



## SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Finance Framework

Stendörren Fastigheter AB

29 May 2023

### VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none"><li>Green Financing Instruments – Green Bonds and Loans</li></ul>
Relevant standards	<ul style="list-style-type: none"><li>Green Bond Principles, as administered by the International Capital Market Association (ICMA) (as of June 2021 with June 2022 Appendix 1)</li><li>Green Loan Principles, as administered by the Loan Market Association (LMA) (as of February 2023)</li></ul>
Scope of verification	<ul style="list-style-type: none"><li>Stendörren’s Green Finance Framework (as of May 17, 2023)</li><li>Stendörren’s Eligibility Criteria (as of May 17, 2023)</li></ul>
Lifecycle	<ul style="list-style-type: none"><li>Pre-issuance verification</li></ul>
Validity	<ul style="list-style-type: none"><li>Valid as long as the cited Framework remains unchanged.</li></ul>

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## SCOPE OF WORK



Stendörren Fastigheter AB (“the Issuer” or “Stendörren” or “the company”) commissioned ISS Corporate Solutions (ICS) to assist with its Green Financing Instruments by assessing three core elements to determine the sustainability quality of the instruments:

1. Stendörren’s Green Finance Framework (as of May 17, 2023) – benchmarked against the International Capital Market Association's (ICMA) Green Bond Principles (GBP) and Green Loan Principles (GLP).
2. The Eligibility Criteria – whether the project categories contribute positively to the United Nations Sustainable Development Goals (UN SDGs) and how they perform against proprietary issuance-specific key performance indicators (KPIs) (See Annex 1).
3. Linking the transactions to Stendörren’s overall Environmental, Social and Governance (ESG) profile – drawing on the issuance-specific Use of Proceeds (UoP) categories.

## STENDÖRREN BUSINESS OVERVIEW

Stendörren Fastigheter AB is a real estate company, that engages in managing, developing, and acquiring properties and building rights in logistics, warehouses, and light industry primarily located in Greater Stockholm and Malardalen. The company is classified in the Real Estate industry, per ISS ESG’s sector classification. As of December 2022, the company had 148 properties in its portfolio and had a rentable area of 795,000 m<sup>2</sup>.

## ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION <sup>1</sup>
<b>Part 1: Alignment with GBP/GLP</b>	The Issuer has defined a formal concept for its Green Financing Instruments regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the Green Bond Principles and Green Loan Principles.	<b>Aligned</b>
<b>Part 2: Sustainability quality of the Eligibility Criteria</b>	<p>The Green Financing Instruments will (re-)finance eligible asset category: Green Buildings</p> <p>Product and service-related use of proceeds categories<sup>2</sup> individually contribute to one or more of the following SDGs:</p>  <p>Process-related use of proceeds categories<sup>3</sup> individually improve (i) the Issuer's operational impacts and (ii) mitigate potential negative externalities of the Issuer's sector on one or more of the following SDGs:</p>  <p>The environmental and social risks associated with those use of proceeds categories are well managed.</p>	<b>Positive</b>
<b>Part 3: Linking the transaction(s) to Stendörren's ESG profile</b>	The key sustainability objectives and the rationale for issuing Green Financing Instruments are clearly described by the Issuer. The project categories considered are in line with the sustainability objectives of the Issuer.	<b>Consistent with Issuer's sustainability strategy</b>

<sup>1</sup> The evaluation is based on Stendörren's Green Finance Framework (May 2023 version), on the analysed Eligibility Criteria as received on May 17, 2023, and on the Indicative Corporate Rating and applicable at the SPO delivery date.

<sup>2</sup> Green Buildings.

<sup>3</sup> Green Buildings.

## SPO ASSESSMENT

### PART I: ALIGNMENT WITH GREEN BOND PRINCIPLES AND GREEN LOAN PRINCIPLES

This section evaluates the alignment of the Stendörren's Green Finance Framework (as of May 17, 2023) with the Green Bond Principles and Green Loan Principles.

