



CANARY WHARF  
GROUP

Sustainability-linked  
Financing Framework  
August 2022

## Contents

<b>Introduction: Canary Wharf at a Glance</b> .....	2
<b>Sustainability:</b> .....	2
Better Environment .....	2
Climate Action.....	2
Net Zero Carbon Pathway.....	3
Beyond Zero Waste.....	4
Wellbeing & Biodiversity.....	4
Better Community.....	5
Better Business .....	5
<b>Canary Wharf Group’s Sustainability-Linked Financing Framework</b> .....	6
1. Selection of Key Performance Indicators (KPIs).....	7
2. Calibration of Sustainable Performance Targets (SPTs).....	10
3. Sustainability-Linked Finance Instruments Characteristics .....	12
4. Reporting.....	12
External Verification.....	12
a. Pre-issuance External Verification .....	12
b. Post-issuance External Verification.....	12
Disclaimer.....	13

## Introduction: Canary Wharf at a Glance

Canary Wharf Group Investment Holding PLC (thereafter 'CWG', 'The Group' or 'The Issuer') is the holding company for the real estate developer 'CWG', which has overseen the largest urban regeneration project ever undertaken in Europe. The Group is a fully integrated developer, owner and operator of London's largest REIT property portfolio and as of year-end 2021, had a portfolio fair valuation of £8.5bn, owned 37 properties<sup>1</sup> and had delivered over 20 million sq. ft. of sustainably certified space. By driving regeneration, CWG strives to create spaces that not only demonstrate the highest quality, but also offer sustainable office, retail, leisure and living space in London.

CWG is responsible for the regeneration of 128 acres of commercial and residential property across the once-derelict Docklands district of East London, primarily focussed on the Canary Wharf Estate and the more recent expansion in the Wood Wharf District to the East of the Estate. The Wood Wharf is a construction development covering c.6m sq. ft and will facilitate 3,300 new homes, 2m sq. ft of office space and 390,000 sq. ft of shops, restaurants, and community use. The original Canary Wharf Estate, Wood Wharf and other developments such as Southbank Place are continually evolving, whether that be adopting the latest generation of technology companies, incorporating 'Smart City' technologies, or the opening of Crossrail in May 2022<sup>2</sup>.

## Sustainability:

Our vision as an organisation is to transform urban spaces into extraordinary environments. For the last 30 years, CWG's regeneration has been one driven by environment, social factors and governance. Sustainability is key to CWG, not only because it will play a fundamental part in tackling the threat of climate change, but because it will ultimately determine the success of the business. Achievements so far include, but are not limited to, publication of CWG's 'Net Zero Carbon Pathway', setting science-based carbon emission targets in 2020 and becoming the first real estate company to sign the Climate Pledge.

To ensure continued progress towards sustainability and the United Nation's (UN's) sustainability development goals (SDGs), CWG has established a sustainable development plan that strives to achieve the following overarching objectives: (1) **Better environment**; (2) **Better Community**; (3) **Better Business**; and underpinned by (4) **Better performance**.

## Better Environment

### Climate Action

The UK built environment is directly responsible for 25% of UK emissions<sup>3</sup>. In recognition of the significant role the real estate sector must play in climate action, CWG has been reporting its emissions under EPRA guidelines since 2012, achieving a 49% reduction in Scope 1 & 2 emissions. Moreover, CWG's energy management systems have been in compliance with ISO50001 since 2015 and undergo regular audits and monitoring to ensure that the highest environmental standards are maintained.

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<sup>1</sup> Includes investments

<sup>2</sup> Away from Canary Wharf, the Southbank Place development is a joint venture between Canary Wharf Group and Qatari Dair

<sup>3</sup> The Whole Life Carbon Roadmap – Answering your data FAQs received to date - UKGBC - UK Green Building Council

To take its environmental ambitions to another level, CWG has set science-based targets ('SBTs') for reducing emissions that are aligned with limiting global temperature increase to 1.5°C above pre-industrial levels. CWG's SBTs, approved and published in 2020, have been set in line with a market-based approach (operational control as opposed to financial (equity) control).

