



Second-Party Opinion

Kaiser Green Bond Framework

Evaluation Summary

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



USE OF PROCEEDS The eligible category for the use of proceeds, Green Buildings, is aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that investments in green buildings will lead to positive environmental impacts and advance the U.N. Sustainable Development Goals, specifically SDG 11: Sustainable Cities and Communities.



PROJECT EVALUATION / SELECTION Kaiser Foundation Hospitals, Kaiser Foundation Health Plan, Inc. and their subsidiaries' (collectively, "Kaiser") Treasury Department, with assistance from its National Facilities Team, will be responsible for identifying and selecting eligible projects. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS Kaiser Treasury Department will be responsible for the allocation of proceeds to eligible projects. Spending on eligible projects previously incurred will be reimbursed and future spending for eligible projects will be reimbursed as costs are incurred by Kaiser, with final allocation of the proceeds taking place when LEED certification is achieved. Pending allocation, proceeds will be temporarily held in financial assets. This is in line with market practice.



REPORTING Kaiser intends to report on the allocation of proceeds to the Electronic Municipal Market Access (EMMA) website on an annual basis and until full allocation. In addition, Kaiser intends to report on the LEED certification achieved by the financed projects. Sustainalytics views Kaiser's allocation and impact reporting as aligned with market practice.

Evaluation Date	May 21, 2021
Issuer Location	Oakland, California, U.S.

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Introduction

Kaiser Foundation Hospitals, Kaiser Foundation Health Plan, Inc. and their subsidiaries (collectively, “Kaiser” or the “Company”) provide healthcare services and health plans in eight states and the District of Columbia. Headquartered in Oakland, California, Kaiser is one of the largest not-for-profit health systems in the U.S., serving more than 12.5 million members.

Kaiser has developed the Kaiser Green Bond Framework (the “Framework”) under which it intends to issue one or more green bonds and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that support the development and construction of green buildings. The Framework defines eligibility criteria in relation to the category of Green Buildings.

Kaiser engaged Sustainalytics to review the Kaiser Green Bond Framework, dated May 2021, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP).¹ This Framework has been provided to Sustainalytics for their review, and the relevant information will be included in the Green Bond Offering Memorandum.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 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 2018, as administered by ICMA;
- 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 1.8, 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 Kaiser’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. Kaiser representatives have confirmed (1) they understand it is the sole responsibility of Kaiser 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 Kaiser.

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 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 proceeds towards eligible activities.

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 offering statement disclosure will be made available to investors.

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.

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 Kaiser has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

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

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

- Use of Proceeds:
 - The eligible category, Green Buildings, is aligned with those recognized by the GBP.
 - Kaiser intends to finance healthcare facilities in the U.S. that have received or are expected to receive LEED "Gold" or "Platinum" certification. Eligible Green Projects include (i) developed and completed facilities, (ii) existing facilities with scheduled opening dates following the issue date of the green bonds, and (iii) future projects that are expected to receive LEED certification within 36 months of the bond issuance.
 - Sustainalytics considers the reliance on LEED "Gold" and "Platinum" to be aligned with market practice. See Appendix 1 for Sustainalytics' assessment of the certification.
- Project Evaluation and Selection:
 - In conjunction with the National Facilities Team, Kaiser's Treasury Department will be responsible for analyzing and identifying eligible projects that have achieved or are expected to achieve LEED "Gold" or "Platinum".
 - Based on Kaiser's clear delegation of responsibility, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - Kaiser's Treasury Department will track and maintain an equal amount of the net proceeds from the green bonds in its general account. Disbursements to Eligible Green Projects will be managed by the Finance Team, the National Facilities Services and the Environmental Stewardship officer.
 - Kaiser has communicated to Sustainalytics it intends to fully allocate net bond proceeds within 36 months of the respective issuance. Spending on eligible projects previously incurred will be reimbursed and future spending for eligible projects will be reimbursed as costs are incurred by Kaiser, with final allocation of the proceeds taking place when LEED certification is achieved. Pending allocation, bond proceeds will be temporarily held in financial assets.
 - Based on Kaiser's clear definitions of how proceeds will be held, tracked, and disbursed, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Kaiser intends to provide annual reports on the allocation of bond proceeds until full allocation on the Electronic Municipal Market Access (EMMA) website.⁴
 - Annual update reports will include information such as project name, description, LEED level of certification, and amounts allocated.
 - Based on Kaiser's reporting commitment, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2018

