

Second-Party Opinion

Korea Land & Housing Corporation Social, Green and Sustainability Bond

Evaluation Summary

Sustainalytics is of the opinion that the Korea Land & Housing Corporation (LH) Social, Green and Sustainability Bond Framework is credible and impactful, and aligns with the four core components of the Green and Social Bond Principles 2018. This assessment is based on the following:



USE OF PROCEEDS The five categories for the use of proceeds are aligned with those recognized by the Green and/or Social Bond Principles 2018. Sustainalytics considers uses of proceeds for housing welfare programs, eco-friendly housing, renewable energy, waste management, and water management to have clear environmental or social benefits, which advance the UN Sustainable Development Agenda.



PROJECT EVALUATION / SELECTION LH's Social, Green and Sustainability Bond Working Group (SGSBWG) is responsible for project selection. Membership in this group includes the Finance Planning Department, the Funds Planning Department, the Funds Support Department, the Accounting Department, and the Administration Information Department.



MANAGEMENT OF PROCEEDS The proceeds of the bond(s) will be tracked by LH's treasury team, and an allocation register will be established to record bond details and eligible project information. Pending allocation, funds may be invested in line with the issuer's liquidity management policy. This is in line with market practice.



REPORTING LH intends to report annually on the allocation of funds, at the use of proceeds category level as well as by geographic region. In addition, LH will provide quantitative and qualitative impact information where feasible, at the category or portfolio level. In Sustainalytics' view, reporting on these metrics is in line with market practice.

Evaluation date	June, 2018
Issuer Location	Jinju, South Korea

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Introduction

Korea Land & Housing Corporation (“LH” or the “Corporation”) is a government-owned entity responsible for the development, maintenance, and management of land and housing in Korea. Established in 2009 through a merger of the Korea National Housing Corporation and the Korea Land Development Corporation under the authority of the *Korea Land and Housing Corporation Act*, the Corporation develops public housing, administers housing welfare programs, and oversees the construction of towns and industrial zones.

LH has developed the Korea Land & Housing Corporation Social, Green and Sustainability Bond Framework (the “framework”) under which it is planning to issue multiple green, social, and sustainability bonds and use the proceeds to finance and refinance, in whole or in part, existing and future projects that advance LH’s sustainability goals and promote the UN’s 2030 Agenda for Sustainable Development. The framework defines eligibility criteria in four areas:

1. Housing Welfare, including
 - a. Public build-to-rent programme
 - b. Public buy-to-rent programme
 - c. Deposit-based (Jeonse) rent programme
2. Eco-friendly Housing, including
 - a. Green buildings
 - b. Energy efficiency
 - c. Clean transportation
3. Renewable Energy
4. Waste Management
5. Water Management

LH engaged Sustainalytics to review the Korea Land & Housing Corporation Social, Green and Sustainability Bond Framework and provide a second-party opinion on the alignment with the Green and Social Bond Principles 2018 (the “GBP” and “SBP”) and the Sustainability Bond Guidelines 2018 (the “SBG”), as administered by the International Capital Market Association (the “ICMA”),¹ and the framework’s environmental credentials. This framework has been published in a separate document.²

As part of this engagement, Sustainalytics held conversations with various members of LH’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 Corporation’s sustainability bond. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Korea Land & Housing Corporation Social, Green and Sustainability Bond Framework and should be read in conjunction with that framework.

¹ ICMA’s Green Bond Principles 2018 <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2018/Green-Bond-Principles---June-2018-140618-WEB.pdf>; ICMA’s Social Bond Principles 2018 <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2018/Social-Bond-Principles---June-2018-140618-WEB.pdf>; ICMA’s Sustainability Bond Guidelines 2018 <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2018/Sustainability-Bond-Guidelines---June-2018-140618-WEB.pdf>

² <http://world.lh.or.kr/>

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Korea Land & Housing Corporation Social, Green and Sustainability Bond Framework

Summary

Sustainalytics is of the opinion that the Korea Land & Housing Corporation Social, Green and Sustainability Bond Framework is credible and impactful, and aligns with the four core components of the Green Bond Principles 2018, the Social Bond Principles 2018, and the Sustainability Bond Guidelines 2018. Sustainalytics highlights the following elements of the framework:

Use of Proceeds:

- The use of proceeds categories of the framework are recognized as environmentally and socially impactful by the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines.
- The criteria for eco-friendly housing states that eligible projects will meet national or international certification standards (specifically LEED Gold or higher and G-SEED 2 or higher) or the Korean Construction Standards for Energy-saving Green Houses. This standard, published in a notice by the Ministry of Land, Transport, and Maritime Affairs, details the requirements for a housing project in Korea to be considered green.
- LH has specified that to be eligible for the green bond, energy efficiency improvement projects must result in a savings of at least 15%. These projects may include the installation of LED lighting or improvement to building ventilation systems.
- As part of its renewable energy criteria, LH has included both energy generation systems, in particular solar and geothermal systems, as well as energy storage and energy recovery systems. Sustainalytics considers favourably that these technologies relate directly to LH's housing and land development activities, and that therefore LH has the expertise to effectively deploy these technologies, and that this will have a positive environmental impact.
- Sustainalytics views positively that LH has specified the programmes to which it will dedicate proceeds in the affordable housing category and has provided detailed information for these programmes including the eligibility criterion that defines eligible social housing projects, based on external standards set by the Korean Government. These initiatives are directed towards diverse groups, including varying income brackets, in line with criteria and thresholds set by the *Enforcement of the Special Act on Public Housing*. Sustainalytics is of the opinion that basing the eligibility criteria on income and rent level definitions set by a government body ensures that affordable housing prices and target populations are being defined in a credible manner.

Project Selection Process:

- LH has a dedicated cross-business unit team responsible for project selection, the Social, Green and Sustainability Bond Working Group (SGSBWG). Membership in this group includes the Finance Planning Department, the Funds Planning Department, the Funds Support Department, the Accounting Department, and the Administration Information Department.

Management of Proceeds:

- The proceeds of the bond(s) will be tracked by LH's treasury team using internal systems, and an allocation register will be established to record bond details and eligible project information. Pending allocation, funds may be invested in line with the issuer's liquidity management policy.

Reporting:

- LH will report annually on the allocation of proceeds, including a breakdown by category and geography of funded projects, as well as the unallocated balance. This information will be published in the Social, Green or Sustainability Bond Progress Report, posted on LH's website.
- Impact reporting will be provided where feasible, on both qualitative and quantitative factors. Social impact indicators will include number and type of disadvantaged communities supported, and number of housing units provided. Green impact indicators may include GHG emissions avoided (tonnes CO₂), energy saved per year (kWh/year), renewable energy generated (kWh), green building standards or certifications achieved, and amount of waste recycled.

Alignment with Green Bond Principles 2018, Social Bond Principles 2018, and the Sustainability Bond Guidelines 2018:

Sustainalytics has determined that the LH Social, Green and Sustainability Bond Framework aligns with the four core components of the Green Bond Principles 2018, the Social Bond Principles 2018, and the Sustainability Bond Guidelines 2018. For detailed information please refer to Appendix 2: Sustainability Bond / Sustainability Bond Programme External Review Form.

Section 2: Sustainability Strategy of the Issuer

Contribution of framework to issuer's sustainability mandate

As a government-owned corporation, Korea Land & Housing Corporation's core purpose is to "spearhead the improvement of the quality of life and development of the national economy through the realization of stable housing for the country's citizens and the efficient utilization of the national land".³ The company's social responsibility policy centres on three areas: Housing Welfare, Social Welfare, and Ecological Environments. As part of its Soaring High 2030 vision and management strategy, LH has defined its mission as to "Improve people's quality of life and boost the economy through better housing conditions and land development." In order to fulfill this vision, the following high-level company-wide goals have been set:

- Provide housing welfare to 3.3 million households
- Develop and manage 300 km² of urban and local land
- Reduce debt by KRW 25 trillion
- Achieve "highest level" rankings for customer service and ethical practice

LH's sustainability practice involves the ongoing selection and review of key sustainability issues, and reporting on these aspects. The company's 2016 Sustainability Report⁴ identified, based on a matrix which evaluated business impacts and stakeholder interest, 13 material sustainability issues; these included such focus areas as "Reinforcing anti-corruption and ethical practice", "Implementing policies for improving housing conditions", and "Building eco-friendly urban environment". Reporting on these issues is done in line with the Core option of the Global Reporting Initiative (GRI) G4 guidelines.

Sustainalytics considers the setting of quantitative and time-bound targets, and ongoing reporting on the steps taken to achieve these goals, is indicative of a strong sustainability mandate and is of the opinion that the use of proceeds categories of the LH Social, Green and Sustainability Bond Framework align with and will support the achievement of this mandate.

