

# REPORT REVIEW

## The Church Commissioners for England Sustainability Bond Allocation and Impact Report

Sustainability Bond Allocation and Impact Report of The Church Commissioners for England

05 July 2023

### VERIFICATION PARAMETERS

<b>Type(s) of reporting</b>	<ul style="list-style-type: none"><li>▪ Sustainability Bond Allocation and Impact Report</li></ul>
<b>Relevant standard(s)</b>	<ul style="list-style-type: none"><li>▪ Harmonized Framework for Impact Reporting (HFIR), updated June 2022, as administered by the International Capital Market Association (ICMA)</li><li>▪ The Church Commissioners for England's Sustainability Bond Allocation and Impact Report (as of July 07, 2023)</li></ul>
<b>Scope of verification</b>	<ul style="list-style-type: none"><li>▪ The Church Commissioners for England's Sustainable Financing (as of June 2022)</li><li>▪ Bond identification: XS2496686309 / 10-year maturity July 2022 (bond issuance amount £250 million)</li></ul>
<b>Lifecycle</b>	<ul style="list-style-type: none"><li>▪ Post-issuance verification</li></ul>
<b>Validity</b>	<ul style="list-style-type: none"><li>▪ As long as no changes are undertaken by the Issuer to its Sustainability Bond Allocation and Impact Report as of July 07, 2023</li></ul>

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## SCOPE OF WORK

The Church Commissioners for England (“the Issuer” or “Church Commissioners”) commissioned ISS Corporate Solutions (ICS) to provide a Report Review<sup>1</sup> on its Sustainability Bond Allocation and Impact Report by assessing:

1. The alignment of the Church Commissioners’ Sustainability Bond Allocation and Impact Report with the commitments set forth in Church Commissioners’ Sustainable Financing Framework (as of June, 2022)<sup>2</sup>.
2. Church Commissioners’ Sustainability Bond Allocation and Impact Report - benchmarked against ICMA’s Harmonized Framework for impact reporting (HFIR) and Harmonized Framework for Impact Reporting for Social Bonds (HFIRSB) updated June 2022, as administered by the International Capital Market Association (ICMA).
3. The disclosure of proceeds allocation and soundness of reporting indicators – whether the impact metrics align with best market practices and are relevant to the Green and Social issued.

<sup>1</sup> A limited or reasonable assurance is not provided on the information presented in Church Commissioner’s Sustainability Bond Allocation and Impact report. A review of the use of proceeds’ allocation and impact reporting is solely conducted against ICMA’s Standards (Green Bond and Social Bond) core principles and recommendations where applicable, and the criteria outlined in the underlying Framework. The assessment is solely based on the information provided in the allocation and impact reporting. The Issuer [or Church Commissioner’s] is responsible for the preparation of the report including the application of methods and internal control procedures designed to ensure that the subject matter information is free from material misstatement.

<sup>2</sup> The Framework was assessed as aligned with the Green Bond Principles and Social Bond Principles as of June 2022.

