

Second Party Opinion

CapitaLand Integrated Commercial Trust Green Finance Framework

Feb. 14, 2022

CapitaLand Integrated Commercial Trust (CICT) is one of the largest Real Estate Investment Trust (REIT) in Singapore. CICT invests in retail and office properties and integrated developments. Its portfolio consists of 21 properties¹ in Singapore and two in Frankfurt with an asset value of Singapore dollars (S\$) 22.5 billion as at Dec. 31, 2021. CapitaLand Integrated Commercial Trust Management Ltd. (CICTML), a wholly owned subsidiary of Singapore-listed CapitaLand Investment (CLI), manages CICT.

In our view, CICT's Green Finance Framework, published in February 2022, is aligned with:

- ✓ Green Bond Principles (GBP), ICMA, 2021
- ✓ Green Loan Principles (GLP), LMA/LSTA/APLMA, 2021

Issuer's Sustainability Objectives

CICT develops its sustainability strategy in step with CapitaLand Group's 2030 Sustainability Master Plan. CapitaLand has set science-based targets as part of its master plan, whereby it will reduce carbon emission intensity by 78%, energy intensity by 35%, and water intensity by 45%, compared with its 2008 performance. CICT aims to align itself with these objectives, which will require CICT to reduce its environmental footprint.

CICT sees green building as the key enabler of its sustainability objectives, with certifications an external validation of its environmental performance. In Singapore, CICT's minimum target certification for its new developments is BCA Green Mark Gold Plus. CICT aims to maintain BCA Green Mark certifications for its existing assets. Outside Singapore, CICT aspires to achieve minimum green certification level by 2030, meaning the ambition is lower compared with that in its home market.

CICT has developed a Green Finance Framework to align its funding strategy with its sustainability commitments.

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¹ On Jan. 24, 2022, CICT announced the sale of one of its properties, JCube, in Singapore.

Second Party Opinion Summary


Use of proceeds

Alignment  CICT's Green Finance Framework is aligned with this component of the GBP and GLP.

Score Not aligned **Aligned** Strong Advanced

The issuer commits to allocating the net proceeds from instruments issued under its Green Finance Framework exclusively to eligible green projects, which support the environmental objectives of climate change mitigation, natural resource conservation, and pollution prevention and control.

Process for project evaluation and selection

Alignment  CICT's Green Finance Framework is aligned with this component of the GBP and GLP.

Score Not aligned **Aligned** Strong Advanced

The framework details a process in which the finance team will select eligible green projects, which CICTML's chief executive officer (CEO) and chief financial officer (CFO) will review and approve on an annual basis. CICT also provides information on processes whereby it identifies and manages environmental and social risks associated with eligible green projects.

Management of proceeds

Alignment  CICT's Green Finance Framework is aligned with this component of the GBP and GLP.

CICT commits to track and monitor the use of proceeds of each green transaction under the framework at least on an annual basis. Pending the allocation of proceeds, CICT will hold them in cash and cash equivalents, as per its treasury policy.

Reporting

Alignment  CICT's Green Finance Framework is aligned with this component of the GBP and GLP.

Score Not aligned **Aligned** Strong Advanced

CICT will report annually on both the proceeds allocation and the environmental impact, where relevant and feasible, of financed projects in a sustainability report or on its corporate website until full allocation.

Framework Assessment

Use of proceeds

The Principles make optional recommendations for stronger structuring practices, which inform our alignment opinion as aligned, strong, or advanced. For use of proceeds, we consider the commitments and clarity on how the proceeds are used.

 CICT's Green Finance Framework is aligned with this component of the GBP and GLP.

Commitments score

Not aligned

Aligned

Strong

Advanced

We consider CICT's overall use of proceeds commitments to be aligned.

CICT commits to allocating the net proceeds of financing under its framework exclusively to eligible green projects. Eligible categories include green buildings, renewable energy, energy efficiency, waste management, sustainable water management, and clean transportation, with a description of eligibility criteria.

These categories contribute to the GBP's and GLP's environmental objectives of climate change mitigation, natural resource conservation, and pollution prevention and control. For example, renewable energy projects, including solar energy, and clean transportation projects such as electric vehicle charging infrastructure contribute to climate change mitigation through the reduction of greenhouse gas emissions. The framework's eligible categories also support targeted United Nations' (U.N.) Sustainable Development Goals (SDGs), such as affordable and clean energy (SDG 7), and sustainable cities and communities (SDG 11) and responsible consumption and production (SDG 12).

