

Globe Trade Centre SA Capital Group

Type of Engagement: Annual Review

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Introduction

Since December 2020, Globe Trade Centre SA Capital Group (“GTC”) issued three green bonds¹ (collectively the “GTC Green Bonds”) and raised EUR 659.8 million to finance or refinance projects aimed at promoting buildings energy efficiency. In 2023, GTC engaged Sustainalytics to review the projects financed from the GTC Green Bonds (the “Nominated Projects”) and provide an assessment as to whether the Nominated Projects met the use of proceeds criteria and the reporting commitments outlined in the Globe Trade Centre SA Capital Group Green Bond Framework 2021 (the “Framework”),² which is an update of the Globe Trade Centre SA Capital Group Green Bond Framework 2020. Sustainalytics provided a Second-Party Opinion on the Framework in November 2020 and an update to it in June 2021.³

Evaluation Criteria

Sustainalytics evaluated the Nominated Projects based on whether they:

1. Met the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicators (KPIs) for each use of proceeds category defined in the Framework.

Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Green Buildings (including financing relating to construction, acquisition and renovation)	Financing of buildings achieving the following certifications: <ol style="list-style-type: none"> i. LEED⁴ (Platinum or Gold) ii. BREEAM⁵ (Very Good, Outstanding or Excellent); or iii. DGNB⁶ (Platinum or Gold) 	<ol style="list-style-type: none"> i. Level of certification ii. tCO₂e avoided iii. MWh per annum saved iv. Percentage annual energy efficiency gains relative to baseline v. Annual reduction in water consumption (m³)

¹ GTC has issued three green bonds: i) The first green bond issued in December 2020, for an amount of EUR 110 million and due in December 2030. ii) The second tranche of the green bond was issued in March 2021, for an amount of EUR 55 million and is due in March 2031. iii) In June 2021, GTC issued EUR 500 million of green bond due in June 2026.

² GTC, “Green Bond Framework”, (2021) at: https://www.gtccgroup.com/~media/Files/G/Globe-Trade-Centre/documents/bonds/green_bonds/2021/GTC%20Green%20Bond%20Framework%20June_2021.pdf

³ Sustainalytics, “Second-Party Opinion, GTC Green Bond Framework”, (2021), at: https://www.gtccgroup.com/~media/Files/G/Globe-Trade-Centre/documents/bonds/green_bonds/2021/GTC%20Sustainalytics%20Green%20Bond%20Framework%20Second%20Party%20Opinion%207%20Jun%202021.pdf

⁴ Leadership in Energy and Environmental Design - LEED: <https://www.usgbc.org/leed>

⁵ Building Research Establishment – BREEAM: <https://www.breeam.com/>

⁶ DGNB – German Sustainable Building Council: <https://www.dgnb-system.de/en/system>

Issuer’s Responsibility

GTC is responsible for providing accurate information and documentation relating to the details of the funded projects, including description of projects, amounts allocated and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from the GTC Green Bonds. The work undertaken as part of this engagement included collection of documentation from GTC and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by GTC. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by GTC.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

Conclusion

Based on the limited assurance procedures conducted,⁷ nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the Nominated Projects do not conform with the use of proceeds criteria and reporting commitments in the Framework. GTC has disclosed to Sustainalytics that 92.51% of the net proceeds from the GTC Green Bonds were allocated by December 2023, while the remaining 7.49% unallocated proceeds were utilized for general corporate expenses including cost of the issuance and repayment of loans refinanced with the green bonds. Furthermore, GTC has confirmed to Sustainalytics that unallocated proceeds were not used for non-green expenses.

Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the Nominated Projects funded with proceeds from the GTC Green Bonds to determine if projects aligned with the use of proceeds criteria outlined in the Framework.	All projects reviewed complied with the use of proceeds criteria.	None
Reporting Criteria	Verification of the Nominated Projects funded with proceeds from the GTC Green Bonds to determine if impact of projects was reported in line with the KPIs outlined in the Framework.	All projects reviewed reported on at least one KPI per use of proceeds category.	None

⁷ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the funded projects, including description of projects, their estimated and realized costs and impact, as provided by the issuing entity, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendix

In December 2020, March 2021, and June 2021, GTC issued three Green Bonds and raised EUR 659.8 million of which 83% of the proceeds have been used to refinance project loans for Eligible Green Projects, while the remaining 17% have been used to acquire Eligible Green Projects.

Table 3: Allocation and Reported Impact

Use of proceeds	Projects	Location	Green building certification and level	Funds allocated in 2023 (EUR millions)
Green Buildings	Corius	Warsaw, Poland	LEED Gold	7.4
	Pillar	Budapest, Hungary	LEED Gold	43
	GTC X	Belgrade, Serbia	LEED Gold	22
	Ada Mall	Belgrade, Serbia	LEED Gold	84
	City Gate	Bucharest, Romania	LEED Gold	50
	Center Point 1&2	Budapest, Hungary	LEED Gold	40
	Vaci Greens D	Budapest, Hungary	BREEAM Excellent	23
	Ericsson HQ	Budapest, Hungary	LEED Gold	67
	Evosoft Hungary HQ	Budapest, Hungary	LEED Gold	
	Premium Point	Bucharest, Romania	DGNB Gold	15
	Premium Plaza	Bucharest, Romania	DGNB Gold	
	Advance Business Center I&II	Sofia, Bulgaria	LEED Gold	33
	Mall of Sofia and Sofia Tower I	Sofia, Bulgaria	LEED Gold	40
	Galeria Północna	Warsaw, Poland	LEED Gold	124
	Korona Office Complex	Kraków, Poland	BREEAM Excellent	62
	Matrix A&B	Zagreb, Croatia	LEED Platinum	sold
	GTC Metro	Budapest, Hungary	BREEAM Excellent	-

Total Amount Allocated	610.4
Unallocated Amount	49.4

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