

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Finance
Framework

Zug Estates Holding AG

19 August 2024

VERIFICATION PARAMETERS

Type(s) of
instruments
contemplated

- Green finance instruments

Relevant standards

- Green Bond Principles (GBP), as administered by the International Capital Market Association (ICMA) (as of June 2021 with June 2022 Appendix 1)
- Green Loan Principles (GLP), as administered by the Loan Market Association (LMA) (as of February 2023)

Scope of verification

- Zug Estates Green Finance Framework (as of Aug. 13, 2024)
- Zug Estates Eligibility Criteria (as of Aug. 13, 2024)

Lifecycle

- Pre-issuance verification

Validity

- Valid as long as the cited Framework remains unchanged

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SCOPE OF WORK

Zug Estates Holding AG (“Zug Estates,” “the Issuer” or “the Company”) commissioned ISS-Corporate to assist with its green finance instruments by assessing three core elements to determine the sustainability quality of the instruments:

1. Zug Estates’ Green Finance Framework (as of Aug. 13, 2024), benchmarked against the International Capital Market Association’s Green Bond Principles and the Loan Market Association’s Green Loan Principles.
2. The Eligibility Criteria — whether the project categories contribute positively to the United Nations Sustainable Development Goals (U.N. SDGs) and how they perform against proprietary issuance-specific key performance indicators (KPIs) (see Annex 1).
3. Consistency of green finance instruments with Zug Estates’ sustainability strategy, drawing on the key sustainability objectives and priorities defined by the Issuer.

ZUG ESTATES OVERVIEW

Zug Estates Holding AG engages in the investment, development and marketing of real estate properties. It operates through the real estate and hotel and catering segments. The real estate segment leases residential and commercial properties. The hotel and catering segment manages hotels and serviced apartments. The company is a spin-off of the former Metall Zug real estate division, was founded in March 2012 and is headquartered in Zug, Switzerland.



ESG risks associated with the Issuer's industry

Zug Estates is classified in the real estate industry, as per ISS ESG's sector classification. Key sustainability issues faced by companies¹ in this industry are green building considerations, climate protection, energy efficiency and renewable energy, occupational health and safety, health and well-being of occupants, and environmental and social aspects in site selection.

This report focuses on the sustainability credentials of the issuance. Part III of this report assesses the consistency between the issuance and the Issuer's overall sustainability strategy.

¹ Please note that this is not a company-specific assessment but rather areas that are of particular relevance for companies within that industry.

ASSESSMENT SUMMARY

| SPO SECTION | SUMMARY | EVALUATION ² |
|---|--|--|
| <p>Part I:</p> <p>Alignment with GBP and GLP</p> | <p>The Issuer has defined a formal concept for its green finance instruments regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the GBP and GLP.</p> | <p>Aligned</p> |
| <p>Part II:</p> <p>Sustainability quality of the Eligibility Criteria</p> | <p>The Green finance instruments will (re)finance the following eligible asset categories:</p> <p>Green categories: Green Buildings, Renewable Energy</p> <p>Product and/or service-related use of proceeds categories³ individually contribute to one or more of the following SDGs:</p> <div data-bbox="691 1048 924 1167" style="text-align: center;">  </div> <p>Process-related use of proceeds categories⁴ individually (i) improve the Issuer's/Borrower's operational impacts and (ii) mitigate potential negative externalities of the Issuer's/Borrower's sector on one or more of the following SDGs:</p> <div data-bbox="632 1503 983 1621" style="text-align: center;">  </div> <p>The environmental and social risks associated with the use of proceeds categories are managed.</p> | <p>Positive</p> |
| <p>Part III:</p> <p>Consistency of Green finance</p> | <p>The key sustainability objectives and the rationale for issuing green finance instruments are clearly described by the Issuer. All project categories</p> | <p>Consistent with Issuer's</p> |

² The evaluation is based on Zug Estates' Green Finance Framework (Aug. 13, 2024), on the analyzed eligibility criteria as received on Aug. 13, 2024.

³ Green Buildings, Renewable Energy.

⁴ Green Buildings, Energy Efficiency.

