

# Second-Party Opinion CA Immo Sustainability Bond Framework



## Evaluation Summary

Sustainalytics is of the opinion that the CA Immobilien Anlagen AG's ("CA Immo" or the "Company") Sustainability Bond Framework is credible and impactful and aligns with the Green Bond Principles 2018, Social Bond Principles 2020, and Sustainability Bond Guidelines 2018. This assessment is based on the following:



**USE OF PROCEEDS** The eligible categories for the use of proceeds – Green Buildings and Affordable Housing – are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers that the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDG 9 and 11.



**PROJECT EVALUATION / SELECTION** CA Immo intends on establishing a Sustainability Bond Committee for project evaluation and final approval for projects. Sustainalytics considers the project selection process in line with market practice.



**MANAGEMENT OF PROCEEDS** CA Immo's Finance Department will be responsible for managing proceeds raised from any issuances which shall be used to refinance existing projects within the 24-month period preceding the date of issuance or finance new projects in the 24-month period following the date of issuance. This is in line with market practice.



**REPORTING** CA Immo intends to report allocation proceeds on its website on an annual basis until full allocation. In addition, the Company is committed to reporting on relevant impact metrics. Sustainalytics views CA Immo's allocation and impact reporting as aligned with market practice.

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<b>Evaluation date</b>	October 16, 2020
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<b>Issuer Location</b>	Vienna, Austria
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## Introduction

CA Immo is an integrated investor, manager and developer of modern high-quality office properties headquartered in Vienna, Austria. The Company operates across several countries in Germany, Austria and the Central and Eastern Europe (CEE) region with majority of its property portfolio in Germany. As of June 2020, the Company employed over 400 people and held €5.2 billion in property assets.

CA Immo has developed the CA Immo Sustainability Bond Framework (the “Framework”) under which it intends to issue multiple sustainability bonds and use the proceeds to finance or refinance, in whole or in part, existing or future projects that will help in delivering positive environmental outcomes within the real estate sector in its strategic core markets in Germany, Austria and Central- and Eastern Europe as well as contribute towards solving housing affordability problems in Germany. The Framework defines eligibility criteria in two areas

1. Green Buildings
2. Affordable Housing

CA Immo engaged Sustainalytics to review the CA Immo Sustainability Bond Framework, dated October 2020, and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Green Bond Principles (GBP) 2018, Social Bond Principles (SBP) 2020, and the Sustainability Bond Guidelines 2018 (SBG).<sup>1</sup> This Framework has been published in a separate document.<sup>2</sup>

### Scope of work and limitations of Sustainalytics Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>3</sup> opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2018 (GBP), Social Bond Principles 2020 (SBP), and SBG, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds;
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.6.1, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of CA Immo’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. CA Immo representatives have confirmed (1) they understand it is the sole responsibility of CA Immo to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and CA Immo.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible

<sup>1</sup> The Sustainability Bond Guidelines are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

<sup>2</sup> The CA Immo Sustainability Bond Framework is available on CA Immobilien Anlagen AG’s website at: <https://www.caimmo.com/en/company/sustainability-csr/>

<sup>3</sup> When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the intended allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that CA Immo has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the CA Immo Sustainability Bond Framework

Sustainalytics is of the opinion that the Framework is credible, impactful and aligns with the four core components of the GBP and SBP as well as with the SBG. Sustainalytics highlights the following elements of CA Immo's Sustainability Bond Framework:

