

# UNIVERSITY COLLEGE LONDON SUSTAINABLE FINANCING FRAMEWORK

## DNV INDEPENDENT ASSESSMENT

### Scope and Objectives

University College London (henceforth referred to as "UCL") is one of the largest UK universities by student numbers providing higher education services to over 48,000 students from 150 different countries. Based in London and maintaining four campuses (Bloomsbury, Hampstead, Stratford and Canary Wharf), UCL has more than 230 buildings comprising 6.5 million ft<sup>2</sup>.

UCL is one of the world's pre-eminent research-led institutions and is committed to inspiring the next generation of leading academics, students and staff to pursue excellence, break boundaries and make an impact on real world problems, by addressing some of the key challenges of our time. Specifically taking the lead through sustainability action on climate with an ambition to be net zero carbon by 2030. To deliver this UCL has established an ambitious sustainability strategy (the "Sustainability Strategy", otherwise known as "Change Possible: The Strategy for a Sustainable UCL 2019-2024") and aligns with specific UN Sustainable Development Goals (SDGs)<sup>1</sup>.

UCL has developed a 'Sustainable Financing Framework' (the "Framework") under which it can raise debt to support the acquisition, financing, or refinancing in whole or in part new, existing eligible sustainable projects (henceforth referred to as "Sustainable Projects") and activities of an environmental, social and sustainable nature, these are collectively known as 'Sustainable Financing Instruments'. The projects are aimed at delivering on UCL's three key foundational objectives as set out in the Sustainability Strategy:

- 1. Inspire action** - Create a generation of change makers that will lead on climate and sustainability action across the world through embedding sustainability into the curriculum, staff responsibilities, staff and student training, and behavioural frameworks;
- 2. Run sustainably** - Actively make sustainable and socially responsible behaviour the "new normal" to reduce operational impacts, and create a sustainable infrastructure for all; and
- 3. Shapes the debate** - Establish dialogues with local and global communities to share best practice in sustainability, co-create sustainable solutions and facilitate the dissemination of sustainability research.

DNV Business Assurance Services UK Limited ("DNV") has been commissioned by UCL to provide a review of the Framework against International Capital Market Association ("ICMA") for the Green Bond Principles 2018 ("GBP"), the Social Bond Principles 2020 ("SBP") and the Sustainability Bond Guidelines 2018 ("SBG"), and the Loan Market Association ("LMA") for Green Loan Principles 2021 ("GLP") and Social Loan Principles 2021 ("SLP").

Our methodology to achieve this is described under 'Work Undertaken' below. We were not commissioned to provide independent assurance or other audit activities. No assurance is provided regarding the financial performance of Bonds/Loans issued via the Company's Framework, the value of any investments, or the long-term environmental benefits of the associated transactions. Our objective has been to provide an assessment that the Framework has met the criteria established on the basis set out below.

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<sup>1</sup> UCL's alignment with the UN SDGs can be seen here: [Sustainable Development Goals - UCL - University College London](#)

## Responsibilities of the Management of UCL and DNV

The management of UCL has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform UCL's management and other interested stakeholders in the Framework, as to whether the Framework is aligned with the principles for such finance as issued by the ICMA and LMA.

DNV's assessment is supplemented with international guidelines and standards, as well as DNV's own technical expertise to assess sustainability eligibility

In our work we have relied on the information and the facts presented to us by UCL. DNV is not responsible for any aspect of the projects or assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by UCL and used as a basis for this assessment were not correct or complete.

## Basis of DNV's opinion

We have adapted our eligibility assessment methodology to create UCL-specific Sustainable Financing Framework Eligibility Assessment Protocol (henceforth referred to as "Protocol"). Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion.

As per our Protocol, the criteria against which the Framework has been reviewed are grouped under the four Principles:

- **Principle One: Use of Proceeds.** The Use of Proceeds criteria are guided by the requirement that an issuer of a Green, Social or Sustainable Bond/Loan must use the funds raised to finance or refinance eligible activities. The eligible activities should produce clear environmental and social benefits.
- **Principle Two: Process for Project Evaluation and Selection.** The Project Evaluation and Selection criteria are guided by the requirements that - an issuer of a Green, Social or Sustainable Bond/Loan should outline the process it follows when determining eligibility of an investment using Green or Social Bond/Loan proceeds and outline any impact objectives it will consider.
- **Principle Three: Management of Proceeds.** The Management of Proceeds criteria are guided by the requirements that a Green, Social or Sustainable Bond/Loan should be tracked within the issuing organisation, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.
- **Principle Four: Reporting.** The Reporting criteria are guided by the recommendation that at least annual reporting to the bond investors should be made of the use of Green, Social or Sustainable Bond/Loan proceeds, and that quantitative and/or qualitative performance indicators should be used, where feasible.

