

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Finance Framework

In'li

10 June 2022

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">• Green Finance Instruments• International Capital Market Association (ICMA) Green Bond Principles (GBP) (June 2021)
Relevant standards	<ul style="list-style-type: none">• Loan Market Association (LMA)/Loan Syndications and Trading Association (LSTA)/Asia Pacific Loan Market Association (APLMA) Green Loan Principles (GLP) (February 2021) and the EU Taxonomy Climate Delegated Act (June 2021)
Scope of verification	<ul style="list-style-type: none">• In'li Green Finance Framework (as of 18.05.2022)• In'li Eligibility Criteria (as of 18.05.2022)
Lifecycle	<ul style="list-style-type: none">• Pre-issuance verification
Validity	<ul style="list-style-type: none">• As long as there is no material change to the Framework

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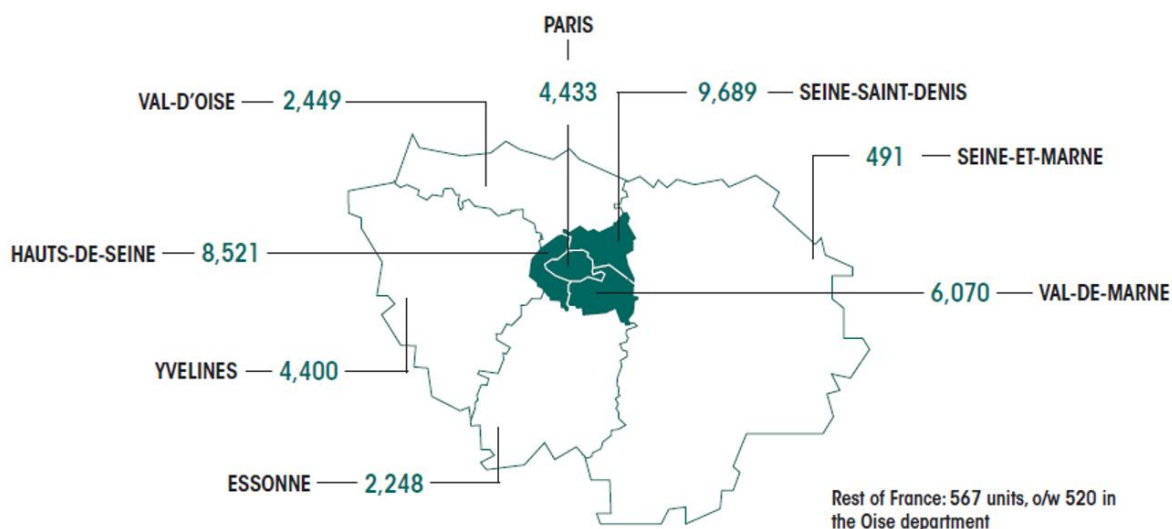
SCOPE OF WORK

In'li ("the Issuer") commissioned ISS ESG to assist with its Green Finance Instruments by assessing three core elements to determine the sustainability quality of the instrument:

1. Green Finance Instruments link to in'li's sustainability strategy – drawing on in'li's overall sustainability profile and issuance-specific Use of Proceeds categories.
2. In'li's Green Finance Framework (18.05.2022 version) – benchmarked against the International Capital Market Association's (ICMA) Green Bond Principles (GBP) and LMA/LSTA/APML Green Loan Principles (GLP)
3. The Eligibility criteria – whether the projects contribute positively to the UN SDGs and perform against ISS ESG's issue-specific key performance indicators (KPIs) (See Annex 1).

IN'LI BUSINESS OVERVIEW

In'li is a subsidiary from the Action Logement Group dedicated to intermediate housing. The company was created in October 2017 from the merger of four group entities: OGIF, RRP, SOCALOG and Immobilière ACL-PME. In'li has four activities: (i) rental management, (ii) development and project management, (iii) maintenance and rehabilitation of assets, and (iv) sales. Its portfolio includes 38,868 housing units located in various Île-de-France municipalities in high-demand areas.



Source: In'li Green Finance Framework

ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ¹
<p>Part 1:</p> <p>Green Finance Instruments link to issuer's sustainability strategy</p>	<p>In'li is a subsidiary of Action Logement Group, which specializes in intermediate housing. The company's portfolio includes 38.868 housing units located mainly in Paris and the inner Parisian suburbs. In'li generates a major share of revenues from the letting of intermediate housing at affordable rents to people who are young working professionals and middle-income earners living in supply-constrained areas.</p> <p>The Use of Proceeds financed through these Green Finance Instruments are consistent with the issuer's sustainability strategy and material ESG topics for the issuer's industry. The rationale for issuing Green Finance Instruments is clearly described by the issuer.</p>	<p>Consistent with issuer's sustainability strategy</p>
<p>Part 2:</p> <p>Alignment with GBP and GLP</p>	<p>The issuer has defined a formal concept for its Green Finance Instruments regarding the use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA GBP and the LMA/LSTA/APLMA GLP.</p>	<p>Aligned</p>
<p>Part 3.A:</p> <p>Sustainability quality of the selection criteria</p>	<p>The Green Finance instruments will (re-)finance eligible asset categories which include: green buildings. Those use of proceeds categories have a significant contribution to SDG 13 'Climate action' and limited contribution to SDGs 1 'No poverty', 10 'Reduced inequalities', 7 'Affordable and clean energy' and 11 'Sustainable Cities and Communities'.</p> <p>The overall sustainability quality of the social criteria in terms of sustainability benefits, risk avoidance and minimization is good based upon the ISS ESG assessment.</p>	<p>Positive</p>
<p>Part 3.B:</p> <p>Alignment of selection criteria with EU Taxonomy</p>	<p>For the green assets, ISS ESG assessed the alignment of in'li's project characteristics, due diligence processes and policies against the requirements of the EU Taxonomy (Climate Delegated Act of June 2021), on a best-efforts basis². Based on robust processes for selection, the nominated project categories are considered to be:</p> <ul style="list-style-type: none"> • Aligned with the Climate Change Mitigation Criteria for activities 7.2 and 7.7 • Partially aligned with the Climate Change Mitigation for activities 7.1 • Aligned with the Do No Significant Harm Criteria • Aligned with the Minimum Social Safeguards requirements 	

