



Carbon Trust Second Party Opinion Statement

To: Barclays PLC (the "Issuer")

Barclays Green Bond Framework, December 2019





The Carbon Trust's mission is to accelerate the move to a sustainable, low carbon economy. It is a world-leading expert on carbon reduction and clean technology. As a not-for-dividend group, it advises governments and leading companies around the world, reinvesting profits into its low carbon mission.

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Summary

The Barclays Green Bond Framework, December 2019¹ (the “**Framework**”) provides a forward-looking Framework for Green Bonds with an objective to facilitate the transition to less carbon intensive sources of energy, while supporting economic development and growth in society by helping to ensure the world’s energy needs are met responsibly.

Barclays (the “**Issuer**”) has adopted a robust Framework for the financing and/or refinancing of: energy efficient residential properties in England and Wales; infrastructure and project finance loans, and asset finance leases; and the renovation or construction of Barclays’ own real estate. The Framework is aligned with the four components of the International Capital Markets Association’s (“**ICMA**”) ‘The Green Bond Principles, Voluntary Process Guidelines for Issuing Green Bonds’ (2018) (“**GBP**”): Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds, and Reporting.

An amount equal to the proceeds of the Green Bond(s) may be allocated by the Issuer to finance and/or refinance eligible energy efficient residential mortgage loans based on Energy Performance Certificates (“**EPCs**”) data in England and Wales. The Framework outlines the formula that is used to estimate the maximum carbon intensity of residential properties which can qualify as Eligible Mortgage Assets that support the objective of promoting a transition to a low-carbon and climate-resilient economy out to 2050.

An amount equal to the proceeds of the Green Bond(s) may also be allocated by the Issuer to finance and/or re-finance eligible infrastructure and project finance loans, and asset finance leases which are originated in line with the Framework and which meet the corporate loan eligibility criteria of the Framework. The Framework defines Eligible Loan Assets within the energy, sustainable transportation, utilities and green building sectors, which align with the GBP and Climate Bond Initiative (CBI) sector criteria, and support a transition to a less carbon intensive economy.

An amount equal to the proceeds of the Green Bond(s) may also be allocated by the Issuer to finance and/or re-finance the construction of new buildings or renovation of existing properties which are funded by the Issuer and used in its ongoing operations. The Framework outlines the eligibility criteria that must be met by the buildings, which includes green building certifications and being in the top 15% of low carbon buildings in the relevant country, supporting the objective of promoting a transition to a low-carbon and climate-resilient economy.

The proceeds of the Green Bond(s) will be allocated by the Issuer within its corporate group for use by the relevant subsidiaries in accordance with the Framework.

The Framework has a strong governance structure that includes a yearly reporting mechanism, of both Green Bond allocation and impact, as well as external verification of the Issuer’s cross matching process and asset selection criteria. The Issuer is also seeking to achieve CBI pre-and post-issuance verification and certification for each Green Bond issuance.

¹ <https://home.barclays/content/dam/home-barclays/documents/investor-relations/fixed-income-investors/20191212-Green-Bond-Framework.pdf>

Abbreviations

CTA - Carbon Trust Assurance Limited

ICMA - International Capital Markets Association

GBP - The Green Bond Principles, Voluntary Process Guidelines for Issuing Green Bonds (2018)

CBI – Climate Bonds Initiative

ISAE 3000 - International Standard on Assurance Engagements 3000

MHCLG - Ministry of Housing, Communities and Local Government

CCC – Committee on Climate Change

Definitions

Eligible Real Estate Assets: the construction of new buildings or renovation of existing properties which are funded by the Issuer, are used in its ongoing operations, and conform with the eligibility criteria of the Framework

Eligible Loan Assets: Financing and/or re-financing of infrastructure and project finance loans, and asset finance leases, within the energy, sustainable transportation, utilities and green building sectors that conform with the eligibility criteria of the Framework

Eligible Assets: Assets within the Issuer’s portfolio that conform with the eligibility criteria of the Framework

Green Bonds: Green Bonds issued by Barclays against the Framework

Eligible Mortgage Assets: Mortgages to energy efficient residential properties in England and Wales that conform with the eligibility criteria of the Framework

Terms of Engagement

The Issuer is a British multinational bank and financial services company headquartered in London. As part of its sustainability strategy, the Issuer wants to ensure that its customers and clients have access to financing that places green principles at its core and are committing to this through the launch of their updated Framework.