## ASSESSMENT SUMMARY

REVIEW SECTION	SUMMARY	EVALUATION
<p><b>Part 1.</b></p> <p><b>Alignment with the Issuer's commitments set forth in the Framework</b></p>	<p>The Church Commissioners' Sustainability Bond Allocation and Impact report meets the Issuer's commitments set forth in the Sustainable Financing Framework. The proceeds have been used to finance and (re)finance Green and Social categories in accordance with the eligibility criteria defined in the Framework.</p>	<p><b>Aligned</b></p>
<p><b>Part 2.a</b></p> <p><b>Alignment with the Harmonized Framework for Impact Reporting (HFIR)</b></p>	<p>The Sustainability Bond Allocation and Impact report is in line with ICMA's Harmonized Framework for Impact Reporting (HFIR). The Issuer follows core principles and where applicable key recommendations.</p> <p>Church Commissioners reports on the Sustainability Bond allocation of proceeds and associated impact indicators within one year of the issuance. Allocated proceeds are reported on project category level and portfolio level. The Issuer provides transparency on the calculation methodology, in line with best practices.</p>	<p><b>Aligned</b></p>
<p><b>Part 2. b</b></p> <p><b>Alignment with the Harmonized Framework for Impact Reporting for Social Bonds (HFIRSB)</b></p>	<p>The Sustainability Bond Allocation and Impact report is in line with ICMA's Harmonized Framework for Impact Reporting for Social Bonds (HFIRSB). The Issuer follows core principles and where applicable key recommendations.</p> <p>Church Commissioners reports on the Sustainability Bond allocation of proceeds and impact indicators within one year of the issuance. Church Commissioners uses a mix of output and impact indicators to measure its impact.</p>	<p><b>Aligned</b></p>
<p><b>Part 3</b></p> <p><b>Disclosure of proceeds allocation and soundness of reporting indicators</b></p>	<p>The allocation of the bond's proceeds has been disclosed, with a detailed breakdown across different eligible project categories as proposed in the Framework<sup>3</sup>.</p> <p>Church Commissioners' Sustainable Financing Framework has adopted an appropriate methodology to report the impact generated by providing comprehensive disclosure on data sourcing, calculations methodologies and granularity reflecting best market practices.</p>	<p><b>Positive</b></p>

<sup>3</sup> The assessment is based on the information provided in the Issuer's report. The Issuer is responsible for the preparation of the report including the application of methods and procedures designed to ensure that the subject matter information is free from material misstatement.

## REPORT REVIEW ASSESSMENT

### PART I: ALIGNMENT WITH COMMITMENTS SET FORTH IN THE SUSTAINABLE FINANCING FRAMEWORK<sup>4</sup>

The following table evaluates the Sustainability Bond Allocation and Impact report against the commitments set forth in Church Commissioners' Framework, which are based on the core requirements of the Green Bond Principles and Social Bond Principles as well as best market practices.

ICMA HFIR	OPINION	ALIGNMENT WITH COMMITMENT
1. Use of Proceeds	<p>Church Commissioners confirm to follow the Use of Proceeds' description provided by the Church Commissioners' Sustainable Financing Framework. The report is in line with the initial commitments set in the Church Commissioners' Sustainable Financing Framework:</p> <p><b>Green Categories:</b> Renewable Energy, Sustainable Land Use and Management of Natural Living Resources, Sustainable Water and Wastewater Management, Pollution Prevention and Control, Energy Efficiency, Green Buildings.</p> <p><b>Social Categories:</b> Access to Essential Services (Healthcare), Affordable Housing, Employment Generation, Socio-economic Advancement and Empowerment.</p> <p>The Issuer's green and social categories align with the project categories and are in accordance with the eligibility criteria set in the Church Commissioners' Sustainable Financing Framework. Environmental and social benefits at project level are described and quantified.</p> <p>The Issuer defines a 2-year lookback period from the date of issuance.</p>	✓
2. Process for Project Evaluation and Selection	<p>Church Commissioner confirms to follow the Process for Project Evaluation and Selection description provided by Church Commissioners' Sustainable Financing Framework. The report is in line with the initial commitments set in the Church Commissioners' Sustainable Financing Framework.</p>	✓

<sup>4</sup> The Church Commissioner's Sustainable Financing Framework was assessed as aligned with the GBP and SBP (as of June 2021) as of June, 2022.

