

# Green Bond Framework

## March 2021



MAKING  
SUSTAINABILITY  
REAL



CANARY WHARF  
GROUP PLC



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# 1. Introduction | Canary Wharf Group at a Glance

Canary Wharf Group Investment Holdings PLC (“the Issuer”) is the holding company for an iconic London real estate business (“CWG”) which has overseen the largest urban regeneration project ever undertaken in Europe.

Over the past 30 years, CWG has developed over 17 million square feet in London’s disused docklands into one of the world’s foremost business districts, with more than 11 million square feet of further development also planned. In recent years CWG has begun to transform from a Business District to a mixed use community with the first residential buildings completing in 2019.

CWG is a fully integrated developer, owner and operator of London’s largest REIT property portfolio. Per year end 2020, CWG operated a high quality portfolio with a GAV of £8.4bn including NAV of the joint ventures and associates. CWG owns over 40% of the buildings on the Estate, and manages the common parts and a number of the buildings on the 100-acre estate, which comprises 30 office buildings, 5 shopping hotspots and over 20 acres of open space.





## 2. Sustainability | Our vision

For the past 30 years, CWG has been focused on creating extraordinary environments which contribute to a circular economy, where nothing is wasted and the design elements of buildings and their surroundings allow human wellbeing and biodiversity to flourish.

The buildings which CWG designs, owns and operates are also created and managed to enable built-in climate change resilience and the reduction of the Group's carbon footprint.

In 2019, CWG signed the Better Buildings Partnership Climate Change Commitment, furthering our commitment to reduce our impacts and strive for a zero carbon future. As a continuation of this commitment, in 2020 we launched our Science Based Targets as part of our Net Zero Carbon Pathway to contribute to the reduction of greenhouse gas emissions in line with a 1.5°C warming scenario.

We have also established a Climate Action Working Group, which has developed a strategy for delivering meaningful reductions in carbon emissions across all CWG operations. Our sustainability strategy strongly supports and aligns with the United Nations Sustainable Development Goals (SDGs), with particular emphasis on SDGs 7, 9, 11, 12, 13 and 15.





## 2. Sustainability | Our vision

**We believe that everyone should benefit from our developments, and have taken the following steps to ensure that sustainable priorities remain at the top of the agenda:**

### 2.1 Net Zero Carbon Pathway

We strive to create sustainable places by improving energy efficiency and reducing carbon emissions in order to combat climate change. As a responsible business, we are committed to transitioning to net zero to support the global decarbonisation effort.

**In 2020, CWG announced ambitious Science Based Targets (SBTs) for reducing our emissions, including a collective emissions target for the Canary Wharf estate, making us the first commercial district in the world to set a collective SBT.**

Our Net Zero Carbon Pathway will act as a comprehensive roadmap for working with our tenants and suppliers to achieve the target of reaching net zero carbon by 2030. We are also the first real estate company to join Amazon and other global leaders in signing The Climate Pledge, a commitment to reach net zero at least ten years ahead of the Paris Agreement.

In 2012, we began reporting our emissions under EPRA guidelines and we have since achieved a 34% reduction in overall emissions. CWG's energy management system has been compliant with ISO50001 since 2015, undergoing regular audits and internal monitoring to ensure compliance. As part of the SBTs announced last year, we have set a target to reduce absolute Scope 1, 2 and 3 emissions from downstream leased assets by 65% from a 2017 baseline. We also have a goal to establish and maintain a 100% green vehicle fleet on the Canary Wharf Estate.





## 2. Sustainability | Our vision

### 2.2 Green Building Certification

As part of our commitment to sustainable development, we began certifying buildings under BREEAM in 1998 and have since produced one of the largest environmentally certified footprints in the UK, having developed c10 million sqft of commercial and residential space sustainably certified (BREEAM and Code for Sustainable Homes) – c6.2m sqft of which we currently own wholly or in joint ventures. In addition and as part of our commitment to responsible purchasing, we also target FSC® Full Project Certification on all developments.

