

LOCAL GOVERNMENT SUPER GREEN LOAN

DNV GL PRE ISSUANCE ASSURANCE OPINION

Scope and Objectives

Local Government Super (“LGS” or “Borrower”) has in place a Loan Facility in AUD (henceforth referred to as “LOAN”) and has submitted the proposed LOAN for verification and certification against the Climate Bond Standard (CBS). DNV GL notes that the requirements of the CBS meet and exceed the guidance set out in the Loan Market Association’s Green Loan Principles 2018.

LGS intends to use the proceeds of the LOAN to finance a nominated projects and assets falling under the following categories:

- Commercial Low Carbon Buildings

DNV GL Business Assurance Australia Pty Ltd (henceforth referred to as “DNV GL”) has been commissioned by LGS to provide verification of the LOAN as an independent and approved verifier under the Climate Bond 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 LOAN, the value of any investments in the LOAN, or the long term environmental benefits of the transaction. Our objective has been to provide an assessment that the LOAN has met the criteria of the Climate Bond Standard and the associated Technical Criteria.

- Commercial Low Carbon Buildings

Responsibilities of the Management of LGS and DNV GL

The management of LGS has provided the information and data used by DNV GL during the delivery of this review. Our statement represents an independent opinion and is intended to inform LGS management and other interested stakeholders in the LOAN 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 LGS.

DNV GL 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 GL shall not be held liable if any of the information or data provided by LGS’s management and used as a basis for this assessment were not correct or complete.

Basis of DNV GL's opinion

DNV GL has conducted the verification against the CBS v2.1 and associated Sector Technical Criteria through the creation and execution of a verification protocol addressing each requirements of the CBS v2.1 and the Commercial Low Carbon Buildings Technical Criteria. The detail of areas covered in the DNV GL verification is summarised 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 LGS 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 Bond Standard Protocol, adapted to include the relevant Sector Technical Criteria for the LOAN nominated projects and assets, as described above and in Schedule 2 to this Opinion;
 - Assessment of documentary evidence provided by LGS on the LOAN and supplemented by a high-level desktop research, onsite visit for documentation review and interviews with key personnel from the Borrower LGS. These checks refer to current assessment best practices and standards methodology;
 - Discussions with LGS management, and review of relevant documentation;
 - Inspection of a sample of nominated project sites;
 - 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 GL's opinion

DNV GL has performed the Pre Issuance Verification of the LGS Green LOAN. It is DNV GL's responsibility to provide an independent verification statement on the compliance of the LGS Green LOAN with the Climate Bond Standard.

DNV GL conducted the verification in accordance with the Climate Bond Standard Version 2.1 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 Bond Standard were consistently and appropriately applied and ii) the collection of evidence supporting the verification.

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

Based on the limited assurance procedures conducted, nothing has come to our attention that causes us to believe that the LGS Green LOAN is not, in all material respects, in accordance with the Pre Issuance requirements of the Climate Bond Standard Version 2.1 and associated Commercial Low Carbon Buildings Technical Criteria.

for DNV GL Business Assurance Australia Pty Ltd

Sydney, 27 February 2020



Mark Robinson

Manager, Sustainability Services
DNV GL – Business Assurance

About DNV GL

Driven by our purpose of safeguarding life, property and the environment, DNV GL 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	LOAN facility (AUDm)
Low Carbon Buildings	Commercial Low Carbon Buildings	120 Sussex St, Sydney	65
Low Carbon Buildings	Commercial Low Carbon Buildings	28 Margaret St, Sydney	
Low Carbon Buildings	Commercial Low Carbon Buildings	2-4 Lyonpark Rd, Macquarie Park	
Low Carbon Buildings	Commercial Low Carbon Buildings	76 Berry St, North Sydney	
Total			65

SCHEDULE 2: CLIMATE BONDS STANDARD VERIFICATION CRITERIA

Summary criteria for assertions of compliance with the Climate Bond Standard v2.1

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

Part A: General Requirements

Area	Requirement
Project Nomination	The Climate LOAN 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	Borrowers 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 Bond 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)	If a city baseline is available for setting emissions intensity performance benchmarks for Green Buildings, that option must be used to demonstrate compliance.

	For Sydney, the emissions intensity performance benchmark (base building) for the LOAN term of 3 Years 2020 - 2023 is 74.31 kgCO ₂ e/m ² /yr as per the CBI Low Carbon Buildings Calculator. To qualify, the nominated projects and assets must have an emissions intensity below this benchmark.
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Part C: Loan structures

Area	Requirement
Project Holding	The Borrower of a Climate Bonds Standard certified LOAN 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 LOAN of the original principal
Settlement Period	Climate LOAN borrowing entities must demonstrate that the proceeds of a Climate LOAN have been allocated to the Nominated Project(s) within 24 months after the bond is issued
Earmarking	The Borrower of the bond shall maintain the earmarking process to manage and account for funding to the nominated projects and assets.

SCHEDULE 3: ALIGNMENT WITH UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Alignment of the Use of Proceeds against the United Nations Sustainable Development Goals (UN SDG)

In addition to the Pre Issuance verification, DNV GL has reviewed the Use of Proceeds and nominated assets associated with the NAB National RMBS Trust 2018-1 (Class A1-G Notes) for alignment with the UN SDGs in the following table.

Use of Proceeds	UN SDG	UN SDG Target		Assessment of Contribution to Achieving the SDG
Commercial Low Carbon buildings	7. Affordable and Clean Energy	7.3	By 2030, double the global rate of improvement in energy efficiency	<p>Compliance with CBI Commercial Low Carbon Buildings Approved Proxies as at February 2020. The Residential Buildings criteria leverages local building codes and energy ratings/labels as a proxy for performance of the top 15% of buildings in a city/region and have been established to ensure they are representative of buildings in-line with a zero-carbon building sector in 2050.</p> <p>Compliance with the CBI Commercial Low Carbon Buildings Approved Proxies demonstrates a contribution towards UN SDG 7, Target 7.3.</p>
	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	<p>Compliance with CBI Commercial Low Carbon Buildings Approved Proxies as at February 2020. The Residential Buildings criteria leverages local building codes and energy ratings/labels as a proxy for performance of the top 15% of buildings in a city/region and have been established to ensure they are representative of buildings in-line with a zero-carbon building sector in 2050.</p> <p>These benchmarks address the contribution of the built environment to National GHG and Air Pollution emissions through energy consumption and associated energy generation.</p> <p>Compliance with the CBI Commercial Low Carbon Buildings Approved Proxies demonstrates a contribution towards UN SDG 11, Target 11.6.</p>
		11.a	Support positive economic, social and environmental links between urban, peri-	Compliance with CBI Commercial Low Carbon Buildings Approved Proxies as at February 2020. The Commercial Buildings criteria leverages local building codes

			urban and rural areas by strengthening national and regional development planning	<p>and energy ratings/labels as a proxy for performance of the top 15% of buildings in a city/region and have been established to ensure they are representative of buildings in-line with a zero-carbon building sector in 2050.</p> <p>Energy efficiency performance within the top 15% of buildings within the specified areas based on the development planning standards (as listed in the CBI Commercial Low Carbon Buildings Approved Proxies as at February 2020) represents the leveraging and implementation of regional development planning and demonstrates a contribution towards UN SDG 11, Target 11.a.</p>
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