GREEN BOND PRINCIPLES AND GREEN LOAN PRINCIPLES	ALIGNMENT	OPINION
1. Use of Proceeds	✓	<p>The Use of Proceeds description provided by Stendörren's Green Finance Framework is <b>aligned</b> with the GBP and GLP.</p> <p>The Issuer's green categories align with the project categories as proposed by the GBP and GLP. Criteria are defined in a clear and transparent manner. Disclosure of proceeds to the project category financed is provided and Environmental benefits are described. The Issuer defines exclusion criteria for harmful projects categories, in line with best market practice.</p> <p>The Issuer defines which projects will be refinanced and has a look-back period of 3 years in line with best market practice.</p>
2. Process for Project Evaluation and Selection	✓	<p>The Process for Project Evaluation and Selection description provided by Stendörren's Green Finance Framework is <b>aligned</b> with the GBP and GLP.</p> <p>The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed through an appropriate process. Moreover, the projects selected show alignment with the sustainability strategy of the Issuer.</p> <p>The Issuer clearly defines responsibilities in the process for project evaluation and selection involves in a transparent way, and includes various stakeholders in this process, in line with best market practice. Furthermore, The Issuer identifies the alignment of their Green Bond framework and their green projects with official or market-wide taxonomies and references any green standards or certifications used, in line with best market practice.</p>

<p><b>3. Management of Proceeds</b></p>	<p>✓</p>	<p>The Management of Proceeds proposed by Stendörren’s Green Finance Framework is <b>aligned</b> with the GBP and GLP.</p> <p>The net proceeds collected will be equal to the amount allocated to eligible projects, with no exceptions. The net proceeds are tracked in an appropriate manner and attested in a formal internal process. The net proceeds are managed on an aggregated basis for multiple Green Bonds (portfolio approach). Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds.</p> <p>The Issuer discloses the nature of temporary investments and sets a reallocation period of one year, in line with best market practice.</p>
<p><b>4. Reporting</b></p>	<p>✓</p>	<p>The allocation and impact reporting proposed by Stendörren’s Green Finance Framework is <b>aligned</b> with the GBP and GLP.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and to report in an appropriate frequency. The reporting will be publicly available on the Issuer’s website. Stendörren explains the level of expected reporting and the type of information that will be reported. Moreover, the Issuer commits to report annually, until the proceeds have been fully allocated.</p> <p>The Issuer discloses the location and link of the report and commits to getting the allocation report audited by an external party, in line with best market practices. Moreover, the Issuer is transparent on the level of impact reporting and the information reported and further defines the duration, scope, and frequency of the impact reporting, in line with best market practice.</p>

## PART II: SUSTAINABILITY QUALITY OF THE ELIGIBILITY CRITERIA

### A. CONTRIBUTION OF THE GREEN FINANCING INSTRUMENTS TO THE UN SDGs<sup>4</sup>

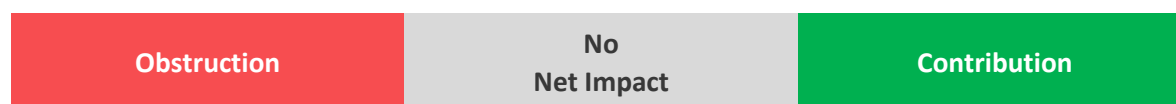
Companies can contribute to the achievement of the SDGs by providing specific services/products which help address global sustainability challenges, and by being responsible corporate actors, working to minimize negative externalities in their operations along the entire value chain. The aim of this section is to assess the SDG impact of the UoP categories financed by the Issuer in two different ways, depending on whether the proceeds are used to (re)finance:

- specific products/services,
- improvements of operational performance.

#### 1. Products and services

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an Issuer's products or services on the UN SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the ICMA Green and/or Social Bond Principles and other regional taxonomies, standards and sustainability criteria).




