

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Asset Pool

ORPEA

18 March 2021

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">• Social Bonds, Green Bonds, Sustainability Bonds
Relevant standards	<ul style="list-style-type: none">• ICMA's Green and Social Bond Principles, Sustainability Bond Guidelines and LMA's Green Loan Principles
Scope of verification	<ul style="list-style-type: none">• ORPEA Sustainable Financing Framework (as of March 2021)• ORPEA green and social asset pool (as of March 2021)
Lifecycle	<ul style="list-style-type: none">• Pre-issuance verification
Validity	<ul style="list-style-type: none">• This SPO is valid as long as the Framework remains unchanged (March 2021).

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SCOPE OF WORK

ORPEA (or “the issuer”) commissioned ISS ESG to assist with its Sustainable Financing Framework by assessing three core elements to determine the sustainability quality of green, social or sustainability issuances:

1. The framework’s link to ORPEA’s sustainability strategy – drawing on ORPEA’s overall sustainability profile and issuance-specific Use of Proceeds categories.
2. ORPEA’s Sustainable Financing Framework – benchmarked against the International Capital Market Association’s (ICMA) Green and Social Bond Principles (GBPs, SBPs), Sustainability Bond Guidelines (SBGs) and LMA’s Green Loan Principles (GLPs).
3. The asset pool – whether the projects aligned with ISS ESG’s issue-specific key performance indicators (KPIs) (See Annex 1).

ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ¹
Part 1: Issuance’s link to issuer’s sustainability strategy	According to the ISS ESG Corporate Rating published on 11.03.2021, the issuer shows a high sustainability performance against industry peer group on key ESG issues faced by the ‘Health Care Facilities and Services’ sector. As of 18.03.2021, the company obtains a Decile Rank relative to industry group of 2, given that a decile rank of 1 indicates highest relative ESG performance out of 10. The issuer is rated 14 th out of 90 companies within its sector.	Consistent with the issuer’s sustainability strategy
Part 2: Performance against the GBPs, SBPs, SBGs, and GLPs	The issuer has defined a formal concept for its Sustainable Financing Framework regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with ICMA’s GBPs, SBPs, SBGs, and LMA’s GLPs.	Positive
Part 3: Sustainability quality of the asset pool	<p>The overall sustainability quality of the green and social asset pool in terms of sustainability benefits, risk avoidance and minimisation is good, based upon the ISS ESG’s Green and Social Bond KPIs. The KPIs contain a clear description of the eligible asset categories which include healthcare and medical care facilities.</p> <p>The use of proceeds categories have a positive contribution to the SDG 3 “Good health and well-being” and SDG 11 “Sustainable cities and communities”. The environmental and social risks associated with those use of proceeds categories have been well managed. according to the methodology of ISS ESG.</p>	Positive

¹ ESG’s evaluation is based on ORPEA’s Sustainable Financing Framework (March 2021 version), on the analysed green and social asset pool and on the ISS ESG Corporate Rating applicable at the SPO delivery date (updated on the 11.03.2021).

ISS ESG SPO ASSESSMENT

PART I: THE FRAMEWORK'S LINK TO ORPEA'S SUSTAINABILITY STRATEGY

A. ASSESSMENT OF ORPEA'S ESG PERFORMANCE

The ISS ESG Corporate Rating provides material and forward-looking environmental, social and governance (ESG) data and performance assessments.

COMPANY	SECTOR	DECILE RANK	TRANSPARENCY LEVEL
ORPEA	HEALTH CARE FACILITIES AND SERVICES	2	VERY HIGH

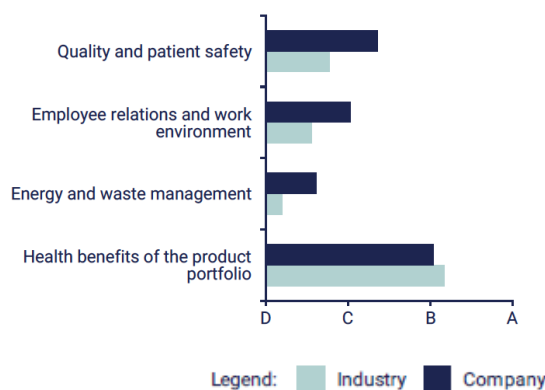
This means that the company currently shows a high sustainability performance against peers on key ESG issues faced by the 'Health Care Facilities and Services' sector and obtains a Decile Rank relative to industry group of 2, given that a decile rank of 1 indicates highest relative ESG performance out of 10.

ESG performance

As of 18.03.2021, this Rating places ORPEA 14th out of 90 companies rated by ISS ESG in the 'Health Care Facilities and Services' sector.

Key Challenges faced by companies in terms of sustainability management in this sector are displayed in the chart on the right, as well as the issuer's performance against those key challenges in comparison to the average industry peers' performance.

