



# Sustainable Finance Framework

July 2021







## Section 1: Introduction to GPE

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Section

1

# Introduction to GPE







Great Portland Estates plc (GPE) is a FTSE 250 property investment and development company with a long history of creating and managing great spaces. Our purpose is to unlock potential, creating sustainable space for London to thrive. First publicly quoted in 1959, we currently own a £2.5 billion portfolio of real estate in central London. We aim to deliver superior returns by unlocking the often hidden potential in commercial real estate in central London, creating great spaces for occupiers and long-term value for our shareholders.

We are an experienced developer with a track record of delivering the highly sustainable buildings that occupiers demand. We also know how to reposition assets through refurbishment and renovation. It is what we do. Furthermore, we consider buildings with poorer sustainability performance to be a potential avenue for future acquisitions, allowing us to create value by transforming unloved buildings into desirable, highly sustainable, prime real estate.

Following the launch of our innovative ESG-linked £450 million revolving credit facility and our Roadmap to Net Zero in 2020, this Sustainable Finance Framework (the Framework) marks the next step in our continuing journey to fully integrate sustainability across all aspects of our business. As part of our commitment to communicating with transparency and honesty, our Sustainable Finance Committee will provide impact reporting in respect of all debt instruments issued under the Framework. This will be issued on an annual basis, to provide our stakeholders with a clear view of our sustainability related successes, challenges, risks and opportunities.

**Nick Sanderson**  
Chief Financial & Operating Officer

The rapidly growing demand from occupiers for highly sustainable spaces, driven by their employees, customers and supply chain, who are becoming increasingly aware of their impact on the environment and the community in which they are working, has made sustainability a strategic and economic imperative and therefore, it sits at the heart of our strategy.

Accelerating regulation of our sector, both through the planning regime and the tightening of energy efficiency standards of buildings, ultimately leading to a minimum standard of an EPC B rating by 2030, further demonstrates the urgent need for action. It is estimated that approximately 80–90% of existing buildings in London are rated as C or below, we see this as an opportunity.



This Sustainable Finance Framework marks the next step in our continuing journey to fully integrate sustainability across all aspects of our business.

**Nick Sanderson**  
Chief Financial & Operating Officer





## We apply our specialist skills to reposition properties:

### Acquire

- Disciplined capital allocation approach; must be accretive to existing portfolio
- Tired, inefficient properties, often with poor EPC ratings, with angles to exploit
- Attractive central London locations supported by infrastructure improvements/local investment
- Discount to replacement cost and typically off-market
- Off low rents and low capital values per sq ft
- Optionality: flexible business plans
- Opportunity to enhance sustainability credentials



### Reposition

- Through lease restructuring, the delivery of flexible space, refurbishment or redevelopment
- Deliver high quality sustainable spaces into supportive markets that meet and exceed occupier needs
- Manage risk through pre-letting, joint ventures and forward sales
- Deliver climate resilient buildings that integrate market-leading sustainability standards, flexibility and technological innovation
- Enhance the local environment and public realm
- Deliver a lasting positive social impact



### Operate

- Provide efficient, resilient, healthy and innovative space to meet the demands of modern occupiers
- Provide a spectrum of spaces to appeal to a variety of occupier needs, whether on a traditional or flexible basis
- Constantly evolving to lead emerging trends, including the use of technology to enhance the occupier experience
- Detailed business plan for every property reviewed quarterly to maximise total returns over our cost of capital
- Strong sustainability credentials to maximise occupier appeal, enhance the long-term property value and reduce obsolescence



### Recycle

- Disciplined capital recycling through the sale of properties where we have executed our business plans, projected returns are insufficient or where we are able to monetise our expected future profits
- Create a legacy of high quality, sustainable buildings to benefit London and the communities in which they are located
- Reinvest proceeds into higher return opportunities
- Return excess equity capital to shareholders when reinvestment opportunities are limited





## Our business model is underpinned by:

### Strong stakeholder relationships

- An intense, supportive, customer-focused approach, central to understanding occupier needs and driving strong levels of occupier satisfaction. For the year ended 31 March 2021, this was reflected in our Net Promoter Score of +42.0, significantly outperforming our industry average of -6.1
- Open relationships with debt and equity providers based on a clear investment case and transparent disclosure
- Deep relationships and a collaborative approach with key suppliers including contractors and joint venture partners
- Positively engaging with local communities, including schools, colleges and universities, charities, community groups and local borough councils. Despite the pandemic, in the year ended 31 March 2021, we created social value of £620,000<sup>1</sup>

1. Measured using the National Social Value Measurement Framework.



### An opportunity rich portfolio

- 100% central London in attractive locations, well served by local infrastructure and with enduring occupier demand
- High occupier retention and a diverse occupier base off low rents from which to grow
- Continual repositioning of buildings to improve the occupier experience, future proof value and enhance the environment in which they are located
- Less than 0.2% of our rated properties have an EPC rating below an 'E'
- Located in markets with high barriers to entry playing to our strengths
- Positioned for future growth with 40% of our portfolio in our development programme



