Second-Party Opinion

Lendlease Group Sustainable Finance Framework

Evaluation Summary

Sustainalytics is of the opinion that the Lendlease Group Sustainable Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018, Social Bond Principles 2020, Sustainability Bond Guidelines 2018, and Green Loan Principles 2020. This assessment is based on the following:

USE OF PROCEEDS The eligible categories for the use of proceeds[1] are aligned with those recognized by the Sustainability Bond Guidelines 2018, Green Bond Principles 2018, Social Bond Principles 2020, and the Green Loan Principles 2020. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 6, 7, 8, 11, 12, and 13.

PROJECT EVALUATION / SELECTION Lendlease Group's internal process in evaluating and selecting projects is conducted by the Sustainable Finance Project Working Group (SFPWG). The SFPWG is responsible for identifying and selecting eligible projects according to criteria referenced in the Framework. The projects shortlisted by the SFPWG will be presented to the Lendlease Asset and Liability Committee (ALCO) for approval. Sustainalytics considers the project selection process in line with market practice.

MANAGEMENT OF PROCEEDS Lendlease Group's processes for management of proceeds is overseen by Lendlease's treasury team. Proceeds are expected to be managed through an internal register. Pending allocation, the net proceeds from the funding transaction may be held centrally and invested in cash, cash equivalents or liquid securities in accordance with Lendlease's Treasury Policy. This is in line with market practice.

REPORTING Lendlease Group intends to report on allocation of proceeds of each sustainable finance transaction in a Sustainable Finance Impact Report on an annual basis whilst there is financing outstanding under the Framework. In addition, Lendlease Group is committed to reporting on relevant impact metrics. Sustainalytics views Lendlease Group's allocation and impact reporting processes as aligned with market practice.

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[1] Sustainable Water Management, Renewable Energy, Energy Efficiency, Green Buildings, Clean Transportation, Pollution Prevention and Control, Climate Change Adaptation, Employment Generation, Socio Economic Advancement and Empowerment, Affordable Housing, and Affordable Basic Infrastructure and Access to Essential Services

Introduction

Lendlease Group ("Lendlease", or the "Company") is a globally integrated real estate group. Headquartered in Sydney, Australia, Lendlease is located in four operation regions: Australia, Europe, the Americas and Asia. The Company operates across all aspects of real estate – from concept and planning, to design and delivery through to funding and investment management. These operations are delivered in each region, in part of in full, through Lendlease's integrated business model.

Lendlease has developed the Lendlease Group Sustainable Finance Framework (the "Framework") under which it intends to issue one or more green, social or sustainability bonds or loans and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that improve the environmental performance of buildings developed and managed by Lendlease and increase social value for communities. The Framework defines eligibility criteria in eleven areas.

Green Eligible Categories:

1. Sustainable Water Management
2. Renewable Energy
3. Energy Efficiency
4. Green Buildings
5. Clean Transportation
6. Pollution Prevention and Control
7. Climate Change Adaptation

Social Eligible Categories:

8. Employment Generation
9. Socio Economic Advancement and Empowerment
10. Affordable Housing
11. Affordable Basic Infrastructure and Access to Essential Services

Lendlease engaged Sustainalytics to review the Lendlease Group Sustainable Finance Framework, dated October 2020, and provide a Second-Party Opinion on the Framework's environmental credentials and its alignment with the Green Bond Principles 2018 (GBP),[2] Social Bond Principles 2020 (SBP),[3] Sustainability Bond Guidelines 2018 (SBG)[4] and Green Loan Principles 2020 (GLP).[5] The Framework will be made available as required.

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

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent[6] 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 2018, Social Bond Principles 2020, and Sustainability Bond Guidelines 2018, as administered by ICMA, and the Green Loan Principles 2020, as administered by LMA, APLMA and LSTA[7];
- The credibility and anticipated positive impacts of the use of proceeds; and

[2] The Green Bond Principles are administered by the International Capital Market Association and are available at https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/
[3] The Social Bond Principles are administered by the International Capital Market Association and are available at https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/social-bond-principles-sbp/
[4] The Sustainability Bond Guidelines are administered by the International Capital Market Association and are available at https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/
[5] 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/
[6] 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.
[7] In addition to the Loan Markets Association, the GLP are also administered by the Asia Pacific Loan Market Association and the Loan Syndications & Trading Association

- 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 1.7.1, 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 Lendlease'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. Lendlease representatives have confirmed (1) they understand it is the sole responsibility of Lendlease to ensure that the information provided is complete, accurate or 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 Lendlease.

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 Lendlease has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Lendlease Group Sustainable Finance Framework

Sustainalytics is of the opinion that the Lendlease Group Sustainable Finance Framework is credible and impactful, and aligns with the four core components of the GBP, SBP, SBG and GLP. Sustainalytics highlights the following elements of Lendlease's Sustainable Finance Framework:

- Use of Proceeds:
  - The eligible categories – Sustainable Water Management, Renewable Energy, Energy Efficiency, Green Buildings, Clean Transportation, Pollution Prevention and Control, Climate Change Adaptation, Employment Generation, Socio Economic Advancement and Empowerment, Affordable Housing, and Affordable Basic Infrastructure and Access to Essential Services – are aligned with those recognized by the GBP, SBP, SBG and GLP.
  - Within the Sustainable Water Management category, Lendlease may finance projects that incorporate water saving features or reduce the use of potable water for non-potable uses, such as sustainable urban drainage systems, wastewater recycling and the installation of water treatment systems, and equipment, which increases water efficiency.
  - Within the Renewable Energy category, the Company may finance or refinance in the development, construction and operation of solar and wind power projects. In addition, other long-term investment in this category may include the procurement of renewable energy, in order to support the Company's commitment of being 100% renewable energy by 2030. Sustainalytics considers this to be in line with market practice.