Key Issue Performance



Sustainability Opportunities

ORPEA's core business consists of long-term residential facilities for the dependent elderly and rehabilitation, post-acute facilities and psychiatric clinics in 22 countries: France, some other European countries (Germany, Spain, Italy, Belgium, Netherlands, Austria, Ireland, Switzerland) and some non-European countries (Brazil, Uruguay, Chile, China). The company also offers additional services that enable more flexible elderly-care solutions, such as temporary accommodation, residential services for non-dependent elderly people, and day visit options that allow seniors living at home to participate in social or therapeutic activities, and also home-care and home services. In its nursing homes, the company also offers protected units for people suffering from Alzheimer's' disease and units for highly dependent people. ORPEA's service portfolio provides solutions for dealing with the demographic challenge of the rapidly ageing population in Europe and in Latin America. By 2050, Europe will face an exposition of people aged over 80 years old: +22 million people, representing an increase of 104 %. Due to the changes in family patterns and declining birth rates, the majority of

elderly people will not receive care from family members but rather depend on professional elderly care services.

Sustainability Risks

A major social challenge for operators of senior homes and providers of elderly services is to ensure high quality care while at the same time facing cost pressure resulting from tighter public budgets for health and care or shareholder demands. To address this, the company has implemented a solid framework to ensure reasonable levels of care and client satisfaction. A comprehensive quality management system is part of the framework, as well as patient and family surveys and promotion of best practice between facilities. Yet, ORPEA does not disclose performance data to demonstrate the success of its quality initiatives. Regarding employee working conditions, which are an important factor for the long-term company success and quality level in the care service sector, ORPEA performs fairly well, but there is only limited evidence of initiatives in some areas which are considered essential for staff satisfaction such as work-life balance. ORPEA's management of environmental issues is weaker, both when it comes to general topics such as climate change but also with respect to more sector-specific aspects such as green procurement. Promising first steps have been taken regarding waste and water management.


Governance opinion

ORPEA's governance structure ensures effective separation of supervision and management as the board of directors is led by an independent director, Mr. Philippe Charrier (as at May 30, 2020). Likewise, a majority of the supervisory board is composed of directors who meet the independence criteria (as at June 30, 2020). Furthermore, the company has established committees in charge of audit, nomination and remuneration, all of which are composed of a majority of independent directors. The company discloses its executive remuneration scheme including long-term incentive components which could incentivize sustainable value creation.

ORPEA has established a board-level sustainability committee with the majority of members considered as independent. Additionally, the company has integrated relevant ESG targets in executive remuneration schemes. In terms of business ethics, ORPEA has formalized its approach to ensure fair business practices with a code of conduct covering issues such as anticorruption and conflicts of interest in some detail. In addition, the company conducts compliance trainings and offers whistleblowing channels.

Sustainability impact of products and services portfolio

Using a proprietary methodology, ISS ESG assessed the contribution of ORPEA's current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs). This analysis is limited to the evaluation of final product characteristics and does not include practices along ORPEA's production process.

PRODUCT/SERVICES PORTFOLIO	ASSOCIATED PERCENTAGE OF REVENUE (2019 sales)	DIRECTION OF IMPACT	UN SDGS
Psychiatric clinics, rehabilitation centres, senior homes, home care	95%	CONTRIBUTION	
Others	N/A	NO NET IMPACT	N/A

Breaches of international norms and ESG controversies

The company is not facing any controversy.

B. CONSISTENCY OF THE INSTRUMENT WITH ORPEA’S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the issuer

ORPEA has implemented several steps in the last years to increase its commitment to sustainability. ORPEA sees it as essential to build its Corporate Social Responsibility (CSR) strategy based on the expectations of all its stakeholders – patients, investors, employees and society as a whole. This can be observed below:



ORPEA's commitments to reduce its environmental footprint

Facilities' environmental performance is a major concern for the Group and relevant measures are taken at the building design, construction and operation stage. Under its integrated environmental policy, the Group aims to strike a balance between energy savings and quality of life at its facilities for residents, patients and staff.

The main priorities identified by ORPEA consist in:

- Reducing energy use and water consumption at its facilities. Given that its business operates 24/7, the company considers energy efficiency as a priority. Indeed, ORPEA's consolidated carbon footprint conducted in 2017 shows that the GHG emissions from energy account for 31 % of ORPEA's total emissions in France (350 facilities).
- Optimizing waste management. Given the nature of ORPEA's business, sorting waste particularly clinical waste represents a key issue. Regarding the number of meals served each year (50 million meals per year), the Group also pays great attention to combatting food waste.

To achieve these goals, ORPEA strives to:

- Measure its energy and water consumptions in order to implement a policy designed to reduce its environmental impact. In France, ORPEA is using a consumption-tracking platform (Deepki) which could be soon installed in other locations. Hence, on a yearly basis, ORPEA can report scope 1 and scope 2 at Group level and by region. ORPEA also analyses kitchen waste through weighing returned food and meal production.
- Reduce energy consumption and improve energy efficiency. A multi-year action plan is deployed as part of the refurbishment of ORPEA's existing facilities (including lighting, insulating...). ORPEA aims to build facilities that are more energy efficient and integrates environmental and social topics such as accessibility, landscaping, renewable energy, eco-design, and eco-management. Concerning food, ORPEA attempts to adapt orders and production on a daily basis to facilities' operations.
- Engage with our employees to reduce the ORPEA environmental footprint. ORPEA raises employee awareness by providing information about eco-friendly behavior. This initiative targets employees as well as residents, patients, and visitors.

