

Second-Party Opinion

Bonava Green Financing Framework



Evaluation Summary

Sustainalytics is of the opinion that the Bonava Green Financing Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018 and Green Loan Principles 2018. This assessment is based on the following:



USE OF PROCEEDS The eligible category for the use of proceeds – green and energy efficient buildings – is aligned with those recognized by the Green Bond Principles 2018 and Green Loan Principles 2018. Sustainalytics considers that the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, particularly Goals 7 and 11.



PROJECT EVALUATION / SELECTION Bonava has defined a two-step process for asset evaluation and selection; internal sustainability experts will conduct initial asset evaluation, and a dedicated Green Financing Committee – comprised of the Group Head of Sustainability, Group Head of Treasury and Group Head of Strategy & Analysis – will be responsible for managing final selection and approval. The Committee will convene annually and will monitor green assets to ensure ongoing eligibility. This process is aligned with market practice.



MANAGEMENT OF PROCEEDS Bonava’s Green Finance Committee will track allocated and unallocated green debt net proceeds through a Green Register. Pending full allocation, unallocated proceeds may temporarily be placed in short-term interest-bearing securities. Sustainalytics considers this approach to be aligned with market practice.



REPORTING Bonava has committed to allocation and impact reporting in a Green Debt Report, which will be produced on an annual basis and until full allocation. The allocation reporting will include relevant data such as the total allocation of green debt net proceeds to green assets, and the proportion of net proceeds used for financing versus refinancing. The impact reporting will include quantitative metrics, where feasible. Bonava commits to engaging an external independent auditor to review the portfolio of green assets on an annual basis. This process is aligned with market practice.

| | |
|------------------------|-------------------|
| Evaluation date | February 26, 2020 |
| Issuer Location | Stockholm, Sweden |

Report Sections

| | |
|-------------------------------|---|
| Introduction..... | 2 |
| Sustainalytics’ Opinion | 3 |
| Appendices | 8 |

For inquiries, contact the Sustainable Finance Solutions project team:

Evan Bruner (Amsterdam)
Project Manager
evan.bruner@sustainalytics.com
(+31) 20 205 0027

Tina Ghaemmaghami (Toronto)
Project Support
tina.ghaemmaghami@sustainalytics.com
(+1) 647 264 6680

Jean-Claude Berthelot (Amsterdam)
Client Relations
susfinance.emea@sustainalytics.com
(+44) 20 3880 0193

Introduction

Bonava (“Bonava”, or the “Company”) is a residential development company headquartered in Stockholm, Sweden. The Company aims to integrate sustainable development as part of its business activities and works collaboratively with various sectors to develop projects that yield social and environmental impacts within their built communities. With over 2000 employees, Bonava provides multi-family housing and single-family housing opportunities for consumers and investors across 23 regions in eight countries.

Bonava has developed the Bonava Green Financing Framework (the “Framework”) under which it intends to issue green bonds, commercial paper, and/or revolving credit facilities (“green debt instruments”) and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects (“green assets”) that improve the availability and quality of affordable and sustainable housing in the countries in which it operates. The Framework defines eligibility criteria in one area:

1. Green and energy efficient buildings

Bonava engaged Sustainalytics to review the Bonava Green Financing Framework, dated February 2020 and provide a second-party opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP)¹ and the Green Loan Principles 2018 (GLP).² This Framework has been published in a separate document.³

As part of this engagement, Sustainalytics held conversations with various members of Bonava’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 Bonava’s Green Bond Framework. Sustainalytics also reviewed relevant public documents and non-public information.

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

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

² The Green Loan Principles are administered by the Loan Market Association and are available at https://www.lma.eu.com/application/files/9115/4452/5458/741_LM_Green_Loan_Principles_Booklet_V8.pdf

³ The Bonava Green Financing Framework is available on Bonava’s website. English version: <https://www.bonava.com/en/financing/green-finance-framework>. Swedish version: <https://www.bonava.com/finansiering/green-finance-framework>

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Bonava Green Financing Framework

Sustainalytics is of the opinion that the Bonava Green Financing Framework is credible and impactful and aligns with the four core components of the GBP 2018 and GLP 2018. Sustainalytics highlights the following elements of Bonava's Green Bond Framework:

- Use of Proceeds:
 - The eligible category, green and energy efficient buildings, is aligned with those recognized by the Green Bond Principles 2018 and Green Loan Principles 2018.
 - Under this Framework, Bonava may issue green debt instruments, including green bonds, commercial paper and revolving credit facilities, and use the proceeds to finance or refinance investments related to the development, construction and completion of sustainable residential housing. Sustainalytics views positively that investments undertaken by Bonava seek to promote the transition towards a low-carbon and environmentally sustainable society.
 - The Framework defines five mechanisms by which a project can qualify for financing or refinancing; an eligible green asset must meet at least one of the following criteria in order to be considered eligible: (i) Nordic Swan Ecolabel, (ii) an energy performance certificate (EPC) with an energy class level of A or B, (iii) compliance with the requirements of Nearly Zero Energy-Buildings (NZEB)⁴ standard as per their respective region, (iv) minimum "Gold" certification from DGNB, or (v) belong to the top 15% most energy efficient buildings in their respective region.⁵
 - Sustainalytics has reviewed the above certification schemes and has confirmed that each demonstrates strict energy performance requirements and that the required levels are credible and impactful. Please refer to Appendix 1 for Sustainalytics' assessment of the Nordic Swan Ecolabel and DGNB certifications.
 - Sustainalytics views positively the use of EPCs labels A and B to determine eligibility in Denmark, Finland, Norway, Sweden and Germany, where such labels guarantee that assets under consideration are in the top 15% energy efficiency buildings. Sustainalytics notes that this data and assurance is currently not available for buildings in Estonia, Latvia and Lithuania and encourages the Company to develop relevant proxies for determining the top 15% of building stock prior to financing the acquisition or development of assets in those countries.
 - Bonava applies a 24-month look-back period to refinancing green assets, which Sustainalytics considers to be aligned with market practice. New green assets⁶ are defined as assets under development or housing units completed less than 12 months prior to approval by the Green Financing Committee ("GFC"), while refinancing is defined as housing units completed earlier than 12 months prior to approval by the GFC.
 - Sustainalytics notes that the Company has included exclusionary criteria for the following activities: fossil energy production, nuclear energy generation, weapons and defense, potentially environmentally harmful resource extraction (such as rare-earth elements or fossil fuels), gambling or tobacco. Bonava has communicated to Sustainalytics that all fossil fuel activities are excluded from financing. Sustainalytics is of the opinion that these exclusions strengthen the Framework.
- Project Evaluation and Selection:
 - Initial asset evaluation will be carried out by representatives and sustainability experts within Bonava; this group will evaluate potential assets and assess their compliance with the green asset criteria, as well as their environmental benefits. A dedicated GFC will be responsible for tracking green assets in a "Green Register" and will have final say on the selection of allocation of proceeds. The GFC, chaired by the Group Head of Sustainability and comprised of the Group Head of Treasury and the Group Head of Strategy & Analysis, can exclude green assets that are already funded with net proceeds from the green debt instruments. The GFC will meet on an annual basis and will monitor the allocation of proceeds and assess existing green assets to

⁴ Nearly Zero Energy-Buildings (NZEB) are buildings with a very high energy performance, as defined by each EU Member State. The Energy Performance of Buildings Directive requires all new buildings within the EU to meet the NZEB requirement in the respective country from 2021.

⁵ Bonava has specified in the Framework that if this criterion is used to qualify eligibility, the methodology will be verified by Sustainalytics.

⁶ Includes land held for development, development costs and housing units under construction.

Bonava Green Financing Framework

ensure that they continue to align with the eligibility criteria. Sustainalytics views this process as aligned with market practice.

- Management of Proceeds:
 - Bonava will track green assets in a dedicated Green Register. If the nominal amount of outstanding green debt exceeds the value of green assets in the Green Register, the unallocated green debt net proceeds will be credited in a “Separate Account” which will be disclosed in Bonava’s Green Debt reporting. A transfer can be made from the Separate Account should the value of the green assets exceeds the nominal amount of outstanding green debt. The unallocated green debt proceeds (temporary holdings) may be invested in short-term interest-bearing securities. Temporary holdings will not be invested in the following excluded activities: fossil energy production, nuclear energy generation, weapons and defense, potentially environmentally harmful resource extraction (such as rare-earth elements or fossil fuels), gambling or tobacco. Sustainalytics views this process as aligned with market practice.
- Reporting:
 - Bonava is committed to issuing a Green Debt Report on an annual basis and until full allocation. The Report will contain allocation reporting, including a summary of general green debt developments; the outstanding amount of green debt instruments; total proportion of green debt net proceeds used to finance land, housing units under construction and completed housing units; the balance of green assets in the green register and the total proportion of green debt net proceeds used to finance new green assets versus the proportion of green debt net proceeds used for refinancing. In addition, the Company has committed to reporting quarterly on the value of green assets and the total amount of outstanding green commercial paper in the event of outstanding commercial paper. Where feasible, Bonava will also report on the environmental impacts of the green assets through impact reporting which will consider multiple KPIs, including, certification and/or energy performance class, avoided energy use and greenhouse gas (GHG) savings.
 - On an annual basis, the Company commits to engaging an external auditor to review the portfolio of assets and provide limited assurance that an amount equal to the green debt net proceeds has been allocated to the green assets.
 - Sustainalytics views the scope and granularity of the reporting to be in line with market practice.

