



SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Finance Framework

Eurocommercial Properties NV

23 January 2023

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">Green Finance Instruments
Relevant standards	<ul style="list-style-type: none">Green Bond Principles, as administered by the ICMA (as of June 2021 with June 2022 Appendix 1)Green Loan Principles, as administered by the LMA (as of February 2021)
Scope of verification	<ul style="list-style-type: none">Eurocommercial's Green Finance Framework (as of January 23, 2023)Eurocommercial's Selection Criteria (as of January 23, 2023)
Lifecycle	<ul style="list-style-type: none">Pre-issuance verification
Validity	<ul style="list-style-type: none">As long as there is no material change to the Framework

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SCOPE OF WORK

Eurocommercial Properties NV (“the issuer” or “Eurocommercial”) commissioned ISS Corporate Solutions (ICS) to assist with its Green Finance Instruments by assessing three core elements to determine the sustainability quality of the instruments:

1. Eurocommercial’s Green Finance Framework (as of January 23, 2023) – benchmarked against the International Capital Market Association's (ICMA) Green Bond Principles (GBP) and Loan Market Association’s (LMA) Green Loan Principles (GLP).
2. The Selection Criteria – whether the project categories contribute positively to the UN SDGs and how they perform against proprietary issuance-specific key performance indicators (KPIs) (See Annex 1).
3. Green Finance Instruments link to Eurocommercial’s sustainability strategy – drawing on Eurocommercial’s overall sustainability profile and issuance-specific Use of Proceeds categories.

EUROCOMMERCIAL BUSINESS OVERVIEW

Eurocommercial Properties NV owns, manages, and develops a portfolio of retail properties. It operates through the following geographical segments: Belgium, France, Italy, Sweden, and the Netherlands. The company was founded on June 18, 1991 and is headquartered in Amsterdam, the Netherlands.

Eurocommercial is classified in the Real Estate industry, as per ISS ESG’s sector classification.

ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ¹
Part 1: Alignment with GBP/GLP	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 Green Bond Principles and Green Loan Principles.	Aligned
Part 2: Sustainability quality of the Selection Criteria	<p>The Green Finance Instruments will (re-)finance eligible asset categories which include: the acquisition, extension or refurbishment of green buildings, renovations and individual measures of existing buildings not contemplated under the “Green Buildings”, individual performance improvement measures, and achieving a reduction of building’s GHG emissions.</p> <p>The acquisition, extension or refurbishment of buildings’ Use of Proceeds category has a significant contribution to SDG 11 ‘Sustainable Cities and Communities’.</p> <p>The remaining Use of Proceed categories improve the company’s operational impacts and mitigate potential negative externalities of the issuer’s sector on SDGs 6 ‘Clean Water and Sanitation’, 7 ‘Affordable and clean energy’, 11 ‘Sustainable Cities and Communities’ and SDG 13 ‘Climate action’.</p> <p>The environmental and social risks associated with those Use of Proceeds categories are well managed.</p>	Positive
Part 3: Green Finance Instruments link to issuer’s sustainability strategy	The key sustainability objectives and the rationale for issuing Green Finance Instruments are clearly described by the issuer. The majority of the project categories financed are in line with the sustainability objectives of the issuer.	Consistent with issuer’s sustainability strategy

¹ The evaluation is based on the Eurocommercial’s Green Finance Framework (as of January 23, 2023), and on the ISS ESG Corporate Rating updated on the November 15, 2022 and applicable at the SPO delivery date.

SPO ASSESSMENT

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

This section evaluates the alignment of the Eurocommercial's Green Finance Framework (as of January 23, 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 Eurocommercial's Green Finance Framework is aligned with the Green Bond Principles and Green Loan Principles.</p> <p>The issuer's green categories align with the project categories as proposed by the Green Bond Principles and Green Loan Principles, Criteria are defined in a clear and transparent manner. Disclosure of distribution of proceeds by project category is provided and Environmental benefits are described.</p>
2. Process for Project Evaluation and Selection	✓	<p>The Process for Project Evaluation and Selection description provided by Eurocommercial's Green Finance Framework is aligned with the Green Bond Principles and Green Loan Principles.</p> <p>The project selection process is defined. 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 involves various stakeholders in the ESG Committee and the ESG Working Group. Moreover, the issuer identifies their framework and their green projects with EU Taxonomy Regulation and the EU Green Bond Standard, on a best effort basis and as far as required, in line with best market practice. This SPO does not provide the assessment to the alignment of the abovementioned standards.</p>
3. Management of Proceeds	✓	<p>The Management of Proceeds proposed by Eurocommercial's Green Finance Framework is aligned with the Green Bond Principles and Green Loan Principles.</p>