## Work undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by UCL in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us.

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The work undertaken to form our opinion included:

- Creation of a UCL-specific Protocol, adapted to the purpose of the Framework, as described above;
- Assessment of documentary evidence provided by UCL on the Framework and supplemented by high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Discussions with UCL's management, and review of relevant documentation and evidence related to the criteria of the Protocol; and
- Documentation of findings against each element of the criteria as detailed in [Schedule 2](#) of this document.

Our opinion, as detailed below, is a summary of these findings.

## Findings and DNV's opinion

DNV's findings are listed below:

### 1. Principle One: Use of Proceeds.

UCL has confirmed that an amount equivalent to the net proceeds of the Sustainable Projects issued under the Framework, will be used to acquire, finance or refinance, in whole or in part, new or existing eligible projects - activities of an environmental, social, and sustainable nature. Assets, capital and operating expenditures falling within relevant Green, Social or Sustainable categories will be defined as qualifying projects ("Sustainable Projects"), that together, form part of UCL's "Eligible Portfolio". UCL will invest in projects that deliver positive environmental and/or social performance.

The Sustainable Portfolio will comprise of the following Eligible Categories:

*Green Categories:*

- Green buildings
- Energy efficiency
- Renewable energy
- Environmentally sustainable management of living natural resources and land use
- Sustainable water and wastewater management
- Climate change adaptation
- Pollution prevention and control (waste management)
- Clean transportation

*Social Categories:*

- Socio-economic advancement and empowerment
- Access to essential services (education)

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UCL has also provided evidence of listed example projects and the expected environmental or social sustainability benefits for each category within the Framework. These are further defined in [Schedule 1](#) of this opinion, which also provides the list of the eligible categories and associated performance criteria.

DNV has reviewed the evidence and can confirm that an amount equivalent to the funding raised under the Framework will be used to finance and/or refinance projects within the Portfolio, and that such projects would result in clear environmental and social benefits. DNV can also confirm the Framework and its associated portfolio categories are aligned with UCL's broader sustainability strategy and the stated UN SDG goals, which support UCL's intent to lead through climate and sustainability action and make vital contributions to the public good.

DNV concludes that the eligible categories outlined in the Framework (and the example projects provided to DNV) are consistent with those listed in the GBP, SBP, SBG, GLP and SLP, and will provide clear environmental or social sustainability benefits.

**2. Principle Two: Process for Project Evaluation and Selection.**

On an ongoing basis, the UCL executive management team will review the list of Sustainable Projects allocated within the Portfolio for alignment with the Sustainability Strategy and the relevant UN SDGs - in addition, if they meet the criteria in the Framework. The highest level of responsibility for UCL's strategy, accountability and performance is the UCL Council, supported by a dedicated sustainability team that reports into the Vice President of Operations.

The sustainability team provides professional leadership for the development and implementation of the sustainability strategy and the Framework, including tracking of projects and engaging with Estates and Finance Officers to provide reporting on the use of proceeds and their impact. The Council retains ultimate oversight of the implementation and execution of the Framework.

DNV concludes that UCL's Framework appropriately describes the process of project evaluation and selection and is in line with the requirements listed in the GBP, SBP, SBG, GLP and the SLP.

**3. Principle Three: Management of Proceeds.**

UCL has committed to allocate an amount equivalent to the net proceeds from Sustainable Financing Instruments selected. All investments in the Portfolio will be tracked on a register by UCL's Sustainability team (with support from UCL's finance officers), ensuring the accuracy of information and the avoidance of double counting. Equivalent amounts to the net proceeds from the Sustainable Financing Instruments will be allocated to qualifying expenditure on eligible projects, or to refinance the expenditure on existing physical green assets. UCL expects, over time, to achieve a level of allocation for the eligible projects, which matches the balance of net proceeds from its outstanding Sustainable Financing Instruments raised under the Framework. Unallocated surplus funds from the Sustainable Financing Instruments will be used to repay debt and/or other transactions - including cash deposits, investments in money market funds or otherwise for temporary refinancing purposes, aligning with UCL's treasury policy.

DNV has reviewed evidence and can confirm UCL has committed to appropriately managing the proceeds arising from future Sustainable Financing Instruments issuances in line with the requirements of the GBP, SBP, SBG, GLP and the SLP.

**4. Principle Four: Reporting.**

UCL has committed to disclose publicly on a company website, on an annual basis a report on its sustainable projects at the category level, detailing the allocation portions of the net proceeds and until the full allocation of the relevant sustainable financial instruments. Impact information, qualitative and quantitative performance measures, and examples in relation to projects will also be provided where viable.