Carbon Trust Assurance Limited (the "**External Reviewer**") was engaged to provide a second party opinion regarding its issuance of Green Bonds under the Framework, and the Framework's alignment with the GBP. The External Reviewer's role was to provide a second party opinion as contemplated by the GBP by reviewing the Framework.

Eligible Assets, as defined in the Framework, fall into three categories:

- i) energy efficient residential properties in England and Wales based on Energy Performance Certificate (EPC) data which conform with the eligibility criteria of the Framework ("**Eligible Mortgage Assets**");
- ii) infrastructure and project finance loans, and asset finance leases which are originated in line the Issuer's corporate loan eligibility criteria, aligned to the CBI sector criteria ("**Eligible Loan Assets**"); and
- iii) the construction of new buildings or renovation of existing properties which are funded by the Issuer, and are used in its ongoing operations, and conform with the eligibility criteria of the Framework ("**Eligible Real Estate Assets**").

In order to provide this second party opinion, the External Reviewer reviewed relevant documents and held conversations with the Issuer's management to understand the use of proceeds, management of proceeds and reporting aspects of its proposed Green Bond issuances, as well as the sustainability strategy of the company as a whole.

No opinion or assurance is provided regarding the financial performance of the Green Bond(s) or the value of any investments in the Green Bond(s), or any asset deriving value from the Green Bond(s) issued against the Framework. The External Reviewer's objective has been to provide an opinion on whether the Green Bond(s) issued against the Framework meet the criteria described in the basis of opinion set out below.

Basis of Opinion

The Issuer has established the Framework to underpin the Green Bond(s) and provide evidence that they are structured to meet the principles and criteria laid out in the GBP. The GBP are a set of voluntary process guidelines for issuing Green Bonds that "enable capital-raising and investment for new and existing projects with environmental benefits".

The GBP is comprised of four core components and the External Reviewer reviewed the alignment of the Framework with them, namely:

> **Principle one: Use of Proceeds**

The proceeds of the Green Bonds should be used to finance and/or refinance green projects which should be appropriately described in the legal documentation of the security. All designated green project categories should provide clear environmental benefits, which will be

assessed and, where feasible, quantified by the issuer. Eligible green projects are described in the GBP.

- > **Principle two: Process for Project Evaluation and Selection**
The issuer of a Green Bond should outline a process to determine how the projects fit within the eligible green project categories identified in the GBP and the process for determining eligibility and the criteria used. The process should consider the environmental sustainability objectives of the proposed bond.
- > **Principle three: Management of Proceeds**
The net proceeds of Green Bonds should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the issuer in an appropriate manner and attested to by a formal internal process linked to the issuer's lending and investment operations for green projects. A declaration should be made as to how any unallocated funds are managed.
- > **Principle four: Reporting**
Issuers should make, and keep, readily available up to date information on the use of proceeds to be renewed annually until full allocation, and as necessary thereafter in the event of new developments.

Relevant Documentation

The following information and documents have been reviewed in order to form the basis of the opinion.

- > Barclays Updated Green Bond Framework, December 2019
- > Other relevant internal documents that evidence the decision-making process and Eligible Asset appraisal.