		<p>The net proceeds collected will be equal to the amount allocated to eligible projects, with no exceptions. The net proceeds are credited to a sub account, moved to a sub portfolio or otherwise tracked in an appropriate manner and attested in a formal internal process. The net proceeds are managed per instrument. Moreover, the issuer discloses the temporary investment instruments for unallocated proceeds.</p> <p>Moreover, the issuer has defined an expected allocation period of 12 months, in line with best market practice.</p>
<p>4. Reporting</p>	<p>✓</p>	<p>The allocation and impact reporting proposed by Eurocommercial's Green Finance Framework is aligned with the Green Bond Principles and Green Loan Principles.</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. Eurocommercial explains the level of expected reporting and the type of information that will be reported. Moreover, the issuer commits to report annually, until any green financial instrument will be in place.</p> <p>Moreover, the issuer is transparent on the level of impact reporting, as well as the potential impact indicator.</p>

PART II: SUSTAINABILITY QUALITY OF THE ISSUANCE

A. CONTRIBUTION OF THE GREEN FINANCE INSTRUMENTS TO THE UN SDGs²

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 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:

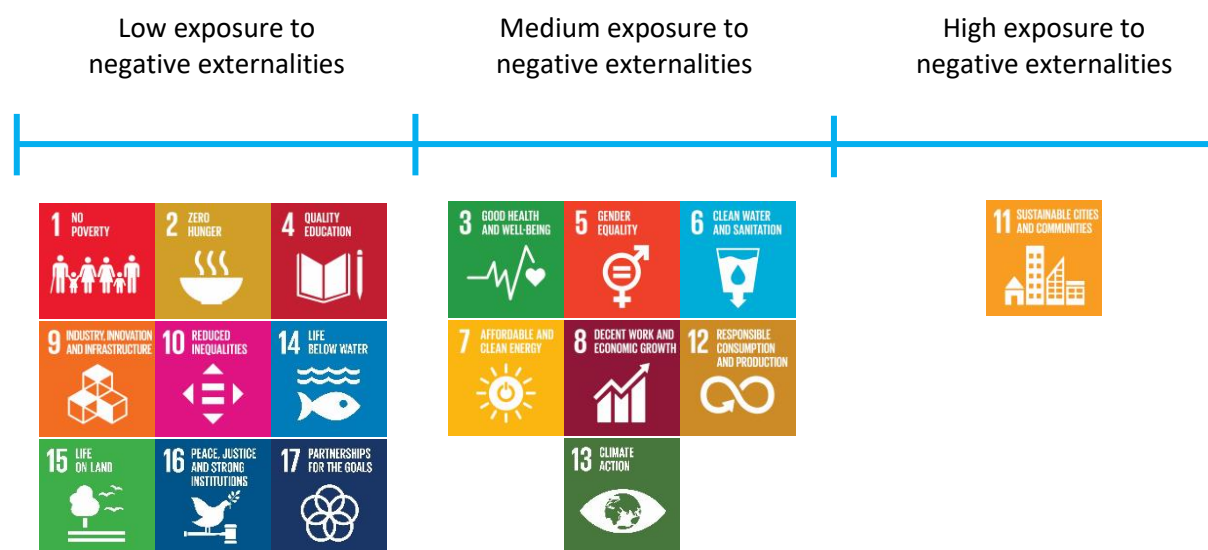
USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Green Buildings</p> <p>The acquisitions, extension or refurbishment of buildings that have achieved or are in process of achieving an environmental certification:</p> <ul style="list-style-type: none"> ▪ Certified with a BREEAM certificate "Very good" and/or above ▪ LEED certification "Gold" and/or above 	Significant contribution	

² 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.


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 externalities³ in the Real Estate industry (to which Eurocommercial 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 ⁴	SUSTAINABLE DEVELOPMENT GOALS
<p>Green Buildings</p> <p>Renovations and individual measures of existing buildings not contemplated under the “Green Buildings”:</p> <ul style="list-style-type: none"> Renovations or refurbishment of existing buildings delivering a minimum 30% reduction in carbon emissions intensity against to the baseline performance of the building before the renovation Renovation or refurbishment of existing buildings delivering 2 letter grade improvements according to 	<p>✓</p>	

³ 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.

⁴ Limited information is available on the scale of the improvement as no threshold is provided. Only the direction of change is displayed.