¹ ISS ESG's evaluation is based on the in'li Green Finance Framework (18.05.2022), and on the ISS ESG Indicative Corporate Rating for in'li updated on 21.04.2022 and applicable at the SPO delivery date.

² Whilst the Final Delegated Act for Mitigation and Adaptation were published in June 2021, the Technical Screening Criteria allow for discretion on the methodologies in determining alignment in certain cases. Therefore, at this stage ISS ESG evaluates the alignment with the EU Taxonomy on a "best efforts basis".

ISS ESG SPO ASSESSMENT

PART I: GREEN FINANCE INSTRUMENTS LINK TO IN'LI'S SUSTAINABILITY STRATEGY

A. ASSESSMENT OF IN'LI'S ESG PERFORMANCE

Methodological note: Please note that in'li is not part of the ISS ESG Corporate Rating Universe. Thus, the below sustainability profile is an assessment conducted by the analyst in charge of the Real Estate Sector based on publicly available information exclusively. No direct communication between the Issuer and the analyst has taken place during the process. The below is not based on an ISS ESG Corporate Rating but considers ISS ESG Research's methodology.

Industry classification

Real Estate

Key Issues of the industry

1. Green building considerations
2. Climate protection, energy efficiency and renewables
3. Environmental and social aspects in site selection
4. Occupational health and safety
5. Health and well-being of occupants

Indicative ESG risk and performance assessment

In'li is a subsidiary of Action Logement Group, which specializes in intermediate housing. The company's portfolio includes 38,868 housing units located in Ile-de-France region. In'li generates a major share of revenues from the letting of intermediate housing at an affordable rent to people who are young working professionals and middle-income earners living in supply-constrained areas.

The main sustainability risks for companies active in managing and developing residential properties relate to resource efficiency, climate change, and health and safety of employees and tenants.

Regarding climate change, in'li aims to become carbon neutral by 2050 and has set an intermediate target to reduce relative emissions on Scope 1 and 2 by about 50% by 2030, from a 2021 baseline. In'li also refers to the intensity target of reducing energy consumption of its real estate properties by more than 60% until 2030. In'li properties with F or G energy labels will be replaced by energy retrofits to improve thermal comfort and ensure affordable heating costs. The company is also working towards decarbonizing energy sources by connecting real estate properties to urban heating networks. Additionally, in'li encourages tenants to save energy through awareness raising actions. The company supports the use of sustainable travel and transport options at its properties through developing

housing properties that have access to public transport networks. However, there is no indication of the use of renewable energy sources in the company's properties. The company provides data on GHG emissions and energy consumption. However, since the scope of reporting and methodologies have been updated in 2021 and are not comparable to past data, a trend could not be calculated.

While selecting building materials, the company favors building materials that are recycled or naturally available (e.g. solid timber and solid wood material). However, there is no indication of policies on responsible site selection, use of brownfield developments and biodiversity management.

Regarding occupational health and safety, in'li's employees are covered by a formal health and safety policy which also provides details on some elements of a health and safety management system such as responsibilities, safety committee, training, and monitoring of health and safety. Contractors are all based in France where high labor standards are in place. The company has implemented measures to improve work-life balance by providing flexible working time and teleworking options to more than 80% of its administrative employees. The company addresses issues such as discrimination and harassment in its ESG policy, which applies to employees and suppliers. Besides, suppliers are all based in France where high labor standards are in place.

In'li addresses tenant health, well-being, and safety by conducting audits that are focused on phytosanitary standards, including physical, chemical and biological factors e.g., fire prevention, asbestos and legionella. In'li aims to promote the health and well-being of tenants by including green spaces in some of its residential properties. The company also offers relocation options to people in challenging circumstances, which include disabilities, loss of income and old age.

Indicative product portfolio assessment

Social impact of the product portfolio

In'li's property portfolio exclusively comprises non-luxury residential housing. The company thereby significantly contributes to the achievement of the social objective to provide basic services.

Environmental impact of the product portfolio

In'li refers to half of all new properties being certified to green building standards which include NF Habitat or NF Habitat HQE. However, it remains unclear how much of the overall portfolio is certified to the NF Habitat or NF Habitat HQE green building standards. Hence, the overall impact is considered to be neutral.

Controversy Assessment

Company Screening

The analyst in charge of producing this report conducted a high-level controversy assessment. There is no indication of in'li being involved in any of the below-mentioned controversies.

