

**MAYOR OF LONDON**

# **Green Financing Framework**

**Green Finance Fund**

**November 2023**

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# Section 1: Overview & Strategy

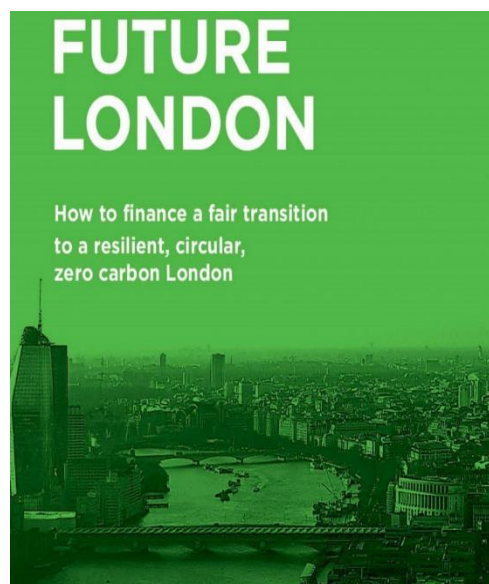
## 1.1: Rationale for a London Green Financing Framework

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The London Green Financing Framework (“Framework”) describes how the Greater London Authority (“GLA”) will finance expenditure that is critical to tackling the climate crisis and other environmental challenges, through the issuance of green bonds. All proceeds issued under the Framework will support the Mayor’s carbon reduction and environmental goals.

The Framework provides investors and stakeholders with assurance that funds will be allocated to robustly evaluated environmentally sustainable activities. It defines the projects eligible for financing with bond proceeds under the Framework and outlines the process used to identify, select, and report on eligible projects, as well as arrangements for managing the proceeds.

The Framework aligns with the Green Bond Principles as published by the International Capital Market Association (“ICMA”).



## 1.2: About the GLA

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The GLA was established in 2000 and is the democratically elected strategic authority for London. It serves a population of almost 9 million people and consists of two distinct branches: the Mayor of London, Sadiq Khan, and the London Assembly.

The Mayor has an executive role, providing citywide leadership and creating policies to ensure London is

a better place for anyone who visits, lives, or works in the city.

The London Assembly consists of 25 members who are elected by Londoners and are responsible for holding the Mayor to account. The Assembly works closely with the Mayor, having the opportunity to publicly examine policies the Mayor wished to implement, through various forums such as committee meetings, plenary sessions, site visits and investigations.

The Mayor produces strategies and defines clear policies on a range of issues (including air quality, spatial development, culture and tourism, economic development, transport and waste) and sets an

annual budget - for the GLA (including the London Assembly) and its five functional bodies (together known as the “GLA Group”) - to help achieve these strategies. The functional bodies are:

- 1) **Transport for London**, the integrated transport authority, responsible for running most of the capital’s transport network.
- 2) **The Mayor’s Office for Policing and Crime**, which oversees the work of the Metropolitan Police Service – setting the priorities for policing and community safety in London.
- 3) **The London Fire Commissioner**- with responsibility for providing London’s fire and rescue service.
- 4) **The London Legacy Development Corporation** - is responsible for delivering the legacy of the London 2012 Olympic Games by further developing the Queen Elizabeth Olympic Park.
- 5) **The Old Oak and Park Royal Development Corporation**, which manages the regeneration of the Old Oak opportunity area, spanning land in the three London Boroughs - Ealing, Brent and Hammersmith & Fulham.