Thanks to these measures, ORPEA records good results to emphasize in the future:

In France, ORPEA measures its carbon footprint (scopes 1, 2, 3) once every four years. The last carbon footprint evaluation was done in 2017 and published in Q1 2018. It showed a 13 % drop in GHG emissions between 2017 and 2011. ORPEA in France is aiming to reduce its annual direct and indirect greenhouse gas emissions from stationary and mobile sources by 5% over a cumulative 4-year period. The next carbon footprint measurements will be done for France in 2021, and ORPEA forecasts to define goals at Group level.

ORPEA's commitment to residents and patients

The human dimension is crucial in a business involving the well-being of dependent people. The Group's values are Professionalism, Loyalty, Compassion and Humility.

The ORPEA Charter sets the group’s commitments in terms of general and medical care, comfort, catering, social activities, information, etc., in order to meet their needs as closely as possible. In each facility, a multi-disciplinary team draws a care plan for each person, and, in the nursing homes, residents are also offered an individual living plan. All facilities are monitored by the Quality Department, Medical Department and Works Department to make sure that residents and patients are cared for in a safe and secure environment. An independent satisfaction survey is conducted site by site. In 2019, 53 000 questionnaires were sent out: 92 % of respondents are satisfied or very satisfied and 94 % would recommend ORPEA nursing home to family or friends (with more than 56% responding).

ORPEA’s commitment to supporting the regional economies

The Group is playing a key role in regional development with over 20,000 beds under construction and redevelopment in Europe and in Latin America. In fact, through its own development projects, ORPEA contributes to creating new and redeveloping existing neighbourhoods.

To support its development and continuous organisational improvements, ORPEA creates sustainable jobs across its entire geographical footprint and the full range of its professional activities. What’s more, these jobs cannot be transferred abroad.

The Group is also keen to build sustainable relationships with local businesses, for certain types of purchases, such as from bakeries, flower shops and pharmacies, providing a real boost to the local economy.

Rationale for issuance

By implementing a Sustainable Financing Framework, ORPEA supports the Group’s CSR Policy implementation by strengthening and promoting ORPEA’s responsible role in the society as well as contributing to the ongoing development of the sustainable finance market.

Contribution of Use of Proceeds categories to sustainability objectives and priorities

ISS ESG mapped the Use of Proceeds categories financed under this Framework 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 Health Care Facilities and Services sector. From this mapping, ISS ESG derived a level of contribution to the strategy of each Use of Proceeds categories.

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

Opinion: ISS ESG finds that the Use of Proceeds category financed through the bonds issued under this Framework are consistent with the issuer’s sustainability strategy and to material ESG topics for the issuer’s industry. The rationale for issuing Green and Social bonds is clearly described by the issuer.

PART II: ALIGNMENT WITH GBPs, SBPs, SBGs and GLPs

1. Use of Proceeds

The proceeds of ORPEA's Sustainable Financing instruments will be used by ORPEA or any of its affiliated project companies to (re)finance, in whole or in part, existing or future Eligible Green or Social Assets and Projects included in the Eligible Portfolio.

In order to be included in the Eligible Portfolio, Eligible Green or Social Assets and Projects must meet a specific set of criteria:

- Alignment with the Eligible Expenditures criteria
- Alignment with the Geographical criteria
- Alignment with the Technical Eligibility criteria
- Alignment with the Exclusion criteria for Social Assets and Projects

Any asset or project in which ORPEA is involved that does not meet all the criteria above will not be included in the Eligible Portfolio.

Furthermore, any Eligible Asset or Project meeting all eligibility criteria but subject to a controversy (including controversies linked to staff or patient treatment) will not be included in the Eligible Portfolio as long as the controversy remains unresolved. Similarly, any Eligible Asset or Project included in the Eligible Portfolio prior to a controversy will be removed from the Eligible Portfolio and replaced by another Eligible Asset or Project as soon as practical.

- **Eligible Expenditures Criteria**

Eligible Green or Social Assets must consist in the (re)financing of:

- Acquisition of existing Assets
- Construction / Development of ongoing or future assets

Eligible Green or Social Projects must consist in the (re)financing of:

- Refurbishment and or extension of existing assets
- Expenditures for improvement of services in existing assets

- **Geographical Criteria**

Eligible Green or Social Assets and Projects included in the Eligible Portfolio are expected to be located in countries in which ORPEA operates, respecting the following criteria:

- Eligible Green Assets and Projects

In countries where reference standards exist to be able to classify the Assets and Projects as in line with Technical Eligibility Criteria as outlined in Appendix 1 of ORPEA's Framework

- Eligible Social Assets and Projects

The indicative list of eligible countries for Eligible Social Assets and Projects has been outlined in Appendix 2 of ORPEA's Framework. It includes Belgium, France, Germany, Portugal and Spain. ORPEA may update the list of eligible countries from time to time. In case of an update to Appendix 2 ORPEA

commits to have the Second-Party Opinion (as described in section 3 of this Sustainable Financing Framework) updated accordingly.