The assessment of UoP categories for (re)financing specific products and services is displayed on a 3-point scale (see Annex 1 for methodology):



Each of the Green Financing Instruments' Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><b>Green Buildings</b></p> <p><i>New buildings (built after 31 December 2020) that have or will have:</i></p> <ul style="list-style-type: none"> <li>- <i>Primary Energy Demand (PED) 10% lower than a threshold set for Nearly Zero Energy Building (NZEB)</i></li> <li>- <i>For buildings larger than 5000 m<sup>2</sup>:</i></li> </ul> <p><i>The building undergoes testing for airtightness and thermal integrity, upon completion; and</i></p> <p><i>The life-cycle Global Warming Potential (GWP) of the building resulting from the</i></p>	<p><b>Contribution</b></p>	

<sup>4</sup> The impact of the UoP categories on UN Social Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer's description in the framework.

<p><i>construction has been calculated for each stage in the life cycle</i></p>	<p><b>Contribution</b></p>	
<p><b>Green Buildings</b> <i>Existing buildings (built before 31 December 2020) with Certification BREEAM Very Good, BREEAM in-use Very Good, Nordic Swan Ecolabel, Miljöbyggnad Silver, Miljöbyggnad iDrift Silver, GreenBuilding or LEED Gold.</i></p>		
<p><b>Green Buildings</b> <i>Existing buildings built before 31 December 2020 either with an EPC label "A" or "B" or belonging to the top 15% of the national building stock<sup>5</sup>.</i></p>	<p><b>Contribution</b></p>	

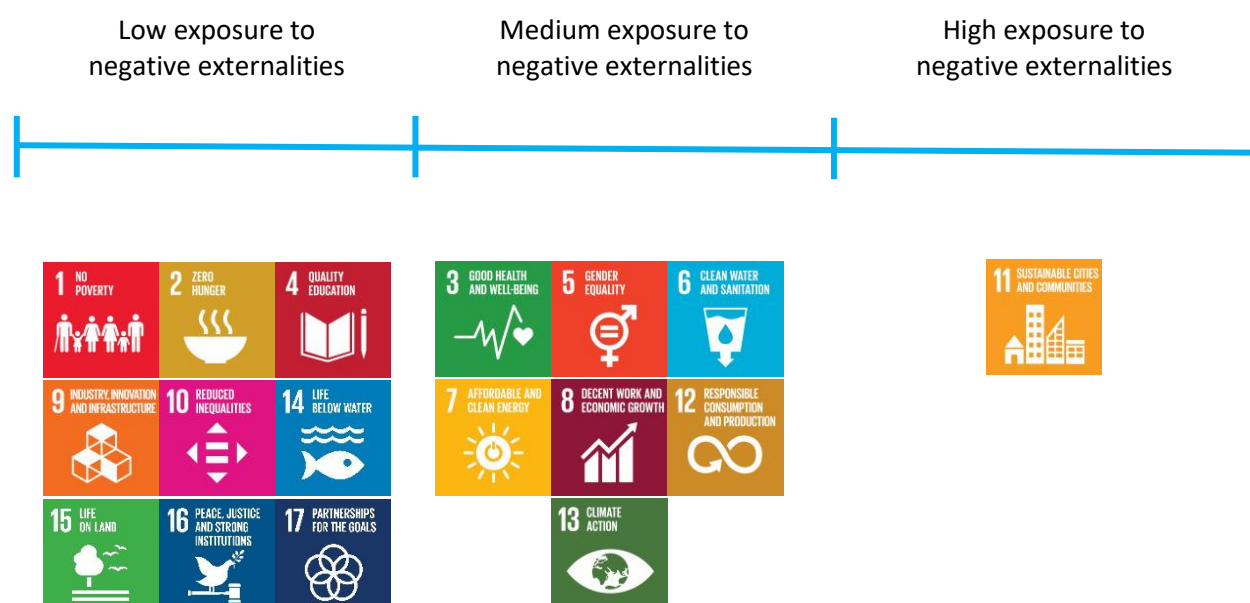
<sup>5</sup> Stendörren will use Fastighetsägarna, CIT Energy Management dated 14 December 2022 to determine the top 15% of the national building stock.



