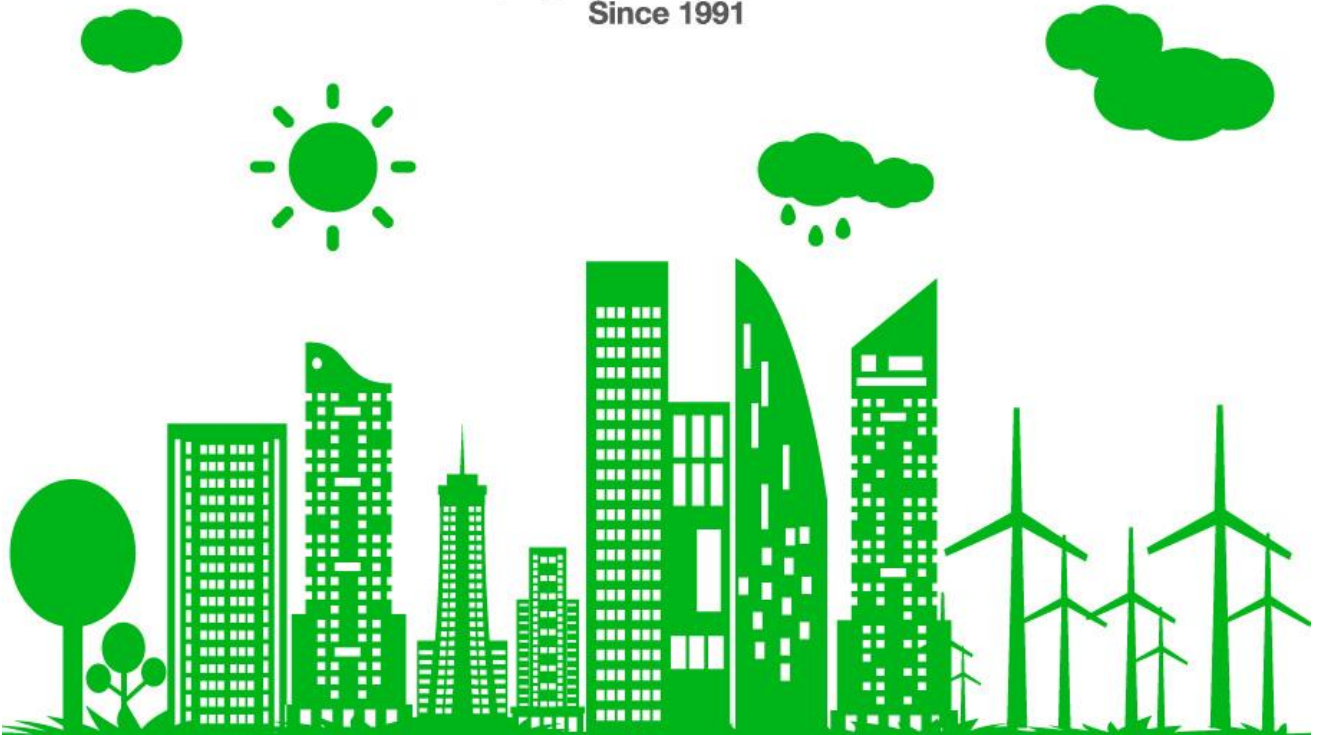


IMPACT

Developing Sustainable Communities
Since 1991



GREEN BOND

Framework



November 2021



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1. STRATEGY AND RATIONALE

Impact Developer & Contractor (“IMPACT” or the “Group”) is a leading real estate developer in Romania, with focus on medium and premium residential segments in major Romanian cities. Since its establishment in 1991, IMPACT has continuously ranked on the Romanian real estate market as one of the most innovative companies, being one of the early creators and developers of residential market segments in Romania after the transition of the country to a democratic regime.