Management Responsibility

The management of the Issuer are responsible for the following (the "**Procedures**"):

- > Designing, implementing and maintaining internal controls relevant to the preparation and issuance of the Green Bond(s) that are free from material misstatement, whether due to fraud or error;
- > Selecting and/or developing a suitable green framework to underpin the issuance and management of the Green Bond(s);
- > Developing a suitable eligibility criteria and process for selecting investments;
- > Reporting relevant information on the use of proceeds; and
- > Maintaining alignment with the GBP criteria.

External Reviewer Responsibility

The External Reviewer's responsibility is to plan and perform work to form an opinion on whether the Framework for the Green Bond(s) has been prepared in accordance with the principles of the GBP, as described in the 'Basis of Opinion', and to report to the Issuer in the form of a 'Second Party Opinion' based on the work undertaken and the evidence obtained.

The External Reviewer has not performed any work, and does not express any conclusion regarding the ongoing effectiveness of the application of the Procedures.

Assurance Standards

The External Reviewer has worked in accordance with its assurance methodology which is based on the International Standard on Assurance Engagements 3000 ("ISAE 3000"). However, this second opinion is not an assurance opinion in accordance with ISAE 3000.

External Reviewer Assurance Activities

The External Reviewer's objective was to assess whether Green Bonds issued against the Framework are structured in accordance with the principles of the GBP. The External Reviewer planned and performed its work to obtain all the information and explanations that deemed necessary to provide a basis for an impartial and informed opinion.

The work included, but was not restricted to:

- > Conducting interviews with the Issuer and key staff responsible for the Green Bond(s) to obtain an understanding of the organisation, its environmental objectives and intended use of proceeds; and
- > Reviewed the Framework, including processes, systems and controls in place for management of proceeds, investment areas for proceeds and intended types of temporary investment instruments for the management of any unallocated proceeds.

The External Reviewer's Competence and Independence

Our commitment to impartiality and quality assurance is established in our policies, procedures and management structure. These reflect international standards for quality management and incorporate requirements of the Carbon Trust's accreditation by the United Kingdom Accreditation Service to certify energy management systems. We are an accredited Climate Bonds Initiative verifier. We ensure the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is internally reviewed by senior management to ensure that the approach is rigorous and transparent. As a result, the conclusions in this report reflect an impartial application of the GBP.

The External Reviewer's Opinion

Based on the work undertaken and the evidence provided by the Issuer, the External Reviewer believes that the Framework and the related Procedures comply with the principles of the GBP. Set out below are the specific findings and statements in relation to each of the GBP as they relate to the Green Bond(s) to be issued against the Framework:

Principle one: Use of Proceeds

Within the Framework, the Issuer details that the proceeds of their Green Bond(s) will either be allocated to the financing and/or refinancing of:

- i) Eligible Mortgage Assets;
- ii) Eligible Loan Assets; and
- iii) Eligible Real Estate Assets.

Eligible Mortgage Assets

The proceeds of the Green Bond(s) will be allocated to finance and/or refinance existing mortgage loans from English and Welsh residential buildings that represent the top 15% in terms of environmental performance based on estimated carbon intensity (kgCO₂/m²/year). Eligible Mortgage Assets will also need to have originated within three years prior to the date of the relevant Green Bond issuance, and align with the UK Government's 'close to zero' carbon emissions target for 2050.

Estimated carbon intensity data for buildings is available as part of the EPC Register released by the Ministry of Housing, Communities and Local Government (the "MHCLG"). That data is matched to mortgages identified by the Issuer. The Framework therefore outlines the formula that is used to estimate the maximum carbon intensity of residential properties which can qualify as Eligible Mortgage Assets, which takes all eligibility requirements into account.

Green buildings comprise one of the project categories recognized by the GBP as addressing key areas of environmental concern. Globally, the buildings sector is the largest energy-consuming sector, accounting for one-third of final energy consumption². According to the Committee on Climate Change (the "CCC"), in the UK a 24% reduction is needed in direct CO₂ emissions from homes by 2030, from 1990 levels. Based on the External Reviewer's opinion, energy efficiency measures in residential buildings will reduce CO₂ emissions and help the UK meet its climate and sustainability targets.

