

Second-Party Opinion

AIMCo Realty Green Financing Framework



Evaluation Summary

Sustainalytics is of the opinion that AIMCo Realty's Green Financing Framework is credible and impactful and aligns with the Green Bond Principles 2021, and the Green Loan Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Green Buildings, Energy Efficiency, Renewable Energy, Sustainable Water and Wastewater Management, Clean Transportation, and Climate Change Adaptation and Resilience – are aligned with those recognized by both the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 6, 7, and 11.



PROJECT EVALUATION / SELECTION AIMCo Realty's internal process in evaluating and selecting projects is overseen by its Green Financing Working Committee. AIMCo Realty's senior management team will be responsible for ultimate review and approval of the selected projects. Sustainalytics considers the project selection process in line with market practice. AIMCo Realty's environmental and social risk management systems are applicable for all allocation decisions in the Framework. Sustainalytics considers the risk management systems to be adequate and the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS AIMCo Realty will track bond proceeds through a Green Financing Register. AIMCo Realty intends to fully allocate bond proceeds within 36 months of the respective issuance. Pending allocation, proceeds may be held in cash, cash equivalents, or for corporate debt repayment or used for general corporate purposes. This is in line with market practice.



REPORTING AIMCo Realty intends to report on the allocation of proceeds on its website on an annual basis until full allocation. The allocation report will contain relevant information about the eligible green projects, the amount allocated on a category level, projects financed, and the remaining amount of unallocated proceeds. In addition, AIMCo Realty is committed to reporting on relevant impact metrics. Sustainalytics views AIMCo Realty's allocation and impact reporting as aligned with market practice.

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Issuer Location Edmonton, Canada

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Introduction

AIMCo Realty Investors LP ("AIMCo Realty", or the "Company") is the primary vehicle of the Alberta Investment Management Corporation ("AIMCo") to invest in Canadian real estate on behalf of AIMCo's public pension, endowment and government fund clients. AIMCo is a Canadian institutional investment manager for the Province of Alberta and headquartered in Edmonton, Alberta. As of June 30, 2021, AIMCo had CAD 123.4 billion assets under management on behalf of 375,000 members of provincial public retirement programs, endowments, government funds, and other public accounts. AIMCo Realty operates in the domestic real estate sector with direct holdings diversified across property types and locations. The Company also invests in niche market strategies and sectors through Canadian opportunity funds and public real estate equities and REITS.

AIMCo Realty has developed the Green Financing Framework (the "Framework") under which it intends to issue one or more green bonds and loans (collectively referred to as "Green Financing Instruments") and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects (the "Eligible Green Projects") that aim to reduce the carbon footprint of its portfolio, reduce energy consumption, and improve water-use efficiency of the Company's activities. The Framework defines eligible green categories in the following six areas:

1. Green Buildings
2. Energy Efficiency
3. Renewable Energy
4. Sustainable Water and Wastewater Management
5. Clean Transportation
6. Climate Change Adaptation and Resilience

AIMCo Realty engaged Sustainalytics to review the Green Financing Framework, dated September 2021, and provide a Second-Party Opinion on the Framework's environmental and social credentials and its alignment with the Green Bond Principles 2021 (GBP),¹ and the Green Loan Principles 2021 (GLP).² This 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 the 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 Green Bond Principles 2021 as administered by ICMA, and the Green Loan Principles 2021 as administered by LMA, APLMA, and LSTA;
- 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 1.10, 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 AIMCo Realty'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. AIMCo Realty representatives have confirmed (1) they understand it is the sole responsibility of AIMCo Realty to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/greensocial-and-sustainability-bonds/green-bond-principles-gbp/>.

² The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at: <https://www.lsta.org/content/green-loan-principles/#> and <https://www.lsta.org/content/social-loan-principles-slp/>

³ The Green Financing Framework is available on AIMCo's website at: <https://www.aimco.ca/what-we-do/asset-classes/real-estate/>

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.

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 AIMCo Realty.

