

# ICADE GREEN BOND FRAMEWORK

## SECOND OPINION BY SUSTAINALYTICS

August 2017



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## 1. INTRODUCTION

Founded in 1954, Icade S.A. (Icade) is a real estate investor and developer entirely based in France. With a commercial and healthcare property portfolio of EUR 9.7 billion (as of 12/31/16) and as a property developer (2016 revenue of EUR 1.005 million), Icade is a significant player in the Greater Paris area and major French cities. Icade is listed on Euronext Paris as a French Listed Real Estate Investment Company (SIIC).

Icade's Corporate Social Responsibility (CSR) strategy has a strong focus on innovation in the real estate sector and on being a leader in environmental performance with the aim of fostering the emergence of tomorrow's greener, smarter and more responsible cities. In alignment with its CSR strategy, Icade has developed a Green Bond Framework<sup>1</sup> in accordance with which it intends to issue a green bond. Proceeds of the bond will be used to finance or refinance:

1. *Investments in construction and/or renovation of Green Buildings that meet each of the eligibility criteria defined below:*
  - (i) HQE certification (construction or renovation) 'Very Good' minimum level and/or BREEAM 'Very Good' minimum level certification,
  - (ii) Distance to public transport not exceeding 400m (bus, train, tram, metro, river shuttle, private bus shuttle); and
  - (iii) Existing or planned set up of a Green Lease Committee ("Comité Bail Vert") with its tenants, with a specific action plan regarding energy, carbon, waste and water, subject to acceptance by the tenant (for properties under the Environmental Appendix regulation, i.e. commercial properties >2,000 sq.m.)
  
2. *Investments in energy efficiency and energy transition projects*
  - (i) Energy efficiency equipment projects that reach a minimum threshold of 20% in energy savings (in kWh<sub>PE</sub>/sq.m/year), and/or 20% CO<sub>2</sub> emissions reduction (in kg CO<sub>2</sub> eq/sq.m/year), compared to the existing situation (theoretical performance calculation based on technical documentation provided by equipment suppliers).
  - (ii) Renewable energy production projects that fall under the following technology categories: solar (photovoltaic power system, solar thermal energy in urban areas), wind (in urban areas) or geothermal energy solutions, in order to reach Icade's goal of 20% of renewable energy in its property assets' energy mix by 2020.
  - (iii) Eco-mobility projects that include electric vehicle (EV) charging stations and any infrastructure promoting the use of low-carbon transport solutions in urban areas, such as electric vehicles and bicycles.

The targeted investments are part of Icade's Commercial Property Investment Division.

<sup>1</sup> Available at <http://www.icable.fr/en/finance/financing/bond-issue>

Icade has engaged Sustainalytics to provide a second opinion on its Green Bond Framework and on the framework's environmental credentials. As part of this engagement process, Sustainalytics held conversations with various members of Icade's CSR, Management and Treasury teams to understand the environmental impact of their activities, the planned use of proceeds, management of proceeds and reporting aspects of Icade's green bond. Following this engagement, some elements of Icade's Green Bond Framework were clarified to ensure an alignment with the level of disclosure expected by ICMA's Green Bond Principles 2017.<sup>2</sup> Sustainalytics also reviewed relevant public and internal documents.

This document contains Sustainalytics' opinion on Icade's Green Bond Framework and should be read in conjunction with that framework.

## 2. SUSTAINALYTICS' OPINION

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

Overall, Sustainalytics is of the opinion that Icade's Green Bond Framework is credible and robust and aligns with four pillars of the Green Bond Principles 2017. In addition, Sustainalytics views the following elements of the Icade Green Bond Framework positively:

- *A dedicated Green Bond Committee for project selection and evaluation.*  
Icade's eligible projects and assets are evaluated and selected by a dedicated Green Bond Committee comprising the the Chief Financial Officer, the Head of Investor Relations, the Finance department, the Property Investment department, the Portfolio Management, the Corporate Social Responsibility department and the Environmental Transition department.