### 1.3: London Net Zero 2030: An Updated Pathway

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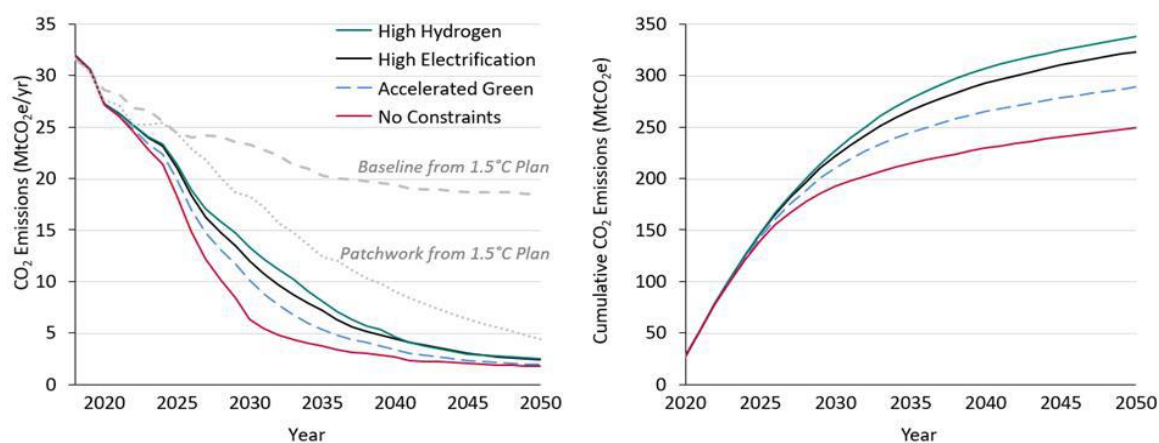
London’s environment connects every aspect of life in the city. The state of London’s environment affects everyone who lives in and visits the city and so, in 2018, the Mayor published an integrated environment strategy with an ambitious vision of improving London’s environment for the benefit of all Londoners. This meant cutting harmful emissions, protecting the Green Belt and our green spaces and preparing London to respond to the effects of climate change.

The environment strategy also outlined the Mayor’s aspiration to turn London into a zero carbon city by 2050 and, alongside the 1.5°C Climate Action Plan, outlined the pathways, policies and actions needed to achieve this goal. Since then, the science has shown that we urgently need to reduce our carbon emissions even faster. As a result, the Mayor

declared a climate emergency for London and brought forward London's net zero target from 2050 to 2030.

Climate change is increasing the frequency and intensity of extreme weather. In 2022, London experienced record temperatures and heatwaves leading to the Fire Brigade's busiest day since World War II. London also experienced drought, with many months of below average rainfall and the driest ever July since records began in 1885 (with 1% of average July rainfall). The dry conditions and heavy rainfall events in 2021 led to two serious flash flooding incidents in London, closing parts of the transport network, flooding schools and hospitals, homes and businesses.

To support the Mayor's ambition of achieving net zero by 2030, the GLA commissioned Element Energy to analyse possible pathways for London to reach net zero more quickly. Their report 'Analysis of a Net Zero 2030 Target for Greater London'<sup>1</sup> explored four possible pathways that London could take as illustrated below.



Annual (left) and cumulative (right) emissions over time for each scenario; Baseline from 1.5°C Plan included in annual emissions graph for comparison. Source: Element Energy Report (2022)

Of the four pathways modelled to achieve net zero, the Mayor's preferred option is the Accelerated Green pathway<sup>2</sup>, which balances urgency, ambition, social justice and deliverability. Delivering on this pathway will be challenging and requires co-ordinated action. The Mayor is committed to working with national government, local boroughs, London's businesses, non-governmental organisations, our European neighbours and individual Londoners to achieve this goal.

The Element Energy report highlighted the need for a huge acceleration in the pace and scale of actions required to realise the 2030 ambition. For instance, the Accelerated Green pathway estimates the need for:

- Nearly 40 per cent reduction in the total heat demand of our buildings, requiring over 200,000 homes to be retrofitted each year
- 2.2 million heat pumps in operation in London by 2030
- 27 per cent reduction in car vehicle km travelled by 2030

<sup>1</sup> Element Energy (2022), Analysis of a Net Zero 2030 Target for Greater London. Available at: <https://www.london.gov.uk/what-we-do/environment/climate-change/zero-carbon-london/pathways-net-zero-carbon-2030>

<sup>2</sup> London Net Zero 2030: An Updated Pathway - [www.london.gov.uk/sites/default/files/london\\_net\\_zero\\_2030\\_-\\_an\\_updated\\_pathway\\_-\\_gla\\_response\\_1.pdf](http://www.london.gov.uk/sites/default/files/london_net_zero_2030_-_an_updated_pathway_-_gla_response_1.pdf)

By comparison, in the 1.5°C Climate Action Plan, the figures were 160,000 homes by mid-2020's, 900,000 heat pumps and 12 per cent reduction in car vehicle km travelled, to be achieved by 2030.