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 standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan 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 realised allocation of the bond and loan 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 AIMCo Realty has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Green Financing Framework

Sustainalytics is of the opinion that the Green Financing Framework is credible, impactful, and aligns with the four core components of the GBP, and GLP. Sustainalytics highlights the following elements of AIMCo Realty's Framework:

- Use of Proceeds:
 - The eligible categories – Green Buildings, Energy Efficiency, Renewable Energy, Sustainable Water and Wastewater Management, Clean Transportation, and Climate Change Adaptation and Resilience – are aligned with those recognized by the GBP, and GLP.
 - Under the Green Buildings category, the Framework defines eligible projects as those having or expected to receive third-party green building certifications such as LEED Gold or Platinum, BOMA BEST Gold or Platinum, Built Green Gold or higher; or a minimum of 20% in energy efficiency improvement for buildings over an accredited baseline including the national building code, ASHRAE 90.1 2010 or for LEED Silver or other equivalent standards including DGNB Silver, BREEAM Very Good, BOMA BEST Silver, BUILT Green Silver.
 - Sustainalytics notes that it is market expectation to specify all eligible schemes and encourages the issuer to report on any other schemes they intend to include.
 - Under the Energy Efficiency category, the Framework includes eligible expenditures as systems or equipment that reduce energy consumption or improve energy efficiency by at least 20% in buildings.
 - Eligible expenses include LEDs or other energy efficiency lighting, smart meters, load control systems, sensors or building information systems, roof improvements and sustainability-oriented construction materials (such as those with recycled content or with low or no volatile organic compounds), refrigeration, and electrical equipment and software systems, which will lead to a 20% energy reduction or energy efficiency improvement in properties. Sustainalytics views these expenditures and threshold as aligned with market practice.
 - Sustainalytics views positively the Framework's inclusion of a defined energy threshold for the installation of energy-efficient systems, equipment, and technologies.
 - For the Renewable Energy category, AIMCo Realty intends to invest in the development of wind, PV solar or geothermal projects.

- Sustainalytics notes the inclusion of the thresholds for geothermal projects to have less than 100 grams of CO₂/kWh direct emission.
 - AIMCo Realty has communicated to Sustainalytics that this category may include the procurement of renewable energy through renewable energy certificates.⁵ This category is in line with market practice.
- For the Sustainable Water & Wastewater Management category, the Framework defines expenditure for systems or equipment that minimize water consumption, including the installation of water-efficient products or technologies, xeriscaping, or drought-tolerant landscaping that improves water-use efficiency or reduces water consumption by 20%. Sustainalytics views these expenditures and threshold as aligned with market practice.
- The Clean Transportation category includes investments in supporting infrastructure for electric vehicles, including charging stations, non-motorized transport such as cycling, and improved infrastructure to increase connectivity to mass public transportation. Sustainalytics views these investments as aligned with market practice.
- Under the Climate Change Adaptation and Resilience category, the Framework defines eligible expenditures as those related to the design, construction, maintenance, and upgrades of buildings or assets to adapt to weather events, such as flood defense mechanisms and stormwater management, including relevant feasibility studies. AIMCo Realty has communicated to Sustainalytics that climate change adaptation studies will be performed for the above-mentioned projects. This is in line with market practice.
- Project Evaluation and Selection:
 - AIMCo Realty will establish a Green Financing Working Committee (the "Committee") initially comprised of members from the Responsible Investment, Finance, Investment Management, and Portfolio Management team to identify Eligible Projects based on the Framework's eligibility criteria. AIMCo Realty's senior management team will be responsible for ultimate review and approval of the selected projects.
 - The Committee will assess environmental and social risks associated with the projects under the Framework based on the Company's risk management processes including AIMCo Realty's Real Estate Sustainability Guidelines. Sustainalytics considers these processes to be adequate. Refer to section 2 for additional details.
 - Based on a well-defined governance structure, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - Bond proceeds will be deposited to AIMCo Realty's general account and earmarked for allocation to Eligible Green Projects. All relevant information will be tracked via a Green Financing Register and under the supervision of the Committee.
 - Eligible projects for refinancing include those made by AIMCo Realty 24 months preceding the respective issuance.
 - AIMCo Realty intends to fully allocate bond proceeds within 36 months of the respective issuance. Pending allocation, bond proceeds may be used for repayment of debt, held in cash or cash equivalents, or for general corporate purposes.
 - Based on clear definitions of how proceeds will be tracked, held, and disbursed, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - AIMCo Realty will provide publicly available allocation and impact reporting on an annual basis and until full allocation of the proceeds on the Company's corporate website. The allocation report will contain information about the eligible green projects, the amount allocated on a category level, projects financed, and the remaining amount of unallocated bond proceeds.
 - The impact reporting will include environmental and social impact metrics, where feasible, such as the type and level of green building certification by property, annual GHG emissions reduced/avoided (tCO₂e), energy savings (MWh/m²), renewable energy added (MWh), water saved (m³) or percentage reduction in water use, expected energy savings (MWh/year) and number of climate adaptation feasibility studies conducted.

