

# EX-POST EXTERNAL REVIEW

## Impact reporting

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Green Bond Update Report 2022

Canary Wharf Group PLC  
28 March 2022

### VERIFICATION PARAMETERS

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<b>Type(s) of reporting</b>	<ul style="list-style-type: none"><li>Green Bond Impact</li></ul>
<b>Relevant standard(s)</b>	<ul style="list-style-type: none"><li>Harmonized Framework for Impact Reporting (HFIR), as administered by ICMA (June 2021)</li></ul>
<b>Scope of verification</b>	<ul style="list-style-type: none"><li>Canary Wharf Group's Green Bond Update Report 2022 (as of 9.3.2022)</li><li>Canary Wharf Group's Green Bond Framework (as of March 2021)</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 material changes are undertaken by the issuer to its Green Bond Update Report 2022 as of 9.3.2022.</li></ul>

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## SCOPE OF WORK

Canary Wharf Group Investment Holdings PLC ('the issuer' or 'CWG') commissioned ISS ESG to provide an External Review on its Green Bond Update Report 2022 by assessing:

1. The alignment of the CWG's Green Bond Update Report 2022 with the commitments set forth in CWG Green Bond Framework (March 2021 version) assessed against the International Capital Market Association's (ICMA) Green Bond Principles (GBP) applicable at date of publication of the Framework.
2. CWG's Green Bond Update Report 2022 - benchmarked against Harmonized Framework for Impact Reporting (HFIR), updated as of June 2021, as administered by International Capital Market Association (ICMA).
3. The disclosure of proceeds allocation and soundness of reporting indicators<sup>1</sup> – whether the metrics align with best market practices and are relevant to the Green Bond issued.

## CWG BUSINESS OVERVIEW

CWG is a fully integrated developer, contractor, and property manager, and currently owns interests in approximately 7.7 million square feet of office space, 0.9 million square feet of retail and over 1,000 Build to Rent apartments. At the end of 2021, CWG operated a portfolio with a GAV of £9b.

The business of CWG covers a wide range of disciplines and encompasses the entire value chain of property development inclusive of land acquisition and assembly; development master planning; planning and other statutory consents; financing and tax; legal; design and procurement; budgeting and cost control; construction and logistics; marketing and leasing and commissioning and facilities management.

<sup>1</sup> ISS ESG's review does not follow auditing or assurance standards or guidelines. ISS ESG does not provide assurance on the information presented in CWG Green Bond Update Report 2022. ISS ESG solely conducted a review of the Use of Proceeds' allocation and impact reporting against ICMA's HFIR's core principles and recommendations and criteria outlined in the Issuer's Framework.

## ISS ESG 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>ISS ESG finds that CWG's Green Bond Update Report 2022 meet the issuer's commitments set forth in the Green Bond Framework. The underlying issuance(s) align(s) with key requirements defined by the Green Bond Principles.<sup>2</sup></p>	<p><b>Aligned</b></p>
<p><b>Part 2:</b></p> <p><b>Alignment with the HFIR</b></p>	<p>ISS ESG finds that the Green Bond Update Report 2022 is in line with ICMA's HFIR. CWG follows the core principles and applicable key recommendations. CWG has clearly reported on the Green Bond use of proceeds and associated impact indicators. The issuer also commits to annual reporting, aligned with best practices.</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>ISS ESG finds that the allocation of the bond's proceeds has been disclosed. Proceeds have been allocated to a specific project, related to the "Green Buildings" project category as proposed in the Framework<sup>3</sup>.</p> <p>The indicators are relevant and align with the reporting criteria set forth in the issuer's Framework.</p> <p>Data sourcing, methodologies of quantitative assessment, the baseline selection and granularity reflect best market practices.</p>	<p><b>Positive</b></p>

<sup>2</sup> The Framework was assessed by ISS ESG as aligned with the Green Bond Principles as of June 2021.

<sup>3</sup> ISS ESG bases its assessment on the information provided in the allocation reporting. 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

## ISS ESG EXTERNAL REVIEW ASSESSMENT

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

The following table presents ISS ESG's assessment of the Green Bond Update Report 2022 against the commitments set forth in CWG's Framework, which are based on the core requirements of the Green Bond Principles as well as best market practices.

