IGD has been signatory of the UN Global Compact since 2020, and has implement a strong Code of Conduct covering internal policies and procedures related to anti-bribery (In order to further consolidate this commitment to combat and mitigate corruption-related risks, IGD obtained UNI ISO 37001:2016 “Anti-bribery management system” certification), privacy, whistleblowing and corporate welfare. IGD’s Code of Conduct is available on IGD’s website⁸.

⁶ See [here](#)

⁷ Final Report, Recommendations of the Task Force on Climate-related Financial Disclosures: <https://www.fsb-tcfd.org/publications/finalrecommendations-report/>

⁸ See [here](#)

Opinion: ISS ESG considers the Process for Project Evaluation and Selection description provided by IGD's Green Finance Framework as aligned with the ICMA's Green Bond Principles and Green Loan Principles. The process is structured and documented, engages with internal and external expertise, and well defined the responsibilities and accountability in a transparent and clear that is aligned with market good practices. The issuer also has a commitment and process in place to ensure transparency in case of controversy or potential identifications of ESG risks, and has stated that in case projects do not comply anymore, they will be excluded from the assets pool or be replaced.

3. Management of Proceeds

FROM ISSUER'S FRAMEWORK

The net proceeds from the GFIs will be managed by IGD's Finance Division on a portfolio, i.e. aggregated basis.

The net proceeds from the GFIs will be tracked through an internal register. An amount at least equivalent to the net proceeds of each GFI will be earmarked for allocation to green portfolio. IGD commits on a best effort basis to reach full allocation within 24 months following each issuance.

Where proceeds cannot be immediately allocated or reallocated, IGD will invest the balance of the net proceeds at its own discretion as per its liquidity management policy, including in cash or cash equivalents, or in other liquid marketable instruments.

The balance of proceeds should be periodically adjusted, in order to match allocations to Eligible Green Projects (re)financed during this period. To this end, if for any reason projects became no longer eligible, IGD commits to substitute them as soon as practical, on a best effort basis.

The payment of principal and interest on any bond issued under the Framework will be made from IGD's general funds and will not be linked to the performance of any Eligible Green Projects.

Opinion: ISS ESG finds that Management of Proceeds proposed by IGD's Green Finance Framework as aligned with the ICMA's Green Bond Principles and Green Loan Principles. IGD Group has acknowledged that it intends to allocate an amount at least equivalent to the net proceeds of its green financing instruments towards its Eligible Green Projects. IGD Group also specified that any unallocated proceeds will be temporary and managed as per its liquidity management policy, and expected allocation within a period of 24 months, which is longer than the best market practice of 12 months. IGD Group also specified that the proceeds collected will be earmarked for allocation to green portfolio, which is also aligned with market good practice.

4. Reporting

FROM ISSUER'S FRAMEWORK

IGD will report on the allocation of net proceeds and associated impact metrics of the GFIs within one year from the first borrowing date and annually thereafter until the proceeds have been fully allocated, and as necessary in the event of material developments.

The Green Financing Report will be published as part of its Sustainability Report and will be made available on IGD's website: <https://www.gruppoigd.it/sostenibilita/bilancio-di-sostenibilita/>

Allocation Report

With the aim of providing transparent disclosure on the allocation of an amount equal to the net proceeds, the Allocation Report will include:

- A brief description of the Eligible Green Projects (re)financed, including a geographical distribution where feasible.
- The amount of allocated proceeds, at least on a portfolio and category level.
- The proportion of proceeds used for financing versus refinancing.
- The balance of unallocated proceeds at the end of reporting period, if any.

Impact Report

The Impact Report will provide information on the associated environmental impact metrics and outcomes of the green expenditures, subject to the availability of suitable information and data. IGD intends to align its impact reporting with the Handbook for ‘Harmonized Framework for Impact Reporting’, June 2021 version⁹.

Examples of Impact reporting metrics include:

Eligible Project Category	Example Impact Reporting Metrics
Green Buildings	<ul style="list-style-type: none"> • Type of scheme, certification level and m² gross building area • Annual GHG emissions reduced/avoided (in tCO₂e) relative to an established baseline • % of carbon emissions reduced/avoided relative to an established baseline
Renewable Energy	<ul style="list-style-type: none"> • Annual GHG emissions reduced/avoided (in tCO₂e) relative to an established baseline • Annual renewable energy generation (in KWh) • Capacity of renewable energy plant(s) constructed or rehabilitated (in KW)
Energy Efficiency	<ul style="list-style-type: none"> • Annual energy savings (in KWh) • Annual GHG emissions reduced/avoided (in tCO₂e) relative to an established baseline

Opinion: ISS ESG finds that the reporting proposed by IGD’s Green Finance Framework as aligned with the ICMA’s Green Bond Principles and Green Loan Principles. The level, information reported, frequency, scope and duration of the issuer’s allocation reporting is clearly defined. In addition, the information reported, frequency and duration of the issuer’s impact reporting are clearly defined that are aligned with market good practices.