⁵ AIMCo has confirmed to Sustainalytics that the procurement of renewable energy will rely on long-term unbundled renewable energy certificates and that these will be claimed and not be resold to another party.

- Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2021 and Green Loan Principles 2021

Sustainalytics has determined that the Green Financing Framework aligns with the four core components of the GBP, and GLP. For detailed information please refer to Appendix 2: Green Bond/ Green Bond Programme External Review Form.

Section 2: Sustainability Performance of AIMCo

Contribution of Framework to AIMCo's sustainability strategy

Through the parent organization, AIMCo, the Company demonstrates a commitment to sustainability as identified in its Responsible Investment Report 2020.⁶ AIMCo's Environmental, Social and Governance (ESG) focus areas include topics such as (i) Climate Change, (ii) Environmental Management and Disclosure, and (iii) Water Risks. The section below focuses on the initiatives and progress achieved in these areas.

- AIMCo has integrated ESG factors into each stage of its investment decision making process, and is committed to promoting sustainable and long-term value to clients and collaborating to enhance sustainability dialogues between stakeholders.⁷
- In 2020, AIMCo updated its Strategic Response to Climate Change which outlines AIMCo's approach to integrating climate-related risks and opportunities into its investment research, decision-making, stewardship and advocacy processes.⁸
- As of 2020, AIMCo holds CAD 3.7 billion investment value of no/low-carbon assets in the Infrastructure & Renewable Resources portfolio and 95% of its Canadian office assets hold green building certifications.⁹
- AIMCo is a founding member of the G7 Investor Leadership Network, which focuses on driving sustainable growth, and the Company is a signatory of the Canadian Investor Statement on Diversity and Inclusion coordinated by the Responsible Investment Association. As a part of the statement, AIMCo strives to integrate diversity and inclusion within its investment portfolio and organization.
- AIMCo is also a signatory of the United Nations Principles for Responsible Investment, a registered observer of the Green Bond Principles, a member of the Canadian Coalition for Good Governance and a member of the Responsible Investment Association. In addition, the Company commits to implementing the six PRI principles¹⁰ into all investment classes.¹¹

Sustainalytics is of the opinion that the Green Financing Framework is aligned with AIMCo's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities.

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

While Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards eligible projects that are expected to have a positive environmental and social impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. As a financing provider, AIMCo Realty has limited involvement in the day-to-day on-site development of specific projects. Nonetheless, being involved in the strategic direction of eligible projects, AIMCo Realty should take steps to mitigate key risks related to the projects that will be financed, including land-use change issues, workers' health and safety during construction and/or operation, and increased exposure of local communities to adverse effects.

Sustainalytics is of the opinion that AIMCo Realty is able to manage and/or mitigate potential risks through the implementation of the following:

⁶ AIMCo, Responsible Investment Report, 2020, at: <https://www.aimco.ca/insights/responsible-investment-report-2020>

⁷ AIMCo, Responsible Investing, at: <https://www.aimco.ca/what-we-do/responsible-investing>

⁸ AIMCo, Responsible Investing, at: <https://www.aimco.ca/what-we-do/responsible-investing>

⁹ AIMCo, Responsible Investment Report, 2020, available: <https://www.aimco.ca/insights/responsible-investment-report-2020>

¹⁰ Principles for Responsible Investment, What are the Principles for Responsible Investment?, available: <https://www.unpri.org/pri/what-are-the-principles-for-responsible-investment>