	<p>The projects selected are defined and structured in a congruous manner. The Issuer ensures compliance with the Eligibility Criteria set in the Framework. ESG risks associated with the project categories are identified and managed through an appropriate process.</p> <p>Moreover, the Issuer confirms that various stakeholders are involved throughout the process and has set up a Sustainable Finance Committee (SFC) that approves eligible investments as an internal process in line with best market practice.</p>	
<b>3. Management of Proceeds</b>	<p>Church Commissioners confirms to follow the Process for Management of Proceeds description provided by the Church Commissioners’ Sustainable Financing Framework. The report is in line with the initial commitments set in the Church Commissioners’ Sustainable Financing Framework.</p> <p>The value of proceeds collected is £227.7 million which represents 92% of the amount allocated to eligible projects, with no exceptions. The proceeds are tracked in an appropriate manner and attested in a formal internal process.</p> <p>Moreover, the Issuer discloses the expected allocation and reallocation period of the use of proceeds in line with best market practice. The Issuer defines a 2-year lookback period from the date of issuance.</p>	✓
<b>4. Reporting</b>	<p>The Church Commissioners’ Impact Report is coherent with the Reporting description provided by the Church Commissioners’ Sustainable Financing Framework. The report is in line with the initial commitments set in the Church Commissioners’ Sustainable Financing Framework.</p> <p>The sections “Allocation reporting” and “Impact Reporting” of the Sustainable Financing Framework comply with the pre-issuance commitment expressed in the framework. The report is intended to be publicly available<sup>5</sup>.</p> <p><i>Further analysis of this section is available in Part III of this report.</i></p>	✓
<b>5. Verification</b>	<p>ISS ICS has provided a Second Party Opinion (SPO) on Church Commissioners’ Sustainable Financing Framework.</p>	

<sup>5</sup> Bond Documentation, [Bond Documentation | The Church of England](#)

## PART II: ASSESSMENT AGAINST THE ICMA'S HARMONISED FRAMEWORK FOR IMPACT REPORTING

### FOR GREEN BONDS

Reporting is a core component of the GBP and transparency is of particular value in communicating the expected and/or achieved impact of projects in the form of an annual reporting. Green bond Issuers are required to report on both the use of green bond proceeds, as well as the environmental impacts at least on an annual basis until full allocation or maturity of the bond. ICMA's Harmonised Framework for Impact Reporting (HFIR) has been chosen as benchmark for this analysis as it represents the most widely adopted standard.

The table below evaluates Church Commissioners' Sustainability Bond Allocation and Impact report against ICMA's Harmonised Framework for Impact Reporting (HFIR).

CORE PRINCIPLES		
ICMA HFIR	SUSTAINABILITY BOND ALLOCATION AND IMPACT REPORT	ASSESSMENT
Reporting on an annual basis	The Church Commissioners has reported within one year from issuance and 92% of the proceeds have been allocated. Based on the value of the allocated and drawn down capital, 66% has been allocated to Green investments. The proceeds will be fully allocated by 2025 (investment period 2020-25). The Report will be available on Issuer's website.	✓
Illustrating the environmental impacts or outcomes	<p>The assessment and measurement of the impacts generated by Church Commissioners' Sustainability Bond covered the following areas:</p> <ul style="list-style-type: none"> <li>a. Co-Investments <ul style="list-style-type: none"> <li>▪ Estimated GHG emissions avoided (MTCO<sub>2</sub>/ year)</li> </ul> </li> <li>b. Fund Investments – Climate Infrastructure Fund <ul style="list-style-type: none"> <li>▪ Estimated GHG emissions avoided (MTCO<sub>2</sub>/ year)</li> </ul> </li> <li>c. Fund Investments – Energy Transition Infrastructure Fund <ul style="list-style-type: none"> <li>▪ Estimated GHG emissions avoided (MTCO<sub>2</sub>/ year)</li> <li>▪ Average annual total materials recycled (MT/ year)</li> </ul> </li> <li>d. Fund Investments –Green Property Fund <ul style="list-style-type: none"> <li>▪ Green building certification standards</li> </ul> </li> </ul>	✓

<p>ESG Risk Management</p>	<p>The proceeds of the sustainability bond are invested according to the Church Commissioners' responsible investment approach, with the proceeds of the sustainability bond used solely to support existing and future eligible environmental and social activities, as set out in the Church Commissioners' Sustainable Financing Framework (June 2022).</p> <p>Church Commissioners has respected its ESG risk management process in line with its framework.</p>	<p>✓</p>
<p>Allocation of proceeds - Transparency on the currency</p>	<p>Church Commissioners reported on the allocation of proceeds and invested projects in Pounds. 92% of the proceeds were allocated while the unallocated proceeds were 8%. Unallocated proceeds were invested on a temporary basis in cash, cash equivalents or similar instruments.</p>	<p>✓</p>

