

Hang Lung Group Sustainable Finance Framework

Evaluation Summary

Sustainalytics is of the opinion that the Hang Lung Group Sustainable Finance Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2021, Green Loan Principles 2021 and Social Loan Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Green Buildings, Climate Change Adaptation, Energy Efficiency, Renewable Energy, Circularity and Waste Management, Pollution Prevention and Control, Sustainable Water and Wastewater Management, Clean Transportation, Accessibility Enhancement, Development of Healthy Buildings, Regeneration and Development of Public Spaces and Community Investment and Engagement – are aligned with those recognized by the Green Bond Principles, Social Bond Principles, Green Loan Principles and Social Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impact and advance the UN Sustainable Development Goals, specifically SDGs 3, 6, 7, 9, 10, 11 and 12.



PROJECT EVALUATION AND SELECTION Hang Lung Group Limited's internal process for evaluating and selecting projects is governed by a working group that comprises senior representatives from major business units and is responsible for evaluating and approving eligible projects in line with the Framework's eligibility criteria. Hang Lung Group Limited's environmental and social risk management process is applicable to all allocation decisions made under the Framework. Sustainalytics considers the environmental and social risk management process to be adequate and the project selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS Hang Lung Group Limited's process for the management of proceeds is overseen by the Treasury Department. The department will track the allocation of proceeds using an internal recording system. Pending allocation, unallocated proceeds may be held in accordance with Hang Lung Group Limited's liquidity guidelines for short-term time deposits or investments or used to repay existing borrowings. This is in line with market practice.



REPORTING Hang Lung Group Limited intends to report on the allocation of proceeds in its sustainability report, annual report or website on an annual basis until full allocation. Allocation reporting will include a list of eligible projects with the total amount of net proceeds allocated and the balance of unallocated net proceeds. In addition, Hang Lung Group Limited is committed to reporting on relevant impact metrics. Sustainalytics views Hang Lung Group Limited's allocation and impact reporting as aligned with market practice.



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Introduction

Hang Lung Group Limited (“HLG”) SEHK stock code: 00010, is an investment holding company engaged in developing and managing a diversified real estate portfolio consisting of retail, office, residential and car parks. The Group is headquartered in Hong Kong with operations in mainland China and Hong Kong. HLG has developed the Hang Lung Group Sustainable Finance Framework (the “Framework”), under which it intends to issue green, social and sustainability bonds or loans and other financing instruments, including but not limited to credit facilities, commercial paper and equity-linked structures, and use the proceeds to finance and refinance, in whole or in part, existing and future projects that improve the environmental performance and availability of social infrastructure in Hong Kong and mainland China. Sustainalytics notes that it is a market expectation to provide transparency and specify all financial instruments and encourages HLG to list all financial instruments being considered under the Framework.

The Framework defines eligibility green criteria in eight areas:

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

And eligible social criteria in four areas:

1. Accessibility Enhancement
2. Development of Healthy Buildings
3. Regeneration and Development of Public Spaces
4. Community Investment and Engagement

HLG engaged Sustainalytics to review the Hang Lung Group Sustainable Finance Framework, dated January 2023, and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP), Social Bond Principles 2021 (SBP),¹ Green Loan Principles 2021 (GLP) and Social Loan Principles 2021 (SLP).² The Framework will be published in a separate document.³

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

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

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

- The Framework’s alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2021 and Social 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.

¹ The Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles 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/>

² The Green Loan Principles and Social 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 Hang Lung Group Sustainable Finance Framework is available on Hang Lung Group Limited’s website at: <https://www.hanglung.com/en-us/group/sustainability/esg-management/policies>

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.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.12.1, 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 HLG'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. HLG representatives have confirmed (1) they understand it is the sole responsibility of HLG 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 HLG.

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. Upon twenty-four (24) months following the evaluation date set stated herein, HLG is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized 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 HLG has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

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

Sustainalytics is of the opinion that the Hang Lung Group Sustainable Finance Framework is credible, impactful and aligns with the four core components of the GBP, SBP, GLP and SLP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories – Green Buildings, Climate Change Adaptation, Energy Efficiency, Renewable Energy, Circularity and Waste Management, Pollution Prevention and Control, Sustainable Water and Wastewater Management, Clean Transportation, Accessibility Enhancement, Development of Healthy Buildings, Regeneration and Development of Public Spaces and Community Investment and Engagement – are aligned with those recognized by the GBP, SBP, GLP and SLP. Sustainalytics notes that the bonds and loans financed and refinanced under the Framework are expected to reduce the environmental footprint of HLG's operations and lead to positive social impact.
 - HLG has defined a 36-months look-back period for its refinancing of opex, which Sustainalytics considers to be in line with market practice.
 - Under the Green Buildings category, HLG may finance or refinance expenditures related to the acquisition, ownership, design, construction and renovation of owned or managed new or existing commercial and residential buildings that have received or are expected to receive the following green building certification levels: LEED Gold or above,⁵ Hong Kong BEAM Plus Gold

