



# Second-Party Opinion DIC Green Bond Framework

## Evaluation Summary

Sustainalytics is of the opinion that the DIC Green Bond Framework is credible and impactful and aligns to the four core components of the Green Bond Principles 2021. This assessment is based on the following:



**USE OF PROCEEDS** The eligible category for the use of proceeds, Green Buildings, is aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 9 and 11.



**PROJECT EVALUATION / SELECTION** DIC Asset AG’s ESG Committee, which is comprised of representatives from eight functional divisions, the Chief Executive Officer and the head of sustainability, will be responsible for the selection and approval of eligible projects. DIC’s environmental and social risk management systems and processes are applicable to all allocation decisions made under the Framework. Sustainalytics considers the risk management systems to be strong and the project selection process to be in line with market practice.



**MANAGEMENT OF PROCEEDS** DIC Asset AG’s ESG Committee will be responsible for the management of proceeds. DIC may consider eligible green projects financed since 2018 for refinancing and intends to fully allocate within three years of each issuance. Pending allocation or in the event of any early repayment, proceeds will temporarily be held in line with DIC’s liquidity guidelines. This is in line with market practice.



**REPORTING** DIC Asset AG intends to report on allocation of proceeds on its website on an annual basis until full allocation. Allocation reporting will include the total amount of net proceeds allocated to eligible projects, the breakdown of allocation by eligible project category and location, the share of refinancing versus financing and the balance of unallocated proceeds. In addition, DIC Asset AG has committed to reporting on relevant impact metrics. Sustainalytics views DIC Asset AG’s allocation and impact reporting as aligned with market practice.

<b>Evaluation Date</b>	September 03, 2021
<b>Issuer Location</b>	Frankfurt, Germany

### Report Sections

Introduction.....	2
Sustainalytics’ Opinion.....	3
Appendices .....	7

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## Introduction

DIC Asset AG (“DIC”, or the “Company”) is a combined real estate holding company and asset manager headquartered in Frankfurt, Germany. Founded in 1998, DIC’s operations are focused on the commercial real estate market in Germany and the Company has presence across eight major cities. As of August 2021, DIC manages 234 properties with a market value of EUR 11.3 billion.

DIC has developed the DIC Green Bond Framework (the “Framework”) under which it intends to issue green bonds and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects to improve the sustainability performance of its building stock. The Framework defines an eligibility criterion in the following area:

### 1. Green Buildings

DIC engaged Sustainalytics to review the DIC Green Bond Framework, dated September 2021, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).<sup>1</sup> This Framework will be 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 project 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 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- 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 1.10.1, 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 DIC’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. DIC representatives have confirmed (1) they understand it is the sole responsibility of DIC 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 DIC.

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 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 potential allocation of proceeds but does not guarantee the realized allocation of the bond proceeds towards eligible activities.

<sup>1</sup> 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/>.

<sup>2</sup> The DIC Green Bond Framework is available on DIC Asset AG’s website at: <https://www.dic-asset.de/en/sustainability/>

<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.

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

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the DIC Green Bond Framework

Sustainalytics is of the opinion that the DIC Green Bond Framework is credible and impactful and aligns to the four core components of the GBP. Sustainalytics highlights the following elements of DIC's Green Bond Framework:

- Use of Proceeds:
  - The eligible category, Green Buildings, is aligned with those recognized by the GBP.
  - Within the Green Buildings category, DIC intends to invest in new or existing residential and commercial buildings that meet at least one of the following eligibility criteria:
    - Buildings that: (i) are built in accordance with the Energy Conservation Ordinance of 2009 (Energieeinsparverordnung, EnEV 2009)<sup>4</sup>; or (ii) are compliant with the EU Taxonomy criteria set out in the EU Commission Delegated Regulation<sup>5</sup>, Chapter 7.7 "Acquisition and Ownership of Buildings". Sustainalytics notes that these building criteria correspond to the top 15% of the most energy efficient buildings in Germany and considers both to be aligned with market practice.
    - Buildings that have obtained, or are expected to obtain, one of the following third-party green building certifications at the minimum levels of: LEED "Gold", DGNB "Gold", ÖGNI "Gold", SGNi "Gold", HQE "Excellent", or an ENERGY STAR score of 85. Sustainalytics views these certification schemes to be credible and impactful and the selected levels with the Framework's additional eligibility criteria as aligned with market practice. Please refer to Appendix 1 for an assessment of these third-party certifications.
      - The Framework may also consider buildings that achieve a level of BREEAM "Very Good" as eligible. However, Sustainalytics considers BREEAM Excellent to be aligned with market practice and encourages DIC to select BREEAM-certified buildings that score high enough in the Energy category (which Sustainalytics regards as most relevant to the climate transition) to fulfill the requirements for BREEAM Excellent in that category.
- Project Evaluation and Selection:
  - DIC has established an ESG Committee (the "Committee") which is headed jointly by the Chief Executive Officer and the Head of Sustainability and is composed of senior executives from various internal departments including corporate finance, institutional business, investments, asset and property management, portfolio management, accounting and finance, investor relations, and human resources. The Committee will be responsible for the review and approval of eligible green projects in alignment with the Framework.
  - For refinancing, DIC will consider as eligible projects originally financed in 2018 or later.
  - Eligible green projects will be subject to due diligence by industry experts appointed by DIC as part of the Company's environmental and social risk assessment process. Sustainalytics considers these environmental and social risk management systems to be strong and aligned with market expectations. For additional detail, see Section 2.
  - Based on the establishment of an ESG Committee and the presence of risk management systems, Sustainalytics considers this process to be in line with market practice.

<sup>4</sup> This criterion corresponds to the top 15% most energy efficient buildings in Germany as defined by the Germany Building Code

<sup>5</sup> European Union, "Annex to the Commission Delegated Regulation", (2021), at: [https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex-1\\_en.pdf](https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf)

- Management of Proceeds:
  - DIC’s ESG Committee will be responsible for the allocation of proceeds to eligible projects under the Framework. The Company intends to fully allocate the proceeds of each green bond issuance to eligible green projects within three years of issuance. Pending allocation or in the event of an early repayment, proceeds will be temporary held in line with DIC’s general liquidity guidelines.
  - Based on the delegation of responsibility, allocation timeframe and disclosure around temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
  - DIC intends to report on the allocation of proceeds in its Annual Report until full allocation of each green bond issuance. Allocation reporting will include the total amount of proceeds allocated to eligible projects, the breakdown of allocation by eligible project category and location, the share of refinancing versus financing and the balance of unallocated proceeds.
  - In addition, DIC is committed to reporting on relevant impact metrics where feasible. Impact reporting will include key performance indicators such as green building certifications or documents verifying alignment with the eligibility criteria, level of certification per sqm of building and the level of certification per market value of building.
  - Based on DIC’s allocation and impact reporting commitments, Sustainalytics considers this process to be in line with market practice.

#### **Alignment with Green Bond Principles 2021**

Sustainalytics has determined that the DIC Green Bond Framework aligns to the four core components of the GBP. For detailed information please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

## **Section 2: Sustainability Strategy of DIC**

#### **Contribution of framework to DIC Asset AG’s sustainability strategy**

Sustainalytics is of the opinion that DIC’s Framework is aligned with the Company’s aim to deliver positive environmental impact by integrating sustainability into its operations. DIC’s strategy is encompassed in its commitment towards the decarbonization of the building sector by focusing on reducing CO<sub>2</sub> emissions from its real estate portfolio through investment in renewable energy and energy efficiency.<sup>6</sup>