Industry risks

Based on a review of controversies over a 2-year period, the top three issues that have been reported against companies within the Real Estate sector are as follows: Failure to respect the right to just and favorable conditions of work, failure to pay fair share of taxes and Failure to respect consumer health

and safety. This is closely followed by failure to conduct human rights due diligence, failure to assess environmental impacts, and failure to prevent money laundering.

B. CONSISTENCY OF GREEN FINANCE INSTRUMENTS WITH IN'LI'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the issuer

As a player in intermediate housing in the Ile-de-France, in'li has defined three main Corporate Social Responsibility commitments, which are reflected in the characteristics of its portfolio:

- Social impact for tenants, with rents that are lower than market rents and a portfolio that is located mainly in the main tense areas of the Paris region;
- Housing close to public transport and employment areas;
- Energy-efficient and environmentally friendly housing, which translates into an ambitious policy of renovating existing housing and the goal of producing 80,000 energy-efficient homes.

On this basis, in'li has defined its five key CSR orientations in 2020, aligned with its strategic priorities:

- Develop a supply of new affordable housing near transportation and employment areas;
- Ensuring quality service for tenants;
- Adapting the business lines to the challenges of the sector
- Reduce the environmental footprint;
- Guarantee ethical practices and promote responsible corporate governance.

Rationale for issuance

In'li social mission is accompanied by a desire to respond to climatic and environmental challenges in the real estate sector. This is why in'li has undertaken since 2019 a process of aligning its financial strategy with its CSR strategy through various initiatives:

- Signature of a financing agreement with the European Investment Bank (EIB) in 2019 dedicated to the financing of energy-efficient real estate assets: RT2012-10% as a minimum and RE2020 as of its application.
- Implementation of an €800 million responsible loan in 2021, as part of the creation of Foncière Cronos, in partnership with Axa Investment Managers. Foncière Cronos was the first property company of this size in Europe to be financed 100% by a responsible mortgage loan. This financing was recognized as "Sustainable Financing of the Year 2021 in Europe" by Real Estate Capital Europe.
- Implementation of a €600 million Sustainability-Linked Loan in June 2021 incorporating three ESG performance indicators related to the energy renovation of in'li's real estate assets, the construction of new affordable housing in tensed A and Abis zones, as well as the quantification of GHG emissions and the implementation of a reduction pathway.

This Green Finance Framework is part of this continuity and underlines in'li's willingness to go even further in taking into account the challenges of energy transition by setting up a green bond/loan financing program to serve its social and societal mission.

Contribution of Use of Proceeds categories to sustainability objectives and priorities

ISS ESG mapped the Use of Proceeds categories financed under this Green Finance Instruments with the sustainability objectives defined by the issuer, and with the key ESG industry challenges as defined in the ISS ESG Corporate Rating methodology for the Real Estate industry. Key ESG industry challenges are key issues that are highly relevant for a respective industry to tackle when it comes to sustainability, e.g. climate change and energy efficiency in the buildings sector. From this mapping, ISS ESG derived a level of contribution to the strategy of each Use of Proceeds category.

USE OF PROCEEDS CATEGORY	SUSTAINABILITY OBJECTIVES FOR THE ISSUER	KEY ESG INDUSTRY CHALLENGES	CONTRIBUTION
Green buildings	✓	✓	Contribution to a material objective

Opinion: *ISS ESG finds that the Use of Proceeds financed through Green Financing Instruments are consistent with the issuer's sustainability strategy and material ESG topics for the issuer's industry. The rationale for issuing Green Financing Instruments is clearly described by the issuer.*

PART II: ALIGNMENT WITH GREEN BOND PRINCIPLES AND GREEN LOAN PRINCIPLES

This section describes ISS ESG's assessment of the alignment of the Management of Proceeds proposed by in'li's Green Financing Framework (dated 14.04.2022) with the ICMA's Green Bond Principles (GBP) and the LMA/ APLMA/LTSA's Green Loan Principles (GLP).

GLP/GLP	ALIGNMENT	ISS ESG'S OPINION
1. Use of Proceeds	✓	<p>ISS ESG considers the Use of Proceeds description provided by in'li's Green Financing Framework as aligned with the ICMA's Green Bond Principles and the LMA/ APLMA/LTSA's Green Loan Principles.</p> <p>The Issuer's green categories align with the project categories as proposed by the GBP and GLP and criteria are defined in a clear and transparent manner. The issuer defines a look-back period, in line with best market practice. The issuer also describes the social benefits of the project category, linked to in'li's social mission, which goes beyond best market practices.</p>
2. Process for Project Evaluation and Selection	✓	<p>ISS ESG considers the Process for Project Evaluation and Selection description provided by in'li's Green Financing Framework as aligned with the ICMA's Green Bond Principles and the LMA/ APLMA/LTSA's Green Loan Principles.</p> <p>The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed through an appropriate process which involves various stakeholders, in line with best market practice. Moreover, the projects selected show alignment with the sustainability strategy of the Issuer.</p>
3. Management of Proceeds	✓	<p>ISS ESG finds that the Management of Proceeds proposed by in'li's Green Financing Framework as aligned with the ICMA's Green Bond Principles and the LMA/ APLMA/LTSA's Green Loan Principles.</p> <p>The proceeds collected will be equal to the amount allocated to eligible projects, with no exceptions. The proceeds are tracked in an appropriate manner and attested in a formal internal process. Moreover, the issuer discloses the temporary investment instruments for unallocated proceeds, and sets a reallocation period of one year, in line with best market practice.</p>