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Sustainability Quality of the Issuer
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| instruments with Zug Estates' sustainability strategy | considered are in line with the Issuer's sustainability objectives. At the date of publication of the report and leveraging ISS ESG Research, no severe controversies have been identified. | sustainability strategy |
|--|--|------------------------------------|

SPO ASSESSMENT

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

This section evaluates the alignment of Zug Estates’ Green Finance Framework (as of Aug. 13, 2024) with the GBP and GLP.

| GBP AND GLP | ALIGNMENT | OPINION |
|---|-----------|--|
| <p>1. Use of Proceeds</p> | <p>✓</p> | <p>The Use of Proceeds description provided by Zug Estates’ Green Finance Framework is aligned with the GBP and GLP.</p> <p>The Issuer’s green categories and underlying collaterals align with the project categories as proposed by the GBP and GLP, and criteria are defined clearly and transparently. Disclosure of distribution of proceeds by project category is provided to the investors at pre-issuance. Environmental benefits are described and quantified.</p> |
| <p>2. Process for Project Evaluation and Selection</p> | <p>✓</p> | <p>The Process for Project Evaluation and Selection description provided by Zug Estates’ Green Finance Framework is aligned with the GBP and GLP.</p> <p>The project selection process is defined, and ESG risks associated with the project categories are identified and managed appropriately. The Issuer defines exclusion criteria for harmful projects categories, in line with best market practice, involves various stakeholders in this process and provides information on how the selection and evaluation process fits within the context of their overarching objectives, strategy, policy and/or processes relating to environmental sustainability, in line with best market practices.</p> |
| <p>3. Management of Proceeds</p> | <p>✓</p> | <p>The Management of Proceeds provided by Zug Estates’ Green Finance Framework is aligned with the GBP and GLP.</p> |

| | | |
|----------------------------|----------|--|
| | | <p>The net proceeds collected will equal the amount allocated to eligible projects. The net proceeds are tracked appropriately and managed on an aggregated basis for green finance instruments (portfolio approach). Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds.</p> <p>The Issuer discloses information regarding the allocation to portfolio disbursements in two sites in Zug (Zentrumsareal/Metalli) and Risch-Rotkreuz (Suurstoffi), in line with best market practice.</p> <p>The risk of double counting is addressed by appropriate ringfencing of the eligible projects and mortgage assets, which is subject to internal audits. Additionally, the Issuer is transparent on the nature of the instruments and its impacts.</p> |
| <p>4. Reporting</p> | <p>✓</p> | <p>The allocation and impact reporting provided by Zug Estates' Green Finance Framework is aligned with the GBP and GLP.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and to report annually until the maturity of the green finance instrument. The reporting will be publicly available on the Issuer's website. Zug Estates has disclosed the type of information that will be reported and explains that the level of expected reporting will be at the portfolio level, integrating the established green bonds and reporting practices into a new comprehensive green finance reporting system.</p> <p>The Issuer is transparent on the level of impact reporting (at the portfolio level), the information reported and further defines the scope, frequency and methodology of the impact reporting (annually), in line with best market practices.</p> <p>Moreover, the Issuer discloses the location and link to the reports and commits to having the allocation report audited by an external party</p> |

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| | | |
|--|--|--|
| | | each time proceeds are outstanding or have not been allocated, in line with best market practices. |
|--|--|--|

PART II: SUSTAINABILITY QUALITY OF THE ELIGIBILITY CRITERIA

A. CONTRIBUTION OF THE GREEN FINANCE INSTRUMENTS TO THE U.N. SDGs⁵

Companies can contribute to the achievement of the SDGs by providing specific services/products that help address global sustainability challenges, and by being responsible corporate actors, working to minimize negative externalities in their operations along the entire value chain. This section assesses the SDG impact of the UoP categories financed by the Issuer in two different ways, depending on whether the proceeds are used to (re)finance:

- Specific products/services
- Improvements of operational performance


1. Products and services

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an Issuer's products or services on the SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the Green/Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on a three-point scale:



Each of the green finance instruments' Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

| USE OF PROCEEDS (PRODUCTS/SERVICES) | CONTRIBUTION OR OBSTRUCTION | SUSTAINABLE DEVELOPMENT GOALS |
|--|-----------------------------|---|
| <p>Green Buildings</p> <p><i>Sites, existing properties or new buildings with greenhouse gas emissions of less than 1 kg per m² of energy reference area per year (< 1 kg CO₂e/m² Energy Reference Area (ERA) p.a.)</i></p> | <p>Contribution</p> |  |