In 1996 the company was listed on the Bucharest Stock Exchange (BSE), whereby IMPACT has become the first real estate development and construction sector listed on the Stock Exchange. In 2006 the shares of the company were promoted to Category I of the Stock Exchange and in 2015 to the Premium category.

In its 30 years continuous presence on the real estate market IMPACT perfected its ability to adapt to the major local and global market changes and to continuously improve its business model, reaching today a level of business maturity that enables its next leap forward in the company history.

If 2014 represented for IMPACT DEVELOPER & CONTRACTOR the starting point in the implementation of its new business strategy, focused on the development from zero of large residential complexes, both for the middle income segment and for the high income segment, 2021 represents the beginning of the new planning horizon, which will bring an exponential increase in the business volume in the coming periods.

IMPACT has already successfully confirmed in the market, two housing concepts that will be replicated in major cities in Romania:

- The GREENFIELD & BOREAL plus housing concepts are dedicated to the middle segment, characterized by a unique mix of facilities, construction standard and price. Within this concept, IMPACT DEVELOPER & CONTRACTOR is already in the middle of the development of the largest integrated residential project in Central and Eastern Europe through GREENFIELD Băneasa and it will be continued in the next period by large projects in Bucharest, Constanța and Iași.
- The LUXURIA housing concept is dedicated to the premium segment, offering superior living conditions, arising from positioning, facilities and quality of finishes. Within this housing concept, IMPACT DEVELOPER & CONTRACTOR has already finished 630 apartments in LUXURIA Residence compound, to be initially extended in Bucharest in a new premium location, on Barbu Vacarescu Boulevard, and then in premium locations in other big cities in Romania.

Reflecting its core corporate values, both residential housing concepts are based on the use of green technologies and sustainable building solutions. Thus, LUXURIA Residence is already BREEAM Excellent Certified, and the new development phases of the GREENFIELD concept will follow the same level of certification.



The central axis of the development strategy of IMPACT remains the Capital Market in the next period. The Group is the first Real Estate company listed on BVB, with a long history of innovation and trust. As part of this financing strategy, it envisages in the next period the financing of its next eligible projects also through issue of green bonds governed by the present Green Bonds Framework.

Sustainability lies in the operating policy of Impact and the flagship projects are a proof. Taking care of the 3 P's of sustainability that have a strong impact over the business is a regular practice, since the planet, the people and the profit are essential assets for IMPACT.

From the beginning, **Greenfield** has been thought as a statement for social responsibility. The project offers new standards of housing development with plans to develop as a smart little city. All the awards received for implementing a Smart City project are a validation of the external recognition of our efforts to build homes and building a better future for all of us.

Luxuria Residence is the first up-scale residential development that received the BREEAM Excellent certification, being from the beginning designed to fit into the Class A energy and the category of green buildings.

BREEAM level enhances the well-being of the people who live or work in them while contributing to the protection of natural resources.

For obtaining this certification, starting from the initial stages of design and construction, Luxuria Residence adopted strategies of sustainability and integrated design (intelligent design, special material for increased energy comfort, good compartments), to consume low energy. As a BREEAM Excellent certificated concept, Luxuria brings both tangible benefits for its residents in terms of comfort and savings but also significantly reduces the environmental impact on the environment:

- up to 13% reduced maintenance costs,
- reduced energy consumption, between 25 - 50% lower,
- up to 33%-39% less CO2 emissions,
- up to 39% less water consumed,
- up to 70% less waste.

IMPACT is committed to supporting the 17 Sustainable Development Goals (“SDGs”) as defined by the United Nations for the period 2015 – 2030, as well as the 2015 Paris Agreement within the United Nations Framework Convention on Climate Change. The Group and is continuously integrating these Goals in its business strategy acknowledging that maintenance of environmental and social standards leads to decrease of costs and increase of the value for both the Group and our stakeholders.