- **Technical Eligibility Criteria**

Eligible Green Assets and Projects

Eligible Green Assets (Low-Carbon Buildings)

Eligible Green Assets include the (re)financing of existing, ongoing and future construction /development or acquisition costs of buildings as well as the extension of existing buildings meeting specific energy performance thresholds:

- Buildings with a level of energy performance corresponding to the top 15% of the national stock; or
- Buildings aligned with European Nearly-Zero-Energy Buildings (NZEB) low consumption building standards corresponding to buildings with a very high energy performance. The NZEB concept is a requirement from the European Union Energy Performance of Buildings Directive (EPBD); or
- In the specific case of Switzerland, Buildings aligned with Minergie² or 2000-Watt Society³ Energy-Efficiency performance level.

The energy-efficiency criteria applied by ORPEA for each country in which it operates in Europe is available in Appendix 1 of the Sustainable Financing Framework.

Environmental benefits targeted: Support energy transition to a low-carbon economy; develop low-carbon buildings and improve energy efficiency of buildings.

Eligible Green Projects (Energy Efficiency)

Eligible Green Projects include the (re)financing of refurbishment costs of existing buildings meeting specific energy-efficiency improvement thresholds post achievement of the works:

- Specific refurbishments to dedicated energy efficiency works such as HVAC systems renovation and improvement (excluding fossil-fuel based heating systems); Geothermal energy systems roll-out; Insulation retrofitting; LED roll-out; Solar panels installation; Heat Recovery Systems; Motion detectors roll-out... or
- Major Refurbishments of existing buildings meeting at least one of the following eligibility criteria:
 - Buildings meet the Near Zero-Energy Buildings (NZEB) low consumption building standards post-refurbishment;
 - Buildings will have at least 30% of expected energy-efficiency gains post-refurbishment;
 - Buildings will be part of the top 15% most energy efficient buildings of the national stock post-refurbishment; or
- In the specific case of Switzerland, Refurbishment of Buildings leading to alignment with Minergie or 2000-Watt Society Energy-Efficiency performance level.

The energy-efficiency criteria applied by ORPEA for each country in which it operates in Europe is available in Appendix 1 of the Sustainable Financing Framework.

Environmental benefits targeted: Support energy transition to a low-carbon economy; develop low-carbon buildings and improve energy efficiency of buildings.

² <http://www.projetvert.fr/labels-energetique/label-minergie/>

³ <https://www.2000watt.swiss/english.html>

Eligible Social Assets and Projects

Eligible Social Assets (Access to essential services)

Further information on Eligible Social Assets are provided in Appendix 3 of the Sustainable Financing Framework.

Eligible Social Assets include existing, ongoing and future investments and construction /development or acquisition costs of healthcare facilities as well as the extension of existing healthcare facilities, providing services to clearly identified target population(s) and falling within one of the following categories:

- Nursing homes specialized in long-term or short-term care for dependent elderly people (“Skilled Nursing Homes”)
 - Nursing Homes providing long term care services or providing complementary accommodation solutions for elderly people with loss of independent living skills.
 - Target Population: Dependent elderly people
 - Social Benefits Targeted: Improve the health and well-being of elderly people
- Psychiatric Hospitals
 - Psychiatric Hospital specialized in care of specific conditions such as mood disorders, anxiety disorders, obsessive-compulsive disorders, addictions, eating disorders, sleep disorders, personality disorders, ageing-related psychiatric disorders, psychosis, over exhaustion or burn-out, or recently discovered disorders(such as chronic fatigue syndrome, fibromyalgia, psychosomatic conditions, post-traumatic stress disorders).
 - Target Population: People in need of psychiatric medical support, including vulnerable youth, adults and elderly people
 - Social Benefits Targeted: Improve the health and well-being of vulnerable people in need of psychiatric support
- Post-acute and Rehabilitation Hospitals
 - Post-acute and rehabilitation hospital providing care for patients requiring functional rehabilitation or treatment such as Geriatrics, Musculoskeletal conditions, Nervous system diseases (such as strokes, degenerative neurological disease), Cardiovascular conditions (post-operative care) and Hematology and oncology (“follow-on” care).
 - Target Population: Vulnerable People in need of medical care
 - Social Benefits Targeted: Improve the availability and quality of medical care

Eligible Social Projects (Access to essential services)

Eligible Social Projects include the (re)financing of investments enabling adaptation to new needs and the development of specialized care services in existing healthcare facilities meeting the technical eligibility criteria for Eligible Social Assets.

Examples of projects can include for instance the creation/extension of Alzheimer’s disease units in Nursing homes or the investments necessary to be able to offer day reception / night reception services at existing Nursing homes.