- Use of Proceeds:
  - The eligible categories – Green Buildings and Affordable Housing – are aligned with those recognized by the GBP and SBP. Sustainalytics notes that the financed activities will take place in Germany, Austria and/or Central- and Eastern-Europe (CEE). Sustainalytics is of the opinion that the financed projects and activities will lead to improved environmental performance of the building stock and increase access to affordable housing.
  - Within the Green Buildings category, the Company intends on financing the development, acquisition, and refurbishments of new and existing low-carbon buildings. The Framework includes the potential financing of commercial properties that either have been certified by green building certification schemes including LEED and DGNB or have a primary energy requirement that is below the levels prescribed by the German Energy Saving Ordinance (EnEV)<sup>4</sup> or below the Czech build energy performance regulation ("PENB").<sup>5</sup>
    - Properties that have been certified LEED Gold or DGNB Gold or higher will be considered eligible for investment. Please refer to Appendix 1 for a summary of certification schemes.
    - In Germany, properties where the primary energy requirement is at least 25% lower than that prescribed by the EnEV will be considered eligible for investment.
    - In the Czech Republic, properties where the primary energy requirement is at least 25% lower than that prescribed by the PENB will be considered eligible for investment.
    - Sustainalytics considers the above certification schemes to be credible and the minimum thresholds for project eligibility to be aligned with market practice.
  - Within the Affordable Housing category, CA Immo may provide financing and/or refinancing for the construction, renovation and refurbishment of affordable housing projects in accordance with the applicable definitions within the respective government jurisdiction in which it is located.
    - In Munich, CA Immo's key residential market, local regulation on affordable housing incorporates key considerations around affordability of housing such as subsidies for low- and middle-income households as well as caps on rent charged.
    - One example within CA Immo's portfolio includes the Munich Eggartensiedlung Co-operative Housing project. The project incorporates key concerns regarding housing affordability in Munich with (i) up to 50% (versus 40% stipulated by regulation) of the

<sup>4</sup> Energiesparverordnung (EnEV 2014/2016)

<sup>5</sup> Prukaz energetické náročnosti budov

- 1,750-2,000 residential units dedicated to subsidized housing; (ii) rent control in place for over 60 years which is significantly longer than average.<sup>6</sup>
- Sustainalytics notes that in the case of affordable housing projects, allocation will be pro-rata to the share of affordable housing to prevent the financing of regular private sector housing. The Company has committed to reporting on the details of its allocation. Sustainalytics is of the opinion that the provision of affordable housing will contribute to positive social impacts.
  - **Project Evaluation and Selection:**
    - The Company intends to establish a Sustainability Bond Committee (“Committee”) for project evaluation and final approval of projects financed through issuances under this Framework.
    - The Committee consists of executives from various departments such as Capital Markets, Debt Funding Services, Development and Asset Management.
    - The Committee will be responsible for evaluating alignment and ensuring continued compliance of projects with the criteria set forth in the Framework.
    - CA Immo’s Executive Board will provide final approval on projects selected by the Committee.
    - Sustainalytics considers the above process involving establishment of a dedicated committee for project evaluation and executive-level participation in project approval to be in line with market practice.
  - **Management of Proceeds:**
    - CA Immo’s Finance Department will be in charge of management of proceeds. It will maintain a register for this purpose where it will track allocations to eligible projects and unallocated amounts.
    - The Company intends on allocating proceeds to refinance existing projects from the 24-month period preceding the date of issuance or to finance new projects in the 24-months following the date of issuance.
    - Pending allocation, the Company may invest unallocated proceeds in cash deposits on a temporary basis in compliance with its internal treasury policies.
    - Based on a defined process, reasonable timeframe for allocation, and disclosure regarding temporary allocation of proceeds, Sustainalytics considers this process to be in line with market practice.
  - **Reporting:**
    - CA Immo intends on publishing an Allocation Report that will summarize proceeds allocated towards financing or refinancing of projects as well as unallocated proceeds. This report will be published on the website on an annual basis until full allocation of proceeds.
    - The Company also intends on publishing an annual Impact Report which will include, where feasible, information on performance against key parameters laid out in the Framework such as tons of CO<sub>2</sub>e<sup>7</sup> avoided and number of units constructed.
    - Based on the commitment to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

### **Alignment with Sustainability Bond Guidelines 2018**

Sustainalytics has determined that the CA Immo Sustainability Bond Framework aligns with the four core components of the Green Bond Principles (2018) and Social Bond Principles (2020) and the Sustainability Bond Guidelines 2018 (SBG). For detailed information please refer to Appendix 2: Sustainability Bond/ Sustainability Bond Programme External Review Form.