- For the Energy Efficiency category, the proceeds may be used for i) the installation of smart technologies and/or systems that will optimize energy management and improve energy efficiency in new and existing buildings, including lighting and motion sensors or replacing air-cooled air conditioning with water cooling, ii) the installation of energy efficient technologies, products and/or equipment that may go into new buildings that results in achieving, based on third-party assessment, at least a 15% improvement in energy efficiency when compared to relevant benchmarks, and iii) upgrades to buildings that are expected to improve energy efficiency by at least 15%. While Lendlease sets a minimum threshold of 15% for energy consumption reduction for upgrading existing buildings, Sustainalytics notes that market practice is to invest in upgrades to buildings that will result in equal to or more than 20% emissions/energy performance improvements.
- Under the Green Buildings category, the Company may invest in the construction and development of buildings that have received or are expected to receive one of the following third-party green building certifications to at least the level indicated: NABERS (5 Star or above, or 5.5 Star or above for Australian commercial assets if design begins after 1 May 2020 to comply with the Australian National Construction Code requirements), Green Star by GBCA (5 star or above), LEED ("Gold" or above), BREEAM ("Excellent" or above), Home Quality Mark (4 Star or above), or an equivalent green building standard to those above. (Please see Appendix 1 for additional details on the certification schemes.) For some buildings that have already achieved above-mentioned certifications, the Company may seek to obtain additional certification of Green Star or 4 Star under Global Real Estate Sustainability Benchmark (GRESB). Moreover, other investments in this category may include buildings that meet or are forecasted to meet the low carbon trajectory as set out in the low carbon building standard as determined by the Climate Bonds Initiative. Sustainalytics considers above mentioned certifications and the selected levels, and compliance with Climate Bond Standard requirements to be credible and in line with market practice.
- Within the category of Clean Transportation, Lendlease may finance or refinance the construction, development, or ownership of property and/or infrastructure for electric vehicles, and property and/or infrastructure that enables biking or walking and other transportation infrastructure that supports modal shifts away from transportation depending on producing harmful emissions, which Sustainalytics considers to be in line with market practice.
- Regarding the Pollution Prevention and Control category, Lendlease may finance or refinance in facilities, systems and equipment that are used for collection, treatment, and recycling of waste, with the exception of landfill. Lendlease has confirmed to Sustainalytics that for financing or refinancing of waste facilities the majority of recyclables would be segregated and recycling of waste would not include electronic waste.
- Within the Climate Change Adaptation category, the financing under the Framework may be used for projects supporting adaptation to more frequent and extreme weather events caused by climate change. Examples of such projects include natural disaster prevention infrastructure such as flood defense systems. While Sustainalytics positively notes that Lendlease conducts climate change vulnerability and adaptation assessments in its investment decision making process, Sustainalytics encourages the Company to make every effort to conduct the vulnerability assessments and adaptation plans for the projects to be financed under the Framework in order to further strengthen the Framework.
- Lendlease's social eligible categories include the following:
  - For the Employment Generation and Socio Economic Advancement and Empowerment category, Lendlease may finance expenditures for i) the set-up costs of supporting programs for supply chain procurement that prioritise and supports small and medium enterprises (SMEs) and indigenous owned business as well as ii) training and support infrastructure to generate employment opportunities for marginalized socio-economic groups in local areas. Lendlease has communicated to Sustainaytics that, under i), SMEs targeted include those majority owned or operated by members of historically or systemically marginalized or disadvantaged groups based on ethnicity, religion, disability, and victims of armed conflicts. While the Framework may include SMEs not owned by such vulnerable groups which Sustainalytics views as a limitation, Sustainalytics encourages

the Company to prioritize financing and programs to small business owned by well-defined target population.
    - For the Affordable Housing, and Affordable Basic Infrastructure and Access to Essential Services categories, financing or refinancing may include registered affordable housing, and registered nursing homes, personal care homes and elderly care homes[8] in Australia. Affordable housing defined under the National Rental Affordability Scheme targets low-income individuals and households and rents must be at least 20% below market, which Sustainalytics considers the housing under the scheme ensures affordability and targeted populations are well defined. Additionally, for aged care homes regulated by the Aged Care Quality and Safety Commission (ACQSC), individuals with national median household income are provided a subsidy that fully covers accommodation costs. Sustainalytics considers these to be aligned with market practice.
  - Sustainalytics notes that Lendlease commits to a lookback period of 24 months for refinancing projects.

- Project Evaluation and Selection:
  - Lendlease Group's internal process in evaluating and selecting projects is conducted by the Sustainable Finance Project Working Group (SFPWG) and comprises of representatives from Lendlease Sustainability, Investor Relations and Treasury. The SFPWG is responsible for identifying and selecting eligible green and social projects according to the criteria referenced in the Framework. The projects shortlisted by SFPWG will be presented to the Lendlease Asset and Liability Committee (ALCO) for approval, with representation from the Lendlease Sustainability team. The ALCO is expected to assess projects for eligibility against the Sustainable Development Goals, Climate Bonds Initiative, high energy and water rating certifications, conformance to any new market development or alignment with the Company's Framework.
  - Based on the establishment of a committee and oversight on eligible project selection, Sustainalytics considers this process to be in line with market practice.