⁵ The impact of the UoP categories on U.N. Sustainable Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer's description in the Framework.

during operation⁶ (Scope 1 and 2, "market-based" incl. out-of-scope emissions based on the methodology of the Greenhouse Gas Protocol).⁷

Renewable Energy

Investments in the expansion, refurbishment or replacement of infrastructure for the production of renewable energies:

- Installation of photovoltaic systems
- Realization of energy storage solutions



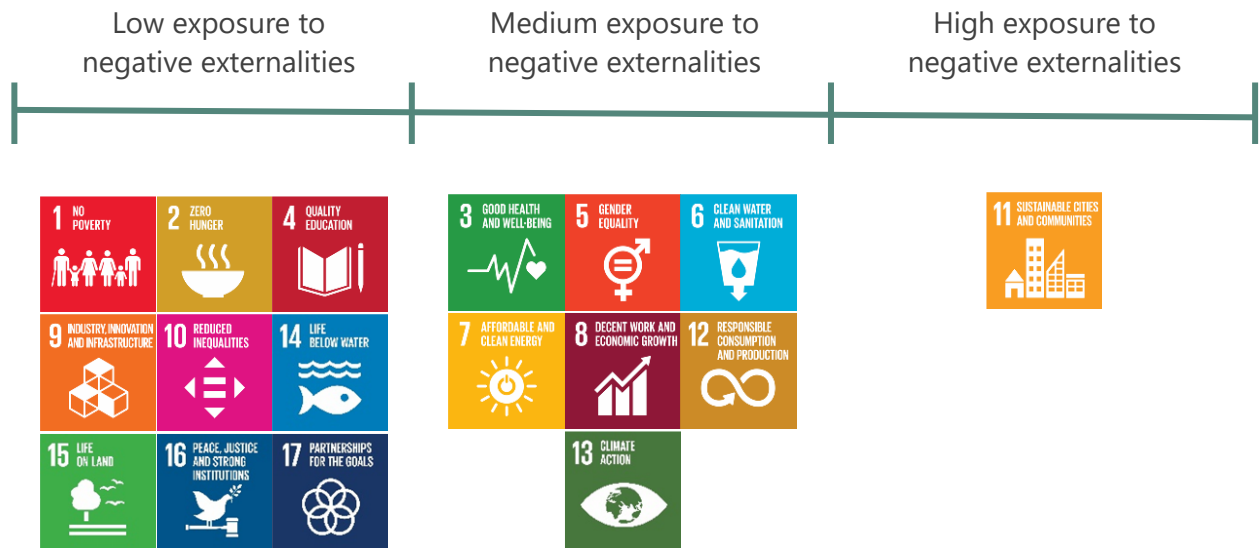
2. Improvements of operational performance (processes)

The below assessment qualifies the direction of change (or “operational impact improvement”) resulting from the operational performance projects (re)financed by the UoP categories, as well as related U.N. SDGs impacted. The assessment displays how the UoP categories mitigate the exposure to the negative externalities relevant to the Issuer’s business model and sector.


According to ISS ESG SDG Impact Rating methodology, potential impacts on the SDGs related to negative operational externalities in the real estate sector (to which Zug Estates belongs) are the following:

⁶ Operations refers to emitting activities that exclude the construction phase.

⁷ The calculation methodology of CO₂ emissions is followed by an external independent third party and outlined in a document shared by the Issuer. Emissions are accounted for based on published emissions factors taken from the [Intep study](#) “Greenhouse gas emissions for the buildings sector” in accordance with the Coordination Conference of the Construction and Property Bodies of Public Building Owners (KBOB) 2022, and REIDA benchmarking [methodology](#) for the Swiss real estate sector. Green Buildings financed under the underlying Framework belong to the top 15% of the national building stock.



The table below displays the direction of change resulting from the operational performance improvement projects. The outcome displayed does not correspond to an absolute or net assessment of the operational performance.

| USE OF PROCEEDS (PROCESSES) | OPERATIONAL IMPACT IMPROVEMENT ⁸ | SUSTAINABLE DEVELOPMENT GOALS |
|--|---|---|
| <p>Green Buildings</p> <p>Sites, existing properties or new buildings that meet or will meet one of the following recognized standards for green buildings through development or refurbishment:</p> <ul style="list-style-type: none"> ▪ BREEAM New Construction (Very good and above) ▪ BREEAM In-Use Building (Very good and above) ▪ DGNB/SGNI New Construction (Gold and above) ▪ DGNB/SGNI Building in operation (Gold and above) ▪ DGNB/SGNI Site (Gold and above) ▪ SNBS (Gold and above) |  |  |

⁸ Limited information is available on the scale of the improvement as no threshold is provided. Only the direction of change is displayed.