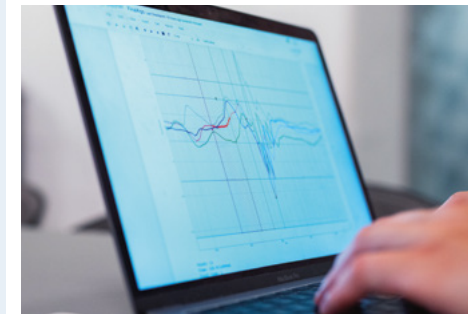
### Our culture and people

- Strong employee engagement with 98% of our employees participating in our Employee Engagement Survey in February 2021 (the Survey) on wellbeing, delivering an Employee Engagement Index of 93%
- According to the results of the Survey, 95% of our employees would recommend GPE as a great place to work
- Employee retention of 91% for the year ended 31 March 2021
- Experienced management team supported by in-house specialists
- Entrepreneurial and collegiate culture based on strong values with a disciplined approach to risk management
- Reward linked to purpose, strategy and values with close alignment with stakeholders to deliver value and outperform our KPI benchmarks
- Effective governance structure



### Our capital strength

- Consistently strong balance sheet and conservative financial leverage
- Low cost diversified debt facilities and plentiful liquidity
- Evolving debt book to align with our values
- Disciplined allocation of capital through analytical, risk adjusted IRR decision making
- Supports low and progressive dividend policy
- Tax efficient UK REIT structure





## Statement of Intent

The world of sustainability is complicated, but at GPE, our approach is simple – sustainability touches everything we do.

Following a review of our material ESG risks, which included consultation with all our stakeholder groups, in May 2020 we set out our strategy in our Sustainability Statement of Intent – “The Time is Now” looking out to 2030. Recognising the inextricable link between climate change, social impact and health and wellbeing, our Statement of Intent fully integrates sustainability across our business, supply chain and stakeholder relationships and is underpinned by four pillars and commitments:

- decarbonise our business to become net zero by 2030
- design climate change resilient and adaptable spaces
- create a lasting positive social impact in our communities
- put health and wellbeing front and centre




To support our commitments, we have also set targets to:

- reduce energy and carbon intensity at our occupied properties by 40% and 69% respectively, and reduce embodied carbon in all our developments, refurbishments and fit-outs by 40% by 2030
- ensure that all new build developments are net zero carbon by 2030
- increase biodiversity by 25% across our portfolio to improve climate change resilience, air quality and health and wellbeing outcomes
- create at least £10 million of social value in our communities by 2030

Our £450 million ESG-linked unsecured revolving credit facility signed on 31 January 2020 integrates our goals into our debt structure through three KPIs, including those relating to decarbonisation and biodiversity. This innovative facility was the first of its kind to be issued by a UK REIT. These KPIs are also integrated within the remuneration structure of our Executive Committee.

## Alignment with UN Sustainable Development Goals (SDGs)

As part of our review of material risks, we mapped the 17 UN SDGs against our strategy to consider how our sustainability priorities relate to those of the wider world. The UN SDGs or Global Goals are a collection of 17 interlinked global goals designed to be a “blueprint to achieve a better and more sustainable future for all”. Whilst the majority of the goals are relevant to our business, the four goals we and our stakeholders considered to have the most resonance to our business were:

Sustainable Development Goal	Our strategy
	We are committed to ensuring that our buildings are designed and managed to support the health and wellbeing of our employees, occupiers and our local communities
	We are focused on improving the design of our new and existing buildings to improve energy efficiency and continue to drive reductions in carbon emissions whilst optimising the experience of our occupiers and visitors
	We are focused on ensuring a lasting positive impact for the communities in which we are working to help our occupiers and communities thrive
	We recognise that we have a role to play and are committed to reducing our impact through our long-term targets to address both climate change mitigation and adaptation

## Net zero

Our target is to become a net zero carbon business by 2030





## Responding to Climate Change

Our Roadmap to Net Zero, launched in November 2020, sets out our approach to delivering a net zero carbon portfolio by 2030, using our carbon reduction hierarchy to:

1. Reduce the embodied carbon associated with our development and refurbishment activity
2. Reduce operational energy intensity across our investment portfolio
3. Maximise the use of renewable power across our buildings
4. Offset residual carbon as a last resort

Our approved science-based target commits us to reduce our absolute Scope 1 and 2 emissions by 50% by 2030 from a 2018 baseline, as specified by the applicable Science-Based Target initiative standards<sup>2</sup>.

Our Internal Carbon Price, set at £95 per tonne, levied on the embodied carbon of our developments at practical completion as well as on our operational energy consumption, is already delivering improved carbon performance across our developments.

2. These are the SBTi SME criteria, which were introduced in April 2020 as the only available validation route for companies with fewer than 500 employees, regardless of their turnover or scale of operations.  
3. [www.betterbuildingspartnership.co.uk](http://www.betterbuildingspartnership.co.uk)  
4. [www.gpe.co.uk/sustainability/our-performance/](http://www.gpe.co.uk/sustainability/our-performance/)

These funds will seed our Decarbonisation Fund, which will be used for projects to retro-fit energy efficiency measures into our existing properties, increasing the pace of change and reducing the level of offsetting required in 2030 for our business to reach net zero carbon.

