

Second-Party Opinion

Pacific Life Sustainable Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the Pacific Life Sustainable Bond Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2018, Green Bond Principles 2018, and Social Bond Principles 2020. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Green Buildings, Renewable Energy, Energy Efficiency, Sustainable Water and Wastewater Management, Terrestrial and Aquatic Biodiversity Conservation, Clean Transportation, Access to Essential Services – Education, and Affordable Housing – are aligned with those recognized by the Green Bond Principles and the Social Bond Principles. Sustainalytics considers that investments and financing in the eligible categories will lead to positive environmental or social impacts and advance the U.N. Sustainable Development Goals, specifically SDGs 4, 6, 7, 9, 11 and 14.



PROJECT EVALUATION / SELECTION Pacific Life's Sustainable Bond Steering Committee will be responsible for reviewing and selecting eligible projects that meet the Use of Proceeds criteria. Eligible projects will be ultimately approved by the Company's Institutional Capital Markets Group. Sustainalytics considers the project selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS Pacific Life's Institutional Capital Markets Group will track allocations through an internal register, and the Company intends on allocating net proceeds within 36 months of issuance. Pending full allocation, proceeds will be temporarily invested according to Pacific Life's internal liquidity portfolio guidelines or in cash, cash equivalents or U.S. treasury securities. This is in line with market practice.



REPORTING Pacific Life intends to report on the allocation and impact of its proceeds on the company's website on an annual basis until full allocation. Allocation reporting will include allocated amounts on a project-portfolio basis as well the amount of unallocated proceeds. In addition, Pacific Life is committed to reporting on relevant impact metrics where feasible. Sustainalytics views Pacific Life's allocation and impact reporting as aligned with market practice.

Evaluation date	March 26, 2021
Issuer Location	Newport Beach, CA, United States

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For inquiries, contact the Sustainable Finance Solutions project team:

Zach Margolis (Toronto)
Project Manager
zach.margolis@sustainalytics.com
(+1) 647 695 4341

Daniel Sanchez (Toronto)
Project Support

Aoife McCarthy (Amsterdam)
Project Support

Paramjot Kaur (New York)
Client Relations
susfinance.americas@sustainalytics.com
(+1) 646 518 9623

Introduction

Pacific Life¹ (the “Company”) is an insurance company providing a variety of life insurance products, annuities and mutual funds to individuals and businesses. Headquartered in Newport Beach, California, U.S., and founded in 1868, Pacific Life has approximately 3,800 employees and offers its retail customers life insurance and retirement solutions.

Pacific Life has developed the Pacific Life Sustainable Bond Framework (the “Framework”) under which it intends to issue green, social, and sustainability bonds and use the proceeds to finance and refinance, in whole or in part, existing and future projects that demonstrate environmental and/or social benefits. The Framework defines six green eligible categories and two social categories:

Green Eligible Categories:

1. Green Buildings
2. Renewable Energy
3. Energy Efficiency
4. Sustainable Water and Wastewater Management
5. Terrestrial and Aquatic Biodiversity Conservation
6. Clean Transportation

Social Eligible Categories:

1. Access to Essential Services - Education
2. Affordable Housing

Pacific Life engaged Sustainalytics to review the Pacific Life Sustainable Bond Framework, dated March 2021, and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2018 (SBG), Green Bond Principles 2018 (GBP), and Social Bond Principles 2020 (SBP).² This Framework has been published in a separate document.³

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

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

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

- The Framework’s alignment with the Sustainability Bond Guidelines 2018, Green Bond Principles 2018, and Social Bond Principles 2020, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.7, 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 Pacific Life’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. Pacific Life representatives have confirmed (1) they understand it is the sole responsibility of Pacific Life 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.

¹ Pacific Life refers to Pacific Life Insurance Company and its subsidiaries, including Pacific Life & Annuity Company.

² The Sustainability Bond Guidelines are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

³ The Pacific Life Sustainable Bond Framework is available on Pacific Life’s website at: <http://www.pacificlife.com/sustainablebonds>

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.