Science Based Targets:

- **Absolute Target:** Reduce absolute Scope 1 & 2 and Scope 3 emissions from downstream leased assets by 65% by 2030 (2017 baseline)
- **Supplier Engagement:** 60% of suppliers by emissions covering purchased goods and services will have SBTs by 2025

To reinforce its SBTs, CWG launched its Net Zero Carbon Pathway (2020)<sup>4</sup> which is aligned with the Better Buildings Partnership Climate Change Commitment<sup>5</sup> and intends to provide a comprehensive roadmap detailing the steps required to be taken with tenants and suppliers to achieve SBTs and transition to net zero by 2030.

## Net Zero Carbon Pathway

The scope for CWG's Net Zero Carbon Pathway covers<sup>6</sup>:

- All CWG direct operations & Canary Wharf Residential Management landlord areas
- All downstream leased asset operations
- All embodied impacts (new build & refurbishment projects)
- Purchased goods and services (expanded scope to cover our full Science Based Target footprint)

To achieve Net-Zero Canary Wharf has identified 7 key focus areas<sup>7</sup>:

### 1. Operational Performance

CWG aims to improve energy use of assets, meet Science Based Targets, and ensure that new developments are designed to meet Energy Use Intensity targets and other operational performance objectives.

### 2. Onsite Generation

Maximise onsite renewables across CWG's Estate, including building and infrastructure assets, and ensure this is incorporated within development pipeline, while also exploring and supporting renewables innovation.

### 3. Renewable Energy Procurement

The Group already procures 100% renewable electricity for all our managed assets. CWG will continue to encourage customers, using its strategic plan, to switch to renewable energy and seek to make long term investments in Power Purchase Agreements (PPAs).

### 4. Embodied Carbon

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<sup>4</sup> <https://group.canarywharf.com/wp-content/uploads/2021/04/canary-wharf-esg-net-zero-carbon-pathway-dec-2020.pdf>

<sup>5</sup> <https://www.betterbuildingspartnership.co.uk/node/877>

<sup>6</sup> The current investment boundary excludes Joint Ventures where CWG has no operational control

<sup>7</sup> Further details on CWG's Net Zero carbon pathway can be found at: [canary-wharf-esg-net-zero-carbon-pathway-dec-2020.pdf](https://group.canarywharf.com/wp-content/uploads/2021/04/canary-wharf-esg-net-zero-carbon-pathway-dec-2020.pdf) (canarywharf.com)

CWG recognises that embodied carbon is a significant source of emissions, particularly for the construction business. The Group will seek to measure and reduce embodied carbon for new developments and refurbishments, including those of customers, and reduce the embodied carbon of all the Group's activities, including through the adoption of circular economy principles.

## **5. Carbon offsetting**

In addition to reducing emissions, the Group will offset emissions that cannot be eliminated using high quality offsets<sup>8</sup> and seek to achieve this through innovation and collaboration with key stakeholders.

## **6. Climate Resilience**

The Group recognises that climate change can impact building and infrastructure assets. Therefore, CWG will seek to adhere to recommendations outlined by the Task Force for Climate-Related Financial Disclosure (TCFD), a Framework to help companies disclose climate-related risks and opportunities, by 2022.

## **7. Verification**

The Group will ensure that all data is third-party verified on an annual basis.

CWG's Net Zero Carbon Pathway is led by the Climate Action Working Group (CAWG), which is chaired by the MD of Operations and includes representative from across the organisation including buildings management, construction, operations, and sustainability. The CAWG forms part of the wider CRG.

## Beyond Zero Waste

Waste and resource management is a core element of CWG's sustainability strategy. As of 2021, efforts made by CWG to effectively manage waste and maintain best-in-class waste practices in the UK have resulted in the achievement of 0% waste to landfill in managed areas, 75% waste recycled in retail, 70% waste recycled in managed office, and 60% waste recycled in infrastructure.

As CWG continues to significantly expand, the Group's approach is to remain a leader in waste and resource management<sup>9</sup>.

## Wellbeing & Biodiversity

CWG understands that, for an urban space to thrive, both human and natural wellbeing need to be a prime focus. To achieve such a vision and better understand the ecological value of the Estate, CWG published an updated 'Biodiversity Action Plan 2018-2028' (BAP)<sup>10</sup> in 2018.