Social benefits targeted: Improve access to care and quality of care for Target populations

- **Exclusion Criteria for Social Assets and Projects**

Social Assets and Projects that would meet the Eligible Expenditures, Geographical and Technical Eligibility criteria but falling into one or more of the following categories would be systematically

excluded from the Eligible Portfolio:

- Assets or Projects with poor energy efficiency performance
- Assets or Projects failing to achieve ISO 9001:20154 certification (or national equivalent) after three (3) years of full operational activity
- Assets or Projects dedicated to Home Care Services and Independent living facilities for the elderly

Opinion: ISS ESG considers the Use of Proceeds description provided by ORPEA Sustainable Financing Framework as aligned with the ICMA GBPs, SBPs, SBGs and LMA's GLPs. ORPEA has established very clear and transparent eligibility criteria which give a detailed overview of eligible assets. The issuer also includes several annexes giving further details about criteria and selection methodologies. Expected green and social benefits are clearly displayed in a granular way and the eligible categories are aligned with the broader strategy of the issuer toward sustainability. Moreover, exclusion criteria are also included reflecting best market practices.

2. Process for Project Evaluation and Selection

Environmental, Social and Governance Standards

The evaluation and selection process of the Eligible Green or Social Assets and Projects is clearly defined and relies on ORPEA internal processes (including its investment strategy and CSR strategy) which applies strict procedures to minimize environmental, social and governance risks as well as local construction codes and building permits and environmental and social law.

High quality infrastructure

ORPEA's facilities are supported by the Works and Maintenance Department, which ensures that equipment is properly maintained. All equipment is also checked by approved external companies. For new facilities, ORPEA has also developed a quality process to ensure that it builds facilities that meet the most demanding regulatory standards and offer some of the highest levels of comfort in the sector. ORPEA apply strict procedures to minimize risks and all staff receive training every year.

Furthermore, ORPEA has an in-house project management department which has been committed to accommodating environmental imperatives and energy-saving aspects in the specifications for all its new building projects. ORPEA aims to build facilities that are more energy efficient, and which blend in better with the environment (accessibility, landscaping, urban integration) while offering optimal quality of life for residents, patients and staff. Starting at the design stage, ORPEA makes sustainable choices for new buildings that help to protect the environment:

- The buildings and its environment: (for example: location, acoustician's analysis, impact studies of future installations on the environment, ...)
- Building design: accessibility of the facility for people with reduced mobility
- Technical and technological choices: (for example: rainwater treatment, solar water heating, use of energy efficient technologies, ...)

Since ORPEA also expands by acquiring facilities that have already been built, the Group has also

⁴ <https://www.iso.org/obp/ui/fr/#iso:std:iso:9001:ed-5:v1:en>

implemented an annual review of the facilities requiring redevelopment and restructuring work to improve the standards of comfort for the individuals being looked after or working there and to underpin the level of the buildings' energy efficiency.

Lastly, before purchasing land, ORPEA ensures that the soil is not contaminated and, if necessary, carries out soil remediation.

Strict quality control process of care and treatment

ORPEA is ensuring high quality control of care and treatment in its facilities through regular assessments including regular external and internal audits and a strict and effective complaints and incident management and inhouse training. Ongoing monitoring of quality control includes Care and treatment, Quality and quality process, Safety, Catering, Health and hygiene and Organisation. ORPEA is aiming at achieving 100% certification of facilities (ISO 9001:2015 or national equivalent) by 2023. ORPEA is performing ongoing assessments & certifications of its facilities via notably the pursuit of ISO certification and relevant national certifications (such as HAS certification in France or MDK certification in Germany).

Internal appraisals are carried out by regional departments, the Quality Unit, the Medical Department and/or the Group's senior management. They are an opportunity to check that procedures are being understood and applied, and that staff are fully aware of the protocols to be used. They also ensure that remedial action is taken in a timely fashion.

External appraisals and certification efforts provide transparency for both residents and their families and ensure that ORPEA's facilities meet clear commitments regarding the consistency of service quality.

Awareness-raising initiatives are organised throughout the year regarding best practice in areas such as Alzheimer's disease, prevention of mistreatment, postures and movements, and safety. These in-house training modules provide an opportunity to update and enhance staff knowledge, but also to share day-to-day experiences.

Furthermore, satisfaction surveys are conducted frequently to monitor the satisfaction rate of residents/patients and identify potential areas for improvement on an ongoing basis.

Employees

ORPEA pays close attention to the monitoring of the well-being of employees. The HR policy implemented is adapted to the specific context of each local market in which ORPEA operates with the view of promoting development, talent management & retention of employees (partnerships with care training centres, regular commitment surveys, quality of work life monitoring...) in order to address recruitment challenges and reduce the turnover as well as maintaining employee well-being, health and safety and ensure compliance with regulations and procedures and maintain a social dialogue.

A dynamic training policy has been implemented to develop ORPEA employees' skills and contribute to the development of care staff as well as preventing potential shortages in care staff including for instance partnerships with universities and creation of university training centres and paramedical training courses.

Complaint and Incident management policies

ORPEA has implemented strict processes in all countries to monitor and resolve potential complaints that may arise from patients, residents or their families.

A complaint handling process is in place in each country with clearly defined steps including meetings with the patient/resident and/or his family, a feedback up to the regional director and the COO of the Business Unit, implementation of action plans to solve the complaint and avoid future occurrences and

a centralisation of complaint data to identify problems and trends.

