

# GREEN BOND FRAMEWORK

Intershop Holding AG

April 2021



## 1. Introduction, strategy and rationale

Intershop is a real estate company listed on the SIX Swiss Exchange and active in Switzerland, which invests principally in commercial properties. As of 31.12.2020, its portfolio included 52 properties with a lettable area of approx. 544,000 m<sup>2</sup> and a market value of some 1.3 billion Swiss francs. Intershop invests mainly in the Zurich area, around Lac Lemman and along the main traffic arteries. Its portfolio combines high yields with security, thanks to diversification by geography and type of use, with considerable potential for value appreciation in the properties with development potential.

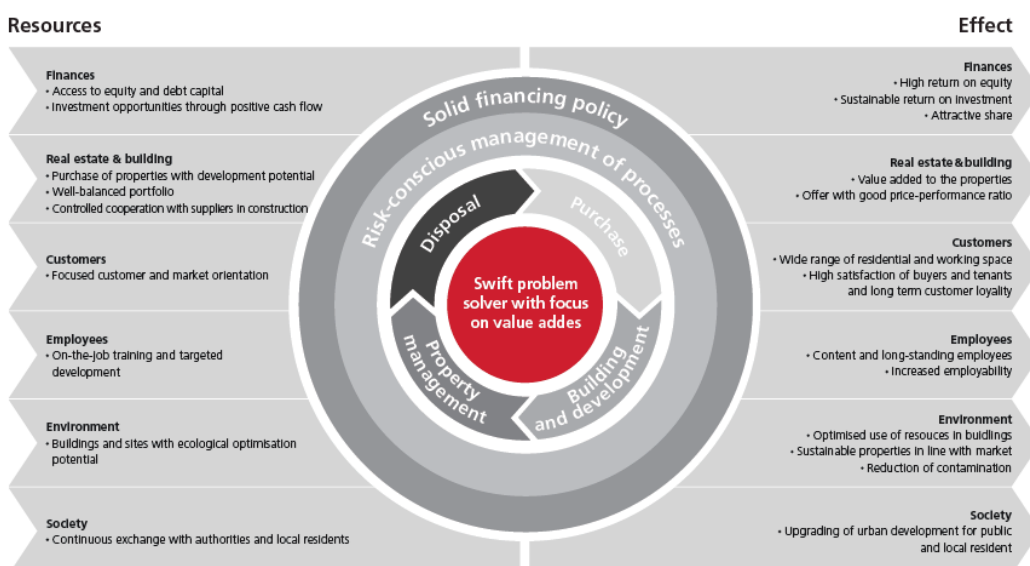
In addition to financial performance, the value created for customers, employees, the environment, and society is also a key component of the Intershop business model. Intershop's understanding of sustainability includes economic, ecological, and social impacts on stakeholders.

Raising a Green Bond is a natural continuation of the Intershop commitment to sustainable development. It complements the efforts to improve the sustainability of the real estate portfolio (see 2.1 Use of proceeds and Appendix) on the one hand with the sustainable financing of the necessary investments on the other, thereby reflecting the approach of integrated value creation (see 1.1 Integrated value creation).

The annual report, including a detailed sustainability report according to the GRI standards as well as the GRI-Index, is available on the [Website](#).

### 1.1 Integrated value creation

A central aspect of the Intershop business model is to increase the value of real estate through redevelopment. Development projects are often associated with specific challenges that have to be solved with a high degree of agility. This can only be achieved if all the resources that Intershop utilises in its business activities are integrated into the business processes as effectively as possible. This includes financial resources, access to real estate on the market, a high degree of customer and market orientation, active employees with a high degree of personal responsibility, as well as the ability to deal with ecological requirements and social expectations. Simultaneously, this means that Intershop is focused on long-term value creation. Specifically, this is measured not only in terms of financial success and developed properties, but also in terms of the added value that Intershop creates for customers, employees, the environment and society. Intershop's understanding of sustainability is summarised in the diagram below, which describes the company as an organisation focused on multidimensional value creation.



## 1.2 Focus on a property-integrated environmental approach

The Intershop portfolio is diverse and ranges from investment properties renovated in accordance with sustainability criteria to development sites with historical building fabric and outdated building technology. For this reason, the sustainability assessment and resource optimisation is focused on individual properties, taking into account the life cycle of the properties.

Economic topics	Environmental topics	Social topics
<ul style="list-style-type: none"> <li>• Profitability before growth</li> <li>• High attractiveness for investors</li> <li>• Agile problem solver with focus on properties with value added potential</li> <li>• Distinct customer orientation and good price-performance-ratio</li> <li>• Lean processes with a high level of in-house competence</li> </ul>	<ul style="list-style-type: none"> <li>• Optimisation of property-related resources a.o. with               <ul style="list-style-type: none"> <li>- energy consumption</li> <li>- share of renewable energy</li> <li>- CO<sub>2</sub> emissions</li> <li>- water consumption</li> <li>- electricity production</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Responsible business activity</li> <li>• Attractive employer with good development opportunities</li> <li>• High degree of personal responsibility of employees</li> </ul>

In the case of investment properties, the focus is on the continuation of ongoing operations. The existing portfolio of investment properties is continuously analysed for sustainability-related optimisation measures and sustainably renovated within the context of forthcoming refurbishments, taking into account use and life cycle. In particular, the energy efficiency of the facilities is improved and, where possible, converted to renewable energy sources to reduce CO<sub>2</sub> emissions. In addition, the certification of refurbished or newly built properties or the fulfilment of standards even without certification is important for long-term value retention.

Sustainability-related optimisation measures are also being implemented in the development properties. However, the focus of the measures to improve sustainability is on development aspects. These are varied and include, among other things, the disposal of contaminated sites, long-term socially relevant aspects of site developments, and certification of new buildings.