¹¹ AIMCo, Responsible Investment Policy, at:

https://assets.ctfassets.net/lyt4cjmfjno/2Hez31YxVr2yXEZphCmHUO/b08875c7ab303a5749f5cbbac70408d3/AIMCo_-_Responsible_Investment_Policy_-_January_2020.pdf

- AIMCo has published its responsible investing policy, overseen by the Company's Responsible Investment Committee comprised of senior executives and chaired by the Chief Executive Officer.
- The Company has in place responsible investment related guidance documents including asset class specific sustainability guidelines¹² and policies that demonstrate environmental and social practices implemented by AIMCo Realty's partner managers, among which real estate developments are covered and which account for environmental and social risks.¹³
- AIMCo's disclosure is in line with the recommendations of Task Force on Climate-related Financial Disclosures¹⁴ (TCFD) guidelines, which is structured in accordance with the TCFD's four key elements: governance, strategy, risk management and metrics and targets. A TCFD working group, comprising the CFO office, Economics & Fund Strategy, Public Equities, Risk Management and Valuations teams, is in place to implement the TCFD recommendations.
- AIMCo has enacted corporate-wide standards and processes mandating ethical behavior through its Code of Conduct and Ethical Standards.¹⁵

In addition to the above, Sustainalytics notes that the financing under the Framework will take place in Canada, which is categorized 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.¹⁶

Based on these policies, standards and assessments, Sustainalytics is of the opinion that AIMCo Realty 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

All seven use of proceeds categories are aligned with those recognized by GBP and the GLP. Sustainalytics has focused on two below where the impact is specifically relevant in the local context.

Importance of green buildings in Canada

Due to extreme temperatures, vast landscapes, and dispersed populations, buildings in Canada require large amounts of energy for electricity and heating and cooling. As a result, they generate a significant portion of the nation's total greenhouse gas emissions (GHG).^{17,18,19} In 2019, buildings represented the third largest GHG source by economic sector or approximately 12% of Canada's total emissions.²⁰

As a part of its nationally determined contribution under the Paris Agreement, Canada has committed to reducing GHG emissions by at least 40-45% from a 2005 baseline by 2030,²¹ in its path to reach its net-zero emissions target by 2050.²² To meet these commitments, Canada established the Pan-Canadian Framework

¹² AIMCo, Responsible Investment Policy, at:

https://assets.ctfassets.net/lyt4cjmfjno/2Hez31YxVr2yXEZphCmHUO/b08875c7ab303a5749f5cbbac70408d3/AIMCo_-_Responsible_Investment_Policy_-_January_2020.pdf

¹³ AIMCo has shared with Sustainalytics, in confidence, further information regarding its environmental and social risk mitigation practices and policies.

¹⁴ AIMCo, "2020 Taskforce on Climate-related Financial Disclosures (TCFD) Report", at:

<https://assets.ctfassets.net/lyt4cjmfjno/7lwoTGpMYtlK3KMXl6sflL/ce7de5414cc2544cc24797bf99159142/TCFDRReport-2020.pdf>

¹⁵ AIMCo, Code of Conduct & Ethical Standards, available:

https://images.ctfassets.net/lyt4cjmfjno/4xYul5mtNemOTOHTMGzr9B/31f0d081c85b61d27fbb7e6972c32201/Aimco_CodeofConduct_FINAL_Digital_Oct1_2020.pdf

¹⁶ Equator Principles, "Designated Countries", (2020), at: <https://equator-principles.com/designated-countries/>

¹⁷ Government of Canada, "Homes and buildings", (2018), at: <https://www.canada.ca/en/services/environment/weather/climatechange/climate-action/federal-actions-clean-growth-economy/homes-buildings.html>

¹⁸ Government of Canada, "Sustainable and efficient homes and buildings", (2017), at:

<https://www.canada.ca/en/services/environment/weather/climatechange/climate-action/sustainable-efficient-homes-buildings.html>

¹⁹ Natural Resources Canada, "Energy and Greenhouse Gas Emissions (GHGs)", (2020), at: <https://www.nrcan.gc.ca/science-and-data/data-and-analysis/energy-data-and-analysis/energy-facts/energy-and-greenhouse-gas-emissions-ghgs/20063>