In addition, our decarbonisation journey will not end in 2030. We are committed to further reducing the quantity of carbon offsets required to compensate for residual emissions between 2030 and 2050.

As one of the founding signatories to the Better Buildings Partnership's Climate Change Commitment<sup>3</sup> (the Commitment), we disclose our progress towards net zero carbon within our Sustainability Performance Data report<sup>4</sup>. The Commitment aligns with our strategy to transition to a net zero carbon business and requires us to:

- disclose our progress towards our net zero carbon pathway, including whole building performance and occupier activities
- publicly disclose the energy performance of our portfolio
- develop a comprehensive climate change resilience strategy for our portfolio by December 2022







## Climate Change Resilience

Climate change is arguably the biggest long-term challenge we face and therefore we support the aims of the Task Force on Climate-related Financial Disclosures (TCFD), to deliver clear, comparable and consistent disclosures of our organisation's exposure to climate-related risks and opportunities.

We are responding to physical risks by designing buildings that are adaptable, designed for longevity and incorporate nature-based solutions.

Our green walls, living roofs, terrace planting, courtyards and garden areas help to reduce the urban heat island effect and provide solar shading for our buildings and the local vicinity. Planting and other sustainable urban drainage systems support the resilience of our buildings from extreme weather events such as storms and high rainfall. During the financial year ended March 2021, we delivered a biodiversity net gain of 62% across our portfolio in comparison with the previous year.

# 62%

Increase in biodiversity net gain across our portfolio

To address our transitional risks, we are also:

- moving away from the use of fossil fuels for hot water and heating
- embracing the principles of the circular economy to reduce the need for demolition at the end of the building's life
- creating energy performance trajectories for each of our assets to ensure that investment is directed towards the right assets to improve EPC ratings, whilst also reducing operational energy intensity

With increasing external focus on building certifications and energy performance to demonstrate climate resilience, we closely monitor progress on energy efficiency and performance ratings across our portfolio.

Less than 0.2% of our EPC rated properties are currently rated as below an 'E' and 31% of our portfolio by area is rated BREEAM 'Very Good' or 'Excellent' with a further 24% currently on-site with BREEAM 'Excellent' targeted. Two of our development schemes are also pioneer projects for the newly created NABERS UK rating focused on energy performance of buildings once operational.

Energy performance of existing buildings is a key focus, with technological solutions such as digital twins now in use at our largest buildings to support real time energy monitoring.

For our full disclosure aligned with TCFD see [www.gpe.co.uk/sustainability/our-approach](http://www.gpe.co.uk/sustainability/our-approach)

## Social Impact

Social impact and health and wellbeing are inextricably linked to environmental impact. Whilst green spaces can support climate change mitigation and adaptation through shading and reducing the urban heat island effect, they are also essential to bring diverse communities together and to support mental health and wellbeing. Social impact is therefore integrated within our sustainability strategy, recognising that by investing in local initiatives and maximising social value, we create more inclusive and attractive spaces that are more sustainable in the long term, helping London to thrive. We have therefore committed to creating £10 million of social value by 2030<sup>5</sup>.

We are building on the already strong employee engagement in our community programme to further utilise the skills and expertise of the GPE team, to support the diverse communities in which we work.

Through our development activities, integrated social value guidelines encourage our supply chain to maximise apprenticeship and job creation opportunities and support local sourcing wherever possible.

# £10m

We have committed to creating £10 million of social value by 2030<sup>5</sup>



Through our Ethical Labour Practice audits and our support of the objectives of the Gangmasters and Labour Abuse Authority's Construction Protocol, we are supporting improved labour standards, including rolling out the payment of the London Living Wage across all our supply chains.

In recognition of the devastating impact of the COVID-19 pandemic on some of the most vulnerable and disadvantaged people in our communities, we established our COVID-19 Community Fund in May 2020. In total, over £325,000 was donated by the GPE Board, Executive Committee and wider GPE team to 28 charities to support people in our London communities. Donations focused on homelessness and other vulnerable groups, mental health and wellbeing, access to green spaces and educational initiatives. We will build on this as we update our social impact strategy by March 2022.

For more on Social Impact see [www.gpe.co.uk/sustainability/our-performance](http://www.gpe.co.uk/sustainability/our-performance)

5. We will measure our progress against the target using the National Social Value Measurement Framework.



## Health and Wellbeing

A sustainable building should also contribute to the wellbeing of its occupiers and the local community, supporting healthier, happier and more productive lives. We are responding to the increased focus on health and wellbeing through the use of technology across our buildings.

Our Wellbeing Brief takes an integrated and inclusive approach to ensure that relevant and applicable health and wellbeing aspects are considered during the design process, including:

- indoor air quality and water quality
- thermal, visual and acoustic comfort
- biophilia and access to nature
- healthy behaviours

We integrate core requirements from wellbeing accreditation standards such as Fitwel and the WELL Building Standard to ensure that occupiers can obtain full certification for their spaces upon completion of their fit-outs. Through our flex space offer we also integrate wellbeing as standard, creating new outdoor spaces, improving biodiversity, retrofitting cycle and shower facilities and providing access to our sesame™ app which we rolled out in November 2019.

