

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Finance Framework

CODIC International SA

23 September 2021

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">• Green Finance Instrument
Relevant standards	<ul style="list-style-type: none">• Green Bond Principles (GBPs), as administered by the International Capital Market Association (ICMA)• Green Loan Principles (GLPs), as administered by the Loan Market Association (LMA)
Scope of verification	<ul style="list-style-type: none">• CODIC's Green Finance Framework (as of 22.09.2021)• Indicative Asset Pool (as of 16.09.2021)
Lifecycle	<ul style="list-style-type: none">• Pre-issuance verification
Validity	<ul style="list-style-type: none">• Until material changes are made to the framework

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Scope of work

CODIC International SA (“CODIC” or “the issuer”) commissioned ISS ESG to assist with its Green Finance Framework by assessing three core elements to determine the sustainability quality of the instrument:

1. Green Finance Framework link to CODIC’s sustainability strategy – drawing on CODIC’s overall sustainability profile and issuance-specific Use of Proceeds categories.
2. CODIC’s Green Finance Framework (as of 22.09.2021) – benchmarked against the International Capital Market Association's (ICMA) Green Bond Standards (GBPs) and Green Loan Principles (GLPs) of the Loan Market Association (LMA).
3. Indicative Asset Pool – whether the projects contribute positively to the UN SDGs and perform against ISS ESG’s issue-specific key performance indicators (KPIs) (See Annex 2).

ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	ASSESSMENT
<p>Part 1:</p> <p>Green Finance Framework link to issuer's sustainability strategy</p>	<p>CODIC is a property developer whose key areas of development are office and retail projects, as well as large multifunctional projects that can also include a residential component. CODIC's product portfolio consists of mainly of commercial and office properties, with some residential properties.</p> <p>ISS ESG finds that the Use of Proceeds financed through this Green Finance Framework are consistent with the issuer's sustainability strategy and material ESG topics for the issuer's industry. The rationale for issuing a green finance instrument is clearly described by the issuer.</p>	Consistent
<p>Part 2:</p> <p>Alignment with GBPs and GLPs</p>	<p>The issuer has defined a formal concept for its Green Finance Framework regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA Green Bond Principles and LMA Green Loan Principles.</p>	Aligned
<p>Part 3:</p> <p>Sustainability quality of the Asset Pool</p>	<p>The overall sustainability quality of the Asset Pool in terms of sustainability benefits, risk avoidance and minimisation is good based upon the ISS ESG assessment. The Green Finance Instruments will (re-)finance the eligible asset category "Green buildings".</p> <p>This use of proceeds category has a positive contribution to SDG 11 "Sustainable cities and communities". The environmental and social risks associated with those use of proceeds categories have been well managed.</p>	Positive

ISS ESG SPO ASSESSMENT

PART I: GREEN BOND'S LINK TO CODIC'S SUSTAINABILITY STRATEGY

A. ASSESSMENT OF CODIC'S ESG PERFORMANCE¹

Methodological note: Please note that CODIC 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 Construction sector based on publicly available information exclusively. No direct communication

¹The assessment is mainly due to lack of publicly available information about the company, including ESG-related disclosure.

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: Construction

Key Issues of the industry

1. Labor standards and working conditions
2. Energy and resource efficiency
3. Impact on land use and biodiversity
4. Ethical business practices
5. Protection of human rights and community outreach

Indicative ESG risk and performance assessment

CODIC is a property developer whose key areas of development are office and retail projects, as well as large multifunctional projects that can also include a residential component. As such, the company has the opportunity to contribute to the creation of sustainable communities, which it does by considering the proximity of its projects to public transport. However, other important aspects of sustainably designed communities such as the provision of community centers or other public spaces and consideration of accessibility criteria in building design are not comprehensively addressed. In terms of the integration of resource-efficiency in the design of its projects, the company has taken some steps as regards energy efficiency, while water-efficiency is unaddressed.