- Management of Proceeds:
  - Lendlease Group's processes for management of proceeds is overseen by Lendlease's Treasury team. Proceeds are expected to be managed through an internal register of key information such as issuer entity, transaction date, principal amount of proceeds, maturity date, and interest or coupon, ISIN number etc. Other Information collected in the register is related to the use of proceeds and includes details on Eligible Green and/or Social Project, project endorsement by ALCO, aggregate amount of proceeds earmarked to Eligible Green Projects, remaining balance of unallocated proceeds yet to be earmarked, estimated environmental benefit, as well as other necessary information. Lendlease may ensure that net proceeds from the sustainable finance transactions will not exceed the total value of Lendlease's eligible projects and will be fully allocated within 36 months from the date of issuance of green, social or sustainability bonds or loans. Pending allocation, or in the event of unallocated proceeds, the net proceeds from the funding transaction may be held centrally and invested in cash, cash equivalents or liquid securities in accordance with Lendlease's Treasury Policy.
  - Based on the internal register and disclosure on temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.

- Reporting:
  - Lendlease Group intends to report on allocation of proceeds of each sustainable finance transaction in a Sustainable Finance Impact Report on an annual basis whilst there is financing outstanding under the Framework. The allocation report for each sustainable finance transaction will contain a list of eligible projects and their descriptions, aggregate amount of proceeds earmarked to eligible projects, remaining balance of unallocated proceeds yet to be earmarked. In addition, Lendlease Group is committed to reporting on relevant impact metrics

[8] The Scheme aims to aims to reduce rental costs for low to medium income households and increase the number of more affordable rental houses. More information can be found at https://www.dss.gov.au/our-responsibilities/housing-support/programmes-services/national-rental-affordability-scheme.

such as emissions avoided (tonnes), amount of energy saved (MW), amount of water reduced (m^3), amount of waste reduced or diverted from landfills (tonnes), number of business supported (number and total employees), and number of beneficiaries in the targeted population.

- Based on Lendlease's commitment to report on allocation and impact, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2018 and Green Loan Principles 2020

Sustainalytics has determined that the Lendlease Group Sustainable Finance Framework aligns to the four core components of the GBP, SBP, SBG, and GLP. For detailed information please refer to Appendix 2: Sustainability Bond/ Sustainability Bond Programme External Review Form.

Section 2: Sustainability Performance of Lendlease

Contribution of framework to Lendlease Group's sustainability strategy

Sustainalytics is of the opinion that Lendlease Group demonstrates a strong commitment to sustainability with a focus on three key areas: (i) Sustainable Economic Growth, (ii) Vibrant and Resilient Communities and Cities, and (iii) Healthy Planet and People.[9]

Under the area of 'Sustainable Economic Growth', Lendlease is focused on conserving natural resources such as water, selecting sustainably sourced materials, and eliminating waste.[9] Within the 'Vibrant and Resilient Communities and Cities' area, Lendlease is focused on improving energy efficiency and increasing renewable energy usage, reducing embodied carbon in materials and products, creating climate resilient places and buildings, and reducing carbon emissions within operational activities. As well as this, the Company is focused on providing learning, skilling and work force participation opportunities, supporting fair and just employment, and promoting local procurement. The Company is focused on creating an inclusive community by enabling resilient communities, improving affordability of housing, increasing accessibility of facilities, and respecting and engaging with stakeholders.[9] Lastly, under the 'Healthy People and Planet' area, Lendlease is focused on protecting and restoring the natural environment with the aim of enhancing biodiversity of both flora and fauna, connecting the built and natural environments, and decreasing pollution. In addition, the Company is also focused on supporting the wellbeing of its consumers by enhancing indoor environment quality, designing safe and secure places and providing programs that support mental and physical wellbeing.[9]

Lendlease has made its Sustainability performance and targets publicly accessible and verified by a third-party.[10] By the year 2020, with baseline year as 2014, the Company set out to achieve a 20% reduction in emissions, energy usage, water usage and waste to landfill.[10] By 2020, the company was transparent about falling short of achieving its targets when core and non-core activities were combined, however, when compared to core activities only, the Company was able to meet and go beyond the targets for energy usage and emissions.[10] Furthermore, the Company has updated its short term and long term targets to align with the 1.5°C trajectory suggested by the International Panel on Climate Change (IPCC).[11] By 2025, Lendlease is targeting net zero emissions on scope 1 and scope 2, and by 2040 absolute zero emissions on scope 1, 2 and 3.[12] In addition to environmental targets, the Company has set a social target by committing to creating AUD 250 mn of measured social value (EUR 194 mn) by the year 2025.[12]

Sustainalytics is of the opinion that the Lendlease Group Sustainable Finance Framework is aligned with the Company's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities.