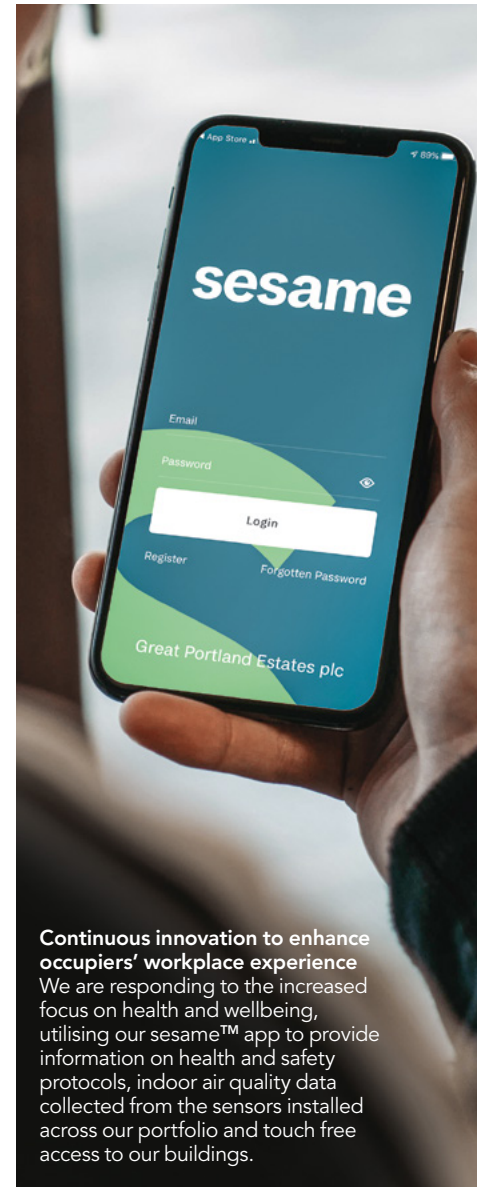
From the outset of the COVID-19 pandemic, we ensured our buildings remained open, safe and fully operational and have quickly adopted revised best practice protocols on ventilation and air conditioning. Touch free access to our buildings and new cleaning regimes were also adopted.

To support our occupiers as they return to the office we have installed air quality sensors, which provide real time information via sesame™ on indoor air quality within our buildings.

Our health and wellbeing approach is not limited to our buildings. We actively promote initiatives to support the health and wellbeing of our people, local communities and supply chain partners, working to support health programmes and ensure ethical labour practices.

# 100%

Of our occupied buildings have indoor air quality sensors installed



### Continuous innovation to enhance occupiers' workplace experience

We are responding to the increased focus on health and wellbeing, utilising our sesame™ app to provide information on health and safety protocols, indoor air quality data collected from the sensors installed across our portfolio and touch free access to our buildings.

## Framework rationale

Sustainability is at the core of GPE's business and as a next step, the Framework further aligns our strategic priorities in Sustainability with our funding and financial strategy.

GPE seeks to collaborate with all of our stakeholders as it will not be possible to achieve our ambitious targets in isolation. We therefore look to attract investors who are supportive of these goals and continue to focus on enlarging our sustainable finance investor base. These stakeholders will be valuable partners in supporting our strategy to deliver healthy, productive and sustainable spaces, whilst creating a positive lasting social impact.

The Framework provides us with the flexibility to issue financial instruments to support our commitment to achieve a broad range of sustainability outcomes. We hope such instruments will be appealing to a broad range of members of the ESG-focused investor community.





Section

# 2

# The Framework







The Framework sets out how GPE intends to issue Sustainable Debt Instruments (SDIs) to finance projects that have a positive environmental and/or social impact while supporting our business strategy.

SDIs may include:

- Green debt instruments
- Social debt instruments
- Sustainability debt instruments

SDIs can constitute a broad range of debt instruments including Bonds, Private Placements, Bank Loans, and other financing products.

We have devised the Framework to align with internationally recognised principles. Bonds issued under the Framework will be aligned to the ICMA Green Bond Principles 2021 (GBP), ICMA Social Bond Principles 2021 (SBP) or ICMA Sustainability Bond Guidelines 2021 (SBG) or as they may be subsequently amended. Loans issued under the Framework will be aligned to the LMA Green Loan Principles 2021 (GLP) or LMA Social Loan Principles 2021 (SLP) or as they may be subsequently amended.



The ICMA and LMA documents include clear principles and guidelines, based around the following four core components:

- 1. Use of Proceeds**
- 2. Project Evaluation and Selection**
- 3. Management of Proceeds**
- 4. Reporting**

GPE may also issue other sustainability-linked instruments that do not align with the Framework as they do not include a specific use of proceeds commitment. An example of this is our £450 million ESG-linked revolving credit facility issued in January 2020, which includes three ESG-linked KPIs aligned with our sustainability strategy.

GPE may further update or expand the Framework to align with emerging market standards and best practices, such as the EU Green Bond Standard, EU Taxonomy, UK Taxonomy or other relevant standards and guidelines.

Collaborative workspace at 16 Dufours Place, W1.