Taking action to tackle London's carbon emissions will require substantial investments in capital infrastructure across our buildings, energy networks and transport systems. The Accelerated Green scenario requires at least £75 billion of investment between now and 2030 in infrastructure and £108 billion in total to 2050. Infrastructure investment continues after 2030 and takes account of natural replacement cycles, the continued rollout of low carbon heating solutions, retrofit and electric vehicle charging to support the growing electric vehicle (EV) fleet.

The infrastructure investment will not solely be borne by London's government or the public purse. Delivery of the net zero ambition will require the GLA to work with local and national government, utilities, business, finance institutions and Londoners to find the right funding mechanisms to support the infrastructure that is needed.

#### 1.4: Green Finance Fund

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The scale and speed of activity required to hit London's net zero 2030 target means that ever greater levels of financing will be needed. The current approach to decarbonisation is heavily reliant on public funding; however achieving this transition will require significant investment from the private sector. The Mayor has an important role to play in creating the enabling environment that allows collaboration between public and private sector investors, for London to meet its net zero goal.

In line with the recommendations of the Green Finance Institute, the Mayor will establish an internally managed facility called the Green Finance Fund (GFF)<sup>3</sup>. It will be administered by London Treasury Limited ("LTL"), the GLA's investment and treasury management subsidiary, which is authorised and regulated by the Financial Conduct Authority (FCA). The proceeds raised by [name SPV] pursuant to a green bond issuance under the Framework will be deployed via the GFF and allocated to eligible projects of the GLA Group as well as strategic public sector partners across London, to support capital investment in their decarbonising and environmental projects.



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<sup>3</sup> The GFF will *not* be established as a legal entity.

## 1.5: Alignment with UN Sustainable Development Goals (“SDGs”)

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The SDGs were developed in 2015 as a set of 17 global goals to achieve a more sustainable and resilient future. The SDGs have become the dominant framework for impact investing, with a growing number of investors seeking to align activities around the goals.

The ICMA has published a high-level mapping of how projects falling under its various green project categories can align with the SDGs. The GLA will use this high-level mapping as a guide to its reporting on the use of green

bond proceeds against the SDGs.

## Section 2: London Green Financing Framework

### 2.1: Framework Overview

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The Framework aligns with the following principles published by the ICMA and Loan Market Association (“LMA”) for the issuance of green finance debt instruments:

- The Green Bond Principles – June 2021 (“GBP”)<sup>4</sup>
- The Green Loan Principles – February 2021 (“GLP”)<sup>5</sup>  
(being together the “Principles”).

The Framework applies the four core components of the Principles as its basis, being:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting

#### 2.1.1: Use of Proceeds

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An amount equivalent to the net proceeds raised pursuant to this Framework will be exclusively applied to finance, or refinance, in part, or in full, new or existing, eligible green projects (the “Eligible Projects”) that fall within the eligible green project categories defined below. The distribution between new financing and refinancing will be reported on in annual Green Bond Allocation and Impact Report.

For the purposes of this Framework, the GLA’s aims and associated environmental strategies align with the high-level Climate Change Mitigation environmental objective of the GBP and the following Green Project Categories: Renewable Energy, Energy Efficiency and Clean Transportation.

Dependent on the nature of the project, the investment in the Eligible Projects can be measured through asset value (refinancing existing assets) or capital expenditure (“Capex”). For capital expenditures, a look-back period of up to 24 months prior to the time of debt issuance will be applied.