Our portfolio includes 9 buildings that are certified BREEAM Very Good / Excellent / Outstanding or Code for Sustainable Homes Level (CfSH) 4, and several more targeting BREEAM Excellent / Outstanding and CfSH Level 4 in development. 1&5 Bank Street, CWG's first BREEAM Outstanding and first A-rated EPC, received the Construction Project of the Year Award at the 2020 IEMA Sustainability Impact Awards. This performance is in line with our 2030 target to achieve carbon emission reductions in line with climate science, with all developments aspiring to be net zero carbon.

We are also targeting at least B-rated EPCs on all future projects, as well as targeting BREEAM Communities Outstanding on our masterplans at Wood Wharf and North Quay.



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## 2. Sustainability | Our vision

### 2.3 Biodiversity

**CWG is committed to building environments where the physical and psychological well-being of every individual is enhanced and the biodiversity across the Canary Wharf estate is preserved.**

Canary Wharf is inherently a brownfield site: 'natural' ecosystems will not have existed in this location since the draining of the Stepney Marshes in the 13th Century. In 2004, CWG was one of the first developers in the UK to create a Biodiversity Action Plan ("BAP") and to install ecological features such as bird boxes, beehives and insect hotels to maximise biodiversity.

**The Canary Wharf estate now encompasses 8,000 square metres of living, roof space and four urban parks within 20 acres of parks, gardens, squares and fountains, including 650 trees, representing 2,000 square metres of tree cover to over 30 species.**

Our updated Biodiversity Action Plan, published in 2018, includes targets for achieving biodiversity net gain across all of our development projects and across our managed Estate.





## 2. Sustainability | Our vision

### 2.4 Communities

**Since 1987, we have transformed the docklands into a thriving district, reclaiming a former industrial site and turning it into a place that supports economic growth, fosters creativity and promotes well-being.**

A thriving economy is the cornerstone of a strong community; when local businesses are successful, the whole community benefits.

Since 1997, CWG has been committed to supporting the local Small, Medium and Micro Enterprise (SMME) business community through initiatives such as East London Business Place and South London Procurement Network, helping them to get started, scale and grow.

**In 2019, 36% of CWG's spend was with local businesses and £2.9 million in donations and in-kind support was given to the local community.**





## 2. Sustainability | Our vision

### 2.5 Recycling

In 2018, CWG launched **Breaking the Plastic Habit**, a programme designed to **remove unnecessary single use plastics from Canary Wharf and create a culture of reuse.**

As part of this programme, CWG launched the Deposit Return Scheme, the first publicly accessible recycling machine in the UK that recycles plastic and that would otherwise likely be incinerated or sent to landfills. We also installed seven water refill stations across the Estate, and installed one of the UK's first Seabins in the docks, which collects rubbish from the water.

**So far, over 9 million pieces of single use plastic have been removed or recycled, 1.2 million straws eliminated annually, with 83 retailers having removed plastic straws.**

For its efforts, CWG has been awarded Plastic Free Communities status from marine conservation charity Surfers Against Sewage and in doing so, has become the first commercial centre in the world and the first district in London to achieve this status.

CWG also received a Global Good Award and an IEMA Sustainability Impact Award in 2020 for the Breaking the Plastic Habit programme.

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# Canary Wharf Group Green Bond Framework

The Green Bond Framework (“Framework”) illustrates the alignment between CWG’s business and operations on one hand, and our commitment to building communities that enable sustainable relationships between the surrounding environment and those who inhabit the space.

The Framework has been developed according to the Green Bond Principles (GBP) 2018, administered by the International Capital Markets Association (ICMA). The Green Bond Principles are a set of voluntary guidelines which recommend transparency and disclosure and promote integrity in the development of the Green Bond market by clarifying the approach for issuing Green Bonds.

