

Second-Party Opinion

Landsec Green Financing Framework



Evaluation Summary

Sustainalytics is of the opinion that the Landsec Green Financing Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2023. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Green Buildings, Renewable Energy and Energy Efficiency – are aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7 and 9.



PROJECT EVALUATION AND SELECTION Landsec's Green Financing Committee is responsible for overseeing the evaluation and selection of eligible projects. Landsec's governance structure, policies and procedures of identifying, monitoring and mitigating environmental and social risks is applicable to all allocation decisions made under the Framework. Sustainalytics considers these risk management systems to be adequate and the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS Landsec's treasury team will monitor and track the allocation of proceeds by using internal reporting systems. Landsec commits to fully allocating net proceeds within 24 months of issuance. Unallocated proceeds will be temporarily invested in cash, cash equivalent or other liquid marketable instruments. This is in line with market practice.



REPORTING Landsec intends to report on the allocation of proceeds in the Green Financing report which will be published on its website on an annual basis until full allocation. The allocation report will include a list of eligible projects financed or refinanced, the aggregated amount of allocated net proceeds, the proportion of financing versus refinancing, and the balance of unallocated proceeds. In addition, Landsec is committed to reporting on relevant impact metrics. Sustainalytics views Landsec's allocation and impact reporting as aligned with market practice.

Evaluation date March 2, 2023

Issuer Location London, England

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Introduction

Land Securities Group PLC (“Landsec” or the “Company”) is a real estate investment trust engaged in buying, selling, developing and managing commercial property in the United Kingdom. The Company’s real estate portfolio is made up of office, retail and leisure spaces in London and across the rest of the UK, totaling 24 million square feet and GBP 10.9 billion (EUR 12.5 billion) as of 30 September 2022.

Landsec has developed the Landsec Green Financing Framework (the “Framework”) under which it intends to issue green bonds, loans and other forms of debt financing,¹ and use the proceeds to finance or refinance, in whole or in part, existing and future projects aimed at contributing to a low-carbon economy in the UK. The Framework defines eligibility criteria in three areas:

1. Green Buildings
2. Renewable Energy
3. Energy Efficiency

Landsec engaged Sustainalytics to review the Landsec Green Financing Framework, dated March 2023,² and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)³ and the Green Loan Principles 2023 (GLP).⁴ The Framework will be published in a separate document.⁵

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁶ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

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

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2023, as administered by LMA, APLMA and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.12, 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 Landsec’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. Landsec representatives have confirmed (1) they understand it is the sole responsibility of Landsec to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

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

¹ Landsec has clarified that other debt-like financing instruments may include schuldchein, US private placement and private placement. Landsec has confirmed to Sustainalytics that only debt financing will be included under the Framework; equity financing and share allotment are excluded from private placement.

² The Framework updates and replaces Landsec Green Bond Framework, for which Sustainalytics had provided a previous second-party opinion, available at: <https://landsec.com/sites/default/files/2019-11/Landsec%20Green%20Bond%20Framework%20Second-Party%20Opinion.pdf>

³ 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/>.

⁴ The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at <https://www.lsta.org/content/green-loan-principles/>

⁵ The Landsec Green Financing Framework is available on Landsec’s website at: <https://landsec.com/investorsdebt-investors/green-bonds>

⁶ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Landsec has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Landsec Green Financing Framework

