

Second-Party Opinion

Bosam Social Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the Bosam Social Bond Framework is credible and impactful and aligns with the four core components of the Social Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Affordable Housing, Access to Essential Services (Financing and financial services), and Socio-economic Advancement and Empowerment (equitable access to and control over assets) – are aligned with those recognized by the Social Bond Principles, which seek to achieve positive socio-economic outcomes for target populations. Sustainalytics considers that investments in the eligible categories will lead to positive social impacts and advance the UN Sustainable Development Goals, specifically SDGs 8 and 11.



PROJECT EVALUATION / SELECTION Bosam will establish a Social Bond Work Team comprised of members from Bosam’s management, Bosam’s board and identified external and independent social organizations, which will together ultimately review eligible projects. Bosam’s environmental and social risk management policy and processes apply to all allocation decisions made under the Framework, which Sustainalytics views as adequate. Sustainalytics considers the project evaluation and selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS Bosam will use a third-party fund administrator, Intertrust, to track the allocation of bond proceeds. Bosam intends to fully allocate bond proceeds within 24 to 36 months after issuance. While the bonds remain outstanding, the balance of the tracked net proceeds will be periodically adjusted to match allocations to eligible projects. Investors will be called upon to disburse capital only after project completion. This is aligned with market practice.



REPORTING Bosam intends to report on the allocation of proceeds on its website on an annual basis until the maturity of the social bonds issued under the Framework. In addition, Bosam is committed to reporting on relevant impact metrics. Sustainalytics views Bosam’s allocation and impact reporting as aligned with market practice.

Evaluation date	August 17, 2021
Issuer Location	Stockholm, Sweden

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Introduction

Bosam Group Holding AB (“Bosam”, or the “Company”) is a registered alternative investment fund registered with the Swedish Financial Supervisory Authority (SFSA) and headquartered in Stockholm, Sweden. Established in 2020, the Company offers financial services for housing co-operatives, focusing on advancing affordable housing by transferring a large part of an individual’s debt to the co-operative housing association (a housing co-operative is a form of economic association that grants tenants a usufruct or right to live in homes within its property¹) therefore aiming to allow more people to enter the housing market.

Bosam has developed the Bosam Social Bond Framework (the “Framework”) under which it intends to issue one or more social bonds and use the proceeds to finance or refinance, in whole or in part, existing or future projects that are affordable to the target populations. The Framework defines eligibility criteria in three areas:

1. Affordable Housing
2. Access to Essential Services (Financing and financial services)
3. Socio-economic Advancement and Empowerment (Equitable access to and control over assets)

Bosam engaged Sustainalytics to review the Bosam Social Bond Framework, dated August 2021, and provide this Second-Party Opinion on the Framework’s social credentials and its alignment with the Social Bond Principles 2021 (SBP).² The Framework will be published in a separate document.³

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁴ opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Social Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.9, which is informed by market practice and Sustainalytics expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Bosam’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Bosam representatives have confirmed (1) they understand it is the sole responsibility of Bosam to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Bosam.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market

¹ Sveriges Riksbank, “The finances of housing cooperatives and financial stability”, at: <https://www.riksbank.se/globalassets/media/rapporter/ekonomiska-kommentarer/engelska/2018/the-finances-of-housing-cooperatives-and-financial-stability.pdf>

² The Social Bond Principles are administered by the International Capital Market Association and are available at: <https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/>

³ The Bosam Social Bond Framework is available on Bosam’s website at: <https://www.bosam.se/sustainability>

⁴ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Bosam has made available to Sustainalytics for the purpose of this SPO.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Bosam Social Bond Framework

Sustainalytics is of the opinion that the Bosam Social Bond Framework is credible and impactful, and aligns with the four core components of the SBP. Sustainalytics highlights the following elements of Bosam's Social Bond Framework:

- Use of Proceeds:
 - The eligible categories – Affordable Housing, Access to Essential Services (Financing and financial services), and Socio-economic Advancement and Empowerment (Equitable access to and control over assets) – are aligned with those recognized by the SBP. There is a single set of eligibility criteria which is applicable across all three categories, and individual financings will align with all three categories.
 - All the proceeds raised under the Framework will be used to finance or refinance housing co-operative loans originated by Bosam Originator, a fully owned subsidiary of Bosam. The eligible investments will seek to benefit two sets of target populations: vulnerable young adults and vulnerable pensioners.
 - Vulnerable young adults include those between the ages of 20 and 35 who are outside of the housing market and have annual incomes between EUR 23,000 and EUR 33,000, which fall in the lower range of the Swedish middle-income spectrum.⁵ Such individuals may be priced out of the housing market as a result of the lack of equity for a down payment, which is set at a minimum of 15% of the property's price, or due to not being able to meet the mandatory credit terms set by SFSA for taking out loans. Bosam has communicated that it aims to assess and revise the eligible annual income range annually to ensure that it continues to reflect the lower end of the middle-income spectrum as salaries change over time.
 - Vulnerable pensioners include those above the age of 65 who are outside of the housing market and have incomes between EUR 23,000 and EUR 33,000 (which, as mentioned above, fall in the lower range of the Swedish middle-income or pension spectrum), including those that live in group accommodation or are listed on the local housing authorities' waiting lists.
 - Affordability of the units will be ensured through Bosam's financing model that seeks to transfer a large proportion of an individual's debt to the co-op. This is done by providing loans to the co-op with fixed interest rates, which results in a 50% to 70% reduction in the price of a specific property for an individual and consequently a smaller required down payment, as well as lower monthly interest rates with protection from interest rate volatility and increased amortization rates. The co-op compensates for the

⁵ According to Statistics Sweden, in the year 2020, the middle-income category ranged between EUR 21,350 and EUR 57,419 with the median annual income at EUR 42,700. Bosam has set the eligible range as EUR 23,000 to EUR 33,000 to target the lower end of this spectrum while also taking into consideration the largely urban and city-dwelling population it intends to cover.

larger share of the debt by charging a monthly fee which is higher than the regular co-op fee for traditional apartments. However, despite the higher co-op fee, the total monthly housing expense for each individual is expected to effectively remain unchanged when taking into account the lower monthly cost of the individual mortgage, as compared to a traditional co-op housing. For further impact information, please refer to Section 3.

- Due to the local context in which Bosam operates, it is unable to limit its services to the intended populations. However, to ensure maximum participation from the target population, Bosam has communicated that it intends to finance housing developments that would be most attractive to young adults and pensioners based on the location of the residential projects and the size of the apartments. While noting that the ability to target specific populations is limited, Sustainalytics is nonetheless of the opinion that Bosam's financing model can be expected to create positive social outcomes by enabling individuals that were previously excluded from the housing market an entry point to buy a property, and notes that Bosam will report on the buyer demographics per project.
- Project Evaluation and Selection:
 - Bosam intends to set up a Social Bond Work Team comprised of members from Bosam's management, Bosam's board and representatives from various external and independent social organizations that focus on affordable housing and green buildings. This team will be responsible for the selection and approval of eligible projects.
 - Bosam has in place an ESG policy and complementary risk management processes to address environmental and social risks, which are applicable to all allocations made under the Framework. Sustainalytics considers this as adequate and aligned with market practice.
 - Based on the clear allocation of responsibilities and the risk management systems, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - Bosam will use a third-party fund administrator, Intertrust Fund Services ("Intertrust"), to track the allocation of proceeds. Bosam intends to fully allocate bond proceeds within 24 to 36 months of the respective issuance.
 - Bosam has communicated to Sustainalytics that investors will commit their capital to the Bosam Fund, and Bosam will execute drawdowns or capital calls as required after project completion to finance eligible projects. Under this structure, there will be no unallocated proceeds to track or manage, as funds will be allocated immediately thereafter. While the bonds remain outstanding, the balance of the tracked net proceeds will be periodically adjusted to match allocations to eligible projects.
 - Based on the processes for tracking and the timeframe for allocation, Sustainalytics considers this as aligned with market practice.
- Reporting:
 - Bosam intends to provide allocation and impact reporting within one year of issuance and annually thereafter until bond maturity. The reports will be made available publicly on Bosam's website and reviewed and approved by the Bosam Social Bond Work Team, Intertrust and an independent social expert.
 - The allocation report may include information such as the total funds under management, amount allocated to each project, expected impact, buyer demographic per project, geographical overview of projects, the balance of unallocated proceeds and the share of financing to refinancing.
 - The impact report may include key impact metrics such as the number of new households created, number of benefited residents, share of residents enabled to enter the housing market through Bosam's financing model, average price per households and the annual valuation development of each project to which social bond proceeds have been allocated
 - Based on the commitment for allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Social Bond Principles 2021

