

Second-Party Opinion

QuadReal Green Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the QuadReal Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds include Green Buildings, Renewable Energy, Resource and Energy Efficiency, Pollution Prevention and Control, Clean Transportation, and Climate Change Adaptation and are aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG goals 6, 7, 11, 12 and 13.



PROJECT EVALUATION / SELECTION QuadReal Property Group (“QuadReal”, or the “Company”) has established a Green Bond Steering Committee comprised of representatives from the Company’s Sustainability, Finance, Portfolio Management and Treasury and Capital Markets departments. This committee will be responsible for identifying and selecting eligible projects to be financed under this Framework. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS The net proceeds raised under this Framework will be deposited into QuadReal’s general account and will be used to finance projects selected by the Green Bond Steering Committee. QuadReal commits to allocating 100 percent of such proceeds within 24 months from issuance. Unallocated proceeds within this period will be held in cash, short-term deposits, or other instruments as well as to repay outstanding debt under credit facilities or commercial paper that are unrelated to fossil fuel investment. This is in line with market practice.



REPORTING QuadReal intends to report allocation of proceeds on its website on an annual basis or, in case of material changes, until full allocation. In addition, QuadReal Property Group will strive to report relevant impact metrics such as annual energy savings, reduction in GHG emissions, water consumption and waste generation etc. Sustainalytics views QuadReal Property Group’s allocation and impact reporting as aligned with market practice.

Evaluation date	July 15, 2020
Issuer Location	Vancouver, Canada

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Introduction

QuadReal Property Group (“QuadReal”, or the “Company”) is a privately held real estate investment, operating and development company headquartered in Vancouver, Canada. The Company manages the real estate and mortgage programs for the British Columbia Investment Management Corporation (“BCI”), one of Canada’s largest asset managers. QuadReal has a global presence, managing a \$34.3 billion real estate portfolio in 23 cities across 17 countries, as well as a \$5.5 billion mortgage investment portfolio in North America through its affiliate QuadReal Finance LP (figures as at December 31, 2019). QuadReal is a wholly owned subsidiary of BCI QuadReal Realty, which is the main domestic real estate investment portfolio of BCI.

QuadReal has developed the QuadReal Green Bond Framework (the “Framework”), dated July 2020, under which BCI QuadReal Realty (the “Issuer”) intends to issue one or multiple green bonds and use the net proceeds to finance or refinance, in whole or in part, existing and future projects. These projects aim to decarbonize QuadReal’s real estate portfolio by promoting improved environmental performance as well as support innovation that makes buildings more resilient to adverse climate change impacts. The Framework defines eligibility criteria in six areas:

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

QuadReal engaged Sustainalytics to review the Framework and provide an independent second-party opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP).¹ This Framework has been published in a separate document.²

Scope of work and limitations of Sustainalytics Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent³ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible categories are credible and impactful.

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

- The Framework’s alignment with the Green Bond Principles 2018, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds;
- The alignment of the Company’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 1.4, 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 QuadReal’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. QuadReal representatives have confirmed (1) they understand it is the sole responsibility of QuadReal 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 it has disclosed any material information which the Company is obliged to publicly disclose. 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.

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

² The Framework is available on QuadReal’s website at: <https://www.quadreal.com/sustainability/green-bonds/>.

³ 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.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and QuadReal.

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 net 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 intended 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, warranty or argument either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that QuadReal has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the QuadReal Green Bond Framework

Sustainalytics is of the opinion that the Framework is credible and impactful and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of QuadReal's Green Bond Framework:

- Use of Proceeds:
 - The eligible categories – Green Buildings, Renewable Energy, Resource and Energy Efficiency, Pollution Prevention and Control, Clean Transportation, and Climate Change Adaptation – are aligned with those recognized by the GBP.
 - Under the Green Buildings Category, QuadReal will finance the construction, development, acquisition, re-development, operations and maintenance of properties that have received or are expected to receive green building certification, namely LEED (Gold and Platinum) and BOMA BEST (Gold or Platinum), or other equivalent domestic or international green building certifications. Sustainalytics views these certifications as credible, and the levels selected as impactful. See Appendix 1 for further description of the referenced building standards.
 - Under the Renewable Energy category, QuadReal will use net green bond proceeds to invest in the production, connectivity, storage and purchase of equipment for renewable energy generation. Renewable energy sources include solar and wind power as well as geothermal power that produce direct emissions of less than 100gCO₂/kWh.
 - For Resource and Energy Efficiency projects, QuadReal plans to finance investments in resource and energy efficiency measures such as non-fossil fuel powered heating, ventilation and air conditioning systems, efficient lighting, control systems that monitor and optimize electricity and water usage, energy storage equipment, smart grids and district heating that is powered by more than 50% from renewable energy or waste heat. Sustainalytics views the restriction of projects to non-fossil fuel powered heating and district heating powered no less than 50% by renewable energy or waste heat as aligned with market expectation.
 - QuadReal will invest in pollution control and prevention measures such as soil remediation, waste prevention, waste reduction, onsite composting and recycling.
 - Under the Clean Transportation category, QuadReal will finance projects that improve connectivity, promote multi-modal and non-motorised methods of transportation such as cycling and walking. The Company will also invest in infrastructure such as electric vehicle charging stations as well as projects that promotes and demonstrates increased use of public transport.
 - Under the category of Climate Change Adaptation, QuadReal will allocate green bond proceeds to the study and application of systems designed for flood defense, storm water waste management and structural resilience of buildings. The Company will also invest in its Climate

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- Risk Measurement Tool which helps understand how buildings can better adapt to extreme weather conditions and the effects of climate change.
- Project Evaluation and Selection:
 - QuadReal has established a Green Bond Steering Committee (“the Committee”) that will be responsible for identifying and selecting projects eligible to be funded under the Green Bond Framework. The Committee will also oversee and manage the Framework and will maintain a Schedule of Use of Green Bond Proceeds (“the Schedule”). This Schedule will include details about eligible projects, such as the building or project name, location and description of project, funds allocated and reference to the specific use of proceed category.
 - The Committee will be comprised of representatives from QuadReal’s Sustainability, Finance, Portfolio Management, and Treasury and Capital Markets departments and will act as a liaison with the existing Sustainability and Environmental Health and Safety Committee, as well as its Management Committee.
 - Sustainalytics considers QuadReal’s approach to project evaluation and selection to be aligned with market practice.
 - Management of Proceeds:
 - The net proceeds raised through the issuance of green bonds will be deposited in QuadReal’s general account and will be made available to finance eligible projects identified by the Committee and listed in the Schedule.
 - QuadReal will apply a lookback period of 36 months from the date of issuance. In the case of green buildings, the Company may refinance buildings that have obtained green building certification in the 36 months prior to the date of issuance. Therefore, green bond proceeds may be used to refinance expenditures for these certified buildings which were incurred prior to the 36 months lookback period, provided the certification was achieved in the past 36 months.
 - The Company commits to allocating all net proceeds within 24 months from the date of issuance.
 - Unallocated proceeds will be held in accordance with QuadReal’s Treasury and Capital Markets procedures which includes holdings in cash, short-term deposits, or other instruments as well as to repay outstanding debt under credit facilities or commercial paper. Sustainalytics views positively the inclusion of QuadReal’s statement which specifies that unallocated proceeds will be used to pay outstanding debt that are unrelated to fossil fuel investment.
 - The Company commits to tracking net proceeds raised under this framework and match allocations to eligible green projects.
 - Sustainalytics views QuadReal’s management of proceeds to be in line with market practice.
 - Reporting:
 - QuadReal intends to publish a green bond report, annually until full allocation.
 - This report will provide details of the allocation of green bond proceeds to eligible green project categories and will contain relevant metrics associated with the eligible green projects such as, achieving green building certification by building or square footage, annual energy saving (in MWh), water consumption reduction (in thousand cubic meters) and greenhouse gas emission reduction (in tonnes of CO₂ equivalent).
 - QuadReal may hire an external auditor or other reviewer to provide an annual review of the allocation of the net green bond proceeds.
 - Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2018