The BAP intends to define key habitats and species within CWG's development areas to ensure that future developments use such information to inform their design and promote integrated, pleasant, and liveable public spaces where biodiversity and leisure meet.

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<sup>8</sup> CWG will ensure that any offsets used are aligned with internationally recognised standards

<sup>9</sup> Strategy focuses on waste operations from managed estates and excludes construction business. London Borough Tower Hamlets collects waste from CWG's residential portfolio and is excluded from the waste strategy

<sup>10</sup> Further details of CWG's BAP can be found at: <https://group.canarywharf.com/environmental-social-governance/better-environment/>

In April 2022, CWG announced a partnership with the Eden Project (“Eden”)<sup>11</sup>, the first of its kind, to create a model of how biodiversity can thrive in urban environments. The unique and ground-breaking partnership will tackle the challenge of increasing biodiversity within Canary Wharf and provide Eden with a London base.

Eden is an educational charity and social enterprise based in Cornwall, founded over 20 years ago. Its global mission is to create a movement that builds relationships between people and the natural world to demonstrate the power of working together for the benefit of all living things.

The ambition for the partnership is for Canary Wharf estate to become a global example of best practice and innovation on biodiversity in a dense urban environment, living and working in harmony with nature. Through this collaboration, the partners will be able to share what they learn through their actions at Canary Wharf to help other cities around the world work for nature as well as people.

The partnership will ensure that CWG continues to deliver biodiversity net gain in its Estate and across its developments.

## Better Community

CWG recognises the importance of its own employees, but equally the communities surrounding its developments.

In 1987, at CWG’s inception, the ‘Tower Hamlets and Canary Wharf Fund’ was created with the intention of promoting higher education, postgraduate education and vocational training across Tower Hamlets residents. The fund, regardless of background, helps local residents access training opportunities for roles that have been created at Canary Wharf. In 2020, there were 64 beneficiaries receiving a share of £120,000 towards maintenance costs and tuition fees.

CWG also acknowledges the opportunities it can create through its supply-chain. The Group has endeavoured to engage with local suppliers, contractors and sub-contractors where possible and this in turn has translated into over £2bn being generated for the local economy since 1997.

Beyond CWG’s supply chain, the Group strives to maintain strong communication networks with local communities to ensure that they remain up-to-date and engaged with future plans. Regular ‘community circular’ emails and community forums are just some of the platforms CWG leverages to actively engage with local people and provide the opportunity for locals to voice their view on projects before plans are submitted. CWG also works closely with the Considerate Constructors Scheme<sup>12</sup> (CCS) and had certified all of its building sites under CCS. The Group’s Southbank Place and Wood Wharf projects were two of the first sites to be certified Ultra Sites by CCS, demonstrating an exemplary commitment to being a good neighbour.

The Canary Wharf Community Donations programme also provides additional funding to support projects and organisations that aim to improve the lives of residents in the development areas.

## Better Business

CWG recognises that its staff, and the diverse range of backgrounds and experience represented, is a significant factor in its success. The Group is committed to continuing to build a diverse and inclusive

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<sup>11</sup> Further details found at: <https://group.canarywharf.com/press-release/the-eden-project-and-canary-wharf-group-launch-unique-partnership-tackling-biodiversity-challenges-in-urban-environments-100422/>

<sup>12</sup> <https://www.ccscheme.org.uk/>

workforce and address the gender and ethnicity gaps prominent in the built environment sector. In 2020, CWG launched 'Insight & inspire' which involved a series of webinars for women in leadership positions with the intention of showcasing the success of women in the business and inspiring other employees. Progress is also being made in gender pay gap with the most recent report published in June 2022 seeing the average hourly pay gap reduce from 14% to 7%.

A number of initiatives have been introduced across the Group to continue the training and opportunities provided to both staff and local residents including work experience, internships and apprenticeships. For example, in 2020 CWG had 15 active apprentices in the company and 44 employees took part in the mentorship program.

## Canary Wharf Group's Sustainability-Linked Financing Framework

CWG recognizes the important role that sustainable finance plays to channel investments towards sustainable activities and has issued its inaugural Green Bond in 2021. CWG Green Bond Framework is available [here](#).