Sustainalytics has determined that the Bosam Social Bond Framework aligns with the four core components of the SBP. For detailed information, please refer to Appendix 1: Social Bond/Social Bond Programme External Review Form.

Section 2: Bosam’s Sustainability Strategy

Contribution of the Framework to Bosam’s sustainability strategy

Sustainalytics is of the opinion that Bosam demonstrates a commitment to sustainability driven by its mission to “give the vulnerable young generation a chance to enter the housing market” and having ESG considerations built into its financing model. Bosam mandates that supported co-operatives be (i) socially beneficial, (ii) financially stable, and (iii) environmentally friendly. Sustainalytics highlights the following aspects of Bosam’s sustainability strategy which are particularly aligned with the Framework:⁶

- **Socially beneficial** – Bosam intends to ensure that the co-operatives are affordable and attractive for the younger population. For this purpose, the Company has set a target of selling each apartment at a minimum 50% of the comparable market price, making more than 55% of the sales to young adults. As of the end of FY 2019, two properties funded through Bosam’s financial model met these requirements and the Company sold more than 60% of the apartments to people between 20 and 35 years old at prices approximately 50-60% lower than comparable market prices.
- **Financially stable** – The co-operatives and the financial plan are required to be approved by Sweden’s National Board of Housing and registered at the Swedish Companies’ Registration Office. The Company also assesses the co-operatives for their professional governance and ensures their financial security by approving residents through an in-house credit score model.
- **Environmentally friendly** – Bosam mandates all financed properties be certified in accordance with the Nordic Swan Ecolabel and requires the supported co-operatives to minimize their environmental impact through energy-efficient solutions, such as using renewable energy sources, digital energy management and having close-to-zero emissions where possible. In addition, the Company also intends to promote the achievement of credible green building certifications for the financed properties, such as BREEAM and LEED. As of the end of FY 2019, Bosam had financed the construction of two properties that were built in a manner that would make them eligible for the Nordic Swan label certificate.

Sustainalytics is of the opinion that the Bosam Social Bond Framework is aligned with the Company’s overall sustainability strategy and initiatives, and that it will further the Company’s action on its key social priorities.

Well-positioned to address common social and environmental risks associated with the projects

Sustainalytics recognizes that the net proceeds from the bonds eventually issued under the Framework will be directed towards eligible projects that are expected to generate positive social impacts. However, Sustainalytics is also aware that such financing could lead to negative environmental and social outcomes. Some key risks associated with the financed projects could include adverse impacts to biodiversity, land use, occupational health and safety, and stakeholder relations.

