

CODIC International Green Finance Framework

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1. Introduction

1.1. CODIC

Codic International has been operating as a real estate developer since 1970 and develops its know-how in six European countries: Belgium, France, the Grand Duchy of Luxembourg, Spain, Hungary and Romania.

CODIC focuses its development mainly on office, retail, residential projects, as well as on large multifunctional projects.

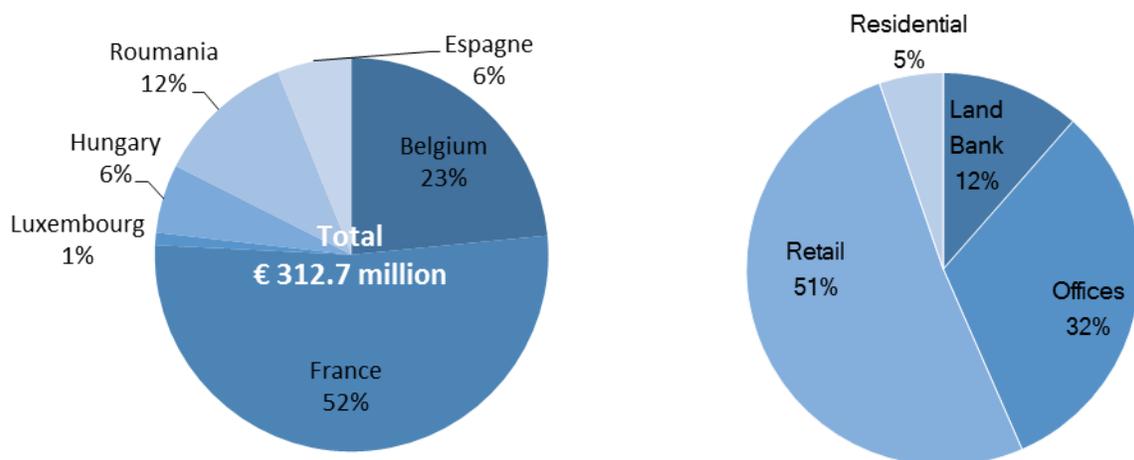
CODIC is positioned on large projects with a focus on the excellence of the location, the quality of the program, a strong architectural identity, the use of high-level technologies and neat landscaping, answering, if the case is applicable, to international and public consultations contest.

As part of this strategy, CODIC systematically develops its projects according to higher environmental standards, seeking a harmonious balance between professional spaces, urban and living spaces.

CODIC has a continuous commitment to sustainable development for all its buildings.

Following its working philosophy, CODIC chose to integrate works of art into our projects.

The following charts provide an overview of the markets/countries and the segments in which CODIC is active as at April 30, 2021:



1.2 Business Model of CODIC and Sustainability aspects

As a major player in the real estate sector 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 only concludes construction agreements are concluded with leading general contractors which have all the accreditations to exercise their activity in the different countries where Codic is established. Moreover, they fully comply with all well-being at work & security regulations. They also have internal anti- bribery and corruption policies and pursue specific undertakings in terms of sustainability. CODIC also conclude services agreements with specific engineering offices which play an advisory and coordinating role relating to aspects affecting the safety and health of workers.

Strong commitment to innovative system allowing the use of renewable energy: some of our buildings are equipped with efficient water system recovery as well as solar panels as the case may be (e.g. B'est with its 4.300 sqm of solar panels located on the roof of the project).

Highest architecture standards : CODIC partners with renowned national and international architectural firms, enabling it to erect buildings which are as efficient and innovative in terms of energy consumption as aesthetic, which is likely to embellish the living environment of its occupants and to respond to their specific needs and latest requirements.