## RECOMMENDATIONS

ICMA HFIR	SUSTAINABILITY BOND ALLOCATION AND IMPACT REPORT	ASSESSMENT
<p>Define and disclose period and process for Project Evaluation and Selection</p>	<p>92% of proceeds have been allocated to eligible investments. 66% of the value of the allocated and drawn down capital has been allocated to green investments. No modification (removal or additional projects) of the portfolio is planned.</p> <p>The Issuer followed a transparent process for selection and evaluation of Eligible Green Projects. Projects financed through the Sustainability bond issued under Sustainable Financing Framework were evaluated and selected based on compliance with the Eligibility Criteria as laid out in the Framework.</p>	<p>✓</p>
<p>Disclose total amount of proceeds allocated to eligible disbursements</p>	<p>A total of £227.7 million has been raised through Issuer's Sustainability Bond. 66% of the value of the allocated and drawn down capital has been allocated to green investments.</p>	<p>✓</p>
<p>Formal internal process for the allocation of proceeds and to report on the</p>	<p>The Issuer followed a transparent process for the allocation of proceeds.</p>	<p>✓</p>

allocation of proceeds		
Report at project or portfolio level	The Sustainability Bond Allocation and Impact report includes the total amount of proceeds allocated at a project level (for the direct investments and co-investments) and at the portfolio level (for the investments made into funds).	✓
Describe the approach to impact reporting	The Issuer clearly identifies the impact of each eligible project.	✓
Report the estimated lifetime results and/or project economic life (in years)	There is no reporting on the estimated lifetime impacts and project economic life in years.	-
Ex-post verification of specific projects	There is no ex-post verification planned.	-
Report on at least a limited number of sector specific core indicators	Church Commissioner' reports on following following indicators: <ul style="list-style-type: none"> <li>▪ Estimated GHG emissions avoided (MTCO<sub>2</sub>/year)</li> <li>▪ Average annual total materials recycled (MT/year)</li> <li>▪ Green building certification standards</li> </ul>	✓
If there is no single commonly-used standard, Issuers may follow and disclose their own calculation methodologies	For its impact indicators, the Issuer has collected all the data from the impact reports and related publications made available by the respective companies and fund managers. The Issuer has provided notes on the methodologies the corresponding parties have used to calculate the impact data. For the direct investments and co-investments, the reported data represents the impact of the company/project as a whole. For the fund investments, the reported data represents the aggregate impact of all companies/projects each fund has invested in. This means that the outcomes metrics are higher than if they only represented the Church Commissioners' share. Where data is not available or remains to be published, the Issuer continues to engage with the fund managers to collect outcomes data. Lastly, all data is from the corresponding 2022 impact report unless otherwise	✓

	<p>noted. All financial values are as of 31st December 2022.</p> <p>For renewable energy co-investment, emissions are calculated by Trucost or WattCarbon; for the Climate Infrastructure Fund external data providers and consultants have been engaged; for the Energy Transition Infrastructure Fund assessment are based on Green Investment Group’s approach; for the Affordable Housing Fund the Issuer used assessments such as ‘area median income’ and ‘income in rent’; for the Green Property Fund, the fund managers’ proprietary impact scoring systems has been used; finally, for Private Equity Fund A the Issuer calculates the scalability of the company’s impact, the quality of the company’s impact, and the durability of the company’s impact following the methodology mentioned above.</p>	
Disclosure on the conversion approach (if applicable)	Not applicable because none of the reported units need to be converted.	-
Projects with partial eligibility	Not applicable because there are no projects with partial eligibility.	-
When the expected impacts of different project components may not be reported separately, Issuers may use (and disclose) the attribution approach	The impact of Church Commissioner’ projects is reported separately per category and per fund or type of investment.	✓

## OPINION

*The Church Commissioners’ follows ICMA’s Harmonised Framework for Impact Reporting (HFIR) core principles and key recommendations. Church Commissioners adhered to the core principles by generally reporting the allocation from sustainability bond annually, illustrates the environmental impacts generated by the sustainability bond through sector specific core indicators, the ESG risk management process, and disclosed the currency associated with the allocation of bond proceeds. The Issuer lists the bond proceeds that have been allocated to different project categories and has defined an approach to impact reporting.*