Although Bosam has a limited role in the execution and development of the individual projects financed, Sustainalytics is of the opinion that the Company is able to manage or mitigate potential risks through the implementation of the following policies and processes:

- Bosam has adopted an ESG policy that addresses environmental and social risks associated with its operations. In addition, the Company has developed an ESG due diligence process that is also applicable to housing developers, co-operatives and their partners, to assess a project in terms of ESG-related risks, including adverse impacts to health and safety, human rights, biodiversity, responsible disposal of construction waste, land conservation and stakeholder relations.
- Projects must comply with the EU’s Environmental Impact Assessment Directive (the “EIA Directive”) for development projects within the EU. The EIA Directive is aimed at ensuring that projects which are likely to have a significant impact on the environment are adequately assessed before approval. With respect to biodiversity considerations under the EIA Directive, measures must be taken to “avoid, prevent, reduce and, if possible, offset significant adverse effects on the environment, in

⁶ Bosam, “Why choose Bosam?”, at: <https://www.bosam.se/varfr-vlja-bosam>

particular on species and habitats”. Concerning land use, the EIA Directive notes that the “EIA shall identify, describe and assess land use related impacts.”⁷

- Regarding worker health and safety, the EU Directive on Worker Health and Safety ensures minimum safety and health requirements throughout the EU. Employers must “ensure the safety and health of workers in every aspect related to the work”. Measures required from employers include “prevention of occupational risks and provision of information and training, as well as provision of the necessary organisation and means.”⁸
- Bosam has communicated that all projects will be financed in Sweden, which is classified as a “Designated Country” under the Equator Principles, indicating strong environmental and social governance legislation systems and institutional capacity to mitigate common environmental and social risks.⁹

Based on these policies, processes and regulations, Sustainalytics is of the opinion that Bosam has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

The use of proceed categories financed by Bosam are aligned with those recognized by the SBP. Sustainalytics has focused below on where the impact is relevant in the local context.

Importance of affordable housing investments in Sweden

Sweden’s population has been steadily growing over the past decades¹⁰ and an increasing trend of urbanization can be observed in the country.¹¹ This development is accompanied by an increasing need for and shortage of housing, especially in metropolitan areas, which the country has struggled to address.¹² Forecasts by Boverket reveal that there will be a housing gap of 530,000 units by 2029 in Sweden.¹³ As a result, prices have been surging for both buying and renting properties, including for co-operative housing – an alternative path to accessing the housing market by buying through a co-operative housing association.¹⁴ The Swedish mortgage system also requires a high upfront equity stake (15%)¹⁵ and includes strict credit restrictions and amortization requirements.¹⁶ This makes it challenging for young adults to enter the property market, whose savings may not be sufficient to be eligible for a mortgage, even when having a secure job.¹⁷ One of the consequences of this is that 79% of young adults are not able to enter the housing market, many resorting to living with their parents or in expensive rental properties.¹⁸ A study conducted by Novus in 2018 finds that the housing shortage among young adults is the second highest rated concern in Sweden.¹⁹

The Swedish government has recognized that there is a need for further reform to create conditions for a better-functioning housing market²¹ and has the ambition to increase the housing supply. One of Sweden’s “Future strategic issues” within its sustainable development strategy is “Coherent policies for sustainable

⁷ EU, “Directive 2014/52/EU on the assessment of the effects of certain public and private projects on the environment”, (2014), at: <https://eurlex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014L0052>.

⁸ EU, “Directive 89/391/EEC on the introduction of measures to encourage improvements in the safety and health of workers at work”, (1989), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:31989L0391&from=FR>.

⁹ The Equator Principles, “Designated Countries”, at: <https://equator-principles.com/designated-countries/>

¹⁰ Worldometer, “Sweden Population”, at: <https://www.worldometers.info/world-population/sweden-population/>

¹¹ The World Bank, “Urban population (% of total population) – Sweden”, at: <https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?locations=SE>

¹² Reuters, “Record rise in Swedish house prices raises overheating fears”, at: <https://www.reuters.com/article/sweden-houseprices-idINL8N2LZ1RM>

¹³ Boverket, “Behov av bostadsbyggande 2021–2029”, at: <https://www.boverket.se/sv/samhallsplanering/bostadsmarknad/bostadsmarknaden/behov-av-bostadsbyggande/nationell-byggbehovsberakning-2021-2029/>