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 Pacific Life.

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 proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

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

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Pacific Life Sustainable Bond Framework

Sustainalytics is of the opinion that the Pacific Life Sustainable Bond Framework is credible, impactful and aligns with the four core components of the SBG, GBP and SBP. Sustainalytics highlights the following elements of Pacific Life's Sustainability Bond Framework:

- Use of Proceeds:
 - The eligible categories – Green Buildings, Renewable Energy, Energy Efficiency, Sustainable Water and Wastewater Management, Terrestrial and Aquatic Biodiversity Conservation, Clean Transportation, Access to Essential Services - Education, and Affordable Housing – are aligned with those recognized by the GBP and SBP.
 - Pacific Life has defined a look-back period for refinancing activities as 24 months prior to the issuance of the respective bond, which Sustainalytics considers to be in line with market expectations.
 - Within the "Green Buildings" category, Pacific Life has or intends to finance real estate projects that have received, or are expected to receive, third-party certifications such as BREEAM ("Excellent" or above), Energy Star (85 and above), LEED ("Gold" or above), or other equivalent certification. Sustainalytics views the selected certifications standards as credible and the eligibility levels specified to be aligned with market practice. Please refer to Appendix 1 for Sustainalytics' assessment of the green building certifications.
 - Under the "Renewable Energy" category, the Company may invest in the production or development of renewable energy generation from wind, solar and small-scale run-of-the-river hydropower. Sustainalytics notes that eligible hydropower projects will be no greater than 20 MW, and that all new projects will be subject to an environmental and social risk assessment performed by a third party, and therefore considers all eligible projects in this category to be aligned with market expectation.
 - In the "Energy Efficiency" category, Pacific Life intends to finance projects and technologies that enable the reduction of energy consumption and emissions within the Company's own operations. Examples of such projects include the installation of controls and energy monitoring equipment, heating, cooling and ventilation retrofits, lighting retrofits, smart thermostats, efficient reflective roofs, and the purchase of hardware certified to be energy efficient.⁵

⁵ The Framework cites specifically Energy Star as a certification which may be used; Sustainalytics considers Energy Star to be a credible standard.