A dedicated incident management process is also in place in all countries covering Care accidents (run away, suicide or suicide attempt, mistreatment, aggressions, pandemic...), Logistical / technical accidents (heating, water, electricity issues...) and External causes (theft, intrusion, climatic event). The process includes an automatic feedback of events to COO and CEO, an analysis of the incident reasons, the implementation of action plans and the centralisation of incidents related data.

Eligible Portfolio Asset and Project selection process

The process for Eligible Green or Social Assets and Projects evaluation and inclusion into the Eligible Portfolio of Assets and Projects consists in the following steps:

- The Construction and Maintenance corporate team is responsible for a first identification of Eligible Green or Social Assets and Projects and constitution of the potential Eligible Portfolio;
- The Financial Department is responsible for compiling the information related to the amount of funding required for this potential pool of Eligible Green or Social Assets and Projects and identifies proceeds allocation accordingly;

The Sustainable Financing Committee, further defined below, selects and validates the final Eligible Portfolio of Green or Social Assets and Projects and the allocation of proceeds and ensures that there is no possible double counting.

Sustainable Financing Committee

ORPEA has put in place a dedicated Sustainable Financing Committee responsible for the overall governance of its Sustainable Financing Framework and related issuances.

The Sustainable Financing Committee includes, among others, representatives of:

- Finance Department
- CSR Department
- Construction and Maintenance Corporate Team
- Quality and Medical department

It is chaired by the Treasury director and meets at least twice a year.

The roles and responsibilities of the Sustainable Financing Committee include:

- Review of compliance of selected Green or Social Assets and Projects with the relevant Eligibility Criteria
- Financial validation in terms of financial needs and amounts to be funded and exclusion of projects (such as projects facing unresolved controversy)
- Validation of the proceeds allocation
- Monitoring of the Eligible Portfolio
- Validation of the annual reporting to investors
- Monitoring of the Auditors' annual missions
- Potential reviews of the Framework to reflect any change with regards to the Group's sustainability strategy and initiatives, and any change in market standards and eligibility criteria

Opinion: ISS ESG considers the Project Evaluation and Selection processes as aligned with the ICMA GBPs, SBPs, SBGs and LMA's GLPs. ORPEA's Sustainable Financing Committee is responsible for the project evaluation and selection process and general governance of the framework. A description of the committee composition and activities is provided, which further increases transparency. ORPEA also includes a description of internal policies on relevant ESG topics, which exceeds best market practices.

3. Management of Proceeds

An amount equal to the net proceeds of each Sustainable Financing instrument will be managed by ORPEA's treasury department through its general account, and an amount equal to the net proceeds will be earmarked for allocation to the Eligible Portfolio as selected by the Sustainable Finance Committee. ORPEA will set-up a dedicated Sustainable finance register in order to track the net proceeds and to monitor the allocation of proceeds.

In the case of refinancing, Eligible Assets and Projects are eligible if they have been funded by ORPEA no more than three (3) years prior to the date of issuance of each Sustainable Financing instrument.

When the Eligible Assets or Projects are subject to joint investment or in joint ventures ORPEA will only include the proceeds linked to the pro-rata share of its own investment in the Assets or Projects.

In case at any given time an Eligible Green or Social Asset or Project is removed from the Eligible Portfolio the Sustainable Financing Committee will substitute such project with other Eligible Assets or Projects for an amount at least equal, as soon as practical once an appropriate substitution option has been identified.

Pending the full allocation of the proceeds, ORPEA commits to hold the balance of net proceeds not already allocated in cash or cash equivalents and managed by ORPEA Treasury Department in accordance with its treasury policy. ORPEA could consider allocating the balance of unallocated proceeds in money market funds managed following a responsible investment approach on a best effort basis.

The Finance Department is responsible for monitoring the pool of Eligible Green or Social Assets or Projects included in the Eligible Portfolio. The Sustainable Financing Committee ensures that the total amount of outstanding Green, Social or Sustainability Financing instruments remains equal or lower than the combination of the existing and future Eligible Green or Social Assets and Projects.

An external auditor appointed by ORPEA will verify, on an annual basis, the proceeds allocation and the remaining balance of unallocated proceeds as specified below.

Opinion: ISS ESG considers the management of proceeds as aligned with the ICMA GBPs, SBPs, SBGs and LMA's GLPs. ORPEA will set-up a dedicated sustainable finance register in order to track the net proceeds and to monitor the allocation of proceeds, which aligns with best market practices. An appropriate description of the allocation process is in place and intended types of temporary investment instruments for unallocated proceeds is included.

4. Reporting

ORPEA will report annually on the allocation of the net proceeds of the Sustainable Financing instruments and associated impact metrics at least until an amount equal to the net proceeds of the outstanding Sustainable Financing instruments have been fully allocated.

This reporting will be published on ORPEA's website in the following section <https://www.orpea->

corp.com/documentation-invest-fr/operations-financieres. The information may be presented generically or aggregated by category of eligible project however when feasible ORPEA annual report will include in-depth case studies of specific Eligible Green or Social Assets or Projects.

ORPEA's Treasury and CSR Departments will collect and consolidate the necessary information and the reporting will be subject to review and validation by the Sustainable Financing Committee.