Eligible Loan Assets

The proceeds of the Green Bond(s) will be allocated to finance and/or refinance corporate loans within the energy, sustainable transportation, utilities and green building sectors, which are originated in line with the criteria defined in the Framework. Renewable energy, clean transportation, sustainable water and wastewater management, and green buildings are four project categories that the GBP recognise for contributing to environmental objectives such as: climate change mitigation, climate change adaptation, natural resource conservation, biodiversity

² <https://www.iea.org/topics/buildings>

conservation, and pollution prevention and control. The eligibility criteria outlined in the Framework for these sectors are as follows, and the loans will also be appraised against the CBI sector criteria.

- **Energy** - Within the energy category, proceeds may be allocated towards the financing and/or refinancing of sustainable energy activities including, but not limited to, wind, solar, geothermal and marine.
 - According to the International Energy Agency (“IEA”), in 2018 renewables contributed 26% of total electricity generation, and capacity is set to double between 2019 and 2024, led by solar PV.³ In the External Reviewer’s opinion, renewable electricity generation is pivotal to reducing CO₂ emissions as it displaces the need to burn fossil fuels for electricity. It is also key to unlocking decarbonisation in other sectors such as transport that are moving to electricity as an energy source. This shift therefore relies on the electricity grid decarbonising.
- **Sustainable Transportation** - Proceeds may be allocated towards the financing and/or refinancing of low carbon transportation and related infrastructure. This includes, but is not limited to, urban trams, metro systems and bike transport systems and vehicles which are propelled by fully electric engines or hydrogen fuel cells. Transport that is below specified CO₂ emission thresholds may also be eligible.
 - Fuel combustion from transport is responsible for almost one quarter of direct CO₂ emissions globally, and road transport is responsible for 75% of these.⁴ In the External Reviewer’s opinion, developing low carbon public transportation and increasing the proportion of electric and hydrogen vehicles will result in a reduction of CO₂ emissions as it displaces the need to burn fuel derived from fossil fuels.
- **Utilities** - Proceeds may be allocated towards the financing and/or refinancing of waste management and water infrastructure projects including activities related to recycling and energy recovery of residual waste.
 - Waste management and water infrastructure provide key services to the economy. Energy from waste plants are considered to contribute to the low carbon economy as they divert waste away from landfill and then generate electricity without the need to burn more fossil fuels. Water infrastructure such as desalination plants are energy intensive, therefore replacing these with energy efficient plants is important. In the External Reviewer’s opinion, diverting waste from landfill and reducing the energy required to produce drinking water represent a more efficient use of resources and may result in a reduction in CO₂ emissions from fossil fuels and energy generation.
- **Green Buildings** - Proceeds may be allocated towards the financing and/or refinancing of low carbon buildings. This includes, but is not limited to, commercial or residential buildings or building upgrade projects which achieve a minimum level of carbon reduction.
 - Globally, the buildings and buildings construction sectors combined are responsible for over one-third of global final energy consumption and nearly 40% of total direct and indirect CO₂ emissions.⁵ Energy efficiency has an important role to play in reducing carbon emissions from buildings, through reducing energy demand. In the External

³ <https://www.iea.org/reports/renewables-2019>

⁴ <https://www.iea.org/topics/transport>

⁵ <https://www.iea.org/reports/perspectives-for-the-clean-energy-transition>

Reviewer's opinion, energy efficiency measures in buildings will reduce CO₂ emissions to help meet climate and sustainability targets.

Eligible Real Estate Assets

The proceeds of the Green Bond(s) will be allocated towards the financing and/or refinancing of Barclays real estate that meet the following criteria: 1) Achieve minimum building level certification of LEED "Gold", BREEAM "Very Good" or any other comparable certification where available; and 2) are in the top 15% of low carbon buildings in the relevant country (where benchmarking data is available).