Sustainalytics is of the opinion that the Landsec Green Financing Framework is credible and impactful, and aligns with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories – Green Buildings, Renewable Energy and Energy Efficiency – are aligned with those recognized by the GBP and GLP.
 - Under the Green Buildings category, Landsec may finance or refinance:
 - Construction of commercial buildings that achieve or aim to achieve the following minimum green building certification levels: BREEAM Excellent or above, or LEED Gold or above. In addition, financing under this sub-category must meet at least one of the following criteria: i) commercial office buildings achieve an embodied carbon intensity of 600 kgCO₂e/m², or reduce embodied carbon emissions by a minimum of 15% compared to a design stage (RIBA Stage 3) baseline; ii) achieve or aim to achieve energy performance certificate (EPC) level A or NABERS UK Energy 5 Stars or above. Sustainalytics views these certifications as credible and the levels selected as aligned with market practice, and further recognizes the importance of reducing embodied carbon emissions in buildings and highlights Landsec's ambition to address this issue by conducting whole building lifecycle analysis to quantify the carbon emissions associated with the built environment.
 - Acquisition of commercial buildings that achieve or are expected to achieve at least one of the following certification levels: BREEAM Excellent or above, LEED Gold or above, EPC level A or above, NABERS UK Energy 5 Stars or above. Sustainalytics views these certifications as credible and the levels selected as aligned with market practice.
 - Major refurbishments that improve the energy-efficiency performance of the building or space to achieve EPC level B or above, and additionally at least one of the following criteria: i) at least a 30% improvement in energy efficiency, ii) NABERS UK Energy 4 Stars or above. Sustainalytics considers this to be in line with market practice.
 - Under the Renewable Energy category, Landsec may finance or refinance the acquisition, installation, maintenance and repair of on-site renewable energy equipment. This may include the following and their ancillary technical equipment:
 - Solar photovoltaic systems or solar hot-water panels
 - Wind turbines
 - Thermal or electric energy storage units
 - Heat pumps. Landsec has confirmed that this will include only electric air- and ground-source heat pumps and will exclude heat pumps with high-GWP refrigerants. Landsec has also confirmed they have the proper controls in place, ensuring leak control,

- detection and monitoring, and the appropriate recovery, reclamation, recycling or destruction of refrigerants at end of life.
- Sustainalytics views the above to be in line with market practice.
- Under the Energy Efficiency category, Landsec may finance or refinance the acquisition, installation, maintenance and repair of:
 - Energy-efficiency equipment, such as insulation equipment; energy-efficient windows, doors and lighting; and HVAC and water heating systems. Sustainalytics views this as aligned with market practice.
 - Instruments and devices to measure, regulate and control the energy performance of buildings. This may include:
 - Zoned or smart thermostats and sensing equipment
 - Building automation and control systems
 - Energy management systems
 - Smart meters for gas, heat, cool and electricity
 - Light control systems
 - Façade or roofing elements such as solar shading or control
 - Sustainalytics notes that financing of smart meters for gas is aligned with the Technical Screening Criteria of the EU Taxonomy for the activity “Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings”.⁷ Sustainalytics considers smart gas meters to be suitable for transition financing as such financing may prolong fossil fuel consumption.
- Project Evaluation and Selection:
 - Landsec’s Green Financing Committee (GFC) is responsible for identifying, selecting and monitoring projects that meet the eligibility criteria defined under the Framework. The GFC is composed of representatives from the Company’s treasury and sustainability functions.
 - Landsec has in place a governance structure and policies and procedures to identify, monitor and mitigate environmental and social risks of investments that are applicable to all allocation decisions made under the Framework. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with market expectation. For additional detail, please see Section 2.
 - Based on the presence of cross-functional oversight of project selection and systems for risk management, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - Landsec’s treasury team will monitor and track the allocation of proceeds by using the Company’s reporting systems.
 - Landsec commits to fully allocating net proceeds within 24 months of issuance. Unallocated proceeds will be temporarily invested in cash, cash equivalent or other liquid marketable instruments in accordance with the Company’s liquidity management policy.
 - Landsec has established a three-year look-back period for the refinancing of capex and opex.
 - Based on the presence of an internal tracking system and the disclosure of temporary and full allocation, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Landsec commits to reporting on the allocation and impact of net proceeds in its Green Financing report, which will be published annually on Landsec’s website until full allocation.
 - Allocation reporting will include a list of eligible projects financed or refinanced, the aggregated amount of allocated net proceeds, the proportion of financing versus refinancing and the balance of unallocated proceeds.
 - Impact reporting may include the certification scheme and level, and gross building area (in m²), the annual GHG emissions reduced or avoided relative to a baseline (in tCO₂e), the percentage of carbon emissions reduced or avoided relative to a baseline, the annual renewable energy generation (in kWh), the capacity of renewable energy equipment installed (in kW), and the annual energy savings (in kWh).