CORE GBP REQUIREMENT OR BEST MARKET STANDARD	CWG'S GREEN BOND FRAMEWORK	CWG'S GREEN BOND UPDATE REPORT 2022	ALIGNMENT WITH COMMITMENT
<b>1. Use of Proceeds</b>			
1.1. Alignment with asset categories defined by the GBP	<p>The net proceeds will be exclusively allocated to finance or re-finance projects in the following categories:</p> <ul style="list-style-type: none"> <li>Green Buildings</li> <li>Renewable Energy</li> <li>Clean Transportation</li> </ul>	<p>In accordance with the eligibility criteria established in the Framework, the proceeds have been used to finance or re-finance projects in the following categories:</p> <ul style="list-style-type: none"> <li>Green Buildings</li> </ul>	✓
1.2. Defined and transparent criteria for eligible projects	<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 (<b>BREEAM</b>): Outstanding, Excellent or Very Good;</li> <li>Leadership in Energy and Environmental Design (<b>LEED</b>): Platinum or Gold;</li> <li>Energy Performance Certificate (<b>EPC</b>): B rating or above;</li> </ul>	<p>The issuer has financed green buildings with the same criteria as identified in the Framework.</p>	✓

<sup>4</sup> ISS ESG assessed the Canary Wharf Group PLC Green Bond Framework as aligned with the GBP (June 2018 version) as of March 2021.

	<ul style="list-style-type: none"> <li>Code for Sustainable Homes (CfSH): Level 4 or above;</li> </ul> <p>Other equivalent internationally and/or nationally recognized certifications.</p>		
1.3. Description of the expected environmental and/or social benefits of the project categories	Environmental objectives and benefits are defined for each project category in CWG's Framework.	<p>A detailed description of core environmental impacts for Green Building is available in the report.</p> <ul style="list-style-type: none"> <li>BREEAM Excellent certification is obtained</li> <li>Proximity to wide range of public transit hubs to further reduce Scope 3 emissions associated with travel</li> </ul>	✓
1.4. Refinancing/ Financing	An amount equal to the net proceeds of the Bonds will be exclusively allocated to finance or re-finance, in whole or in part, new and/or existing loans/projects.	CWG has allocated all of the proceeds to the financing of 1 Churchill Place.	✓
<b>2. Process for project evaluation and selection</b>			
2.1 Documented process to determine whether projects fit within defined categories	<p>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.</p> <p>Projects financed and/or refinanced through the Green Bond issued under</p>	The CWG Green Bond Committee is responsible for selecting projects which comply with the eligibility criteria.	✓

	Green Bond Framework are evaluated and selected based on compliance with the Eligibility Criteria set in "Use of Proceeds" section.		
2.2 Information on responsibilities and accountability	The Committee is responsible for selecting projects which comply with the eligibility criteria.	The Committee was set up to oversee the project evaluation and selection process	✓
2.3 Stakeholders involved in the process	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.	The issuer confirms that the Committee was set up with the compositions mentioned in Framework.	✓
<b>3. Management of Proceeds</b>			
3.1 Green Bond proceeds tracked in an appropriate manner	CWG will 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 under the Framework that are concurrently outstanding.	The proceeds have been fully allocated.	✓
3.2 Disclosure of intended types of temporary investment instruments for unallocated proceeds	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.	The proceeds have been fully allocated.	✓
3.3 Disclosure of portfolio balance of unallocated proceeds	CWG will produce a report on its Green Bonds which will include the balance of unallocated proceeds, if any.	The proceeds have been fully allocated.	✓

4. Reporting			
<p>4.1 Use of Proceeds reporting</p>	<p>The allocation report will include details on:</p> <ul style="list-style-type: none"> <li>▪ The total amount of proceeds allocated;</li> <li>▪ The share of financing vs refinancing;</li> <li>▪ The number of projects and level of certification; and</li> <li>▪ The balance of unallocated proceeds</li> </ul>	<p>The section “Allocation reporting” of the Green Bond Update Report 2022 complies with the pre-issuance commitment expressed in the framework and with the requirements defined in the GBP. <i>Further analysis of this section of the report is displayed in Part III of this report.</i></p>	<p style="text-align: center;">✓</p>
<p>4.2 Impact reporting</p>	<p>CWG plans to report on the environmental impact in aggregate for the Green Bond project categories. Examples of possible environmental indicators for Green Building could include</p> <ul style="list-style-type: none"> <li>▪ Number and floor space of Green Buildings meeting the eligibility criteria</li> <li>▪ BREEAM certification level (Outstanding, Excellent or Very good)</li> <li>▪ LEED certification level (Gold or Platinum)</li> <li>▪ EPC rating (B or above)</li> <li>▪ CfSH (Level 4 or above)</li> <li>▪ Estimated annual CO2 emissions avoided (tCO2) from CWG’s own operations</li> <li>▪ Number of projects receiving FSC Full Project Certification</li> </ul>	<p>The section “Impact Reporting” of the Green Bond Update Report 2022 complies with the pre-issuance commitment expressed in the framework and with the requirements defined in the GBP.</p> <p><i>Further analysis of this section is available in Part III of this report.</i></p>	<p style="text-align: center;">✓</p>