Highest environmental certifications: CODIC seeks for each of its projects highest green certifications such as BREEAM "excellent", HQE "very good", NZEB, WELL "Gold" and LEED "Gold"

A specific focus on soft mobility: location of the projects is key, and most of CODIC projects include electric vehicles charging stations and bicycles

Access for all: our projects in Budapest will be certified access4You as they will provide a barrier-free environment for people with special needs, including people with disabilities

Biodiversity protection: our project B'est includes shared gardens and orchards promoting biodiversity and promoting various integration projects.

Action being more than words and theoretical strategy plans, a short description of the specific objectives pursued by CODIC for each of its project (under development or developed but still part of its portfolio) in terms of sustainability follows:

- The Belgian project « Chancelier » (Offices building with rooftop and terraces): located very near to Brussels Central train station, the project has been designed to meet users' new post-Covid

expectations and requirements. The building aims to achieve Breeam Excellent, WELL and Wiredscore, AirRatec and NZEB certifications. Indeed, it will include efficient rainwater recovery and leak detector systems, sanitary facilities will be chosen according to their consumption.

- The French project “Network II” (Offices building) : the triple certification which has been obtained (HQE, BREEAM and WIREDSCORE) shall guarantee high environmental performance and excellent connectivity. The project is located at a walking distance from the Metro (Grand Paris), accessible via bicycles, metro, RER.
- The French project “Native” (Offices building): the certifications to be obtained (BREEAM, HQE and WiredScore) result from the balance achieved through the elaboration of a building combining, architectural quality, control of the impact on the environment and the well-being of the occupants.

The design of facades with random sun shades, large planted terraces, light floors, elevator landings with a clear view, but also a full-height staircase naturally lit, contribute to user comfort. and also participate in obtaining the aforementioned certifications.

- The French project “B’est” (shopping center): the architectural part of the project benefits from high-quality architecture and landscaping and is exemplary in terms of sustainable development, especially regarding energy management. B’est is provided with the BREEAM and the HQE Aménagement certifications.

B’est was the winner of the CNCC’s “best shopping center 2018” award and also obtained the Valorpark label in October 2020.

B’est, it is also:

- more than 25.000 planted trees and shrubs,
- 22.000 sqm of green roofs,
- 4.300 sqm of solar panels,
- 18ha of green spaces,
- 2 machines to recycle transparent plastic bottles,
- 300 flower tubs (thanks to beehives),
- 30 parking spaces dedicated to carpooling

... evidencing B’est’s commitment to the environment.

- The Spanish project “Step Up” (offices building with roof terrace): the project has been designed to meet users’ new post-Covid expectations and requirements. Its equipment includes contactless access, thermal cameras, opening windows and optimum filtering of the ambient air. It has roof and ground-floor terraces, allowing people to work in the open air.

- The Hungarian project “Green Court Office” (offices building): this nearly-zero-energy building (NZEB) will be certified BREEAM Excellent at its handover at the second half of 2021.

The double skin façade facilitates reduced energy consumption and natural ventilation while achieving acoustic insulation. The façade creates a more human-centric environment and increases the comfort of the occupant significantly.

The building will also be equipped with full height windows and LED lighting on the office floors.

It has been designed to include 3,300 sqm landscaped garden in common areas.

Numerous trees were planted around the project, participating to make the district a greener area.

Specificity to Hungarian projects: CODIC is committed to equal opportunities and support the Access for All initiative that aims to encourage organizations to develop accessible, inclusive and sustainable environments. Each project provides a barrier-free environment for people with special needs, including people with disabilities: we always emphasize people-centered design and quality, creating buildings that can serve tenant needs in the long run and prepare for the needs of the future with efficient, adaptable and flexible spaces.

CODIC is committed to sustainability. Its contribution to the achievement of the United Nations Sustainable Development Goals is materialized in at least five of them:

- 11 – Sustainable cities and Communities
- 7- Affordable and clean energy
- 13 – Climate action
- 6 – Clean water and sanitation
- 12 – Responsible consumption and production



1.3 Rationale for a Green Finance Framework

There's nothing new about the « Green » approach for Codic because the environment has always been part of our key criteria. From now on, the certification of our buildings falls under the scope of the development of standards established on a European level that allow the objectivisation of sustainability among our customers.