⁵ LEED: <https://www.usgbc.org/leed>

or above,⁶ China Green Building Evaluation Label 2 Stars or above,⁷ BREEAM Excellent or above⁸, EDGE certified or above⁹, WELL Building Standard¹⁰, SITES initiative¹¹, or RESET Standard¹² accreditation. HLG has confirmed that RESET, SITES or WELL certifications will only be financed complementary with one of the abovementioned credible green building certifications. Sustainalytics views these certifications as credible, and the levels selected to be in line with market practice. Further, Sustainalytics notes:

- For building improvements and refurbishments, HLG will finance or refinance projects where such refurbishment activities will result in: i) achievement of one of the green building certification levels for existing buildings without any green building certifications; or ii) upgrade of the green building certification rating as per the level mentioned in the Framework or achievement of another green building certification through activities mentioned under the Framework or result in a 30% improvement in energy efficiency or reduction in primary energy demand (PED) compared to the pre-retrofit performance.
- HLG may refinance land premiums such that the premium may be paid on obtaining the abovementioned eligible green building certification levels.
- Under the Climate Change Adaptation category, HLG may finance, or refinance projects related to the design, construction, maintenance and upgrade of buildings and assets to adapt to extreme weather events. Eligible projects may include installing floodgates, sandbags and water pumps; increasing the power of generators and water pumps; increasing the diameter of rainwater pipes; and installing water tanks. Eligible projects will undergo a vulnerability assessment followed by an adaption plan to assess and address potential risks. Sustainalytics considers the criteria to be aligned with market practice.
- Under the Energy Efficiency category, HLG may finance smart technologies and systems, such as: smart HVAC systems for building monitoring and control and quantum technology for electricity management. In addition, HLG may finance upgrades of chillers, lifts, lighting systems and ground source heat pumps. Sustainalytics notes that heat pumps offer an energy efficient heat transfer alternative to conventional systems. Nevertheless, Sustainalytics recommends that HLG excludes financing of heat pumps with high-GWP refrigerants and promote robust refrigerant leak control, detection and monitoring while ensuring the recovery, reclamation, recycling and destruction of refrigerants at the end of life. Sustainalytics further notes that the projects under this category shall result in an improvement in energy efficiency of at least 10% compared to original energy consumption and considers the expenditures to be aligned with market practice.
- Under the Renewable Efficiency category, HLG may finance projects related to the design, development, construction, installation, acquisition, maintenance, operation and upgrade of renewable energy projects, such as photovoltaic (PV) panels, wind energy and geothermal energy. In addition, HLG may finance the procurement of renewable energy through power purchase agreements (PPAs) and bundled renewable energy certificates (RECs). Sustainalytics considers the criteria for financing renewable energy projects to be aligned with market practice and notes the following:
 - HLG has confirmed to Sustainalytics that the direct emissions threshold of the geothermal projects will be 100 gCO₂/kWh or lower.
 - The contract duration for the PPAs and RECs would be more than five years, and any short-term PPAs and RECs that HLG procures would be renewed throughout the duration of the financing instrument under the framework. Sustainalytics acknowledges HLG's commitment to renew its existing short-term contracts on the same sustainability terms to increase its uptake of renewable energy. However, considering that long-term PPAs and RECs are the market preference for renewable

⁶ BEAM Plus: <https://www.hkgbc.org.hk/eng/beam-plus/introduction/>

⁷ Green Building Evaluation Label: <http://www.gbig.org/collections/14970>

⁸ BREEAM: <https://www.breeam.com/>

⁹ EDGE: <https://edge.gbci.org/>

¹⁰ WELL certification, at: <https://www.wellcertified.com/>

¹¹ SITES Initiative, at: <https://sustainablesites.org/>

¹² RESETTM Air Core & Shell certification, at: <https://www.reset.build/standard/air>