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

Sustainalytics recognizes that LH's housing welfare programs and development of environmentally friendly housing projects generate largely positive social and environmental impacts. However, by undertaking any construction or development project, the proponent may be exposed to risks including the need for community approval, environmental disruption from infrastructure development, and worker health and safety, among others. Furthermore, any social benefits programs may be exposed to risks related to appropriate targeting of beneficiaries and the management of funds. The Corporation has processes in place to address or mitigate these potential risks, including:

- A formalized organizational structure responsible for risk management, led by the corporate Risk Management Committee chaired by the Company's President. The Chief Risk Officer reports to the Risk Management Committee, and in turn oversees the General Risk Management Team within the Planning & Coordination Office.
- A Risk & Crisis Management Process, which lays out a multi-step process by which the Corporation responds to risk events and then monitors outcomes and adjusts procedures to mitigate future occurrences.

³ http://world.lh.or.kr/englh_offer/about/abo2000.asp

⁴ https://www.unglobalcompact.org/system/attachments/cop_2017/371721/original/2016_LH_Sustainability_Report%28English%29.pdf?1490939721

- A process for stakeholder engagement, which identifies 12 stakeholder groups, including employees, labour unions, contractors, local communities, government, and public organizations. Examples of communication channels with each stakeholder group are provided.
- Reliance on government programs to identify and define groups eligible for affordable housing support. The *Special Act on Public Housing*⁵ states that “A public housing project operator shall supply public housing units preferentially to housing vulnerable groups, such as youth groups, persons with disabilities, aged persons, and low-income earners”. The final determination of eligibility requirements is determined by “Ordinance of the Ministry of Land, Infrastructure and Transport”.
- Undergoing formal environmental assessments. LH has confirmed that, per Korean regulation, all of their development projects are required to undergo a third-party environmental impact assessment, including public hearings, which are subject to review by the government.

Sustainalytics holds a positive view of LH’s environmental and social risk mitigation processes due to the (i) strong organizational structure and defined responsibilities, (ii) stakeholder engagement and commitment to ongoing reporting of sustainability issues, and (iii) the alignment of programs with statutory definitions. Overall, Sustainalytics is confident that LH is well-positioned to identify, manage, and mitigate the environmental and social risks associated with land and housing development projects.

Section 3: Impact of Use of Proceeds

All five use of proceeds categories are recognized as impactful, including one by the Social Bond Principles and four by the Green Bond Principles. Sustainalytics has focused on two categories below where the impact is specifically relevant in the local context.

Importance of affordable housing programs in Korea

Housing policy in Korea has historically been characterized by government intervention to support the construction of housing units by providing land to developers, financing initiatives, various regulations, and direct actions by state-owned corporations.⁶ These measures were designed to ameliorate widespread housing shortages and deficiencies in quality, and were largely successful in meeting these goals.⁷ However, housing affordability remains an ongoing issue, in particular in major cities, which have seen substantial population growth. Socioeconomic and systemic factors, such as demographic shifts and the decline of the traditional Jeonse rent system, have exacerbated the situation. In the city of Seoul, despite a 2.3 time increase in housing stock between 1990 and 2015, purchase prices and rent levels continue to increase, impacting affordability, particularly for tenants.⁸ To address this issue, government policy has moved towards more targeted programs for low-income earners, young people, and other vulnerable groups.⁹

LH has identified three affordable housing programs to which it will dedicate the proceeds from social and sustainability bonds:

- Public build-to-rent programme
- Public buy-to-rent programme
- Deposit-based (Jeonse) rent programme

Within each of these programme areas there are a variety of sub-programs, each with their own qualification criteria. For example, as part of the “Permanent Rent” initiative of the public build-to-rent programme, rental housing is provided to recipients of living and medical care and veterans at 30% of the market rate, while the “New Public Housing” initiative of the public buy-to-rent program is open to all households below the average monthly wage, and provides rental at 80% of market value. These programs are authorized by relevant statutes Korean law, such as the *Special Act on Public Housing*, which also defines the eligibility criteria.¹⁰

Sustainalytics is of the opinion that the affordable housing use of proceeds category will create positive social impact by increasing affordable rental spaces for low and medium income families, young people, and other disadvantaged populations in Korea. These actions, taken together, are important in the context of affordability

⁵ https://elaw.klri.re.kr/eng_mobile/viewer.do?hseq=45867&type=sogan&key=4

⁶ <https://www.asiapathways-adbi.org/2017/08/housing-policy-in-the-republic-of-korea/>

⁷ <https://www.adb.org/sites/default/files/publication/183281/adbi-wp570.pdf>

⁸ <http://global.si.re.kr/content/affordable-rented-housing-strategies-seoul>

⁹ <https://www.retalkasia.com/news/2017/10/30/seoul%E2%80%99s-revitalisation-youth-housing/1509329098>

¹⁰ https://elaw.klri.re.kr/eng_mobile/viewer.do?hseq=45867&type=sogan&key=4

challenges in Korea, and align with the Social Bond Principles. Sustainalytics views affordable housing as an impactful use of proceeds category, especially considering the eligibility criteria, such as the income level, for beneficiaries to ensure affordable housing is provided to those in need.