## 2. Improvements of operational performance (processes)

The below assessment aims at qualifying the direction of change (or “operational impact improvement”) resulting from the operational performance projects (re)financed by the UoP categories, as well as related UN SDGs impacted. The assessment displays how the UoP categories are mitigating the exposure to the negative externalities relevant to the business model and the sector of the Issuer.

According to ISS ESG SDG Impact Rating methodology, potential impacts on the SDGs related to negative operational externalities<sup>6</sup> in the Real Estate (to which Stendörren belongs) are the following:



The table below aims at displaying the direction of change resulting from the operational performance improvement projects. The outcome displayed does not correspond to an absolute or net assessment of the operational performance.

USE OF PROCEEDS (PROCESSES)	OPERATIONAL IMPACT IMPROVEMENT <sup>7</sup>	SUSTAINABLE DEVELOPMENT GOALS
<p><b>Green Buildings</b></p> <p><i>Energy efficiency measures:</i></p> <p><i>Installation of onsite solar panels, converting to LED lighting, heat pumps, improvements in ventilation systems, extension of district heating and cooling systems, installation of infrastructure for electric cars (electric charging points)</i></p>	✓	 
<p><b>Green Buildings</b></p> <p><i>Major renovations and reconstruction leading to primary energy savings of at least 30%</i></p>	✓	 

<sup>6</sup> Please, note that the impact of the Issuer’s products and services resulting from operations and processes is displayed in section 3 of the SPO.

<sup>7</sup> Limited information is available on the scale of the improvement as no threshold is provided. Only the direction of change is displayed.

## B. MANAGEMENT OF ENVIRONMENTAL & SOCIAL RISKS ASSOCIATED WITH THE ELIGIBILITY CRITERIA

### Green Buildings

The table below evaluates the Eligibility Criteria against issuance-specific KPIs. All of the assets are located in Sweden, Finland, Denmark and Norway.

#### ASSESSMENT AGAINST KPIs

##### Labour, Health, and Safety

- ✓ The assets are located in Sweden, Finland, Denmark and Norway, where high labour, health and safety standards are in place (e.g., ILO core conventions).
- ✓ Stendörren has measures in place ensuring that assets financed under this framework meet high labor and health and safety standards in the supply chain. The Issuer has a Code of Conduct<sup>8</sup> that require suppliers and sub-contractors to comply with national regulations and the UN Global Compact and its principles.

##### User safety

- ✓ Stendörren has policies and measures to ensure safety of building, fire safety, hygiene and protection against noise. Also, it complies with Swedish Work Environment Authority's and Boverket's regulation (2:3, 2:5, 7)<sup>9</sup>.

##### Water use minimization in buildings

- ✓ Stendörren has policies and measures to ensure the reduction of water consumption and aims to comply with EU Taxonomy requirements regarding high-efficiency fixtures and fittings. Buildings are designed to ensure high water quality and comply with public health requirements according to Boverket's mandatory provisions and general recommendations 6:6.<sup>10</sup> (e.g. water metering, high-efficiency fixtures and fittings, rainwater harvesting, and water drainage). Furthermore, the company includes measures for the water use area in its Gröna Karta<sup>11</sup>, a Green Map in which the EU Taxonomy requirements are incorporated, and requires low flush installations to be made in connection with new construction and remodelling with a threshold of 6L/min or 4/2 flushing in WC. Furthermore, the company has a target to certify existing and new constructions in line with BREEAM, at least a "Very Good" certification level, and Swan environmental label. The Issuer reports the number of environmentally certified properties in its Annual and Sustainability Report<sup>12</sup> available on its website.