To broaden its sustainable finance scope, CWG has decided to establish this Sustainability-Linked Financing Framework with the purpose to link its financings with its sustainability objectives. This should also reinforce to investors and stakeholders CWG's strong commitment to reducing its carbon footprint.

This Sustainability-Linked Financing Framework (hereafter 'the Framework' or 'the SLF' has been developed in accordance with the Loan Market Association (LMA) Sustainability-Linked Loan Principles ('SLLPs')<sup>13</sup> and the five core components of the International Capital Markets Association's (ICMA) Sustainability-Linked Bond Principles<sup>14</sup> ('SLBPs'):

- 1. Selection of Key Performance Indicators (KPIs)**
- 2. Calibration of Sustainability Performance Targets (SPTs)**
- 3. Sustainability-Linked Finance Characteristics**
- 4. Reporting**
- 5. Verification**

This Framework applies to any Sustainability-Linked Financing Instruments ('SLI'), including Sustainability-Linked Bonds, Sustainability-Linked Loans, as well as other instruments such as Guarantees and Commercial Papers. As per the LMA SLLPs and ICMA's SLBPs, proceeds of CWG's Sustainability-Linked Financing Instruments will be used for general corporate purposes (GCPs), the details of which will be specified in the terms and conditions ('Terms & Conditions') of the particular instrument. For its Sustainability-Linked Instruments, CWG is committed to selecting both KPIs outlined below and associated SPTs; additional KPIs and SPTs may be added on a bi-lateral basis.

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<sup>13</sup> <https://www.lsta.org/content/sustainability-linked-loan-principles-sllp/>

<sup>14</sup> ICMA SLBPs (June 2020) and June 2022 'Illustrative KPIs registry' - <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-Principles-June-2020-171120.pdf>

## 1. Selection of Key Performance Indicators (KPIs)

### ***KPI #1: Absolute Greenhouse Gas 'GHG' (Scopes 1, 2 & 3 from downstream leased assets) emissions expressed in tonnes of CO2 equivalent***

<b>KPI #1</b>	<b>Absolute Greenhouse Gas 'GHG' (Scopes 1, 2 &amp; 3 from downstream leased assets) emissions expressed in tonnes of CO2 equivalent</b>
<b>Rationale and materiality</b>	<p>The Paris Agreement and the IPCC 6th Assessment Report have highlighted the need to keep global warming within a 1.5°C temperature rise. The built environment is estimated to contribute c.25% of the UK's greenhouse gas (GHG) emissions<sup>15</sup>. Given the material impact the real estate sector has on climate change, GHG emission reduction is a key focus of CWG's sustainability strategy.</p> <p>CWG recognises the role it can play in addressing climate action and has integrated GHG reduction initiatives and a longer-term ambition for net zero by 2030 within its sustainability and broader business strategy.</p> <p>Scope 1, Scope 2 and Scope 3 emissions from downstream leased assets represented 14% of the Group's carbon footprint in 2020.</p>
<b>Scope</b>	<p>The scope of KPI#1 covers:</p> <ul style="list-style-type: none"> <li>• All CWG direct operations &amp; Canary Wharf Residential Management landlord areas.</li> <li>• All downstream leased asset operations (tenant purchased energy (electricity &amp; fuels))</li> </ul> <p>Detailed analysis of CWG's emissions profile indicates that Scope 1 &amp; 2 emissions account for &lt;3% of total emissions in 2020. The remaining 97% of total emissions can be attributed to indirect Scope 3 emissions. Those can be further broken down into 12% tenant energy use and 84% purchased goods and services (note that these emissions, whilst not part of KPI #1, are addressed by the KPI #2 presented thereafter).</p> <p>This KPI includes the following type of emissions:</p> <ul style="list-style-type: none"> <li>• All reported Scope 1 &amp; 2 emissions including those associated with head office energy use, company vehicles and landlord purchased energy (electricity &amp; fuels) for own use<sup>16</sup>.</li> <li>• Scope 3 emissions from downstream leased assets include tenant energy use<sup>17</sup>.</li> </ul>
<b>Perimeter</b>	The perimeter of the KPI comprises the performance of the Group, including Joint Ventures proportionate to ownership <sup>18</sup> .
<b>Methodology</b>	<p>The methodology employed to calculate GHG estimated is aligned with the Greenhouse Gas (GHG) Protocol<sup>19</sup>.</p> <p>In addition, CWG has had its Scopes 1 &amp; 2 and its Scope 3 emissions from downstream leased assets target verified as a 1.5°C aligned SBT and therefore also meets Science-</p>