Eco-friendly housing in Korea

LH's eco-friendly housing use of proceeds category encompasses projects relating to green buildings, energy efficiency, and clean transportation. As one of the largest developers of both housing projects and new towns, land development, and urban regeneration, as well as free economic zones and industrial complexes, the Corporation is well-positioned to deliver positive environmental benefits by incorporating eco-friendly practices into its development processes. This is of particular importance in Korea which, according to a study by the American Council for an Energy-Efficient Economy, ranked 16th among the 25 largest energy-consuming countries for energy efficiency in the buildings sector. In particular, Korea's primary energy demand per unit of residential floor area, adjusted for climate, was exceeded only by South Africa, Russia, and Poland. For commercial buildings, Korea's energy intensity per unit of floor space was the highest noted, and when ranked on energy usage per dollar of GDP was behind only Russia and Ukraine. In this context, actions to develop energy-efficient buildings, both residential and commercial, will have significant impact.¹¹

The Framework specifies that green buildings will attain certifications such as LEED Gold or G-SEED 2, or be in compliance with the Ministry of Land, Transport, and Maritime Affairs Construction Standards for Energy-saving Green Houses.¹² This Standard details the requirements for housing projects to be considered green, based on energy use, construction materials, design qualifications, and government certification/evaluation. Sustainalytics has evaluated the green building certification schemes (Appendix 1) and considers the levels of LEED Gold and G-SEED 2, or equivalent, to have clear environmental benefits. Sustainalytics has reviewed the Construction Standards for Energy-saving Green Houses and is of the opinion that it will provide positive environmental impacts, in particular in the Korean context.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This green bond advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG Target
Affordable Housing	11. Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Green Buildings	9. Industry, Innovation, and Infrastructure	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all
Clean Transportation	11. Sustainable Cities and Communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
Waste Management	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Water Management	6. Clean Water and Sanitation	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally

¹¹ <http://aceee.org/sites/default/files/publications/researchreports/i1801.pdf>

¹² <http://www.law.go.kr/%ED%96%89%EC%A0%95%EA%B7%9C%EC%B9%99%EC%97%90%EB%84%88%EC%A7%80%EC%A0%88%EC%95%BD%ED%98%95%20%EC%B9%9C%ED%99%98%EA%B2%BD%EC%A3%BC%ED%83%9D%EC%9D%98%20%EA%B1%B4%EC%84%A4%EA%B8%B0%EC%A4%80>

Conclusion


Korea Land & Housing Corporation has developed a framework, under which it intends to issue social, green, and sustainability bonds to finance and refinance expenditures and investments in eligible projects, namely: housing welfare, eco-friendly housing, renewable energy, waste management, and water management. The use of proceeds categories outlined in the framework are recognized by the Green Bond Principles 2018, the Social Bond Principles 2018, and the Sustainability Bond Guidelines 2018 as impactful, and will have a positive environmental and/or social benefit to the communities served by LH.

LH has a system in place to track expenditures of the proceeds in a register, which is aligned with market practice. The corporation will publish an annual progress report including information on the amounts allocated to eligible projects by use of proceeds category and by geographic location. Additionally, information regarding the expected environmental and social benefits will be provided and, where possible, quantitative performance indicators will be reported.

Based on the above, Sustainalytics considers the Korea Land & Housing Corporation Social, Green, and Sustainability Bond Framework to be robust, credible, and transparent.