## **Section 2: Sustainability Performance of CA Immo**

### **Contribution of Framework to CA Immo’s sustainability strategy**

CA Immo’s sustainability strategy focuses on the inclusion of environmental and social considerations into business decision-making processes and a commitment to developing only green-certified buildings. All offices and hotel buildings developed since 2013 hold a LEED or DGNB Gold certification. Over 70% of the

<sup>6</sup> CA Immo website, Development of Eggarten-Siedlung is making steady progress, published September 2019 at: <https://www.caimmo.com/en/press-corner/news/news-detail/quartiersentwicklung-eggarten-siedlung-schreitet-voran/>

<sup>7</sup> Estimated ex-ante annual GHG emissions reduced/avoided in tons of CO<sub>2</sub> equivalent

assets held by CA Immo are certified under LEED, DGNB, or BREEAM and the Company continues to pursue certifications for other significant properties that it holds.<sup>8</sup>

The Company continues to reduce its environmental footprint through multiple company-wide initiatives. CA Immo is currently deploying energy management systems across all its properties that will enable central tracking of emissions data which is actively used internally for making key decisions such as identifying properties for modernization and refurbishment. The Company is also developing a plan to sign new energy procurement contracts with renewable and carbon-neutral sources as well as gradually transition existing ones to renewables upon expiry.

In addition to its commercial property activities, the Company has been active in residential developments. Over the last two decades CA Immo and Vivico (a former subsidiary of Deutsche Bahn, which was acquired in 2007) have created over 1 million sqm of gross floor area of residential building right in Germany. This translates into around 12,000 units, providing homes for around 30,000 people.

Based on the above, Sustainalytics is of the opinion that CA Immo demonstrates a strong commitment to sustainability and a successful track record of green building as well as residential developments. Accordingly, Sustainalytics considers investments planned under this Framework to be aligned with the overall strategy of the Company and believes that they will help improve performance on its key environmental priorities while also producing positive social benefits.

#### **Well positioned to address common environmental and social risks associated with the projects**

While Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards eligible projects that are recognized by the GBP and SBP to have positive environmental and social impact, Sustainalytics is aware of the environmental and social risks associated with these projects. Some key risks could include occupational health and safety, land and biodiversity concerns associated with large-scale infrastructure projects, and waste generated in construction.

Sustainalytics is of the opinion that CA Immo is able to manage and/or mitigate potential risks through implementation of the following:

- CA Immo's internal risk committee tracks material risks that the Company is faced with and develops and deploys mitigation strategies. This committee consists of leaders from different business areas and the Company's Chief Financial Officer and meets periodically to assess the Company's position in regard to material risks.<sup>9</sup>
- For all project developments carried out throughout the CA Immo Group, health and safety aspects are applied at the planning and construction phases for the benefit of employees, on-site contractors as well as future tenants and users of buildings. In this regard, the coordinator for safety and health matters, who is incorporated as early as the planning phase, coordinates those involved in the construction process. The coordinator undertakes regular safety inspections and intervenes without delay wherever they identify hazards.
- The Company enlists environmental risks as one of the top risks to its properties including risks such as site contamination as well as negative effects of materials used in construction. It mitigates this risk by incorporating key concerns in the screening process before accepting any project and obtains evidence and representations from suppliers signifying compliance with relevant environmental and safety regulations.<sup>10</sup>
- Where construction services are provided, CA Immo requires contractors to comply with the legal regulations on occupational health and safety, workplace and working time regulations as well as wage agreements and compliance. Alongside the economic evaluation of tenders, the company asks potential contractors to comply with social and environmental standards and monitors observance during the tendering process.
- CA Immo has a policy to, where feasible, work only with sustainable materials in construction that have minimal impact on the environment. Further, the Company accepts only those refurbishment and redevelopment projects that are eligible for a green building certification that reduces the possibility of harmful materials used in original construction of the property.<sup>11</sup>

<sup>8</sup> The CA Immo Sustainability Bond Framework is available on CA Immobilien Anlagen AG's website at:

<https://www.caimmo.com/en/company/sustainability-csr/>

<sup>9</sup> CA Immo website, Annual Report 2019 at: [https://www.caimmo.com/fileadmin/documents/Finanzberichte/2019/GB\\_2019\\_final\\_EN.pdf](https://www.caimmo.com/fileadmin/documents/Finanzberichte/2019/GB_2019_final_EN.pdf)