- energy procurement, Sustainalytics encourages HLG to pursue longer-term agreements wherever feasible.
- Under the Circularity and Waste Management category, HLG may finance waste prevention, reduction and recycling, as well as sustainable sourcing and the circular use of raw materials. Eligible projects may include:
 - Waste recycling facilities and technologies, including waste recycling stations that support the segregation of waste, food waste composters, smart waste sorting systems and digital waste tracking systems.
 - Procurement of recycled, reused or bio-based raw materials such as bio-plastics for constructions of buildings. HLG has confirmed that to ensure sustainable sourcing of bio-based materials, materials that are certified under credible international standards such as RSB or ISCC will be procured. Sustainalytics notes that the extent of recycling of plastics is very low, with an estimated 9% of total global plastic waste having been recycled between 1950 and 2015, and further recognises the improved recycling rates alone, even if attainable, will not fully address the holistic environmental issues associated with bio-based plastics. In order to achieve full circularity, the industry needs to take substantial measures, including an increased use of sustainably sourced alternative (low-carbon) materials that can be recycled indefinitely without loss of quality. Activities such as repairing, sorting and cleaning the materials for reuse purposes may also be included which does not require any further pre-processing before reuse. Sustainalytics considers expenditures under this category to be aligned with market practice.
 - Under the Pollution Prevention and Control category, HLG may finance facilities, systems and equipment that are used to monitor or mitigate air and noise pollution during the construction and operation of buildings. Such measures may include installation of noise insulating acoustic wall in plant rooms, additional lining and silencers beyond regulatory requirements inside the existing ducting system to further reduce HVAC equipment generated noise, automated environmental monitoring systems, electro-static precipitators and water scrubbers to mitigate air emissions from kitchen chimneys. Sustainalytics notes that the facilities, systems and equipment will not rely on fossil fuels as a power source, result in a fossil fuel lock-in or to be installed to facilities that rely on fossil fuel while it goes beyond the regulatory requirements of air and noise pollution prevention measures for such sectors in the region and considers these expenditures to be aligned with market practice.
 - Under the Sustainable Water and Wastewater Management category, HLG may finance water conservation projects, including leak detection technology and upgradation of plumbing systems and irrigation system for high efficiency. HLG may also finance cooling tower replacements that aims to improve resource efficiency by installing bleed-off control with conductivity sensors. In addition, HLG may finance rainwater harvesting and grey water treatment systems. Sustainalytics considers expenditures under this category to be aligned with market practice.
 - Under the Clean Transportation category, HLG may finance the installation, operation and maintenance of clean transportation infrastructure, such as electric vehicle charging stations and bicycle parking facilities. Sustainalytics considers these expenditures to be aligned with market practice.
 - Under the Accessibility Enhancement category, HLG may finance retrofitting and upgradation of existing infrastructure to increase accessibility for people with disabilities. Examples of such expenses may include accessible toilets, ramps, handrails, tactile paving and strips, as well as the provision of accessible parking spaces. HLG has confirmed that the facilities will be open to the public unless they are a paid service, such as parking rentals. However, no additional fees will be charged. Sustainalytics considers these investments to bring positive social benefits to people with disabilities by providing them access to essential infrastructures.
 - Under the Development of Healthy Buildings category, HLG may finance projects related to COVID-19 pandemic response or in preparation for future pandemics and that promote occupant health and well-being, such as the installation of IAQ sensors, antimicrobial filters, C-Polar air filters, and UV disinfection systems to prevent the transmission of airborne viruses and bacteria. Sustainalytics considers these expenditures to have positive social impact by building resilience among communities from pandemic.

- Under the Regeneration and Development of Public Spaces category, HLG may finance or refinance the conservation and restoration of heritage buildings and public spaces, such as gardens and parks that are freely accessible to the general public¹³ Sustainalytics considers these investments to bring positive social benefits to all communities by preserving traditional knowledge embedded in heritage sites.
- Under the Community Investment and Engagement category, HLG may finance the following:
 - Programmes targeted towards youth, women, the elderly with low incomes and people with disabilities, such as vocational support, mentoring and internships, including programmes for women with a lack of educational resources¹⁴ and community programmes that create awareness and increase inclusiveness for the elderly with dementia.¹⁵
 - Projects dedicated towards supporting start-ups, small and medium enterprises (SMEs)¹⁶ and social enterprises owned by disadvantaged groups, such as women,¹⁷ to promote socio-economic advancement, including through targeted procurement or in-kind support. HLG has confirmed that expenditures to support start-ups and social enterprises will be less than 10% of the total proceeds raised under this Framework.
 - Sustainalytics views these programs and projects to have positive social impact for the target population by making society more inclusive and empowered.
- Project Evaluation and Selection:
 - HLG has established a working group that comprises senior representatives from the Treasury, Finance, Development and Design, Business Operations, Project Management, Service Delivery and Sustainability departments. The working group will identify, select and review eligible projects based on the eligibility criteria under the Framework. HLG's Sustainability Steering Committee or the Executive Committee of the Board will be responsible for the final approval of the eligible projects.
 - HLG has in place an environmental and social risk management system which is applicable to all allocation decisions made under the Framework. Sustainalytics considers these processes to be adequate. For additional details, see Section 2.
 - Based on cross-functional oversight for project selection, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - HLG's Treasury Department will track and manage the net proceeds using an internal recording system.
 - HLG commits to allocating net proceeds within 36 months of issuance. Pending allocation, unallocated proceeds may be held in accordance with HLG's liquidity guidelines for short-term time deposits or investments or used to repay existing borrowings.
 - Based on clear definitions of how proceeds will be tracked, held and disbursed, Sustainalytics considers this process to be in line with market expectations.
- Reporting:
 - HLG intends to report publicly on the allocation and impact of net proceeds in its Sustainability Report, Annual Report or on its website until full allocation. Allocation reporting will include a list