In 2020, DIC conducted a materiality assessment to identify key action areas pertaining to mitigating climate change including (i) energy usage and energy intensity; (ii) reduction of environmental impact; and (iii) greenhouse gases.<sup>6</sup> Between 2018 and 2020, DIC has reduced its total (Scope 1, 2 and 3) emissions by 23%. With regards to renewable energy efforts, in 2010, the Company adopted the use of electricity from renewable sources for the common areas its commercial building portfolio.<sup>6</sup> In 2019, the Company launched its “smart metering” project through its subsidiary, DIC Onsite. The project is aimed at promoting energy efficient management through digitally capturing and transmitting electricity consumption data from properties under its management.<sup>6</sup>

DIC’s sustainability efforts are supported by its governance structure. In 2021, the Company has set up an environmental, social and governance committee (“ESG Committee”) which is comprised of the CEO, Head of Sustainability and senior members from various departments. The ESG Committee is responsible for developing the DIC’s ESG strategy and targets.<sup>6</sup>

Sustainalytics is of the opinion that the DIC Green Bond Framework is aligned with DIC’s overall sustainability strategy and initiatives and will further the Company’s action on its key environmental priorities. However, Sustainalytics encourages DIC to set time-bound, quantitative targets to further strengthen its sustainability strategy.

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

While Sustainalytics recognizes that the net proceeds from the bonds issued under the Framework will be directed towards eligible projects that are recognized by the GBP to have positive environmental impact, Sustainalytics is aware that such eligible financings could also lead to negative environmental and social

<sup>6</sup> DIC, “Sustainability Report 2020”, at: [https://www.dic-asset.de/download/publikationen/DIC\\_NB\\_2020\\_E.pdf](https://www.dic-asset.de/download/publikationen/DIC_NB_2020_E.pdf)

outcomes. Some key risks associated with the eligible projects include occupational health and safety, business ethics, waste management and community relations.

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

- DIC has Environmental Guidelines in place to address the management of waste generated from its offices. The Company complies with applicable laws and regulations relating to waste management in Germany such as the “Kreislaufwirtschafts abfallgesetz” - the Circular Economy and Waste Act. The Act focuses on re-use and recycling of waste and outlines regulations to ensure that waste is disposed of in an environment friendly manner. In addition to its own activities, DIC also requires compliance of its service providers with these regulations.
- DIC’s health and safety regulations are based on the regulations prescribed under the German law and the Company periodically conducts internal and external audits of its health and safety practices. In this regard, DIC has set up an Occupational Health and Safety Committee, comprised of internal representatives and external experts, which is responsible for defining the Company’s occupational health and safety strategy in collaboration with the management board. Furthermore, DIC’s contractors are required to observe accident prevention, general safety as well as environmental protection regulations.
- The Company has a Compliance guideline in place which sets out its requirements for ethical business practices, guides its operations and outlines the code of conduct expectations for its employees.
- DIC has its operations in Germany which is recognized as a Designated Country under the Equator Principles.<sup>7</sup> Sustainalytics is of the view that this provides assurance of the presence of robust environmental and social governance, legislation systems and institutional capacity to mitigate the common environmental and social risk associated with projects financed under this Framework.

Based on these policies, standards and assessments, Sustainalytics is of the opinion that DIC 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

The use of proceeds category is aligned with those recognized by the GBP. Sustainalytics has focused on green buildings in Germany where the impact is specifically relevant in the local context.

#### Importance of green buildings in meeting Germany’s climate goals

The building and construction sectors are responsible for over one-third of global energy consumption and nearly 40% of the CO<sub>2</sub> emissions.<sup>8</sup> Similarly in the EU, the building sector is the single largest energy consumer accounting for around 40% of the total energy consumption and responsible for emitting 36% of the CO<sub>2</sub> emissions.<sup>9</sup> The European Commission estimates that in order to achieve the 55% emissions reduction target set by the EU for 2030, building level GHG emissions would need to be reduced by 60%, final energy consumption by 14%, and energy consumption for heating and cooling by 18%.<sup>10</sup>