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

Section 2: Sustainability Strategy of QuadReal

Contribution of framework to QuadReal's sustainability strategy

Sustainalytics is of the opinion that QuadReal demonstrates a strong commitment to sustainability, with a focus on four key areas: (i) resource efficiency, (ii) stakeholder engagement (iii) health and wellbeing and (iv) innovation that deliver environmental and social benefits.⁴

- Under the area of resource efficiency, QuadReal strives to recognize, measure and reduce the environmental impacts of its portfolio, specifically pertaining to energy, water, waste and GHG emissions.
- Under stakeholder engagement, the Company seeks to proactively collaborate with cities to create complete neighborhoods which are safe, healthy, and vibrant.
- Under the health and wellbeing focus area, QuadReal aims to support development practices that promote the local economy and biodiversity. The company also commits to creating and upgrading buildings' environment to be conducive to the health and wellbeing of its residents.
- QuadReal has partnered with vendors, academia as well as non-profit to find and test new technologies as well as scale up adoption of existing technologies that deliver environmental and social benefits.

QuadReal is committed to reducing its absolute emissions by 80% by 2050 as compared to 2007, and in order to achieve this, 95% of QuadReal's Canadian portfolio has green building certification under either LEED or BOMA. QuadReal also utilizes its Environmental Management System (EMS) to guide portfolio-wide operational improvements.⁵ As of 2018 the Company managed to reduce its CO₂e emissions by 38%.⁶

QuadReal seeks to increase transparency and has therefore made available energy, water and carbon emissions data for office and residential properties located in Canada. Error! Bookmark not defined. In 2019, QuadReal started the Energy Disclosure Challenge under which it encourages all building managers in Canada to disclose their energy and GHG data.⁷ In addition, QuadReal currently reports as per Global Real Estate Sustainability Benchmark and the Sustainability Accounting Standards Board, as well as provides data and support to BCI to facilitate their disclosure as per the Principle of Responsible Investment⁸.

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

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

While Sustainalytics recognizes that the net proceeds from the bonds issued under the Framework will be directed towards eligible projects that are recognized by the GBP to have positive environmental impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects, could include worker health and safety risks, resource use and waste generation, as well as land-use change and biodiversity loss.

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

- The Company's 'Code of Ethics and Professional Conduct' lays out 14 guiding principles and standards for its employees and directors in areas such as promoting a safe and healthy work environment; commitment to responsible investing and community support; conducting business ethically; as well as treating employees / workers with dignity and respect.⁹ In addition to the Company's code of ethics and professional conduct, QuadReal also has a 'Responsible Contractor Code of Conduct and Ethics'. Pursuant to this document, QuadReal sets out the principles and expectations the Company has of its contractors and their employees and representatives particularly related to compliance with laws, regulations and rules around a safe and inclusive work environment.¹⁰

⁴ QuadReal, Sustainability Policy, February 2017, at: <https://www.quadreal.com/wp-content/uploads/2019/04/Sustainability-Policy-2017.pdf>

⁵ QuadReal, Sustainability - Our progress, (Accessed on 29 June 2020), at: <https://www.quadreal.com/sustainability/our-progress/>

⁶ QuadReal 2018 SASB Disclosure, at: <https://www.quadreal.com/wp-content/uploads/2019/07/QuadReal-2018-SASB-Disclosure-Report-1.pdf>

⁷ QuadReal, Media Release, September 2019, at: <https://www.quadreal.com/2019-gresb/>

⁸ BCI, Principles for Responsible Investment, 2019, at: <https://www.bci.ca/approach/principles-responsible-investing/>

⁹ QuadReal, Code of ethics and professional conduct, February 2019, at: <https://www.quadreal.com/wp-content/uploads/2019/04/Code-of-Ethics-and-Professional-Conduct-2019.pdf>

¹⁰ QuadReal, Responsible contractor code of conduct and ethics, May 2019, at: <https://www.quadreal.com/wp-content/uploads/2019/05/QuadReal-Responsible-Contractor-Code-of-Conduct-and-Ethics-May-8-2019.pdf>