# 1. Use of Proceeds



GPE intends, over time and as appropriate opportunities arise, to issue SDIs under the Framework. The net proceeds of these SDIs will be used to maintain a portfolio of qualifying projects (Eligible Projects), such that the value of the Eligible Projects is at least equal to the net proceeds.








For a project to be defined as an Eligible Project, it is required to meet the eligibility criteria included in the tables below, which show both Eligible Projects focused on green initiatives (Eligible Green Projects) and Eligible Projects focused on social initiatives (Eligible Social Projects). The tables also illustrate the alignment of Eligible Projects to GPE's four pillar approach to sustainability (see page 6) as well as the UN SDGs.

Dependent on the nature of the Eligible Project, the investment can be measured through asset value, capital expenditure (Capex) or operating expenditure (Opex).

For Capex and Opex, a look-back period of up to 36 months prior to the SDI issuance will be applied. GPE intends to allocate an amount equivalent to the SDI net proceeds to Eligible Projects within 24 months of issuance.

6. In line with industry best practice such as the Carbon Risk Real Estate Monitor (CRREM) pathway. Projects can include but are not limited to: refurbishment of space to include improved insulation, window replacement, the adoption of systems for optimising energy management, for example through improved mechanical and electrical systems or the installation of digital twin technology.

## Eligible Green Projects

ICMA/LMA category for use of proceeds	Alignment with GPE's four pillar approach	Project description and eligibility criteria	Reference financial line items	Alignment to UN SDG
Green buildings	<p><b>DESIGN CLIMATE CHANGE RESILIENT AND ADAPTABLE SPACES</b></p> 	<ul style="list-style-type: none"> <li>– Financing and refinancing of commercial buildings that meet high sustainability standards</li> <li>– Eligibility thresholds include:                             <ol style="list-style-type: none"> <li>1. Building certification: BREEAM Outstanding or Excellent rating</li> <li>2. Energy performance certificate (EPC) of level 'A' or 'B'</li> <li>3. NABERS UK 5 or 6 star rating</li> </ol> </li> </ul>	<p>Capex (at development stage)</p> <p>Asset value (latest valuation)</p>	
Green buildings	<p><b>DECARBONISE OUR BUSINESS TO BECOME NET ZERO BY 2030</b></p> 	<ul style="list-style-type: none"> <li>– Refurbishments of existing buildings, or floors within buildings resulting in substantial improvement of energy efficiency<sup>6</sup></li> <li>– Eligibility thresholds include:                             <ol style="list-style-type: none"> <li>1. Increase in EPC rating of at least two grades</li> <li>2. Reduction in building energy intensity (kwh/m<sup>2</sup>) of 20% or more</li> <li>3. Attainment of a SKA Gold rating</li> </ol> </li> </ul>	<p>Capex</p>	
Green buildings	<p><b>DECARBONISE OUR BUSINESS TO BECOME NET ZERO BY 2030</b></p>  <p><b>DESIGN CLIMATE CHANGE RESILIENT AND ADAPTABLE SPACES</b></p> 	<ul style="list-style-type: none"> <li>– Purchases of sustainable construction materials which result in a reduction in embodied carbon, such as:                             <ul style="list-style-type: none"> <li>– cross laminated timber</li> <li>– responsible steel</li> <li>– earth friendly concrete</li> </ul> </li> <li>– Use of technology that results in a reduction in embodied carbon such as the use of Building Materials passports to support the circular economy</li> <li>– Eligibility thresholds include buildings with embodied carbon of 550/600kgCO<sub>2</sub>e/m<sup>2</sup> GIA up to practical completion (in line with the Greater London Authority aspirational benchmarks)</li> </ul>	<p>Capex</p>	






Continued

# 1. Use of Proceeds

continued



## Eligible Green Projects continued

ICMA/LMA category for use of proceeds	Alignment with GPE's four pillar approach	Project description and eligibility criteria	Reference financial line items	Alignment to UN SDG
Renewable energy	<p><b>DECARBONISE OUR BUSINESS TO BECOME NET ZERO BY 2030</b></p>  <p><b>DESIGN CLIMATE CHANGE RESILIENT AND ADAPTABLE SPACES</b></p> 	<ul style="list-style-type: none"> <li>– Development, construction and/or installation of renewable energy, including:             <ul style="list-style-type: none"> <li>– solar power</li> <li>– ground and air source heat pumps</li> <li>– battery storage technology</li> </ul> </li> </ul>	Capex Opex	
Sustainable water and wastewater management, climate change adaptation	<p><b>DESIGN CLIMATE CHANGE RESILIENT AND ADAPTABLE SPACES</b></p> 	<ul style="list-style-type: none"> <li>– Investments into improved water efficiency to reduce water demand and increase resilience to climate change reducing water consumption through:             <ul style="list-style-type: none"> <li>– efficient cooling strategies</li> <li>– water efficient washroom facilities</li> <li>– use of rainwater harvesting irrigation for green spaces</li> <li>– building rainwater and greywater harvesting systems</li> <li>– installation of sustainable urban drainage systems such as blue roofs</li> <li>– automatic meter reading devices and leak detection systems</li> </ul> </li> </ul>	Capex Opex	