<p>local Energy Performance Certificate, against to the baseline performance of the building before the renovation</p>		
<p>Green Buildings – Performance Improvement</p> <ul style="list-style-type: none"> ▪ Installation of on-site renewable energy (e.g. PV panels) and ancillary required infrastructure ▪ Installation of Electric Vehicle charging stations ▪ Upgrade HVAC systems with more efficient ones to reduce energy consumption and or CO₂ emission ▪ Installation of smart grid/smart building technologies allowing for a better energy and resource management and optimization of energy consumption through smart metering, building management systems, temperature control mechanism, light sensors ▪ Replacing outdated heating and cooling systems with new, more efficient, and suitable for carbon neutral energy 	<p>✓</p>	
<p>Green Buildings – Performance Improvement</p> <ul style="list-style-type: none"> ▪ Low-flow water fixtures and toilets, water purifier 	<p>✓</p>	
<p>Green Buildings – Performance Improvement</p> <ul style="list-style-type: none"> ▪ Wall insulation, roof insulation, floor insulation ▪ Window/ curtain wall façade replacement 	<p>✓</p>	

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

Green commercial real estate

The table below evaluates the Selection Criteria against issuance specific KPIs. All of the assets are currently located in Sweden, France, Italy, and Belgium, however Eurocommercial might invest in other countries in the future.

ASSESSMENT AGAINST KPIs

All Categories

Labour, health and safety



Eurocommercial operates in Sweden, France, Italy, and Belgium, where high labour, health, and safety standards are in place via local legislations. For all BREEAM certified buildings, they also incorporate best practices on health and safety. For buildings outside the above 2 categories, Eurocommercial has a Supplier Code of Conduct in place to expect suppliers, contractors and service providers to meet labor regulations and follow applicable laws, regulations and governmental directives in the country where production or work is undertaken to ensure a safe and healthy workplace for all personnel.

User safety



Eurocommercial's BREEAM certified buildings have integrated health and safety assessment into the certification process, and for non-BREEAM buildings, the issuer has employed a third party such as the fire department, insurance company, or consultant in conducting checks in security, fire, health, and safety issues within each property.

Green Buildings - Acquisition, construction of buildings & Individual performance improvement measures – Smart building technologies & On-site Renewable Energy

Environment aspects of construction (or production) and operation



Eurocommercial has Supplier Code of Conduct and Environmental Policy in place to minimize waste and maximize separation and recycling. Third party property management are required to have a third party certified environmental management system in place, e.g. ISO 14001. Moreover, Eurocommercial commits to certify its properties with BREEAM which requires waste recycling management system as minimum standards.

Green Buildings- The construction of buildings

Environmental aspects of construction (or production) and operation



Eurocommercial has a Supplier Code of Conduct to ensure suppliers use the most sustainable transport methods and select materials with sustainable labels or

certifications. The issuer also expects supplier to procure materials that comply with environmental standards and give preference to products with less sustainable impacts.

Conservation and Biodiversity Management

- ✓ Eurocommercial's BREEAM certified buildings have strategy to improve the biodiversity and ecological value of surrounding areas. For suppliers who are working on construction sites, there is Supplier Code of Conduct in place to ensure suppliers respect the biodiversity and ecosystems affected by their activities.

Green Buildings- The acquisition, and construction of buildings

Site location

- ✓ Connections to public transport is part of Eurocommercial's ESG and overall business strategy. Currently, all of the centres of Eurocommercial are located within 1 km from 1 or more modalities of public transport. Moreover, the issuer has Environmental Policy in place to ensure in case any of its centres in the future will be located at a distance of over 1 km from public transport, electrical shuttle buses will be provided to the closest station or city centre.

Green Buildings - Acquisition, construction or refurbishment of buildings

Water use minimization in buildings

- ✓ Since the Green Buildings projects financed under this framework are/will be LEED Gold certified or BREEAM certified, they will meet the water use minimization requirement. In addition, Eurocommercial has Environmental Policy in place to promote water conservation, where water consumption levels are reported quarterly to ESG committees. The issuer also has programs in place to reduce water wastage and collaborate with tenants to reduce water use.

Individual performance improvement measures

Environment aspects of construction (or production) and operation

- ✓ Eurocommercial has a Supplier Code of Conduct in place to ensure suppliers minimize waste, and pollutions and reduce carbon emissions. In addition, the issuer expects the supplier to have professional and environmental policies in place for all employees.

Individual performance improvement measures (smart building technologies, on-site renewable energy, smart grid/smart building technologies, charging station)

Environment aspects of construction (or production) and operation

- ✓ In regards to the PV panels, Eurocommercial has Environmental Policy and Supplier Code of Conduct in place that all local, national, and European environmental legislation and standards, including RoHS Directive shall be respected by the company and the supply chain.

Data Protection and information security

- ✓ In regards of the charging station and smart grid/ smart building technologies to be (re)financed, Eurocommercial has policy in place to ensure data and information security. Eurocommercial requirement the suppliers to keep data safe, secure, and confidential in compliance with GDPR as part of the Supplier Code of Conduct.

PART III: GREEN FINANCE INSTRUMENTS LINK TO EUROCOMMERCIAL'S SUSTAINABILITY STRATEGY

A. EUROCOMMERCIAL'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, 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
Occupational health and safety
Health and well-being of occupants
Environmental and social aspects in site selection
Climate protection, energy efficiency and renewables
Green building considerations


ESG performance of the issuer

Leveraging ISS ESG's Corporate Rating research, further information about the issuer's ESG performance can be found on ISS ESG Gateway at: <https://www.issgovernance.com/esg/iss-esg-gateway/>.