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

⁴ Electronic Municipal Market Access, "The official source for municipal securities data and documents", (2021), at: <https://emma.msrb.org/>

Section 2: Sustainability Performance of Kaiser

Contribution of framework to Kaiser's sustainability strategy

Sustainalytics is of the opinion that Kaiser demonstrates a commitment to sustainability through its focus on five key environmental areas: (i) climate action (ii) safer products, (iii) sustainable food, (iv) waste reduction, and (v) water conservation. While Kaiser's overall sustainability strategy includes improving economic opportunity, housing for health, and creating healthy neighborhoods, Sustainalytics considers the Company's environmental commitments to be most relevant to the Framework, and has focused on these areas below.

In 2016, Kaiser adopted its 2025 environmental goals.⁵ The goals outline the Company's commitment to the environment and are detailed below:

- Climate action – Kaiser is committed to becoming carbon net positive by 2025 through the purchasing of clean energy and carbon offsets.⁶ The Company has made progress towards its goals by operating California's first hospital-based microgrid since 2017 (consisting of a 250 kw-solar installation and 1 MWh energy storage system). As of 2020, Kaiser has installed approximately 50 MW of on-site solar and has a number of additional projects in the construction and planning stages.
- In 2020, the Company sourced 100% of its electricity from renewable sources, and it was certified by the CarbonNeutral Protocol⁷ for reaching carbon neutrality. The certification applies to its Scope 1 and 2 emissions and some select Scope 3 emissions such as corporate travel.⁸
- Safer products – Kaiser committed to purchasing 50% of its materials and products from sources that meet certain environmental standards.⁹ This includes the procurement of "environmentally preferable electronic products"¹⁰ and the exclusion of materials such as fabrics, furniture, and finishes, containing added anti-microbial agents and those containing fluorochemical additives or treatments, and eliminating PVC and DEHP in IV solution bags.¹¹
- Sustainable food – Kaiser is committed to purchasing 100% of its food from local farmers that employ sustainable practices.¹² The Company relies on third-party certifiers for the verification of sustainable agricultural practices.
- Waste reduction – Kaiser has set a target of recycling, reusing, or composting 100% of non-hazardous waste by 2025.¹³ In 2019, 49% of non-hazardous waste was reused, recycled, or composted across Kaiser's network of hospitals.¹⁴
- Water conservation – In 2016, Kaiser committed to reducing water usage by 25% per square foot of its buildings by 2025.¹⁵

Based on the above, and recognizing that key areas of the environmental commitments in Kaiser's strategy – including energy, water use, and waste – are addressed by the green building certifications defined in the Framework, Sustainalytics is of the opinion that the Kaiser Green Bond Framework is aligned with the company's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities.

⁵ Kaiser Permanente, "Environmental Stewardship". (2021), at: <https://about.kaiserpermanente.org/community-health/improving-community-conditions/environmental-stewardship/#:~:text=At%20Kaiser%20Permanente%2C%20we%20believe,and%20invest%20in%20our%20communities.>

⁶ Kaiser Permanente, "Climate Action", (2016), at: <https://about.kaiserpermanente.org/community-health/improving-community-conditions/environmental-stewardship/climate-action>

⁷ CarbonNeutral, "The CarbonNeutral Protocol", at: [The CarbonNeutral Protocol | CarbonNeutral, a service of Natural Capital Partners](https://www.carbonneutral.com/)

⁸ Kaiser Permanente, "The First Carbon Neutral Health System in the U.S.", (2020), at: <https://about.kaiserpermanente.org/community-health/news/first-carbon-neutral-health-system-in-us>

⁹ Kaiser Permanente, "Safer Products", (2016), at: <https://about.kaiserpermanente.org/community-health/improving-community-conditions/environmental-stewardship/safer-products>

¹⁰ Environmentally preferable electronic products are those that meet an "environmental performance criteria that address: materials selection, supply chain greenhouse gas emissions reduction, design for circularity and product longevity, energy conservation, end-of-life management and corporate performance." At: <https://www.epa.gov/greenerproducts/electronic-product-environmental-assessment-tool-repeat>

¹¹ Kaiser Permanente, "Climate Action", (2016), at: <https://about.kaiserpermanente.org/community-health/improving-community-conditions/environmental-stewardship/climate-action>