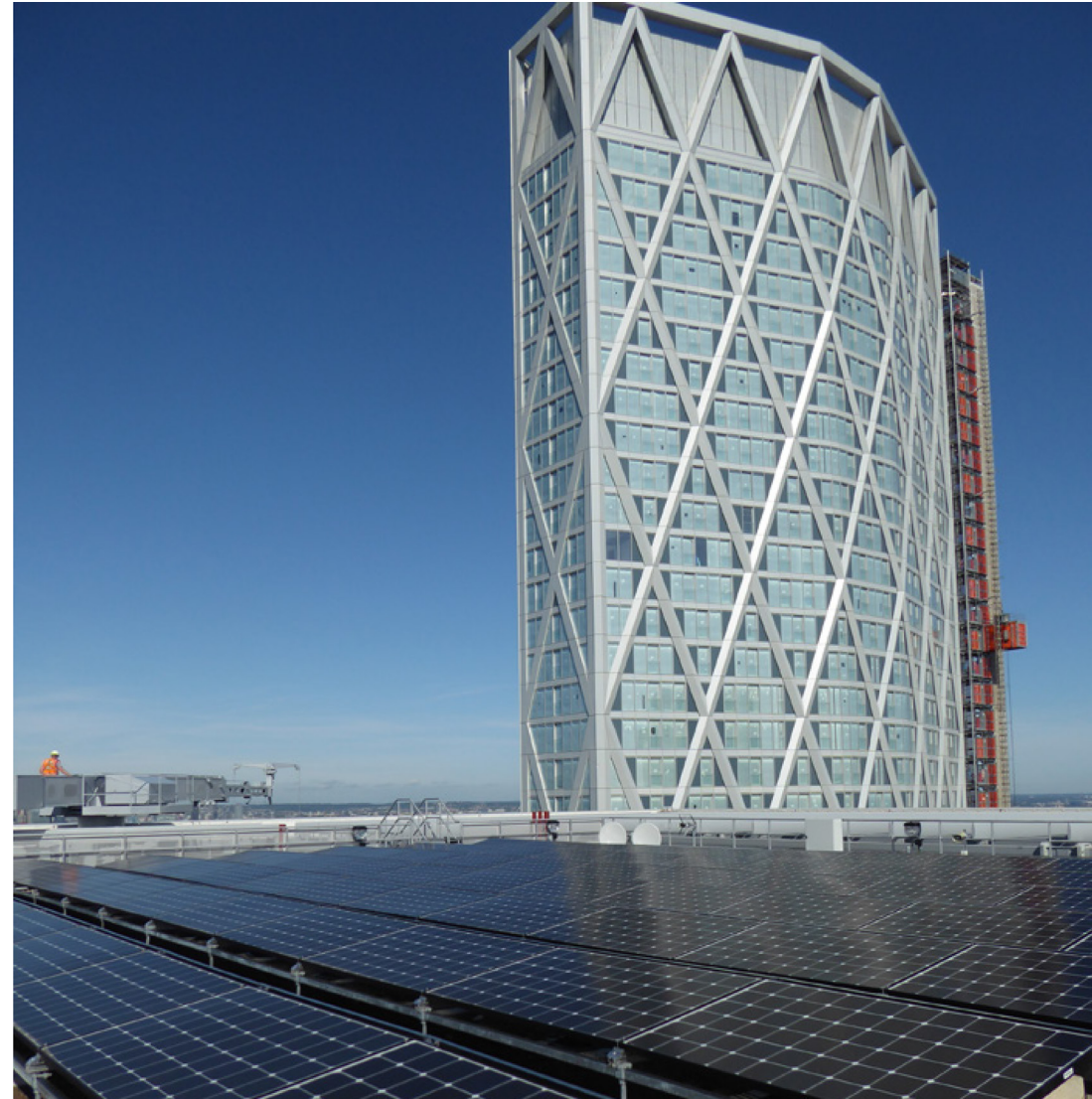
**In line with the Green Bond Principles, CWG’s Green Bond Framework is presented through the following key pillars:**

**3.1 Use of Proceeds**

**3.2 Process for Project Evaluation and Selection**

**3.3 Management of Proceeds**

**3.4 Reporting**








# Canary Wharf Group Green Bond Framework

## 3.1 Use of Proceeds

An amount equivalent to the net proceeds from Green Bonds issued pursuant to this Framework will be allocated to finance or refinance a selected pool of new and existing assets that promote the transition to low-carbon and climate resilient growth and which meet the criteria outlined below (“Green Asset Pool”).