<p>4. Reporting</p>	<p>✓</p>	<p>ISS ESG finds that the allocation and impact reporting proposed by in'li's Green Financing Framework is aligned with the ICMA's Green Bond Principles and the LMA/APLMA/LTSA's Green Loan Principles.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and to report in an appropriate frequency. in'li explains the level of expected reporting and the type of information that will be reported. Moreover, the Issuer commits to report annually, until the proceeds have been fully allocated. Furthermore, the issuer is transparent on the level of impact, information reported, scope, and duration of the impact reporting, in line with best market practice.</p>
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PART III: SUSTAINABILITY QUALITY OF THE ISSUANCE





A. CONTRIBUTION OF THE GREEN FINANCE INSTRUMENTS TO THE UN SDGs

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 UN SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the ICMA Green and/or 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 5-point scale (see Annex 1 for methodology):

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution
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Each of the Green Finance Instrument's Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Green Buildings & Affordable housing</p> <ul style="list-style-type: none"> - Buildings built before 31 December 2020 with Primary Energy Demand (PED) aligned with the threshold set for Nearly-Zero Energy Buildings (NZEB) requirements, as transposed by the RT 2012 - Buildings built after 31 December 2020 and before January 2022 with PED at least 10% lower than the threshold set for NZEB requirements) - Buildings built after 31 December 2021 with PED aligned with the threshold set for the NZEB requirements, as transposed by the RE 2020 and as far as possible, 10% lower than the threshold set by the RE 2020 - All buildings are affordable housing³ for middle classes, young workers and students 	Limited Contribution⁴	  
	Significant Contribution⁵	

³ The resource ceilings for household eligibility are regulated and defined annually by ministerial decree according to the composition of the household and the location of the property. The resource ceilings are defined in such a way as to allow access to housing for households with incomes that are too high to qualify for social housing, but insufficient to be adequately housed in the private sector.

⁴ This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an Issuer's product and service portfolio on the SDG.

⁵ This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an Issuer's product and service portfolio on the SDGs. For the projects to be financed under Use of Proceeds categories that are based on the Technical Screening Criteria defined by the EU Taxonomy Technical Annex, a significant contribution to climate change mitigation is attested. Assets compliance with EU taxonomy is not evaluated under the SPO.

Green Buildings & Affordable housing

Buildings that underwent a renovation that has led to a reduction of Primary Energy Demand (PED) of at least 30%

Buildings that underwent a renovation that allows the building to achieve a PED below the threshold set for the NZEB requirements, as transposed by the RE 2020.

All buildings are affordable housing for middle classes, young workers and students

Limited Contribution

Significant Contribution⁶



⁶ This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an Issuer's product and service portfolio on the SDGs. For the projects to be financed under Use of Proceeds categories that are based on the Technical Screening Criteria defined by the EU Taxonomy Technical Annex, a significant contribution to climate change mitigation is attested. Assets compliance with EU taxonomy is not evaluated under the SPO.

B. ALIGNMENT OF THE GREEN ASSET SELECTION CRITERIA WITH THE EU TAXONOMY


ISS ESG assessed the alignment of in’li’s asset selection process and company policies for the nominated use of proceeds project categories, with the relevant Climate Change Mitigation, Do Not Significant Harm Criteria (DNSH), and Minimum Social Safeguards requirements of the EU Taxonomy Climate Delegated Act ⁷ (June 2021), based on information provided by in’li and on a best-effort basis. Where in’li’s processes and policies fully meet the Criteria requirements, a tick is shown in the table below, for the ISS ESG assessment against the Criteria requirements.

In’li’s green asset selection criteria overlap with the following economic activities in the EU Taxonomy for Substantial Contribution to Climate Change Mitigation.

- 7.1 Construction of new buildings
- 7.2 Renovation of existing buildings
- 7.7 Acquisition and Ownership of Buildings

Note: In order to avoid repetition, the evaluation of the alignment of the selection criteria to the Do No Significant Harm Criteria to Climate Change Adaptation is provided in Section B.4, B.5, B.6 and B.7. They are applicable to all of the above activities.

B.1 7.1 Construction of new buildings

EU TAXONOMY REQUIREMENT	GREEN PROJECTS OWN PERFORMANCE AND SELECTION PROCESSES ⁸	ALIGNMENT
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION – TECHNICAL SCREENING CRITERIA		
<p>Constructions of new buildings for which:</p> <p>1. The Primary Energy Demand (PED), defining the energy performance of the building resulting from the construction, is at least 10 % lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council. The energy performance is certified using an as built Energy Performance</p>	<p>From 01/01/2021 to 31/12/2021, Primary Energy Demand (PED) is at least 10% inferior to the national threshold set according to the NZEB requirements of the European Union in France, as transposed by the RT 2012;</p> <p>From 01/01/2022, the Primary Energy Demand (PED) of the buildings is aligned with the national threshold set according to the NZEB requirements of the European Union in France, as transposed by the RE 2020 and, as far as possible, 10% lower than the threshold set by the RE 2020, subject to subsequent verification by an Energy Performance Certificate (EPC) at delivery. However, as the buildings are currently under development the issuer commits to align, as far as possible, and the annual reporting will</p>	

⁷https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852/amending-and-supplementary-acts/implementing-and-delegated-acts_en

⁸ This column is based on input provided by the issuer.