¹² Kaiser Permanente, "Sustainable Food", (2016), at: <https://about.kaiserpermanente.org/community-health/improving-community-conditions/environmental-stewardship/sustainable-food>

¹³ Kaiser Permanente, "Waste reduction", at: <https://about.kaiserpermanente.org/community-health/improving-community-conditions/environmental-stewardship/waste-reduction>

¹⁴ Kaiser Permanente, "2019 Annual Report", at:

https://healthy.kaiserpermanente.org/static/health/annual_reports/kp_annualreport_2019/assets/docs/kp_annual_report_2019.pdf

¹⁵ Kaiser Permanente, "Water Conservation", (2016), at: <https://about.kaiserpermanente.org/community-health/improving-community-conditions/environmental-stewardship/water-conservation>

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 expected to have a 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 occupational health and safety during construction and operation, management of effluents and waste generated in construction, and community relations.

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

- Code of Conduct: Kaiser adheres to its Principles of Responsibility in its everyday operations, including external vendors.¹⁶ The Principles of Responsibility outline safety in Kaiser's facilities, including workplace safety, hazardous materials management, and compliance with local and Federal laws. The Principles also outline the Company's commitment to environmental responsibility.¹⁷
- Kaiser has shared with Sustainalytics, in confidence, its Sustainable Resource Policy and its Waste Policy, detailing its commitment to sustainable resourcing of materials and energy, and for the proper management of waste. Sustainalytics views these policies as providing adequate indication of Kaiser's risk mitigation approach in these areas.
- ISO14001: Kaiser is committed to implementing the ISO 14001: Environmental Management certification across all of its hospitals by 2025.¹⁸ As of 2021, it has piloted the management standards at two of its hospitals.¹⁹

In addition, Sustainalytics notes that the U.S. is classified as a designated country by the Equator Principles,²⁰ indicating the presence of sufficient environmental and social regulations to mitigate against severe risks. Among the applicable laws and regulations are those established by the Occupational Safety and Health Administration ("OSHA"),²¹ the Public Employee Safety and Health Bureau ("PESH"), and the Environmental Protection Agency ("EPA") Clean Air Act.²²

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Kaiser 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

The use of proceeds category is aligned with those recognized by the GBP. Sustainalytics has focused below on where the impact is specifically relevant in the local context.

The importance of green buildings in reducing environmental impacts

According to the World Green Building Council, the building sector is a significant contributor to global energy use and total CO₂ emissions. Building construction and operations accounted for 36% of global final energy use and contributed nearly 40% of energy-related CO₂ emissions globally in 2020. In the U.S. alone, residential and commercial buildings accounted for 39% of total U.S. energy consumption and 72% of national electricity consumption;²³ with hospitals accounting for 8% of the total energy consumed by commercial buildings²⁴ and spending on average 1.4% of their operating revenue on electricity (approximately USD 8.3 billion total across U.S. hospitals).²⁵ The World Green Building Council states that while countries continue to implement and

¹⁶ Kaiser Permanente, "Principles of Responsibility", (2019), at:

https://www.providers.kaiserpermanente.org/info_assets/cpp_cod/cod_principlesofresponsibility.pdf

¹⁷ Kaiser Permanente, "Principles of Responsibility", (2019), at:

https://www.providers.kaiserpermanente.org/info_assets/cpp_cod/cod_principlesofresponsibility.pdf

¹⁸ Kaiser Permanente "Management and accountability", (2021), at: <https://about.kaiserpermanente.org/community-health/improving-community-conditions/environmental-stewardship/management-and-accountability>

¹⁹ Kaiser Permanente "Management and accountability", (2021), at: <https://about.kaiserpermanente.org/community-health/improving-community-conditions/environmental-stewardship/management-and-accountability>

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

²¹ OSHA, "Laws and Regulations", at: <https://www.osha.gov/laws-regs>.

²² EPA, "Summary of the Clean Air Act", at: <https://www.epa.gov/laws-regulations/summary-clean-air-act>.