UCL may report on, for instance<sup>2</sup>:

- Building certification (scheme and ratings)
- Carbon emissions and/or intensity (kg CO<sub>2</sub>e and/or kg CO<sub>2</sub>e/m<sup>2</sup>)
- On-site renewable electricity generation / Offsite renewable electricity purchased (kWh)
- Amount of biodiversity space created/allocated (m<sup>2</sup>)
- Waste recycled / diverted from landfill (t)
- Number of EV charging points / type of clean transportation facilities installed / emissions avoided
- Value of scholarships, bursaries, awards grants provided to vulnerable students
- Illustrated project examples

DNV concludes that UCL has made appropriate plans to produce reporting on the allocation and environmental, social, or sustainable impact of future Sustainable Financing Instruments issuances in line with the requirements of the GBP, SBP, SBG, GLP and the SLP.

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<sup>2</sup> Further evidence is provided on in [Schedule 2](#).

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On the basis of the information provided by UCL and the work undertaken, it is DNV's opinion that the Framework meets the criteria established in the Protocol, and that it is aligned with the stated definition of green bonds within the GBP 2018, social bonds within the SBP 2020, sustainability bonds as stated within the SBG 2018, and green loans within the GLP 2021, and the social loans within the SLP 2021.

**for DNV Business Assurance Services UK Limited**

London, 24 May 2021

A handwritten signature in black ink, appearing to read "Nichola Hutson".**Nichola Hutson**

Senior Consultant and Project Manager  
DNV – Business Assurance

A handwritten signature in black ink, appearing to read "Shaun Walden".**Shaun Walden**

Principal Consultant and Reviewer  
DNV – Business Assurance

**About DNV**

Driven by our purpose of safeguarding life, property and the environment, DNV GL enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.

With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 12,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

## SCHEDULE 1: DESCRIPTION OF ACTIVITIES TO BE FINANCED UNDER THE FRAMEWORK

ICMA / LCA green project category	Description of activities	SDG / Industry alignment
<b>Green categories:</b>		
<p><b>Green buildings</b></p>	<p>Projects for <b>new construction projects, existing buildings, and minor refurbishments</b> (below) are expected to achieve one of the following ratings and/or standards/certifications:</p> <p><b>New Build:</b></p> <ul style="list-style-type: none"> <li>• Construction in line with UKGBC Net Zero requirements</li> <li>• Developments are to achieve a target certification level of "Excellent or higher" under BREEAM, giving due regard for the life cycle value</li> </ul> <p><b>Major refurbishments:</b></p> <ul style="list-style-type: none"> <li>• Construction in line with UKGBC Net Zero requirements</li> <li>• Developments are to achieve a target certification level of "Excellent or higher" under BREEAM, giving due regard for the life cycle value</li> </ul> <p><b>Minor refurbishments:</b></p> <ul style="list-style-type: none"> <li>• Construction in line with RICIS SKA HE - target SKA ratings of 'Gold'</li> </ul>	<p>UN SDGs #7, #11 and #13</p> <p>UK Green Building Council (UKGBC) Net Zero Carbon Building framework</p>

<p><b>Renewable energy</b></p>	<p><b>On-site</b> renewable energy generation capacity, such as: installation and the refurbishment of district energy networks using renewable power, and the installation of solar panels across campus</p> <p><b>Off-site</b> renewable energy generation capacity, such as: investment or expenditures of certified renewable energy, where on-site renewable energy is not feasible, i.e. REGO, and from projects operating at life cycle emissions lower than 40gCo2/kWh</p>	<p>UN SDGs #7, #9 and #13</p>
<p><b>Energy efficiency</b></p>	<p>Projects where investment and expenditures demonstrate a clear <b>improvement in efficiency and optimises environmental management</b> – in some cases also bringing health and wellbeing improvements.</p> <p><b>Examples include:</b></p> <ul style="list-style-type: none"> <li>• New installation upgrades to HVAC systems, insulation and facades</li> <li>• Systems and smart controls (e.g. sensors and building management technologies)</li> <li>• Efficiency improvements to heating, ventilation and lighting systems</li> <li>• Low or zero carbon technologies (e.g. heat pumps, renewables) where appropriate</li> <li>• Upgrading building fabric to enhance insulation levels and durability</li> </ul>	<p>UN SDGs #7 and #13</p>
<p><b>Climate change adaptation</b></p>	<p>Projects where investments and expenditures at UCL campus buildings and the public realm to adapt to future climate change scenarios.</p> <p><b>Examples include:</b></p> <ul style="list-style-type: none"> <li>• Provision of shaded areas</li> <li>• Installation of flood mitigation systems</li> </ul>	<p>UN SDGs #13</p>