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- Under its 'Occupational Health and Safety Policy' QuadReal aims to foster a culture of safety by not only complying with all applicable laws but by having strong procedures and reporting mechanisms, identifying and preventing operational risks, as well as setting out its expectation for all its vendors to conform to health and safety management standards. QuadReal holds its senior management responsible for implementing and monitoring the occupational health and safety policy and expects its employees to commit to its objectives.¹¹
- Under its 'Environmental Policy', QuadReal lays out its commitment to reduce the Company's environmental impact, to manage its environmental risks prudently, as well as to strive to continuously improve its environmental performance.¹² QuadReal is certified in accordance with ISO 14001 for the year 2019-2022.¹³
- QuadReal has also established its 'Sustainability and EHS Committee' whose mandate is to provide continuous guidance and ensure internal alignment to its sustainability commitments. The committee meets quarterly to discuss and monitor annual objectives.¹⁴

Based on these policies, standards, and assessments, Sustainalytics is of the opinion that QuadReal 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 six use of proceeds categories are aligned with those recognized by the GBP. Sustainalytics elaborates below on the need to transition the building and real estate sector in Canada to become low carbon and climate resilient and how QuadReal's eligible projects will contribute towards this goal.

Importance of promoting sustainability development of the real estate sector in Canada

Under the Paris agreement, Canada has committed to reducing its GHG emissions 30% below 2005 levels by 2030.¹⁵ More recently, the Government of Canada announced its plans to achieve net-zero emissions by 2050.¹⁶ Canada's building sector, which currently contributes to 17% of the nation's total GHG emissions, will have to lower its operational and lifecycle emissions. The Pan-Canadian Framework on Clean Growth and Climate Change¹⁷ lists the building sector as one of the critical sectors to decarbonize if Canada is to achieve its emission reduction targets.

While the energy intensity of buildings in Canada has fallen in the recent years, absolute energy demand has increased by 8% for residential building and 35% commercial buildings between 1990 to 2015.¹⁸ Buildings in Canada have relatively high energy intensity compared to other countries,¹⁹ mainly due to climatic conditions and a high standard of living; with space heating, which is primary powered by fossil fuels,²⁰ consuming the largest share of a building's energy (61%), followed by water heating (19%), appliances (14%), lighting (4%)

¹¹ QuadReal, Occupation Health and Safety Policy, January 2019, at: <https://www.quadreal.com/wp-content/uploads/2019/04/Occupational-Health-and-Safety-Policy-2019.pdf>

¹² QuadReal, Environmental Policy, January 2019, at: <https://www.quadreal.com/wp-content/uploads/2019/04/Environmental-Policy-2019-1.pdf>

¹³ QuadReal, ISO 14001 certification (2019-2022), at: https://www.quadreal.com/wp-content/uploads/2019/12/QuadReal_ISO-14001_Certificate_Dec2019.pdf

¹⁴ QuadReal, Sustainability and EHS Committee, (Accessed on 30 June 2020), at: <https://www.quadreal.com/wp-content/uploads/2019/04/Sustainability-EHS-Cmt-Mandate.pdf>

¹⁵ Canada's 2017 Nationally Determined Contribution Submission To The United Nations Framework Convention On Climate Change (Revised Submission), May 2017, at: <https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Canada%20First/INDC%20-%20Canada%20-%20English.pdf>

¹⁶ Canada advanced climate action and remains committed to ambitious global action as United Nations Climate Change Conference concludes, News release, December 2019, at: <https://www.canada.ca/en/environment-climate-change/news/2019/12/canada-advanced-climate-action-and-remains-committed-to-ambitious-global-action-as-united-nations-climate-change-conference-concludes.html>

¹⁷ The Pan-Canadian Framework on Clean Growth and Climate Change is Canada's national plan to reduce emissions and build resilience to adapt to a changing climate, while promoting healthy economic growth, read more: http://publications.gc.ca/collections/collection_2017/eccc/En4-294-2016-eng.pdf

¹⁸ Standing Senate Committee on Energy, the Environment and Natural Resources, Reducing Greenhouse Gas Emission from Canada's Built Environment, November 2018, at: https://sencanada.ca/content/sen/committee/421/ENEV/reports/ENEV_Buildings_FINAL_e.pdf