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<sup>4</sup> [Green-Bond-Principles-June-2021-140621.pdf \(icmagroup.org\)](https://www.icmagroup.org/green-bond-principles-june-2021-140621.pdf)


<sup>5</sup> [Green Loan Principles Feb2021 V04.pdf \(lma.eu.com\)](https://www.lma.eu.com/green-loan-principles-feb2021-v04.pdf)


The GLA also intends to allocate the net proceeds (or an amount equivalent to the net proceeds) raised according to this Framework to Eligible Projects within 24 months of issuance. The GLA intends to allocate at least 25% of net proceeds to current and future expenditures.



**Eligible Green Project Categories:**

| Eligible Green Project Categories and Indicative Alignment to the SDGs   | Description   | Core Indicators   | Other Indicators  |
|--|---|---|---|
| <p><b>Renewable Energy</b></p>   | <p>Financing investments to decarbonise and increase flexibility of the energy system.</p> <p>Investments will be dedicated to generation, transmission and distribution and storage of energy, from renewable and secondary or waste heat sources operating at lifecycle emissions of less than 100gCO<sub>2</sub>e /kWh.</p> <p>This category includes schemes that contribute to the decarbonisation and flexibility of the energy system.</p> <p>Investments will also be available for the utilisation of secondary or waste heat sources, often in conjunction with heat pumps, in district heat networks, system level storage and demand management or flexibility services.</p> <p>Biomass for combustion is not included.</p> | <p>Annual greenhouse gas emissions (GHG) reduced and/or avoided in tonnes of CO<sub>2</sub> equivalent</p> <p>Installed renewable energy capacity (MW)</p> <p>Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy saving)</p> | <p>Number of heat network supported</p> <p>Installed storage capacity in kW/MW</p>                    |
| <p><b>Energy Efficiency</b></p>   | <p>Financing investments that improve energy efficiency in existing buildings to improve the EPC ratings with the aim of helping London's buildings get to an average EPC B rating.</p>   | <p>Annual (GHG) emissions reduced/avoided in tonnes of CO<sub>2</sub> equivalent</p> <p>Annual energy savings in MWh/GWh (electricity) and GJ/TJ (other energy savings)</p>   | <p>Percentage reduction in building/portfolio energy demand compared to pre-intervention baseline</p> |

|   |   |   |  |
|---|---|---|--|
|  | <p>Expectations will be to improve buildings:</p> <ul style="list-style-type: none"> <li>- by a minimum of one and preferably by two EPC bands</li> <li>- to uplift the energy efficiency score (or reduce consumption) of a building by at least 30%, or</li> <li>- to get to a 'good practice' Energy Utilisation Index (EUI measured in kWh/m<sup>2</sup>) for the building according to its typology.</li> </ul> <p>This also includes investments that:</p> <ul style="list-style-type: none"> <li>• enable monitoring and optimisation of the amount and timing of energy consumption such as smart meters, load control systems, sensors or building information systems</li> <li>• reduce losses in the delivery of bulk energy services or enhance integration of intermittent renewables such as energy storage, smart grids, demand response</li> <li>• upgrading street lighting to LED lighting</li> </ul> |   | <p>Pre- and post-intervention Energy Utilisation Index (EUI) for building/portfolio in kWh/m<sup>2</sup></p> |
| <p><b>Clean Transportation</b></p>  | <p>Finance investments in low-carbon transport projects, such as:</p> <ul style="list-style-type: none"> <li>• operations that reduce emissions (both GHG and pollutants) of</li> </ul>   | <p>Annual (GHG) emissions reduced/avoided in tonnes of CO<sub>2</sub> equivalent</p> <p>Reduction of air pollutants such as particulate matter (PM), sulphur oxides (SO<sub>x</sub>),</p> | <p>Number of charging points installed.</p> <p>Number and size of upgrades to the electricity</p>            |

|   |  |   |  |
|---|--|---|--|
|  | <p>vehicles or the transport system (for example ultra-low emission zones)</p> <ul style="list-style-type: none"> <li>• zero direct emission vehicles (including public transport and electric vehicles) and associated infrastructure (example electric vehicle charging points)</li> <li>• infrastructure to support expansion of active travel modes and options, specifically walking and cycling infrastructure.</li> </ul> | <p>nitrogen oxides (NOx), carbon monoxide (CO), and non-methane volatile organic compounds (NMVOCs)</p> | <p>network to support charging infrastructure.</p> <p>Km of paths for walking</p> <p>Km of paths for cycling</p> |
|---|--|---|--|