<p><b>Pollution prevention and control (waste management)</b></p>	<p>Projects where investment and expenditures are made relating to <b>pollution prevention and control</b> and, supporting responsible production and consumption.</p> <p><b>Examples include:</b></p> <ul style="list-style-type: none"> <li>• Initiatives to reduce plastic waste across campus sites</li> <li>• Improvement in waste management systems to reduce waste or increase waste recycling, including - water fountain introduction to reduce plastic bottle waste</li> </ul>	<p>UN SDGs #12</p>
<p><b>Clean transportation</b></p>	<p>Projects where investment and expenditures are made relating to <b>improving infrastructure and providing greater accessibility to clean transport</b> to enable healthy and active travel choices.</p> <p><b>Examples include:</b></p> <ul style="list-style-type: none"> <li>• Walking / cycling / scooting infrastructure</li> <li>• Greater access to public transportation</li> <li>• Storage facilities such as cycling racks / lifts</li> <li>• Electric vehicle (EV) charging points / acquiring battery electric vehicles</li> <li>• Investing in video conferencing technology to avoid travel and harmful emission generation</li> </ul>	<p>UN SDGs #11 and #13</p>
<p><b>Sustainable water and wastewater management</b></p>	<p>Projects relating to <b>sustainable water and wastewater management to reduce consumption and encourage the re-use of water.</b></p> <p><b>Examples include:</b></p> <ul style="list-style-type: none"> <li>• Installing water meter reading devices</li> </ul>	<p>UN SDGs #6 and #11</p>

	<ul style="list-style-type: none"> <li>• Installation of water treatment systems and equipment to facilitate water / wastewater recycling</li> <li>• Improving water efficiency (e.g. water efficient sanitaryware)</li> </ul>	
<p><b>Environmentally sustainable management of living natural resources and land use</b></p>	<p>Projects relating to <b>installing natural interventions</b> across the campus buildings to <b>improve biodiversity and wider ecological services</b>, whilst providing amenity space to <b>support physical and mental wellbeing</b>.</p> <p><b>Examples include:</b></p> <ul style="list-style-type: none"> <li>• Installing green or brown roofs or pocket gardens</li> </ul>	<p>UN SDGs #11 and #15</p>
<p><b>Social Categories:</b></p>		
<p><b>Socio-economic advancement and empowerment</b></p>	<p>Projects that are intended to <b>provide financing support of PhD level charitable research</b> conducted through the UCL Doctoral Training Programmes ("DTPs").</p> <p>Support can be observed in the following ways, such as awarding maintenance stipends or payment of tuition fees, and projects that include <b>investment in building infrastructure supporting research that advances one or more of the SDGs and contributes to scientific or social advancement</b>, benefitting specific 'Target Populations' (e.g. the disabled or impaired populations).</p> <p><b>Example research areas include, but are not limited to:</b></p> <ul style="list-style-type: none"> <li>• Health and medical programme research for the benefit of disabled or elderly populations, in partnership with organisations - such as the Medical Research Council ("MRC"), Wellcome Trust and the British Heart Foundation</li> <li>• Investment in facilities to house institutions which conduct research for specific Target Populations including disabled and/or elderly persons, such as UCL</li> </ul>	<p>UN SDGs #4 and #5</p>

	Queen Square Institute of Neurology, UK Dementia Research Institute and the UCLH National Hospital for Neurology and Neurosurgery.	
<p><b>Access to essential services (education)</b></p>	<p><b>Programmes, scholarships, and bursaries programmes</b> that are intended <b>to make education <u>more accessible</u></b>.</p> <p><b>Examples include, but are not limited to:</b></p> <ul style="list-style-type: none"> <li>• Adaptation and design of buildings, and/or services to provide inclusive education. In particular, those that bring benefits to target populations including the disabled or impaired populations (e.g. lift access, ramps and handrails)</li> <li>• Supporting the long-term development of economic and social groups, including the mature, disabled, and statistically underserved target populations through UCL’s “Access and Participation Plan”.</li> </ul>	<p>UN SDG #4 and #5</p>