Alignment with Green Bond Principles 2018 and Green Loan Principles 2018

Sustainalytics has determined that the Bonava Green Financing Framework aligns to the four core components of the Green Bond Principles 2018 and Green Loan Principles 2018 (December version). For detailed information please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Performance of Bonava

Contribution of framework to Bonava’s sustainability strategy

With a focus on sustainable development, Bonava has integrated sustainability practices into its core business model. The Company’s overarching mission is to create happy neighborhoods where people achieve the highest quality of life. In line with this mission, the Company’s sustainability agenda focuses on four key areas: 1) happy neighborhoods for the many; 2) protecting our planet; 3) passionate workplace and 4) reliable business. The Company has defined specific goals for each of these focus areas and has reported on progress to date in its 2018 Annual Report (the “Report”).⁷ The proceeds of the green debt instruments issued under the Framework will be used to contribute to the Company’s overarching sustainability agenda, and specifically aligns with the objectives of the first two focus areas:

Happy neighborhoods for the many

- Bonava’s primary objective in this pillar is to increase its share of affordable housing units; increase areas for happy neighborhoods and drive community development for a sense of belonging. In order to achieve this, the Company set the goal to have 50% of its new housing unit developments in the affordable housing segment by 2020. In 2018, the Company met this goal ahead of schedule and increased its share of production starts in the affordable housing segment to 61%, representing a 19% increase from 2017. An example of Bonava’s affordable housing units include space-efficient terraced houses in Germany – offering consumers the cost-efficient opportunity to live in a house that is only 80 m².

⁷ Bonava, “Annual Report”, (2018) at: <https://vp224.alertir.com/afw/files/press/bonava/201903194805-1.pdf>

Bonava Green Financing Framework

- Bonava conducts a Happy Quest survey biennially to ensure that it is fulfilling its mission and continuously meeting its consumer needs. The Company uses these consumer insights, including preference indicators such as green areas, sustainable transport and opportunities for an active life, as key considerations during the property development stage.

Protecting our planet

- As outlined in the Report, Bonava set the goal to tackle climate change and reduce its carbon footprint through Science Based Initiatives by 2020. In 2019, Bonava met this goal by becoming the first residential developer in Northern Europe to apply for approved Science Based Targets.⁸ Bonava has since committed to reducing its climate impact in line with a 1.5-degree scenario by achieving a 50% absolute reduction. The Company has also committed to reducing its full value chain climate impact by reducing the intensity of its corporate GHG emissions per produced home by 50% by 2030, against a 2018 baseline. One of the primary ways Bonava aims to achieve this goal is through the development of resource-efficient buildings. In order to meet this goal, the Company set a target to have 50% of new housing projects in markets where Nordic Swan eco-labelling or Green Zoom certification is recognized to undergo environmental certification or labelling by 2020. The Company successfully met this goal in the prescribed time frame, and presently certifies all new production in Sweden and Denmark with the Nordic Swan Ecolabel and aims to increase its scope to other Nordic countries.
- Notable 2018 achievements include an improvement in the Company's Carbon Disclosure Project score, moving from a C to a B, as well as the development of a new basic license for Nordic Swan eco-labelling for all projects in Sweden.

Based on the above, Sustainalytics is of the opinion that the Bonava Green Financing Framework will contribute significantly to helping the Company meet its Science Based Targets and fulfill its overall sustainability mission.