¹³ Example projects included under this activity are: i) Zhejiang Xingye Bank, which was built in 1922 and is accommodated in HLG's Riverside 66 mall located in Tianjin, China; and ii) Chenghuang Temple, including an opera house built during the Ming Dynasty (circa A.D. 1369), which is accommodated in HLG's Center 66, located in Wuxi, China.

¹⁴ Hang Lung Future Women Leaders Program, initiated by Hang Lung Group in partnership with the Hong Kong Federation of Youth Groups Leadership Institute, targets women empowerment, under which 75% of the mentored women are going to university for the first time in their families in three generations.

HLP, "Hang Lung Debuts 'Hang Lung Future Women Leaders Program'", (2022), at: <https://www.hanglung.com/en-us/media-center/press-releases/2022/20220905>

¹⁵ Hang Lung's Love No Limit Dementia Friendly Program aims to share information about dementia symptoms and patient care to increase public awareness of the needs of patients and carers.

HLP, "'Hang Lung X HKYWCA 'Love-No-Limit' Dementia Friendly Program – Community Inclusion Day' Concludes with Great Success In Enhancing Public Awareness and Building a Caring and Inclusive Community", (2021), at: <https://www.hanglung.com/en-us/media-center/press-releases/2021/20211114>

¹⁶ SMEs refers to manufacturing enterprises which employ fewer than 100 people and non-manufacturing enterprises which employ fewer than 50 people in Hong Kong.

¹⁷ Hang Lung defines women-owned social enterprises to be majority-owned (51%) by women or follow the International Finance Corporation's definition for a women-owned business, which meets one of the following criteria: i) ≥51% owned by a woman or women; or ii) ≥20% owned by a woman or women and has either more than or equal to one woman as the CEO COO president or vice president or has ≥30% of the board of directors composed of women, where a board exists.

of eligible projects with the total amount of net proceeds allocated and the balance of unallocated net proceeds.

- Impact reporting may include several quantitative and qualitative environmental indicators, such as the total floor area of the certified green buildings, annual GHG emissions reduced, and the number of beneficiaries or people served. For a full list of impact indicators, please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.
- Based on the annual allocation and impact reporting commitments, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the Hang Lung Group Sustainable Finance Framework aligns with the four core components of the GBP, SBP, GLP and SLP. For detailed information, please refer to Appendix 1: Sustainability Bond/Sustainability Bond Programme External Review Form.

Section 2: Sustainability Performance of Hang Lung Group

Contribution to Hang Lung Group Limited's sustainability strategy

HLG and its subsidiary Hang Lung Properties Limited (HLP) SEHK stock code: 00101, established a Sustainable Framework in January 2020 to develop a resilient business, make progress on material issues along with stakeholders and become a leader in sustainability.¹⁸ The framework outlines four priorities of the Group's sustainability strategy: i) climate resilience – adapt to climate change and decarbonize operations; ii) resource management – optimize natural resource use and management; iii) Well-being – maintain a healthy, inclusive and safe environment and promote social well-being; and iv) Sustainable Transactions – promote sustainability practices in all types of business transactions.

To tackle sustainability issues, HLG and HLP have developed a set of short-, medium- and long-term environmental and social goals, targets and KPIs. For the short term, HLG has announced 25 targets it aims to achieve by the end of 2025; for the medium term, the Group aims to achieve the 2030 Sustainability Goals and Targets. Regarding GHG emission reductions for climate resilience, HLG targets a 40% cumulative reduction in GHG intensity compared to a 2018 baseline by 2025 and a 70% reduction in scope 1 and 2 GHG intensity by 2030. Also, HLG has committed to reaching net zero emissions by no later than 2050 as a long-term goal, in alignment with the Science Based Targets initiative's (SBTi) Net-Zero Standard. By the end of 2021, HLG has reduced its GHG emission intensity by 28.9% compared to a 2018 baseline.