Sustainalytics is of the opinion that having a dedicated committee with 'C-level' involvement is a best practice among green bond issuances.

- *Strong commitment to allocation and impact reporting.*  
Icade has a strong commitment to allocation and impact reporting. Icade will provide a list of the projects financed and an external auditor will verify annually both the allocated proceeds to eligible green projects and the remaining balance of unallocated proceeds (i.e. allocation reporting), as well as validate the conformity of the assets with the eligibility criteria (commonly known as annual compliance review).

Additionally, Sustainalytics considers that the impact reporting framework provides transparent impact information as well as a good insight into the financed assets. Sustainalytics is of the opinion that this is a best practice among green bond issuances, and aligned with recommendations by the Green Bond Principles.

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<sup>2</sup> "The Green Bond Principles 2017", dated 2 June 2017, issued by the International Capital Market Association (ICMA)

- Sustainalytics is of the opinion that Green Lease Committees that promote engagement with tenants, go beyond market practice and exemplify Icade's leadership in this sector.

### ***Alignment with the Green Bond Principles 2017***

Sustainalytics has determined that Icade's Green Bond aligns with the four pillars of ICMA's Green Bond Principles, 2017. An analysis of the alignment of these four pillars is available in Appendix IV: Green Bond External Review Form.

## **Section 2: Sustainability Performance of the Issuer**

### ***Contribution of the proceeds of the green bond to Icade's sustainability strategy***

Icade has a comprehensive CSR strategy that is centred around three pillars:

- 1) Developing solutions that include new habits and lifestyles in partnership with local authorities and communities;
- 2) Stepping up energy transition and saving resources;
- 3) Promoting the development of employee expertise, workplace well-being and diversity.

In order to achieve its sustainability vision for the second pillar, Icade has defined important commitments related to sustainable buildings, energy efficiency, water and waste reduction, and promoting biodiversity and eco-mobility. Below, Sustainalytics describes how the Icade Green Bond contributes to furthering the advancement of several of these areas.

### ***Sustainable Buildings – Certifications and labels***

Icade demonstrates its commitment to sustainable building through its membership in key industry initiatives such as France Green Building Council (GBC) and Association pour la Haute Qualité Environnementale (HQE). As of fiscal year 2016, 60% of the office floor area of Icade's Commercial Property Investment Division were HQE- and/or BREEAM-certified. This represents a substantial improvement over the fiscal year of 2016 (this percentage was 41% in FY 2015) showing Icade's commitment to green building certification. Furthermore, the company has set the following targets for green building certifications:

- *Increase the surface areas of certified offices (HQE or BREEAM) in operation by +5% per year through to 2020;*
- *100% HQE-certified (High Environmental Quality) for new offices starting in 2018.*

According to the Icade's 2016 CSR Report, the company is well on track to achieve these targets, and the proceed from Icade's Green Bond will also positively contribute to this effort.

### ***Energy efficiency and greenhouse gas (GHG) emissions***

Given Icade's operational focus in France, energy efficiency and GHG emissions are also material to the company. Icade embraces energy efficiency as one of its focus areas. To this effect, the company

implements measures such as the deployment of Energy Performance Contracts<sup>3</sup> and Green Lease Committees,<sup>4</sup> and replacement of less efficient and high-energy heating equipment. Sustainalytics considers that Icade's Energy Performance Contracts and Green Lease Committees that promote engagement with tenants demonstrate the company's leadership in this sector. Furthermore, Icade has established a minimum threshold of 20% energy efficiency improvement and/ or 20% carbon emissions reduction for eligible investments, providing an extra assurance of a positive impact associated with these projects.

Icade has clarified to Sustainalytics that all the projects included under 'renewable energy production' refer to projects developed by Icade and integrated in its real estate projects.