<sup>8</sup> Stendörren Code of Conduct, [9-code-of-conduct.pdf \(triggerfish.cloud\)](#)

<sup>9</sup> Boverket regulation, [https://www.boverket.se/contentassets/a9a584aa0e564c8998d079d752f6b76d/konsoliderad\\_bbr\\_2011-6.pdf](https://www.boverket.se/contentassets/a9a584aa0e564c8998d079d752f6b76d/konsoliderad_bbr_2011-6.pdf)

<sup>10</sup> Boverket's mandatory provisions and general recommendations 6:6, [Konsoliderad version av Boverkets byggregler \(2011:6\) – föreskrifter och allmänna råd](#)

<sup>11</sup> Stendörren Gröna Karta, 2023, <https://www.stendorren.se/cdn.triggerfish.cloud/uploads/2023/05/sustainability-programe-for-new-developments.pdf>

<sup>12</sup> Stendörren Annual and Sustainability Report, <https://www.stendorren.se/investor-relations/rapporter-och-presentationer/>

### Site location

- Stendörren does not have a systematic policy to ensure all assets are located within 1 km of public transportation. However, the Issuer confirmed that the majority of the assets will be located within 1 km of public transportation. During the certification of the assets against BREEAM "Very Good" level and Swan environmental label, the public transportation measures are/will be assessed. Stendörren reports the number of environmentally certified properties in its Annual and Sustainability Reports.

### Construction standards

- ✓ Stendörren has policies and measures to ensure the recycling and circularity of building materials on the new buildings. The Issuer recently established its Gröna Karta, which includes Stendörren's requirements for green buildings. According to the policy, Stendörren requires buildings to use recyclable and reusable products during construction.

### Site selection

- ✓ Stendörren has policies and measures to ensure responsible site selection is in place and complies with local legislation Plan- och bygglagen (Planning and construction) regulated by regional plans targeted to building location.

### Conservation and biodiversity management

- ✓ Stendörren has policies in place to ensure the potential impact on biodiversity is mitigated. The company implements its environmental program "Gröna karta" to ensure the protection of biodiversity. According to Plan- och bygglagen (Planning and construction law) this is regulated by regional plans depending on the building location. The potential impact on biodiversity has been mitigated and reduced as it aligns with the European Union standard in terms of performing Environmental Impact Assessments.

### Environmental aspects of construction (or production) and operation

- ✓ Stendörren has policies and measures to ensure that assets are able to be recycled at the end of their lives. The company complies with Swedish Waste Ordinance (2020/614)<sup>13</sup> (Sw. Avfallsförordningen) regarding waste and ensures that the materials used for solar panels and energy-efficient measures are recycled at the end of their lives. Additionally, Stendörren's environmental program (Gröna Karta) states that a maximum of 5% of waste by weight to landfill can be disposed of.
- ✓ Stendörren has policies and measures to ensure compliance with high environmental standards and requirements in the supply chain. The company follows its Code of Conduct to make sure that suppliers and sub-contractors comply with applicable legislation and regulations. Stendörren also complies with Sweden's guidance with regard to labor standards, aligning with the ratified ILO conventions and in line with

<sup>13</sup> Swedish Waste Ordinance (2020/614), [Waste Ordinance \(2020:614\) Swedish Code of Statutes 2020:2020:614 up to and including SFS 2023:139 - Parliament \(riksdagen.se\)](#)

Boverket's byggregler, this includes among others the Occupational Health and Safety Convention and collective bargaining conventions.



Stendörren does not have any policies in place ensuring the components of the EV charging stations go through a life-cycle assessment.

#### **On-site safety**



Stendörren has policies and measures to ensure high operational safety standards are in place. It complies with Swedish Work Environment Authority's and Boverket's regulations (2:3, 2:5, 7) concerning, safety, fire safety, hygiene and protection against noise.

## PART III: LINKING THE TRANSACTION(S) TO STENDÖRREN'S ESG PROFILE

### A. CONSISTENCY OF GREEN FINANCING INSTRUMENTS WITH STENDÖRREN'S SUSTAINABILITY STRATEGY

#### *Key sustainability objectives and priorities defined by the Issuer*

Stendörren's ESG strategy was first established in 2017 and later updated in 2022 with new focus areas and ESG targets. Stendörren works both on strategic and operational levels to integrate ESG into its operations, focusing on offering its users safe and energy-efficient properties. The Issuer has defined some priority areas and targets:

- Climate assessment and resource efficiency: Stendörren's aim is to develop efficient use of resources, energy-efficient premises, and sustainable logistics solutions.