<sup>10</sup> CA Immo website, Risk Report at: [https://www.caimmo.com/fileadmin/documents/Risikobericht\\_GB\\_2019\\_final\\_EN.pdf](https://www.caimmo.com/fileadmin/documents/Risikobericht_GB_2019_final_EN.pdf)

<sup>11</sup> CA Immo website, Annual Report 2019: [https://www.caimmo.com/fileadmin/documents/Finanzberichte/2019/GB\\_2019\\_final\\_EN.pdf](https://www.caimmo.com/fileadmin/documents/Finanzberichte/2019/GB_2019_final_EN.pdf)

- The Company's subsidiary, omniCon, is a specialist on land and biodiversity assessments for construction projects and is responsible for conducting site assessments for any material concerns as well as provide mitigating measures such as compensating areas for planting trees and bushes.<sup>12</sup>

Based on these policies, standards and assessments, Sustainalytics is of the opinion that CA Immo has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

### Section 3: Impact of Use of Proceeds

Both use of proceeds categories are aligned with those recognized by GBP or SBP and Sustainalytics discusses below.

#### Importance of Green Buildings in Germany, Austria and Central and Eastern Europe

The EU's real estate sector accounts for 40% of the Europe's total energy consumption and 36% of its CO<sub>2</sub> emissions.<sup>13</sup> This impact is particularly significant in some markets in CEE, where the real estate sector accounted for up to 50% of the countries' total energy consumption, such as in Hungary,<sup>14</sup> followed by Slovakia 42%, Romania 41%, the Czech Republic 38%,<sup>15</sup> 35% in Serbia,<sup>16</sup> and Germany 33%.<sup>17</sup>

Moreover, approximately 35% of the EU's building stock is over 50 years old, and approximately 75% of EU building stock is considered energy inefficient.<sup>13</sup> According to the European Commission, the renovation and retrofit of existing buildings has the potential to reduce the EU's total energy consumption by 5-6% and lowering total CO<sub>2</sub> emissions by about 5%.<sup>13</sup> To achieve the potential energy savings the EC's Energy Performance of Buildings Directive requires all member states to establish a long-term renovation strategy to support the renovation of their national building stock into a highly energy efficient and decarbonised building stock by 2050.<sup>18</sup>

Energy efficiency interventions in the building stock and the increased adoption of green buildings' practices in CEE countries could result in considerable environmental benefits. In this line, CEE countries are introducing measures and strategies to achieve potential improvements in environmental performance of buildings. For example, Germany has developed a roadmap for buildings to be climate neutral by 2050 with an interim target of 67% reduction by 2030 (versus 1990 levels).<sup>19</sup> Further, the Czech Republic's projects that the implementation of the Directive could lead to emissions reduction per unit of floor area of a building by 25 to 40% compared to 2010 levels.<sup>20</sup> Similarly, Slovakia identifies buildings' renovation as the most important source of possible energy savings, between 30% and 60%, by 2030 compared to 2010 levels.<sup>21</sup> Romania aims for a 37.5% improvement in energy efficiency by 2030, and intends to support energy efficiency interventions in the building stock, promote green building construction and disincentivize the real estate market for low

<sup>12</sup> omniCon website: <https://www.omnicon.de/en/>

<sup>13</sup> EU, "Energy Performance of Buildings in the European Union", at: [https://ec.europa.eu/energy/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive\\_en?cookies=disabled](https://ec.europa.eu/energy/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en?cookies=disabled)

<sup>14</sup> Corporate Leaders Group, "The Energy Transition in Central and Eastern Europe", (2018) at: <https://www.corporateleadersgroup.com/reports-evidence-and-insights/publications/publications-pdfs/cee-energy-transition-report.pdf>

<sup>15</sup> Enerdata, "Energy Efficiency Trends in Buildings in the EU", (2012), at:

[https://energiatalgud.ee/img\\_auth.php/6/68/Enerdata\\_Energy\\_Efficiency\\_Trends\\_in\\_Buildings\\_in\\_the\\_EU\\_2012.pdf](https://energiatalgud.ee/img_auth.php/6/68/Enerdata_Energy_Efficiency_Trends_in_Buildings_in_the_EU_2012.pdf)