In addition, Icade has several targets that show its commitment to improve its energy use and GHG emissions overall performance:

- Reduce by 40% its CO<sub>2</sub> emissions related to the operation of its commercial properties between 2011 and 2020;
- Reduce by 12% those related to the construction of new properties, between 2015 and 2020;
- Reduce energy consumption by 30% of its commercial properties between 2011 and 2020;
- Reach 20% of renewable energy in the energy mix of the assets by 2020<sup>5</sup>;
- Reach 90% of Green Lease Committees by the end of 2017.

Sustainalytics is of the opinion that projects funded by the proceeds of the green bond will contribute to achieving these targets and are well aligned with the company's overall strategy with respect to reducing energy use and GHG emissions.

#### *Other environmental issues: Eco-mobility, Water and Biodiversity*

In addition to the above-mentioned material issues, Icade's CSR strategy also targets other environmental areas for which real estate has an important environmental impact. In this light, Icade commits to reducing its water consumption by 25% between 2011 and 2020, and to promote eco-mobility by:

- i) Equipping 100% of the offices and parks with charging terminals for electric vehicles by 2018; and
- ii) Investing in projects that are located within a 400-meter distance from public transport, starting in 2016.

Sustainalytics considers that Icade's Green Bond proceeds will also contribute to meeting these targets.

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<sup>3</sup> Energy Performance Contracts give building operations managers quantitative targets for reducing energy consumption.

<sup>4</sup> According to Icade's 2016 CSR Report, a building's environmental performance largely depends on the behavior of its users, hence Icade pledges to work with users to help them reduce their energy consumption and expenses in the form of Green Lease Committees. Icade has set up Committees enabling the property owner and the tenant(s) to exchange best practices and formulate an action plan, with quantifiable targets, for the consumption of energy, carbon, water and waste production.

<sup>5</sup> The 20% target will be reached by using a mix of own energy production and purchasing green certificates from energy providers.

Sustainalytics would finally highlight Icade's efforts to preserve biodiversity in its properties. Biodiversity assessments are systematically performed for new constructions and Icade has a target to reach a net positive impact on biodiversity for 25% of its of properties and new construction projects by 2020<sup>6</sup>.

#### *Contribution of the green bond to Icade's sustainability strategy*

Overall, Sustainalytics considers that Icade's Green Bond strongly aligns with the company's CSR strategy, namely with the second pillar focusing on stepping up energy transition and saving resources, by financing key activities that will allow Icade to improve its environmental performance and achieve defined goals in several environmental areas.

#### ***Well positioned to mitigate common Environmental and Social risks associated with green buildings***

As real estate company operating only in France, Icade's projects follow French regulation which includes obligations to mitigate or avoid material environmental and social risks. Legal obligations include for instance: soil depollution, environmental and technological risks related to the project and protection of historic or natural sites. Furthermore, HQE- and BREEAM-certified projects increase the scope of this assessment as they require:

- An impact assessment on local populations (neighbourhood);
- An impact assessment on noise and visual negative impacts;
- Air, water and electromagnetic quality studies;
- Waste management practices and use of local materials;
- Biodiversity protection.

Given the contribution of the Icade Green Bond to the company's comprehensive CSR strategy, its demonstrated performance on defined targets, and Icade's processes to detect and avoid common environmental and social risks, Sustainalytics is of the opinion that the company is well positioned to issue a green bond. Furthermore, Icade rates as one of the leading companies in the Real Estate Industry in terms of ESG performance, as per Sustainalytics' ESG research universe.<sup>7</sup>

### **Section 3: Contextual Impact of Use of Proceeds**

#### **Importance of sustainable real estate in France**

With an increasing rate in urban development, the real estate sector has one of the most significant environmental footprints in terms of consumption of natural resources, and is a growing contributor to

<sup>6</sup> Similarly to a positive energy building which produces more energy than it uses, a construction site with net positive biodiversity observes marked improvements in biodiversity over time as a result of initiatives taken in key areas affecting biodiversity such as the proportion of green space, the sustainable management of these spaces (the absence of pesticides, ecological mowing, etc.), artificial night-time lighting that is not harmful to local wildlife, sound water management and monitoring animal and plant life. In practice, expert ecologists establish a baseline for the monitoring indicators on these crucial topics and will be responsible for measuring them over time. Obtaining positive feedback from these indicators, and thus improving the site's biodiversity compared with the starting point, is the goal. This progression is what determines the net positive impact. Icade has already established the baselines on several Commercial Property Investment Division sites and will measure its first biodiversity indicators in 2017.