Continued









# 1. Use of Proceeds

continued



## Eligible Green Projects continued

ICMA/LMA category for use of proceeds	Alignment with GPE's four pillar approach	Project description and eligibility criteria	Reference financial line items	Alignment to UN SDG
Terrestrial and aquatic biodiversity conservation, climate change adaptation	<p><b>DESIGN CLIMATE CHANGE RESILIENT AND ADAPTABLE SPACES</b></p>  <p><b>PUT HEALTH AND WELLBEING FRONT AND CENTRE</b></p> 	<ul style="list-style-type: none"> <li>Investments into nature-based solutions to increase climate resilience and support biodiversity net gain including the installation of green walls, biodiverse roofs, terraces and gardens which contribute to an increase in the biodiversity net gain of a property by more than 50%<sup>7</sup></li> </ul>	Capex Opex	
Pollution prevention and control	<p><b>CREATE A LASTING POSITIVE SOCIAL IMPACT IN OUR COMMUNITIES</b></p>  <p><b>PUT HEALTH AND WELLBEING FRONT AND CENTRE</b></p> 	<ul style="list-style-type: none"> <li>Projects to reduce transportation emissions to our buildings, supporting improved air quality in our community. Including:             <ul style="list-style-type: none"> <li>investments in consolidation centres and prefabrication at our construction sites to reduce construction vehicle emissions</li> <li>creation of waste consolidation centres within our buildings to reduce waste collections</li> <li>installation of online delivery lockers or similar to reduce personal deliveries to office properties</li> </ul> </li> <li>Investment in indoor air quality within developments to ensure pre-occupation thresholds are as follows:             <ul style="list-style-type: none"> <li>PM2.5 less than 15 µg/m<sup>3</sup> and PM10 less than 50 µg/m<sup>3</sup></li> <li>formaldehyde less than 27 ppb</li> <li>VOCs less than limits in WELL Feature A01, Part 2</li> <li>Carbon Monoxide less than 9 ppm</li> <li>ozone less than 51 ppb</li> </ul> </li> </ul>	Capex Opex	






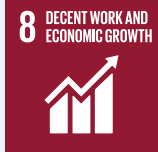
7. This is also expected to increase health and wellbeing for our occupiers and communities. Such projects involve appropriate design and selection of species.

# 1. Use of Proceeds

continued



## Eligible Social Projects

ICMA/LMA category for use of proceeds	Alignment with GPE's four pillar approach	Eligibility criteria and example projects	Reference financial line items	Alignment to UN SDG
Access to Essential Services	<p><b>CREATE A LASTING POSITIVE SOCIAL IMPACT IN OUR COMMUNITIES</b></p> 	<ul style="list-style-type: none"> <li>– Financing the construction, regeneration and redevelopment of public realm spaces as defined by the London Plan<sup>8</sup> i.e. “Publicly accessible space between and around buildings, including streets, squares, forecourts, parks and open spaces”</li> <li>– Eligible projects may include open courtyards, gardens, connective walkways, publicly accessible roof top gardens and terrace. This will help improve the general wellbeing of society, improve accessibility and allow for more inclusive public spaces</li> </ul>	Capex Opex	
Access to Essential Services	<p><b>CREATE A LASTING POSITIVE SOCIAL IMPACT IN OUR COMMUNITIES</b></p> 	<ul style="list-style-type: none"> <li>– Financing the provision of affordable workspace (as defined by the borough council planning regime), which is specifically targeted at under-represented groups, in particular women and gender minorities, people with disabilities and marginalised ethnic groups</li> </ul>	Capex Opex	
Employment generation	<p><b>CREATE A LASTING POSITIVE SOCIAL IMPACT IN OUR COMMUNITIES</b></p> 	<ul style="list-style-type: none"> <li>– Funding to support people from under-represented backgrounds and communities with limited access to education in their professional and personal development, resulting in tangible outcomes</li> <li>– May include the following targeted programmes: <ul style="list-style-type: none"> <li>– apprenticeships</li> <li>– work placements</li> <li>– internships</li> <li>– education and skills initiatives</li> </ul> </li> </ul>	Opex	

8. The London Plan 2021, launched by the Mayor of London, is the Spatial Development Strategy for Greater London. It sets out a framework for how London will develop over the next 20–25 years and the Mayor's vision for Good Growth.



## 2. Project Evaluation and Selection



Eligible Projects are required to provide clear environmental benefits and/or social impact and, first and foremost, comply with applicable environmental and social laws and regulations. In addition to this, they will need to align with GPE's sustainability strategy, which aims to manage and mitigate environmental, social and governance risks.

To ensure that the Framework and the SDIs are managed appropriately and effectively, GPE has formed a Sustainable Finance Committee (the Committee). The Committee, which will meet at least every six months, is chaired by our Chief Financial and Operating Officer and includes senior representatives from our finance and sustainability teams. The Committee will be supported by other members of the GPE team as required. Three members of the Committee also attend the Sustainability Committee (chaired by our Chief Executive) ensuring alignment and communication.