[9] Lendlease, "Our Approach", at: https://www.lendlease.com/au/company/sustainability/our-approach/
[10] Lendlease, "Global Sustainability Framework. FY20 Environmental Data (Energy, emissions, water, waste and normalization data) And Summary Basis of Preparation", at: https://www.lendlease.com/uk/-/media/llcom/sustainability-2019/data-and-basis-of-preparations/fy20-combined-bop-and-kpmg-opinion-nov.pdf
[11] IPCC, "Global Warming of 1.5°C", at: https://www.ipcc.ch/sr15/
[12] Lendlease, "Our Sustainability Targets", at: https://www.lendlease.com/uk/company/sustainability/our-targets/

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

While Sustainalytics recognizes that the net proceeds from the bonds and loans issued under the Framework will be directed towards eligible projects that are recognized by the GBP, SBP, SBG and GLP to have positive environmental impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects, could include occupational health and safety, community relations/stakeholder participation, land use and biodiversity issues associated with large-scale development, emissions, effluents, and waste generated in construction.

In order to manage environmental and health and safety risks associated with its operations, Lendlease sets out its Global Minimum Requirements Framework (GMRs),[13] which outlines mandatory requirements for each stages of the operational lifecycle of a product, consisting of governance, investment, design and planning, establishing work environments, and delivery. For the delivery stage, any operation exposed to the 20 material risk events identified by the Company, including fall of person, vehicle and plant incident, occupational health exposure, and degradation and pollution of the environment, are required to implement preventative and mitigating control measures prescribed against each risk event. Based on the GMRs, all operations within or adjacent to areas of protected habitat must include a risk assessment and description of actions required to protect flora and fauna in line with findings of ecological site assessments and regulatory requirements.

Additionally, Lendlease, through the Group's environmental policy, commits to complying with applicable environmental legislation, regulations, and requirements of ISO 14001, an international standard for environmental management, as well as conducting assessment and management of its activities to protect biodiversity and ecosystems.[14]

Based on the above standards, policies, and processes, Sustainalytics is of the opinion that Lendlease 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 eleven use of proceeds categories are aligned with those recognized by the GBP, SBP, SBG and GLP. While Lendlease may finance assets located in the countries in which the Company operates, Sustainalytics outlines the positive environmental and social impacts across project categories, using Australia as an example.

The Importance of Green Buildings and Energy Efficiency in Australia

In Australia, residential and commercial buildings are responsible for 11% and 8% of total final energy consumption, respectively,[15] and their lifetime emissions – construction, maintenance and use – are responsible for approximately 25% of Australian's GHG emissions.[16] Cutting down buildings-related emissions is consequently crucial to meet Australia's Paris Agreement targets of 26-28% GHG emissions reduction by 2030 compared to 2005 levels. According to the Australian Energy Efficiency Council (EEC), the implementation of global energy efficiency standards for building equipment and appliances could help Australia cut its GHG emissions halfway to its Paris agreement objective.[17]

[13] Lendlease, "Global Minimum Requirements Framework (GMRs)", at: https://www.lendlease.com/au/-/media/llcom/investor-relations/governance/2015-global-minimum-requirements-framework.pdf
[14] Lendlease, "Environment Group Sustainability", at: https://www.lendlease.com/-/media/llcom/investor-relations/governance/final-environment-policy-nov-2017.pdf
[15]Energy efficiency council, "Australian Energy Efficiency Policy Handbook", (2016), at: http://www.eec.org.au/uploads/Documents/Platofrm%20Documents/Australian%20Energy%20Efficiency%20Policy%20Handbook%20%E2%80%93%20July%202016.pdf
[16] Van der Heijden, J., (2017), "From leaders to majority: a frontrunner paradox in built-environment climate governance experimentation", at: https://www.researchgate.net/publication/318754386_From_leaders_to_majority_a_frontrunner_paradox_in_built-environment_climate_governance_experimentation
[17] Zhou, N., (2019), "Australia missing out on huge cuts in emissions through energy efficiency failure", at: https://www.theguardian.com/australia-news/2019/jun/12/australia-could-cut-emissions-halfway-to-paris-target-under-global-energy-standards#targetText=Since%202015%2C%20Australia%20has%20only,below%20the%202.3%25%20rate%20needed.&targetText=The%20report%20said%20Australians%20should,grid%20and%20reducing%20power%20bills.

In fact, energy efficiency lies at the cornerstone of buildings GHG emissions cut, by reducing energy consumption and enhancing energy productivity.[18] Studies found that energy efficiency technologies could globally reduce new commercial buildings energy consumption by 20 to 30% on average.[19] In addition, according to the Australian Sustainable Built Environment Council (ASBEC) energy efficiency measures could reduce national buildings' energy consumption by 25% by 2030,[20] indicating the importance to reduce energy consumption in buildings.

Nevertheless, according to EEC "Australia's rate of energy efficiency improvement has continued to fall behind other developed economies".[21] Several energy efficiency strategies were issued, setting a goal to improve energy productivity by 40% between 2015 and 2030; but key measures are still to be implemented.

Given the above-mentioned context, Sustainalytics supports Lendlease's potential investments in green commercial and residential buildings and energy efficiency projects and is of the opinion that the projects financed can contribute to increase Australia's energy efficiency.

Sustainable Water Management in the Era of Climate Change

Being the driest inhabited continent in the world, with 70% of the mainland being arid or semi-arid (i.e. receiving less than 500 mm of rain yearly), [22] Australia successfully overcame structural water management challenges, providing safe, reliable and affordable water to people and industry.[23] However, Australia's annual water withdrawal per capita accounted for 673 m^3 in 2017, making it one of the highest water consumers per capita compared to other developed countries, [24] highlighting the need of sustainable and efficient water management.