The allocation reporting will be audited by an external party appointed by ORPEA on an annual basis until the total amount of net proceeds of the outstanding sustainable financing instruments is fully allocated or reallocated as the case may be.

Allocation Reporting

ORPEA commits to report on the allocation of the proceeds. The report will include the following:

- An overview of the sustainable financing instruments issued under the Sustainable Financing Framework
- Total amount outstanding of sustainable financing instruments
- Share of allocated proceeds vs total proceeds (in % share)
- The amount of unallocated proceeds, if any
- Share of financing vs refinancing (in % share of net proceeds)
- Split between Eligible Green or Social Assets and Projects (in % share, in the case of Sustainability Bonds)
- Share of proceeds allocated to Assets and Projects which are both Green and Social
- Split between Eligible Green Assets (including the split between development and acquisition of buildings) and Eligible Green Projects (in % share)
- Split between Eligible Social Assets (including the split between each facility type) and Eligible Social Projects (including the split between each project type, in % share)
- Share of ownership by ORPEA of eligible Green and Social Assets (in case of joint investment or joint venture)
- Type of Eligible Green and Social Assets (re)financed
- Geographical split of Green and Social Assets and Projects

Impact Reporting

ORPEA commits to report on the environmental and social (co)benefits of the eligible Green or Social Assets and Projects (re)financed on a best effort basis until the proceeds have been fully allocated.

To the extent possible ORPEA will aim to align its impact reporting with the model proposed by the Harmonized Framework for Impact Reporting and the Harmonized Framework for Impact Reporting for Social Bonds as published by the Green/Social Bond Principles⁵.

ORPEA intends to disclose its calculation methodology for environmental and social impact indicators as part of the Impact Reporting and notably its GHG emissions calculation methodology.

Impact indicators will be presented on an aggregated basis and ORPEA may include some detailed examples of eligible Green and Social Assets and/or projects including their description, date of investment, geographical location, nature, current status of the project and expected social and/or environmental outcomes.

⁵ <https://www.icmagroup.org/sustainable-finance/resource-centre/>

ORPEA may rely on publicly available data as the case may be to support qualitative and/or quantitative information provided as part of the impact reporting. Where external data has been used the relevant data source(s) will be indicated in the reporting.

List of indicative output and impact indicators that may be included in the reporting:

For eligible Green and Social Assets and Projects:

- Number of beds and places
- Split of beds and places by type of facilities (Nursing homes, Post-acute care and rehabilitation facilities; Psychiatric care facilities)
- Number of beneficiaries
- Assets certification (such as ISO certification):
 - Share of certified facilities (%)
 - Split by certification type for each geography and average level of certification achieved where relevant (%)
- Share of facilities externally audited during the year (%)
- Average satisfaction rate (%)
- Territorial impact data (such as number of inhabitants living in the area of the facility)

For eligible Green Assets and Projects:

- Energy consumption reduction in kWh/sqm per year
- GHG emissions avoided in kgCO₂e/sqm per year
- (Expected) delivery date/end of refurbishment date of eligible assets

Opinion: ISS ESG considers the impact and allocation reporting as aligned with the ICMA GBPs, SBPs, SBGs and LMA's GLPs. The issuer gives details about level, frequency, scope and duration of reporting for both allocation and impact reporting. Impact indicators are well defined, and intended public disclosure further enhances the quality of the reporting.

External review

Second Party Opinion

ISS-ESG was commissioned to evaluate the Sustainable Financing Framework, its transparency and governance as well as its alignment with the Green Bond Principles 2018, Social Bond Principles 2020 and Sustainability Bond Guidelines 2018 as published by ICMA and the Green Loan Principles 2018, as published by LMA.

The results of the evaluation will be presented in a Second Party Opinion which will be made available on ORPEA's website in the following section <https://www.orpea-corp.com/documentation-invest-fr/operations-financieres>.

ORPEA commits to have the Second Party Opinion reviewed in case of any material changes to the Sustainable Financing Framework.

External Verification

ORPEA's annual reporting will also be subject to verification by an external auditor until full allocation and in case of any material changes to the allocation. The auditor will verify:

- The compliance of Eligible Green or Social Assets or Projects (re)financed under the Sustainable Financing Framework with eligibility criteria defined in the use of proceeds section;

- Allocated amount related to the Eligible Green or Social Assets or Projects financed by the Sustainable Financing instruments; and
- The management of proceeds and unallocated proceeds amount.

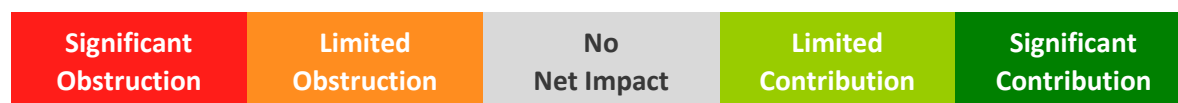
The external auditor's assurance reports will be included in the Annual Sustainable Financing reporting as disclosed on ORPEA's website in the following section <https://www.orpea-corp.com/documentation-invest-fr/operations-financieres>.