**Exclusion Criteria:**

- Fossil fuel boilers
- Energy from Waste Infrastructure
- Brown, Black or Blue hydrogen
- Vehicles powered through fossil fuel combustion and ethanol

**2.1.2: Process for Project Evaluation and Selection**

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| Criteria   | Detail   |
|--|--|
| Eligible Organisations*  | GLA Group, London local authorities, Social Housing Providers, NHS bodies, Universities, Colleges and Museums*.  |
| ICMA Green Project Category  | Involve at least one of the following green project categories: renewable energy, energy efficiency and/or clean transportation.   |
| ICMA Core Indicators:  | Projects must deliver against at least one core indicator.   |
| Minimum loan Size  | £1m (Eligible organisations are encouraged to aggregate measures into a single project)  |
| Use of Funding   | For capital expenditure  |
| Project Timescale  | Procurement should start within 6 months of finance allocation, construction should begin within 18 – 21 months, and should be operational within 3 years++  |
| Exclusion  | Projects that do environmental harm, replacement of fossil fuel boilers, energy from waste infrastructure, brown, black or blue hydrogen, and vehicles powered through fossil fuel combustion and ethanol. |
| <p>*Finance will not be provided in cases where it is deemed that doing so would negatively affect the GLA's credit rating.</p> <p>*Organisations accredited under the UK Museum Accreditation Scheme.</p> <p>**Where projects are delivered in phases, at least the first phase should be completely within this timescale.</p> |  |

The process to evaluate, select and allocate green bond proceeds under the Framework will be administered by LTL. This will be done through the following steps:

(i) potential projects will be screened to ensure compliance with the GFF's gateway selection criteria and the Framework. All projects submitted for approval will identify and quantify the expected outputs and outcomes, in line with the Use of Proceeds criteria for this Framework.

(ii) suitable projects will be submitted to the GLA's Green Finance Steering Committee to confirm they have no objections to those that will go forward for detailed assessment.

(iii) Eligible Projects will undergo detailed assessment before being recommended to the GFF Credit

Committee.

(iv) The GFF Credit Committee is solely responsible for approving Eligible Projects for financing. Decisions to allocate finance will require a consensus decision by the Credit Committee and will be documented and filed.

Members of the Credit Committee shall consist of the following GLA officers:

- Executive Director of Resources, who will chair the Credit Committee
- Executive Director, Good Growth
- Chief Investment Officer
- Assistant Director, Environment and Energy

In addition, the committee will include at least two independent members, with relevant experience and expertise.

The terms of reference for the GFF Credit Committee are outlined at Annex A.

### **2.1.3: Management of Proceeds**

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In order to ensure that proceeds relating to Eligible Projects (in part or in full) will be managed and monitored under this Framework, the GLA will make it a requirement for project sponsors to provide regular reports on Eligible Project implementation (including application of proceeds) and achievement of impacts.

For each Eligible Project we will track as a minimum:

- a brief description of the project
- the amount allocated to the project
- the expected impact of the project
- progress on implementation

Unallocated proceeds issued under the Framework will be held as cash deposits or in sterling denominated money market funds in line with GLA's treasury management policy. The GLA treasury management policy is guided by the GLA Group Responsible Investment Policy which sets out the practices and approaches to ensuring that invested capital prudently incorporates ESG principles into decision making processes. On climate related matters, the Responsible Investment Policy highlights the approach to counterparty assessment to ensure that best practice is adhered to and sets the scope for engagement where counterparty performance on environmental factors is lacking.