## SCHEDULE 2: UCL-SPECIFIC SUSTAINABLE FINANCING FRAMEWORK ASSESSMENT PROTOCOL

### 1. Use of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Types of Financing Framework	<p>The Green/Social/Sustainable Bond must fall in one of the following categories, as defined by the Green/Social/Sustainable Bond Principles:</p> <ul style="list-style-type: none"> <li>• Use of Proceeds Bond</li> <li>• Use of Proceeds Revenue Bond</li> <li>• Project Bond</li> <li>• Securitised Bond</li> </ul> <p>Green/Social/Sustainable Loans are defined as any type of loan instrument made available exclusively to finance or re-finance, in whole or in part, new and/or existing Eligible Sustainable Projects.</p>	<p>In addition to reviewing the evidence below, we had several detailed discussions with UCL.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> <li>• "UCL Sustainable Financing Framework"</li> </ul> <p>We also reviewed additional documentation:</p> <ul style="list-style-type: none"> <li>• Sustainability Strategy (2019-2024)</li> <li>• Spend Tracker - Mill - Green Projects Spend (2021)</li> <li>• Sustainable UCL Annual Report (2019-20)</li> <li>• UCL's Access and Participation Plan (2019-20)</li> </ul>	<p>The Framework outlines the type of Bonds and Loans expected to be issued under the Framework such as, but not limited to:</p> <ul style="list-style-type: none"> <li>• Investment in the Eligible Sustainable Projects, which are measured through asset value (as per most recent property valuation), capital expenditure ("Capex") or operating expenditure ("Opex").</li> <li>• For Capex and Opex expenditures, a look-back period of up to 36 months prior to the time of debt issuance is applied.</li> </ul> <p>The Eligible Sustainable Projects that define UCL's Portfolio are:</p> <p><i>Green Categories:</i></p> <ul style="list-style-type: none"> <li>• Green Buildings</li> <li>• Energy efficiency</li> <li>• Renewable Energy</li> <li>• Environmentally Sustainable Management of Living Natural Resources and Land Use</li> </ul>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<ul style="list-style-type: none"> <li>• Sustainable water / wastewater management</li> <li>• Climate change adaptation</li> <li>• Pollution prevention and control</li> <li>• Clean transportation</li> </ul> <p><i>Social Categories:</i></p> <ul style="list-style-type: none"> <li>• Socio-Economic Advancement and Empowerment</li> <li>• Access to Essential Services (Education)</li> </ul> <p>DNV can confirm that the specific type of Bond/Loan will need to be further assessed on an individual basis. DNV can also conclude that the instruments issued under this Framework support the achievement of the UN SDGs, with the alignment to specific SDGs as indicated in <a href="#">Schedule 1</a>.</p>
1b	Green/Social/Sustainable Project Categories	The cornerstone of a Green/Social/Sustainable Bond/Loan is the utilisation of the proceeds which should be appropriately described in the legal documentation for the security.	Evidence reviewed: <ul style="list-style-type: none"> <li>• “UCL Sustainable Financing Framework”</li> <li>• Sustainability Strategy (2019-2024)</li> <li>• Spend Tracker - Mill - Green Projects Spend (2021)</li> </ul>	DNV can conclude that the Framework appropriately describes the proposed utilisation of proceeds. The specific utilisation of proceeds of each issuance will need to be further assessed on an individual basis, and the relevant legal documentation will need to also be reviewed further.
1c	Green/Social/Sustainable benefits	All designated Green/Social/Sustainable Project category should provide	Evidence reviewed: <ul style="list-style-type: none"> <li>• “UCL Sustainable Financing Framework”</li> </ul>	The Framework outlines the expected environmental, social, and sustainable benefits that will be realised by any Bond/Loan issued under the Framework. Specific