Targets:

- New developments and major conversions to be environmentally certified
- Enable increased recycling of tenants' waste and minimize construction waste from major new developments and refurbishments
- By 2025, 70% of the property portfolio in m<sup>2</sup> to be environmentally certified
- By 2030, reduce energy intensity (kWh/m<sup>2</sup>) by at least 20% from the baseline year 2020
- By 2030, have 100% Fossil-fuel free energy
- By 2030, net zero emissions<sup>14</sup> in new development projects

- Social sustainability: Stendörren aims to promote sustainable community development.

Targets:

- Create job opportunities for people outside the labour force
- Governance: Stendörren's Sustainability Committee is responsible for coordinating the company's ESG practices, based on the adopted ESG strategy. The Sustainability Committee includes employees and managers from the organization's various functions. They hold monthly meetings focusing on the progress made on ESG practices.

Targets:

- Large suppliers are to sign the Company's Code of Conduct
- Annual follow-up and feedback on equality and non-discrimination
- By 2025, 100% Fossil-fuel free vehicles
- By 2025, have a 40% female and 60% male gender distribution for senior positions

The company has some following initiatives to achieve its ESG targets:

- For the property energy that Stendörren controls, consumption has declined year-on-year as they began to measure heating from heat pumps separately from direct electric heating.
- Continuous dialogue with tenants to reduce electricity consumption.
- Analysis of the operations that account for most CO<sub>2</sub> emissions, such as construction and civil engineering activities in new development projects. The analysis will provide a basis for Stendörren's ongoing efforts to reduce its emissions.

<sup>14</sup> Stendörren's net zero definition is currently under work in progress in order to set the residual level of their projects.

- In 2021, Stendörren became a member of Sustainable Stockholm 2030 (HS30) - an industry organization for property and construction companies in Mälardalen, where ESG issues are discussed, and knowledge is shared between those with experience of work with social sustainability.
- Stendörren will measure the number of jobs created, both internally and in its projects.
- By end 2022, 12 of Stendörren's largest suppliers signed its Code of Conduct, which is an appendix used when procuring major contracts to ensure that major partners follow Stendörren's view of responsible business.

Stendörren tracks its ESG targets on a quarterly basis and reports on them in the quarterly report. Some are tracked on a monthly basis, such as energy use.

Stendörren has prepared a report that shows the carbon dioxide emissions within Scope 1, 2 and 3 in operational areas. This report highlights almost all emissions that occur in the company's value chain and not only those that are directly linked to the company's management. Additionally, in the future, it will be improved to measure all relevant emissions. The largest emissions have been identified within Stendörren's new, extension and remodeling of existing properties. They aim to operate at net zero by 2030 and have set goals in their internal project requirements on carbon dioxide emissions per square meter in the company's new buildings. The Issuer uses recycling as a measure to help reduce the climate footprint.

Stendörren uses a tool and method called Carbon Risk Real Estate Monitor (CRREM) to map transition risks. To ensure that Stendörren has appropriate risk management and internal control, the company has, in addition to governing documents such as the board's rules of procedure, instructions for the CEO with associated delegation rules and certification instructions, adopted a series of internal guidelines, work processes, and routines. Additionally, there is a Code of conduct<sup>15</sup> in which ESG risks are handled.

Furthermore, Stendörren is committed to transparent ESG reporting in accordance with selected international initiatives and standards such as Global Reporting Initiative (GRI), Task Force on Climate-Related Financial Disclosures (TCFD), UN Sustainable Development Goals (SDGs).

However, there is no information available on Issuer's verified Science-based target(s) (i.e. SBTi, SBTN).