- SNBS Site

Green Buildings

Sites, existing properties or new buildings that meet or will meet one of the following recognized standards for green buildings through development or refurbishment:



- MINERGIE Certification (Minergie, Minergie-P, Minergie-A, Minergie-ECO)

Green Buildings

Measures and investments that will lead to a reduction in greenhouse gas emissions to below 1 kg per m² energy reference area per year (<1 kg CO₂e/m² ERA p.a.) (Scope 1 and 2, "market-based" incl. out-of-scope emissions based on the methodology of the Greenhouse Gas Protocol)⁹



Energy Efficiency

Energy-efficient refurbishments and measures that lead to significantly lower energy consumption (-30% Primary Energy Demand kWh/m² ERA):



- Refurbishments to reduce energy intensity

Energy Efficiency

Energy-efficient refurbishments and measures that lead to significantly lower energy consumption (kWh/m² ERA):



- Improvements in ventilation systems

⁹ The calculation methodology of CO₂ emissions is followed by an external independent third party and outlined in a document shared by the Issuer. Emissions are accounted for on the basis of published emissions factors taken from the [Intep study](#) "Greenhouse gas emissions for the buildings sector" in accordance with the Coordination Conference of the Construction and Property Bodies of Public Building Owners (KBOB) 2022, and REIDA benchmarking [methodology](#) for the Swiss real estate sector. Green Buildings considered under the underlying Framework belong to the top 15% of the national building stock.

B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE ELIGIBILITY CRITERIA

The table below evaluates the Eligibility Criteria against issuance-specific KPIs. All projects are located in Switzerland.

| ASSESSMENT AGAINST KPIs | |
|--|---|
| Labor, Health and Safety | |
| All categories | |
| ✓ | The assets are located in Switzerland, where high labor, health and safety standards are in place (i.e., International Labor Organization core conventions). |
| On-site safety | |
| Energy Efficiency; Renewable Energy (Realization of energy storage solutions) | |
| ✓ | Zug Estates has comprehensive on-site safety measures for all its sites and properties. Continuous training for safety-responsible employees is mandatory and conducted at least annually. The Zentrumsareal site and the Suurstoffi area host Zug Estates offices, where trained safety-responsible employees are stationed, allowing for rapid on-site response to any issues. The areas are monitored in real-time through advanced monitoring systems. In collaboration with the fire department, Zug Estates has developed an extensive fire protection and emergency response plan, with each building having a tailored emergency plan to address specific needs and scenarios. Furthermore, the assets financed under this Framework are and will be located in Switzerland, where high health and safety standards are in place. |
| User safety | |
| Green Buildings | |
| ✓ | Zug Estates has measures in place to ensure user safety in buildings financed under this Framework. In Switzerland, building safety is governed by the national building code whereby building permits are granted by the Amt für Baubewilligung (Abteilung Baukontrolle) implementing safety measures at the municipal level. National as well as cantonal building regulations and building laws rule the processes for building permits and set thresholds to provide protection such as against noise, vibrations, moisture and fire. In addition, the operational safety of buildings is governed by a series of regulations related to building constructions that cover fire safety, protection against noise and hygiene. The Noise Abatement Ordinance and the Environmental Protection Act provide the legal basis for noise abatement measures, aiming to reduce |

noise at the source through technology and state-of-the-art solutions. Furthermore, the [fire protection standards](#), declared mandatory by the Association of Cantonal Fire Insurance Companies (AEAI), establish the framework for fire protection in terms of general duties, construction, fire protection equipment, organizational aspects and associated fire protection measures.

Site location

Green buildings



All Zug Estates buildings and sites are located within a maximum of 1 kilometer from high-frequency public transport facilities. Specifically, the Zentrumsareal (including Metalli) in Zug is directly adjacent to the main train station in Zug. Similarly, the Suurstoffi site is situated next to Zug's second-largest train station. The remaining buildings, which represent less than 10% of the portfolio, are also conveniently located close to the two sites and within walking distance (less than 1 kilometer) of the mentioned two train stations.