In addition, climate change is putting Australia's water management under pressure. The water sector is heavily dependent on rainfall to replenish storages, groundwater and streams. Global warming – hence higher temperatures – steps water loss up through evapotranspiration. Moreover, droughts are expected to become more intense,[25] more common and longer lasting[26] in the near future.

From 1997 to early 2010, Australia went through one of the most severe droughts in its history (i.e. "Millennium drought"). The drought severely damaged the Murray–Darling Basin, Australia's largest river system, which provides one third of Australia's food supply.[27, 28] On another note, extreme weather events such as cyclones, floods or bushfires can disrupt wastewater management processes,[23] highlighting the need for infrastructure to protect communities.

[18] Energy productivity is an indicator resulting from the division of the GDP by the gross inland consumption of energy. It "provides a picture of the degree of decoupling of energy use from growth in GDP." For instance, a country with low energy productivity, such as Australia, consumes the highest amount of energy for the same amount of value created than a country with high energy productivity; therefore, it is related to energy efficiency. Eurostat, "Energy productivity", at: https://ec.europa.eu/eurostat/web/products-datasets/product?code=t2020_rd310
[19] Kneifel, J., (2010), "Life-cycle carbon and cost analysis of energy efficiency measures in new commercial buildings", at: https://www.sciencedirect.com/science/article/pii/S0378778809002254
[20] Australian Sustainable Built Environmental Council, "Low Carbon, High Performance", (2016), at: https://www.asbec.asn.au/wordpress//wp-content/uploads/2016/05/160509-ASBEC-Low-Carbon-High-Performance-Full-Report.pdf
[21] Zhou, N., (2019), "Australia missing out on huge cuts in emissions through energy efficiency failure", at: https://www.theguardian.com/australia-news/2019/jun/12/australia-could-cut-emissions-halfway-to-paris-target-under-global-energy-standards#targetText=Since%202015%2C%20Australia%20has%20only,below%20the%202.3%25%20rate%20needed.&targetText=The%20report%20said%20Australians%20should,grid%20and%20reducing%20power%20bills.
[22] Australian Government – Geoscience Australia, "Deserts", at: https://www.ga.gov.au/scientific-topics/national-location-information/landforms/deserts
[23] Infrastructure Australia, « Australia Infrastructure Audit 2019, 9. Water » (2019) at : https://www.infrastructureaustralia.gov.au/sites/default/files/2019-08/Australian%20Infrastructure%20Audit%202019%20-%209.%20Water.pdf
[24] In 2017, France accounted for 408 m3 per capita per year, Switzerland for 205 m3 per capita per year, Brazil for 316m3 per capita per year and Germany for 295 m3 per capita per year. Food and Agriculture Organization of the United Nations, Aquastat, at: http://www.fao.org/nr/water/aquastat/data/query/index.html?lang=en
[25] Trenberth, K. et al., (2014), "Global warming and changes in drought", at: https://www.nature.com/articles/nclimate2067
[26] Climate Reality Project, "How Is Climate Change Affecting Australia?", (2019), at: https://www.climaterealityproject.org/blog/how-climate-change-affecting-australia
[27] Australian Government, "The Murray-Darling Basin, Australia's largest and most diverse river system", (2014), at: https://www.inbo-news.org/sites/default/files/IMG/pdf/MDBA_Overview_Brochure.pdf
[28] The basin receives only 7% of Australia's water runoff despite being responsible for two-thirds of Australia's irrigation water use. McCormick, B., "Water management", at: https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BriefingBook45p/WaterManagement

Given the increased risk of flooding and droughts as well as Australia's high water consumption, Sustainalytics views Lendlease's potential financing of infrastructure for water treatment, flood defence, storm water management and drought resilience to contribute to Australia's climate change adaption.

Impact of Employment Generation for Marginalized Groups in Australia

In Australia, Indigenous Aboriginal and Torres Strait Islander people, comprising 3.3% of Australia's population, experience higher levels of disadvantage, with lower levels of employment, income, literacy rates, life expectancy, than non-Indigenous populations.[29][30] With respect to employment, the employment rate of Indigenous people in 2018 was around 49%, significantly lower than that of non-Indigenous people which was around 75%. To address Indigenous disadvantage, the Government sets out 16 national targets, which includes to increase the proportion of Aboriginal and Torres Strait Islander youth (15-24 years) who are in employment, education or training to 67% by 2031, which indicates the importance of further support to increase employment opportunities.[31]

Based on the above, Sustainalytics is of opinion that Lendlease's potential financing of projects to provide training and support infrastructure to generate employment opportunities for marginalized populations, will contribute to reduce the disparities between Indigenous and non-Indigenous populations and achieve positive outcome in Australia.