²⁰ Environment and Climate Change Canada, "Canadian Environmental Sustainability Indicators: Greenhouse gas emissions", (2021), at:

<https://www.canada.ca/content/dam/eccc/documents/pdf/cesindicators/ghg-emissions/2021/greenhouse-gas-emissions-en.pdf>

²¹ United Nations Framework Convention on Climate Change, "Canada's 2021 Nationally Determined Contribution under the Paris Agreement", (2021), at: <https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Canada%20First/Canada%27s%20Enhanced%20NDC%20Submission%20EN.pdf>

²² United Nations Framework Convention on Climate Change, "Canada's 2021 Nationally Determined Contribution under the Paris Agreement", (2021), at: <https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Canada%20First/Canada%27s%20Enhanced%20NDC%20Submission%20EN.pdf>

on Clean Growth and Climate Change.^{23,24} The plan focuses on transitioning to a low-carbon economy by investing in (i) energy-efficient buildings, (ii) retrofitting existing buildings to enhance its energy efficiency, (iii) energy benchmarking and labeling programs, and (iv) the establishment of higher efficiency standards for appliances and equipment.²⁵ Canada's Green Building Council ("the Council") has estimated that by investing in energy efficiency improvements, Canada can reduce its total GHG emissions by 44% from the 2005 baseline by 2030.²⁶ Furthermore, investments in upcoming real estate properties with spaces over 25,000 square feet that are net zero-carbon can alone reduce emissions by 17% from 2005 levels.^{27,28} Therefore, such investments will help Canada to make progress towards its national climate plan and meet its commitments under the Paris Agreement.

AIMCo Realty intends to finance or refinance the purchase, development and/or re-development of properties that have received or are expected to receive a green building certification. Obtaining the green building certifications requires certain activities to be implemented during the renovation, development, design, and operation of properties, such as managing pollution, increasing renewable energy sources, and reducing electricity consumption.²⁹ For example, the Council stated that between 2005 to 2015, LEED certified buildings saved 6.5 million megawatt-hours equivalent of energy leading to a cumulative reduction of over one million tonnes of CO₂e in GHG emissions.³⁰ A large driver of this was the growing number of buildings obtaining LEED Gold certification, the second most rigorous level of certification.³¹ By the end of the first quarter of 2016, the Council observed that 38% of all LEED certified projects were Gold.^{32,33}

Sustainalytics is of the opinion that AIMCo Realty's allocation of net proceeds to finance real estate with a green building certification is expected to provide environmental benefits, contributing to Canada's national GHG emission reduction targets.

Importance of ensuring sustainable water use to reduce water supply stress in Canada

High consumption and inefficient water use lead to increased water stress, posing threats to the environment and agricultural activities.^{34,35,36} In 2019, the Canadian industrial, commercial, and institutional sectors consumed 28% of the total potable water supply, the second-highest volume after the residential sector.³⁷ Furthermore, drought caused by global warming is expected to intensify, therefore exacerbating the stress on current water supplies in Canada.³⁸ In the summer of 2021, 74% of western Canada's arable land experienced high levels of drought, leading to dried surface water supply and reduced streamflow.³⁹

To address increased water stress, both provincial and federal governments partook in policy development. Canada established the Federal Water Policy in 1987 which consists of the following two goals: (i) protect

²³ Government of Canada, "Canada's Buildings Strategy", (2020), at: <https://www.nrcan.gc.ca/energy-efficiency/buildings/canadas-building-strategy/20535>

²⁴ Government of Canada, "Pan-Canadian Framework on Clean Growth and Climate Change", (2017), at: https://publications.gc.ca/collections/collection_2017/eccc/En4-294-2016-eng.pdf

²⁵ Government of Canada, "Canada's Buildings Strategy", (2020), at: <https://www.nrcan.gc.ca/energy-efficiency/buildings/canadas-building-strategy/20535>

²⁶ Canada Green Building Council, "Building Solutions to Climate Change: How Green Buildings Can Help Meet Canada's 2030 Emissions Targets", at: https://www.cagbc.org/CAGBC/Advocacy/Building_Solutions_to_Climate_Change.aspx