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

Sustainalytics is of the opinion that investments in green and energy efficient buildings will lead to overall positive environmental benefits; however, it is recognized that as with any large-scale development projects, such activities may pose environmental and social risks. Some key environmental risks associated with the eligible projects include waste generation during the construction phase and risks related to land use changes, while social risks include workers' health and safety and community relations. Sustainalytics considers that Bonava's internal processes and policies, as well as the regulatory context in which the Company operates, provide reasonable risk mitigation assurance.

As outlined in its Sustainability Policy,⁹ Bonava mitigates direct and indirect environmental impacts of its operations by applying a series of minimum environmental standards across its operations. These include a circular production model that optimizes resource efficient design in order to manage waste in an effective manner; reusing and/or recycling materials in order to reduce the need for raw materials and minimize GHG emissions; sustainable use of land through remediation and protection; and minimizing the use of harmful substances and minimizing the consumption of energy and climate impact across its operations. In order to minimize the effects on land-use, Bonava examines the conditions of the land it purchases and analyses its potential for long-term sustainability prior to making acquisitions.⁷ In the event where Bonava acquires unexploited land, it designs the projects to protect biological diversity and other ecological values.⁷ The Company's Risk Committee, comprised of various senior executives - including the Head of Sustainability - meets regularly to evaluate and discuss the key risks each segment encounters in its operations.⁷ Bonava also complies with all relevant local and international environmental legislation, and operates in countries where legislation mandates environmental impact assessments to be conducted when developing infrastructure and exploiting natural resources.¹⁰

Bonava is committed to promoting workers' health and safety through a robust health and safety approach, as captured in its Health and Safety Policy (the "Policy").¹¹ As outlined in the Policy, Bonava's long-term objective for health and safety is 'Zero Harm', meaning that no employees, contractors, customers or

⁸ Bonava, "Bonava becomes first residential developer to commit to Science Based Targets Initiative", (2019), at: <https://news.cision.com/bonava/r/bonava-becomes-first-residential-developer-to-commit-to-science-based-targets-initiative,c2981852>

⁹ Bonava, Sustainability policy: https://www.bonava.com/sites/default/files/Sustainability_Policy_2019.pdf

¹⁰ Green debt proceeds will be allocated to projects in Sweden, Germany, Finland, Denmark, Norway, Estonia, Latvia and Lithuania. These countries are classified as "Designated Countries" by the Equator Principles, implying the presence of robust environment and social governance systems, legislation and institutional capacity for protecting the environment and communities. See: <https://equator-principles.com/designated-countries/>

¹¹ Bonava, "Health and Safety Policy", (2019), at: https://www.bonava.com/sites/default/files/H_S_Policy_2019.pdf

members should be harmed or become ill as a result of Bonava's workplaces and operations. In order to achieve this, Bonava promotes a company-wide culture of safeguarding health and safety through proactive and preventive efforts. This includes a series of required measures, such as regular systematic risk assessments and training for staff, investigated incidents, crisis management exercises as well as compliance with all laws and regulations relating to health and safety and mandatory annual reviews of the Company's health and safety indicators to ensure continuous improvement in processes and capabilities.¹¹ The Policy is applied in conjunction with the Company's Code of Conduct.¹² Bonava is also a signatory to the UN Global Compact, signaling that it meets fundamental principles in the areas of human rights, labour, environment and anti-corruption.¹² In addition, the Company reports annually in accordance with the Global Reporting Initiative and follows the OECD-guidelines for multinational enterprises. In order to protect and preserve community relations, Bonava interacts with target groups and potential customers prior to the development phase in order to assess their neighborhood's needs. Bonava also works collaboratively with investors, municipalities, regional authorities and other relevant stakeholders during the development process to ensure that it is continuously meeting consumer needs while minimizing potential risks.

Based on these policies and preventative measures, Sustainalytics is of the opinion that Bonava is well positioned to manage and mitigate the environmental and social risks commonly associated with the development of green and energy efficient buildings.

Section 3: Impact of Use of Proceeds

The use of proceeds category is aligned with those recognized by the GBP and GLP. Sustainalytics has focused below where the impact is specifically relevant in the local context.

