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Ernst & Young LLP  
One Raffles Quay  
North Tower, Level 18  
Singapore 048583

Mailing Address:  
Robinson Road  
PO Box 384  
Singapore 900734

Tel: +65 6535 7777  
Fax: +65 6532 7662  
ey.com

## Independent Limited Assurance Report to the Management of Housing & Development Board

### Scope

With reference to the Letter of Acceptance dated 16 November 2021, we have been engaged by Housing & Development Board (“HDB”) to perform a ‘limited assurance engagement’, as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on HDB’s Green Finance Framework (the “Framework”) dated 13 January 2022, as of 18 February 2022.

### Subject Matter and Criteria

The Subject Matter and associated Criteria for this limited assurance engagement are set out in the table below:

Subject Matter	Criteria
<p>Pre-issuance processes for HDB’s inaugural green bond, as described in HDB’s Green Finance Framework dated 13 January 2022, that sets out policies and procedures relating to:</p> <ul style="list-style-type: none"> <li>• Use of Proceeds</li> <li>• Process for Project Evaluation and Selection</li> <li>• Management of Proceeds</li> <li>• Reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Green Bond Principles (June 2021) (“GBP”) by the International Capital Market Association (ICMA)</li> <li>• Green Loan Principles (February 2021) (“GLP”) by the Loan Market Association (“LMA”), Asia Pacific Loan Market Association (“APLMA”) and Loan Syndications &amp; Trading Association (“LSTA”)</li> <li>• Green Bond Standards (October 2018) (“GBS”) by the ASEAN Capital Markets Forum</li> <li>• Respective criteria found at these links: <ul style="list-style-type: none"> <li><a href="https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Green-Bond-Principles-June-2021-100621.pdf">https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Green-Bond-Principles-June-2021-100621.pdf</a></li> <li><a href="https://www.lma.eu.com/application/files/9716/1304/3740/Green_Loan_Principles_Feb2021_V04.pdf">https://www.lma.eu.com/application/files/9716/1304/3740/Green_Loan_Principles_Feb2021_V04.pdf</a></li> <li><a href="https://www.theacmf.org/initiatives/sustainable-finance/asean-green-bond-standards">https://www.theacmf.org/initiatives/sustainable-finance/asean-green-bond-standards</a></li> </ul> </li> </ul>

### Housing & Development Board’s Responsibilities

HDB’s management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with the Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

### EY’s Responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000), and the terms of reference for this engagement as agreed with HDB on 16 November 2021. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

#### **Our Independence and Quality Control**

We have maintained our independence and confirm that we have met the requirements of the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. We confirm that we have the required competencies and experience to conduct this assurance engagement.

EY also applies Singapore Standard on Quality Control 1 of the Institute of Singapore Chartered Accountants and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### **Description of procedures performed**

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.

Our assurance procedures performed included:

- Reviewing HDB's Green Finance Framework to understand policies and procedures, and in assessing alignment with requirements of GBP, GLP and GBS
- Inquiries through virtual interviews with selected management and team members from HDB to understand the key issues in relation to the Framework dated 13 January 2022, and its relevant policies and procedures on use of proceeds, project evaluation and selection, management of proceeds, information disclosure and reporting
- Seeking HDB's management representation on the Subject Matter

We also performed such other procedures as we considered necessary in the circumstances.

### **Observations from procedures performed**

The following observations which do not affect our conclusions expressed below, were identified in the execution of our procedures:

#### Use of Proceeds

- Proceeds from Green Finance Transactions (“GFTs”) are intended to be used for financing and refinancing purposes.
- Proceeds are intended to be allocated to the development of new residential and non-residential HDB projects which are planned to achieve the BCA Green Mark certification of Gold Plus or above, and which commences (i) during the 24 months prior to the relevant issue date of a green bond / loan; or (ii) after the issue date of a green bond / loan.
- The use of the proceeds of this GFT aligns with the GBP, GLP and GBS eligible green project categories.

#### Process for Project Evaluation and Selection

- HDB’s Green Finance Framework outlines the environmental objectives of its GFTs, eligibility criteria for determining green projects and the process for project selection and evaluation.
- While not specific to the Eligible Green Projects identified, where required, as part of HDB’s planning and development process, HDB conducts in-depth environmental studies to assess and manage the expected impact of development on the natural and built environment. This is communicated under “Section 3. Commitment to Sustainability” of the Green Finance Framework.

#### Management of Proceeds

- HDB has implemented processes to manage initial funds received from GFTs and to monitor the ongoing use of proceeds. These processes include:
  - Allocating proceeds through an internal register to designate proceeds to eligible nominated green projects on a portfolio basis
  - Periodic monitoring of proceeds
- Unallocated proceeds will be managed according to HDB’s cash management process as described within the Framework, and will be disclosed as part of HDB’s post-issuance reporting.

#### Reporting

- HDB will report on the Use of Proceeds of its GFTs on an annual basis, or when there are material developments, until full allocation of proceeds. The report will include allocated and unallocated amounts, share of financing or refinancing of projects, a list of the eligible green projects, and relevant environmental performance.
- The allocation and impact report will be on a portfolio basis.
- HDB has committed to seeking independent post-issuance assurance on its annual green finance report.

**Conclusion**

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter as of 18 February 2022, in order for it to be in accordance with the Criteria.

**Restricted use**

This report is intended solely for the information and use of HDB for the issuance of HDB's Green Finance Framework and is not intended to be and should not be used by anyone other than those specified parties.

**Ernst & Young LLP**



**Signed for Ernst & Young LLP by  
Praveen Tekchandani  
Partner, Climate Change and Sustainability Services  
Singapore  
18 February 2022**