The Committee's responsibilities in respect of the Framework include:

- ongoing review and updating of the Framework to ensure its continuing alignment with relevant market standards and best practices as well as GPE's sustainability strategy
- selection of Eligible Projects
- management of proceeds from SDIs
- oversight of reporting on the use of proceeds from SDIs and their impact

The Committee is also responsible for wider sustainability matters, including:

- the review of the impact of sustainable finance legislation (e.g. EU Taxonomy, Sustainable Finance Disclosure Regulations, Task Force on Climate-related Financial Disclosures etc) on GPE's business strategy

The Sustainable Finance Committee will report to Executive Committee at least annually.

The remit of the Sustainability Committee includes:

- oversight of environmental and social risk management policies in respect of Eligible Projects
- development of mitigants to possible negative social and/or environmental impacts of Eligible Projects, where relevant
- review of the allocation of funds from GPE's Decarbonisation Fund

### The Committee



Chair  
**Nick Sanderson**  
Chief Financial & Operating Officer



**Janine Cole**  
Sustainability and Social Impact Director



**Martin Leighton**  
Director of Corporate Finance



**Stephen Burrows**  
Director of Financial Reporting and Investor Relations

## 3. Management of Proceeds

As long as SDIs issued under the Framework are outstanding, GPE aims to allocate an amount equivalent to the net proceeds of the SDIs towards Eligible Projects.

If a specific project is sold or no longer meets the definition of Eligible Projects, GPE will aim to replace the project with another Eligible Project as soon as reasonably practicable. GPE aims to ensure that the total quantum of SDIs will not exceed the total value of Eligible Projects.

Pending the allocation of SDI net proceeds to Eligible Projects, or where the total quantum of SDIs exceeds the total value of Eligible Projects, GPE will temporarily either hold the unallocated proceeds as cash deposits in line with GPE's Treasury Policy or use them for the repayment of our £450 million ESG-linked revolving credit facility.



## 4. Reporting



As stated in Section 2, Use of Proceeds, GPE intends to allocate an amount equivalent to the SDI net proceeds to Eligible Projects within 24 months of issuance.

Post the issuance of an SDI, GPE intends to release an Allocation Report and an Impact Report on at least an annual basis, until full allocation has been achieved. The intended content of these reports is set out in pages 18-21.

In the case of a material change in the make-up of the Eligible Projects, a new Allocation Report and Impact Report will be provided in a timely manner.

### Allocation Report

In the Allocation Report, GPE will include:

1. The amount issued and outstanding for each type of SDI
2. The total value of Eligible Projects
3. A breakdown of Eligible Projects per ICMA/LMA category
4. With regards to Capex and Opex, the split between refinancing and financing
5. The balance of any unallocated proceeds held as cash deposits or used for the short-term repayment of other debt instruments.

This information will be provided on our company website and will be reviewed by an independent third party (see page 22).

16 Dufours Place, W1, our first Flex+ offering, recently completed.



# 4. Reporting





continued



## Impact Report

The Impact Report will provide qualitative and quantitative performance measures and examples associated with each category of Eligible Projects. Where feasible and appropriate, GPE will include underlying methodologies for the calculation of the impact metrics. Measures that may be included within impact reporting are noted in the adjacent table.

## Eligible Green Projects

ICMA/LMA category for use of proceeds	Alignment with GPE's four pillar approach	Potential KPI reporting metrics at the category level
Green buildings	<p><b>DECARBONISE OUR BUSINESS TO BECOME NET ZERO BY 2030</b></p>  <p><b>DESIGN CLIMATE CHANGE RESILIENT AND ADAPTABLE SPACES</b></p> 	<ul style="list-style-type: none"> <li>- Number and % of buildings by Gross Internal Area (GIA) with Outstanding and Excellent BREEAM certifications</li> <li>- Number and % of buildings by area (GIA) that are EPC 'A' or 'B' rated</li> <li>- Number and % of buildings by area (GIA) with NABERS UK ratings of 5 star or above</li> </ul>
Green buildings	<p><b>DECARBONISE OUR BUSINESS TO BECOME NET ZERO BY 2030</b></p>  <p><b>DESIGN CLIMATE CHANGE RESILIENT AND ADAPTABLE SPACES</b></p> 	<ul style="list-style-type: none"> <li>- Number and % of buildings by area (GIA) where EPC rating has been improved by 2 ratings or more</li> <li>- Number and % of buildings by area (GIA) where building energy intensity has been reduced by 20% or more</li> <li>- Number and % of buildings by area (GIA) which are SKA Gold rated</li> </ul>