The Group is committed to a responsible, comprehensive, pragmatic and sensible approach to ensure high standards in environmental, social and ethical matters. Environmental concerns are taken into consideration at all levels within the Group and in all matters, including all stages of the investment cycle, handling of natural materials, innovation, management of assets and procurement, as reflected by its core corporate Values:



- **INTEGRITY.** We are honest and promise to always follow and respect the law, take the best decisions and do the right thing for our team, our clients, our company and business partners, so achieving mutual success.
- **TRANSPARENCY.** We observe openness and transparency, equal treatment of all our investors and ethical business conduct.
- **INNOVATE AND LEAD.** We seek to be in the upfront of industry innovation, to motivate and thus inspiring all others.
- **RESPECT THE ENVIRONMENT AND BUILD SUSTAINABLY.** We have a *Commitment to Green*. We apply and implement principles and technologies in order to achieve nZEB and BREEAM Excellent standards in our developments.
- **RESPONSIBILITY.** We build the future for our clients. We are committed to always provide the most valuable propositions to our customers, since we are keen on finding a way to meet their needs and exceed their expectations.
- **MOTIVATION.** We continuously strive to improve ourselves, to be beloved by our customers, trustworthy for our investors and respected by our competition.

IMPACT acknowledges the importance of its real estate footprint to society and the environment, and the benefits of maintaining and operating of an efficient and high-quality portfolio.

The Group's commitment to sustainable properties is already evidenced by current projects with Luxuria Residence being already a BREEAM EXCELLENT certified project and all other projects currently planned either through LUXURIA or GREENFIELD housing concepts pursuing the same certification level. In total Green certified projects already accounts for 100 million Euro in market value while the Group strategy for 2022-2027 includes projects with a market value of over 1.3 billion EURO out of which at least 80%-90% are planned to be green certified projects.

IMPACT has elected to create a Green Bond Framework which is in accordance with the ICMA Green Bond Principles 2021. Under the present Framework the GROUP can issue Green Bond(s) to finance Eligible Projects, as set out below. Therefore, for each Green Bond issued, IMPACT asserts that it will adopt (1) Use of proceeds (2) Project Evaluation and Selection (3) Management of Proceeds and (4) Reporting, as set out in this Framework.



2. USE OF PROCEEDS

Proceeds of IMPACT Green Bonds will be allocated to finance or refinance projects that meet any of the following Eligible Criteria:

Eligible category according to the ICMA Green Bond Principles	Eligibility criteria	Environmental benefits
Green buildings	Construction or refurbishment of buildings which meet recognised standards for best practices in energy and resource efficiency and low-GHG emissions. Such as: <ul style="list-style-type: none"> - BREEAM (Very Good and above) - LEED (Gold and above) 	Energy savings GHG emissions reduction
Sustainable water and wastewater management	Construction or refurbishment of sustainable infrastructure for clean and/or drinking water, wastewater treatment, sustainable urban drainage systems and other forms of flooding mitigation dedicated to residential and commercial developments.	Waste reduction Waste -water reduction
Renewable energy	Integration of renewable energy solutions in the new developments or retrofit for the existing developments: <ul style="list-style-type: none"> - Solar - geothermal 	Energy savings GHG emissions reduction
Clean transportation	Financing of clean transportation solutions associated with large residential and commercial developments such as: <ul style="list-style-type: none"> - Electric charging stations and electric cars - Electric public transport - Green ride sharing solutions (bicycles, electric scooters, electric cars) - Development of bike paths and bike racking stations 	GHG emissions reduction

All of IMPACT’s Eligible Green Projects contribute to the environmental objective of climate change mitigation and the achievement of UN Sustainable Development Goals, mainly target 7.3.: By 2030, double the global rate of improvement in energy efficiency.

All proceeds will be allocated to the Eligible Green Project categories as defined in this framework contributing to the environmental objective of climate change mitigation through low carbon emissions (finance new projects or refinance existing projects). Eligible Green Projects include physical assets such as residential and commercial buildings, technical installations or vehicles.