- Pacific Life has disclosed the aim to achieve a 30% increase in energy efficiency; Sustainalytics views positively the inclusion of this defined threshold.
- Regarding the “Sustainable Water and Wastewater Management” category, the Framework includes investments in wastewater recycling systems, green roofs, low-flow fixtures and appliances and/or water restoration projects which aim to improve water recycling, conservation and efficiency. Sustainalytics views water treatment as providing important environmental benefits, including the reduction of pollution into the environment and reducing the negative impacts of untreated water on human health.
- For the “Terrestrial and Aquatic Biodiversity Conservation” category, Pacific Life may allocate proceeds to the Pacific Life Foundation for initiatives related to the preservation of marine mammal species and their environment.
 - Sustainalytics notes that, while not specifically excluded by the GBP or SBP, charitable and/or philanthropic contributions are not generally aligned with market expectations for green, social, and sustainability bonds as these expenditures are often not tied to the primary business activities of the issuers. However, Pacific Life has communicated to Sustainalytics that contributions to this category will not represent more than 5% of any issuance, and Sustainalytics anticipates these expenditures to generate positive impacts.
- For the “Clean Transportation” category, Pacific Life intends to finance electric vehicles, electric vehicle charging stations, and clean mass transportation such as electric rail and electric buses. Sustainalytics views positively investments related to transportation electrification, and notes the contribution of these projects to the transport sector's decarbonization.
- For the “Access to Essential Services – Education” category, Pacific Life may provide financing such as student loans to youth and students from under-represented communities, and those belonging to low-income households.⁶ Further, Pacific Life intends to ensure accessibility and affordability by prioritizing allocation to student loans offering income-contingent repayment options. Sustainalytics highlights the well-defined target groups and mechanisms to alleviate credit constraints for students and is of the opinion that financing provided under this category can contribute to making education more accessible.
- For the “Affordable Housing” category, the Company has or intends to finance portions of multi-family projects restricted to spends where households earn under 80% of the Area Median Income (“AMI”) and households who earn under 120% of the AMI for properties located in high-cost areas as defined by the U.S. Department of Housing and Urban Development (“HUD”).
 - While social finance related to affordable housing typically focuses on income earners at 80% of AMI or lower, Sustainalytics recognizes that in identified high-cost areas, people that fall within the 80%-120% of the AMI are often unable to afford market-rate units. In this context, Sustainalytics finds Pacific Life's targeting to be credible and aligned with market practice.
- The Company has disclosed that it intends to direct 90% of its sustainability bonds towards green projects, while the remainder will be used towards eligible social investments.
- Pacific Life has provided a list of activities excluded from its green and social issuances. Sustainalytics views the exclusion of activities that have potential negative environmental or social impacts, such as activities related to the exploration, production or transportation of fossil fuels, to further strengthen the Framework.
- Project Evaluation and Selection:
 - Pacific Life's Sustainable Bond Steering Committee, comprised of members from the Institutional Capital Markets Group (“CMG”), Investment Management, Commercial Real Estate, Law Department, Corporate Affairs, and/or Brand Management, will be in charge of reviewing and selecting qualifying projects. The CMG will ultimately approve eligible projects.
 - Based on this governance structure with cross-divisional membership, Sustainalytics considers Pacific Life's evaluation and selection process to be in line with market practice.
- Management of Proceeds:
 - Pacific Life will track allocations through an internal register overseen by the CMG, and the register will show an allocation of an amount equal to the net proceeds for the full term of the

⁶ Defined as households who earn under 80% of the Area Median Income (“AMI”).

bond. Pacific Life intends to allocate net proceeds within 36 months of issuance. The Framework specifies that the payment of principal and interest on eligible bonds will be made from the company's general funds and will not directly be linked to any eligible projects' performance.

- Pending full allocation, an amount equal to the balance of proceeds will be invested in accordance with the Company's internal liquidity portfolio guidelines or in cash, cash equivalents and/or U.S. Treasury securities.
- Based on the use of a formal ledger and the disclosure of temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Pacific Life has committed to provide a standalone annual allocation and impact report to be renewed until the full allocation of each issuance. The report will be made publicly available in Pacific Life's website. Allocation reporting will include the amounts allocated to eligible projects on a project-portfolio basis as well as the amount of unallocated proceeds.
 - Impact reporting will include, where feasible, metrics such as (i) green building certifications and the number of buildings certified, (ii) renewable energy procured and produced (MWh), (iii) emissions avoided or reduced, (iv), energy savings, (v) water consumption reduced and recycled, (vi) miles protected from bottom trawling, (vii) the number of students or youth receiving education support, (viii) rental costs compared to the national index, (ix) the share of underserved tenants and the number of dwellings.
 - Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2018

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

Section 2: Sustainability Strategy of Pacific Life

Contribution of Framework to Pacific Life's sustainability strategy

Pacific Life demonstrates a commitment to sustainability through a defined corporate social responsibility approach prioritizing the following: "investing in [its] communities, supporting [its] employees, mobilizing [its] workforce, and caring for the environment."⁷ To this end, the Company created the Pacific Life Foundation (the "Foundation") and the Pacific Life Good Guys, an employee volunteer programme.