Environmental aspects of construction (or production) and operation

Renewable Energy (Realization of energy storage solutions)



The Issuer has measures in place systematically ensuring that assets financed under this Framework have run through a comprehensive Life Cycle Assessments (LCA). The integration of LCA is a part of Zug Estates' strategy.¹⁰ Zug Estates conducts an LCA with every project, and this will also be the case for energy storage solutions as soon as the first of these projects enters the planning phase.



The Issuer has measures in place systematically ensuring that assets financed under this Framework feature take back and recycling at end-of-life. Zug Estates will conduct a LCA including solutions for recycling at end-of-life (e.g., contract with supplier, local recycling facilities and re-utilization).



The Issuer has measures in place systematically ensuring that assets financed under this Framework provide for a comprehensive environmental management system. Zug Estates has a formal environmental management policy and data compliance system in place, as well as clearly defined targets and objectives. The Issuer has a sustainability core team responsible for initiating new ideas and the evaluation, implementation, monitoring and

¹⁰ This information is provided by the Issuer.

verification of projects. The vast majority of the assets will meet high environmental standards.¹¹



The Issuer has measures in place systematically ensuring that assets financed under this Framework provide for monitoring technologies ensuring high operational standards. Zug Estates uses advanced real-time monitoring and control systems across all its properties and facilities. These systems are automated to oversee critical infrastructure such as photovoltaic arrays, electrical distribution, HVAC systems and the district energy network for heating and cooling.

Energy Efficiency



Zug estates has policies and measures in place systematically ensuring that assets financed under this Framework meet high environmental standards and requirements in the supply chain. All suppliers must abide by the [Supplier Code of Conduct](#) as an integral part of supplier contracts. Suppliers must comply with all relevant environmental laws, regulations and standards, and also must maintain systems that identify and eliminate environmental hazards, protect natural resources, minimize environmental impact, conserve materials and energy, prevent and reduce waste, and promote recycling. Zug Estates reserves the right to verify compliance with the Supplier Code of Conduct through spot checks conducted by itself or a commissioned third party. Violations must be rectified, and if not resolved as agreed, Zug Estates may terminate the business relationship. Suppliers and their employees can anonymously report violations to an independent ombudsman, with contact details available on Zug Estates’ website.

Energy Efficiency; Renewable Energy (Installation of photovoltaic systems)



The treatment of end-of-life electronic equipment waste in [Switzerland](#) is identical to the process specified in [Directive 2011/65/EU \(RoHS\)](#) covering the avoidance, recovery and disposal of waste aspects of hazardous substances in electrical and electronic equipment. Furthermore, in Switzerland, recyclable waste must be separated from all non-recycled combustible waste as they are intended for incineration under the [Ordinance on the Avoidance and Disposal of Waste](#).

Green Buildings



In line with Swiss industry practices, Zug Estates prioritizes the use of recycled building materials in its construction projects. For upcoming construction projects, including buildings S43 and S45, Zug Estates plans to

¹¹ As outlined in the materiality matrix on Page 11 of the Issuer’s [2023 sustainability report](#).

use recycled concrete, further reinforcing its commitment to sustainability. Additionally, for the Lebensraum Metalli development, Zug Estates is actively consulting with engineering experts to identify and implement recyclable and reusable materials. Zug Estates places significant emphasis on sourcing building materials locally within Switzerland. Via the supplier code of conduct, Suppliers must comply with all relevant environmental laws, regulations and standards, and are expected to maintain systems to identify and eliminate environmental hazards, protect natural resources, minimize environmental impact, conserve materials and energy, prevent and reduce waste, and promote recycling. Suppliers must also prioritize the safety, security and health of employees by adhering to applicable standards and labor protection laws. They are obligated to implement mechanisms to communicate and enforce health and safety obligations, identify and minimize hazards, provide safe equipment and train employees. Systems and training for handling accidents and emergencies, recording and investigating incidents, and notifying Zug Estates of such incidents (if contractually required) must be in place.