Regarding the management of relevant risks associated to the construction sector, there is limited information available to what extent CODIC addresses high-risk topics such as business ethics (e.g., corruption and antitrust violations), human rights, labor rights and working conditions (particularly occupational health and safety of employees and contractors), energy and resource efficiency of the construction process, and the impact of its construction activities on land use and biodiversity.

Indicative product portfolio assessment

Social impact of the product portfolio

CODIC's product portfolio consists of mainly of commercial and office properties, with some residential properties. The company does not appear to be significantly involved in projects that would contribute significantly to relevant SDG objectives such as ensuring health and delivering education (e.g., construction of healthcare or educational facilities). Thus, the company's product portfolio is considered to have no significant negative/positive social impacts.

Environmental impact of the product portfolio

Real estate developers like CODIC can contribute to the achievement of global environmental objectives such as the SDG 11: Sustainable Cities & Communities by having their properties certified to relevant green building standards. The company seems to capitalize on this opportunity with all of its properties, constructed since 2018, certified to BREEAM. Moreover, the company has set a goal to systematically obtain relevant green building certifications (e.g. BREEAM certification or equivalent) for all its buildings.

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 CODIC being involved in any of the below mentioned controversies.

Industry risks

Based on a review of controversies in the period of 1 January 2019 – 01 September 2021, the greatest risk reported against companies operating in the Engineering & Construction industry relate to activities of business malpractice and activities that may have adverse impacts on the environment. This is closely followed by activities related to human rights. The top three issues that have been reported against companies within the industry are as follows: alleged failure to prevent bribery, failure to assess environmental impacts and anti-competitive behaviour. This is closely followed by the alleged poor stakeholder consultation, failure to respect the right to an adequate standard of living and failure to respect the right to safe and healthy working conditions.

B. CONSISTENCY OF GREEN FINANCE FRAMEWORK WITH CODIC'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the issuer

As a real estate company operating in Europe, CODIC has since more than 10 years developed several initiatives confirming its commitment to sustainability and continuously promotes the concept of Sustainability through all of its current real estate projects. CODIC materializes this concept in multiple improvements brought to its real estate developments, and this, to the benefit of users, investors and citizens by trying to minimize its impact on the environment.

CODIC states to design its building projects in a way that provides for ample green spaces around its buildings, as well as easy access to public transportation. In addition, the company states a commitment to the inclusion on renewable energy systems, equipping some of its buildings with solar panels. More particular, the company cites the following key sustainability objectives and priorities:

- To systematically obtain BREEAM certification for all its buildings (or similar and relevant green certifications as the case may be)
- To harmoniously integrate its projects with their environment
- To offer optimum energy performance and ensure its control
- To favour green spaces
- To ensure accessibility to the site by public transport and soft mobility
- To ensure water is properly managed
- To reduce the carbon footprint
- To carefully choose materials
- To manage construction processes efficiently
- To ensure the longevity of the developments
- To embellish the living environment of occupants and to respond to their specific needs by partnering with architectural firms, enabling it to construct buildings which are energy-efficient and aesthetic

Furthermore, CODIC states to take into account user's emerging sanitary expectations and requirements, following the global pandemic.

Also, the company is committed to equal opportunities and support the Access for All initiative that aims to encourage organizations to develop accessible, inclusive and sustainable environments. Examples for such projects can be found in Hungary, where a barrier-free environment for people with special needs, including people with disabilities is provided.

Lastly, CODIC sees a clear alignment between integrating sustainability considerations into its key criteria as well as regulatory developments, particularly with respect to standards established on a European level that allow the objectivisation of sustainability among the company’s customers. However, the issuer’s sustainability strategy could be further improved by setting specific and quantified targets associated with those objectives.

Rationale for issuance

The establishment of this Green Finance Framework aligns CODIC’s strategic sustainability objectives with its funding and financial strategy. When assessing the feasibility of a project, CODIC states to consider sustainable elements that fit in its business model and sustainable strategy.

Based on this framework, CODIC intends to align its funding strategy with its corporate mission, sustainable strategy and objectives. By issuing green finance instruments, CODIC aims to strengthen the ties with existing investors and, more importantly, diversify its funding sources by attracting investors paying attention to environmental benefits and a more sustainable society.