Since the creation of the Foundation, Pacific Life has donated more than USD 123 million to non-profits in the last 36 years.⁸ Early in 2021, the Foundation announced plans to grant USD 7.25 million in charitable funding throughout the year with a focus on "arts and culture; civic, community and economic development; environment; education; and health and human services."⁹ Sustainalytics highlights the following impact areas for being particularly aligned with the objectives of the Framework:

- "Health and Human Services" focuses on improving the quality of life and the health of disadvantaged individuals. Pacific Life gave USD 247,000 to 25 organizations working on housing and homelessness issues which benefitted 17,400 participants in 2019.
- "Education" is aimed at enhancing K-12 student academic learning and community programs offered by higher education institutions. In 2019 Pacific Life provided USD 207,500 in funding to seven non-profits focused on workforce training, resulting in 1,500 non-profit clients who gained occupational skills or education credentials.
- "Environment, Ocean Health and Marine Mammals" supports programmes dedicated to protecting and preserving the environment. In order to mitigate the Company's impact on the environment, by the end of 2019, Pacific Life reduced electricity consumption in its major offices by an average of 33%, natural gas by 69%, and water by 41% versus the 2009 baseline.¹⁰

⁷ Pacific Life, "The Power of Corporate Responsibility 2019", at: https://www.pacificlife.com/crp/public/social-responsibility/2019_CRR.pdf

⁸ Pacific Life, "The Power of Corporate Responsibility", at: <https://www.pacificlife.com/home/corporate-responsibility.html>.

⁹ Pacific Life, "Pacific Life Foundation Announces \$7.25 Million Giving Program for 2021", at: <https://www.pacificlife.com/press-releases/pacific-life-foundation-announces-7-25m-giving-program-for-2021.html>

¹⁰ Pacific Life, "The Power of Corporate Responsibility 2019", at: https://www.pacificlife.com/crp/public/social-responsibility/2019_CRR.pdf

While Pacific Life's sustainability efforts are indicative of the emphasis it has placed on sustainability issues, Sustainalytics encourages the Company to expand its sustainability approach to encompass its products and investments. Sustainalytics is of the opinion that the Pacific Life Sustainable Bond Framework is aligned with the company's overall sustainability strategy and initiatives and encourages the Company to define time-bound and quantifiable sustainability targets.

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

While Pacific Life's use of proceeds categories are intended to finance green and/or social projects that are anticipated to have overall positive impacts, Sustainalytics recognizes that there are environmental and social risks which could be associated with the financing provided. Some key environmental risks associated with the eligible green and social projects may include occupational health and safety, land-use change and biodiversity loss, and community relations. Although Pacific Life has a limited role in the development of specific eligible projects which they are financing, Sustainalytics considers that the following mechanisms, systems and procedures in place will help mitigate the associated risks.

- Pacific Life has a Code of Conduct that must be followed by all employees and senior management. The Code delineates the core values and principles that guide the Company's mission.
- In relation to its investment practices, the Company has adopted principles of responsible investment targeting the incorporation of environmental, social and governance ("ESG") factors into the decision-making process.¹¹
- The Company has in place a Third Party Code of Conduct¹² regarding the ethical conduct of third party service providers and applicable to their employees and subcontractors who work on Pacific Life's business. This includes environmental and social provisions, as well as compliance with employee health and safety regulations.
- The majority of the assets to be financed under the Framework are located in jurisdictions that have been assessed by the Equator Principles to have robust regulatory safeguards which serve to mitigate key environmental and social risks.¹³

In addition to the above, Pacific Life has disclosed to Sustainalytics that it has in place various internal procedures that aim to address some of the risks flagged above and are indicative of the Company's focus on due diligence. While these do not take the form of specific policies, Pacific Life has confirmed that it is in the process of defining the parameters of how it will address any potential risks, thoroughly. Sustainalytics encourages the Company to formalize this risk screening process for financing and investment.

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

Section 3: Impact of Use of Proceeds

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

Importance of green buildings in delivering energy efficiency improvements in the U.S.