⁷ European Commission, “Commission Delegated Regulation (EU) 2021/2139”, at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R2139&from=EN>

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

Alignment with Green Bond Principles 2021 and Green Loan Principles 2023

Sustainalytics has determined that the Landsec Green Financing Framework aligns with the four core components of the GBP and GLP. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Performance of Landsec

Contribution to Landsec's sustainability strategy

Sustainalytics is of the opinion that Landsec demonstrates a commitment to sustainability with a focus on reducing its carbon and environmental footprint.⁸

Landsec is committed to investing GBP 135 million (EUR 152 million) to decarbonize its portfolio by designing and developing net zero carbon buildings.⁹ Landsec has set the targets of reducing its absolute carbon emissions by 70% and reducing energy intensity by 45% from a 2014 baseline by 2030. The Company has also established the goal of reducing embodied carbon emissions in building design and development by 50% across its portfolio by 2030 from 2014 baseline.¹⁰ Landsec plans to achieve the targets by utilizing artificial intelligence technologies to improve building management systems, educating and involving consumers in energy conservation to reduce usage, in addition to substituting gas-fired boilers with air source heat pumps¹¹ and deploying energy efficient LED in its commercial office portfolio and generating renewable energy on site. Landsec aims to increase its onsite generation of renewable energy to 3 MW in 2030 from 1.5 MW in 2022.¹² To increase the use of renewable energy in its portfolio, Landsec intends to achieve 85% of total energy to be renewable in its portfolio by 2030, compared to the 2021-2022 level of 66%.¹³ In the reporting period 2021-2022, Landsec achieved an operational carbon reduction of 52% from 2014 and reduced energy intensity by 34%.¹⁴ To minimize its environmental impact, Landsec aims to attain a 25% biodiversity net gain across its operational sites¹⁵ and achieve a 75% recycling rate across its operational and new developing sites by incorporating circular economy principles.¹⁶

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

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental and social impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues involving land use and biodiversity issues associated with large-scale infrastructure development, emissions, effluents and waste generated in construction, occupational health and safety, and supply chain.

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

- Landsec has in place an Environment and Energy Policy where it is committed to integrating biodiversity considerations into its activities and engaging with local stakeholders to minimize its

⁸ Landsec, "Sustainable Policy", (2022), at: <https://landsec.com/sites/default/files/2022-03/Landsec%20Sustainability%20Policy%202022.pdf>

⁹ Landsec, "Landsec to invest £135m to significantly decarbonise its portfolio by 2030", (2021), at: <https://landsec.com/media/press-releases/2021/landsec-invest-ps135m-significantly-decarbonise-its-portfolio-2030>

¹⁰ Landsec, "Sustainable Development Toolkit", (2022), at: <https://www.landsec.com/sites/default/files/2022-07/Sustainable%20Development%20Toolkit%20July%202022.pdf>

¹¹ Landsec, "Landsec to invest £135m to significantly decarbonise its portfolio by 2030", (2021), at: <https://landsec.com/media/press-releases/2021/landsec-invest-ps135m-significantly-decarbonise-its-portfolio-2030>

¹² Landsec, "Build Well", at: <https://landsec.com/sustainability/efficient-use-natural-resources/climate-change-carbon>

¹³ Landsec, "Sustainability Performance and Data Report", (2022), at: <https://landsec.com/sites/default/files/2022-06/Landsec%20Sustainability%20Performance%20and%20Data%20Report%20FINAL%2007.06.22.pdf>

¹⁴ Ibid.

¹⁵ Landsec, "Build Well", at: <https://landsec.com/sustainability/build-well/enhancing-nature-and-green-spaces>

¹⁶ Landsec, "Sustainability Performance and Data Report", (2022), at: <https://landsec.com/sites/default/files/2022-06/Landsec%20Sustainability%20Performance%20and%20Data%20Report%20FINAL%2007.06.22.pdf>

harm to the natural environment.¹⁷ Landsec has established an environmental management system in accordance with the international standard ISO 14001 focusing on environmental protection and pollution.¹⁸ Additionally, Landsec has a Responsible Property Investment Policy which mandates the physical and environmental due diligence of assets before acquisition.¹⁹