Certificate	(EPC).	explicitly show if the criteria is meet. If the future buildings financed under this Framework do not meet the Technical Screening Criteria 1 defined by the EU Taxonomy, the issuer would clearly communicate it in its annual reporting.	
2. For buildings larger than 5000 m ² , upon completion, the building resulting from the construction undergoes testing for air-tightness and thermal integrity, and any deviation in the levels of performance set at the design stage or defects in the building envelope are disclosed to investors and clients. As an alternative, where robust and traceable quality control processes are in place during the construction process this is acceptable as an alternative to thermal integrity testing.		For buildings larger than 5000 m ² , the Framework is partially aligned with the Technical Screening Criterion 2 since all projects undergo testing for air-tightness but not all of the buildings would undergo thermal integrity tests at this stage. Therefore, the Issuer would not align with the Technical Screening Criterion 2.	0
3. For buildings larger than 5000 m ² , the life-cycle Global Warming Potential (GWP) of the building resulting from the construction has been calculated for each stage in the life cycle and is disclosed to investors and clients on demand.		Finally, all buildings are located in France where the regulation requires GWP indicators to be calculated during construction and exploitation phases from 2022 onward. Besides, the information would also be disclosed to investors and clients on demand from 2022 onward. Therefore, the Issuer would align with the Technical Screening Criterion 3 only from 2022 onward, as such, the issuer is partially aligned to criterion 3.	0
2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA			
GENERIC CRITERIA FOR (2)		See B.4	✓
3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA			
GENERIC CRITERIA FOR (3)		See B.5	✓
4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA			
GENERIC CRITERIA FOR (4)		See B.6	✓
5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA			



GENERIC CRITERIA FOR (5)	See B.7	✓
6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA		
<p>An Environmental Impact Assessment (EIA) or screening has been completed in accordance with Directive 2011/92/EU. Where an EIA has been carried out, the required mitigation and compensation measures for protecting the environment are implemented.</p> <p>For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites, and Key Biodiversity Areas, as well as other protected areas), an appropriate assessment, where applicable, has been conducted, and based on its conclusions the necessary mitigation measures are implemented.</p>	<p>In'li confirms that the buildings in its portfolio comply with French legislation which regulates construction in areas of wild fauna and flora, the lists of which are set by ministerial order. This list may differ from the IUCN list.</p> <p>In accordance with current regulations, in'li's real estate programs are subject, where applicable, to an Environmental Impact Assessment (EIA) presented at the time of filing the building permit. This study measures the potential impacts on the fauna and flora of the real estate program and presents the mitigation and compensation measures of these impacts.</p> <p>In addition, the totality of in'li's portfolio is located in urbanized areas.</p>	✓

B.2 7.2 Renovation of existing Buildings

EU TAXONOMY REQUIREMENT	GREEN PROJECTS OWN PERFORMANCE AND SELECTION PROCESSES ⁹	ALIGNMENT
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION – TECHNICAL SCREENING CRITERIA		
<p>The building renovation complies with the applicable requirements for major renovations (as set in the applicable national and regional building regulations for ‘major renovation’ implementing Directive 2010/31/EU. The energy performance of the building or the renovated part that is upgraded meets cost-optimal minimum energy performance requirements in accordance with the respective directive.)</p> <p>Alternatively, it leads to a reduction of Primary Energy Demand (PED) of at least 30%</p>	<p>In’li will be using the technical screening criteria in its eligibility criteria.</p> <p>Besides, in’li decides on the renovation’s work according to energetic scenarios developed by an external auditor and orders an Energy Performance Certificate (EPC) to a certified company after the renovation to confirm the label attained during the work and therefore ensure that the thresholds are met.</p>	✓
2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA		
GENERIC CRITERIA FOR (2)	See B.4	✓
3. WATER – DO NO SIGNIFICANT HARM CRITERIA		
GENERIC CRITERIA FOR (3)	See B.5	✓
4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA		
GENERIC CRITERIA FOR (4)	See B.6	✓
5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA		
GENERIC CRITERIA FOR (5)	See B.7	✓
6. ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA		
N/A	N/A	N/A

⁹ This column is based on input provided by the issuer.