In addition, each category has been identified as aligning with the applicable Sustainable Development Goal (“SDG”).

Collectively, the assets in the below categories will form the Green Asset Pool. Assets will be recognised at their market value and shall qualify for refinancing without a specific look-back period. Expenditures (if any) shall qualify for refinancing with a maximum three year look-back period before the issuance of the Green Bond.

GBP Eligible Categories	Eligibility Criteria and Example Projects	SDG Targets
<b>Green Buildings</b>	<p>New or existing commercial and/or residential buildings owned and managed by CWG that have received the below certifications:</p> <ul style="list-style-type: none"> <li>• Building Research Establishment Environmental Assessment Method (BREEAM): Outstanding, Excellent or Very Good;</li> <li>• Leadership in Energy and Environmental Design (LEED): Platinum or Gold;</li> <li>• Energy Performance Certificate (EPC): B rating or above;</li> <li>• Code for Sustainable Homes (CfSH): Level 4 or above;</li> <li>• Other equivalent internationally and/or nationally recognized certifications.</li> </ul>	<p><b>9.4</b> Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p> 
<b>Renewable Energy</b>	<p>New or existing investments in or expenditures on the acquisition, development, construction and/or installation of renewable energy such as wind and solar. Renewable energy can include (but are not limited to):</p> <ul style="list-style-type: none"> <li>• On-site solar energy projects;</li> <li>• Purchase Power Agreements (PPAs) which are project-specific and with a long-term maturity greater than 15 years.</li> </ul>	<p><b>7.2</b> Increase substantially the share of renewable energy in the global energy mix</p> 
<b>Clean Transportation</b>	<p>Investments related to energy efficient low carbon transport, such as:</p> <ul style="list-style-type: none"> <li>• Implementation of infrastructure to support clean transportation including, but not limited to, electric vehicle charging stations</li> </ul>	<p><b>9.4</b> Greater adoption of green or environmentally sound technologies</p> 



# Canary Wharf Group Green Bond Framework

## 3.2 Process Evaluation and Selection

CWG has set up a Green Bond Committee (“Committee”) to oversee the project evaluation and selection process and ensure selected projects comply with the eligibility criteria defined in the Use of Proceeds section and with CWG’s Corporate Responsibility Strategy.

The Committee will be chaired by the CFO and furthermore composed of representatives from each of CWG’s Sustainability, Funding, Design, Operations, and Construction teams, and will meet twice per year.

### **The Green Bond Committee will be responsible for:**

- Reviewing and approving the selection of projects for the Green Asset Pool based on the selection criteria defined in the Use of Proceeds;
- Monitoring the Green Asset Pool, throughout the life of the Bond(s);
- Removing from the Green Asset Pool any projects that no longer meet the eligibility criteria, and replacing them with new projects as soon as feasible;
- Reviewing and validating the annual report for investors and external verification.

## 3.3 Management of Proceeds

CWG’s Sustainability team will establish a Green Bond Register for the purpose of recording the assets and projects in the Green Asset Pool.

It is CWG’s intention to maintain an aggregate amount of assets in the Green Asset Pool that is at least equal to the aggregate net proceeds of all Green Bonds that are concurrently outstanding. However, there may be periods when a sufficient aggregate amount of assets have not yet been allocated to fully cover an amount equal to the net proceeds of all outstanding CWG Green Bonds, either as the result of changes in the composition of the Green Asset Pool or the issue of additional CWG Green Bonds. Any such portion of the net proceeds that have not been allocated to the Green Asset Pool will be maintained in cash and cash equivalents.