¹⁹ EIA, Global energy consumption driven by more electricity in residential, commercial buildings, October 2018, at: <https://www.eia.gov/todayinenergy/detail.php?id=41753>

²⁰ Standing Senate Committee on Energy, the Environment and Natural Resources, Reducing Greenhouse Gas Emission from Canada's Built Environment, November 2018, at: https://sencanada.ca/content/sen/committee/421/ENEV/reports/ENEV_Buildings_FINAL_e.pdf

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and space cooling (3%).²¹ In this context, QuadReal’s investment in non-fossil fuel powered heating, ventilation, air condition systems as well as district heating that is powered more than 50 percent by renewable energy or waste heat will meaningfully contribute towards reducing building’s GHG footprint.

It is estimated that in order to achieve GHG emissions reductions from buildings at a level that is consistent with Canada’s national GHG emission reduction targets, a reduction of about 25 Mt CO₂e will be necessary annually until 2030.²² Therefore, to help lower building footprint, the federal, provincial and territorial governments of Canada are working to develop and adopt more stringent building codes, starting in 2020.²³ The goal is that provinces and territories adopt a “net-zero energy ready” model building code by 2030.²⁴ The Standing Senate Committee on Energy, the Environment and Natural Resources estimates that if identified policy measures - such as those identified under the Pan-Canadian Framework on Clean Growth and Climate Change²⁵ are implemented, there is a potential to reduce 2030 emission by 20% below 2015 levels.

Therefore, Sustainalytics is of the opinion that eligible projects mentioned in QuadReal’s Green Bond Framework will likely contribute towards achieving not only declines in building-related emissions but also support Canada in attaining its national GHG emission reduction target.

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
Green Buildings	11. Sustainable Cities and Communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Resource and Energy Efficiency	6. Clean Water and Sanitation	6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.
	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Pollution Prevention and Control	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

²¹ Natural Resource Canada, Heating equipment for residential use, (accessed in July 2020), at: <https://www.nrcan.gc.ca/energy-efficiency/energy-efficiency-products/product-information/heating-equipment-residential-use/13740>

²² https://sencanada.ca/content/sen/committee/421/ENEV/reports/ENEV_Buildings_FINAL_e.pdf

²³ Environment and Climate Change Canada, Canada’s Seventh National Communication on Climate Change and Third Biennial Report—Actions to meet commitments under the United Nations Framework Convention on Climate Change, 2017, at:

https://unfccc.int/files/national_reports/national_communications_and_biennial_reports/application/pdf/82051493_canada-nc7-br3-1-5108_eccc_can7thncomm3rdbi-report_en_04_web.pdf

²⁴ https://unfccc.int/files/national_reports/national_communications_and_biennial_reports/application/pdf/82051493_canada-nc7-br3-1-5108_eccc_can7thncomm3rdbi-report_en_04_web.pdf

²⁵ Measures identified under the Pan-Canadian Framework on Clean Growth and Climate Change are – (i) making new buildings more energy efficient (ii) Retrofitting existing buildings, and fuel switching (iii) improving energy efficiency for appliances and equipment (iv) Supporting mandatory energy labelling and disclosure (v) Supporting building codes and energy efficient housing in Indigenous communities.

	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.
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
Climate Change Adaptation	13. Climate Action	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

Conclusion


QuadReal has developed the Framework under which BCI QuadReal Realty intends to issue green bonds and use the proceeds to reduce their environmental footprint by financing construction, development and acquisition of green buildings, investing in renewable energy, clean transport, resource efficiency measures, pollution prevention and control technologies as well as finance research initiatives that promote climate change adaptation in the buildings sector. Sustainalytics considers that the projects funded by the green bond proceeds will provide positive environmental impact by increasing resource efficiency thereby reducing pollution as well as improving the resilience of the buildings sector to climate change impacts.

The 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 Framework is aligned with the overall sustainability strategy of the company and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals (6, 7, 11, 12 and 13). Additionally, Sustainalytics is of the opinion that QuadReal 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 QuadReal is well-positioned to issue green bonds and that the Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2018.