Continued

## 4. Reporting

continued



### Eligible Green Projects continued

ICMA/LMA category for use of proceeds	Alignment with GPE's four pillar approach	Potential KPI reporting metrics at the category level
Green buildings	<p><b>DECARBONISE OUR BUSINESS TO BECOME NET ZERO BY 2030</b></p> 	<ul style="list-style-type: none"> <li>– Embodied carbon of Eligible Projects (kgCO<sub>2</sub>/m<sup>2</sup>)</li> </ul>
Renewable energy	<p><b>DECARBONISE OUR BUSINESS TO BECOME NET ZERO BY 2030</b></p>  <p><b>DESIGN CLIMATE CHANGE RESILIENT AND ADAPTABLE SPACES</b></p> 	<ul style="list-style-type: none"> <li>– Additional on-site renewable electricity capacity (kW) added/or generated (kWh)</li> <li>– Carbon emissions avoided (kgCO<sub>2</sub>e)</li> </ul>
Sustainable water and wastewater management, climate change adaptation	<p><b>DESIGN CLIMATE CHANGE RESILIENT AND ADAPTABLE SPACES</b></p> 	<ul style="list-style-type: none"> <li>– Absolute water consumption of Eligible Projects (m<sup>3</sup>)</li> <li>– Water intensity of Eligible Projects (m<sup>3</sup>/m<sup>2</sup>)</li> <li>– Volume of water usage avoided (m<sup>3</sup>)</li> <li>– Volume of water reused (m<sup>3</sup>)</li> </ul>

  
 Continued







## 4. Reporting

continued



### Eligible Green Projects continued

ICMA/LMA category for use of proceeds	Alignment with GPE's four pillar approach	Potential KPI reporting metrics at the category level
Terrestrial and aquatic biodiversity conservation, climate change adaptation	<p><b>DESIGN CLIMATE RESILIENT AND ADAPTABLE SPACES</b></p>  <p><b>PUT HEALTH AND WELLBEING FRONT AND CENTRE</b></p> 	<ul style="list-style-type: none"> <li>– Portfolio increase in biodiversity net gain<sup>9</sup> of Eligible Projects</li> </ul>
Pollution prevention and control	<p><b>CREATE A LASTING POSITIVE SOCIAL IMPACT IN OUR COMMUNITIES</b></p>  <p><b>PUT HEALTH AND WELLBEING FRONT AND CENTRE</b></p> 	<ul style="list-style-type: none"> <li>– Number of buildings and % of buildings by floor area (GIA) using waste and delivery consolidation centres</li> <li>– Number of developments using prefabrication and consolidation centres</li> <li>– Number of buildings and % of buildings by floor area (GIA) with delivery company lockers installed</li> <li>– Reduction in vehicle movements as a result of consolidation centres/ prefabrication at our development projects</li> <li>– Reduction in vehicle movements at buildings with consolidation centres and delivery company lockers</li> <li>– Number of projects meeting pre-occupation thresholds of:             <ul style="list-style-type: none"> <li>– PM2.5 less than 15 µg/m<sup>3</sup> and PM10 less than 50 µg/m<sup>3</sup></li> <li>– formaldehyde less than 27 ppb</li> <li>– VOCs less than limits in WELL Feature A01, Part 2</li> <li>– Carbon Monoxide less than 9 ppm</li> <li>– ozone less than 51 ppb</li> </ul> </li> </ul>




9. Assured by qualified ecologist using the DEFRA Metric 2.0 methodology and a qualitative assessment for ecosystem service delivery aligned with criteria from the Wild West End.

## 4. Reporting

continued



### Eligible Social Projects

ICMA/LMA category for use of proceeds	Alignment with GPE's four pillar approach	Potential KPI reporting metrics at the category level
Access to essential services	<b>CREATE A LASTING POSITIVE SOCIAL IMPACT IN OUR COMMUNITIES</b> 	<ul style="list-style-type: none"> <li>– Number of public realm spaces developed</li> <li>– Square footage of public realm spaces developed</li> <li>– An increase of biodiversity net gain within each public realm scheme of more than 50%</li> <li>– Number of community activities held within new public realm spaces</li> <li>– Number of traineeships/apprenticeships created through public realm projects</li> </ul>
Access to essential services	<b>CREATE A LASTING POSITIVE SOCIAL IMPACT IN OUR COMMUNITIES</b> 	<ul style="list-style-type: none"> <li>– Number of affordable work spaces provided</li> <li>– Number of affordable work spaces provided to people from under represented backgrounds or members of the community with limited access to education</li> </ul>
Creating social value Creating a lasting positive social impact/put health and wellbeing front and centre	<b>CREATE A LASTING POSITIVE SOCIAL IMPACT IN OUR COMMUNITIES</b> 	<ul style="list-style-type: none"> <li>– Number of people supported through apprenticeships, work placements, internships and education and skills initiatives</li> <li>– Number of full time jobs created</li> <li>– Number of people supported through mental and physical health initiatives</li> <li>– Total social value created by above initiatives<sup>10</sup></li> </ul>

10. Measured using the National Social Value Measurement Framework.



## Second Party Opinion

DNV Business Assurance Services UK Limited (DNV) has been appointed to confirm the alignment of the Framework to the components of the ICMA GBP, SBP and SBG as well as the LMA GLP and SLP. DNV has provided a Second Party Opinion (SPO) in this regard. The SPO, including the full scope of DNV's review, is available at [www.gpe.co.uk/investors](http://www.gpe.co.uk/investors).

## Assurance/External Review of Allocation Report

GPE intends to request an independent third party assurance report in respect of:

- the Allocation Report detailed on [page 17 and above](#)
- GPE's internal tracking system for the allocation of funds more generally

This report will be made available on our company website.



Occupier space at EPC A rated  
160 Old Street, EC1





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