PART III: SUSTAINABILITY QUALITY OF THE GREEN AND SOCIAL ASSET POOL




1. CONTRIBUTION OF THE GREEN AND SOCIAL ASSET POOL TO THE UN SDGs

Using a proprietary methodology, ISS ESG assessed the contribution of ORPEA’s Green and Social Bond to the Sustainable Development Goals defined by the United Nations (UN SDGs). This assessment is an ISS ESG proprietary methodology while taking into account the sustainability quality of the instrument and the issuer’s specific sectorial context.

This assessment is displayed on 5-point scale (see Annex 1 for methodology):



Each of the bond’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
Healthcare and medical care facilities	Significant contribution	
Healthcare and medical care facilities following energy efficient criteria as described in the issuer’s framework	Limited contribution	
	Significant contribution⁶	

⁶ This assessment differs from the ISS ESG SDG Assessment proprietary methodology. For the projects to be financed under the Use of Proceeds category “Healthcare and medical care facilities” that comply with the Technical Screening Criteria defined by the EU Taxonomy Technical Annex, a significant contribution to climate change mitigation is attested.

2. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE GREEN AND SOCIAL ASSET POOL

Healthcare facilities and green medical and care buildings

As a Use of Proceeds category, “Medical and care facilities” has a significant contribution to the SDG 3 “Good health and well-being”. Green buildings have a limited contribution to SDG 11 “Sustainable cities and communities”.

The table below presents the financing intentions and the findings of an ISS ESG assessment of the assets (re-)financed against KPIs.

ASSESSMENT AGAINST ISS ESG KPIs

Standards for medical/care facilities

- ✓ All assets provide for a resident-centred environment services and facilities (e.g. trained staff, privacy, recreational areas etc.) according to the issuer’s policies and code of conduct.
- ✓ All assets have a quality management system in place. This is provided either by ISO 9001 or local equivalent, as highlighted in the Sustainable Finance Framework.

Site selection

- ✓ More than 50% of assets have been developed on brownfield or urban areas.
- ✓ More than 50% of assets are located within a maximum of 250m from one or more modalities of public transport.

Labour standards

- ✓ All assets provide for high labour and health and safety standards (e.g. ILO core conventions).

Waste reduction and disposal

- ✓ All assets provide for measures to reduce and correctly dispose of waste (e.g. sorting and separation, safe storage) according to legislation and issuer’s internal policies.

Safety of building users

- ✓ All assets ensure operational safety (e.g. emergency exits, fire sprinklers, fire alarm systems) according to legislation and issuer’s internal policies.

Energy efficiency (for eligible green assets)

- ✓ For all eligible green assets, good energy efficiency standards in buildings are in place. As described in the issuer’s framework these are:

- Buildings with a level of energy performance corresponding to the top 15% of the national stock
- Buildings aligned with European Nearly-Zero-Energy Buildings (NZEB)
- In the specific case of Switzerland, Buildings aligned with Minergie⁷ or 2000-Watt Society⁸ Energy-Efficiency performance level.
- For refurbishments, besides the above-mentioned criteria, buildings that have at least 30% of expected energy-efficiency gains post-refurbishment.

Controversy Assessment

A controversy assessment carried out on the assets did not reveal any controversies that can be attributed to ORPEA.

⁷ <http://www.projetvert.fr/labels-energetique/label-minergie/>

⁸ <https://www.2000watt.swiss/english.html>

DISCLAIMER

1. Validity of the SPO: This SPO is valid as long as the Framework remains unchanged (March 2021).
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 the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
3. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of ISS ESG in connection with the use of these SPO, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.
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ANNEX 1: Methodology

ISS ESG KPIs

The ISS ESG KPIs serves as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of ORPEA’s Sustainable Financing Framework.

It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting. If a majority of assets fulfil the requirement of an indicator, this indicator is then assessed positively. Those indicators may be tailor-made to capture the context-specific environmental and social risks.

To review the KPIs used in this SPO, please contact Federico Pezzolato (details below) who will send them directly to you.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by ORPEA (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 the ORPEA Social Bond project category contribute to related SDGs.

ANNEX 2: ISS ESG Corporate Rating Methodology

The following pages contain methodology description of the ISS ESG Corporate Rating.

SECOND PARTY OPINION

Sustainability Quality of the
Issuer and asset pool



SECOND PARTY OPINION

Sustainability Quality of the
Issuer and asset pool



ANNEX 3: Quality management processes

SCOPE

ORPEA commissioned ISS ESG to compile a Sustainable Financing Framework SPO. The Second Party Opinion process includes verifying whether the Sustainable Financing Framework aligns with the ICMA GBPs, SBPs and SBGs, and LMA's GLPs, and to assess the sustainability credentials of its social and green asset pool, as well as the issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA GBPs, SBPs, SBGs
- LMA's GLPs

ISSUER'S RESPONSIBILITY

ORPEA responsibility was to provide information and documentation on:

- Framework
- Selection process
- Asset pool

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 Sustainable Financing Framework by ORPEA based on ISS ESG methodology and in line with the ICMA GBPs, SBPs and SBGs and LMA's GLPs.

The engagement with ORPEA took place in March 2021.

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/>

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