<p>4.3 Means of disclosure: where the information is published</p>	<p>The information will be made available on CWG’s corporate website and/or within its Sustainability Report.</p>	<p>The report is intended to be publicly available at <a href="https://group.canarywharf.com/about-us/investors/bonds/">https://group.canarywharf.com/about-us/investors/bonds/</a>.</p>	<p>✓</p>
<p>4.4 External review</p>	<p>A Second Party Opinion (SPO) was issued for CWG’s Social Bond Framework</p>	<p>ISS ESG has provided a Second Party Opinion (SPO) on CWG’s Green Bond Framework.</p>	<p>✓</p>

**Opinion:** ISS ESG finds that the Green Bond Update Report 2022 meet the general conditions set forth in CWG’s Green Bond Framework. Core components as defined by ICMA have been considered in the Framework and have then been transposed accordingly in the Green Bond Update Report 2022.

## PART II: ASSESSMENT AGAINST THE ICMA HFIR

Reporting is a core component of the GBP. Green bond issuers are required to report on both the use of green bond proceeds, as well as the expected environmental impacts at least on an annual basis. HFIR has been chosen as benchmark for this analysis as it represents the most widely adopted standard.

The table below presents the findings of an ISS ESG assessment of CWG Green Bond Update Report 2022 against ICMA HFIR.

CORE PRINCIPLES		
ICMA HFIR	GREEN BOND UPDATE REPORT 2022	ASSESSMENT
Reporting on an annual basis	CWG has reported within one year from issuance and all the proceeds have been fully allocated. The report will be available on CWG's website.	✓
Illustrating the expected environmental impacts	The assessment and measurement of the impacts generated by CWG Green Bonds covered the following areas: <ul style="list-style-type: none"> <li>▪ BREEAM certification level, Excellent</li> </ul>	✓
Transparency on the currency	CWG has reported all green bond-related cash-flows in one currency.	✓

RECOMMENDATIONS		
ICMA HFIR	GREEN BOND UPDATE REPORT 2022	ASSESSMENT
Define and disclose the period and process for including projects in their report	The entirety of proceeds has been allocated to Green Assets. No modification (removal or additional projects) of the portfolio is planned.	✓
Indicate the total signed amount and the amount of environmental bonds proceeds allocated to eligible disbursements.	A total of £906,320,000 has been raised through issuer's Green Bond in April 2021. The entirety of the proceeds has been allocated to Green Building.	✓
Put in place a formal internal process for the allocation of proceeds linked to their lending and investment operations for Green Projects and to report on the allocation of proceeds.	The issuer followed a transparent process for selection and evaluation of Eligible Green Projects. The project financed through the Green Bond issued under the Canary Wharf Group Green Bond Framework was evaluated and selected based on compliance with the Eligibility Criteria as laid out in the Framework.	✓
Provide a list of projects to which environmental bonds proceeds have been allocated, or report solely on a portfolio level	The Green Bond Update Report 2022 includes the total amount of proceeds allocated to the eligible green building project, "1 Churchill Place".	✓

Describe the approach to impact reporting	The issuer identifies the specific eligible project and clearly defines the total project's allocated proceeds.	✓
Report the estimated lifetime results and/or project economic life (in years)	Not applicable because there is no defined or estimated lifetime for the project	N/A
Ex-post verification of specific projects	Not applicable because there has been no ex-post verification conducted.	N/A
Report on at least a limited number of sector specific core indicators for projects included in their green bond programmes	The CWG reports on certification standards (BREEAM) that is a core indicator for the Green Building sector. A description of core environmental impacts for each target area is available in the report:  <ul style="list-style-type: none"> <li>▪ BREEAM Classification: Excellent</li> </ul>	✓
For the calculation of indicators, where there is no single commonly used standard, issuers may follow their own methodologies while making these available to investors	Not applicable because certification standard is used as indicator.	N/A
Elect, for consistency reasons, to convert units reported for individual projects. Disclosure on the conversion approach	Not applicable because certification standard is used as indicator.	N/A
Be transparent about projects with partial eligibility	Not applicable because there is no projects with partial eligibility.	N/A
In case the expected impacts of different project components may not be reported separately, issuers may attribute the results to each component based on their relative share in the related financing, disclosing the attribution approach	Not applicable because there are no different project components.	N/A

**Opinion:** ISS ESG finds that the Green Bond Update Report 2022 is in line with ICMA's HFIR. CWG follows the core principles and applicable key recommendations. CWG has clearly reported on the Green Bond use of proceeds and associated impact indicators. The issuer also commits to annual reporting, aligned with best practices.