This Green Finance Framework constitutes therefore the basis for future green financing (such as loans, bond issuances, etc.) for CODIC.

Contribution of Use of Proceeds categories to sustainability objectives and priorities

ISS ESG mapped the Use of Proceeds categories financed under this Green Finance Framework 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 Construction 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	✓	✓	<i>Contribution to a material objective</i>

Opinion: ISS ESG finds that the Use of Proceeds financed through this bond are consistent with the issuer’s sustainability strategy and material ESG topics for the issuer’s industry. The rationale for issuing a green finance instrument is clearly described by the issuer.

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

1. Use of Proceeds

CODIC intends to use the net proceeds of CODIC Green Finance Instruments issued under its Framework to finance and/or refinance in whole or in part, sustainable and energy efficient real estate projects which contribute to its sustainability strategy (“Eligible Green Projects”).

ELIGIBLE GREEN PROJECTS CATEGORY	ELIGIBILITY CRITERIA
<p>Green Buildings</p>	<p>Newly constructed, existing and/or refurbished buildings which have received, or are expected to receive at least one of the following third-party certifications:</p> <p>Offices:</p> <ul style="list-style-type: none"> ▪ BREEAM or BREEAM In-Use of minimum ‘Very Good’ ▪ HQE of minimum ‘Very Good’ ▪ Near Zero Energy Building (NZEB) classification ▪ Or any comparable international certifications <p>In addition, existing and/or refurbished buildings may be eligible to receive any of the following classification:</p> <ul style="list-style-type: none"> ▪ Well classification ▪ Wiredscore classification ▪ Access 4 you label <p>Residential:</p> <ul style="list-style-type: none"> ▪ For Belgium: A building certificate equivalent to EPC ‘A’ or corresponding to a Primary Energy Demand of maximum 100 kWh/m²/year; ▪ For Luxembourg: A building certificate equivalent to EPC ‘A-A’ or corresponding to a Primary Energy Demand of maximum 100 kWh/m²/year; ▪ For Hungary: A building certificate equivalent to EPC ‘BB’ or corresponding to a Primary Energy Demand of maximum 100 kWh/m²/year;

Opinion: ISS ESG considers the Use of Proceeds description provided by CODIC’s Green Finance Framework as aligned with the ICMA Green Bond Principles and LMA Green Loan Principles. The projects to be (re-)financed under this issuance show alignment with the sustainability strategy of the issuer.

2. Process for Project Evaluation and Selection

CODIC will follow a transparent process for selection and evaluation of Eligible Green Projects. Projects financed and/or refinanced through the Green Finance Instruments issued under CODIC's Framework are evaluated and selected based on compliance with the Eligibility Criteria as set under paragraph II.1 Use of Proceeds.

All potential Eligible Green Projects first comply with environmental and local requirements, with laws and regulations, as well as CODIC's standards managing ethical and governance risks.

The potential Eligible Green Projects will be designated by the Investment Committee, the final decision being taken by the Board of Directors of CODIC International, parent company of CODIC Group. This Committee is responsible for analysing acquisitions proposed by CODIC managers, in order to make a recommendation to the Board of Directors, which then uses said recommendation to take a final decision. The Investment Committee composed of the members of the executive committee and two directors representing the majority shareholder.

Opinion: ISS ESG considers the Process for Project Evaluation and Selection description provided by CODIC's Green Finance Framework as aligned with the GBPs and GLPs. The company provides transparency and clear definition on the responsibilities throughout the Project Evaluation and Selection process.

3. Management of Proceeds

CODIC will manage the net proceeds of issued Green Finance Instruments on a portfolio basis. As long as the Green Finance Instruments under this Framework are outstanding, CODIC aims to allocate an amount equivalent to the net proceeds of these instruments towards its Eligible Green Projects, as defined in the paragraph II.1. Use of Proceeds. If a project is divested, discontinued or does no longer meet the definition of Eligible Green Projects as included in paragraph II.1., it will be removed from the portfolio of Eligible Green Projects and replaced by another Eligible Green Project. CODIC aims to ensure that the total value of issued Green Finance Instruments does not exceed the value of its portfolio of Eligible Green Projects.