Globally, the buildings sector is the largest energy-consuming sector, accounting for one-third of final energy consumption.⁶ Green buildings comprise one of the project categories recognized by the GBP as addressing key areas of environmental concern. Barclays has identified LEED and BREAM certification as indicators for low carbon performance.

LEED (Leadership in Energy and Environmental Design), established and governed by the US Green Building Council (USGBC), is a globally recognised green building rating system. It provides a framework for healthy, highly efficient, and cost-saving green buildings with LEED certification globally recognised as a symbol of sustainability achievement and leadership.⁷ The LEED certification has a set of pre-requisites as well as a broader number of sustainability indicators that buildings are scored against. The certification level therefore reflects the final score achieved and the levels available range from certified, silver, gold and platinum. Gold is therefore the 2nd highest level available and reflects a score of 60-79 points. One of the pre-requisites is minimum energy performance which requires a 5% improvement for newly constructed building against a baseline, with the baseline methodology outlined by USGBC.⁸

BREEAM is a globally recognised sustainability assessment method for projects, infrastructure and buildings. The asset's environmental, social and economic sustainability performance is assessed and certified, using standards developed by BRE (the Building Research Establishment in the UK).⁹ The BREEAM assessment process appraises many sustainability metrics and scores are applied to reflect performance against each. The total score received dictates the BREEAM certification level awarded (pass, good, very good, excellent or outstanding.) A BREEAM "Very Good" score is therefore the third highest award achievable and represents a score of more than or equal to 55% but less than 70%. BREEAM has 8 energy and low carbon indicators that are appraised and scored, although only energy monitoring is a minimum requirement to achieve "Very Good". Although not minimum requirements, the standard does encourage the design of energy efficient buildings with energy performance above national building regulations and reducing the building's energy consumption through the adoption of passive design solutions, free cooling and low or zero carbon (LZC) energy sources¹⁰. Although not required, these features will be scored.

The GBP require green buildings to "meet regional, national or internationally recognised standards or certifications"¹¹. In the External Reviewer's opinion, including BREAM and LEED in the eligibility requirements and the additional requirement that the building must also be in the top 15% of low carbon buildings in the country, satisfies the requirement of the GBP. Based on the External

⁶ <https://www.iea.org/topics/buildings>

⁷ <https://www.usgbc.org/leed/why-leed>

⁸ https://www.usgbc.org/sites/default/files/LEED%20v4%20BDC_07.25.19_current.pdf

⁹ <https://www.breeam.com/discover/why-choose-breeam/>

¹⁰ https://www.breeam.com/NC2018/#06_energy/energy.htm%3FTocPath%3D6.0%2520Energy%7C_0

¹¹ <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

Reviewer's opinion, energy efficient buildings will reduce CO₂ emissions from the building sector and will support Barclays to reduce its emissions from its own operational scope 1 & 2 footprint.

Principle two: Process for Project Evaluation and Selection

The Issuer's environmental objective for issuing Green Bonds is to help facilitate the transition to less carbon intensive sources of energy. In order to select Eligible Assets that meet this criterion, the Issuer has developed processes for asset and project evaluation and selection.

Eligible Mortgage Assets

The Issuer's process for selecting eligible mortgages is based on the cross-matching of its mortgage property data against residential properties within the EPC register. Once EPC data has been cross-matched to properties in the Issuer's mortgage book, additional filtering is undertaken to account for target carbon intensity levels and encumbrance. This process takes place on a monthly basis for the duration of a Green Bonds issuance.

The Issuer has demonstrated a clear decision-making process for selecting mortgages and filters assets as outlined in internal documents. This filtering process furthermore takes steps to reduce risk in relation to the expiry of EPCs over the duration of the Green Bonds.