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

**Methodology note:** ISS ESG’s review does not follow auditing or assurance standards or guidelines. ISS ESG does not provide assurance on the information presented in CWG Green Bond Update Report 2022. ISS ESG notes that it has not verified or audited the allocation reporting and thus cannot provide any assurance on its soundness. ISS ESG solely conducted a review of the Use of Proceeds’ allocation and impact reporting against ICMA’s HFIR’s core principles, recommendations and best market practices.

### 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.

ISS ESG solely conducted a review of the Use of Proceeds’ allocation reporting against ICMA Green Bond Principles’ core recommendations on the level, scope and information to be provided in the allocation reporting. ISS ESG finds that the Use of Proceeds allocation reporting occurred within one year from the issuance, after full allocation of the proceeds.

### Proceeds allocated to Eligible Projects

The proceeds’ allocation is broken down at the project level. Proceeds allocation has been reported at the project level. The issuer has provided other details about the project.

ISS ESG finds that the allocation report section of the Green Bond Update Report 2022 of CWG aligns with best market practices by providing information on:

- The number of projects financed
- The eligibility of the green building
- The total amount of proceeds in million GBP

### Impact Reporting Indicators


ISS ESG finds that the impact indicators used by Green Bond Update Report 2022 of CWG align with best market practices using ICMA’s recommended metrics in the HFIR. The table below shows the assessment conducted by ISS ESG. The issuer measures and discloses relevant indicators for each Use of Proceeds project category/project.

ELEMENT	ASSESSMENT
<b>Relevance</b>	<p>The impact indicator chosen by the issuer for this bond is the following:</p> <ul style="list-style-type: none"> <li>▪ Certification Standard</li> </ul> <p>This indicator is qualitative and material to the Use of Proceeds categories financed through this bond and in line with the Suggested Impact Reporting metrics for Green Building Projects by the ICMA Harmonized Framework for</p>

	Impact Report for Environmental and Social Bonds. This aligns with best market practices.
<b>Data sourcing and methodologies of quantitative assessment</b>	For the impact indicator, the issuer uses Internationally recognized certification standards for Green Buildings, BREEAM (Building Research Establishment Environmental Assessment Method), in line with the core indicator proposed by the ICMA Harmonized Framework for Impact Reporting.
<b>Baseline selection</b>	The impact data is compared with relevant baseline since internationally recognized standard, BREEAM is providing important baselines against which the green building project can be benchmarked. In this sense, the report is in line with the suggestion of the ICMA Harmonized Framework for Impact Reporting.
<b>Scale and granularity</b>	The impact data is presented at the Use of Proceed project levels for the indicator.

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

Based on the project categories financed and refinanced by the bonds as disclosed in the issuer's GREEN BOND UPDATE REPORT 2022, the impact indicator adopted by CWG for its Green Bond can be mapped to the following SDGs, according to the ICMA "A High Level Mapping to the Sustainable Development Goals"<sup>5</sup>.

IMPACT INDICATORS	SUSTAINABLE DEVELOPMENT GOALS
Green building certification standard, BREEAM Excellent	

<sup>5</sup> <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Mapping-SDGs-to-Green-Social-and-Sustainability-Bonds-2020-June-2020-090620.pdf>

## DISCLAIMER

1. Validity of the External Review: As long as no material changes are undertaken by the issuer to its Green Bond Update Report 2022 as of 9.3.2022.
2. ISS ESG uses a proprietary methodology to assess the post-issuance reports. In doing so, we adhere to standardized procedures to ensure consistent quality of responsibility research worldwide. In addition, we conduct External Reviews solely based on data provided by the issuer.
3. We would, however, point out that we do not warrant that the information presented in this External Review is complete, accurate or up to date. Any liability on the part of ISS ESG in connection with the use of this External Review, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.
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## ANNEX: Methodology

### ISS ESG Review of the post-issuance Reports

The external 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, ISS ESG assesses the alignment of the report with recognized market guidelines, the metrics chosen by the Issuer and the soundness of process and methodology of reporting. The analysis of the metrics adopted is based on specific sets of indicators developed by ISS ESG 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, ISS ESG identifies the extent to which Canary Wharf Group Investment Holdings PLC's reporting and project categories contribute to related SDGs.

## About ISS ESG External Review

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

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Green Bond Principles, Social Bond Principles and Sustainable Bond Guidelines), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent External 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 External Review services, contact: [SPOsales@isscorporatesolutions.com](mailto:SPOsales@isscorporatesolutions.com)

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