<sup>7</sup> Information as per July 2017; For further details please refer to Appendix III.

CO<sub>2</sub> emissions. In addition, the real estate sector has other environmental impacts, including waste production, pollution, use of water and consumption of other natural resources.

In France, the real estate sector accounts for 43% of final energy consumption<sup>8</sup> and 25% of greenhouse gas emissions. In light of this, and in alignment with France's Paris Agreement<sup>9</sup> pledge, the French government has engaged with the real estate sector to reach the government's objectives in reducing greenhouse gas emissions, as put forward by the *Grenelle Laws* and the *Sustainable Building Plan*<sup>10</sup>. The *Grenelle Law 2* states that "all buildings must have their energy consumption reduced by more than 38% before 2020". The awareness around the importance of green buildings and quality certification of buildings by independent third parties contributes to this objective of the *Grenelle Law 2*. Additionally, the European Union has reviewed its '*Energy Efficiency Directive*' and '*Energy Performance of Buildings Directive*', the EU's main legislation covering the reduction of the energy consumption of buildings, and setting European targets for energy efficiency. Given that about 35% of the EU's buildings are over 50 years old<sup>11</sup>, energy efficiency measures represent an important part of the required investments to achieve those targets.

Given this context, Sustainalytics is of the opinion that Icade's Green Bond provides an important contribution to addressing priorities of France and the French Government to reduce its carbon emissions and improve energy efficiency, allowing the country to achieve European and international targets on climate change.

#### ***Assessing the impact of green building certifications***

Icade is striving to increase the areas of offices and new buildings with green building certification, namely HQE certification and BREEAM. Overall Sustainalytics considers these certification schemes to be credible and ensure an integration of social and environmental considerations during all stages of a building's life cycle. Appendix I shows a comparison between these certification schemes and LEED.

However, Sustainalytics notes that the majority of BREEAM indicators are tradable and without minimum requirements, meaning that buildings can receive the same certification based on the fulfilment of different indicators. Sustainalytics considers that this weakness is partly overcome in Icade's framework as the company commits to transparent reporting, disclosing energy consumption and carbon footprint on a portfolio level, regardless of the certification used. Furthermore, to be eligible for the use of proceeds from Icade's Green Bond, buildings need to achieve a minimum of BREEAM 'very good' or HQE 'very good', providing assurance to investors that those assets are well aligned with green building expectations. Sustainalytics recommends Icade to keep striving to achieve the highest levels of certifications within those schemes, as certifications can be obtained with different (lower) levels of performance. As of July

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<sup>8</sup> Policy measure fact sheet – France, European Construction Sector Observatory, European Commission, September 2016

<sup>9</sup> Parties to the UN Climate Change Conference (COP21), which took place in Paris, France, in December 2015, agreed to a deal to keep global warming below 2°C (the "Paris Agreement"). To achieve this target, the World Bank estimates that a 36% reduction in total CO<sub>2</sub> emissions in the real estate sector is required by 2030.

<sup>10</sup> <http://www.planbatimentdurable.fr/>

<sup>11</sup> Energy Statistics, European Commission, <https://ec.europa.eu/energy/en/topics/energy-efficiency/buildings>, accessed in April 2017

2017, Icade has clarified that 100% of the assets identified to be eligible, are at least HQE ‘excellent’ or ‘exceptional’, in alignment with best practices.