For the circular economy and reducing resource consumption, the Group aims to achieve a 10% reduction in water intensity relative to 2018 by 2025. To reduce water consumption, HLG has developed a water management plan, which includes installing water meters, auditing water balances and collecting rainwater on its properties in mainland China and Hong Kong. HLG has 37 buildings with green building certificates, including a 3-Star China Green Building Design Label, LEED Gold and Platinum and BEAM Plus as of the end of 2021.

Regarding the social aspect, HLG intends to obtain local and health and wellness certifications for all existing mainland China properties and obtain a WELL Gold certificate or equivalent for at least one new property in Hong Kong and mainland China by 2025.

Following the Group sustainability strategies, HLP has also committed to multiple international sustainability initiatives, including the SBTi's Net-Zero Standard, the Urban Land Institute (ULI) Greenprint Net Zero Carbon Operations by 2050 Goal, the United Nations Global Compact (UNGC) and becoming a Supporter of the Task Force on Climate-related Financial Disclosures (TCFD).

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

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental and social impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include

¹⁸ Hang Lung Properties, "Sustainability Report 2021", at: https://www.hanglung.com/getmedia/730b8fc9-c176-4d06-ae64-bfd1745c2d26/hlp_sr2021_en_hi_res.pdf?ext=.pdf

issues related to workers' health and safety; waste management; biodiversity and ecological risks due to construction, renovation and deconstruction of large-scale infrastructure; and community relations. Sustainalytics is of the opinion that HLP, as HLG's subsidiary, is able to manage or mitigate potential risks through the implementation of the followings:

- In response to the requirements of the Hong Kong Stock Exchange's ESG reporting guide, the boards of HLG and HLP issued a Joint Statement on Oversight and Management of Environmental, Social and Governance Issues in November 2020.¹⁹ The statement elaborates on the boards' ESG management approach and strategy and their role in reviewing progress on ESG-related goals and targets. The Enterprise Risk Management Working Group under the board will be responsible for identifying and managing enterprise-level ESG-related risks.
- HLP's Code of Conduct for Contractors and Sustainable Procurement Policy requires suppliers to adhere to the company's sustainability requirements and undergo regular assessments and annual performance reviews on their ESG performance.²⁰ The ESG requirements have been strengthened in new supplier registrations and prequalification and tendering processes.
- HLP adopted a Health and Safety Policy²¹ and has introduced various measures to enhance safety performance. The Group conducts regular safety inspections and audits to mitigate potential risks of work-related accidents. The Group is also committed to monitoring on-site safety practices and performance throughout the project development cycle. HLP also provides cooling measures to ensure workers' health and safety during the summer months.²²
- Regarding construction waste management, HLP follows local statutory site waste management practices, a construction waste management plan and waste requirements from associated green building certifications, such as BEAM Plus certification for Hong Kong projects and LEED certification for mainland projects.²³
- HLP has updated its internal Project Management Manual with sustainability requirements throughout the project's life cycle to address various ESG issues, such as biodiversity and heritage conservation.²⁴
- The Hong Kong Environmental Impact Assessment Ordinance covers designated projects that may have an adverse impact on the environment. Schedule 2 projects must follow the statutory EIA process and obtain environmental permits for their construction and operation, while Schedule 3 projects require approved EIA reports only.²⁵
- According to China's Environmental Impact Assessment Act, companies must perform an environmental risk assessment for all projects (construction, reconstruction, expansion, or refurbishment) during the initial phase of project design and feasibility analysis. The act stipulates that the evaluation must include an assessment of the project's potential environmental impact, prevention and mitigation measures for the identified adverse environmental impact and commitments for follow-up monitoring. The EIA should be approved by an authority prior to implementation.²⁶
- HLP confirmed that community consultation is part of its projects in China, which are disclosed in the dedicated EIA project reports. Sustainalytics recommends that HLP conduct community consultations for all large-scale development projects throughout the development and construction phase.

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

¹⁹ HLG and HLP, "Joint Statement on Oversight and Management of Environmental, Social and Governance Issues", at: https://www.hanglung.com/getmedia/f256df3c-7bfe-4be8-9c02-900ac27d7731/20210106_joint-boards-statement-on-esg.pdf

²⁰ HLP, "Sustainability Report 2021", at: https://www.hanglung.com/getmedia/730b8fc9-c176-4d06-ae64-bfd1745c2d26/hlp_sr2021_en_hi_res.pdf?ext=.pdf

²¹ HLG, "Health and Safety Policy", available at: https://www.hanglung.com/getmedia/73530007-8c72-4fc5-a631-e303b7f386d7/20220712_health-and-safety-policy_en_2022_final.pdf

²² HLP, "Sustainability Report 2021", at: https://www.hanglung.com/getmedia/730b8fc9-c176-4d06-ae64-bfd1745c2d26/hlp_sr2021_en_hi_res.pdf?ext=.pdf

²³ Ibid.