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		<p>clear environmentally sustainable or social benefits, which, where feasible, will be quantified or assessed by the issuer.</p>	<ul style="list-style-type: none"> <li>Assessment of case studies laid out in the Framework</li> </ul> <p>We also reviewed additional documentation:</p> <ul style="list-style-type: none"> <li>Sustainability Strategy (2019-2024)</li> <li>SDG Case Studies (online <a href="#">here</a>)</li> <li>Sustainable UCL Annual Report (2019-20)</li> <li>UCL’s Access and Participation Plan (2019-20)</li> <li>UCL Sustainable Building Standard (2020)</li> </ul>	<p>quantifiable and qualitative benefits, where relevant, of each issuance will be agreed on a case by case basis and subject to further assessment.</p> <p>UCL has outlined potential KPI reporting metrics to demonstrate the impact from the different projects by category type. For instance:</p> <p><i>Green Categories:</i></p> <ul style="list-style-type: none"> <li><i>Green Buildings</i> – New construction projects, existing buildings and major refurbishment projects. Impact reported by: <ul style="list-style-type: none"> <li>New build: # of compliant buildings in line with UKGBC Net Zero requirements, and BREEAM Excellent or higher certification achieved (system &amp; rating)</li> <li>Major refurbishment: construction in line with the UKGBC Net Zero, and BREEAM Excellent or higher achieved (system &amp; rating)</li> <li>Minor refurbishment – construction in line with RICIS SKA HE Gold</li> </ul> </li> <li><i>Renewable Energy</i> – impact reported by: <ul style="list-style-type: none"> <li><i>On-site generation capacity (kWh)</i>, such as solar PV installation across campus, or the refurbishment of district energy networks using renewable energy sources</li> </ul> </li> </ul>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<ul style="list-style-type: none"> <li>○ <i>Off-site generation capacity (kWh), such as purchasing of certified renewable energy (i.e., REGO or projects operating a life cycle of &lt; 40gCO<sub>2</sub>/kWh)</i></li> <li>• <i>Energy efficiency</i> – Total energy efficiency and environmental management projects across campus:               <ul style="list-style-type: none"> <li>○ Impact for instance, can be seen through improvements in Building Energy Management Systems, or installations with smart sub-metering – this allows reporting on the four campuses at UCL to view and monitor energy consumption levels.</li> </ul> </li> <li>• <i>Climate change adaptation</i> - # of flood mitigation systems installed, or the provision of shaded areas introduced</li> <li>• <i>Pollution prevention and control (waste management)</i> –supporting responsible production and consumption:               <ul style="list-style-type: none"> <li>○ Impact can be measured by, for instance, the # of initiatives introduced to reduce plastic waste (e.g. water fountains) or increased recycling across the campuses</li> </ul> </li> </ul>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<ul style="list-style-type: none"> <li>• <i>Clean transportation</i> – impact can be measured by investments relating to infrastructure improvements to provide greater access to clean transport / travel choices:               <ul style="list-style-type: none"> <li>○ For instance: # of EV charging points; # of bicycle / scooter storage facilities installed (racks / lifts).</li> </ul> </li> <li>• <i>Sustainable water and wastewater management</i>– impact is observed by, for instance:               <ul style="list-style-type: none"> <li>○ # and types of water savings invested in; and</li> <li>○ Volume of water saved/reduced (m<sup>3</sup>)</li> </ul> </li> <li>• <i>Environmentally Sustainable Management of Living Natural Resources and Land Use:</i> <ul style="list-style-type: none"> <li>○ Impact is observed by, for instance: the expenditure on projects to increase biodiversity, such as, brown roofs or pocket gardens</li> <li>○ Amount of space created/allocated (m<sup>2</sup>)</li> </ul> </li> </ul> <p><i>Social Categories:</i></p> <ul style="list-style-type: none"> <li>• <i>Socio-economic advancement and empowerment</i> <ul style="list-style-type: none"> <li>○ Impact is observed by, for instance, the finance provided to support DTP / PhD level charitable research – e.g. # of maintenance grants awarded, or tuition fees paid; or</li> </ul> </li> </ul>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<ul style="list-style-type: none"> <li>○ Investment in facilities to house institutions and research that advances one or more SDGs or contributes to social/scientific advancement for specific Target Populations including disabled and/or elderly persons</li> <li>• <i>Access to Essential Services (Education):</i> <ul style="list-style-type: none"> <li>○ Impact is observed by, the types of programmes, scholarships, and bursaries programmes that make education more accessible – such as the adaptation and design of buildings, and/or services to provide inclusive education – especially to target populations (e.g. disabled/impaired populations)</li> </ul> </li> </ul>

## 2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Investment-decision process	The issuer of a Green/Social/Sustainable Bond/Loan should outline the	Evidence reviewed: <ul style="list-style-type: none"> <li>• “UCL Sustainable Financing Framework”</li> </ul>	We conclude that the Framework appropriately describes the process of project selection. The specific issuances will need to be further assessed on a case