## FOR SOCIAL BONDS

Reporting is a core component of the SBP and transparency is of particular value in communicating the expected and/or achieved impact of projects in the form of an annual reporting. Social bond Issuers are required to report on both the use of social bond proceeds, as well as the social impacts at least on an annual basis until full allocation. ICMA's Harmonized Framework for Impact Reporting for Social Bonds (HFIRSB) has been chosen as benchmark for this analysis as it represents the most widely adopted standard.

The table below evaluates Church Commissioners' Sustainability Bond Allocation and Impact report against ICMA ICMA's Harmonized Framework for Impact Reporting for Social Bonds (HFIRSB).

CORE PRINCIPLES		
ICMA HFIRSB	SUSTAINABILITY BOND ALLOCATION AND IMPACT REPORT	ASSESSMENT
Reporting on an annual basis	The Church Commissioners has reported within one year from issuance and 92% of the proceeds have been allocated. Based on the value of the allocated and drawn down capital, 34% has been allocated to Social investments. The report will be available on Church Commissioners' website.	✓
Formal internal process to track proceeds	The Church Commissioners confirms project selection and management of proceeds to be in line with the criteria set forth in the underlying Framework.	✓
Allocation of the proceeds to social project categories	In accordance with the criteria established within the Framework, in compliance with the Social Bond Principles issued by the ICMA, Church Commissioners has allocated the net proceeds of the bond issued under this Framework to new and/or existing eligible investments within the following categories: <ul style="list-style-type: none"> <li>▪ Socioeconomic advancement and empowerment</li> <li>▪ Affordable housing</li> <li>▪ Employment Generation</li> <li>▪ Access to essential services (healthcare)</li> </ul>	✓
Target Population(s) identified	The Issuer defined targeted populations for the respective project categories within each fund. <ul style="list-style-type: none"> <li>▪ For green property fund: Student accommodation and low cost/affordable housing for low- and medium-income individuals and families.</li> </ul>	○

	<ul style="list-style-type: none"> <li>▪ For affordable housing fund: Residents earning under 80% of Area Median Income (“AMI”) in major metropolitan and suburban markets.</li> <li>▪ For private equity fund A: employers</li> <li>▪ For Climate Infrastructure Fund: General Population</li> <li>▪ Private Equity Impact Fund B: No target population defined</li> <li>▪ Energy Transition Infrastructure Fund: No target population defined</li> </ul>	
Output, outcome and/or impact of projects at project or portfolio level	<p>The Issuer referred to existing indicator lists and catalogs from the Annex III of the HFIRSB and uses a mix of output and impact indicators to measure its impact.</p> <p>A detailed analysis of impact indicators is available in Part III of this report.</p>	✓
Illustrating of the social impacts	<p>The assessment and measurement of the impacts generated by Church Commissioners’ Sustainability Bond covered the following areas:</p> <ul style="list-style-type: none"> <li>▪ Sustainable forest area (ha)</li> <li>▪ Number of permanent jobs created or maintained</li> <li>▪ Number of affordable dwellings provided</li> <li>▪ Number of individuals/families benefiting from subsidized housing</li> <li>▪ Number of patients treated</li> <li>▪ Number of permanent jobs created or maintained</li> <li>▪ Number of clients</li> <li>▪ Member renewal rates</li> <li>▪ Number of retained clients in following year</li> </ul>	✓