²⁴ Ibid.

²⁵ Hong Kong Environmental Protection Department, "Environmental Impact Assessment Ordinance", at: <https://www.epd.gov.hk/eia/english/guid/index1.html>

²⁶ Government of China, "Environmental Impact Assessment Law of the People's Republic of China", (2016), at: <http://www.waizi.org.cn/law/11686.html>

Section 3: Impact of Use of Proceeds

All 12 use of proceeds categories are aligned with those recognized by the GBP, SBP, GLP and SLP. Sustainalytics has focused on two below where the impact is specifically relevant in the local context.

Importance of green buildings towards achieving energy efficiency in Hong Kong and Mainland China

Between 2010 and 2019, global buildings' final energy consumption rose by approximately 8% to 130 exajoule (EJ).²⁷ Final energy consumption remained nearly constant between 2018 and 2019, but CO₂ emissions from building operations rose to their highest-ever level in 2019, reaching 10 Gt, which accounted for 28% of the world's total energy-related CO₂ emissions or 38% with the inclusion of building construction.²⁸ Under the IEA's Net Zero Emissions by 2050 Scenario (NZE), final energy consumption in the building sector must be reduced by 91 EJ from 2020 by 2050 to limit global warming to 1.5°C.²⁹

In Hong Kong, the building sector contributes more than 60% to total CO₂ emissions.³⁰ In response to the urgent need to lower buildings' energy consumption, the government implemented actions and programmes, such as the Buildings Energy Efficiency Ordinance, and launched partnerships with major commercial and institutional buildings owners.³¹ According to the governmental strategy for carbon neutrality by 2050, Hong Kong needs to reduce the electricity consumption of commercial buildings by 30-40% and that of residential buildings by 20-30% by 2050 compared with 2015.³²

In addition, the building sector is estimated to contribute nearly 25% of energy consumption in China.³³ The country has pledged to peak carbon emissions by 2030 and achieve carbon neutrality by 2060.³⁴ Accordingly, the government's 13th Five-Year Plan (2014-2020) prioritizes building efficiency and aims to expand the country's green building sector from 5% to 28% by 2030.³⁵ To tackle climate issues in the building sector, the Ministry of Housing and Urban-Rural Development released a Green Building Materials Product Certification Implementation Plan, which categorizes green building materials according to their use, and a General Code for Building Energy Conservation and Renewable Energy Utilization, the country's first mandate regulation carbon emissions from buildings and construction.³⁶

Sustainalytics is of the opinion that HLG's green buildings and focus on efficiency improvement have the potential to contribute to energy-related goals while leading significant environmental benefits in Hong Kong and China as well as at the global contribution.

Importance of promoting renewable energy in Hong Kong and Mainland China

Global energy-related CO₂ emissions rose by 6% in 2021 to a record 36.3 billion tonnes.³⁷ More than 7 billion tonnes of CO₂ should be captured each year by 2050 to meet the IEA's net zero scenario.³⁸ The NZE also requires the sector to dramatically increase the proportion of renewable energy in energy generation from 29% in 2021 to more than 60% by 2030.³⁹ In 2050, renewable energy is expected to reach approximately 90%

²⁷ GABC and UNEP, "2020 Global Status Report for Buildings and Construction", at: https://globalabc.org/sites/default/files/inline-files/2020%20Buildings%20GSR_FULL%20REPORT.pdf

²⁸ Ibid.

²⁹ IEA, "Total final energy consumption and demand avoided by mitigation measure in the Net-Zero Emissions by 2050 Scenario, 2020-2050", (2022), at: <https://www.iea.org/data-and-statistics/charts/total-final-energy-consumption-and-demand-avoided-by-mitigation-measure-in-the-net-zero-emissions-by-2050-scenario-2020-2050>

³⁰ Government of Hong Kong, "Hong Kong's Climate Action Plan 2050", (2021), at: https://www.climate-ready.gov.hk/files/pdf/CAP2050_booklet_en.pdf

³¹ Government of Hong Kong, "Climate Change", at: <https://www.gov.hk/en/residents/environment/global/climate.htm>

³² Government of Hong Kong, "Hong Kong's Climate Action Plan 2050", (2021), at: https://www.climate-ready.gov.hk/files/pdf/CAP2050_booklet_en.pdf

³³ Global Buildings Performance Network, "China", at: <https://www.gbpn.org/activities/china/>

³⁴ International Energy Agency (2021), "An energy sector roadmap to carbon neutrality in China", at: <https://www.iea.org/reports/an-energy-sector-roadmap-to-carbon-neutrality-in-china>