Annually, in order to ensure compliance with their Framework, the Issuer will appoint a suitably qualified assurance provider to perform verification testing, before the date of reporting, to check the viability of the Issuer's cross matching process and asset selection criteria. The Issuer is also seeking CBI pre- and post-issuance verification and certification for Green Bonds issued against the Framework. The External Reviewer is of the view that EPCs represent the best widely-available metric for determining the environmental sustainability of residential properties in the UK at present and is confident that selected mortgages will adhere to the criteria of the GBP. EPCs are recognized as an appropriate basis for a Green Bond on account of the certificate being mandated by legislation whenever a property is sold, built or rented.

Eligible Loan Assets

For corporate loans there is a three-step selection process:

Screen 1: Is the loan to a Sensitive Energy Sector (SES) borrower? SES, as defined in the Issuer's Energy and Climate Change Statement¹², are borrowers in sectors with higher carbon-related exposures or which may have an impact on certain sensitive environments or on communities. SES Borrowers would not be eligible for a Green Bond and would typically undergo an enhanced due diligence process which would cover adherence to Equator Principles, corporate governance and oversight of climate change issues for example.

Screen 2: If the project passes the first screen, the loan is appraised as to whether it meets the Green Product Framework (GPF)¹³. The GPF supports the Issuer's approach to green finance and sets out underlying eligible qualifying environmental themes and activities.

Screen 3: If the projects pass the second screen, the loan is appraised against the corporate loan eligibility criteria within the 'Use of Proceeds' section of the Framework, which are then in turn aligned and appraised to the CBI sector criteria.

¹² <https://home.barclays/statements/barclays-energy-and-climate-change-statement/>

¹³ <https://home.barclays/content/dam/home-barclays/documents/citizenship/access-to-finance/Barclays-Green-Product-Framework.pdf>

All Eligible Loan Assets will be reviewed by the Issuer's Green Bond Asset Review Committee (which consists of senior representatives from environmental risk, sustainability, asset/portfolio management and treasury teams among others) prior to them being selected for a Green Bond.

Annually, in order to ensure compliance with their Framework, the Issuer will appoint a suitably qualified assurance provider to perform verification testing, before the date of reporting, to check the viability of the Issuer's asset selection criteria. The Issuer is also seeking CBI pre- and post-issuance verification and certification for Green Bonds issued against the Framework.

In the External Reviewer's opinion, the process for project evaluation and selection from the Issuer meets the requirements of the GBP. The process is clearly documented and evidenced, and the governance structure around the selection of assets is particularly strong as the Green Bond Asset Review Committee brings together senior stakeholders who both understand the assets and the associated environmental risks.

Eligible Real Estate Assets

In the Framework the Issuer commits to commission second party reviews during the build phase of the real estate to ensure that the relevant building certification criteria are being met. In the External Reviewer's opinion, this meets the requirements of the GBP and will allow for any corrections to be made during building phase.

Principle three: Management of Proceeds

The Issuer intends to lend the proceeds to the relevant operating subsidiaries which will use those proceeds to finance and/or refinance Eligible Assets.

Eligible Mortgage Assets

Proceeds from the issuance of the Green Bond(s) will be allocated to finance and/or refinance existing mortgages that meet the eligibility criteria outlined above. The Issuer will track and monitor the size of allocated Eligible Mortgage Assets proactively on a monthly basis with preference given to mortgages with EPC certificates that are valid until the maturity date of the Green Bond, as well as mortgages with recent origination dates.

Mortgages that have been redeemed in full or where the EPC certificate is no longer valid will be replaced with mortgage loans that meet the eligibility criteria noted above. The Issuer will seek to ensure that the aggregate amount outstanding of all eligible mortgages is larger than the amount outstanding under the Green Bond(s) at any point in time.

On a monthly basis, if there is a shortfall between the aggregate amount outstanding under the eligible mortgages and the amount outstanding under the Green Bond that cannot be covered by Eligible Mortgage Assets, the Issuer will invest any excess proceeds into a liquidity pool comprised of temporary investment instruments that are cash, or cash equivalents, within their Treasury function.