According to the World Green Building Council, the building sector contributes significantly towards global energy consumption and total greenhouse gas emissions, accounting for 38% of total energy-related CO₂ emissions.¹⁴ In the United States alone, residential and commercial buildings account for 39% of total U.S. energy consumption¹⁵ and 72% of national electricity consumption.¹⁶ The Global Alliance for Buildings and Construction has stated that overall in 2019, the global buildings and construction sector moved away and not towards the Paris Climate Agreement goals of limiting CO₂ emissions.¹⁴ To be on track to achieving a net-zero carbon building stock by 2050, the International Energy Agency suggests CO₂ emissions would need to decline by 50% by 2030. Spending on energy-efficient buildings increased in 2019 for the first time since 2016, with investment in building energy efficiency across global markets increasing to USD 152 billion in 2019.¹⁴

¹¹ Pacific Life, "Responsible Investing", at: <https://www.pacificlife.com/home/corporate-responsibility/principles-for-responsible-investing.html>

¹² Pacific Life, "Third Party Code of Conduct", at: <https://www.pacificlife.com/home/about/third-party-code-of-business-conduct.html>.

¹³ Equator Principles, "Designated Countries", at: <https://equator-principles.com/designated-countries/>

¹⁴ Global Alliance for Buildings and Construction, "2020 Global Status Report for Buildings and Construction", (2020), at: [Buildings GSR Executive Summary FINAL 0.pdf \(globalabc.org\)](#)

¹⁵ U.S. Energy Information Administration FAQ, (2021), at: [Frequently Asked Questions \(FAQs\) - U.S. Energy Information Administration \(EIA\)](#)

¹⁶ EPA Energy and Environment, Electricity Customers, (2018) at: [Electricity Customers | Energy and the Environment | US EPA](#)

Additionally, in 2020, more buildings than ever before were constructed using building codes and sustainable certification standards. However, the speed of change lags as investments in energy efficiency, compared to total investments in the building sector, are still relatively small. For every USD 1 spent on energy efficiency in buildings, USD 37 is spent on conventional construction approaches. In this context, Sustainalytics views Pacific Life's investments in buildings that have received third-party sustainability certifications as having the potential to reduce greenhouse gas emissions associated with its overall operations.

Importance of affordable housing investments in the U.S.

The lack of affordable housing is a significant issue in the U.S., with approximately 568,000 people experiencing homelessness in 2019, a 3% increase over the previous year. Over 18.5 million households spend more than 30% of their income on rent, with about 10.8 million households spending over 50%.¹⁷ The lack of affordable housing further leads to negative social outcomes across multiple dimensions. Families and individuals are compelled to make trade-offs between spending on rent and other essentials such as food, healthcare, and transport. Currently, a multi-faceted approach is being implemented where solutions to address this severe shortage include state-sponsored solutions such as (i) the National Trust Fund, an annual grant to state for creation, preservation or rehabilitation of rental housing for low-income renters; and (ii) the LIHTC, a tax incentive to construct or rehabilitate affordable rental housing for low-income householders. In 2020, the government announced allocations of USD 326 million towards the HTF, an increase of over 30% compared to 2019.¹⁸ The U.S. federal government spends approximately USD 9 billion per year on the LIHTC, making it the largest federal program for low-income housing.¹⁹ Given the need for affordable housing to support the low-income population within the US, Sustainalytics views positively Pacific Life's investments in affordable housing.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bonds issued under the Pacific Life Sustainable Bond Framework advances 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
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
Sustainable Water and Wastewater 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.
Terrestrial and Aquatic Biodiversity Conservation	14. Life below water	14.1 By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution

¹⁷ National Low Income Housing Coalition (NLIHC) report, "The Gap: A Shortage of Affordable Homes, (2020)", at: https://reports.nlihc.org/sites/default/files/gap/Gap-Report_2020.pdf

¹⁸ NLIHC, "FHFA Authorizes \$326.4 Million Disbursement for National Housing Trust Fund for 2020", (2020) at: [FHFA Authorizes \\$326.4 Million Disbursement for National Housing Trust Fund for 2020 | National Low Income Housing Coalition \(nlihc.org\)](https://www.fhfa.gov/newsroom/press-releases/fhfa-authorizes-326-4-million-disbursement-for-national-housing-trust-fund-for-2020)