³⁵ Weyl, D. et al. (2017), "How Can China's Green Building Sector Grow Fivefold by 2030? 3 Cities Show Us the Way", World Resource Institute, at: <https://www.wri.org/insights/how-can-chinas-green-building-sector-grow-fivefold-2030-3-cities-show-us-way>

³⁶ Wu, Y. (2022), "China's Green Building Materials Sector: Policies and Investment Opportunities", China Briefing, at: <https://www.china-briefing.com/news/chinas-green-building-materials-sector-policies-and-investment-opportunities/>

³⁷ IEA, "Global Energy Review: CO₂ Emissions in 2021", at: <https://iea.blob.core.windows.net/assets/c3086240-732b-4f6a-89d7-db01be018f5e/GlobalEnergyReviewCO2Emissionsin2021.pdf>

³⁸ IEA, "Net Zero by 2050: A Roadmap for the Global Energy Sector", (2021), at: <https://www.iea.org/reports/world-energy-model/net-zero-emissions-by-2050-scenario-nze>

³⁹ IEA, "Renewable Electricity", (2022), at: <https://www.iea.org/reports/renewable-power>

in global power generation.⁴⁰ Wind and solar PV together are expected to account for the largest share, contributing nearly 70%.⁴¹

In Hong Kong, the government aims to increase the share of renewable energy in the energy mix for electricity generation from less than 1% at present to 7.5-10% by 2035 and further increase the share to 15% by 2050.⁴² China's 14th Five-Year Plan (2021-2025) states that the renewable electricity consumption share accounts for 33 percent (up from 28.8 percent in 2020) by 2025.⁴³ Moreover, the government pledged to have 80% renewable energy in its energy mix by 2060.⁴⁴

Based on the above, Sustainalytics is of the opinion that financing renewable energy under the Framework is expected to create a positive global environmental impact while helping Hong Kong and China achieve medium- to long-term climate change targets.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Hang Lung Group Sustainable Finance Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	9. Industry, innovation and infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Climate Change Adaptation	11. Sustainable Cities and Communities	11.b By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015- 2030, holistic disaster risk management at all levels
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
Circularity and Waste Management	12. Responsible consumption and production	12.3 By 2030, achieve the sustainable management and efficient use of natural resources
Pollution Prevention and Control	12. Responsible consumption and production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

⁴⁰ IEA, "Net Zero by 2050: A Roadmap for the Global Energy Sector", (2021), at:

<https://www.iea.org/reports/world-energy-model/net-zero-emissions-by-2050-scenario-nze>

⁴¹ Ibid.

⁴² Government of Hong Kong, "Hong Kong's Climate Action Plan 2050", (2021), at:

https://www.climate-ready.gov.hk/files/pdf/CAP2050_booklet_en.pdf

⁴³ Energy Foundation (2022), "China's 14th Five-Year Plans on Renewable Energy Development and Modern Energy System", at:

<https://www.efchina.org/Blog-en/blog-20220905-en#:~:text=The%20plan%20targets%20a%2050,China's%20incremental%20electricity%20and%20energy>

⁴⁴ Bloomberg (2021), "China Targets More Than 80% Non-Fossil Energy Use by 2060", at:

<https://www.bloomberg.com/news/articles/2021-10-24/china-targets-non-fossil-energy-use-to-exceed-80-by-2060>

Sustainable Water and Wastewater Management	6. Clean water and sanitation	6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all
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
Accessibility Enhancement	10. Reduced inequalities	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
Development of Healthy Buildings	3. Good Health and Well-being	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.
Regeneration and Development of Public Spaces	11. Sustainable cities and communities	11.4 Strengthen efforts to protect and safeguard the world's cultural and natural heritage
Community Investment and Engagement	10. Reduced inequalities	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

Conclusion

Hang Lung Group Limited has developed the Hang Lung Group Sustainable Finance Framework under which it may issue sustainability financing instruments and use the proceeds to finance projects in following categories: Green Buildings, Climate Change Adaptation, Energy Efficiency, Renewable Energy, Circularity and Waste Management, Pollution Prevention and Control, Sustainable Water and Wastewater Management, Clean Transportation, Accessibility Enhancement, Development of Healthy Buildings, Regeneration and Development of Public Spaces, and Community Investment and Engagement. Sustainalytics considers that the projects funded by the sustainability financing instruments proceeds are expected to provide positive environmental and social impacts in Hong Kong and Mainland China.