Amounts equivalent to the net proceeds issued under this Framework will be used to finance or refinance, in part or in full, new or existing Eligible Projects. Where the net proceeds are utilised for the construction or renovation of Eligible Projects, these will be originated within 24 months prior to, or 24 months after the specific debt instrument proceeds are received.

If an asset is no longer eligible under the criteria included in section 2.1.1, it will be removed from the Eligible Project portfolio. In such a scenario, we will strive to replace the asset with another Eligible Project as soon as reasonably practicable.

### **2.1.4: Reporting**

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The GLA will annually, and until full allocation of the Green Finance debt instrument, publish a Green Bond Allocation and Impact Report on its website, [www.london.gov.uk](http://www.london.gov.uk), and which will contain separate reporting at the individual bond level. The report will cover, amongst other things, the following:

#### **Allocation Reporting**

- Net proceeds outstanding from the Green Financing
- Amount of proceeds allocated to Eligible Projects
- Amount of unallocated proceeds (if any)
- A complete list of Eligible Projects financed.

#### **Impact Reporting**

In addition to reporting on our broader initiatives and the delivery of our objectives in our annual Green Bond Allocation and Impact Report, we will publish metrics (in line with those referenced in the Eligible Projects table on page 8).

## **Verification of Reporting**

To ensure the highest quality of reporting, the GLA intends to procure third party verification services to provide assurance that the impact and allocation reporting and the data within is an accurate representation of the Green Finance Fund's activities.

## **2.2 External Review**

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Sustainable Fitch was appointed to confirm the alignment of the Framework to the Principles. Sustainable Fitch has provided a Second Party Opinion on this Framework.

A link to the Second Party Opinion is available at [GLA -Second Party Opinion \(sustainablefitch.com\)](https://www.sustainablefitch.com/2023/04/20/2023-04-20-GLA-Second-Party-Opinion).

## **2.3 Updates to Framework**

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The Credit Committee will review this Framework on a regular basis, including its alignment to updated versions of the Principles as and when they are released with the aim of adhering to best practices in the market. The Framework may also be reviewed against any green taxonomy developed by the UK government.

The Framework may be amended from time to time to take account of these updates or other changes that the GLA considers appropriate for tackling climate change and associated environmental issues. If not minor in nature, amendments will be subject to the prior approval of an external review provider. The GLA commits to keeping or improving the current levels of transparency and reporting disclosures in any future updated version of this Framework.

Any updates to the Framework, will be published on the GLA's website and will replace this Framework unless otherwise indicated.

# Section 3: Case Studies

## 3.1 Case Studies

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The following are case studies of projects supported by the Mayor of London Energy Efficiency Fund and illustrates the types of projects that could be supported under this Framework.

### 1. Meridian Water Heat Network to supply over 10,000 new homes and businesses with low carbon heat and hot water



The Meridian Water Heat Network is part of a £6 billion regeneration programme led by Enfield Council. The communal heat network replaces local energy generation by supplying heat and hot water through a network of new pipes. This method of energy supply is a proven technology to help reduce the amount of carbon emissions generated in heating London's homes.

The Network is forecast to save nearly 5,000 tonnes of carbon dioxide per year compared to gas-fired heating once it

starts receiving the waste heat from the Edmonton Energy Recovery Facility at the North London Waste Authority EcoPark from 2026 onwards.

#### SDGs Supported



### 2. Retrofit of the former EMD/Granada Cinema



Funding was provided to the London Borough of Waltham Forest to finance the retrofit of energy efficiency measures within the former Granada/ EMD Cinema, on Hoe Street in Waltham Forest.

The Council, which acquired the former Granada / EMD Cinema in 2019, is in the process of converting it into a theatre whilst preserving the unique heritage of the area. The funded measures will reduce the energy consumption of the building compared to a baseline by 68% and the Council's CO<sub>2</sub> consumption by 387 tonnes per annum.

The energy conservation measures include air source heat pumps, a building fabric upgrade, new lighting and controls, a building management system and roof top solar photovoltaics.