²⁷ Canada Green Building Council, "Building Solutions to Climate Change: How Green Buildings Can Help Meet Canada's 2030 Emissions Targets", at: https://www.cagbc.org/CAGBC/Advocacy/Building_Solutions_to_Climate_Change.aspx

²⁸ Canada Green Building Council, "Making the Case for Building to Zero Carbon", (2019), at: https://www.cagbc.org/cagbcdocs/advocacy/Making_the_Case_for_Building_to_Zero_Carbon_2019_EN.pdf

²⁹ Canada Green Building Council, "Canada's Green Building Engine – Market impact and Opportunities in a Critical Decade", (2020), at: https://www.cagbc.org/cagbcdocs/advocacy/CaGBC_CanadasGreenBuildingEngine_EN.pdf

³⁰ Canada Green Building Council, "Canadian LEED buildings have reduced over 1 million tonnes of CO₂e in GHG emissions since 2005", (2016), at: https://www.cagbc.org/News/EN/2016/20160421_News_Release.aspx

³¹ Canada Green Building Council, "Canadian LEED buildings have reduced over 1 million tonnes of CO₂e in GHG emissions since 2005", (2016), at: https://www.cagbc.org/News/EN/2016/20160421_News_Release.aspx

³² Canada Green Building Council, "Canadian LEED buildings have reduced over 1 million tonnes of CO₂e in GHG emissions since 2005", (2016), at: https://www.cagbc.org/News/EN/2016/20160421_News_Release.aspx

³³ Canada Green Building Council, "Canada's Green Building Engine – Market impact and Opportunities in a Critical Decade", (2020), at: https://www.cagbc.org/cagbcdocs/advocacy/CaGBC_CanadasGreenBuildingEngine_EN.pdf

³⁴ World Wildlife Fund Canada, "For All of Earth's Inhabitants – Water is Life", at: <https://wwf.ca/habitat/freshwater/>

³⁵ Neighbour, J. (2020), "Does Canada need to conserve water?", National Geographic, at: <https://www.nationalgeographic.com/science/article/partner-content-where-our-water-goes-canada>

³⁶ World Wildlife Fund, "Water Scarcity – Overview", at: <https://www.worldwildlife.org/threats/water-scarcity>

³⁷ Statistics Canada, "Potable water use by sector and average daily use", (2021), at: <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3810027101>

³⁸ Lymath, A. (2014), "Climate adaptation in buildings: Drought", NBS Enterprises Ltd., at: <https://www.thenbs.com/knowledge/climate-change-adaptation-in-buildings-drought>

³⁹ Agriculture and Agri-Food Canada, "Canadian Drought Monitor – Conditions as of July 31, 2021", (2021), at: https://www.agr.gc.ca/atlas/maps_cartes/canadianDroughtMonitor/monthlyAssessments/en/2021/cdm_2107_mn_en.pdf

and enhance water quality, and (ii) promote the wise and efficient management and use of water.^{40,41} Though lacking enforcement mechanisms, the federal government advocates similar goals such as implementing sustainable-consumption practices and an integrated water resource management approach.⁴² One study finds that such principles have been adopted by all the provinces into their local water management policies.⁴³ Furthermore, between 2009 and 2019, 77% of provinces have updated their sustainability-focused policies to address issues related to the sustainable use of freshwater supply.⁴⁴

AIMCo Realty intends to allocate net proceeds towards systems or equipment that minimize water consumption or improve water efficiencies by 20% in its buildings. Investing in water-efficient products, especially within commercial and retail real estate, will significantly reduce water consumption. For example, installing low-flow faucet aerators can reduce the flow of water from taps by 40%.⁴⁵ Additionally, xeriscaping and drought-tolerant landscaping involve introducing plant species that require less potable water for survival when maintaining property grounds.⁴⁶ Such landscaping techniques will enable better water management and reduce water consumption.

Based on the above, Sustainalytics is of the opinion that AIMCo Realty's allocation of proceeds to projects that improve water-use efficiency and consumption contribute to the relief of water supply stress in Canada.