The Hang Lung Group Sustainable Finance 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 Hang Lung Group Sustainable Finance 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 3, 6, 7, 9, 10, 11 and 12. Additionally, Sustainalytics is of the opinion that Hang Lung Group has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that Hang Lung Group Limited is well positioned to issue sustainability instruments and that that Hang Lung Group Sustainable Finance Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles (2021), Social Bond Principles (2021), Green Loan Principles (2021), and Social Loan Principles (2021).

Appendix

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

Section 1. Basic Information

Issuer name:	Hang Lung Group Limited
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	Hang Lung Group Sustainable Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	January 03, 2023
Publication date of review publication: Original publication date <i>[please fill this out for updates]</i> :	Update to 2019 Sustainalytics SPO, published in June 2019

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:

- | | |
|--|--|
| <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, Climate Change Adaptation, Energy Efficiency, Renewable Energy, Circularity and Waste Management, Pollution Prevention and Control, Sustainable Water and Wastewater Management, Clean Transportation, Accessibility Enhancement, Development of Healthy Buildings, Regeneration and Development of Public Spaces, and Community Investment and Engagement – are aligned with those recognized by the Green Bond Principles, Social Bond Principles, Green Loan Principles, and Social Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDG 3, 6, 7, 9, 10, 11 and 12.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input checked="" 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 checked="" 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 type="checkbox"/> Other (please specify): |

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

Use of proceeds categories as per SBP:

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

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Hang Lung Group Limited's internal process for evaluating and selecting projects is governed by a working group that comprises senior representatives from major business units and is responsible for evaluating and approving eligible projects in line with the Framework's eligibility criteria. Hang Lung Group Limited's environmental and social risk management process is applicable to all allocation decisions made under the Framework. Sustainalytics considers the environmental and social risk management process to be adequate and the project selection process to be 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 type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input 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 checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

Hang Lung Group Limited's process for the management of proceeds is overseen by the Treasury Department. The department will track the allocation of proceeds using an internal recording system. Pending allocation, unallocated proceeds may be held in accordance with Hang Lung Group Limited's liquidity guidelines for short-term time deposits or investments or used to repay existing borrowings. This is in line with market practice.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Sustainability 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):

Hang Lung Group Limited intends to report on the allocation of proceeds in its sustainability report, annual report or website on an annual basis until full allocation. Allocation reporting will include a list of eligible projects with the total amount of net proceeds allocated and the balance of unallocated net proceeds. In addition, Hang Lung Group Limited is committed to reporting on relevant impact metrics. Sustainalytics views Hang Lung Group Limited'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"/> Sustainability Bond financed share of total investment |
| <input type="checkbox"/> Other (please specify): | |
| <ul style="list-style-type: none"> • List, amount and examples of Eligible Green and/or Social Projects • Breakdown of the amount of Proceeds allocated
Remaining balance 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"/> Number of beneficiaries |
| <input checked="" type="checkbox"/> Target populations | <input checked="" type="checkbox"/> Other ESG indicators (please specify): |

Eligible Green Projects	Impact Indicators
Green Buildings	<ul style="list-style-type: none"> Total floor area of certified green buildings (m²) Type of scheme and level of certification by property Annual GHG emissions reduced/avoided (tCO₂e) Annual energy savings intensity (MJ per sq. meter) Annual reduction in water consumption (m³)
Climate Change Adaptation	<ul style="list-style-type: none"> Number and type of mitigation and adaptation measures installed GHG emission intensity (tCO₂e)*
Energy Efficiency	<ul style="list-style-type: none"> Energy consumption reduction (kWh) Electricity intensity (kWh per sq. meter)*
Renewable energy	<ul style="list-style-type: none"> Annual renewable energy produced (MWh pa) Renewable energy capacity (MWh) Number of solar lights and panels installed Annual GHG emissions reduced/avoided (tCO₂e) Percentage of electricity demand met by renewable energy (%)*
Circularity and Waste Management	<ul style="list-style-type: none"> Waste diverted from landfill or incineration (tonnes) Landfill diversion rate (%)
Pollution Prevention and Control	<ul style="list-style-type: none"> Annual amount of waste separated and/or collected and treated or disposed in an environmentally sound manner (tonnes) Amount of pollutants reduced
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> Amount of water reduced (m³) Amount of water reused (m³) Amount of water recycled (m³) Amount of wastewater treated before being disposed of and/or amount of wastewater reused (m³) Water intensity (m³ per sq. meter)
Clean Transportation	<ul style="list-style-type: none"> Number of parking spaces installed with EV charging facilities Amount of GHG emission reduced/avoided (tCO₂e)

Frequency:

- Annual
 Semi-annual
 Other (please specify):

Means of Disclosure

- | | |
|---|--|
| <input type="checkbox"/> Information published in financial report | <input checked="" type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): Allocation and Impact report |
| <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 (<i>please specify</i>): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF 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.

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