**RECOMMENDATIONS**

ICMA HFIRSB	SUSTAINABILITY BOND ALLOCATION AND IMPACT REPORT	ASSESSMENT
Disclose the methodology and the assumptions used for the	For its impact indicators, the Issuer has collected all the data from the impact reports and related publications made available by the respective	✓

calculation of impact indicators	companies and fund managers. The Issuer has provided notes on the methodologies the corresponding parties have used to calculate the impact data. For the direct investments and co-investments, the reported data represents the impact of the company/project as a whole. For the fund investments, the reported data represents the aggregate impact of all companies/projects each fund has invested in. This means that the outcomes metrics are higher than if they only represented the Church Commissioners' share. Where data is not available or remains to be published, the Issuer continues to engage with the fund managers to collect outcomes data. Lastly, all data is from the corresponding 2022 impact report unless otherwise noted. All financial values are as of 31st December 2022.	
When the expected impacts of different project components may not be reported separately, Issuers may use (and disclose) the attribution approach	<p>The impact of Church Commissioners' projects is reported separately per category and per fund or type of investment for:</p> <ul style="list-style-type: none"> <li>▪ Socioeconomic advancement and empowerment</li> <li>▪ Affordable housing</li> <li>▪ Employment Generation</li> <li>▪ Access to essential services (healthcare)</li> </ul>	✓
Disclose the methodology used to determine the share of eligible project financing being applied to impact calculation	Church Commissioners has identified the impact of each invested eligible project as per project categories but provides allocated proceeds at a project level (for the direct investments and co-investments) and at the portfolio level (for the investments made into funds).	✓
Collaborating with experts if reporting on the estimated lifetime impacts and/or project economic life in years	There is no reporting available on the estimated lifetime impacts and project economic life in years.	-
Assumptions and ex-post verification	There is no ex-post verification planned.	-
Report Period	34% of the value of the allocated and drawn down capital has been allocated to Social investments. No	✓

	modification (removal or additional projects) of the portfolio is planned.	
Disbursement reporting	The proceeds from the Sustainability bond issuance are used to invest in funds, co-investments and direct investments.	✓
Projects with partial eligibility	All projects are 100% eligible for financing.	-

## OPINION

*Church Commissioners follows ICMA's Harmonized Framework for Impact Reporting for Social Bonds (HFIRSB) core principles and key recommendations. Church Commissioners adhered to the core principles by generally reporting the allocation from the Sustainability bond annually, applying a formal internal process to track proceeds, outlining the allocation of proceeds to the respective social project categories, identifying the target population benefited, outlined the outcome of the social categories through impact indicators, and illustrated the social impacts generated by the Sustainability bonds.*

## PART III: DISCLOSURE OF PROCEEDS ALLOCATION AND SOUNDNESS OF THE IMPACT REPORTING INDICATORS

### Use of Proceeds Allocation

Use of Proceeds allocation reporting is key to put the impacts into perspective with the number of investments allocated to the respective Use of Proceeds' categories.

The Use of Proceeds allocation reporting occurred within one year from the issuance, after 92% of proceeds have been allocated.

The Issuer also disclosed transparently the amount of unallocated proceeds and the temporary investments. Proceeds that have not been allocated have been temporarily used in cash, cash equivalents or similar instruments, in accordance with the relevant internal treasury policies.

### Proceeds allocated to eligible projects

The proceeds' allocation is broken down at the project category level. The Issuer has provided details about the type of projects included in the portfolio such as the date committed, the commitment in £ million, the net asset value (NAV) in £ million, and the eligibility in %.

The allocation report section of the Sustainability Bond Allocation and Impact Report of Church Commissioners aligns with best-market practices by providing information on:

- The number of projects (re-)financed
- The total amount of proceeds in million £ (divided per project category)
- The investment allocations by eligible project categories by NAV
- The investment allocations by UN SDG

## Impact Reporting Indicators

The table below presents an independent assessment of the Issuer’s report and disclosure on the output, outcome, and/or impact of projects using impact indicators.