Lastly, Icade has clarified to Sustainalytics that the certifications obtained will be focused on the construction phase of the assets, and that there is a minimum risk that the assets would lose the assigned certification during the term of the bond<sup>12</sup>, as it could potentially be the case of ‘in-use’ certification that needs to be renewed annually. In case an eligible asset would lose its certification, Icade commits to replacing it by another asset that complies with the eligibility criteria.

## Conclusion

Icade, one of the leading companies in the Real Estate Industry in terms of ESG performance, as per Sustainalytics’ ESG research universe, developed a Green Bond Framework for the future issuance of a Green Bond. The proceeds will be allocated towards financing or refinancing:

- (i) the construction and/or renovation of green buildings (i.e. buildings that received a minimum of HQE ‘very good’ and/or BREEAM ‘very good’ certification, are located within 400m of public transport and for which there is an existing or planned set up of a Green Lease Committee); and
- (ii) investments in energy efficiency and energy transition projects, including energy efficiency equipment projects, renewable energy production projects and eco-mobility projects.

Sustainalytics is of the opinion that the use of third party green building certification schemes ensures the integration of environmental and social considerations, and Icade commits to certification levels that represent a good performance level. Sustainalytics recommends Icade to keep striving to achieve the highest levels of certifications within those schemes. In addition, Icade will ensure high level of transparency in terms of the environmental performance of the financed assets, including key impact metrics such as energy consumption and emissions avoided.

Overall, Icade’s Green Bond Framework aligns with the Green Bond Principles 2017, displaying best practices in process selection and evaluation, and allocation and impact reporting. Additionally, Icade’s Green Bond Framework fully aligns with the company’s CSR strategy (namely with the second pillar focusing on stepping up energy transition and saving resources) and will support Icade in achieving several environmental targets that are important both to the company and to the French real estate context.

Based on the above, Sustainalytics is confident that Icade is well positioned to issue a Green Bond and Icade’s Green Bond Framework is transparent, credible, and in alignment with the four pillars of ICMA’s Green Bond Principles 2017.

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<sup>12</sup> Construction certifications are related to the building materials and equipment used. Hence, unless there is a dramatic change of the structure of the building, HQE and BREEAM construction certification will be maintain continuously during the bond for every asset. Losing a construction certification, would imply demolishing or renovating heavily a major part of the building. Since all the assets to be financed with Icade’s Green Bond are new buildings or equivalent new buildings (recently refurbished and certified) it is very unlikely that a major refurbishment would affect the certification.

## APPENDICES

### Appendix I: Overview and comparison of Real Estate Certification Schemes<sup>13</sup>

	HQE	BREEAM	LEED
<b>Background</b>	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.	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK. Used for new, refurbished and extension of existing buildings.	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.
<b>Certification levels</b>	Pass Good Very good Excellent Exceptional	Pass Good Very Good Excellent Outstanding	Certified Silver Gold Platinum
<b>Areas of Assessment: Environmental Project Management</b>	Global management system	Management (Man) addresses various aspects: project management, deployment, minimal environmental disturbance worksite and stakeholder engagement.	Integrative process, which requires, from the beginning of the design process, the identification and creation of synergies between the various project stakeholders regarding the construction choices and the technical systems.
<b>Areas of Assessment: Environmental Performance of the Building</b>	<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> </ul>	Energy Land Use and Ecology Pollution Transport Materials Water Waste Health and Wellbeing Innovation	Energy and atmosphere Sustainable Sites Location and Transportation Materials and resources Water efficiency Indoor environmental quality Innovation in Design Regional Priority

<sup>13</sup> Based on information provided in the analysed certification initiatives and a comparison study:

- BREEAM: BREEAM International 2013

- HQE: HQE 2013 Non-Residential, updated in October 2014

- LEED: LEED Green Building Design + Construction V4

International environmental certifications for the design and construction of non-residential buildings - The positioning of HQE certification relative to BREEAM and LEED, France GBC and Alto Ingenierie, June 2015