¹⁹ Tax Policy Center report, "What is the LIHTC and how does it work?", (2020), at: <https://www.taxpolicycenter.org/briefing-book/what-low-incomehousing-tax-credit-and-how-does-it-work>

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
Access to Essential Services - Education	4. Quality Education	4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
Affordable Housing	9. Industry, Innovation and Infrastructure	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

Conclusion

Pacific Life has developed the Pacific Life Sustainable Bond Framework under which it may issue green, social, and sustainability bonds and use the proceeds to finance and refinance projects that demonstrate environmental and/or social benefits. Sustainalytics considers that the projects funded by the sustainability bond proceeds are expected to provide positive environmental and social impact.

The Pacific Life Sustainable Bond Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Pacific Life Sustainable Bond 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 4, 6, 7, 9, 11 and 14. Additionally, Sustainalytics is of the opinion that Pacific Life has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Pacific Life is well-positioned to issue sustainability bonds and that that Pacific Life Sustainable Bond Framework is robust, transparent, and in alignment with the four core components of the Sustainability Bond Guidelines (2018), the Green Bond Principles (2018) and the Social Bond Principles (2020).

Appendices

Appendix 1: Summary of referenced green building certification schemes

	LEED ²⁰	Energy Star ²¹	BREEAM ²²
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.	ENERGY STAR is a U.S. Environmental Protection Agency voluntary program that provides independently certified energy efficiency ratings for products, homes, buildings, and industrial plants. Certification is given on an annual basis, so a building must maintain its high performance to be certified year to year.	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK, this scheme can be used for new, refurbished and extension of existing buildings.
Certification levels	• Certified • Silver • Gold • Platinum	• 1-100 score, 75 is minimum for certification	Pass Good Very Good Excellent Outstanding
Areas of assessment	• Energy and atmosphere • Sustainable Sites • Location and Transportation • Materials and resources • Water efficiency • Indoor environmental quality • Innovation in Design • Regional Priority	• Energy use	• Management • Energy • Land Use and Ecology • Pollution • Transport • Materials • Water • Waste • Health and Wellbeing • Innovation
Requirements	Minimum requirements independent of level of certification; point-based scoring system weighted by category to determine certification level. The rating system is adjusted to apply to specific sectors, such as: New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, and Existing Buildings: Operation and Maintenance.	1-100 score based on energy use, as calculated through the Portfolio Manager tool. Raw score is adjusted based on location, operating conditions, and other factors. The numerical score indicates performance better than at least 75 percent of similar buildings nationwide.	Minimum requirements depending on the level of certification; scoring system weighted by category, producing a percentage-based overall score. The majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their performance score. BREEAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.
Qualitative Considerations	Widely accepted within the industry, both in North America and internationally, and considered a guarantee of strong performance.	Accounts only for energy use, not other measures of environmental performance. Is a key component of other green building certification systems.	Used in more than 70 countries: Good adaptation to the local normative context. Predominant environmental focus, lower levels are less strict than LEED.
Performance display			

²⁰ USGBC, LEED, at: <https://new.usgbc.org/leed>.

²¹ ENERGY STAR, at: <https://www.energystar.gov/>.

²² BREEAM, at: www.breeam.com.

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

Section 1. Basic Information

Issuer name:	Pacific Life
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	Pacific Life Sustainable Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	March 26, 2021
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

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

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

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

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| ☒ Consultancy (incl. 2 nd opinion) | ☐ Certification |
| ☐ Verification | ☐ Rating |
| ☐ 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, Renewable Energy, Energy Efficiency, Sustainable Water and Wastewater Management, Terrestrial and Aquatic Biodiversity Conservation, Clean Transportation, Access to Essential Services – Education, and Affordable Housing – are aligned with those recognized by the Green Bond Principles and the Social Bond Principles. Sustainalytics considers that investments and financing in the eligible categories will lead to positive environmental or social impacts and advance the U.N. Sustainable Development Goals, specifically SDGs 4, 6, 7, 9, 11 and 14.