Contribution of green buildings to climate change mitigation in Europe

In line with the Paris Climate Agreement, the EU is working towards reducing GHG emissions across its member states in order to mitigate the adverse impacts of climate change. Specifically, the EU strives to reduce GHG emissions by 20% (compared to 1990 levels) by 2020, with a target of 40% by 2030.¹³ Moreover, over the long-term, the EU intends to cut its emissions by 80-95% as compared to 1990 levels, and is working towards attaining climate-neutrality by 2050.¹³ As the largest energy consumer in the EU, building stock accounted for approximately 41% of final energy consumption and 60% of electricity consumption in 2016.¹⁴ Of this 41%, residential buildings represent around 76% of building floor area, of which 65% can be attributed to single family houses.¹⁵ Similar trends can be seen in Nordic countries, such as Sweden, where the residential and service sector accounts for approximately 40% of total energy use, of which homes and other non-industrial buildings contribute to roughly nine-tenths.¹⁶

While energy use in the building sector is trending downwards as a result of more efficient heating systems and the phasing out of fossil energy sources,¹⁴ almost 75% of the building stock is still considered to be energy inefficient, with only 0.4-1.2% of the building stock undergoing renovations annually.¹⁷ Meanwhile, approximately 35% of the EU's buildings are over 50 years old.¹⁷ In this context, Sustainalytics views Bonava's investments in certified low-carbon and energy-efficient buildings as making a positive contribution towards energy efficiency improvements in the residential property sector, while supporting the EU in meeting its long-term climate-related goals.

¹² Bonava, "Code of Conduct": https://www.bonava.com/sites/default/files/bonava_Code_of_Conduct_en_2017.PDF

¹³ European Commission, "EU climate action", (2019), at: https://ec.europa.eu/clima/policies/eu-climate-action_en

¹⁴ Odyssee-Mure, "Energy Efficiency Trends in Buildings", (2018), at: <https://www.odyssee-mure.eu/publications/policy-brief/buildings-energy-efficiency-trends.html>

¹⁵ European Commission, "Energy Efficiency Trends in the EU" at: <https://ec.europa.eu/energy/intelligent/projects/sites/iee-projects/files/projects/documents/overall-indicator-brochure.pdf>

¹⁶ Swedish Energy Agency, "Energy in Sweden", (2017), at: energimyndigheten.a-w2m.se/FolderContents.mvc/Download?ResourceId=5733

¹⁷ European Commission, "New rules for greener and smarter buildings will increase quality of life for all Europeans" (2019), at: https://ec.europa.eu/info/news/new-rules-greener-and-smarter-buildings-will-increase-quality-life-all-europeans-2019-apr-15_en

Bonava Green Financing Framework

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 green bond advances the following SDG goals and targets:

| Use of Proceeds Category | SDG | SDG target |
|--------------------------------------|--|--|
| Green and energy efficient buildings | 7. Affordable and Clean Energy | 7.3 By 2030, double the global rate of improvement in energy efficiency. |
| | 11. Sustainable Cities and Communities | 11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management. |



Conclusion

Bonava has developed the Bonava Green Financing Framework under which it will issue green debt instruments and use the proceeds to finance or refinance green and energy efficient buildings. Sustainalytics believes that the projects funded by the green debt instrument proceeds will provide positive environmental impacts across the region. The Green Financing Framework will directly contribute to the Company's overall sustainable development strategy and will support the advancement of the UN Sustainable Development Goals, including affordable and clean energy and sustainable cities and communities. Bonava's approach for project evaluation and selection, management of proceeds, and allocation and impact reporting are aligned with market practice. Additionally, Sustainalytics is of the opinion that Bonava has sufficient 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 Bonava is well-positioned to issue green bonds and that the Bonava Green Financing Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2018 and Green Loan Principles 2018.

Appendices

Appendix 1: Sustainalytics' Assessment of Green Building Standards

| | DGNB¹⁸ | Nordic Swan Ecolabel¹⁹ |
|-----------------------------------|--|---|
| Background | 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. | The Nordic Swan Ecolabel is owned by "Ecolabelling Sweden", a Swedish state company responsible for both the Nordic Swan Ecolabel and the EU Ecolabel. The Nordic Swan Ecolabel was first released in 1989 by the Nordic Council of Ministers. |
| Certification levels | <ul style="list-style-type: none"> • Bronze • Silver • Gold • Platinum | <ul style="list-style-type: none"> • Certified |
| Areas of Assessment | <ul style="list-style-type: none"> • Environment • Economic • Sociocultural and functional aspects • Technology • Processes & Site | <ul style="list-style-type: none"> • General requirements • Resource efficiency • Indoor environment • Chemicals and materials • Construction Management • Regulatory requirements • Point-score requirements (including energy) |
| Requirements | <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> | <p>Points-based assessment.</p> <p>For apartment buildings at least 17 out of 44 possible points must be achieved.</p> <p>For small houses at least 16 out of 42 possible points must be achieved.</p> <p>For pre-school and school buildings at least 15 out of 39 possible points must be achieved.</p> |
| Performance display |  |  |
| Qualitative Considerations | DGNB certification is based on current European Union standards. | Widely recognized within the region, strong assurance of quality. |