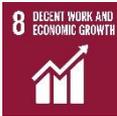
ELEMENT	ASSESSMENT
<p><b>Relevance</b></p>	<p>The impact indicators chosen by the Issuer for this bond is the following:</p> <ul style="list-style-type: none"> <li>a) Direct Investments: <ul style="list-style-type: none"> <li>▪ Sustainable forest area (ha)</li> </ul> </li> <li>b) Co-Investments <ul style="list-style-type: none"> <li>▪ Estimated GHG emissions avoided (MTCO<sub>2</sub>/ year)</li> </ul> </li> <li>c) Fund Investments – Climate Infrastructure Fund <ul style="list-style-type: none"> <li>▪ Estimated GHG emissions avoided (MTCO<sub>2</sub>/ year)</li> <li>▪ Number of permanent jobs created or maintained</li> </ul> </li> <li>d) Fund Investments – Energy Transition Infrastructure Fund <ul style="list-style-type: none"> <li>▪ Estimated GHG emissions avoided (MTCO<sub>2</sub>/ year)</li> <li>▪ Average annual total materials recycled (MT/ year)</li> </ul> </li> <li>e) Fund Investments – Affordable Housing Fund <ul style="list-style-type: none"> <li>▪ Number of Affordable housing units</li> </ul> </li> <li>f) Fund Investments –Green Property Fund <ul style="list-style-type: none"> <li>▪ Number of affordable dwellings provided</li> <li>▪ Number of individuals/families benefiting from subsidized housing</li> <li>▪ Number of patients treated</li> <li>▪ Number of permanent jobs created or maintained</li> <li>▪ Green building certification standards</li> <li>▪ Floorspace of green buildings (sq feet)</li> </ul> </li> <li>g) Private Equity Impact Fund A <ul style="list-style-type: none"> <li>▪ Number of clients</li> <li>▪ Member renewal rates</li> <li>▪ Number of retained clients in following year</li> </ul> </li> <li>h) Private Equity Impact Fund B <ul style="list-style-type: none"> <li>▪ No outcome data available</li> </ul> </li> </ul> <p>These indicators are qualitative, quantitative and material to the Use of Proceeds categories financed through this bond and in line with the Suggested Impact Reporting metrics by the ICMA Harmonized Framework for Impact Report except for the indicators of the Private Equity Impact Fund A.</p>
<p><b>Data sourcing and methodologies of quantitative assessment</b></p>	<p>For its impact indicators, the Issuer has collected all the data from the impact reports and related publications made available by the respective companies and fund managers. The Issuer has provided notes on the methodologies the corresponding parties have used to calculate the impact data. For the direct investments and co-investments, the reported data represents the impact of the company/project as a whole. For the fund investments, the reported data represents the aggregate impact of all companies/projects each fund has invested in. This means that the outcomes metrics are higher than if they only represented the Church</p>

	<p>Commissioners’ share. Where data is not available or remains to be published, the Issuer continues to engage with the fund managers to collect outcomes data. Lastly, all data is from the corresponding 2022 impact report unless otherwise noted. All financial values are as of 31st December 2022.</p> <p>For renewable energy co-investment, emissions are calculated by Trucost or WattCarbon; for the Climate Infrastructure Fund external data providers and consultants have been engaged; for the Energy Transition Infrastructure Fund assessment are based on Green Investment Group’s approach; for the Affordable Housing Fund the Issuer used assessments such as ‘area median income’ and ‘income in rent’; for the Green Property Fund Church Commissioners’ impact scoring systems has been used; finally, for the Private Equity Fund the Issuer calculates the scalability of the company’s impact, the quality of the company’s impact, and the durability of the company’s impact following the methodology mentioned above.</p>
<p><b>Baseline selection</b></p>	<p>The impact indicators used by the Issuer are benchmarked against commonly used standards such as the Forest Stewardship Council guidelines, the California Air Resource Board guidelines, the Green Investment Group’s guidelines and the Impact Management Project guidelines.</p>
<p><b>Scale and granularity</b></p>	<p>The impact data is presented at the Use of Proceed category level for the indicators.</p>

### High-level mapping of the impact indicators with the UN Sustainable Development Goals

Based on the project categories financed by the bond as disclosed in the Issuer’s Sustainability Bond Allocation and Impact Report, the impact indicator(s) adopted by Church Commissioner for its Sustainability Bond can be mapped to the following SDGs, according to the ICMA “A High -Level Mapping to the Sustainable Development Goals”<sup>6</sup>.