Importance to ensure Affordable Dwellings for Disadvantaged People

Stable housing helps individuals to improve their education, access employment and proper health and nutrition.[32] In Australia, since 1993, the median house value has risen by 412%, while house ownership for individuals aged 25 to 34, declined from 60% in 1981, to 20% in 2016, with increasing housing costs affecting low-income individuals the most.[33] While jobs are increasingly concentrated in city centers, the majority of disadvantaged households that manage to buy a house move to the suburbs, which restricts their access to employment and increases commutes. Moreover, prices for low-cost dwellings have increased the fastest - in comparison with higher standards houses - doubling in price from those in 2003-04 to those in 2015-16.[34]

Regarding social housing, lack of State investments in public housing has led to a gap between supply and demand for social housing.[35] To meet existing backlog and newly emerging need, Australia needs to triple its stock of social housing by 2036.[36] In addition studies indicate that, in the past, Aboriginal and Torres Strait Island ("Indigenous") have had less access to secure and affordable accommodation than other Australians. Australian housing access policies for Indigenous have made progress, achieving an increase in the proportion of Indigenous households owning homes: from 32% in 2001 to 38.1% in 2016.[37] Yet, Indigenous are still considered as vulnerable: non-Indigenous households were almost twice as likely to own a home in 2016.[38]

[29] Australian Bureau of Statistics, "Estimates of Aboriginal and Torres Strait Islander Australians", at: https://www.abs.gov.au/statistics/people/aboriginal-and-torres-strait-islander-peoples/estimates-aboriginal-and-torres-strait-islander-australians/latest-release
[30] Australian Government, "Closing the Gap 2020", at: https://ctgreport.niaa.gov.au/content/closing-gap-2020
[31] Australian Government, "Youth are engaged in employment of education", at: https://www.closingthegap.gov.au/youth-are-engaged-employment-or-education
[32] Bridge C. et al., (2007), "How does housing assistance affect employment, health and social cohesion?", at: https://www.ahuri.edu.au/research/research-and-policy-bulletins/87
[33] Daley, J et al., (2017), "Three charts on: poorer Australians bearing the brunt of rising housing cost", The Conservation, at: https://theconversation.com/three-charts-on-poorer-australians-bearing-the-brunt-of-rising-housing-costs-87003
[34] Ibid.
[35] Lawson, J., et al., (2018), Australia needs to triple its social housing by 2036. This is the best way to do it", The Conversation, at: https://theconversation.com/australia-needs-to-triple-its-social-housing-by-2036-this-is-the-best-way-to-do-it-105960
[36] Department of Health and Family Services, "Homelessness in the Aboriginal and Torres Strait Islander context and its possible implications for the Supported Accommodation Assistance Program", (1998), at: https://www.homelesshub.ca/resource/homelessness-aboriginal-and-torres-strait-islander-context-and-its-possible-implications
[37] Australian Government – Australian Institute of Health and Welfare, "Aboriginal and Torres Strait Islander people: a focus report on housing and homelessness", (2019), at: https://www.aihw.gov.au/getmedia/1654e011-dccb-49d4-bf5b-09c4607eecc8/aihw-hou-301.pdf.aspx
[38] Australian Bureau of Statistics, Aboriginal and Torres Strait Islander Population, 2016: https://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/2071.0~2016~Main%20Features~Aboriginal%20and%20Torres%20Strait%20islander%20Population%20Article~12

Given the affordability challenges of housing in Australia, Sustainalytics views Lendlease potential financing to activities to expand the access to affordable housing will generate positive social outcome by meeting the housing needs of disadvantaged populations in the Country.

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 bonds and loans issued under the Lendlease Group Sustainable Finance Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Sustainable Water 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
Renewable Energy Energy Efficiency	7. Affordable and Clean Energy	7.2 Increase substantially the share of renewable energy in the global energy mix
Green Buildings	11. Sustainable Cities and Communities	7.3 Double the global rate of improvement in energy efficiency
Clean Transportation	11. Sustainable Cities and Communities	11.2 Ensure 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
Pollution Prevention and Control	12. Responsible Consumption and Production	12.5 Substantially reduce waste generation through prevention, reduction, recycling and reuse
Climate Change Adaptation	13. Climate Action	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
Employment Generation Socio Economic Advancement and Empowerment	8. Decent work and economic growth	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services
Affordable Housing Affordable Basic Infrastructure and Access to Essential Services	11. Sustainable Cities and Communities	11.1 Ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

Conclusion

Lendlease has developed the Lendlease Group Sustainable Finance Framework under which it will issue green, social or sustainability bonds or loans and the use the proceeds thereof to finance infrastructure for sustainable water management, renewable energy, energy efficiency, green buildings, clean transportation, pollution prevention and control, climate change adaptation, employment generation, socio economic

advancement and empowerment, affordable housing, and affordable basic infrastructure and access to essential services projects. Sustainalytics considers that the projects funded by the proceeds are expected to provide positive environmental and social impact.

The Lendlease Group Sustainable Finance Framework outlines a process by which proceeds will be 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 Lendlease Group Sustainable Finance Framework is aligned with the overall sustainability strategy of the Company and that the use of proceeds categories are expected to contribute to the advancement of the UN Sustainable Development Goals 6, 7, 8, 11, 12, and 13. Additionally, Sustainalytics is of the opinion that Lendlease 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 Lendlease Group is well-positioned to issue green, social or sustainability bonds or loans and that the Lendlease Group Sustainable Finance Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2018, and Social Bond Principles 2020, Sustainability Bond Guidelines 2018, and Green Loan Principles 2020.