¹⁸ DGNB, "German Sustainable Building Council", (2019), at: <https://www.dgnb.de/en/index.php>

¹⁹ Nordic Swan Ecolabel, (2020), at: <https://www.svanen.se/en/>

Appendix 2: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

| | |
|--|----------------------------------|
| Issuer name: | Bonava |
| Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: <i>[specify as appropriate]</i> | Bonava Green Financing Framework |
| Review provider's name: | Sustainalytics |
| Completion date of this form: | February 26, 2020 |
| Publication date of review publication: <i>[where appropriate, specify if it is an update and add reference to earlier relevant review]</i> | |

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 GBPs:

- | | |
|--|--|
| <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 nd 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 category for the use of proceeds –green and energy efficient buildings – is aligned with those recognized by the Green Bond Principles 2018 and Green Loan Principles 2018. Sustainalytics considers that the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, particularly Goals 7 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 (<i>please specify</i>): |

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (*if applicable*):

Bonava has defined a two-step process for asset evaluation and selection; internal sustainability experts will conduct initial asset evaluation, and a dedicated Green Financing Committee – comprised of the Group Head of Sustainability, Group Head of Treasury and Group Head of Strategy & Analysis – will be responsible for managing final selection and approval. The Committee will convene annually and will monitor green assets to ensure ongoing eligibility. This process is aligned with market practice.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability 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 Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |

Bonava Green Financing Framework

- Summary criteria for project evaluation and selection publicly available
 Other (*please specify*):

Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification
 In-house assessment
- Other (*please specify*):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

Bonava's Green Finance Committee will track allocated and unallocated green debt net proceeds through a Green Register. Pending full allocation, unallocated proceeds may temporarily be placed in short-term interest-bearing securities. Sustainalytics considers this approach to be aligned with market practice.

Tracking of proceeds:

- Green 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:

- Allocations to future investments only
 Allocations to both existing and future investments
- Allocation to individual disbursements
 Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds
 Other (*please specify*):

4. REPORTING

Overall comment on section (*if applicable*):

Bonava has committed to allocation and impact reporting in a Green Debt Report, which will be produced on an annual basis and until full allocation. The allocation reporting will include relevant data such as the total allocation of green debt net proceeds to green assets, and the proportion of net proceeds used for financing versus refinancing. The impact reporting will include quantitative metrics, where feasible. Bonava commits to engaging an external independent auditor to review the portfolio of green assets on an annual basis. This process is aligned with market practice.

Use of proceeds reporting:

- Project-by-project
 On a project portfolio basis

- Linkage to individual bond(s) Other (*please specify*):

Information reported:

- Allocated amounts Green Bond financed share of total investment
- Other (*please specify*): the outstanding amount of green debt instruments; the balance of green assets; the total proportion of green debt net proceeds used to finance new green assets and the proportion of green debt net proceeds used for refinancing.

Frequency:

- Annual Semi-annual
- Other (*please specify*):

Impact reporting:

- Project-by-project On a project portfolio basis
- Linkage to individual bond(s) Other (*please specify*):

Frequency:

- Annual Semi-annual
- Other (*please specify*):

Information reported (expected or ex-post):

- GHG Emissions / Savings Energy Savings
- Decrease in water use Other ESG indicators (*please specify*):

- Environmental building certification or Energy performance class (as applicable)
- Avoided energy use compared to requirement for building permit (MWh per year) (as applicable)
- GHG savings (tonnes per year) (as applicable)

Means of Disclosure

Bonava Green Financing Framework

- | | |
|---|--|
| <input type="checkbox"/> Information published in financial report | <input checked="" type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input type="checkbox"/> Other (please specify): |
| <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.)

<https://www.bonava.com/en/sustainability/sustainability-report>

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd 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 INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. Second Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green 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 Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental 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 environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally 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 Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green 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 Bond Scoring/Rating: An issuer can have its Green Bond, associated Green 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 performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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