Please note that the consistency between the issuance subject to this report and the issuer's sustainability strategy is further detailed in Part III.B 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 ⁵	DIRECTION OF IMPACT	UN SDGS
Buildings certified to a comprehensive sustainable building standard	100%	CONTRIBUTION	

Breaches of international norms and ESG controversies

At issuer level

At the date of publication and leveraging ISS ESG Research, no severe 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 three issues that have been reported against companies within the Real Estate industry are as follows: failure to respect the right to just and favorable conditions of work, failure to pay fair share of taxes, and failure to conduct human rights due diligence.

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

⁵ Percentages presented in this table are not cumulative.

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

Key sustainability objectives and priorities defined by the issuer

In 2020, Eurocommercial updated their ESG strategy⁶. Their approach is articulated around three strategic pillars: Be green, Be engaged and Be responsible. Eurocommercial is committed to report on its ESG performance every year.

1. Be green:

Eurocommercial works on improving their understanding of climate change and its effects on its real estate portfolio, joining forces with its tenants to reduce their combined impact. Moreover, Eurocommercial works to change the mindset of all stakeholders in its communities and have set below reduction targets:

- a. Operate carbon neutral by 2030
- b. Zero waste to landfill by 2030
- c. BREEAM certifications in place for all shopping centres by 2025

2. Be engaged:

Eurocommercial has the following objectives:

- a. Maintain all customer satisfaction scores above 7.5 by 2025
- b. Improve the average retailer satisfaction scores towards 7.0 by 2025
- c. Roll out the Eurocommercial Retail Academy at an additional seven shopping centres by year-end 2023

3. Be responsible:

Eurocommercial aims to create a workplace where its employees can thrive and develop professionally. Eurocommercial has the following objectives:

- a. Zero breaches against the Code of Conduct annually
- b. Create an attractive and professional workplace
- c. Introduce Green Finance Framework.

Rationale for issuance

Eurocommercial's Green Finance Framework aims to support its ESG strategy and the transition to a low carbon economy.

In April 2021, Eurocommercial closed three 3-year sustainability linked loans for a total amount of €100 million on two properties in Italy. In May 2021, Eurocommercial entered into a sustainability linked revolving credit facility for an amount of €25 million. The margins on these facilities are linked to its ESG strategy, including zero waste to landfill, renewable energy, green leases and the percentage of assets with BREEAM In-Use certificates. In April 2022, the Company entered into a new loan of €66.5 million to refinance two existing loans on the Curno Shopping Centre, Italy. In June 2022, the Company entered into a new loan of €50 million to refinance an existing loan on the CremonaPo Shopping Centre, Italy. These new loans qualify as green loans, as the relevant proceeds are used to

⁶ Eurocommercial ESG update report 2021. <https://www.eurocommercialproperties.com/assets/uploads/documents/ESG-update-report-2021.pdf>

refinance two green assets, and also as sustainability linked loans. The margins on these facilities in fact are linked to its ESG strategy, including zero waste to landfill, renewable energy and green leases.

This Green Finance Framework forms a platform for Eurocommercial to issue Green Finance Instruments in various formats and currencies, to finance and/or refinance green projects with an environmental benefits. The Use of Proceeds category financed through the framework is Green Buildings.

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

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1. Validity of the Second Party Opinion (SPO): Valid as long as the Framework remains unchanged.
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ANNEX 1: Methodology

Green KPIs

The Green KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of Eurocommercial'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

The evaluation was carried out using information and documents provided on a confidential basis by Eurocommercial (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 Eurocommercial's Green Finance Instruments contributes to related SDGs has been identified.

ANNEX 2: ISS ESG Corporate Rating Methodology

ISS ESG Corporate Rating provides relevant and forward-looking environmental, social, and governance (ESG) data and performance assessments.

For more information, please visit:

<https://www.issgovernance.com/file/publications/methodology/Corporate-Rating-Methodology.pdf>

ANNEX 3: Quality management processes

SCOPE

Eurocommercial commissioned ICS to compile a Green Finance 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 Finance Instruments, as well as the issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion:

- Green Bond Principles and Green Loan Principles
- Key Performance Indicators relevant for Use of Proceeds categories selected by the issuer

ISSUER'S RESPONSIBILITY

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

- Framework
- Eligibility criteria
- Documentation of ESG risks management

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 Finance Instruments to be issued by Eurocommercial has been conducted based on a proprietary methodology and in line with the ICMA Green Bond Principles and Green Loan Principles.

The engagement with Eurocommercial took place between November 2022 and January 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/>

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