<sup>16</sup> Econstor, "The impact of energy efficiency on performance in service sector", (2016), at:

[https://www.econstor.eu/bitstream/10419/178911/1/ees\\_16\\_2\\_01.pdf](https://www.econstor.eu/bitstream/10419/178911/1/ees_16_2_01.pdf)

<sup>17</sup> Umwelt Bundesamt, Indicator: Energy Consumption for buildings, April 2020 at: <https://www.umweltbundesamt.de/en/indicator-energy-consumption-for-buildings#environmental-importance>

<sup>18</sup> EU, "Energy Performance of Buildings and Energy Efficiency Directive. Amendment", (2018), at: [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L\\_.2018.156.01.0075.01.ENG&cookies=disabled](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2018.156.01.0075.01.ENG&cookies=disabled)

<sup>19</sup> Federal Ministry for the Environment, Nature Conservation, and Nuclear Safety (Germany), Climate Action Plan 2050, at:

<https://www.bmu.de/en/topics/climate-energy/climate/national-climate-policy/greenhouse-gas-neutral-germany-2050/>

<sup>20</sup> Ministry of Environment of Czechia, "Climate Protection Policy of the Czechia Executive Summary. 2017", (2017), at:

[https://unfccc.int/files/na/application/pdf/cze\\_climate\\_protection\\_policy\\_summary.pdf](https://unfccc.int/files/na/application/pdf/cze_climate_protection_policy_summary.pdf)

<sup>21</sup> Slovak Republic, "Low-Carbon Development Strategy of the Slovak Republic until 2030 with a View to 2050", (2019), at:

<https://unfccc.int/sites/default/files/resource/LTS%20SK%20eng.pdf>

energy performing units.<sup>22</sup> Finally, the implementation of Serbia's Law on Planning and Construction may result in a 16% energy savings from buildings.<sup>23</sup>

Sustainalytics is of the opinion that CA Immo's green buildings will provide a meaningful contribution towards decarbonization efforts in Germany, Austria and its CEE markets. Specifically, investments in more energy efficient buildings and the pursuit of green building certification will reduce energy demand and carbon intensity.

### Importance of Affordable Housing in Germany

The problem of homelessness and affordable housing have reached significant proportion in Germany. In 2018, Germany reported that about 678,000 people experienced homelessness, a 4% increase over the previous year.<sup>24</sup> There is a severe shortage of social housing in Germany with a lack of almost 2 million units in major cities across the country.<sup>25</sup> The effects will be further exacerbated in cities such as Munich where there is a scarcity of land for construction of housing units and an influx of immigrants is expected to put pressure on existing housing.<sup>26</sup> A combination of these factors has led to doubling of average apartment prices between 2009-17, with tenants often spending over 40% of their incomes on rent in the city. Further, studies have shown that housing poverty leads to negative social outcomes across multiple dimensions such as difficulties in finding employment, mental health concerns, and drug abuse.<sup>27</sup>

In that regard, the government has undertaken an ambitious social housing construction program as well as launched several initiatives such as (i) sixth edition of the Wohnen in München program that includes a commitment of €870 million towards municipal housing over 2017-21; (ii) LaSie project that aims to densify existing buildings as well as create new areas in the outskirts; and (iii) Wohnen für Alle program focused on developing 3,000 affordable housing units for low-income population through public-private partnerships.<sup>28</sup>

In this context, Sustainalytics finds investments planned in affordable housing projects in Germany to contribute to the development of affordable housing and lead to positive social outcomes.

### Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This sustainability bond advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	9. Industry, innovation and infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Affordable Housing	11. Sustainable cities and communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

<sup>22</sup> Ministry of Energy, "Integrated National Energy and Climate Change Plan for 2021 - 2030", at: [https://ec.europa.eu/energy/sites/ener/files/documents/romania\\_draftnecp\\_en.pdf](https://ec.europa.eu/energy/sites/ener/files/documents/romania_draftnecp_en.pdf)