²³ EPA, "Electricity Customers", at: <https://www.epa.gov/energy/electricity-customers#industrial>

²⁴ EIA, "Use of energy explained", (2018), at: <https://www.eia.gov/energyexplained/use-of-energy/commercial-buildings.php>

²⁵ Electricity Energy, "Hospital Energy Use: Taking Advantage of Energy Efficiency", (2018), at <https://electricenergyonline.com/energy/magazine/1147/article/Hospital-Energy-Use-Taking-Advantage-of-Energy-Efficiency.htm>

update building energy codes and certification policies, most expected building growth is projected to occur in places that do not have mandatory energy codes and policies in place. Concurrently, investments in energy efficiency in buildings has slowed, with investments only experiencing a growth of 4.7% in 2017 (3% adjusted for inflation), which is cited as the lowest increase rate in recent years.²⁶

Considering the lifespans of buildings, the Intergovernmental Panel on Climate Change (“IPCC”) has noted that we risk locking in carbon-intensive options for several decades without ambitious policies to improve efficiency in the built environment.²⁷ In this context, investment in green buildings can provide substantial environmental benefits. Sustainalytics considers that Kaiser’s investments in medical facilities that achieve LEED Gold or Platinum can provide environmental benefits by reducing GHG emissions from the built environment.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bonds issued under the Kaiser Green Bond Framework advances the following SDG and target:

Use of Proceeds Category	SDG	SDG target
Green Buildings	11. Sustainable cities and communities	11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries

Conclusion

Kaiser has developed the Kaiser Green Bond Framework under which it may issue green bonds and the use of proceeds to finance green buildings. Sustainalytics considers that the projects funded by the sustainability bond proceeds are expected to provide positive environmental and social impact.

The Kaiser Green Bond 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 Green Bond Framework is aligned with the overall sustainability strategy of the company and that the green use of proceed category will contribute to the advancement of the U.N. Sustainable Development Goal 11: Sustainable Cities and Communities. Additionally, Sustainalytics is of the opinion that Kaiser 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 Kaiser is well-positioned to issue green bonds and that the Kaiser Green Bond Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2018.

²⁶ World Green Building Council, “2018 Global Status Report”, at: <https://www.worldgbc.org/sites/default/files/2018%20GlobalABC%20Global%20Status%20Report.pdf>

²⁷ IPCC, “Mitigation of Climate Change”, at: https://www.ipcc.ch/site/assets/uploads/2018/02/ipcc_wg3_ar5_chapter9.pdf.

Appendices

Appendix 1: Summary of green building certification

	LEED ²⁸
Background	Leadership in Energy and Environmental Design (LEED) is a U.S. Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.
Certification Levels	<ul style="list-style-type: none"> • Certified • Silver • Gold • Platinum
Areas of Assessment	<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
Requirements	<p>Prerequisites (independent of level of certification) + Credits with associated points.</p> <p>These points are then added together to obtain the LEED level of certification.</p> <p>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).</p>
Performance Display	
Accreditation	<p>LEED AP BD+C</p> <p>LEED AP O+M</p>
Qualitative Considerations	Widely recognised internationally, and strong assurance of overall quality.

²⁸ USGBC, "LEED rating system", at: www.usgbc.org/LEED.

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

Section 1. Basic Information

Issuer name:	Kaiser Foundation Hospitals
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Kaiser Green Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	May 21, 2021
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 category for the use of proceeds – Green Buildings – is aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible category will lead to positive environmental impacts and advance the U.N. Sustainable Development Goals, specifically SDG 11: Sustainable Cities and Communities.

Use of proceeds categories as per GBP:

- | | |
|---|--|
| <input type="checkbox"/> Renewable energy | <input 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):

Kaiser's Treasury Department, with assistance from its National Facilities Team, will be responsible for identifying and selecting eligible projects. 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 |

- ☒ 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):

Kaiser Treasury Department will be responsible for the allocation of proceeds to eligible projects. Spending on eligible projects previously incurred will be reimbursed and future spending for eligible projects will be reimbursed as costs are incurred by Kaiser, with final allocation of the proceeds taking place when LEED certification is achieved. Pending allocation, proceeds will be temporarily held in financial assets. 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):

Kaiser intends to report on the allocation of proceeds to the Electronic Municipal Market Access (EMMA) website on an annual basis and until full allocation. In addition, Kaiser intends to report on the LEED certification achieved by the financed projects. Sustainalytics views Kaiser'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*): LEED Certifications

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*): Information published on the Electronic Municipal Market Access (EMMA) website
- ☐ 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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