3. PROJECT EVALUATION AND SELECTION

The Project Evaluation and Selection Process will ensure that the proceeds of IMPACT Green Bond(s) are allocated to finance or refinance projects that meet the criteria and objectives set out in this Framework.

IMPACT is committed to high standards in environmental, social and ethical matters. As such, all of IMPACT's real estate investments are subject to environmental assessment procedures and in line with local environmental and social regulation. Before each potential real estate investment, the Group examines the financial viability of each investment, in conjunction with the environmental and social risks, and compliance with all applicable local regulations. The Group focuses on developing projects that meet the certification level of BREEAM Very Good or higher, LEED Gold or higher, or equivalent recognizable accreditations or have the potential to achieve such through effective and efficient management of the properties. The Group also focuses in the development of projects and initiatives that result in GHG emissions reduction and reduction of environmental risks, mainly complementing its large residential and mixed use projects.

As of 9 September 2021 the Company's Board of Directors set-up the Green Bond Committee, committee subordinated to the Company's Board of Directors with responsibilities regarding green financing oversight. Previously in 2021 the ESG Department was set up, with responsibilities regarding selection, monitoring and reporting of green financing.

Project timing, progress and budgets are carefully supervised, by the relevant in-house IMPACT team (mostly investments and project management teams) together with the support of external specialist monitoring advisors. Since in most cases the investment involves the development of a property, health, safety and environmental risks are monitored before and during the performance of works.

Project Selection Process

Eligible Projects will be evaluated and selected by IMPACT's "Green Bond Committee" (, together with the assistance of the Group's relevant teams (such as ESG Department, the investment project management team or legal team) and Company's management. The projects which are deemed by the "Green Bond Committee" as fulfilling the eligibility criteria are submitted for the approval of the Group's Board of Directors.

On an ongoing basis, eligible Use of Proceeds from IMPACT's portfolio of projects will be identified and proposed by the Green Bond Committee. The Green Bond Committee will screen these projects against



- (i) the Eligibility Criteria (as described in Section 3),
- (ii) IMPACT internal policies,
- (iii) local regulations.

Based on the screening process, the Green Bond Committee will recommend eligible projects for inclusion as Eligible Use of Proceeds to the Board of Directors of IMPACT, notifying all other appropriate teams and committees.

The Green Bond Committee will review, annually or earlier if should be deemed necessary, the allocation of the proceeds to the Eligible Use of Proceeds and determine if any changes are necessary (for instance, in the event that projects have been completed or otherwise become ineligible). While any IMPACT Green Bonds are outstanding, in the case of divestment or cancellation of a project to which proceeds have been allocated, IMPACT will reallocate the proceeds to other eligible projects. The Green Bond Committee will also review the management of proceeds (as described in Section (4) and facilitate reporting (as described in Section 5).

4. MANAGEMENT OF PROCEEDS

An amount equal to the net proceeds from Green Bond issuance will be allocated to finance or re-finance, in part or in full, a Green Project Portfolio selected in accordance with the use of proceeds and evaluation and selection criteria presented in this Green Bonds Framework.

Impact will strive to allocate the proceeds of any Green Bond issuance within 24 months after issuance. Additional eligible green project will be added to the Green Project Portfolio to ensure that the net proceeds from outstanding Green Bonds are fully allocated.

Pending allocation to the Green Project Portfolio, net proceeds from the Green Bond issuances will be held in cash or other short-term instruments. Payment of principal and interest on the Green Bonds will be made from Impact's general funds and will not be directly linked to the performance of the Green Project Portfolio.

Impact will establish Green Bonds Procedures and Registers to account for any allocation/re-allocation, repayments or drawings on the eligible projects and expenditures within the Green Project Portfolio.

5. REPORTING

Impact commits to provide Allocation and Impact reporting until full allocation, on an annual basis, by including a Green Bond Financing section in the Annual Report prepared by the Company or as a separate report. The reporting will be made with regard to the entire green bond portfolio, commencing no later than one year after the date of the first green bond issues.