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		<p>decision-making process it follows to determine the eligibility of projects using Bond/Loan proceeds</p>	<p>We also reviewed additional documentation:</p> <ul style="list-style-type: none"> <li>• Sustainability Strategy (2019-2024)</li> <li>• Sustainable UCL Annual Report 2019-20</li> <li>• UCL’s Access and Participation Plan (2019-20)</li> </ul>	<p>by case basis. UCL looks to demonstrate how, through responsible investment, it can create a sustainable, climate-resilient and a socially responsible portfolio.</p> <p>UCL is committed to providing good standards of corporate governance by integrating sustainability into the overall acquisition due diligence process. All eligible projects or investments are evaluated in line with how they will deliver on UCL’s long-term sustainability targets.</p> <p>UCL’s Council has overall responsibility for:</p> <ul style="list-style-type: none"> <li>• Evaluating the eligibility of all projects and investments</li> <li>• Approval of the overall UCL sustainability strategy</li> <li>• Monitoring progress against the strategic objectives set, and</li> <li>• Providing expert professional leadership on UCL’s overall sustainability agenda, and now the Framework, to ensure it is appropriately managed and monitored, implemented and executed, and that the annual allocation and impact reporting is fulfilled.</li> </ul> <p>UCL also has in place an ‘Executive Management’ team that:</p> <ul style="list-style-type: none"> <li>• Reviews spend allocation</li> </ul>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<ul style="list-style-type: none"> <li>Assesses projects and investments allocated or financed under the framework for ongoing eligibility</li> <li>Ensures that disposed investments, or those no longer considered eligible, are replaced on a best-effort basis</li> <li>Provides recommendations to the Council</li> </ul> <p>We can conclude that this process enables UCL to assess all potential eligible projects and helps to identify potential risks and opportunities early on.</p>
2b	Issuer’s governance framework	In addition to information disclosed by an issuer on its Green/Social/Sustainable Bond/Loan process, criteria and assurances, investors may also take into consideration the quality of the issuer’s overall framework and performance regarding environmental sustainability.	<p>In addition to reviewing the evidence below, we had several detailed discussions with UCL.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> <li>“UCL Sustainable Financing Framework”</li> </ul> <p>We also reviewed additional governance documentation:</p> <ul style="list-style-type: none"> <li>Sustainability Strategy (2019-2024)</li> <li>Sustainable UCL Annual Report 2019-20</li> </ul>	<p>DNV can conclude that from the information provided, the Framework is in line with its wider approach to managing sustainability (environmental and social in nature). UCL has established a core strategy based on showing that change is possible today through reimagining a sustainable way of working and inspiring a new community of change makers to continue to act on sustainability. This forms the basis to make UCL a healthier place and increase the strength and future resilience of its community – on campus and off-campus – through responsible investment and development.</p> <p>The UCL Council is responsible for the monitoring of and reporting on all project’s performance – for instance:</p> <ul style="list-style-type: none"> <li>Performance of all eligible projects are monitored, reviewed, and reported against</li> </ul>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>UCL’s sustainability targets and against market standards.</p> <ul style="list-style-type: none"> <li>Assessing which projects and investments are to be financed under the Framework</li> <li>Approving new categories as Eligible Sustainable Projects</li> <li>Approving annual allocation and impact reporting; and Oversight of the overall implementation and execution of the Sustainable Financing Framework.</li> </ul>

### 3. Management of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure	The net proceeds of a Green/Social/Sustainable Bond/Loan should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the issuer in an appropriate manner and attested to by a formal internal process that will be linked	<p>Evidence reviewed:</p> <ul style="list-style-type: none"> <li>“UCL Sustainable Financing Framework”</li> </ul> <p>We also reviewed additional documentation:</p>	<p>DNV concludes that the Framework commits UCL to tracking the “Use of Proceeds” - and “Unallocated proceeds” - for all Sustainable Projects in an appropriate manner.</p> <p>UCL will maintain a register managed by the UCL Sustainability team, who has overall:</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		to the issuer’s lending and investment operations for Green/Social/Sustainable Projects.	<ul style="list-style-type: none"> <li>UCL’s sustainable positive climate and ethical investment policy (online <a href="#">here</a>)</li> </ul>	<ul style="list-style-type: none"> <li>Oversight and management of the use of proceeds raised by the issuance of the Sustainable Financing Instruments, with associated investments recorded in UCL’s accounting systems</li> <li>Unallocated proceeds and management of this in line with the treasury policy</li> <li>Reporting on the use of proceeds/unallocated proceeds and impact.</li> </ul> <p>DNV can confirm that the tracking procedure of net proceeds is attested to by a formal internal process.</p>
	Tracking procedure	So long as the Green/Social/Sustainable Bonds/Loans are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible Green/Social/Sustainable investments or loan disbursements made during that period.	Evidence reviewed: <ul style="list-style-type: none"> <li>“UCL Sustainable Financing Framework”</li> </ul>	DNV concludes UCL has a clear process in place for tracking the balance of the eligible projects, taking into account disbursements.
3c	Temporary holdings	Pending such investments or disbursements to Eligible Projects, the issuer should make known to investors the intended types of temporary investment instruments	Evidence reviewed: <ul style="list-style-type: none"> <li>“UCL Sustainable Financing Framework”</li> </ul> <p>We also reviewed additional documentation:</p>	DNV can confirm that UCL has appropriately disclosed how it will manage any unallocated proceeds within its portfolio. This will be reported on by UCL’s Sustainability team and kept track via a register.