Payment of principal and interest on the Green Bonds will be made from CWG’s general funds and will not be directly linked to the performance of the Green Asset Pool.



# Canary Wharf Group Green Bond Framework

## 3.4 Reporting

Within one year from issuance of any Green Bond and annually until full allocation CWG will prepare and make readily available information on the allocation of net proceeds to the Green Asset Pool and associated impact metrics. The information will be made available on CWG's corporate website and/or within its Sustainability Report.

In addition, CWG may provide qualitative descriptions of the outcomes and impacts of selected eligible projects funded. Where relevant, information will be provided on the impact assessment and data reporting methodologies applied by CWG.

### Allocation Reporting

To the extent practicable, the Issuer will provide information such as:

- The total amount of proceeds allocated;
- The share of financing vs refinancing;
- The number of projects and level of certification; and
- The balance of unallocated proceeds.

### Impact Reporting

To the extent possible, CWG plans to report on the environmental impact in aggregate for the Green Bond project categories, together with the aforementioned allocation status in future Green Bond Reports. Examples of possible environmental indicators could include:

- **Green Buildings:**
  - Number and floor space of Green Buildings meeting the eligibility criteria
  - BREEAM certification level (Outstanding, Excellent or Very Good)
  - LEED certification level (Gold or Platinum)
  - EPC rating (B or above)
  - CfSH (Level 4 or above)
  - Estimated annual CO2 emissions avoided (tCO2) from CWG's own operations
  - Number of projects receiving FSC Full Project Certification
- **Renewable Energy:**
  - Total installed capacity (MW)
  - Estimated annual CO2 emissions avoided (tCO2)
- **Clean Transportation:**
  - Number of EV charging stations



# External Review

## Second Party Opinion and Verification

CWG has appointed ISS-ESG to provide an independent Second Party Opinion report (“SPO”) on this Framework and a pre-issuance verification report on the Green Asset Pool as of the date of the SPO.

The SPO and pre-issuance verification report will be made publicly available on CWG’s corporate website at: [group.canarywharf.com](https://group.canarywharf.com)





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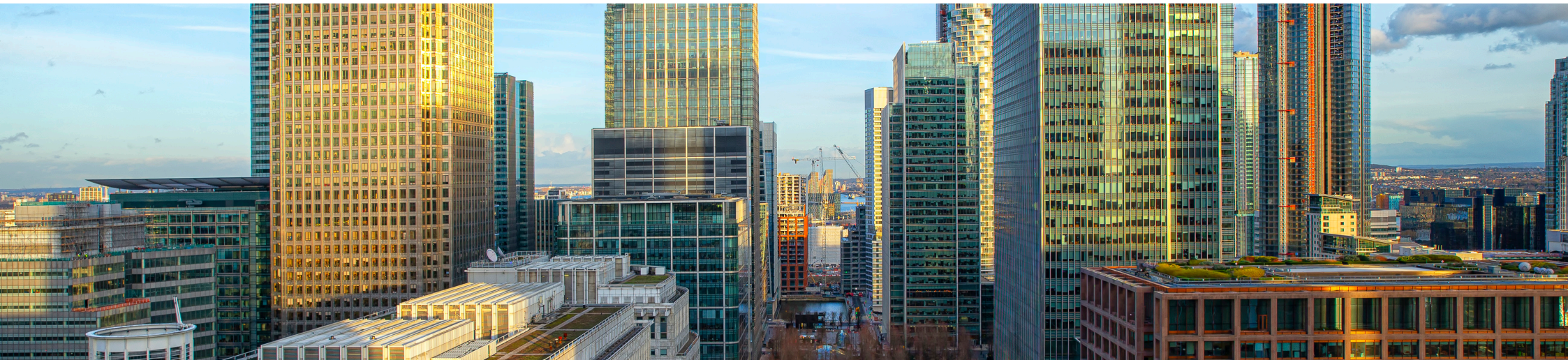
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