

# KILROY REALTY CORPORATION GREEN BOND

## DNV ASSURANCE OPINION

### Scope and objectives

Kilroy Realty Corporation ("KRC" or "Issuer") has issued a \$425 million bond in USD with ISIN: US49427RAQ56 (henceforth referred to as "BOND") and has achieved Pre Issuance Certification against the Climate Bonds Standard (CBS). KRC has submitted the BOND to DNV Business Assurance USA, Inc. ("DNV") for Pre and Post Issuance Verification.

KRC intended to use the proceeds of the BOND to finance a nominated projects and assets falling under the following categories:

- Buildings – Commercial

DNV has been commissioned by KRC to provide verification of the BOND as an independent and approved verifier under the Climate Bonds Standard. Our criteria and information covered to achieve this is described under 'Work Undertaken' below.

No assurance is provided regarding the financial performance of the BOND, the value of any investments in the BONDS, or the long term environmental benefits of the transaction. Our objective has been to provide an assessment that the BOND has met the criteria of the Climate Bonds Standard and the associated Technical Criteria on the basis set out below.

The scope of this DNV opinion is limited to the Climate Bond Standard Version 3.0 and the following associated Sector Technical Criteria:

- Buildings – Commercial

### Responsibilities of the Management of KRC and DNV

The management of KRC has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform KRC management and other interested stakeholders in the BOND as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and the facts presented to us by KRC. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by KRC's management and used as a basis for this assessment were not correct or complete.

## Basis of DNV's opinion

DNV has conducted the verification against the CBS v3.0 and associated Sector Technical Criteria through the creation and execution of a verification protocol addressing each requirements of the CBS v3.0 and the associated Sector Technical Criteria. The detail of areas covered in the DNV verification is summarized in Schedule 2 below.

## Work undertaken

Our work constituted a high level review of the available information, based on the understanding that this information was provided to us by KRC in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Creation and execution of a Climate Bonds Standard Protocol, adapted to include the relevant Sector Technical Criteria for the BOND nominated projects and assets, as described above and in Schedule 2 to this Assessment;
  - Assessment of documentary evidence provided by KRC on the BOND and supplemented by a high-level desktop research, meetings and correspondence for documentation review and interviews with key personnel from the issuer KRC. These checks refer to current assessment best practices and standards methodology;
  - Discussions with KRC management, and review of relevant documentation;
  - Documentation of findings against each element of the criteria. Our opinion as detailed below is a summary of these findings.
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## Findings and DNV's opinion

DNV has performed the Pre and Post Issuance Verification of the KRC Green Bond with ISIN: US49427RAQ56. It is DNV's responsibility to provide an independent verification statement on the compliance of the KRC Green Bond with the Climate Bonds Standard.

DNV conducted the verification in accordance with the Climate Bonds Standard Version 3.0 and with International Standard on Assurance Engagements *3000 Assurance Engagements other than Audits or Reviews of Historical Information*. The verification included i) checking whether the provisions of the Climate Bonds Standard were consistently and appropriately applied and ii) the collection of evidence supporting the verification.

DNV's verification approach draws on an understanding of the risks associated with conforming to the Climate Bonds Standard and the controls in place to mitigate these. DNV planned and performed the verification by obtaining evidence and other information and explanations that DNV considers necessary to give limited assurance that the KRC Green Bond meets the requirements of the Climate Bonds Standard.

Based on the limited assurance procedures conducted, nothing has come to our attention that causes us to believe that the KRC Green Bond is not, in all material respects, in accordance with the Pre and Post Issuance requirements of the Climate Bonds Standard Version 3.0 and Associated Buildings - Commercial Criteria.

### for DNV Business Assurance USA, Inc

Oakland, CA  
2 April 2021

Handwritten signature of Natasha D'Silva in black ink.

**Natasha D'Silva**

Sr. Consultant, Sustainability & Supply Chain Services  
DNV – Business Assurance

Handwritten signature of Mark Robinson in black ink.

**Mark Robinson**

Manager, Sustainability Services  
DNV – Business Assurance

### About DNV

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight. With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

### SCHEDULE 1: DESCRIPTION OF NOMINATED ASSETS

Eligible Projects & Assets Category	Sub category	Project name	Emissions Intensity Benchmark Limit (kg CO <sub>2</sub> e/m <sup>2</sup> /yr)	Emissions Intensity Performance (kg CO <sub>2</sub> e/m <sup>2</sup> /yr)	KRC exposure as at 31 March 2021 (\$m)
Buildings	Commercial Low Carbon Buildings	100 Hooper	8.65 <sup>1</sup>	3.94	\$273m
Buildings	Commercial Low Carbon Buildings	On Vine	12.56 <sup>2</sup>	2.01	\$241m
<b>Total</b>					<b>\$514m</b>

<sup>1</sup> San Francisco CBI Baseline (base building) for Bond term of 2020 – 2032 <https://www.climatebonds.net/standard/buildings/commercial/calculator>

<sup>2</sup> Los Angeles CBI Baseline (base building) for Bond term of 2020 – 2032 <https://www.climatebonds.net/standard/buildings/commercial/calculator>

## SCHEDULE 2: VERIFICATION CRITERIA

### Summary criteria for assertions of compliance with the Climate Bonds Standard v3.0

The criteria against which KRC and its nominated projects and assets have been reviewed prior to inclusion in the Bond are grouped under the requirements as detailed within the Climate Bonds Standard Version 2.1 including:

#### Part A: General Requirements

Area	Requirement
Project Nomination	The Climate Bond issued must specify the project collateral or physical assets with which it is associated
Use of Proceeds	Proceeds must be allocated to Nominated Project(s)
Non-Contamination	Issuers are permitted a grace period to allocate or re-allocate funds to Nominated Project(s)
Confidentiality	The information disclosed to the Verifier and the Climate Bonds Standards Board may be subject to confidentiality arrangements
Reporting	Reporting on use of proceeds and nominated projects and assets

#### Part B: Low Carbon Contribution - Eligible projects and physical assets

Nominated projects and assets include financing of or investments in equipment and systems which enable the mitigation of greenhouse gasses, as detailed in Appendix B.

Area	Requirement
Low Carbon Buildings (Commercial)	<p>If a city baseline is available for setting emissions intensity performance benchmarks for Green Buildings, that option must be used to demonstrate compliance.</p> <p>For San Francisco, the emissions intensity performance benchmark (base building) for a Bond term of 2020 to 2032 is 8.65 kgCO<sub>2</sub>e/m<sup>2</sup>/yr as per the CBI Low Carbon Buildings Calculator. To qualify, the nominated projects and assets must have an emissions intensity below this benchmark.</p>

	<p>For Los Angeles, the emissions intensity performance benchmark (base building) for a Bond term of 2020 to 2032 is 12.56 kgCO<sub>2</sub>e/m<sup>2</sup>/yr as per the CBI Low Carbon Buildings Calculator. To qualify, the nominated projects and assets must have an emissions intensity below this benchmark.</p>
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**Part C: Bond structures**

<b>Area</b>	<b>Requirement</b>
Project Holding	The issuer of a Corporate Climate Bond with Nominated Projects linked to a portfolio of assets must continue to hold eligible assets at least equal to the Fair Market Value at the time of issuance of the original principal
Settlement Period	Climate Bond issuing entities must demonstrate that the proceeds of a Climate Bond have been allocated to the Nominated Project(s) within 24 months after the bond is issued
Earmarking	The Issuer of the bond shall maintain the earmarking process to manage and account for funding to the Nominated Projects & Assets