#### SDGs Supported



### 3. Low carbon streetlighting to help the Borough meet its Climate Emergency Declaration



This project involved the upgrade of circa. 11,000 LED streetlights for the London Borough of Richmond upon Thames. The new LED street lights will be monitored by the Council's computer management software and will have much lower running costs, using up to 60% per cent less energy than a conventional sodium street light.

The roll out is estimated to save annually 1,185 tonnes of carbon, the equivalent to taking over 1000 cars off the road. The

Project is estimated to save the council £440k per year in energy costs.

The LED street lights will have a colour rendition that provides the optimum ability to reduce the lighting levels at night time and they are designed to produce the same lighting levels as the existing bulbs. The new lights also have an average design life of 25 years, compared to about 6 years for traditional bulbs.

#### SDGs Supported





#### 4. Innovative retrofit of district heating scheme with water source heat pumps

The project involved the installation of Water Source Heat Pumps ('WSHP') to replace existing gas boilers, across three council housing estates. The intention is to use the water from the London aquifer and use the WSHP technology to take the naturally heated water to the temperatures required for the district heat network requirements.

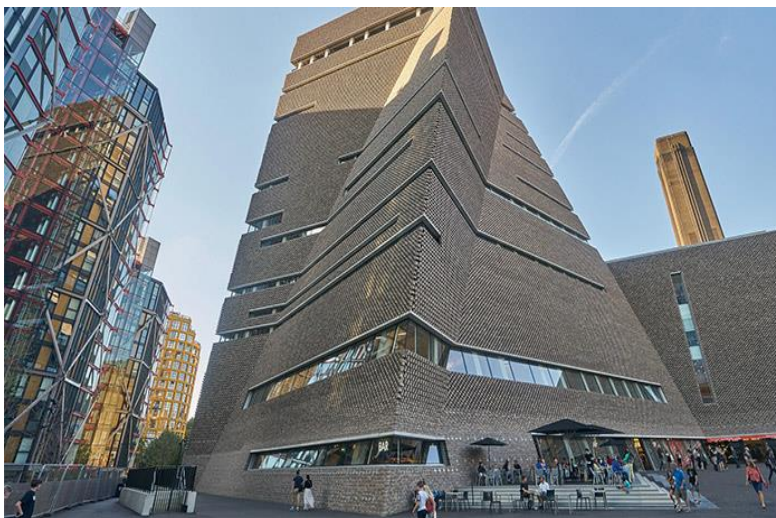
The Heat Pumps will use heat from aquifer water which will be extracted from newly drilled boreholes and installed wellheads. This has significant green credentials as it is a renewable form of heating.

The scheme provides heat to 2,175 households and has forecast to save 1,774 tonnes of CO2 per annum.

#### SDGs Supported



#### 5. Low-carbon infrastructure to support the new extension at the Tate Modern



Through combining retrofit activities and a pioneering design to link the energy systems of the site's new and old sections, the Tate Modern was able to increase its gallery space by 60% without increasing its carbon footprint and become overall 'carbon neutral'.

Energy Conservation Measures included: Pioneering transformer waste heat recovery; River Thames bore-hole water cooling; Passive measures to building

fabric; 'Gallery standard' lighting and controls.