<sup>6</sup> [ICMA’s Mapping-SDGs-to-Green-Social-and-Sustainability-Bonds](#)

IMPACT INDICATORS	SUSTAINABLE DEVELOPMENT GOALS
<ul style="list-style-type: none"> <li>▪ Afforestation area (ha)</li> <li>▪ Certified forest area (ha)</li> </ul>	
Estimated GHG emissions avoided (MTCO <sub>2</sub> / year)	 
Number of permanent jobs created or maintained	
Average annual total materials recycled (MT/ year)	
<ul style="list-style-type: none"> <li>▪ Number of floor space of affordable dwellings provided (sq feet)</li> <li>▪ Number of individuals/families benefiting from subsidized housing</li> <li>▪ Green building certification standards</li> </ul>	
Number of patients treated	

## OPINION

*The allocation of the bond's proceeds has been disclosed, with a detailed breakdown across different eligible project categories/asset categories as proposed in the Framework and the Church Commissioners' Sustainable Financing Framework has adopted an appropriate methodology to report the impact generated by providing comprehensive disclosure on data sourcing, calculations methodologies and granularity reflecting best market practices. Besides, the impact indicators used align with best market practices using ICMA's HFIR and HFIRSB recommended metrics.*

## DISCLAIMER

1. Validity of the Report Review (“Report Review”): Valid as long as the cited Framework remains unchanged.
2. ISS Corporate Solutions, Inc. (“ICS”), a wholly-owned subsidiary of Institutional Shareholder Services Inc. (“ISS”), sells/distributes Report Reviews which are prepared and issued by ISS ESG, the responsible investment arm of ISS, on the basis of ISS ESG’s proprietary methodology. In doing so, ISS adheres to standardized procedures to ensure consistent quality of responsibility research worldwide. Information on ISS’s methodology is available upon request.
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## ANNEX 1: Methodology

### Review of the post-issuance Reports

The report review of post-issuance reports provides the Issuer with an independent opinion on the soundness of its post-issuance report and of its alignment with recognized market guidelines and it provides investors with independent information regarding the reliability of the report produced. On the basis of the information provided by the Issuer, the alignment of the report is assessed with recognized market guidelines, the metrics chosen by the Issuer and the soundness of process and methodology of reporting. The metrics are analyzed based on specific sets of indicators using proprietary method referring to common market guidelines.

### High-level mapping to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method based on ICMA's Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals, the extent to the Issuers reporting and project categories contribute to related SDGs is identified.

## ANNEX 2: Quality management processes

### SCOPE

Church Commissioners' commissioned ICS to compile a Report Review on its Bond Report. The Report Review process includes verifying whether the Bond Report aligns with the Issuer's Green, Social and Sustainability Bond Framework and the respective market standards, i.e. the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines and to assess the robustness and completeness of the reporting methodologies.

### CRITERIA

Relevant Standards for this Report Review:

- ICMA Green Bond Principles, Social Bond Principles
- ICMA Harmonized Framework for Impact Reporting
- ICMA Harmonized Framework for Impact Reporting for Social Bonds
- ICMA A High -Level Mapping to the Sustainable Development Goals

### ISSUER'S RESPONSIBILITY

Issuer's responsibility was to provide information and documentation on:

- Sustainability Bond Allocation and Impact report
- Sustainable Financing Framework
- Proceeds Allocation
- Reporting Impact Indicators
- Methodologies, and assumptions for data gathering and calculation
- ESG Risk Management

### ISS ESG's VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

This independent Report Review has been conducted by following the ICMA Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews, and its methodology, considering, when relevant, the ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

The engagement with Issuer Name took place from June to July 2023.

### ISS' BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

## About this Report Review

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyzes companies and countries regarding their environmental and social performance.

We assess alignment with external principles (e.g. the ICMA Green Bond Principles, Social Bond Principles and Sustainable Bond Guidelines), analyze the sustainability quality of the assets and review the sustainability performance of the Issuer themselves. Following these three steps, we draw up an independent Report Review so that investors are as well informed as possible about the quality of the bond/loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For information on Report Review services, contact: [SPOsales@isscorporatesolutions.com](mailto:SPOsales@isscorporatesolutions.com)

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