Appendices

Appendix 1: Green Building Certification Schemes

	LEED ²⁶	BOMA BEST ²⁷
Background	Leadership in Energy and Environmental Design (LEED) is a U.S.-based, globally-used certification system for the rating of green buildings across various building types. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and includes programs covering the design, construction, maintenance and operation of buildings.	BOMA BEST, administered by the Building Owners and Managers Association (BOMA) of Canada, is a certification program for existing buildings. The assessment considers performance and operation of buildings in a wide range of performance and operations categories.
Certification levels	Certified Silver Gold Platinum	Certified Bronze Silver Gold Platinum
Areas of Assessment: Environmental Performance of the Building	<ul style="list-style-type: none"> • Energy and atmosphere • Sustainable Sites • Location and Transportation • Materials and resources • Water efficiency • Indoor environmental quality • Innovation in Design • Regional Priority 	<ul style="list-style-type: none"> • Energy • Water • Air • Comfort • Health and Wellbeing • Custodial • Purchasing • Waste • Site • Stakeholder Engagement
Requirements	Prerequisites (independent of level of certification) + Credits with associated points. These points are then added together to obtain the LEED certification level. There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).	To be eligible for BOMA BEST a series of questions must be answered about the building. Each question describes an environmental measure that impacts building management or performance, some being more important than others. Points are attributed to each question, except for BEST Practices which are minimum requirements. The number of points available per question is calculated as a factor of the impact and importance of the measure/initiative. The outcome is a points system that awards more points for taking action where it matters, actions that lead to better understanding of building systems and improved operational performance.
Performance display		
Accreditation	LEED AP BD+C LEED AP O+M	
Qualitative considerations	Widely recognised internationally, and strong assurance of overall quality.	Most commonly used certification for existing buildings in Canada and considered less administratively burdensome for existing buildings.

²⁶ USGBC, "LEED rating system" at: www.usgbc.org/LEED

²⁷ Building Owners and Managers Association of British Columbia, "Building Environmental Standards" at: <https://www.boma.bc.ca/green-buildings/boma-best/>

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

Section 1. Basic Information

Issuer name:	Green Bond Framework by QuadReal Property Group. Issuer is BCI QuadReal Realty
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	CA 05554PAA18
Review provider's name:	Sustainalytics
Completion date of this form:	July 15, 2020
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

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

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

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

ROLE(S) OF REVIEW PROVIDER

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

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

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

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible categories for the use of proceeds include Green Buildings, Renewable Energy, Resource and Energy Efficiency, Pollution Prevention and Control, Clean Transportation, and Climate Change Adaptation and are aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG goals 6, 7, 11, 12 and 13.

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 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 GBP | <input type="checkbox"/> Other (<i>please specify</i>): |

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

QuadReal has established a Green Bond Steering Committee comprised of representatives from the Company's Sustainability, Finance, Portfolio Management and Treasury and Capital Markets departments. This committee will be responsible for identifying and selecting eligible projects to be financed under this Framework. Sustainalytics considers the project selection process in line with market practice.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability 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 Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |

QuadReal Green Bond Framework

- 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*):

The proceeds raised under this Framework will be deposited into QuadReal's general account and will be used to finance projects selected by the Green Bond Steering Committee. QuadReal commits to allocating 100 percent of its proceeds within 24 months from issuance. Unallocated proceeds within this period will be held in cash, short-term deposits, or other instruments as well as to repay outstanding debt under credit facilities or commercial paper that are unrelated to fossil fuel investment. This is in line with market practice.

Tracking of proceeds:

- Green 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*):

QuadReal intends to report allocation of proceeds on its website on an annual basis or in case of material changes, until full allocation. In addition, QuadReal will strive to report relevant impact metrics such as annual energy savings, reduction in GHG emissions, water consumption and waste generation etc. Sustainalytics views QuadReal'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
 Green 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
 Other ESG indicators (*please specify*): Achieving green building certification by building or square footage

Frequency

- Annual
 Semi-annual
- Other (*please specify*):

Means of Disclosure

- Information published in financial report
 Information published in sustainability report
- Information published in ad hoc documents
 Other (*please specify*):
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

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

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

The Framework is available at: <https://www.quadreal.com/sustainability/green-bonds/>

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 INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

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

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Sustainalytics

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