5. External review

FROM ISSUER’S FRAMEWORK

⁹ Can be found [here](#)

Second Party Opinion

ISS ESG has been appointed to review IGD's Framework and ultimately verify its alignment with the ICMA Green Bond Principles 2021, LMA Green Loan Principles 2021 and market practices.

Post-issuance external review:

An external reviewer will provide a limited assurance report on the allocation of the Green Financing Instruments in accordance with the Framework. Such report will be made available on IGD's website.

Amendments to this Framework

IGD will review this Framework from time to time, including its alignment to updated versions of the relevant Principles as and when available in the market. Any major update will be subject to the prior approval of ISS ESG or any such other qualified provider of Second Party Opinion. The limited assurance report will be available on IGD's website or integrated in the annual report.

PART III: SUSTAINABILITY QUALITY OF THE ISSUANCE

A. CONTRIBUTION OF THE GREEN FINANCE INSTRUMENTS TO THE UN SDGs

Based on the assessment of the sustainability quality of the Green Finance Instruments selection criteria and using a proprietary methodology, ISS ESG assessed the contribution of the IGD's Green Finance Instruments to the Sustainable Development Goals defined by the United Nations (UN SDGs).

This assessment is displayed on 5-point scale (see Annex 1 for methodology):

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution
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Each of the Green Finance Instruments' Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Green Buildings (BREEAM, DGNB or LEED)	Significant Contribution	
Energy Efficiency (Renovation and refurbishment of buildings)	Limited Contribution	
	Significant Contribution¹⁰	
Energy Efficiency (Acquisition, installation, maintenance or repair of energy efficiency equipment)	Limited Contribution¹¹	
	Significant Contribution¹²	
Energy Efficiency (Acquisition, installation, maintenance and repair of	Limited Contribution	

¹⁰ This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an Issuer's product and service portfolio on the SDGs. For the projects to be financed under Use of Proceeds categories that are based on with the Technical Screening Criteria defined by the EU Taxonomy Technical Annex, a significant contribution to climate change mitigation is attested. Assets compliance with EU taxonomy is not evaluated under the SPO.

¹¹ This assessment is built upon the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an Issuer's product and service portfolio on the SDGs. However, as this is an operational-related aspect, the assessment is adapted to the specific case.

¹² This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an Issuer's product and service portfolio on the SDGs. For the projects to be financed under Use of Proceeds categories that are based on with the Technical Screening Criteria defined by the EU Taxonomy Technical Annex, a significant contribution to climate change mitigation is attested. Assets compliance with EU taxonomy is not evaluated under the SPO.

instruments and devices for measuring, regulation and controlling energy performance of buildings)	Significant Contribution¹³	
Renewable Energy (Rooftop Solar PV Systems and Solar hot water panels)	Limited Contribution	
	Significant Contribution¹⁴	
Renewable Energy (Heat pumps)	Limited Contribution	
	Significant Contribution¹⁵	
Renewable Energy (Buildings' Wind turbines)	Limited Contribution	
	Significant Contribution¹⁶	
Clean Transportation (electric vehicle charging points)	Limited Contribution	 
Clean Transportation (cycling facilities)	Limited Contribution	 

¹³ This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an Issuer's product and service portfolio on the SDGs. For the projects to be financed under Use of Proceeds categories that are based on with the Technical Screening Criteria defined by the EU Taxonomy Technical Annex, a significant contribution to climate change mitigation is attested. Assets compliance with EU taxonomy is not evaluated under the SPO.

¹⁴ ibid

¹⁵ ibid

¹⁶ ibid

B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE SELECTION CRITERIA

Green buildings, energy efficiency, renewable energy and clean transportation

As a Use of Proceeds categories, green buildings, energy efficiency, renewable energy and clean transportation have a significant contribution to the SDG 11 “Sustainable cities and communities”, “Affordable and Clean Energy” and SDG 13 “Climate Action”. The table below presents the findings of an ISS ESG assessment of the selection criteria against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

Prerequisite for Green Buildings

- ✓ The issuer ensures that all buildings financed underwent an appropriate and detailed selection process that ensures good standards regarding energy efficiency. All of the issuers’ assets are covered by building certificates EPC.

Site selection

- ✓ The issuer has a strategy on responsible site selection in place. Furthermore, UNI ISO 14001 certification (obtained by 95% of the issuer’s assets in terms of sqm value) ensures that environmental measures are fully complied with.
- ✓ The issuer ensures that all projects are located within 1 km from one or more modalities of public transport.

Construction standards

- ✓ The issuer systematically ensures that assets financed under this framework provide for sustainable procurement regarding building materials. All projects (re)financed by the issuer through its green bonds are BREEAM certified, which warrants sustainable procurement regarding building materials.
- ✓ The assets are and will be located in a country where national legislation provides for high labour and health and safety standards concerning construction and maintenance work (e.g. ILO core conventions).