Appendices

Appendix 1: Green Building Certifications

	BREEAM[39]	LEED[40]	NABERS[41]	Green Star[42]	Home Quality Mark[43]
Background	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK. Used for new, refurbished and extension of existing buildings.	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.	The National Australian Built Environment Rating System (NABERS) is a performance rating tool for existing buildings in Australia. It is administered by the NSW Office of Environment and Heritage, and is used to measure building's energy efficiency, carbon emissions, water consumed, waste produced, and compare it with similar buildings.	Green Star is an environmental (design) rating system developed by the Green Building Council of Australia (GBCA). Based on the elements of BREEAM as well as LEED, Green Star was developed with tailored considerations to the local climate and the building standards and regulations. It assesses several environmental factors related to the building design.	The Home Quality Mark was developed by the BRE to certify homes in the UK, Scotland and Wales. It includes minimum requirements and focuses on running costs, health and wellbeing benefits, and environmental footprint associated with living in the home.
Certification levels	Pass Good Very Good Excellent Outstanding	Certified Silver Gold Platinum	1-star (Poor) 2-stars (Below Average) 3-stars (Average) 4-stars (Good) 5-stars (Excellent) 6-stars (Market Leading)	For existing buildings only (new buildings can achieve 4- 6 Star Green Star certifications only): 1-star Green Star (Minimum Practice) 2-stars Green Star (Average Practice) 3-stars Green Star (Good Practice) 4-stars Green Star (Best Practice) 5-stars Green Star (Australian Excellence) 6-stars Green Star (World Leadership)	1-star 2-stars 3-stars 4-stars 5-stars
Areas of Assessment: Environmental Project Management	Management (Man) addresses various aspects: project management, deployment, minimal environmental disturbance worksite and stakeholder engagement.	Energy and Atmosphere Sustainable Sites Location and Transportation Materials and Resources Water efficiency Indoor Environmental Quality Innovation in Design	There are several ratings available based on the type of building and the applicant (building tenant, or owner and/or manager). The rating tools available for office buildings are:	-Management -Indoor environmental quality Energy -Transport -Water -Materials -Land use and ecology -Emissions Innovation	1. New homes 2. Home surroundings, the home and the construction and materials used in the home. 3. Transportation, outdoors, safety and resilience, comfort, energy,

[39] BREEAM, Building Research Establishment LTD, at: https://breeam.com/
[40] USGBC, LEED, at: www.usgbc.org/LEED
[41] National Australian Built Environment Rating System (NABERS), at: https://www.nabers.gov.au/ratings
[42] Green Star of the Green Building Council Australia (GBCA), at: https://new.gbca.org.au/rate/green-star/
[43] Home Quality Mark, at: https://www.homequalitymark.com/

		Regional Priority	-Energy (without Greenpower) -Energy (with Greenpower) -Carbon Neutral -Waste -Water -Indoor Environment		materials, space, water, quality assurance, construction impacts and customer service.
Areas of Assessment: Environmental Performance of the Building	Energy Land Use and Ecology Pollution Transport Materials Water Waste Health and Wellbeing Innovation	Prerequisites (independent of level of certification) + Credits with associated points These points are then added together to obtain the LEED level of certification There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).	NABERS ratings for office buildings and tenancies are based on 12 months of (real) operational data, rather than potential performance estimate. There is a Carbon Neutral Certification available, as an extension to NABERS Energy rating, for buildings of NABERS Energy rating of 4-stars or above. There are rating system for different types of buildings, including apartment buildings, office buildings, office tenancies, shopping centers, data centers, and hotels.	There are conditional as well as minimum requirements in several credits, based on the rating tool, that are required to be selected for compliance. There are several rating tools within Green Star. Each rating tool is designed to apply to a specific sector with specific eligibility criteria for each of them (e.g. Green Star – Design & As Built; Green Star – Interiors; and Green Star – Performance)	Health and wellbeing benefits, Environmental footprint of the building.
Requirements	Prerequisites depending on the levels of certification + Credits with associated points This number of points is then weighted by item [44] and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score.				Home Quality Mark includes minimum requirements and assesses health and wellbeing benefits, and environmental footprint of the building.

[44] BREEAM weighting: Management 12%, Health and wellbeing 15%, Energy 19%, Transport 8%, Water 6%, Materials 12.5%, Waste 7.5%, Land Use and ecology 10%, Pollution 10% and Innovation 10%. One point scored in the Energy item is therefore worth twice as much in the overall score as one point scored in the Pollution item

	BREAAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.				
Performance display					
Accreditation	BREEAM International Assessor BREEAM AP BREEAM In Use Assessor	LEED AP BD+C LEED AP O+M			
Qualitative considerations	Used in more than 70 countries: Good adaptation to the local normative context. Predominant environmental focus. BREEAM certification is less strict (less minimum thresholds) than HQE and LEED certifications.	Widely recognised internationally, and strong assurance of overall quality.	Well recognized in Australia	Well recognized in Australia	The Home Quality Mark was developed by the BRE to certify homes in the UK, Scotland and Wales

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

Section 1. Basic Information

Issuer name:	Lendlease Group
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	Lendlease Group Sustainable Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	March 10, 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 and SBP:

☒	Use of Proceeds	☒	Process for Project Evaluation and Selection
☒	Management of Proceeds	☒	Reporting

ROLE(S) OF REVIEW PROVIDER

☒	Consultancy (incl. 2nd opinion)	☐	Certification
☐	Verification	☐	Rating
☐	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 - Sustainable Water Management, Renewable Energy, Energy Efficiency, Green Buildings, Clean Transportation, Pollution Prevention and Control, Climate Change Adaptation, Employment Generation, Socio Economic Advancement and Empowerment, Affordable Housing, and Affordable Basic Infrastructure, and Access to Essential Services - are aligned with those recognized by the Sustainability Bond Guidelines 2018, Green Bond Principles 2018, Social Bond Principles 2020, and the Green Loan Principles 2020. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 6, 7, 8, 11, 12, and 13.