<sup>15</sup> The Whole Life Carbon Roadmap – Answering your data FAQs received to date - UKGBC - UK Green Building Council

<sup>16</sup> Specifically purchased energy for own use

<sup>17</sup> Waste, water and refrigerants associated with Tenant managed areas and tenant supply chain emissions are not included in Scope 3 emissions.

<sup>18</sup> CWG is currently reviewing the implications of including such investment within the Net Zero Carbon target and aims to update this as the pathway evolves.

<sup>19</sup> Further details on alignment with the GHG Protocol can be found in CWG's Net Zero Carbon Pathway. <https://ghgprotocol.org/corporate-standard>.



	<p>Based Target initiative (SBTi) requirements<sup>20</sup>. This target has been set in line with a market-based approach.</p> <p>The calculation of downstream leased assets uses baseline consumption and is premised on the assumption of 25% of tenants procuring renewable electricity.</p>																														
<b>Historical Performance</b>	<table border="1"> <thead> <tr> <th colspan="5">Overview of historical performance on KPI #1</th> </tr> <tr> <th></th> <th>2017</th> <th>2018</th> <th>2019</th> <th>2020<sup>21</sup></th> </tr> </thead> <tbody> <tr> <td>Scope 1<sup>22</sup> (TCO2e)</td> <td>5,758</td> <td>3,433</td> <td>4,302</td> <td>5,787</td> </tr> <tr> <td>Scope 2<sup>23</sup> (TCO2e)</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Scope 3<sup>24</sup> (TCO2e) for downstream leased assets</td> <td>154,209</td> <td>N/A</td> <td>N/A</td> <td>123,269</td> </tr> <tr> <td>Total KPI#1</td> <td>159,966</td> <td>N/A</td> <td>N/A</td> <td>129,056</td> </tr> </tbody> </table>	Overview of historical performance on KPI #1						2017	2018	2019	2020 <sup>21</sup>	Scope 1 <sup>22</sup> (TCO2e)	5,758	3,433	4,302	5,787	Scope 2 <sup>23</sup> (TCO2e)	0	0	0	0	Scope 3 <sup>24</sup> (TCO2e) for downstream leased assets	154,209	N/A	N/A	123,269	Total KPI#1	159,966	N/A	N/A	129,056
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<b>UN SDGs</b>	By reducing its GHG emissions, CWG is contributing to the UN's SDG 11 'Sustainable Cities and Communities' and SDG 13 'Climate Action'.																														

**KPI #2: % of suppliers, by emissions covering purchased goods and services, that have set Science-Based Targets (SBTs)**

<b>KPI #2</b>	<b>% of suppliers, by emissions, covering purchased goods and services, that have set science-based targets (SBTs)</b>
<b>Rationale and materiality</b>	<p>Scope 3 emissions represented 97% of CWG's total emissions in 2020 including purchased goods and services which accounted for approximately 84% of total Scope 3 emissions. Thus, this KPI covers 81% of total emissions. Given the materiality of emissions associated with suppliers' purchased goods and services, CWG has set a SBTi verified target tied to the proportion of suppliers that have set SBTs.</p> <p>By setting such a target, CWG is not only making efforts to improve emissions associated with its own operations, but also leveraging its expertise and resources to support suppliers in reducing their emissions profile.</p>
<b>Scope</b>	<p>The scope of KPI#2 covers:</p> <ul style="list-style-type: none"> <li>Suppliers by emissions covering purchased goods and services</li> </ul>
<b>Perimeter</b>	The perimeter covers all CWG's direct suppliers, excluding bank transfers between the Group.