Conservation and biodiversity management

Green Buildings; Renewable Energy (Installation of photovoltaic systems)



The Issuer has measures in place ensuring that assets financed under this Framework underwent environmental impact assessments (EIA) at the planning stage. For new projects, buildings and PVs, the Issuer systematically performs an EIA, which is exemplified by the obtaining of DGNB platinum certification for construction sites.¹²

Water use minimization in buildings

Green Buildings



The Issuer has measures in place systematically ensuring that the assets financed under this Framework provide for water consumption savings or water improvements reduction. Such measures encompass the adoption of advanced water-saving appliances from V-Zug such as the installation of water-efficient showerheads. The Issuer also continuously collaborates with third-specialized service providers to optimize water management practices and ensure their effectiveness.

¹² As outlined on Page 24 of the Issuer's [2023 sustainability report](#).

PART III: CONSISTENCY OF GREEN FINANCE INSTRUMENTS WITH ZUG ESTATES' SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

| TOPIC | ISSUER APPROACH |
|------------------------------------|--|
| <p>Strategic ESG topics</p> | <p>Zug Estates focuses on 11 key Global Reporting Initiative material topics to drive its sustainability strategy: attractive work environment, biodiversity, business success, connected communities, development of living spaces, energy and emissions, innovation, materials, responsible corporate governance, transparent communication, and water. These sustainability pillars have been defined through a comprehensive materiality assessment aligned with GRI standards. Zug Estates aims to create long-term value by focusing on these key areas, ensuring they meet the highest sustainability criteria.</p> |
| <p>ESG goals/targets</p> | <p>Zug Estates has committed to several ESG material topics that guide its sustainability efforts:</p> <ul style="list-style-type: none"> ▪ Energy and emissions: nearly 100% CO₂-free operation thanks to the zero-zero strategy. ▪ Development of living spaces: attractive spaces for a higher quality of life. ▪ Materials: promotion of a circular economy due to specifically selected materials and optimized use of grey energy during construction. ▪ Profitability: sustainability implemented with business success. ▪ Innovation: added value for people and nature through innovation. <p>These topics are integral to Zug Estates' sustainability strategy and are reported following the GRI standards to ensure comprehensive and transparent disclosures.</p> |

| | |
|---|---|
| <p>Action plan</p> | <p>To achieve its strategic ESG topics, Zug Estates has set the following goals:</p> <ul style="list-style-type: none"> ▪ Achieve almost emission-free operation of the Suurstoffi and Zentrumsareal/Metalli sites for Scope 1 and 2 emissions. ▪ Further develop the Renggli Holding AG properties acquired in October 2022 in line with sustainable principles and achieve emission-free operation in the medium term. ▪ Increase own electricity generation by means of photovoltaic installations and purchase power from regional renewable sources of energy. ▪ Reduce CO₂ emissions from construction and contribute to the circular economy. ▪ Increase biodiversity by adding greenery to squares, roofs, and façades. ▪ Maintain high tenant satisfaction through sustainable and diverse design, active management and prudent transformation of living spaces. <p>These targets are designed to support Zug Estates' sustainability strategy and ensure long-term value creation while addressing key environmental and social issues.</p> |
| <p>Climate Transition Strategy</p> | <p>With its zero-zero strategy, Zug Estates has been pursuing two primary goals for over ten years: managing buildings emission-free and self-producing as much energy as possible. Energy purchased from third parties must come from renewable sources. Since 2022, the Zug Estates sites — Suurstoffi and the Zentrumsareal/Metalli — have been operating virtually CO₂-free in terms of Scope 1 and 2 emissions. The company is now focused on increasing its own electricity production through photovoltaic installations and adapting the energy concepts for other investment properties in the medium term.</p> |

| | |
|---|---|
| | <p>Zug Estates aims to reduce CO₂ emissions from both operations and construction activities (gray energy). This goal is integrated into its current project developments. The company pursues a net-zero strategy with the objective of systematically reducing greenhouse gas emissions or preventing them altogether, without relying on CO₂ offset projects. Efforts relating to energy and emissions fall into four areas where Zug Estates has set ambitious, far-reaching goals. To reach these goals, Zug Estates is implementing comprehensive measures across these four action fields.</p> |
| <p>ESG Risk and Sustainability Strategy Management</p> | <p>Zug Estates has integrated risk management and sustainability governance into its core operations. The company employs a comprehensive risk management system to identify, assess and manage ESG risks, including climate-related risks. This system is designed to ensure that all potential risks are systematically addressed and mitigated.</p> <p>Zug Estates' sustainability governance structure includes a dedicated sustainability committee responsible for overseeing the implementation of sustainability initiatives and ensuring compliance with relevant standards and regulations. This committee reports directly to the executive management, ensuring that sustainability is embedded in the strategic decision-making process.</p> |
| <p>Top three areas of breaches of international norms and ESG controversies in the industry¹³</p> | <p>Accounting/disclosure standards, failure to respect the right to just and favorable conditions of work, and strike action.</p> |
| <p>Breaches of international norms and ESG controversies by the Issuer</p> | <p>At the date of publication and leveraging ISS ESG Research, no severe controversy in which the Issuer would be involved has been identified.</p> |
| <p>Sustainability Reporting</p> | <p>Zug Estates reports on its ESG performance and initiatives annually. The report is prepared in line</p> |