Use of proceeds categories as per GBP:

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

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

Use of proceeds categories as per SBP:

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

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Pacific Life's Sustainable Bond Steering Committee will be responsible for reviewing and selecting eligible projects that meet the Use of Proceeds criteria. Eligible projects will be ultimately approved by the Company's Institutional Capital Markets Group. Sustainalytics considers the project selection process to be in line with market practice.

Evaluation and selection

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

Information on Responsibilities and Accountability

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

3. MANAGEMENT OF PROCEEDS

Overall comment on section *(if applicable)*:

Pacific Life's Institutional Capital Markets Group will track allocations through an internal register, and the Company intends on allocating net proceeds within 36 months of issuance. Pending full allocation, proceeds will be temporarily invested according to Pacific Life's internal liquidity portfolio guidelines or in cash, cash equivalents or U.S. treasury securities. This is in line with market practice.

Tracking of proceeds:

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

Additional disclosure:

- | | |
|---|---|
| ☐ Allocations to future investments only | ☒ Allocations to both existing and future investments |
| ☐ Allocation to individual disbursements | ☒ Allocation to a portfolio of disbursements |

☒ Disclosure of portfolio balance of unallocated proceeds

☐ Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

Pacific Life intends to report on the allocation and impact of its proceeds on the company's website on an annual basis until full allocation. Allocation reporting will include allocated amounts on a project-portfolio basis as well the amount of unallocated proceeds. In addition, Pacific Life is committed to reporting on relevant impact metrics where feasible. Sustainalytics views Pacific Life's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

☐ Project-by-project

☒ On a project portfolio basis

☐ Linkage to individual bond(s)

☐ Other (please specify):

Information reported:

☒ Allocated amounts

☐ Sustainability Bond financed share of total investment

☐ Other (please specify):

Frequency:

☒ Annual

☐ Semi-annual

☐ Other (please specify):

Impact reporting:

☐ Project-by-project

☒ On a project portfolio basis

☐ Linkage to individual bond(s)

☐ Other (please specify):

Information reported (expected or ex-post):

☒ GHG Emissions / Savings

☒ Energy Savings

☒ Decrease in water use

☒ Number of beneficiaries

☒ Target populations

☒ Other ESG indicators (please specify): Green building certifications; total number of buildings certified; total square feet certified; percentage of overall company square feet certified; renewable energy capacity sourced and developed (MW); renewable energy procured and produced from the capacity above (MWh); Annual renewable energy procured and produced as a % of annual global

electricity consumption; office energy consumption/square foot; office energy consumption/employee; data center Power Usage Effectiveness; volume of treated or recycled water; volume of verified water restoration projects in high water stress regions; verified water restoration as a percent of annual water consumption in high stress regions; miles protected from destructive trawling; amount of loans for students receiving education support; rental costs compared to the national/regional rent index; number of dwellings.

Frequency:

- ☒ Annual
 ☐ Semi-annual
☐ Other (please specify):

Means of Disclosure

- ☐ Information published in financial report
 ☐ Information published in sustainability report
☐ Information published in ad hoc documents
 ☒ Other (please specify): Standalone report on Pacific Life's website.
☐ Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

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

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

- ☐ Consultancy (incl. 2nd opinion)
 ☐ Certification
☐ Verification / Audit
 ☐ Rating
☐ Other (please specify):

Review provider(s):**Date of publication:****ABOUT ROLE(S) OF 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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In case of discrepancies between the English language and translated versions, the English language version shall prevail.

About Sustainalytics, a Morningstar Company

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

5th Green Bond Pioneer Awards

Climate Bonds Initiative

Largest Verifier for Certified
Climate Bonds of 2019

awarded to Sustainalytics



Climate Bonds
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More information conference.climatebonds.net/awards



GlobalCapital SRI Awards

Named

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



The
Green Bond
Principles



The
Social Bond
Principles