- Regarding emissions, effluents and waste generated in construction, the UK is recognized as a Designated Country under the Equator Principles, indicating the presence of robust environmental and social governance legislation systems and institutional capacity to ensure the mitigation of common environmental and social risks.²⁰ Additionally, Landsec's combined Energy and Environment management system, certified to ISO 14001 and ISO 50001 standards, ensures that Landsec strictly manages its statutory obligations regarding hazardous waste.²¹
- Landsec has a health and safety management system in place in line with the ISO 45001 standard to manage or mitigate workplace injuries and hazards. The Company has also put in place a Health and Safety Policy to set expectations and work safety training, monitoring and auditing procedures.²²
- To address environmental and social risks throughout the supply chain, the Company has established Supply Chain Commitments which set requirements related to environmental protection, labour conditions, human rights, health and safety, and business ethics for all suppliers.²³

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Landsec 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 three use of proceeds categories are aligned with those recognized by the GBP and GLP. Sustainalytics focuses below on green buildings whose impact is specifically relevant in the local context.

Importance of increasing green buildings in the UK

In the UK, the building sector is a key contributor to GHG emissions and plays a crucial role in the country's low-carbon transition. In 2022, the UK's built environment (including buildings and infrastructure) was responsible for 25% of the country's total GHG emissions.²⁴ The UK housing stock is the oldest in Europe, with 40% of houses in England and Wales built before 1919 and a significant proportion have uninsulated cavity walls, thus energy inefficient.^{25,26} Furthermore, a large share of the energy consumed in buildings is generated from fossil fuels, with gas boilers being the primary heating source for 85% of homes in the UK.²⁷

The UK's Integrated National Energy and Climate Plan includes a target to achieve countrywide net zero GHG emissions by 2050.²⁸ The UK has also set intermediate emission reduction goals of 68% by 2030 and 78% by 2035 relative to 1990 levels.²⁹ According to the Climate Change Committee – a UK government advisory body – two solutions to address the issue of GHG emissions from buildings are to increase the energy efficiency

¹⁷ Landsec, "Environment and Energy Policy", (2022), at: <https://landsec.com/sites/default/files/2022-03/Landsec%20Environment%20%20Energy%20Policy%202022.pdf>

¹⁸ Landsec, "Sustainability Performance and Data Report", (2022), at: <https://landsec.com/sites/default/files/2022-06/Landsec%20Sustainability%20Performance%20and%20Data%20Report%20FINAL%2007.06.22.pdf>

¹⁹ Landsec, "Responsible Property Investment Policy", (2022), at: <https://landsec.com/sites/default/files/2022-03/Landsec%20Responsible%20Property%20Investment%20Policy%202022.pdf>

²⁰ The Equator Principles, "Designated Countries", at: <https://equator-principles.com/designated-countries/>

²¹ Landsec, "Annual Report", (2022), at: https://landsec.com/sites/default/files/2022-06/Landsec%20AR%202022%20Interactive_FINAL.pdf

²² Landsec, "Health and Safety Policy", (2020), at: https://landsec.com/sites/default/files/2020-07/Landsec%20Group%20Health%20and%20Safety%20Policy%202020_0.pdf

²³ Landsec, "Our Supply Chain Commitments", (2022), at: <https://landsec.com/sites/default/files/2022-07/Our%20Supply%20Chain%20Commitments%20-%20July%202022.pdf>

²⁴ UK Parliament, "Emissions must be reduced in the construction of buildings if the UK is to meet net zero, MPs warn", (2022), at: <https://committees.parliament.uk/committee/62/environmental-audit-committee/news/171103/emissions-must-be-reduced-in-the-construction-of-buildings-if-the-uk-is-to-meet-net-zero-mps-warn/>

²⁵ UK Green Building Council, "Climate Change", (2022), at: <https://www.ukgbc.org/climate-change-2/>

²⁶ Piddington, J. et al. (2020), "The Housing Stock of The United Kingdom", BRE Trust, at: https://files.bregroup.com/bretrust/The-Housing-Stock-of-the-United-Kingdom_Report_BRE-Trust.pdf

²⁷ Committee on Climate Change, "Heat in UK buildings today", (2019), at: <https://www.theccc.org.uk/wp-content/uploads/2017/01/Annex-2-Heat-in-UK-Buildings-Today-Committee-on-Climate-Change-October-2016.pdf>

²⁸ UK Department for Business, Energy & Industrial Strategy, "The UK's Integrated National Energy and Climate Plan", (2020), at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/991649/uk-integrated-national-energy-climate-plan-necp-31-january-2020.pdf