#### SDGs Supported



# Annex A - GFF Credit Committee Terms of Reference

## Green Finance Fund Credit Committee

### Terms of Reference

#### **1. Introduction**

- 1.1 The Mayor has committed to making London a net zero-carbon city by 2030. To support this ambition and his wider environmental goals, the Mayor will make finance available, through a Green Finance Fund (GFF), to accelerate investment into green projects for the GLA Group and strategic partners across London.
- 1.2 Finance from the GFF will be provided in the form of loans of up to 25 years, to support the capital investment in carbon reduction and environmental projects (which could include several discrete components). Support may also be provided to subsidise the financing costs for projects that will deliver essential environmental benefits but need an element of bridging finance in early years or do not deliver the cost savings or other revenues to fund their own payback.
- 1.3 The financing for GFF will initially come from GLA's own cash resources. However, subject to favourable bond market conditions, the GLA will launch a green bond programme, with the proceeds being used to refinance any initial commitments made from the GFF. Further bond issuance under the programme would finance any new projects identified, on a rolling annual basis.
- 1.4 One requirement of green bonds is that they are issued under a third-party approved green framework. Consequently, projects supported by the GFF will need to fall within the scope of the Green Bond Framework ("Framework") under which the GFF will operate.
- 1.5 The GLA's arms-length, regulated subsidiary London Treasury Limited (LTL) will be responsible for the overall operation of the GFF. This will include evaluating eligible proposals for support. The Credit Committee has been established to exercise delegated authority from the Mayor to enable GFF investments. Specifically, the Credit Committee will carry out the functions set out in this Terms of Reference. In conducting its business, the Credit Committee must have regard to existing GLA governance.

#### **2. Function**

- 2.1 The Credit Committee shall perform the following duties:

- approve the final version (following Second Party Opinion review) and any subsequent amendment of the Framework, and ensure ongoing monitoring of its content with the intention of updating it to align to developments in the market standards referenced within it, on a best-efforts basis
- assure itself that the assessment of projects has been carried out properly by LTL, according to the agreed process
- decide on investment recommendations from LTL, ensuring that these meet the objectives of GFF and comply with the Framework
- decide on finance costs subsidy recommendations from LTL, ensuring that these are proportionate to the benefit being delivered
- ensure any project no longer complying with the Framework or which has been disposed of is excluded and replaced on a 'best-efforts' basis
- approve the terms and conditions of any investment finance and subsidy provided by GFF
- ensure there is robust documentation of the evaluation and selection process in order to facilitate all reporting required under the Framework (and any external verification if required)
- oversee the portfolio of investments, including any wider ESG risks (that is, process for the avoidance of negative environmental/social consequences of the projects), with reference to the Green Finance Steering Committee for any significant risks
- oversee the investment of net proceeds received from the issuance under the Framework
- track and report on net proceeds
- provide oversight and strategic guidance
- receive and approve progress and evaluation reports from LTL.

### **3. Membership**

3.1 Members of the Credit Committee shall consist of the following GLA officers:

- Executive Director of Resources, who will chair the Credit Committee
- Executive Director, Good Growth
- Chief Investment Officer
- Assistant Director, Environment and Energy

3.2 In addition, the committee will include at least two independent members, with relevant experience and expertise.

#### **4. Operation**

- 4.1 Meetings of the committee shall be held quarterly or at such other intervals as the committee may agree. The Chair of the committee may decide to cancel meetings or call additional meetings as required.
- 4.2 Each meeting shall be convened by the Secretariat giving Members not less than 10 business days written notice, and papers being circulated not less than 5 days in advance. The notice (which can be via email) shall specify the place, the day and hour of the meeting and contain reasonable particulars of the matters to be discussed at the meeting.
- 4.3 The quorum of any meeting of the committee duly convened shall consist of either the Chair or Chief Investment Officer, the Executive Director, Good Growth or Assistant Director Environment and Energy, and at least one independent member.
- 4.4 Decisions or recommendations of the committee shall be adopted by consensus of Members present (for the avoidance of doubt, attendance via conference call or video call shall constitute attendance).
- 4.5 The Green Finance Team will provide secretariat and logistical support, take the minutes of the meeting and provide advice on governance and procedural matters.

#### Written Procedure

- 4.6 The Chair may decide that the Committee is to determine a matter before it by obtaining a decision in writing, as an alternative to holding a meeting.
- 4.7 All decisions taken under Written Procedure must be supported by a report on the matter to be decided, which will be sent to Members by email.
- 4.8 Members will send their wishes (consent, objection, or abstention) to the Secretariat in writing, including by email, no later than five working days following the date of the report. Nil return will be taken as an abstention.
- 4.9 Under exceptional circumstances, a notice period of less than five working days may be set but only with the expressed permission of the Chair.