Use of proceeds categories as per GBP:

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

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

Use of proceeds categories as per SBP:

☒	Affordable basic infrastructure	☒	Access to essential services
☒	Affordable housing	☒	Employment generation (through SME financing and microfinance)
☐	Food security	☒	Socioeconomic advancement and empowerment
☐	Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP	☐	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):

Lendlease Group's internal process in evaluating and selecting projects is conducted by the Sustainable Finance Project Working Group (SFPWG). The SFPWG is responsible for identifying and selecting eligible projects according to criteria referenced in the Framework. The projects shortlisted by the SFPWG will be presented to the Lendlease Asset and Liability Committee (ALCO) for approval. Sustainalytics considers the project selection process in line with market practice.

Evaluation and selection

- ☒ Credentials on the issuer's environmental sustainability objectives
- ☒ Documented process to determine that projects fit within defined categories
- ☒ Defined and transparent criteria for projects eligible for Sustainability Bond proceeds
- ☐ Documented process to identify and manage potential ESG risks associated with the project
- ☐ Summary criteria for project evaluation and selection publicly available
- ☐ 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)*:

Lendlease Group's processes for management of proceeds is overseen by Lendlease's treasury team. Proceeds are expected to be managed through an internal register. Pending allocation, the net proceeds from the funding transaction may be held centrally and invested in cash, cash equivalents or liquid securities in accordance with Lendlease's Treasury Policy. This is in line with market practice.

Tracking of proceeds:

- ☒ Sustainability 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):

Lendlease Group intends to report on allocation of proceeds of each sustainable finance transaction in a Sustainable Finance Impact Report on an annual basis whilst there is financing outstanding under the Framework. In addition, Lendlease Group is committed to reporting on relevant impact metrics. Sustainalytics views Lendlease Group'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:

☒ Allocated amounts

☐ Sustainability Bond financed share of total investment

☐ Other *(please specify):*

Frequency:

☒ Annual

☐ Semi-annual

☐ Other (please specify):

Impact reporting:

☐ Project-by-project

☒ On a project portfolio basis

☐ Linkage to individual bond(s)

☐ Other (please specify):

Information reported (expected or ex-post):

☒ GHG Emissions / Savings

☒ Energy Savings

☒ Decrease in water use

☒ Number of beneficiaries

☒ Target populations

☒ Other ESG indicators (please specify):

Eligible Green Asset Category: Green buildings:

- Green building certification obtained/maintained;

amount of energy saved; CO2 (or other GHG) avoided

Eligible Green Asset Category: Energy Efficiency:

- Amount of energy saved; CO2 and other GHG avoided

Eligible Green Asset Category: Renewable Energy:

- Renewable energy generated; CO2 and other GHG avoided

Eligible Green Asset Category: Pollution Prevention and Control:

- Amount of waste reduced/ diverted from landfills; CO2 and other GHG avoided; volume of volatile organic compounds (VOC) reduced; amount of energy generated from non-recyclable waste in waste to energy facilities,

Eligible Green Asset Category: Sustainable Water Management:

- Reduction in water consumption; volume of wastewater treated, reused or avoided

Eligible Green Asset Category: Clean Transport

- Number of expected users; distance covered; number and type of support infrastructure provided e.g. end-of-trip facilities

Eligible Green Asset Category: Climate Change Adaption:

- Size of adaptation feature; utilisation, and assets protected

Eligible Social Asset Category: Employment Generation:

- Number of business supported; expenditure with business; number of jobs including new, sustained, and local inclusive spend

Eligible Social Asset Category: Socio-economic advancement and empowerment:

- Number of skilling and training commencements

and completions

Eligible Social Asset Category: Affordable Basic Infrastructure:

- Type and provision of affordable product

Eligible Social Asset Category: Access to essential services:

- Number of beneficiaries in the targeted population

Where appropriate, and based on the nature of the Eligible Projects and availability of information, Lendlease will report against the above indicators.

Frequency

☒ Annual ☐ Semi-annual

☐ Other (please specify):

Means of Disclosure

☐ Information published in financial report ☒ Information published in sustainability report

☐ Information published in ad hoc documents ☐ Other (please specify):

☐ 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:

☐ Consultancy (incl. 2nd opinion) ☐ Certification

☐ Verification / Audit ☐ Rating

☐ Other *(please specify):*

Review provider(s): **Date of publication:**

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

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.

Disclaimer

About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. The firm works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The world's foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2020, Climate Bonds Initiative named Sustainalytics the "Largest Approved Verifier for Certified Climate Bonds" for the third consecutive year. The firm was also recognized by Environmental Finance as the "Largest External Reviewer" in 2020 for the second consecutive year. For more information, visit www.sustainalytics.com.

Named
2015: Best SRI or Green Bond Research or Rating Firm
2017, 2018, 2019: Most Impressive Second Opinion Provider