B.3 7.7 Acquisition and Ownership of Buildings


EU TAXONOMY REQUIREMENT	GREEN PROJECTS OWN PERFORMANCE AND SELECTION PROCESSES ¹⁰	ALIGNMENT
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION – TECHNICAL SCREENING CRITERIA		
<p>1. For buildings built before 31 December 2020, the building has at least an Energy Performance Certificate (EPC) class A. As an alternative, the building is within the top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED) and demonstrated by adequate evidence, which at least compares the performance of the relevant asset to the performance of the national or regional stock built before 31 December 2020 and at least distinguishes between residential and non-residential buildings.</p> <p>2. For buildings built after 31 December 2020, the building meets the criteria specified in Section 7.1 of this Annex (of the Delegated Act) that are relevant at the time of the acquisition.</p> <p>3. Where the building is a large non-residential building (with an effective rated output for heating systems, systems for combined space heating and ventilation, air-conditioning systems, or systems for combined air-conditioning and ventilation of over 290 kW) it is efficiently operated through energy performance monitoring and assessment.</p>	<p>In'li's eligibility criteria rely on the NZEB requirements as transposed by the RT 2012/RE 2020.</p> <p>For criterion 1, as the RT 2012 fixes a threshold of PED between 40kWh/m²/yr and 65kWh/m²/yr, it complies with the top 15%¹¹ of the national building stock expressed as operational PED.</p> <p>For criterion 2, in'li will apply these thresholds in its eligibility criteria.</p> <p>Criterion 3 is not applicable as the assets will only be residential buildings.</p>	
2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA		
GENERIC CRITERIA FOR (2)	See B.4	
3. WATER – DO NO SIGNIFICANT HARM CRITERIA		
N/A	N/A	N/A

¹⁰ This column is based on input provided by the issuer.

¹¹ <https://www.taloen.fr/ressources/17a91ba7-945d-4c4d-abdb-c6468a81c5a4>

4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA		
N/A	N/A	N/A
5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA		
N/A	N/A	N/A
6. ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA		
N/A	N/A	N/A

B.4 Generic Criteria for DNSH to Climate Change Adaptation for all green assets

EU TAXONOMY REQUIREMENT	GREEN PERFORMANCE AND SELECTION PROCESSES ¹²	OWN PROJECTS AND SELECTION	ALIGNMENT
2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA			
<p>GENERIC CRITERIA FOR DNSH TO CLIMATE CHANGE ADAPTATION</p> <p>The physical climate risks that are material to the activity have been identified from those listed in the table in Section II (of the Delegated Act) by performing a robust climate risk and vulnerability assessment with the following steps:</p> <p>(a) screening of the activity to identify which physical climate risks from the list in Section II (of the Delegated Act) may affect the performance of the economic activity during its expected lifetime;</p> <p>(b) where the activity is assessed to be at risk from one or more of the physical climate risks listed in Section II (of the Delegated Act), a climate risk and vulnerability assessment to assess the materiality of the physical climate risks on the economic activity;</p> <p>(c) an assessment of adaptation solutions that can reduce the identified physical climate risk.</p>	<p>In’li has engaged an external consultant in 2021 to conduct a risk assessment of potential physical climate risks to its building’s portfolio, based on the geographical distribution of the buildings. In’li will perform regular risk assessments including all new projects that might be financed under this framework, when needed, based on the progress of research on climate change.</p> <p>The potential climate risks encapsulate 2 different drivers, the risk of rising water levels and the risk of heat waves. The scenarios for heat waves are modeled through 2050 and 2070.</p> <p>The assessment shows that the portfolio is at low risk for</p>		

¹² This column is based on input provided by the issuer.

The climate risk and vulnerability assessment is proportionate to the scale of the activity and its expected lifespan, such that:

(a) for activities with an expected lifespan of less than 10 years, the assessment is performed, at least by using climate projections at the smallest appropriate scale;

(b) for all other activities, the assessment is performed using the highest available resolution, state-of-the-art climate projections across the existing range of future scenarios consistent with the expected lifetime of the activity, including, at least, 10 to 30 year climate projections scenarios for major investments.

For new activities and existing activities using newly-built physical assets, the economic operator integrates the adaptation solutions that reduce the most important identified physical climate risks that are material to that activity at the time of design and construction and has implemented them before the start of operations. The adaptation solutions implemented do not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of cultural heritage, of assets and of other economic activities; are consistent with local, sectoral, regional, or national adaptation strategies and plans; and consider the use of nature-based solutions or rely on blue or green infrastructure to the extent possible.

The climate projections and assessment of impacts are based on best practice and available guidance and take into account the state-of-the-art science for vulnerability and risk analysis and related methodologies in line with the most recent Intergovernmental Panel on Climate Change reports, scientific peer-reviewed publications, and open source or paying models. For existing activities and new activities using existing physical assets, the economic operator implements physical and non-physical solutions ('adaptation solutions'), over a period of time of up to five years, that reduce the

both rising water levels and heat waves risks.

Regarding in'li's exposure to the risk of rising water level below 10 meters, none of the properties owned on 31 December 2021 are exposed to this risk, according to the issuer DPEF. It is worth mentioning that none of the scenarios currently envisaged by the Intergovernmental Panel on Climate Change (IPCC) predicts a rise in water levels of more than 1 meter. As a result, in'li has not implemented any adaptation solutions.


Regarding the risk of heat waves, in'li is currently carrying on some insulation work as a solution for the tenants' comfort and will keep exploring solutions in case there are material physical risks to the buildings in its portfolio. Since the assessment concludes that the portfolio is at low risk, in'li has not implemented further adaptation solutions.

Besides, in'li buildings comply with regulations of natural risks applicable on the French territory, in line with the National Adaptation Plans developed by France¹³.