¹⁴ Svensk Fastighetsförmedling, “Dyraste bostadspriserna någonsin – då tror rekordmånga på ytterligare ökning” at: https://www.mynewsdesk.com/se/svensk_fastighetsformedling/pressreleases/dyraste-bostadspriserna-naagonsin-daa-tror-rekordmaanga-paa-ytterligare-oekning-3078674

¹⁵ Finansinspektionen, “Allmänna råd om begränsning av lån mot säkerhet i bostad”, at:

https://www.fi.se/contentassets/3239c506b3ca4196ac89ceb811d10605/beslutspromemoria_bolan-fs1002.pdf

¹⁶ Finansinspektionen, “Frågor och svar om skärpt amorteringskrav för hushåll med stora skulder”, at: <https://www.fi.se/sv/finansieell-stabilitet/hushallens-skulder/information-om-bolan-fran-fi.se/fragor-och-svar-om-skarpt-amorteringskrav-for-hushall-med-stora-skulder/>

¹⁷ Evidensgruppen, “Effekter av kreditbegränsningar för unga företagångsköpare”, at:

<https://www.evidensgruppen.se/sites/default/files/Kreditrestriktioners%20effekter%20f%C3%B6r%20f%C3%B6rstag%C3%A5ngsk%C3%B6pare%20slutrapport%20december%202018%20Publ.pdf>

¹⁸ Ibid.

¹⁹ Novus, “Bostadsresan – En longitudinell studie om unga vuxnas etablering på bostadsmarknaden”, at:

<https://via.tt.se/data/attachments/00188/d0c146ed-f5e5-4a9e-bd3a-e1998a7c0f72.pdf>

community planning”, which include tackling the housing shortage.²⁰ Whilst the major focus is currently on rented housing, the Swedish government appointed an inquiry in December 2020 to investigate and present proposals for measures to assist first-time buyers, who are often young individuals. Part of this inquiry are proposals how a government starter loan for first-time buyers should be designed.²¹

The assets financed by Bosam are likely to result in lower initial capital needs for individuals to purchase an apartment by 50-70%, enabling the targeted group to enter the housing market, which they would probably not be able to otherwise. Bosam estimates that it could enable 85,000 additional buyers of single and cohabiting households.²² Overall, Sustainalytics is of the opinion that the projects financed by Bosam targeting vulnerable young adults in Sweden are expected to address the issues related to accessibility and affordability of housing among young adults in Sweden.

Alignment with/contribution to SDGs

The SDGs were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bonds issued under the Bosam Social Bond Framework advance the following SDG and target:

Use of Proceeds Category	SDG	SDG target
Affordable Housing	11. Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
Access to Essential Services (Financing and financial services)	8. Decent work and economic growth	8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all
Socio-economic Advancement and Empowerment (Equitable access to and control over assets)		

Conclusion

Bosam has developed the Bosam Social Bond Framework, under which it intends to issue social bonds and use the proceeds to finance or refinance affordable housing in Sweden. Sustainalytics considers that the projects funded by the social bond proceeds are expected to provide positive social impact.

The Framework outlines a process by which proceeds will be tracked, allocated and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Framework is aligned with the overall sustainability strategy of the company and that the social use of proceeds category will contribute to the advancement of the UN SDGs, in particular SDGs 8 and 11. Additionally, Sustainalytics is of the opinion that Bosam has adequate measures to identify, manage or mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Bosam Group is well-positioned to issue social bonds and that the Framework is robust, transparent and in alignment with the core components of the Social Bond Principles 2021.

²⁰ Swedish Ministry of the Environment, “A Swedish Strategy for Sustainable Development – Economic, Social and Environmental”, at: <https://www.government.se/contentassets/3f67e0b1e47b4e83b542ed6892563d95/a-swedish-strategy-for-sustainable-development-summary>

²¹ Government Offices of Sweden, “Sweden’s National Reform Programme 2021”, at: https://ec.europa.eu/info/sites/default/files/2021-sweden-national-reform-programme_en.pdf

²² Bosam, “Company presentation”, (2021).