## 2. Green Bond Framework

Intershop has created this Green Bond Framework under which Green Bonds can be issued to finance or refinance eligible green projects. This framework is designed to be in line with the International Capital Market Association (ICMA) Green Bond Principles (2018) and as such, incorporates the four key pillars as follows:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting

The Green Bond Principles (2018) are voluntary process guidelines that are accepted as one of the main guidelines for the issuance of Green Bonds in the global capital markets.

## 2.1 Use of proceeds

The proceeds of a Green Bond issuance will be used to finance or re-finance, new or existing sustainable projects. The eligible asset categories range from newly developed green buildings to energy efficiency measures of existing investment and development properties including the installation of renewable energy systems.

The table below summarizes the eligible asset categories in which the proceeds will be invested:

Eligible asset categories	Description of eligible asset categories
<b>Green buildings</b>	<p><b>Acquisition or development of new or existing buildings which meet the following criteria:</b></p> <p>Buildings that have either received, or are due to receive, one of the following green building certifications:</p> <ul style="list-style-type: none"> <li>• MINERGIE</li> <li>• SNBS</li> <li>• LEED (Gold and above)</li> <li>• Any other equivalent systems</li> </ul> <p>For this category, projects will be considered where certification is not the main target due to the fact that appropriate certifications do not exist (e.g. for industrial buildings), but that the new buildings meet other relevant sustainability criteria.</p>
<b>Energy efficiency</b>	<p><b>Refurbishment and energy efficiency measures of existing buildings</b></p> <ul style="list-style-type: none"> <li>• Expenditure targeted into the renovation of investment and development properties to improve energy efficiency and to reduce energy consumption by at least 30%</li> <li>• Expenditure on individual renovation measures (e.g. insulation components, ventilation, replacement of existing windows, external doors, efficient lighting, smart meters)</li> </ul>
<b>Renewable energy</b>	<p>Installation of <b>onsite renewable energy</b> (photovoltaic, wind) systems and related infrastructure</p>

Current eligible properties and projects are listed in the Appendix.

## 2.3 Process for asset evaluation and selection

The Group's Executive Board, which currently consists of the CEO, the CFO, the Head of Portfolio Management and the Head of Building and Development, assumes the responsibility for selecting and evaluating appropriate projects which will be financed or re-financed through proceeds of Green Bonds. These projects need to be in line with the group's overall investment strategy and meet the Green Bond eligible asset categories.

The Executive Board will also oversee the allocation to and selection process of the eligible assets. This allows the Executive Board to regularly determine the implementation progress and whether any adjustments need to be made.

## 2.4 Management of proceeds

The net proceeds will be exclusively allocated to eligible assets. Intershop intends to allocate the proceeds within 24 months of issuance of a Green bond. The refinancing of already completed eligible projects is possible (to the extent of the entire investment amount for the project) if the project completion is no longer than 24 months before the payment date of the corresponding Green Bond.

To ensure proceeds are allocated in accordance with this Green Bond Framework, Intershop will track the receipt and use of proceeds to the extent feasible through internal reporting systems on a quarterly basis, ensuring all investments are appropriately identified. Intershop will commit to achieve a level of allocation for the eligible asset portfolio which, after adjustments for intervening circumstances including but not limited to sales and repayments, matches or exceeds the balance of an amount equal to the net proceeds from its outstanding Green Bonds.

In case a project no longer meets the eligibility criteria or is sold, the funds will be reallocated to other eligible assets. Payment of principal and interest will be made from a general account and will not be linked to the performance of the eligible assets.

## 2.5 Reporting

Intershop will compile a Green Bond Investor Report on an annual basis until the proceeds have been fully allocated. Such a Report will include:

- A breakdown of allocated amounts per eligible asset category on a project-by-project basis
- The share of financing and refinancing
- Amounts of any unallocated proceeds

The Green Bond Investor Report will be available on the Intershop website [www.intershop.ch](http://www.intershop.ch).

In addition, Intershop will report annually on its Group Sustainability Commitments in its annual report. Since 2019 these reports have been formulated in accordance with the internationally recognised GRI standards.

## 2.6 External review

To secure alignment with national and international guidelines, Intershop has obtained an external review from an independent third party, ISS ESG. The document is available on the Intershop website under [www.intershop.ch](http://www.intershop.ch).

Additionally, appropriate independent accountants will review annually the Intershop evaluation and selection process for the financing of eligible assets and confirm that the process and allocations are in accordance with the Intershop Green Bond Framework.

### 3. Appendix

#### Green Bond – Eligible Projects

Status	Zip	Adress	Project description	Certificate
IP	1201	Genf, Rue de Lausanne 42+44	Addition of stories and refurbishment with air-source heat pump and photovoltaics to a mixed use building	SNBS
DP	8808	Pfäffikon, Talstrasse 35-37	Refurbishment of a commercial building with district heating and photovoltaics	MINERGIE
PP	5400	Baden, Römerstrasse 36	Construction of commonhold apartments with district heating and photovoltaics	MINERGIE
IP	4052	Basel, Redingstrasse 10-12 & 20-22	Annex to high rise apartment buildings and refurbishment with district heating	SNBS
DP	8804	Au, Seestrasse 295 "AuPark"	Construction of apartments and neighbourhood supply with energy production through heat pump with ground probe and lake water as well as photovoltaics	SNBS
IP	1018	Lausanne, Av. Gratta-Paille 1-2 "World Trade Center"	Refurbishment of office building including facade refurbishment and replacement of building technology incl. heating system	SNBS
DP	8404	Winterthur, Fabrikstrasse 2	Construction of a new production facility with district heating and photovoltaics	-

IP = Investment Property  
 DP = Development Property  
 PP = Promotional Property