Germany is the second most populous nation in Europe and buildings account for nearly 35% of the country’s total final energy consumption.<sup>11,12</sup> As part of its efforts towards minimizing climate impact, the German government has set a target to make Germany’s building stock climate-neutral by 2050 and reduce 68% of the GHG emissions from buildings by 2030, compared to a 1990 baseline.<sup>12</sup> The heating sector will be an important contributor towards this goal as about 60% of the final energy demand from residential buildings in Germany is directed towards space heating.<sup>13</sup> According to the German Institute for Economic Research, CO<sub>2</sub>

<sup>7</sup> Equator Principles, “Designated Countries”, (2021), at: <https://equator-principles.com/designated-countries/>

<sup>8</sup> The International Energy Agency (IEA), “Buildings a source of enormous untapped efficiency potential”, at: <https://www.iea.org/topics/buildings>

<sup>9</sup> European Commission, “Energy performance of buildings directive”, (2019), at: [https://ec.europa.eu/energy/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive\\_en#facts-and-figures](https://ec.europa.eu/energy/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en#facts-and-figures)

<sup>10</sup> European Commission, “A renovation wave for Europe - greening our buildings, creating jobs, improving lives”, (2020) at: [https://eur-lex.europa.eu/resource.html?uri=cellar:0638aa1d-0f02-11eb-bc07-01aa75ed71a1.0003.02/DOC\\_1&format=PDF](https://eur-lex.europa.eu/resource.html?uri=cellar:0638aa1d-0f02-11eb-bc07-01aa75ed71a1.0003.02/DOC_1&format=PDF)

<sup>11</sup> European Union, “Size and population”, at: [https://europa.eu/european-union/about-eu/figures/living\\_en](https://europa.eu/european-union/about-eu/figures/living_en)

<sup>12</sup> Federal Ministry for Economic Affairs and Energy, “Energy Transition in the Building Sector”, at: <https://www.bmwi.de/Redaktion/EN/Dossier/enhancing-energy-efficiency-in-buildings.html>

<sup>13</sup> Baldino, C., “Decarbonization options for households in Germany in 2050”, The International Council on Clean Transportation, (2021) at: <https://theicct.org/publications/hydrogen-heating-germany-april2021>

emissions from residential heating had declined by 21% in 2019 compared to 2010.<sup>14</sup> It also aims to reduce the primary energy consumption of its building sector by 80% by 2050 relative to 2008 levels.<sup>15</sup> Various guidelines have been put in place including the Energy Efficiency Strategy for Buildings in Germany which focuses on increased adoption of renewable energy sources, reduction in energy consumption, and improvement in energy efficiency to achieve the climate-neutral building stock.<sup>16</sup>

Within this context, Sustainalytics is of the opinion that DIC’s investments in green buildings have the potential to reduce the environmental footprint of Germany’s building sector and will contribute to achieving the short and long-term climate targets set by Germany and the EU.

**Alignment with/contribution to SDGs**

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bond(s) issued under the DIC Green Bond Framework advances the following SDGs and targets:

<b>Use of Proceeds Category</b>	<b>SDG</b>	<b>SDG target</b>
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
	11. Sustainable Cities and Communities	11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries

**Conclusion**

DIC has developed the DIC Green Bond Framework under which it may issue green bonds and use the proceeds to finance green building projects. Sustainalytics considers that the projects funded by the green bond proceeds are expected to provide positive environmental impact.

The DIC Green 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 the DIC Green Bond Framework is aligned with the overall sustainability strategy of the company and that the green use of proceed category will contribute to the advancement of the UN Sustainable Development Goals 9 and 11. Additionally, Sustainalytics is of the opinion that DIC 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 DIC Asset AG is well-positioned to issue green bonds and that the DIC Green Bond Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2021.