However, CICT does not commit to disclosing the share of financing versus refinancing in the use of proceeds, a limitation to its use of proceeds commitment.

Process for project evaluation and selection

The Principles make optional recommendations for stronger structuring practices, which inform our alignment opinion as aligned, strong, or advanced. For our process for project selection and evaluation, we consider the commitments and clarity on the process used to evaluate and select eligible projects to fund with the proceeds of the sustainable finance instrument.

 CICT's Green Finance Framework is aligned with this component of the GBP and GLP.

Commitments score

Not aligned

Aligned

Strong

Advanced

We consider CICT's overall process for project selection and evaluation commitments to be aligned.

The Green Finance Framework describes CICT's process to evaluate and select eligible green projects. CICT's Finance team will select and review projects that are eligible for financing and then present them to the CFO and CEO for approval on an annual basis. Subject matter experts involved in managing the properties may provide technical input during the selection process, if needed.

CICT will leverage its risk management policies to identify and manage perceived environmental and social risks associated with the financed projects. In particular, CICT conducts an Environmental Impact Assessment during the feasibility stage of all its development project.

However, the process does not rely systematically on market-based taxonomies, standards, or certifications to screen project.

Management of proceeds

The Principles require disclosure of the issuer's management of proceeds from sustainable finance over the life of the funding. The alignment opinion focuses on how clear in the documentation is the issuer's commitment to ensure that the funds raised will remain dedicated to eligible sustainability projects throughout the life of the sustainable finance funding.

 CICT's Green Finance Framework is aligned with this component of the GBP and GLP.

CICT's finance team commits to track the proceeds allocated to eligible green projects as long as there are outstanding instruments.

If a project ceases to fulfill the eligibility criteria, CICT will reallocate the funding to other eligible green projects.

CICT will hold unallocated net proceeds in cash and cash equivalent instruments according to its treasury policy. CICT also aims to fully allocate the net proceeds of the green financing instruments within 24 months from the date of issuance.

Reporting

The Principles make optional recommendations for stronger disclosure practices, which inform our disclosure opinion as aligned, strong, or advanced. We consider plans for updates on the sustainability performance of the issuer for general purpose funding, or the sustainability performance of the financed projects over the lifetime of any dedicated funding, including any commitments to post-issuance reporting.

 CICT's Green Finance Framework is aligned with this component of the GBP and GLP.

Disclosure score

Not aligned

Aligned

Strong

Advanced

We consider CICT's overall reporting practices to be aligned.

CICT will publish annually in its sustainability report or on its corporate website the aggregate amount allocated to eligible green projects and the balance of funds unallocated.

CICT also commits to report, where feasible, the environmental impact of eligible green projects through a set of indicators aggregated at category level. These metrics include annual energy savings, waste treated/recycled, power generated from renewable energy, and number of lots installed for charging electric vehicles, among others.









CICT will not have an independent third-party verification or audit of its allocation reporting post-issuance, nor does it commit to disclose the key underlying methodology or assumptions used to calculate the quantitative performance measure.

Mapping To The U.N.'s Sustainable Development Goals

The SDGs, which the U.N. set up in 2015, form an agenda for achieving sustainable development by 2030.

We use the International Capital Market Association's (ICMA's) SDG mapping for this part of the report. We acknowledge that ICMA's mapping does not provide an exhaustive list of SDGs and that ICMA recommends each project category be reviewed individually to map it to the relevant SDGs.

CICT's Green Finance Framework intends to contribute to the following SDGs:

Use of proceeds	SDGs		
Green Buildings	 7. Affordable and clean energy	 11. Sustainable cities and communities*	 13. Climate action
Renewable Energy	 7. Affordable and clean energy*	 12. Responsible consumption and production*	
Energy Efficiency	 7. Affordable and clean energy*	 9. Industry, innovation and infrastructure*	
Waste Management	 12. Responsible consumption and production*		

Sustainable Water
Management



**12. Responsible
consumption and
production***

Clean Transportation



**11. Sustainable
cities and
communities***

*The eligible project categories link to these SDGs in the ICMA mapping.

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