¹³ Based on a review of controversies identified by ISS ESG over a two-year period, the top three issues that have been reported against companies within the real estate industry are displayed above. Please note that this is not a company-specific assessment but rather areas that can be of particular relevance for companies within that industry.

| | |
|---|---|
| | <p>with the GRI standards. Zug Estates ensures transparency and accountability by providing regular updates on its sustainability efforts and progress towards its goals.</p> |
| <p>Industry associations, Collective commitments</p> | <p>Zug Estates is actively involved in various industry associations and has made several collective commitments to enhance its sustainability efforts. These associations and commitments include:</p> <ul style="list-style-type: none"> ▪ Swiss Sustainable Building Council (SGNI) ▪ Swiss Association for Sustainable Real Estate Management (VIS) ▪ Energy Agency of the Swiss Private Sector (EnAW) ▪ Madaster Network and Reuse-Oriented Construction Charter ▪ Kreislauforientiertes Bauen Charta |
| <p>Previous sustainable/sustainability-linked issuances or transactions and publication of sustainable financing framework</p> | <p>In line with its ESG commitments, Zug Estates has CHF 200 million in outstanding green bond issuances to the Suurstoffi site as of July 2024.</p> |

Rationale for issuance

The creation of a Green Finance Framework is the logical next step in Zug Estates' commitment to promoting sustainable development within the real estate sector. This Framework aligns with Zug Estates' environmental objectives and is designed to directly support its sustainability goals through the issuance of green finance instruments. The proceeds raised under this framework will be used to finance buildings with very low CO₂ emissions during operation and to increase in-house production of renewable energies.

This comprehensive approach underscores Zug Estates' commitment to sustainable growth and environmental responsibility, ensuring that all financial instruments issued under this framework contribute to significant and measurable environmental benefits.

Opinion: *The key sustainability objectives and the rationale for issuing green bonds and loans are clearly described by the Issuer. All project categories financed are in line with the Issuer's sustainability objectives.*

DISCLAIMER

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ANNEX 1: METHODOLOGY

The ISS-Corporate SPO provides an assessment of labeled transactions against international standards using ISS-Corporate's proprietary [methodology](#).

ANNEX 2: QUALITY MANAGEMENT PROCESSES

SCOPE

Zug Estates commissioned ISS-Corporate to compile a green finance instruments SPO. The second-party opinion process includes verifying whether the Green Finance Framework aligns with the Green Bond Principles and Green Loan Principles and assessing the sustainability credentials of its green finance instruments, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant standards for this second-party opinion:

- GBP and GLP

ISSUER'S RESPONSIBILITY

Zug Estates' responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria
- Documentation of ESG risk management at the Framework level

ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, which ISS-Corporate is a part of, has built up a reputation as a highly reputed thought leader in the green and social bond market and has become one of the first CBI-approved verifiers.

This independent second-party opinion of the green finance instruments to be issued by Zug Estates has been conducted based on proprietary methodology and in line with the GBP and GLP.

The engagement with Zug Estates took place from July to August 2024.

ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About this SPO

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk and manage the needs of a diverse shareholder base by delivering best-in-class data, tools and advisory services.

ISS-Corporate assesses alignment with external principles (e.g., the Green/Social Bond Principles), analyzes the sustainability quality of the assets and reviews the sustainability performance of the Issuer itself. Following these three steps, we draw up an independent SPO so that investors are as well-informed as possible about the quality of the bond/loan from a sustainability perspective.

Learn more: <https://www.iss-corporate.com/solutions/sustainable-finance/bond-issuers/>

For more information on SPO services, please contact: SPOsales@iss-corporate.com

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