Pending the full allocation of the net proceeds of issued Green Finance Instruments to the portfolio of Eligible Green Projects, CODIC will manage the unallocated proceeds in cash or cash equivalents in line with its regular treasury criteria. CODIC intends to allocate the full amount of proceeds within the next 24 months following the issuance of Green Finance Instruments.

The allocation of the net proceeds of issued Green Finance Instruments to Eligible Green Projects will be subject to at least an annual review and approved by the Executive Committee until full allowance of the net proceeds of issued Green Finance Instruments.

Opinion: ISS ESG finds that Management of Proceeds proposed by CODIC's Green Finance Framework is well aligned with the GBPs and GLPs. In addition, the issuer clearly defines the expected allocation period.

4. Reporting

CODIC will report annually, until full allocation of the net proceeds, on the allocation of its net proceeds of issued Green Finance Instruments to its portfolio of Eligible Green Projects. This reporting will be available one year after the issuance of the first Green Finance Instrument on CODIC's website: <http://uk.codic.eu/finance.php>.

Allocation Reporting

The allocation report will include:

- an overview of all the Green Finance Instruments issued under the Framework,
- the year of investment,
- the amounts of investments allocated to Eligible Green Projects,
- the geographic distribution of the portfolio of Eligible Green Projects,
- the proportion of new financing and refinancing, and
- the balance of unallocated proceeds (if any).

Impact reporting

CODIC will report on expected environmental impacts of the Eligible Green Projects (re-) financed by the net proceeds of the Green Finance Instruments.

The impact report will provide information regarding Eligible Green Projects and their environmental classification (i.e. BREEAM, HQE, Well, Wiredscored, Access 4 you), including the specific classification level where applicable (e.g. "Very Good" or "Excellent").

Opinion: *ISS ESG finds that the reporting proposed by CODIC's Green Finance Framework is aligned with the GBPs and GLPs. CODIC is transparent on the level of reporting, on its frequency, scope and type of information reported. Moreover, the reporting will be done until total allocation of proceeds, in line with best-market practices.*

External review

The Second Party Opinion is available on the investor website: <http://uk.codic.eu/finance.php>.

Post Issuance external Verification

In addition to this SPO, an independent auditor will review annually CODIC's evaluation and selection process for the financing of eligible assets and will confirm that the use of proceeds is in accordance with the Green Finance Framework.

The Allocation Reporting and Impact Reporting, together with the associated report of the auditors, will be available on the on the investor website: <http://uk.codic.eu/finance.php>, only available to investors having participated in Green Finance Instrument of CODIC.

PART III: SUSTAINABILITY QUALITY OF THE ISSUANCE

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

Based on the assessment of the sustainability quality of the Green Bond Asset Pool and using a proprietary methodology, ISS ESG assessed the contribution of CODIC's Green Bond to the Sustainable Development Goals defined by the United Nations (UN SDGs).

This assessment is displayed on 5-point scale (see Annex 2 for methodology):

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution
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Each of the Green Bond's Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:²

USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Green Buildings - Offices <i>Certified with either BREEAM "Very Good", HQE "Tres Bien" or equivalent</i>	Significant contribution	
Green Buildings - Residential³ <i>Certified with EPC label "A", "A-A" or "BB"</i>	Limited Contribution	

² This approach is based on the current methodology of the proprietary ISS ESG SDG Solutions Assessment (SDGA). However, deviating from this approach, ISS ESG also highlights that a contribution to SDGs 7 "Affordable and Clean Energy" and 13 "Climate Action" can be considered mainly due to CODIC's construction practices (e.g., commitment of solar panels where feasible).