Appendices

Appendix 1: Comparison of Green Buildings Standards and Certifications

	LEED	G-SEED	BEEC
Background	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.	G-SEED (Green Standard for Energy and Environmental Design) is a green building certification standard used in Korea. First implemented in 2002, and later expanded in 2016, G-SEED is administered by the Korean Government under the authority of the Green Building Act (2006).	The Building Energy Efficiency Certification (BEEC) is awarded by the Korea Energy Agency, based on a calculation of the energy consumed and CO ₂ emitted for heating, cooling, and water heating. BEEC certifications are included as part of the Construction Standards for Energy-saving Green Houses.
Certification levels	Certified Silver Gold Platinum	Green 4 Green 3 Green 2 Green 1	7 6 5 4 3 2 1 1+ 1++ 1+++
Areas of Assessment	Energy and atmosphere Sustainable Sites Location and Transportation Materials and resources Water efficiency Indoor environmental quality Innovation in Design Regional Priority	Land Use & Transportation Energy & Environmental Pollution Materials & Resources Water Management Maintenance Ecology Indoor Environment Innovative Design	Primary energy consumed per unit of floor area
Requirements	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 or construction type.	Prerequisites (independent of level of certification) + Credits with associated points Individual credits are achieved in a number of areas; category scores are then weighted to achieve an overall grade. Different ratings systems exist with G-SEED for new buildings, existing buildings, and green-remodelling buildings.	Energy value is calculated based on design documents and is expressed in kWh/m ² . Each certification level is equivalent to a certain range of energy usage intensities. Scales exist for residential and non-residential buildings, with different thresholds for each certification level
Performance display			
Accreditation	LEED AP BD+C LEED AP O+M	Certification Bodies, appointed by the Ministry of Environment (MOE) and the Ministry of Land, Infrastructure and Transportation (MLIT) review and certifies projects.	Assessed and certified by the Korea Energy Agency.
Qualitative considerations	Widely recognised internationally, and strong assurance of overall quality.	Widely used in Korea, and aligned with government standards. Strong overall qualifications. Little international recognition.	BEEC is a quantitative energy rating, not a holistic green building scheme. Certification is mandatory to obtain a building permit for many building types.

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

Section 1. Basic Information

Issuer name:	Korea Land & Housing Corporation
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable: [specify as appropriate]	Korea Land & Housing Corporation Social, Green and Sustainability Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	June 27, 2018
Publication date of review publication: [where appropriate, specify if it is an update and add reference to earlier relevant review]	

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 GBPs and SBPs:

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

ROLE(S) OF REVIEW PROVIDER

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

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

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

Please refer to Executive 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 five categories for the use of proceeds are aligned with those recognized by the Green and/or Social Bond Principles 2018. Sustainalytics considers uses of proceeds for housing welfare programs, eco-friendly housing, renewable energy, waste management, and water management to have clear environmental or social benefits and to advance the UN Sustainable Development Agenda.

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 type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (<i>please specify</i>): |

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

Use of proceeds categories as per SBP:

- | | |
|--|---|
| <input type="checkbox"/> Affordable basic infrastructure | <input type="checkbox"/> Access to essential services |
| <input checked="" type="checkbox"/> Affordable housing | <input type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security | <input type="checkbox"/> 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 SBPs | <input type="checkbox"/> Other (please specify): |

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

The issuer's Social, Green and Sustainability Bond Working Group (SGSBWG) is responsible for project selection. Membership in this group includes the Finance Planning Department, the Funds Planning Department, the Funds Support Department, the Accounting Department, and the Administration Information Department.

Evaluation and selection

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

Information on Responsibilities and Accountability

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

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

The proceeds of the bond(s) will be tracked by the issuer's treasury team, and an allocation register will be established to record bond details and eligible project information. Pending allocation, funds may be invested in line with the issuer's liquidity management policy. 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 (<i>please specify</i>): |

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

4. REPORTING

Overall comment on section (if applicable):

The issuer intends to report annually on the allocation of funds, at the use of proceeds category level as well as by geographic region. In addition, LH will provide quantitative and qualitative impact information where feasible, at the portfolio level. In Sustainalytics' view reporting on these metrics is in line with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input checked="" type="checkbox"/> Other (<i>please specify</i>): Use of Proceeds Category, Geographic Region |

Information reported:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Sustainability Bond financed share of total investment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Frequency:

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

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

Frequency:

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

Information reported (expected or ex-post):

- | | |
|--|--|
| <input type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input type="checkbox"/> Number of beneficiaries |
| <input type="checkbox"/> Target populations | <input type="checkbox"/> Other ESG indicators (<i>please specify</i>): |

Means of Disclosure

- | | |
|---|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): Company Website |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

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

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)
SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**Type(s) of Review provided:**

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

Review provider(s):**Date of publication:****ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP**

- i. **Consultant Review:** An issuer can seek advice from consultants and/or institutions with recognized expertise in environmental and social sustainability or other aspects of the issuance of a Sustainability Bond, such as the establishment/review of an issuer's Sustainability Bond framework. "Second Party Opinions" may fall into this category.
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