Alignment with/contribution to SDGs

The Sustainable Development Goals (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 bond(s) issued under the Green Financing Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	11. Sustainable Cities and Communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Sustainable Water and Wastewater Management	6. Clean water and sanitation	6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

⁴⁰ Government of Canada, "Water governance: federal policy and legislation", (2020), at: <https://www.canada.ca/en/environment-climate-change/services/water-overview/governance-legislation/federal-policy.html>

⁴¹ Corkal, D.R. et al., "Changing Roles in Canadian Water Management Decisions and Data-Sharing", OECD, at: <https://www.oecd.org/greengrowth/sustainable-agriculture/45058352.pdf>

⁴² Corkal, D.R. et al., "Changing Roles in Canadian Water Management Decisions and Data-Sharing", OECD, at: <https://www.oecd.org/greengrowth/sustainable-agriculture/45058352.pdf>

⁴³ Corkal, D.R. et al., "Changing Roles in Canadian Water Management Decisions and Data-Sharing", OECD, at: <https://www.oecd.org/greengrowth/sustainable-agriculture/45058352.pdf>

⁴⁴ Abou-Chahine et al. (2019), "Freshwater Policy – Overview", Our Living Waters, at: https://www.ourlivingwaters.ca/freshwater_policy

⁴⁵ City of Winnipeg, "Water conservation", (2020), at: <https://winnipeg.ca/waterandwaste/water/conservation/tipsCommercial.stm>

⁴⁶ City of Winnipeg, "Water conservation", (2020), at: <https://winnipeg.ca/waterandwaste/water/conservation/tipsCommercial.stm>

Climate Change Adaptation and Resilience	11. Sustainable Cities and Communities	11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries
--	--	---

Conclusion

AIMCo Realty has developed the Green Financing Framework under which it intends to issue one or more green bonds and loans and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that aim to reduce the carbon footprint of its portfolio, reduce energy consumption, and improve water-use efficiency of the Company's activities. Sustainalytics considers that the projects funded by the sustainability bond proceeds are expected to provide positive environmental and social impact.





The Green Financing 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 Green Financing Framework is aligned with the overall sustainability strategy of the Company and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 6, 7 and 11. Additionally, Sustainalytics is of the opinion that AIMCo Realty has adequate measures to identify, manage and 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 AIMCo Realty is well-positioned to issue green financing and that the Green Financing Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles (2021), and the Green Loan Principles (2021).

Appendices

Appendix 1: Green Building Certification Schemes

	LEED	BOMA BEST	BREEAM	BUILT Green
Background	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.	BOMA BEST, administered by the Building Owners and Managers Association (BOMA) of Canada, is a certification program for existing buildings. The assessment considers performance and operation of buildings in a wide range of performance and operations categories.	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK, this scheme can be used for new, refurbished and extension of existing buildings.	BUILT Green is administered by Built Green Canada and is a third-party certification program. The certification program was established in 2003 and can be used for residential buildings used in Canada. The assessment considers energy efficiency and other green features of these buildings.
Certification levels	<ul style="list-style-type: none"> • Certified • Silver • Gold • Platinum 	<ul style="list-style-type: none"> • Certified • Bronze • Silver • Gold • Platinum 	<ul style="list-style-type: none"> • Pass • Good • Very Good • Excellent • Outstanding 	<ul style="list-style-type: none"> • Bronze • Silver • Gold • Platinum
Areas of assessment	<ul style="list-style-type: none"> • Energy and atmosphere • Sustainable Sites • Location and Transportation • Materials and resources • Water efficiency • Indoor environmental quality • Innovation in Design • Regional Priority 	<ul style="list-style-type: none"> • Energy • Water • Air • Comfort • Health and Wellness • Custodial • Purchasing • Waste • Site • Stakeholder Engagement 	<ul style="list-style-type: none"> • Management • Energy • Land Use and Ecology • Pollution • Transport • Materials • Water • Waste • Health and Wellbeing • Innovation 	<ul style="list-style-type: none"> • Energy and Envelope • Materials and Methods • Indoor Air Quality • Ventilation • Waste Management • Water Conservation • Business Practices
Requirements	<p>Minimum requirements independent of level of certification; point-based scoring system weighted by category to determine certification level.</p> <p>The rating system is adjusted to apply to specific sectors, such as: New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, and Existing Buildings:</p>	<p>Minimum requirements independent of level of certification; score based on checklist to determine certification level.</p> <p>The minimum best practices and category scoring is adjusted for seven different asset classes: office, enclosed shopping centres, light industrial, open air retail, universal, MURB, and health care.</p>	<p>Minimum requirements depending on the level of certification; scoring system weighted by category, producing a percentage-based overall score. The majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their performance score.</p> <p>BREEAM has two stages/audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.</p>	<p>Minimum requirements independent of level of certification; score/point based on checklist for which a cumulative score is calculated based on all areas of assessment to determine certification level. There are specific minimum requirements for the Energy and Envelope area of assessment.</p> <p>Built Green provides checklists to builders to guide them through program. High-density buildings require a verifier to</p>