³ It is noted that the majority of the indicative asset pool provided by the issuer comprises office buildings, certified with BREEAM "Very Good" or equivalent, which constitutes a significant contribution to SDG 11. In addition, the majority of residential buildings included in CODIC's portfolio are located in Belgium or Luxembourg, for which EPC Labels "A" or "A-A" are targeted.

B. MANAGEMENT OF ENVIRONMENTAL & SOCIAL RISKS ASSOCIATED WITH THE GREEN FINANCE FRAMEWORK

Green Buildings

The Use of Proceeds category “green buildings” has a positive contribution to the SDG 11 “Sustainable cities and communities”. The table below presents the findings of an ISS ESG KPI assessment of the indicative Asset Pool, provided by the issuer, reflecting the types of projects that are to be financed under this framework.⁴

ASSESSMENT AGAINST ISS ESG KPI

Prerequisite for Green Buildings

- ✓ 95% of assets, an appropriate and detailed selection process ensures good standards regarding energy efficiency (e.g. EPC labels A).⁵

Site selection

- ✓ 100% of assets have a policy on responsible site selection in place (e.g. brownfield development, exclusion of protected areas and sites of high environmental value).
- ✓ All assets are located in urban areas and within 1 km from one or more modalities of public transport.

Construction standards

- ✓ 100% of assets are located in the EU where high labour and health and safety standards are in place (e.g. ILO core conventions). Further, the issuer states to conclude service agreements with a specific engineering office which plays an advisory and coordinating role relating to aspects affecting the safety and health of workers.
- ✓ Over 70% of the assets provide for sustainable procurement regarding building materials (e.g. recycled materials, third-party certification of wood-based materials).

Water use minimization in buildings

- ✓ 100% of eligible projects provide for measures to reduce water consumption (e.g. water metering, high-efficiency fixtures and fittings, rainwater harvesting).

Safety of building users

- ✓ 100% of assets ensure operational safety (e.g. emergency exits, fire sprinklers, fire alarm systems).

Sustainability labels

⁴ This means that the focus of this assessment is on the management of environmental & social risks within the indicative asset pool, instead of systematic policies put in place by the issuer.

⁵ 5% do currently not provide for this pre-requisite. However, it is noted that the issuer claims to systematically obtain relevant certificates for all its buildings.

- ✓ More than 90% of eligible assets are at least certified or targeted to be certified with a BREEAM certification 'Very Good' or LEED certification 'Gold'.

DISCLAIMER

1. Validity of the SPO: As long as the Green Finance Framework of the issuer 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.
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ANNEX 1: Methodology

ISS ESG Green KPIs

The ISS ESG Green Bond KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of CODIC’s Green Bond.

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.

To review the KPIs used in this SPO, please contact Federico Pezzolato (details below) who will send them directly to you.

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 Bond 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 Bond KPIs.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by CODIC (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 CODIC’s Green Bond contributes to related SDGs.

ANNEX 2: Quality management processes

SCOPE

CODIC commissioned ISS ESG to compile a Green Bond SPO. The Second Party Opinion process includes verifying whether the Green Finance Framework aligns with the GBPs and GLPs and to assess the sustainability credentials of its Green Bond, as well as the issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA GBPs and GLPs
- ISS ESG KPI set: Green Buildings

ISSUER'S RESPONSIBILITY

CODIC'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 company 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 Bond to be issued by CODIC based on ISS ESG methodology and in line with the ICMA Green Bond Principles and Green Loan Principles.

The engagement with CODIC took place from August to September 2021.

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/>

For Information about SPO services, contact:

Federico Pezzolato

SPO Business Manager EMEA/APAC

Federico.Pezzolato@isscorporatesolutions.com

+44.20.3192.5760

Miguel Cunha

SPO Business Manager Americas

Miguel.Cunha@isscorporatesolutions.com

+1.917.689.8272

For Information about this Green Bond SPO, contact: SPOOperations@iss-esg.com

Project team

Project lead

Rafael Heim
Analyst
ESG Consultant

Project support

Henrik Hopmann
Analyst
ESG Consultant

Project supervision

Viola Lutz
Associate Director
Deputy Head of Climate Services