<sup>23</sup> Ministry of Mining and Energy of Serbia, "Energy Sector Development Strategy of the Republic of Serbia for the period by 2025 with projections by 2030", (2016), at: <https://www.mre.gov.rs/doc/efikasnost-izvori/23.06.02016%20ENERGY%20SECTOR%20DEVELOPMENT%20STRATEGY%20OF%20THE%20REPUBLIC%20OF%20SERBIA.pdf>

<sup>24</sup> DW News report, Homelessness in Germany on the rise, dated November 2019 at: <https://www.dw.com/en/homelessness-in-germany-on-the-rise/a-51195787>

<sup>25</sup> Housing for all, "German's housing crisis" published 2019 at: <https://www.housingforall.eu/germans-housing-crisis/>

<sup>26</sup> La Fabrique de la Cite, Munich | Affordable Housing: the future may be polycentric, published June 2019 at: <https://www.lafabriquedelacite.com/en/publications/munich-affordable-housing-the-future-may-be-polycentric/>

<sup>27</sup> Homeless.org.uk, Impact of Homelessness, at: <https://www.homeless.org.uk/facts/understanding-homelessness/impact-of-homelessness>

<sup>28</sup> La Fabrique de la Cite, Munich | Affordable Housing: the future may be polycentric, published June 2019 at: <https://www.lafabriquedelacite.com/en/publications/munich-affordable-housing-the-future-may-be-polycentric/>

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## Conclusion

CA Immo has developed the CA Immo Sustainability Bond Framework under which it intends to issue sustainability bonds and use the proceeds to finance Green Buildings and Affordable Housing projects. Sustainalytics expects the projects funded by the sustainability bond proceeds to yield positive environmental and social impact.



The CA Immo Sustainability Bond Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that CA Immo Sustainability Bond Framework is aligned with the overall sustainability strategy of the company and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 9 and 11. Additionally, Sustainalytics is of the opinion that CA Immo has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that CA Immobilien Anlagen AG is well-positioned to issue sustainability bonds and that the CA Immo Sustainability Bond Framework is robust, transparent, and in alignment with the four core components of the GBP, SBP and SBG.



## Appendices

### Appendix 1: Green Building Certification Schemes

	LEED	DGNB
<b>Background</b>	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance, and operation of buildings.	DGNB was developed in 2007 by the non-profit German Sustainable Building Council in partnership with the German Federal Ministry of Transport, Building, and Urban Affairs in order to actively encourage sustainable building.
<b>Certification levels</b>	Certified Silver Gold Platinum	Bronze Silver Gold Platinum
<b>Areas of Assessment: Environmental Performance of the Building</b>	<ul style="list-style-type: none"> <li>• Energy and atmosphere</li> <li>• Sustainable Sites</li> <li>• Location and Transportation</li> <li>• Materials and resources</li> <li>• Water efficiency</li> <li>• Indoor environmental quality</li> <li>• Innovation in Design</li> <li>• Regional Priority</li> </ul>	<ul style="list-style-type: none"> <li>• Ecological factors</li> <li>• Economic factors</li> <li>• Sociocultural factors</li> <li>• Technology</li> <li>• Processes and sites</li> </ul>
<b>Requirements</b>	<p>Prerequisites (independent of level of certification) + Credits with associated points</p> <p>These points are then added together to obtain the LEED level of certification</p> <p>There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).</p>	<p>Percentage-based performance index.</p> <p>The total performance index (expressed as a percentage) is calculated by adding the six key areas of assessment.</p> <p>Depending on the total performance index, a DGNB award will be given to the project, starting from Silver. Bronze is awarded for existing buildings and is conferred as the lowest rank.</p>
<b>Performance display</b>		

## Appendix 2: Sustainability Bond / Sustainability Bond Programme - External Review Form

### Section 1. Basic Information

Issuer name:	CA Immobilien Anlagen AG
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	CA Immo Sustainability Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	October 16, 2020
Publication date of review publication:	

### Section 2. Review overview

#### SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP and SBP:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds        | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting                                    |

#### ROLE(S) OF REVIEW PROVIDER

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification   | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other ( <i>please specify</i> ):                       |  |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

#### EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

### Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

## 1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible categories for the use of proceeds – Green Buildings and Affordable Housing – are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers that the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDG 9 and 11.