Appendix

Appendix 1: Social Bond/ Social Bond Programme -External Review Form

Section 1. Basic Information

Issuer name:	Bosam Group Holding AB
Social Bond ISIN or Issuer Social Bond Framework Name, if applicable:	Bosam Social Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	August 17, 2021
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the SBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible categories for the use of proceeds – Affordable Housing, Access to Essential Services (Financing and financial services), and Socio-economic Advancement and Empowerment (equitable access to and control over assets) – are aligned with those recognized by the Social Bond Principles, which seek to achieve positive socio-economic outcomes for target populations. Sustainalytics considers that investments in the eligible categories will lead to positive social impacts and advance the UN Sustainable Development Goals, specifically SDGs 8 and 11.

Use of proceeds categories as per SBP:

- | | |
|---|---|
| <input type="checkbox"/> Affordable basic infrastructure | <input type="checkbox"/> Access to essential services |
| <input checked="" type="checkbox"/> Affordable housing | <input type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security | <input type="checkbox"/> Socio-economic advancement and empowerment |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input type="checkbox"/> Other (please specify): |

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (*if applicable*):

Bosam will establish a Social Bond Work Team comprised of members from Bosam's management, Bosam's board and identified external and independent social organizations, which will together ultimately review eligible projects. Bosam's environmental and social risk management policy and processes apply to all allocation decisions made under the Framework, which Sustainalytics views as adequate. Sustainalytics considers the project evaluation and selection process to be in line with market practice.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's social objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Social Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification In-house assessment
- Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

Bosam will use a third-party fund administrator, Intertrust, to track the allocation of bond proceeds. Bosam intends to fully allocate bond proceeds within 24 to 36 months after issuance. While the bonds remain outstanding, the balance of the tracked net proceeds will be periodically adjusted to match allocations to eligible projects. Investors will be called upon to disburse capital only after project completion. This is aligned with market practice.

Tracking of proceeds:

- Social Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

Additional disclosure:

- Allocations to future investments only Allocations to both existing and future investments
- Allocation to individual disbursements Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

Bosam intends to report on the allocation of proceeds on its website on an annual basis until the maturity of the social bonds issued under the Framework. In addition, Bosam is committed to reporting on relevant impact metrics. Sustainalytics views Bosam's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- Project-by-project On a project portfolio basis
- Linkage to individual bond(s) Other (please specify):

Information reported:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Social Bond financed share of total investment |
| <input type="checkbox"/> Other (please specify): Buyer demographic per project, geographical overview of projects, balance of unallocated proceeds, share of financing to refinancing | |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported (expected or ex-post):

- | | |
|--|---|
| <input checked="" type="checkbox"/> Number of beneficiaries | <input type="checkbox"/> Target populations |
| <input type="checkbox"/> Other ESG indicators (<i>please specify</i>): Share of residents enabled to enter the housing market through the Bosam model, average price per households and the annual valuation development of each project to which Social Bond proceeds have been allocated | |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Means of Disclosure

- | | |
|---|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): Separate report with allocation and impact reporting. |
| <input checked="" type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): Both allocation and impact reporting will be reviewed and approved by the third-party fund administrator Intertrust as well as an independent social expert. | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE SBP

- i. **Second-Party Opinion:** An institution with social expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Social Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Social Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to social sustainability, and an evaluation of the social features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or social criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Social Bond proceeds, statement of social impact or alignment of reporting with the SBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Social Bond or associated Social Bond framework or Use of Proceeds certified against a recognised external social standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Social Bond Scoring/Rating:** An issuer can have its Social Bond, associated Social Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on social performance data, process relative to the SBP, or another benchmark. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material social risks.

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