	Operation and Maintenance.			collect documentation for audit. BUILT Green is also compliant to Government of Canada's EnerGuide and BC Energy Step Code
Qualitative Considerations	Widely accepted within the industry, both in North America and internationally, and considered a guarantee of strong performance.	Most commonly used certification for existing buildings in Canada, and considered less administratively burdensome for existing buildings.	Used in more than 70 countries: Good adaptation to the local normative context. Predominant environmental focus, lower levels are less strict than LEED.	Used only in Canada with a generally good market perception. Received municipal support across provinces.
Performance display				

Appendix 2: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name: Alberta Investment Management Corporation

Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable: Green Financing Framework

Review provider's name: Sustainalytics

Completion date of this form: September 7, 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 GBP:

- | | |
|--|--|
| <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 (<i>please specify</i>): | |

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 – Green Buildings, Energy Efficiency, Renewable Energy, Sustainable Water and Wastewater Management, Clean Transportation, and Climate Change Adaptation and Resilience – are aligned with those recognized by both the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 6, 7, and 11.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input checked="" type="checkbox"/> Sustainable water and wastewater management | <input checked="" type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input checked="" type="checkbox"/> Other (please specify): Climate Change Adaptation and Resilience |

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

AIMCo Realty's internal process in evaluating and selecting projects is overseen by its Green Financing Working Committee. AIMCo Realty's senior management team will be responsible for ultimate review and approval of the selected projects. Sustainalytics considers the project selection process in line with market practice. AIMCo Realty's environmental and social risk management systems are applicable for all allocation decisions in the Framework. Sustainalytics considers the risk management systems to be adequate and the project selection process in line with market practice.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's social and green 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 Sustainability 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

- | | |
|---|--|
| <input type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

AIMCo Realty will track bond proceeds through a Green Financing Register. AIMCo Realty intends to fully allocate bond proceeds within 36 months of the respective issuance. Pending allocation, proceeds may be held in cash, cash equivalents, or for corporate debt repayment or used for general corporate purposes. This is in line with market practice.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (please specify): |

Additional disclosure:

- | | |
|--|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (please specify): |

4. REPORTING

Overall comment on section (*if applicable*):

AIMCo Realty intends to report on the allocation of proceeds on its website and on an annual basis until full allocation. The allocation report will contain relevant information about the eligible green projects, the amount allocated on a category level, projects financed, and the remaining amount of unallocated proceeds. In

In addition, AIMCo Realty is committed to reporting on relevant impact metrics. Sustainalytics views AIMCo Realty's allocation and impact reporting as aligned with market practice.

Use of proceeds 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:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Green Bond financed share of total investment |
| <input checked="" type="checkbox"/> Other (please specify):
The remaining amount of unallocated proceeds | |

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"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings |
| <input checked="" type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Other ESG indicators (please specify):
Type of certification including level by property
Renewable energy capacity added/rehabilitated (MWh)
Annual renewable energy power output (MWh)
Electric vehicle charging stations installed (#)
Feasibility studies conducted (#) |

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):
Information will be available on the corporate website |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

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 GBP**

- i. **Second-Party Opinion:** An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability 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 Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and 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 sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or 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 Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. **Certification:** An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability 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. **Green, Social and Sustainability Bond Scoring/Rating:** An issuer can have its Sustainability Bond, associated Sustainability 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 environmental and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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