Community dialogues

- ✓ The issuer complies with current regulations that require a public survey for any development project. Each of the issuer’s Shopping Centre establishes and maintains continuous relations with its local community, following a structured procedure.

Water use minimisation in buildings

- ✓ The issuer monitors water consumption and ensures water efficiency (as is required by UNI ISO 14001 certification and BREEAM, which IGD has a policy of obtaining). All projects (re)financed by the issuer through its green bonds are BREEAM certified, which warrants that assets install water meter for each tenant, for more comprehensive monitoring and control. Most of the issuer’s shopping malls have water flow reducers installed, and some shopping malls have rainwater harvesting system.

Safety of building users

- ✓ The issuer has a policy that ensures that all of the buildings comply with current fire standards. Every year the issuer's Prevention and Protection Service Manager inspects each Shopping Centre to assess the safety measures in place.

Sustainability labels

- ✓ The issuer has a policy of ensuring all its buildings' designed meet its internal standard which reference to BREEAM (or equivalent) and UNI EN ISO 14001 certification. As of the end of 2021, 95% of IGD's assets have obtained UNIENISO14001 certification and 54% BREEAM certification ('Very Good' or above)

Energy Efficiency

- ✓ The issuer has a policy of ensuring that all buildings have an EPC label and there are measures in place to tackle energy efficiency (e.g. cooling units, high efficiency air conditioning systems, LED lightning, solar PVs, etc).
- ✓ The issuer has a policy of ensuring clean transportation, which are also integrated in the issuer's environmental policy and in the corporate Sustainability Plan.

Environmental Aspects of Energy Efficiency

- ✓ The issuer has a policy of ensuring that assets do not contain substances of concern. Most of the client's assets hold (and will hold) UNI EN ISO 14001 certification, which requires annually monitoring that assets do not use substances of concerns.

Environmental aspects of renewable energy equipment

- The issuer does not have a policy of ensuring renewable energy equipment's' acquisition, installation, maintenance and repair process undergo a comprehensive life-cycle-assessment
- ✓ All of the issuer's renewable energy equipment (except for solar panels), financed (and to be financed in the future), are expected to comply with the European Waste Electrical and Electronic Equipment Directive (WEEE Directive), requiring the creation of collection schemes where consumers can return electronic equipment free of charge.

Renewable Energy: Environmental aspects of solar power projects

- ✓ The issuer has a policy of ensuring Solar PV projects provide for high environmental standards regarding take-back and recycling of solar modules at end-of-life stage.
- ✓ The issuer ensures Solar PV projects provide for high standards regarding the reduction or elimination of toxic substances within solar panels (the issuer operates in Italy and complies with EU directive on construction material standards).

DISCLAIMER

1. Validity of the SPO: The SPO will be valid as long as IGD's Green Finance Framework (as of 09 March 2022) remains unchanged.
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
3. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of ISS ESG in connection with the use of these SPO, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.
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ANNEX 1: Methodology

ISS ESG Green Finance Instruments KPIs

The ISS ESG Green Finance Instruments KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of IGD's Green Finance Instruments.

It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting. If a majority of assets fulfill the requirement of an indicator, this indicator is then assessed positively. Those indicators may be tailor-made to capture the context-specific environmental and social risks.

Environmental and social risks assessment methodology

ISS ESG evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Green Finance Instruments KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment "no or limited information is available" either indicates that no information was made available to ISS ESG or that the information provided did not fulfil the requirements of the ISS ESG Green Finance Instruments KPIs.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by IGD Group (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the issuer.

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, ISS ESG identifies the extent to which IGD's Green Finance Instruments contributes to related SDGs.

ANNEX 2: Quality management processes

SCOPE

IGD Group commissioned ISS ESG to compile a Green Finance Instruments SPO. The Second Party Opinion process includes verifying whether the Green Finance Framework aligns with the ICMA's Green Bond Principles (June 2021) and Green Loan Principles (February 2021) and to assess the sustainability credentials of its Green Finance Instruments, as well as the issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA's Green Bond Principles (June 2021) and Green Loan Principles (February 2021)
- ISS ESG Key Performance Indicators relevant for Use of Proceeds categories selected by the Home Invest Belgium

ISSUER'S RESPONSIBILITY

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

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

ISS ESG'S VERIFICATION PROCESS

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

ISS ESG has conducted this independent Second Party Opinion of the Green Finance Instruments to be issued by IGD Group based on ISS ESG methodology and in line with the ICMA's Green Bond Principles (June 2021) and Green Loan Principles (February 2021).

The engagement with IGD Group took place from December 2021 to January 2022.

ISS ESG'S BUSINESS PRACTICES

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

About ISS ESG SPO

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

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

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

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

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