Eligible Loan Assets

The Issuer will monitor the allocation of proceeds on a monthly basis and will record each Eligible Loan Asset allocated to the Green Bond issuance to ensure that they are not used as collateral in other transactions. Eligible Loan Assets may be added or removed from the portfolio as necessary (for example, if they mature/ are redeemed or if they cease to meet relevant eligibility criteria).

The Issuer will seek to invest all of the proceeds from the issuance of a Green Bond into the financing and re-financing of Eligible Loan Assets as soon as reasonably practicable. The Issuer will invest any excess proceeds into a liquidity pool comprised of temporary investment instruments that are cash, or cash equivalents, within their Treasury function.

Eligible Real Estate Assets

The allocation of proceeds from the Green Bond(s) will be determined by reference to the expected costs of the real estate project. Where the funding is raised in advance of the completing the construction, the expenditure may not have been incurred. The Issuer will invest any excess proceeds into a liquidity pool comprised of temporary investment instruments that are cash, or cash equivalents, within their Treasury function.

The Issuer additionally intends to ensure that the Green Bond(s) issued against the Framework will be verified to the CBI Standard, which ensures a high level of transparency.

In the External Reviewer's opinion, the Issuer's processes for the management of proceeds is in accordance with the GBP.

Principle four: Reporting

The Issuer will publish a Green Bond investor report annually on their investor relations website for all Green Bonds issued. The report will cover both allocation reporting and impact reporting.

The **allocation reporting** will cover:

- > alignment of the use of proceeds with the eligibility criteria and allocation of funds by category (as per the Framework);
- > the size of the outstanding issuance and the equivalent allocated portfolio; and
- > the balance of equivalent net unallocated proceeds (if any) and the categories of investments made in temporary investment instruments (if applicable).

The **impact reporting** section will cover:

- > For Eligible Mortgage Assets, a comparison of the average estimated carbon intensity of the allocated portfolio of Eligible Mortgage Assets against a comparable domestic baseline.
- > For Eligible Loan Assets, an estimate of the carbon emissions generated made on a loan by loan basis compared with relevant industry benchmarks; and
- > For Eligible Mortgage Assets and Eligible Loan Assets, a calculation of estimated carbon emissions avoided per GBP 1 million of proceeds allocated.
- > For Eligible Real Estate Assets, a comparison of the average carbon generated by the Eligible Real Estate Assets against comparable benchmarks.

In the External Reviewer's opinion, the Issuer's approach to reporting is in line with the requirements of the GBP, and provides transparency to investors, which will be made available on an annual basis.

Alignment with the Sustainable Development Goals

The Framework aligns their eligibility criteria with several of the UN Sustainable Development Goals (SDGs):



SDG 6 Clean Water and Sanitation – through the financing and/or refinancing of **waste management and water infrastructure projects** including activities related to recycling and energy recovery of residual waste.



SDG 7 Affordable and Clean Energy – through the financing and/or refinancing of sustainable energy activities including, but not limited to, **wind, solar, geothermal** and **marine**, as well as through the financing of **energy efficient residential properties**.



SDG9 Industry, Innovation and Infrastructure – through the financing and/or refinancing of **low carbon buildings**.



SDG 11 Sustainable Cities and Communities – through the financing and/or refinancing of **low carbon transportation** and related infrastructure, **low carbon buildings** and **energy efficiency residential properties**.



SDG 13 Climate action – through the financing and/or refinancing of sustainable energy activities including, but not limited to, **wind, solar, geothermal** and **marine**, as well as **energy efficiency improvements** and **low carbon buildings**.

The External Reviewer considers that the Framework and criteria do align to the five identified SDGs and reflects the Issuer's consideration of the broader sustainability of its financing activity.

This opinion shall be read in the context of the inherent limitations of the Procedures and this statement's intended use.



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