¹³ <https://climate-adapt.eea.europa.eu/countries-regions/countries/france>


most important identified physical climate risks that are material to that activity. An adaptation plan for the implementation of those solutions is drawn up accordingly.		
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B.5 Generic Criteria for DNSH to Water for all green assets

EU TAXONOMY REQUIREMENT	GREEN PROJECTS OWN PERFORMANCE AND SELECTION PROCESSES ¹⁴	ALIGNMENT
3. WATER – DO NO SIGNIFICANT HARM CRITERIA		
<p>Where installed as part of the renovation works, except for renovation works in residential building units, the specified water use for the following water appliances is attested by product datasheets, a building certification or an existing product label in the Union, in accordance with the technical specifications laid down in Appendix E of the Delegated Act:</p> <p>(a) wash hand basin taps and kitchen taps have a maximum water flow of 6 litres/min;</p> <p>(b) showers have a maximum water flow of 8 litres/min;</p> <p>(c) WCs, including suites, bowls, and flushing cisterns, have a full flush volume of a maximum of 6 litres and a maximum average flush volume of 3,5 litres;</p> <p>(d) urinals use a maximum of 2 litres/bowl/hour. Flushing urinals have a maximum full flush volume of 1 litre.</p> <p>To avoid impact from the construction site, the activity complies with the criteria set out in Appendix B to this Annex</p>	<p>Not applicable for residential buildings.</p> <p>The buildings are located in France, where the EU Water Framework Directive and the Environmental Impact Assessment Directive have been applicable for many years. The issuer confirms that the buildings located in this country are compliant with the relevant legislative requirements (Law on the energy transition for green growth).</p>	

¹⁴ This column is based on input provided by the issuer.


B.6 Generic Criteria for DNSH to Circular Economy for all green assets

EU TAXONOMY REQUIREMENT	GREEN PROJECTS OWN PERFORMANCE AND SELECTION PROCESSES ¹⁵	ALIGNMENT
4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA		
<p>At least 70 % (by weight) of the non-hazardous construction and demolition waste (excluding naturally occurring material referred to in category 17 05 04 in the European List of Waste established by Decision 2000/532/EC) generated on the construction site is prepared for reuse, recycling and other material recovery, including backfilling operations using waste to substitute other materials, in accordance with the waste hierarchy and the EU Construction and Demolition Waste Management Protocol.</p> <p>Operators limit waste generation in processes related to construction and demolition, in accordance with the EU Construction and Demolition Waste Management Protocol and taking into account best available techniques and using selective demolition to enable removal and safe handling of hazardous substances and facilitate reuse and high-quality recycling by selective removal of materials, using available sorting systems for construction and demolition waste.</p> <p>Building designs and construction techniques support circularity and in particular demonstrate, with reference to ISO 20887 or other standards for assessing the disassembly or adaptability of buildings, how they are designed to be</p>	<p>In'li confirms that its buildings comply with the relevant EU legislative requirement such as the Waste Framework Directive, which stipulates that by 2020, at least 70% by weight of the non-hazardous construction and demolition waste is prepared for reuse, recycling or other material recovery.</p> <p>The dismantlability of buildings is not yet regulated in France but is indirectly motivated by local legislation on combating climate change and strengthening resilience to its effects. In'li confirms that the buildings included in this framework comply with Article 224 of the French law n° 2021-1104 of August 22nd 2021, from its application onward, which allows the extension of existing construction provided they are demountable. Yet, in'li will not assess if the eligible assets are compliant with ISO 20887:2020.</p> <p>In particular, the 686 housing units committed by in'li in eco-neighborhoods in 2021 meet the best standards in terms of eco-construction (i.e NF Habitat and NF Habitat HQE certifications) through rigorous environmental performance criteria such as waste management process, flexibility and dismantability. However, the issuer cannot commit to certifying all new projects to these best market standards.</p>	

¹⁵ This column is based on input provided by the issuer.

more resource efficient, adaptable, flexible and dismantlable to enable reuse and recycling.		
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B.7 Generic Criteria for DNSH to Pollution for all green assets

EU TAXONOMY REQUIREMENT	GREEN PROJECTS OWN PERFORMANCE AND SELECTION PROCESSES ¹⁶	ALIGNMENT
5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA		
<p>Building components and materials used in the construction complies with the criteria set out in Appendix C (of the Delegated Act).</p> <p>Building components and materials used in the building renovation that may come into contact with occupiers emit less than 0,06 mg of formaldehyde per m³ of material or component upon testing in accordance with the conditions specified in Annex XVII to Regulation (EC) No 1907/2006 and less than 0,001 mg of other categories 1A and 1B carcinogenic volatile organic compounds per m³ of material or component, upon testing in accordance with CEN/EN 16516 or ISO 16000-3:2011304 or other equivalent standardized test conditions and determination methods.</p> <p>Measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works.</p> <p>For category 7.1 only, where the new construction is located on a potentially contaminated site (brownfield site), the site has been subject to an investigation for potential</p>	<p>In'li confirms that its buildings located in France, comply with relevant EU and national legislative requirements for hazardous chemicals and pollutants.</p> <p>Besides, in'li's Technical Direction, which sometimes mandates third-party external auditors, ensures that all the buildings are compliant with relevant regulations on a regular basis.</p> <p>The buildings are located in France, where there are regulations about noise, dust and pollutant emissions during construction or maintenance works. In'li buildings financed under this Framework are compliant with article R1336-10 from the Code de la Santé, article L122-1 from the Code de l'environnement as well as with the 'règlement sanitaire départemental' and relevant measures are taken.</p> <p>In'li confirms that its buildings located in France comply with relevant EU (directive No 1907/2006) and national legislative requirements (Article L125-6/L556-3/R556-1/R555-6 of the French Environment Code) for hazardous chemicals and pollutants.</p>	

¹⁶ This column is based on input provided by the issuer.

contaminants, for example using standard ISO 18400.