	<ul style="list-style-type: none"> <li>Principles of Equivalence</li> </ul>		
<b>Requirements</b>	<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>Prerequisites depending on the levels of certification + Credits with associated points</p> <p>This number of points is then weighted by item<sup>14</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' and a 'Post Construction Stage', with different assessment criteria.</p>	<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>
<b>Performance display</b>			
<b>Accreditation</b>	<p>HQE Construction Certification Referent</p> <p>HQE Operations Certification Advisor</p>	<p>BREEAM International Assessor</p> <p>BREEAM AP BREEAM In Use Assessor</p>	<p>LEED AP BD+C</p> <p>LEED AP O+M</p>
<b>Qualitative considerations</b>	<p>HQE certification has the most number of targets concerning individuals. The "Comfort" and "Health" related themes are the most developed in this scheme.</p> <p>The HQE scheme recognises European and international standards (in particular the ISO and ASHRAE standards).</p>	<p>Used in more than 70 countries: Good adaptation to the local normative context.</p> <p>Predominant environmental focus.</p> <p>BREEAM certification is less strict (less minimum thresholds) than HQE and LEED certifications.</p>	<p>Widely recognised internationally, and strong assurance of overall quality.</p>

<sup>14</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 II: Documents reviewed

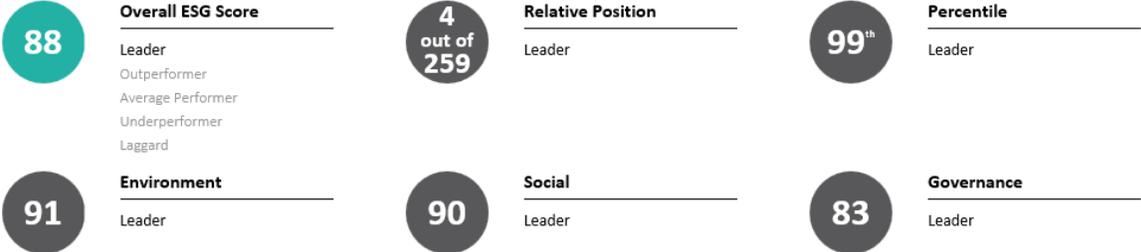
Sustainalytics reviewed the following documents for the purposes of writing this report:

Number	Document Name
1	Icade's website – <a href="http://www.icafe.fr">www.icafe.fr</a>
2	Icade 2016 Registration Document – includes 2016 Corporate Social Responsibility Chapter
3	<i>CDP Climate Change Report 2016 - France and Benelux edition</i> , CDP, October 2016
4	<i>Industry Agenda: Environmental Sustainability Principles for the Real Estate Industry</i> , World Economic Forum, January 2016
5	<i>Policy measures fact sheet – France</i> , European Construction Sector Observatory, European Commission, September 2016
6	France's Sustainable Building Plan - <a href="http://www.planbatimentdurable.fr/">http://www.planbatimentdurable.fr/</a>
7	<i>International environmental certifications for the design and construction of non-residential buildings - The positioning of HQE certification relative to BREEAM and LEED</i> , France GBC and Alto Ingenierie, June 2015
8	Energy Statistics, European Commission
9	EU's 2030 policy framework - <a href="http://www.eceee.org/policy-areas/2030-policy-framework">http://www.eceee.org/policy-areas/2030-policy-framework</a>
10	Sustainalytics' ESG Assessment – Icade S.A., accessed in May 2017

## Appendix III: Sustainalytics' ESG Assessment of Icade

### ESG Summary

#### Overall performance



### Environment



## Appendix IV: Green Bond External Review Form

### Green Bond External Review Form

#### Section 1. Basic Information

**Issuer name:** Icade S.A.

**Green Bond ISIN or Issuer Green Bond Framework Name:** Icade Green Bond

**Review provider's name:** Sustainalytics

**Completion date of this form:** August 2017

**Publication date of review publication:**

#### Section 2. Review overview

##### SCOPE OF 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 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification   | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other ( <i>please specify</i> ):                       |  |

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

Please refer to Icade Green Bond Framework, July 2017, available at <http://www.icable.fr/en/finance/financing/bond-issue> and Second Opinion document above.