<sup>14</sup> Appunn,K (2020), “German heating emissions cut almost entirely down to warmer weather – study”, Clean Energy Wire, at: <https://www.cleanenergywire.org/news/german-heating-emissions-cut-almost-entirely-down-warmer-weather-study>

<sup>15</sup> German Federal Ministry of Economic Affairs and Energy, “Climate Action Plan- 2050”,(2016),at: [https://www.bmu.de/fileadmin/Daten\\_BMU/Pool/Broschueren/klimaschutzplan\\_2050\\_en\\_bf.pdf](https://www.bmu.de/fileadmin/Daten_BMU/Pool/Broschueren/klimaschutzplan_2050_en_bf.pdf)

<sup>16</sup> Appunn,K (2021), “Germany’s greenhouse gas emissions and energy transition targets”, Clean Energy Wire, at: <https://www.cleanenergywire.org/factsheets/germanys-greenhouse-gas-emissions-and-climate-targets>

# Appendices

## Appendix 1: Assessment of referenced Green Building Certifications

	BREEAM <sup>17</sup>	LEED <sup>18</sup>	DGNB <sup>19</sup>	HQE <sup>20</sup>	Energy Star <sup>21</sup>
<b>Background</b>	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK and having national scheme operators. Used for new, refurbished and extension of existing buildings as well as for buildings-in-use.	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).	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 Haute Qualité Environnementale or HQE (High Quality Environmental standard) is a standard for green building in France, based on the principles of sustainable development first set out at the 1992 Earth Summit. The standard was launched in 2005 and is controlled by HQE and certificate is issued by Cerway/ Certivea/ Cerqual.	ENERGY STAR is a U.S Environmental Protection Agency voluntary program that provides independently certified energy efficiency ratings for products, homes, buildings, and industrial plants. Certification is given on an annual basis, so a building must maintain its high performance to be certified year to year.
<b>Certification levels</b>	Pass Good Very Good Excellent Outstanding	<ul style="list-style-type: none"> <li>• Certified</li> <li>• Silver</li> <li>• Gold</li> <li>• Platinum</li> </ul>	<ul style="list-style-type: none"> <li>• Bronze</li> <li>• Silver</li> <li>• Gold</li> <li>• Platinum</li> </ul>	<ul style="list-style-type: none"> <li>• Pass</li> <li>• Good</li> <li>• Very good</li> <li>• Excellent</li> <li>• Exceptional</li> </ul>	<ul style="list-style-type: none"> <li>• 1-100 score, 75 is minimum for certification</li> </ul>
<b>Areas of Assessment</b>	<ul style="list-style-type: none"> <li>• Energy</li> <li>• Land Use and Ecology</li> <li>• Pollution</li> <li>• Transport</li> <li>• Materials</li> <li>• Water</li> <li>• Waste</li> <li>• Health and Wellbeing</li> <li>• Innovation</li> </ul>	<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>• Environment</li> <li>• Economic</li> <li>• Sociocultural and functional aspects</li> <li>• Technology</li> <li>• Processes</li> <li>• Site</li> </ul>	<ul style="list-style-type: none"> <li>• Energy</li> <li>• Environment (Site, Components, Worksite, Water, Waste, Maintenance)</li> <li>• Comfort (Hydrothermal, Acoustic, Visual, Olfactory)</li> <li>• Health (Spaces quality, Air Quality, Water Quality)</li> <li>• Principles of Equivalence</li> </ul>	<ul style="list-style-type: none"> <li>• Energy use</li> </ul>






<sup>17</sup> BREEAM, "How BREEAM Certification Works", at: <https://www.breeam.com/discover/how-breeam-certification-works/>

<sup>18</sup> LEED, "LEED Rating System", at: <https://www.usgbc.org/leed>

<sup>19</sup> DGNB, "The Certification Process", at: <https://www.dgnb-system.de/en/certification/certification-process/>

<sup>20</sup> HQE, "Introduction to HQE™ certification", at: <https://www.behqe.com/cerway/essentials>

<sup>21</sup> Energy Star, "Benchmark Your Building Using ENERGY STAR®", at: <https://www.energystar.gov/buildings/benchmark?s=megav>