The establishment of this Green Finance Framework aligns Codic' strategic sustainability objectives with its funding and financial strategy. When assessing the feasibility of a project, Codic takes into account sustainable elements that fit in its business model and sustainable strategy, among others the following key sustainability objectives and priorities:

- To systematically obtain BREEAM certification for all our buildings
- To harmoniously integrate our 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 of its buildings and to respond to their specific needs and latest requirements by partnering with renowned national and international architectural firms, enabling it to erect buildings which are as efficient in terms of energy consumption as aesthetic.

Thanks to this framework, Codic intends to align its funding strategy with its corporate mission, sustainable strategy and objectives. By issuing green finance instruments, Codic will 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.

2. CODIC Green Finance Framework

CODIC developed its Green Finance Framework (“Framework”) in order to diversify its funding sources and attract specific funding for green assets and real estate projects which contribute to its sustainability strategy as described above. Under this Green Finance Framework, CODIC can issue a variety of Green Finance Instruments such as Green Bonds / Notes, Green Private Placements and Green Loans.

The Framework is consistent with the voluntary guidelines of the Green Bond Principles (“GBP”) (as issued by the International Capital Market Association (ICMA) and last updated in June 2021¹ and the Green Loan Principles (“GLP”) (from the Loan Market Association (LMA), last updated in February 2021²).

CODIC is also willing to align its Framework with the best market practices and applicable market guidelines, to the extent possible.

The Framework will cover (2.1.) the use of proceeds, (2.2.) the process for project evaluation and selection, (2.3.) the management of proceeds, (2.4.) the reporting on allocation and impact, (2.5.) and the external review.

¹ <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

² <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/39>

2.1. 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, which are also mapped to the UN Sustainable Development Goals (UN SDGs), are required to meet the eligibility criteria as set in the table below:

Eligible Green Projects CATEGORY & UN SDGs	ELIGIBILITY CRITERIA
<p>Green Buildings</p>  <p>SDG 11: Sustainable Cities and Communities Eligible Assets contribute to the target to “Make cities and human settlements inclusive, safe, resilient and sustainable”</p>  <p>SDG 7: Affordable and Clean Energy Eligible Assets contribute to the target to “Ensure access to affordable, reliable, sustainable and modern energy for all”.</p>  <p>SDG 13: Climate Action Eligible Assets contribute to the target to “strengthen resilience and adaptive capacity to climate-related hazards and natural disasters”</p>  <p>SDG 6: Water and Sanitation Eligible Assets contribute to the Target: “halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally” And to the Indicator: “Support and strengthen the participation of local communities in improving water and sanitation management”</p>  <p>SDG 12: Responsible consumption and production Eligible Assets contribute to the target to “achieve the sustainable management and efficient use of natural resources”</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 ;

2.2. 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 2.1 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.

2.3. 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 2.1. Use of Proceeds. If a project is divested, discontinued or does no longer meet the definition of Eligible Green Projects as included in paragraph 2.1., 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.

2.4. 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”).

2.5 External Review

Second Party opinion

A Second Party Opinion (SPO) will be issued by an independent external verifier in order to provide an external verification on CODIC’s Green Finance Framework. This external opinion will certify CODIC’s Framework alignment with the applicable Green Principles, such as the Green Bond Principles (GBP) and the Green Loan Principles (GLP) as well as, to the extent possible, the EU Green Bond Standards⁶ as proposed by the European Commission.

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

Post Issuance external Verification

Additionally, 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 investor website: <http://uk.codic.eu/finance.php>.

3. Disclaimer

The Green Framework Agreement is issued by the Codic International SA, whose registered office is at Chaussée de La Hulpe, 120, Brussels, Belgium and whose company registration number is 0448.424.367 (hereunder “the Company”).

Disclaimer – Content of this Green Framework Agreement.

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