### Use of proceeds categories as per GBP:

- |  |  |
|--|--|
| <input type="checkbox"/> Renewable energy  | <input type="checkbox"/> Energy efficiency   |
| <input type="checkbox"/> Pollution prevention and control  | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation   | <input type="checkbox"/> Clean transportation  |
| <input type="checkbox"/> Sustainable water and wastewater management   | <input type="checkbox"/> Climate change adaptation   |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes                             | <input checked="" type="checkbox"/> Green buildings  |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (please specify):   |

If applicable please specify the environmental taxonomy, if other than GBPs:

### Use of proceeds categories as per SBP:

- |   |   |
|---|---|
| <input type="checkbox"/> Affordable basic infrastructure  | <input type="checkbox"/> Access to essential services                                   |
| <input checked="" type="checkbox"/> Affordable housing  | <input type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security  | <input type="checkbox"/> Socioeconomic advancement and empowerment                      |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input type="checkbox"/> Other (please specify):  |

If applicable please specify the social taxonomy, if other than SBP:

## 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

CA Immobilien Anlagen AG's ("CA Immo", or "the Company") intends on establishing a Sustainability Bond Committee for project evaluation and final approval for projects. Sustainalytics considers the project selection process in line with market practice.

### Evaluation and selection

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's social and green objectives                                 | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories               |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available                | <input type="checkbox"/> Other (please specify):  |

### Information on Responsibilities and Accountability

- |   |   |
|---|---|
| <input type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify):  |   |

## 3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

CA Immo's Finance Department will be responsible for managing proceeds raised from any issuances which shall be used to refinance existing projects within the 24-month period preceding the date of issuance or finance new projects in the 24-month period following the date of issuance. This is in line with market practice.

### Tracking of proceeds:

- Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

### Additional disclosure:

- |   |   |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
|---|---|

- |  |  |
|--|--|
| <input type="checkbox"/> Allocation to individual disbursements                  | <input checked="" type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (please specify):                               |

**4. REPORTING**

Overall comment on section (if applicable):

CA Immo intends to report allocation proceeds on its website on an annual basis until full allocation. In addition, the Company is committed to reporting on relevant impact metrics. Sustainalytics views CA Immo's allocation and impact reporting as aligned with market practice.

**Use of proceeds reporting:**

- |  |  |
|--|--|
| <input type="checkbox"/> Project-by-project            | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify):                 |

**Information reported:**

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input checked="" type="checkbox"/> Sustainability Bond financed share of total investment |
| <input type="checkbox"/> Other (please specify):      |  |

**Frequency:**

- |  |                                      |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual       | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): |                                      |

**Impact reporting:**

- |  |  |
|--|--|
| <input type="checkbox"/> Project-by-project            | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify):                 |

**Information reported (expected or ex-post):**

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings              |
| <input type="checkbox"/> Decrease in water use              | <input type="checkbox"/> Number of beneficiaries                |
| <input checked="" type="checkbox"/> Target populations      | <input type="checkbox"/> Other ESG indicators (please specify): |

**Frequency:**

- |  |                                      |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual       | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): |                                      |

### Means of Disclosure

- |   |  |
|---|--|
| <input type="checkbox"/> Information published in financial report  | <input type="checkbox"/> Information published in sustainability report                              |
| <input type="checkbox"/> Information published in ad hoc documents  | <input checked="" type="checkbox"/> Other (please specify): Annual reports for allocation and impact |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): |  |

Where appropriate, please specify name and date of publication in the useful links section.

### USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

### SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

#### Type(s) of Review provided:

- |  |  |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit                        | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other ( <i>please specify</i> ):            |  |

#### Review provider(s):

#### Date of publication:

### ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP

- i. Second-Party Opinion: An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability Bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. Certification: An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Green, Social and Sustainability Bond Scoring/Rating: An issuer can have its Sustainability Bond, associated Sustainability Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance

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data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

## Disclaimer

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Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. The firm works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The world's foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2020, Climate Bonds Initiative named Sustainalytics the "Largest Approved Verifier for Certified Climate Bonds" for the third consecutive year. The firm was also recognized by Environmental Finance as the "Largest External Reviewer" in 2020 for the second consecutive year. For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com).



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