Minimum Social Safeguards

ISS ESG assessed the alignment of the due diligence and selection processes in place with the EU Taxonomy Minimum Social Safeguards as described in Article 18 of the Taxonomy Regulation¹⁷. The results of this assessment are applicable for every Project Category financed under this framework and are displayed below:

EU TAXONOMY REQUIREMENT	GREEN PROJECTS OWN PERFORMANCE AND SELECTION PROCESSES	ANALYSIS AGAINST REQUIREMENT
Alignment with the OECD Guidelines for Multinational Enterprises	All the buildings are located in France, an OECD country and signatory of the OECD Guidelines. Therefore, this country is obliged to ensure that companies operating within their borders observe the OECD Guidelines on Multinational Enterprise.	✓
Alignment with the UN Guiding Principles on Business and Human Rights	While, the issuer is not committing to the UN Guiding Principles, in’li adheres to the UN Global Compact and human rights policies in its public documents. Besides, France adopted the National Action Plan to implement the UN Guiding Principles on Business and Human Rights at the national level in April 2017.	✓
Alignment with principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.	Finally, in’li has included articles in all their contract and public documents to ensure the compliance with the core standards of the ILO.	✓

¹⁷ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32020R0852>

C. ADDITIONAL MANAGEMENT OF SOCIAL RISKS ASSOCIATED WITH THE SELECTION CRITERIA FOR THE ELIGIBLE GREEN ASSETS

ASSESSMENT AGAINST ISS ESG KPI

Inclusion

- ✓ In'li' has policies in place to promote inclusion and non-discriminatory access to services. In'li has developed a digital renting platform to ensure equal treatment of applicants through an automated applicant ranking system and the sales will study the candidate's files in order of ranking to send them on a visit, thereby ensuring a non-discriminatory selection process. In addition, the Company has developed an allocation policy.

Affordable housing standards

- ✓ In'li has internal policies in place to ensure that rents are systematically below the local average rent level. For each new tenant's entry, internal experts, would apply the lowest rent between: (i) market rent with a discount of at least 10% and (ii) the rent define by the regulatory framework. Besides, all market rents are determined by analyzing data provided by an independent expert in charge of the annual appraisal of in'li's assets. As of December 31, 2021: 91% of the portfolio had a discount of more than 10% and the average discount on the residential portion was more than 30% compared to market rents
- ✓ Since in'li, is not a social landlord, the issuer is not legally bound to maintain the premises. Nevertheless, in'li's internal policy includes not giving notices to its tenants. In the context of asset sales, in'li will never give tenants notice. Indeed, in the case of a bulk sale, leave for sale is prohibited and in the case of a unit sale the housing is either sold to the tenants or the housing is empty. In addition, in the case of "heavy" work on buildings, in'li offers relocation solutions within its portfolio.

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2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to standardized procedures to ensure consistent quality of responsibility research worldwide. In addition, we provide Second Party Opinion (SPO) on bonds based on data provided by the issuer.
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ANNEX 1: Methodology

EU Taxonomy

ISS ESG evaluates whether the details of the nominated projects and assets or project selection eligibility criteria included in the Green Finance Framework are in line with the criteria listed in relevant Activities in the EU Taxonomy Climate Delegated Act (June 2021). The evaluation shows if in'li's project categories are indicatively in line with the requirements listed in the EU Taxonomy Technical Annex. The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by in'li (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the project category location, were drawn on to complement the information provided by the issuer.

Environmental and social risks assessment methodology

ISS ESG evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Green Bond KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment "no or limited information is available" either indicates that no information was made available to ISS ESG or that the information provided did not fulfil the requirements of the ISS ESG Green Bond KPIs.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by in'li (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the issuer.

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, ISS ESG identifies the extent to which in'li Green Finance Instruments contributes to related SDGs.

ANNEX 2: Quality management processes

SCOPE

In'li commissioned ISS ESG to compile a Green Finance Instruments SPO. The Second Party Opinion process includes verifying whether the Green Finance Framework aligns with the ICMA Green Bond Principles and the LMA/LSTA/APLA Green Loan Principles and to assess the sustainability credentials of its Green Finance Instruments, as well as the issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA Green Bond Principles
- LMA/LSTA/APLA Green Loan Principles
- EU Taxonomy Climate Delegated Act (June 2021)
- ISS ESG Key Performance Indicators relevant for Use of Proceeds categories selected by in'li

ISSUER'S RESPONSIBILITY

In'li's responsibility was to provide information and documentation on:

- Framework
- Documentation of ESG risks management at the asset level

ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG 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.

ISS ESG has conducted this independent Second Party Opinion of the Green Finance Instruments to be issued by in'li based on ISS ESG methodology and in line with the ICMA Green Bond Principles and LMA/LSTA/APLA Green Loan Principles.

The engagement with in'li took place in April 2022 to June 2022.

ISS ESG'S BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour 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 ISS ESG SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. 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.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For more information on SPO services, please contact: SPOsales@isscorporatesolutions.com

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