<sup>20</sup> <https://sciencebasedtargets.org/>

<sup>21</sup> 2020 value as reported in CWG's 2021 Sustainability report and underwent limited assurance in line with ISAE 3000

<sup>22</sup> Historical Scope 1 emissions data has been externally verified

<sup>23</sup> Historical Scope 2 emissions data has been externally verified

<sup>24</sup> Scope 3 emissions from downstream leased assets excluding waste, water and refrigerants associated with Tenant managed areas and tenant supply chain emissions. CWG had their Science Based Targets (SBTs) approved and published in July 2020, using a 2017 baseline year. As such, 2021 was the first year that performance against these targets was reported on, and the first year for which verified data for the Scope 3 portion of the targets is available. 2021 data will be made available in CWG's updated Sustainability Report to be published in Q4'22. CWG will obtain verified data for 2017 baseline by Q4-20222, and for FY18 and FY19 within 12-months from Framework publication.

<p><b>Methodology</b></p>	<p>At present, CWG uses US Environmentally-Extended Input-Output (USEEIO) GHG emission factors<sup>25</sup> that CWG considers the most appropriate proxy for calculating its supply chain emissions. CWG is closely monitoring the market for developments. Should a better method become available (e.g. more relevant emission factors, detailed information provided by suppliers on GHG emissions corresponding to CWG purchases), CWG will adapt its methodology as soon as practically to ensure that the most up-to-date and accurate means of calculating suppliers' emissions is adopted.</p> <p>This type of "supplier engagement target" is possible under SBTi's methodologies. CWG will recommend that their suppliers use the SBTi guidance and tools available to set science-based targets. As per SBTi's guidance, SBTi validation of supplier science-based targets (SBT) is recommended but not required<sup>26</sup>.</p> <p>CWG uses a list of top suppliers by emissions covering purchased goods and services identified every year on the last day of CWG's fiscal year (the 31<sup>st</sup> of December) and including on the Target Observation Date.</p> <p>To be considered having science-based targets by the Target Observation Date, the suppliers need to:</p> <ul style="list-style-type: none"> <li>• Either have obtained science-based targets validated by the Science Based Targets Initiative (SBTi)</li> <li>• Or already have valid SBTi targets (validity being defined by the SBTi methodology).</li> </ul> <p>In the event a supplier has submitted its GHG Reduction Target(s) to SBTi for approval before the 30<sup>th</sup> of June (i.e. at least 6 months before the observation date of the ESG performance), but hasn't yet received SBTi conclusion by the time CWG collects its ESG performance data (by the 1<sup>st</sup> of March following the observation date), CWG may at its sole and absolute discretion and acting in good faith, request a recognized Assurance Provider (e.g EcoAct, Carbone 4, Carbon Trust) to issue an opinion (on a non-reliance basis) that the GHG Reduction Target(s) of such supplier has(have) been set according to the SBTi methodology and in line with a 1.5°C climate change scenario. This opinion is meant to be used temporarily and will be replaced by the actual SBTi conclusion when available, notably for the annual assessment of the KPI performance.</p> <p>CWG has already actively engaged with several of its suppliers which are often repeat suppliers, thus contributing to their progress on the reductio of their GHG emissions.</p>										
<p><b>Historical Performance</b></p>	<p>Historical data:</p> <table border="1" data-bbox="533 1617 1369 1720"> <tr> <th colspan="5">Overview of historical performance of KPI #2<sup>27</sup></th> </tr> <tr> <td></td> <td>2017 (baseline)</td> <td>2018</td> <td>2019</td> <td>2020</td> </tr> </table>	Overview of historical performance of KPI #2 <sup>27</sup>						2017 (baseline)	2018	2019	2020
Overview of historical performance of KPI #2 <sup>27</sup>											
	2017 (baseline)	2018	2019	2020							

<sup>25</sup> For now, CWG calculates suppliers emissions by multiplying spend data by the relevant category emissions factors (from US Environmentally-Extended Input-Output which is commonly used in CWG peer group, breaks down emission by the relevant industry and is recommended by CWG's external data platform and external consultant).