### *Rationale for issuance*

Stendörren established the Green Finance Framework to demonstrate its commitment towards continuous investment in green and energy-efficient buildings to further accelerate the company's ESG efforts. Additionally, they aim to carry out sustainability work that contributes to sustainable development in a way that engages both internally and externally. Moreover, Stendörren strives to align the green use of proceeds with the EU taxonomy to the extent possible.

**Opinion:** *The key sustainability objectives and the rationale for issuing Green Financing Instruments are clearly described by the Issuer. The project categories financed are in line with the sustainability objectives of the Issuer.*

<sup>15</sup> Stendörren, May 2022, Code of Conduct, <https://www.stendorren.se/cdn.triggerfish.cloud/uploads/2023/05/9-code-of-conduct.pdf>

## B. STENDÖRREN'S BUSINESS EXPOSURE TO ESG RISKS

This section aims to provide an overall level of information on the ESG risks to which the Issuer is exposed through its business activities, providing additional context to the issuance assessed in the present report.

### *ESG risks associated with the Issuer's industry*

The Issuer is classified in the Real Estate industry, as per ISS ESG's sector classification. Key challenges faced by companies in terms of sustainability management in this industry are displayed in the table below. Please note, that this is not a company specific assessment but areas that are of particular relevance for companies within that industry.

ESG KEY ISSUES IN THE INDUSTRY
Climate protection, energy efficiency and renewables
Environmental and social aspects in site selection
Green building considerations
Health and well-being of occupants
Occupational health and safety

### *ESG strengths and points of attention related to the Issuer's disclosures*

Leveraging ISS ESG's Research, the following strengths and points of attention<sup>16</sup> have been identified:

STRENGTHS	POINTS OF ATTENTION
The company has disclosed a clear position on climate change and commits to reducing its greenhouse gas emissions. It has implemented some elements of an energy management system including action plans, targets and objectives, and data compilation. Additionally, it uses renewable energy such as solar for electricity generation in the majority of its properties. It has set clear energy use reduction targets including information on time frame and base year. Moreover, the company's energy intensity across its property portfolio has decreased in recent years.	The company has implemented some measures regarding energy-efficient heating, ventilation and cooling (HVAC); however, the company's energy efficiency strategy and measures on further elements such as building automation systems, building envelope, and appliances and equipment are missing. Further, the company has set the target of becoming carbon neutral by 2030. However, no information is available on clearly defined greenhouse gas emission reduction targets. Moreover, the company's greenhouse gas emission intensity across the property portfolio has increased in recent years.
To promote environmental awareness amongst tenants, the company has implemented green	The company's measures to reduce water use in buildings are limited. Further, there is no

<sup>16</sup> Please note that Stendörren is not part of the ISS ESG Corporate Rating Universe. Thus, the information is based on a disclosure review conducted by the analyst in charge of the Real Estate sector, 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.


<p>lease agreements. Additionally, the company has implemented measures to minimize construction and demolition waste reduction. Additionally, the company has maintained an annual rate of approximately 20% of floor space in its portfolio which has been certified to a green building standard (BREEAM).</p>	<p>disclosure on green procurement of building materials. Additionally, the implementation of measures to encourage environmental awareness among tenants such as environmental guides, environmental training, and individual metering of energy, waste, and water consumption stays unclear.</p>
<p>The company has implemented some elements of a health and safety management system, such as a health and safety policy, training and awareness, and a data compilation system. Additionally, the company operates in Sweden which has high legal standards, thus limiting the risk of its employee's health and safety. Further, the company reported zero work-related fatalities among its employees for the past three years.</p>	<p>The company's measures to prevent and alleviate mental health issues for its employees are not sufficiently disclosed. The company monitors the health and safety of its contractors, however, further information on integrating contractors into a health and safety management system is missing. Also, the contractors' accident rates and fatalities in the past three years are not disclosed by the company.</p>
<p>The company adheres to UN Global Compact and has established a reasonable and binding supplier standard regarding labor rights and working conditions covering relevant topics such as child labor, forced labor, harassment, and discrimination in varying degrees of detail.</p>	<p>The company's supplier compliance procedures remain unclear such as supplier risk assessments and training of employees in purchase departments regarding supplier standards on labor rights and working conditions.</p>
<p>The company has implemented some measures to facilitate access to public transport in the vicinity of its properties.</p>	<p>There is no evidence of measures for the promotion of green vehicles and alternative forms of transportation such as cycling networks and walkable communities for tenants and customers. Additionally, there is no indication if the company has adopted a measure or a strategy to reduce the negative effect of construction, refurbishments, and closure activities on the neighborhood. Further, the company has not provided a commitment to responsible site selection and biodiversity management.</p>
	<p>The company has not disclosed a strategy or measures to ensure the health of its tenants from various physical, biological, and chemical factors such as noise, VOCs, bacteria, and legionella. Additionally, a strategy or a measure to ensure the safety, and security, and improve the well-being of its tenants is missing.</p>