## Section 3. Detailed review

### 1. USE OF PROCEEDS

#### Overall comment on section

Proceeds of the Icade Green Bond will be allocated towards:

1. Investments in construction and/or renovation of Green Buildings that meet each of the eligibility criteria defined below:

(i) HQE certification (construction or renovation) 'Very Good' minimum level and/or BREEAM 'Very Good' minimum level certification,

(ii) Distance to public transport not exceeding 400m (bus, train, tram, metro, river shuttle, private bus shuttle); and

(iii) Existing or planned set up of a Green Lease Committee ("Comité Bail Vert") with its tenants, with a specific action plan regarding energy, carbon, waste and water, subject to acceptance by the tenant (for properties under the Environmental Appendix regulation, i.e. commercial properties >2,000 sq.m.)

2. Investments in energy efficiency and energy transition projects

(i) Energy efficiency equipment projects that reach a minimum threshold of 20% in energy savings (in kWh<sub>PE</sub>/sq.m/year), and/or 20% CO<sub>2</sub> emissions reduction (in kg CO<sub>2</sub> eq/sq.m/year), compared to the existing situation (theoretical performance calculation based on technical documentation provided by equipment suppliers).

(ii) Renewable energy production projects that fall under the following technology categories: solar (photovoltaic power system, solar thermal energy in urban areas), wind (in urban areas), geothermal energy solutions, in order to reach Icade's goal of 20% of renewable energy in its property assets' energy mix by 2020.

(iii) Eco-mobility projects that include electric vehicle (EV) charging stations and any infrastructure promoting the use of low-carbon transport solutions in urban areas, such as electric vehicles and bicycles.

Sustainalytics considers that the use of third party green building certification schemes ensures the integration of environmental and social considerations, and Icade commits to certification levels that represent a good performance. Sustainalytics recommends Icade to keep striving to achieve the highest levels of certifications within those schemes.

Overall, Sustainalytics is confident that Icade's Green Bond will provide a positive contribution to the efforts of the French government and of Icade to improve the environmental impact of the real estate market in France, by promoting several measures that will reduce GHG emissions and improve resource efficiency.

**Use of proceeds categories as per GBP:**

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Renewable energy   | <input checked="" type="checkbox"/> Energy efficiency   |
| <input type="checkbox"/> Pollution prevention and control  | <input type="checkbox"/> Sustainable management of living natural resources   |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation   | <input checked="" type="checkbox"/> Clean transportation  |
| <input type="checkbox"/> Sustainable water management  | <input type="checkbox"/> Climate change adaptation  |
| <input type="checkbox"/> Eco-efficient products, production technologies and processes   | <input checked="" type="checkbox"/> Other ( <i>please specify</i> ): Green Buildings: the GBP 2017 identifies Green Buildings as an eligible project category |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs |   |

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

**Overall comment on section:**  
 Icade’s eligible projects and assets are evaluated and selected by a dedicated Green Bond Committee comprising the Chief Financial Officer, the Head of Investor Relations, the Finance department, the Property Investment department, the Portfolio Management, the Corporate Social Responsibility department and the Environmental Transition department. Additionally, an independent third party will validate the conformity of the assets with the eligibility criteria on an annual basis (commonly known as annual compliance review). Sustainalytics is of the opinion that having a dedicated committee with ‘C-level’ involvement is a best practice among green bond issuances.