<sup>26</sup> <https://sciencebasedtargets.org/resources/files/SBTi-criteria.pdf>

<sup>27</sup> CWG had their Science Based Targets (SBTs) approved and published in July 2020, using a 2017 baseline year. As such, 2021 was the first year that performance against these targets was reported on, and the first year for which verified data is available. 2021 data will be made available in CWG's updated Sustainability Report. CWG will obtain verified data for FY18 and FY19 within 12-months from Framework publication or instrument issuance.

		% Suppliers with SBTs	0%	N/A	N/A	2.3%	
<b>Contribution to the UN's SDGs</b>	By helping suppliers set SBTs, CWG is contributing to the UN's SDG 11 'Sustainable Cities and Communities' and SDG 13 'Climate Action'.						

## 2. Calibration of Sustainable Performance Targets (SPTs)

### *SPT #1: Reduce absolute Scope 1 & 2 and Scope 3 emissions from downstream leased assets*

<b>Targets</b> <sup>28</sup>	<b>SPT 1.1)</b>	Reduce absolute Scope 1 & 2 and Scope 3 emissions from downstream leased assets by 40% by 2025 (2017 baseline)
	<b>SPT 1.2)</b>	Reduce absolute Scope 1 & 2 and Scope 3 emissions from downstream leased assets by 50% by 2027 (2017 baseline)
	<b>SPT 1.3)</b> (validated by SBTi)	Reduce absolute Scope 1 & 2 and Scope 3 emissions from downstream leased assets by 65% by 2030 (2017 baseline)
<b>External benchmark</b>	Science Based Target initiative (SBTi)	
<b>Target Observation Dates</b>	SPT 1.1: 31 <sup>st</sup> December 2025 SPT 1.2: 31 <sup>st</sup> December 2027 SPT 1.3: 31 <sup>st</sup> December 2030	
<b>Baseline year</b>	2017	
<b>Baseline figure</b>	159,966 tCO <sub>2</sub> e	
<b>Means to achieve SPT #1</b>	<p>CWG intends to achieve net zero carbon by 2030 and has established a 'Net Zero Carbon Pathway' to outline the steps required to be taken for such a target to be realised.</p> <p>Progress has already been made towards the targets with CWG having purchased 100% renewable electricity since 2012 and achieving a 6.6% reduction in Scope 1 &amp; 2 and a portion of Scope 3 emissions in managed areas in 2020 (compared to 2019).</p> <p>To ensure that progress towards CWG's GHG emissions targets continues, a number of initiatives have been implemented including, but not limited to:</p> <ul style="list-style-type: none"> <li>• Reducing natural gas and fuel consumption</li> <li>• Reducing Energy Use Intensity of new and existing buildings on the Estate</li> <li>• Supporting tenants with switching to renewable energy and procuring Power Purchase Agreements (PPA) via Estate-wide renewable energy consortium and tenant engagement campaigns</li> <li>• Increasing provision of on-site renewable energy</li> <li>• Vehicle fleet replacement programme</li> </ul> <p>Further details provided in CWG's 'Net Zero Carbon Pathway'<sup>29</sup>. Note that offsetting will not be used to achieve the SPTs.</p>	
<b>Risk factors in achieving the SPTs</b>	<ul style="list-style-type: none"> <li>• Delays or reluctance by tenants to switch to renewable energy contracts or delays in obtaining PPA</li> <li>• Delays in vehicle fleet replacement</li> </ul>	

<sup>28</sup> Intermediary SPTs (SPT1.1 and SPT1.2) have been defined as linear interpolations of SPT1.3, which has been verified by SBTi.

<sup>29</sup> <https://group.canarywharf.com/wp-content/uploads/2021/04/canary-wharf-esg-net-zero-carbon-pathway-dec-2020.pdf>

	<ul style="list-style-type: none"> <li>• Slower pace of reduction in energy intensity</li> </ul>
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It is to be noted that even if SPT 1.1 and SPT 1.2 have not been validated by SBTi (only SPT 1.3 is SBTi-validated), they have been calculated as linear interpolations of SPT 1.3 and are thus committed to be in line with the Paris Agreement and the 1.5°C climate change scenario:

Year	Linear interpolation of SBTi validated target (SPT 1.3)	Actual target
2025	40%	SPT 1.1: 40%
2027	50%	SPT 1.2: 50%