Please note that the consistency between the issuance subject to this report and the Issuer's sustainability strategy is further detailed in Part III.A of the report.



### *Sustainability impact of products and services portfolio*

Leveraging ISS ESG’s Sustainability Solutions Assessment methodology, the contribution of the Issuer’s current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs) has been assessed as per the table below. This analysis is limited to the evaluation of final product characteristics and does not include practices along the Issuer’s production process.

PRODUCT/SERVICES PORTFOLIO	ASSOCIATED PERCENTAGE OF REVENUE <sup>17</sup>	DIRECTION OF IMPACT	UN SDGS
<b>Buildings certified to a comprehensive sustainable building standard</b>	42%	CONTRIBUTION	

### *Breaches of international norms and ESG controversies*

#### At Issuer level

At the date of publication and leveraging ISS ESG Research, no controversy in which the Issuer would be involved has been identified.

#### At industry level

Based on a review of controversies over a 2-year period, the top four issues that have been reported against companies within the Real Estate industry are as follows: Accounting/disclosure standards, Failure to respect the right to just and favorable conditions of work, Anti-competitive behavior and Failure to pay fair share of taxes.

Please note, that this is not a company specific assessment but areas that can be of particular relevance for companies within that industry.

<sup>17</sup> Percentages presented in this table are not cumulative.

## DISCLAIMER

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## ANNEX 1: Methodology

### Green KPIs

The 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 Stendörren’s Green Financing 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

The Environmental and social risks assessment 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 or that the information provided did not fulfil the requirements of the Green Bond KPIs.

The evaluation was carried out using information and documents provided on a confidential basis by Stendörren (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, the extent to which Stendörren’s Green Financing Instruments contributes to related SDGs has been identified.

## ANNEX 2: Quality management processes

### SCOPE

Stendörren commissioned ICS to compile a Green Financing Instruments SPO. The Second Party Opinion process includes verifying whether the Green Finance Framework aligns with the Green Bond Principles and Green Loan Principles and to assess the sustainability credentials of its Green Financing Instruments, as well as the Issuer's sustainability strategy.

### CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA Green Bond Principles (as of June 2021 with June 2022 Appendix 1)
- LMA Green Loan Principles (as of February 2023)

### ISSUER'S RESPONSIBILITY

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

- Framework
- Eligibility criteria
- Documentation of ESG risks management at the framework 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.

This independent Second Party Opinion of the Green Financing Instruments to be issued by Stendörren has been conducted based on a proprietary methodology and in line with the ICMA Green Bond Principles and LMA Green Loan Principles.

The engagement with Stendörren took place from April to May 2023.

### ISS' 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 behavior 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 this 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.

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 more information on SPO services, please contact: [SPOsales@isscorporatesolutions.com](mailto:SPOsales@isscorporatesolutions.com)

For more information on this specific Green Financing Instruments SPO, please contact: [SPOOperations@iss-esg.com](mailto:SPOOperations@iss-esg.com)

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