<p><b>Requirements</b></p>	<p>Prerequisites depending on the levels of certification and credits with associated points</p> <p>This number of points is then weighted by item<sup>22</sup> and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score.</p> <p>BREEAM has two stages/ audit reports: a 'BREEAM Design Stage', 'Post Construction Stage' and a 'BREEAM-in-Use' with different assessment criteria. Additionally, BREEAM utilizes a different certification process for the BREEAM In-Use assessment.</p>	<p>Prerequisites independent of level of certification, and 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>	<p>Prerequisites (independent of level of certification) + Points-based performance level: Performing and High Performing</p> <p>The Prerequisite level is obtained when all the minimum requirements for a target are met, while the Performing and High Performing levels are obtained based on a percentage of points given per target, allowing for flexibility.</p> <p>Based on the total number of stars obtained per area, an overall HQE level is then given.</p> <p>Environmental certificates are assigned at all stages of the building life cycle, and on-site audits are required.</p>	<p>1-100 score based on energy use, as calculated through the Portfolio Manager tool. Raw score is adjusted based on location, operating conditions, and other factors. The numerical score indicates performance better than at least that percentage of similar buildings nationwide.</p>
<p><b>Performance display</b></p>					

<sup>22</sup> BREEAM weighting: Management 12%, Health and wellbeing 15%, Energy 19%, Transport 8%, Water 6%, Materials 12.5%, Waste 7.5%, Land Use and ecology 10%, Pollution 10% and Innovation 10%. One point scored in the Energy item is therefore worth twice as much in the overall score as one point scored in the Pollution item



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

### Section 1. Basic Information

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Issuer name:	DIC Asset AG
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Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	DIC Green Bond Framework
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Review provider's name:	Sustainalytics
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Completion date of this form:	September 03, 2021
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Publication date of review publication:	
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### Section 2. Review overview

#### SCOPE OF REVIEW

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

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

- |  |  |
|--|--|
| <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*):

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The eligible category for the use of proceeds, Green Buildings, is aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 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 GBP | <input type="checkbox"/> Other ( <i>please specify</i> ):  |

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

**2. PROCESS FOR PROJECT EVALUATION AND SELECTION**

Overall comment on section (if applicable):

DIC Asset AG's ESG Committee, which is comprised of representatives from eight functional divisions, the Chief Executive Officer and the head of sustainability, will be responsible for the selection and approval of eligible projects. DIC's environmental and social risk management systems and processes are applicable to all allocation decisions made under the Framework. Sustainalytics considers the risk management systems to be strong and the project selection process to be in line 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 |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available                  | <input type="checkbox"/> Other ( <i>please specify</i> ):   |

### 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):

DIC Asset AG 's ESG Committee will be responsible for the management of proceeds. DIC may consider eligible green projects financed since 2018 for refinancing and intends to fully allocate within three years of each issuance. Pending allocation or in the event of any early repayment, proceeds will temporarily be held in line with DIC' s liquidity guidelines. This is in line 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):

DIC Asset AG intends to report on allocation of proceeds on its website on an annual basis until full allocation. Allocation reporting will include the total amount of net proceeds allocated to eligible projects, the breakdown of allocation by eligible project category and location, the share of refinancing versus financing and the balance of unallocated proceeds. In addition, DIC Asset AG is committed to reporting on relevant impact metrics. Sustainalytics views DIC Asset AG 's allocation and impact reporting as 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:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Allocated amounts  | <input type="checkbox"/> Green Bond financed share of total investment |
| <input checked="" type="checkbox"/> Other ( <i>please specify</i> ): share of financing vs. refinancing, balance of unallocated proceeds |  |

**Frequency:**

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

**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 ( <i>please specify</i> ):        |

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

- |  |  |
|--|--|
| <input type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings  |
| <input type="checkbox"/> Decrease in water use   | <input checked="" type="checkbox"/> Other ESG indicators ( <i>please specify</i> ): green buildings certifications or document verifying alignment with the eligibility criteria, level of certification per sqm of building and the level of certification per market value of building |

**Frequency**

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

**Means of Disclosure**

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