**Evaluation and selection**

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available       | <input type="checkbox"/> Other ( <i>please specify</i> ):   |

**Information on Responsibilities and Accountability**

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

### 3. MANAGEMENT OF PROCEEDS

**Overall comment on section (if applicable):**

An amount equal to the net proceeds of the Green Bond issue will be credited to the treasury liquidity portfolio of Icade. Pending allocation to eligible projects and assets, unallocated proceeds will temporarily be invested in accordance with Icade's investment guidelines in cash, deposits and money market instruments. Allocation reporting will be externally audited. This is in line with market practices.

**Tracking of proceeds:**

- Green Bond proceeds segregated or tracked by the issuer in a systematic 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 checked="" type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (please specify):  |

### 4. REPORTING

**Overall comment on section (if applicable):**

*Allocation Reporting*

An external auditor will verify annually both the allocated proceeds to eligible green project categories and the remaining balance of unallocated proceeds. Icade will also provide details on the list of projects and assets financed. Additionally, an external party will provide an annual compliance review, analysing the compliance of the financed projects with the eligibility criteria defined in the Icade Green Bond Framework. This is in line with best market practice.

*Impact Reporting*

Sustainalytics considers that the impact reporting framework defined by Icade provides transparent impact information, communicating information on the type of assets financed, green building certification levels, installed renewable energy capacity, avoided CO<sub>2</sub> emissions, among other metrics.

Overall, Sustainalytics would highlight Icade's strong commitment to allocation and impact reporting, in line with best practices among green bond issuances.

**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:**

- Allocated amounts
- Other (*please specify*):
- GB financed share of total investment

**Frequency:**

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

**Impact reporting:**

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

**Frequency:**

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

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

- GHG Emissions / Savings
- Other ESG indicators (*please specify*):  
building certifications, average distance to public transport, presence of a Green Lease Committee, leasable floor area with LED lighting, installed power facilities, leasable floor area with electric vehicle (EV) charging stations
- Energy Savings

**Means of Disclosure**

- Information published in financial report
- Information published in ad hoc documents
- Reporting reviewed (*if yes, please specify which parts of the reporting are subject to external review*):  
*allocation reporting and conformity of the assets with the eligibility criteria on an annual basis (commonly known as annual compliance review).*
- Information published in sustainability report
- Other (*please specify*):

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.)

<http://www.icade.fr/en/finance/financing/bond-issue>

**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**

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

- |   |  |
|---|--|
| <input checked="" 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 (please specify):                                |  |

**Review provider(s):**

**Date of publication:**

**ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP**

- (i) Consultant Review: An issuer can seek advice from consultants and/or institutions with recognized expertise in environmental sustainability or other aspects of the issuance of a Green Bond, such as the establishment/review of an issuer's Green Bond framework. "Second opinions" may fall into this category.
- (ii) Verification: An issuer can have its Green Bond, associated Green Bond framework, or underlying assets independently verified by qualified parties, such as auditors. In contrast to certification, verification may focus on alignment with internal standards or claims made by the issuer. Evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria.
- (iii) Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against an external green assessment standard. An assessment standard defines criteria, and alignment with such criteria is tested by qualified third parties / certifiers.
- (iv) Rating: An issuer can have its Green Bond or associated Green Bond framework rated by qualified third parties, such as specialised research providers or rating agencies. Green Bond ratings are separate from an issuer's ESG rating as they typically apply to individual securities or Green Bond frameworks / programmes.

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## SUSTAINALYTICS

Sustainalytics is an independent ESG and corporate governance research, ratings and analysis firm supporting investors around the world with the development and implementation of responsible investment strategies. With 13 offices globally, Sustainalytics partners with institutional investors who integrate environmental, social and governance information and assessments into their investment processes. Today, the firm has more than 300 staff members, including 170 analysts with varied multidisciplinary expertise of more than 40 sectors. Through the IRRI survey, investors selected Sustainalytics as the best independent responsible investment research firm for three consecutive years, 2012 through 2014 and in 2015, Sustainalytics was named among the top three firms for both ESG and Corporate Governance research. The firm was also named the Best SRI or Green Bond Research Firm by Global Capital in 2015. For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com)

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