***SPT #2: 60% of suppliers by emissions covering purchased goods and services will have science-based targets (SBTs) by 2025***

<b>SPT #2</b> (validated by SBTi)	<b>60% of suppliers by emissions covering purchased goods and services will have science-based targets (SBTs) by 2025</b>
<b>External Benchmark</b>	Science Based Targets initiative (SBTi)
<b>Target Observation Date</b>	31 <sup>st</sup> December 2025
<b>Baseline</b>	0% in 2017
<b>Means to achieve the SPTs</b>	<p>To ensure that suppliers set SBTs and the target is achieved, CWG will:</p> <ul style="list-style-type: none"> <li>• Actively engage with suppliers and provide support in setting SBTs</li> <li>• Provide suppliers with access to resources including Supply Chain Sustainability School</li> <li>• Support provided to supply chain to provide guidance on SBTi target setting<sup>30</sup></li> <li>• Sustainable procurement manager</li> <li>• Supply chain educational and engagement events</li> <li>• Engaging with specialists to facilitate the process</li> </ul>
<b>Risks to achieving the SPTs</b>	<ul style="list-style-type: none"> <li>• Failure to successfully engage with suppliers</li> <li>• Lack of sufficient resources (teams, knowledge, access to data) within suppliers to develop and establish targets</li> <li>• Inability of or delays by SBTi (from lack of capacity or other) to validate the targets submitted by the suppliers<sup>31</sup></li> <li>• Inability by CWG to collect the required data and/or secure limited assurance over performance against selected KPI</li> </ul>

<sup>30</sup> CWG has already commenced its delivery plan to achieve the SBT supply chain target. This included engaging with the supply chain and encouraging suppliers to set Science Based Targets. For a large proportion of its supply chain, CWG is a key customer and frequently works with repeat suppliers. This supports CWG's ability to influence their adoption of the Science Based Target.

### 3. Sustainability-Linked Finance Instruments Characteristics

The Sustainability-Linked Finance Instruments issued under this Framework are tied to CWG's sustainability performance, meaning that the financial characteristics of such instruments are dependent on the achievement of applicable SPT(s).

The financial characteristics of each Sustainability-Linked Finance Instrument issued under this Framework will be defined in its specific legal documentation. Characteristics will notably include a financial penalty (e.g. margin increase for loans, coupon step-up or higher redemption amount at maturity for bonds) should CWG fail to achieve the SPTs as documented in the legal documentation.

If for any reason, the performance level against a SPT cannot be calculated or observed, the financial penalty will apply in accordance with the instrument-specific documentation.

### 4. Reporting

Reporting will be on at least an annual basis and until the maturity of each Sustainability-Linked instrument. CWG will make publicly available in its sustainability reports the following information:

1. The performance of the KPIs as per the relevant reporting period and when applicable, as per the Target Observation Date including the calculation methodology and baselines where relevant.
2. Any update in CWG's sustainability strategy or any recent announcements, strategic decisions and means mobilized that might impact the achievement of the SPT(s)
3. Following each Target Observation Date, a verification assurance report by an independent external auditor outlining (i) the performance of KPIs against the SPTs and (ii) the related financial impact on the Sustainability-Linked instrument; and
4. Any information related to investors' ability to monitor the level of ambition of the SPTs (e.g., any update in the CWG's sustainability strategy or on the related KPIs/ESG governance, and more generally any information relevant to the analysis of the KPIs and SPTs.

## External Verification

### a. Pre-issuance External Verification

CWG has engaged ISS-ESG to provide an independent Second party Opinion (SPO) on CWG's SLFF and its alignment with ICMA's SLBPs (2020) and the LMA's SLLPs (2022). The SPO will be made publicly available on CWG's corporate website.

### b. Post-issuance External Verification

CWG will obtain a verification assurance report from an auditor or qualified independent external verifier on an annual basis and will make it publicly available on the CWG website ([group.canarywharf.com](http://group.canarywharf.com)). The report will outline the performance level against each SPT for each KPI against the relevant baseline. For the avoidance of doubt, for KPI #2, the auditor or external verifier will evaluate the annual performance based on the list of suppliers as of the last day of CWG's fiscal year.

## Disclaimer

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