²⁹ Government of the UK, "UK enshrines new target in law to slash emissions by 78% by 2035", (2021), at: <https://www.gov.uk/government/news/uk-enshrines-new-target-in-law-to-slash-emissions-by-78-by-2035>

of the buildings themselves and to stimulate the adoption of low-carbon heating options.³⁰ In this sense, the UK government-sponsored Green Homes Grant in 2020 provided GBP 2 billion (EUR 2.34 billion) to homeowners to improve energy performance of existing residential building stocks and GBP 1 billion (EUR 1.17 billion) to improve the energy efficiency of publicly owned buildings.³¹

Based on the above, Sustainalytics expects Landsec’s financing of green buildings in the UK to be impactful in reducing GHG emissions and energy consumption from the UK’s building sector and to support the country in achieving its climate targets.

Contribution to SDGs

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

Use of Proceeds Category	SDG	SDG target
Green Buildings	9. Industry Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
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

Conclusion

Land Securities Group PLC has developed the Landsec Green Financing Framework under which it may issue green bonds loans and other forms of debt financing and use the proceeds to finance projects under the Green Buildings, Renewable Energy and Energy Efficiency categories. Sustainalytics considers that the projects funded by the green finance proceeds are expected to provide positive environmental impact.

The Landsec Green Financing Framework outlines a process for tracking, allocating and managing proceeds, and make commitments for Landsec to report on their allocation and impact. Furthermore, Sustainalytics believes that the Landsec Green Financing Framework is aligned with the overall sustainability strategy of the Company and that the green use of proceeds categories are expected to contribute to the advancement of the UN Sustainable Development Goals 7 and 9. Additionally, Sustainalytics is of the opinion that Landsec has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that Landsec is well positioned to issue green bonds, loans and other forms of debt financing and that the Landsec Green Financing Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2023.

³⁰ UK Climate Change Committee, "Taking stock of the UK Government’s Heat and Buildings Strategy", at: <https://www.theccc.org.uk/2022/03/09/taking-stock-of-the-uk-governments-heat-and-buildings-strategy/>

³¹ Government of the UK, "Greener homes, jobs and cheaper bills on the way as government launches biggest upgrade of nation’s building in a generation", (2020), at: <https://www.gov.uk/government/news/greener-homes-jobs-and-cheaper-bills-on-the-way-as-government-launches-biggest-upgrade-of-nations-buildings-in-a-generation>

Appendix

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

Section 1. Basic Information

Issuer name:	Landsec
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Landsec Green Financing Framework
Review provider's name:	Sustainalytics
Completion date of this form:	March 2, 2023
Publication date of review publication: Original publication date <i>[please fill this out for updates]</i> :	

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 – Green Buildings, Renewable Energy and Energy Efficiency – are aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7 and 9.

Use of proceeds categories as per GBP:

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

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Landsec's Green Financing Committee is responsible for overseeing the evaluation and selection of eligible projects. Landsec's governance structure, policies and procedures of identifying, monitoring and mitigating environmental and social risks is applicable to all allocation decisions made under the Framework. Sustainalytics considers these risk management systems to be adequate and 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 |

- 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*):

Landsec's treasury team will monitor and track the allocation of proceeds by using internal reporting systems. Landsec commits to fully allocating net proceeds within 24 months of issuance. Unallocated proceeds will be temporarily invested in cash, cash equivalent or other liquid marketable instruments. 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*):

Landsec intends to report on the allocation of proceeds in the Green Financing report which will be published on its website on an annual basis until full allocation. The allocation report will include a list of eligible projects financed or refinanced, the aggregated amount of allocated net proceeds, the proportion of financing versus refinancing, and the balance of unallocated proceeds. In addition, Landsec is committed to reporting on relevant impact metrics. Sustainalytics views Landsec'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):
a list of eligible projects financed or refinanced, the proportion of financing versus refinancing, and the balance of unallocated proceeds.

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):
Type of scheme, certification level and gross building area (in m²); Annual renewable energy generation (in kWh); Capacity of renewable energy equipment installed (in kW)

Frequency

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

Means of Disclosure

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

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

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

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <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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