The Annual Report will be available on Impact's website.



Allocation reporting

To the extent practicable, Impact will provide information such as:

- allocation of the net proceeds from the Green Bonds at eligible project level
- a list of eligible projects financed and geographical distribution
- the remaining balance of unallocated proceeds
- the share of financing / refinancing
- status of building included (e.g. under construction or completed)

Impact reporting

Where feasible, to demonstrate substantial contribution to Environmental Objectives per Green Project category, IMPACT will provide reports using the metrics recommended under the ICMA's Harmonized Framework for Impact Reporting Handbook namely:

Project Category	Impact Reporting Metrics
Green buildings	<ul style="list-style-type: none"> - Level of certification by property - Annual GHG emissions reduced/avoided (t CO2 eq pa) - Annual energy savings (MWh pa)
Sustainable water and wastewater management	<ul style="list-style-type: none"> - Annual water savings - Annual volume of wastewater treated or avoided - Treatment and disposal and/or reuse of sewage sludge (e.g. annual absolute <gross> amount of raw/untreated sewage sludge that is treated and disposed of <in tonnes of dry solids p.a. and in %>)
Renewable energy	<ul style="list-style-type: none"> - Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent - Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy) - Capacity of renewable energy plant(s) constructed or rehabilitated in MW
Clean transportation	<ul style="list-style-type: none"> - Passenger-kilometres and/or passengers; or tonne-kilometres and/or tonnes - Annual GHG emissions reduced/avoided in tCO2 –e p.a. - Reduction of air pollutants: particulate matter (PM), sulphur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO), and non-methane volatile organic compounds (NMVOCs)



6. EXTERNAL REVIEW

Impact has appointed Sustainalytics to provide an independent Second Party Opinion report (“SPO”) on this Framework and confirm the alignment with ICMA Green Bond Principles. The SPO will be made publicly available on Impact’s website at: <https://www.impactsa.ro>.

Impact annual reporting will also be subject to External Review which will be accessible on Impact website.



7. APPENDIX 1: ELIGIBLE INDIVIDUAL MEASURES

IMPACT could allocate proceeds of Green Bonds to finance or refinance individual measures on its buildings. The individual measures should aim to reduce energy use and carbon emissions for the operational phase of the buildings, use of energy from renewable resources, reduce environmental risks through better water and waste management, reduce energy use and carbon emissions for people transportation. A list of eligible individual measures can be found below:

1. Individual measures complying with (1) minimum requirements set for individual components and systems in the applicable national regulations transposing the Energy Performance Building Directive (EPBD) and (2) Eco design requirements pursuant to Directive 2009/125/EC:

- Addition of insulation to the existing envelope components, such as external walls, roofs (including green roofs), lofts, basements and ground floors (including measures to ensure air-tightness, measures to reduce the effects of thermal bridges and scaffolding) and products for the application of the insulation to the building envelope (mechanical fixings, adhesive, etc.).
- Installation and replacement of HVAC and domestic hot water systems, including equipment related to centralised heating service.

2. Other building individual measures:

- Installation of on-site systems to harvest energy from renewable sources, such as (examples listed below):
 - solar photovoltaic systems (and the ancillary technical equipment).
 - solar hot water panels (and the ancillary technical equipment)
 - heat pumps (including the ancillary technical equipment and infrastructure works required)
- Installation of thermal or electric energy storage units (and the ancillary technical equipment).
- Installation of water treatment stations
- Installation of automated systems for selective collection and monitoring of waste
- Installation or upgrade of drainage systems and of systems for flooding prevention (and the infrastructure works required)
- Installation of zoned thermostats, smart thermostat systems and sensor equipment, e.g. motion and day light control.
- Installation of charging stations for electric vehicles
- Acquisition of electric vehicles to be used for public transportation
- Construction of bike paths and bike racking stations
- Installation of smart meters for gas and electricity
- Installation of heat exchanger/recovery systems