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		for the balance of unallocated proceeds.	<ul style="list-style-type: none"> <li>UCL’s sustainable positive climate and ethical investment policy (online <a href="#">here</a>)</li> </ul>	<p>In line with UCL’s treasury policy, any unallocated funds may be used for either:</p> <ol style="list-style-type: none"> <li>Debt repayment, and/or</li> <li>Other transactions – which may include cash deposits, investments in money market funds or otherwise for temporary refinancing purposes.</li> </ol>

#### 4. Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Periodical reporting	In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, issuers should provide at least annually a list of projects to which Bond, and where appropriate Loan proceeds, have been allocated including - when possible with regards to confidentiality and/or competitive considerations - a brief description of the projects and the amounts disbursed, as well as the	<p>Evidence reviewed:</p> <ul style="list-style-type: none"> <li>“UCL Sustainable Financing Framework”</li> <li>Assessment of case studies laid out in the Framework</li> </ul> <p>We also reviewed additional documentation:</p> <ul style="list-style-type: none"> <li>Sustainability Strategy (2019-2024)</li> <li>Sustainable UCL Annual Report 2019-20</li> </ul>	<p>We confirm that UCL has committed to annual reporting on the allocation of the net proceeds and the impact of the sustainable projects financed. This will be made available through its website on an annual basis until the full allocation of the net proceeds. This will provide investors (and alike) with the relevant information on the selected projects, such as the quantifiable and qualitative information on the environmental and/or social benefits – in addition to any impact information of the selected projects where viable.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		<p>expected environmentally sustainable impact.</p>	<ul style="list-style-type: none"> <li>UCL’s Access and Participation Plan (2019-20)</li> </ul>	<p>UCL will publish two reports:</p> <p><i>Allocation Report:</i></p> <ul style="list-style-type: none"> <li>Description of the type of sustainable projects financed</li> <li>Aggregated amount of net proceeds, by project category/sector/geography- with examples where viable</li> <li>Financing instrument used (by ISIN) and outstanding nominal balances of that instrument</li> <li>Proportion (%) of net proceeds used for financing/refinancing new/existing projects</li> <li>Information on how unallocated proceeds are held.</li> </ul> <p><i>Impact Report:</i></p> <ul style="list-style-type: none"> <li>The impact of the sustainable projects, wherever feasible, reported at the category/sector/geography level in a quantitative and/or qualitative format</li> <li>Report against key KPIs with the appropriate metrics, specifying what targets have been achieved – for instance: <ul style="list-style-type: none"> <li>➢ Building certification (scheme and ratings obtained)</li> <li>➢ Energy consumption and/or intensity (kWh per m2 and/or kWh/m2)</li> </ul> </li> </ul>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<ul style="list-style-type: none"> <li>➤ Carbon emissions and/or intensity (kg CO2e and/or kg CO2e/m2)</li> <li>➤ Energy savings achieved (kWh/m2)</li> <li>➤ GHG emissions avoided (kg CO2 p.a.)</li> <li>➤ On-site renewable electricity generation (kWh)</li> <li>➤ Offsite renewable electricity purchased (kWh) from certified sources</li> <li>➤ Expenditure spent of biodiversity projects (e.g. brown roofs/pocket gardens)</li> <li>➤ Amount of biodiversity space created/allocated (m<sup>2</sup>)</li> <li>➤ Number and type of water projects invested in</li> <li>➤ Waste recycled / diverted from landfill (t)</li> <li>➤ Waste per FTE of employee / student headcount</li> <li>➤ Recycling rate (%)</li> <li>➤ Number of EV charging points / type of clean transportation facilities installed / emissions avoided</li> <li>➤ Number of PhD funded / contributions provided for specific charitable projects</li> <li>➤ Impact reporting (e.g. benefits from specific research published)</li> </ul>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<ul style="list-style-type: none"> <li>➤ Number of vulnerable/disadvantaged students provided with grants/financial support</li> <li>➤ Value of scholarships, bursaries, awards grants provided to vulnerable students</li> <li>➤ Investment in relevant research facilities/institutes (£m)</li> <li>➤ Number and type of inclusivity access projects benefiting from funding</li> <li>➤ Illustrated project examples</li> </ul> <p>UCL will disclose publically any external verification (and/or recognition) on the quality and action it has taken to deliver benefits on campus or to the wider society. Any material developments, such as modification of the framework or significant changes to the portfolio allocation, will also be reported in a timely manner.</p> <p>DNV can confirm UCL's intent to have its environmental and social data, where viable, reviewed by an independent and external third party.</p>