



Second-Party Opinion

University of Hull Green Finance Framework

Evaluation Summary

Sustainalytics is of the opinion that the University of Hull Green Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Green Buildings, Renewable Energy, Energy Efficiency, Pollution Prevention & Control, Clean Transportation, Sustainable Water & Wastewater Management and Living Natural Resources & Land Use – are aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible categories are expected to support the transition to a low-carbon economy and advance the UN Sustainable Development Goals, specifically SDGs 6, 7, 11 and 12.



PROJECT EVALUATION / SELECTION The University of Hull’s Capital Investment Committee, chaired by its Chief Finance Officer and reporting to the University Leadership Team, is responsible for evaluating and selecting projects in line with the eligibility criteria. The University of Hull undertakes ESG analyses and environmental and social impact assessments per project. Sustainalytics considers the risk management system to be adequate and the selection process as in line with market practice.



MANAGEMENT OF PROCEEDS The University of Hull will deposit the net proceeds in an isolated account and intends to allocate the proceeds within three years of issuance. Pending allocation, proceeds will temporarily be held as cash deposits or in sterling denominated money market funds in accordance with the University of Hull’s treasury management policy or used for short-term debt repayment. This is in line with market practice.



REPORTING The University of Hull intends to report on the allocation of proceeds in a sustainability report that will be published on its website on an annual basis. Allocation reporting will include the amount and description of proceeds allocated to each project, the balance of unallocated proceeds and a description of the temporary treatment of such proceeds, among other information. In addition, the University of Hull is committed to reporting on relevant impact metrics. Sustainalytics views the University of Hull’s allocation and impact reporting as aligned with market practice.

Evaluation date	February 25, 2022
Issuer Location	Kingston upon Hull, United Kingdom

Report Sections

Introduction.....	2
Sustainalytics’ Opinion	3
Appendices	10

For inquiries, contact the Sustainable Finance Solutions project team:

Shreeya Garg (Amsterdam)
Project Manager
shreeya.garg@sustainalytics.com
(+31) 20 205 0067

Vijay Wilfred (Mumbai)
Project Support

Kay Tao (Amsterdam)
Project Support

Stefan Spataru (Amsterdam)
Project Support

Kibii Sisulu (London)
Client Relations
susfinance.emea@sustainalytics.com
(+44) 20 3880 0193

Introduction

The University of Hull (the “University” or the “Issuer”) is a public university offering a wide range of undergraduate, postgraduate and research degrees at its campus situated in Kingston upon Hull, United Kingdom. Established in 1927, the University currently has approximately 14,250 students and 2,100 employees.

The University of Hull has developed the University of Hull Green Finance Framework (the “Framework”) under which it intends to issue debt instruments such as green bonds, loans, private placements and revolving credit facilities, and use the proceeds to finance or refinance, in whole or in part, existing or future projects that deliver positive environmental impact through a reduction in emissions and contribute towards the advancement of the University’s sustainability strategy. The Framework defines eligibility criteria in seven green categories:

1. Green Buildings
2. Renewable Energy
3. Energy Efficiency
4. Pollution Prevention & Control
5. Clean Transportation
6. Sustainable Water and Wastewater Management
7. Living Natural Resources & Land Use

The University of Hull engaged Sustainalytics to review the University of Hull Green Finance Framework, dated February 2022, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)¹ and the Green Loan Principles 2021 (GLP).² The Framework will be made available exclusively to investors.

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent³ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2021, as administered by LMA, APLMA and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.11, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of University of Hull’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. University of Hull representatives have confirmed that: (1) they understand it is the sole responsibility of University of Hull to ensure that the information provided is complete, accurate and up to date; (2) they have provided Sustainalytics with all relevant information, and (3) any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

² The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association and are available at <https://www.lsta.org/content/green-loan-principles/>.

³ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and University of Hull.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. The Second-Party Opinion is valid for issuances aligned with the respective Framework for which the Second-Party Opinion was written for a period of twenty-four (24) months from the evaluation date stated herein.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that University of Hull has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the University of Hull Green Finance Framework

Sustainalytics is of the opinion that the University of Hull Green Finance Framework is credible and impactful, and aligns with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of University of Hull's Green Finance Framework:

- Use of Proceeds:
 - The eligible categories – Green Buildings, Renewable Energy, Energy Efficiency, Pollution Prevention & Control, Clean Transportation, Sustainable Water & Wastewater Management and Living Natural Resources & Land Use – are aligned with those recognized by the GBP and GLP. Sustainalytics notes that the University's financing of eligible projects is expected to deliver positive environmental impact through a reduction in emissions and contribute to the transition towards a low-carbon economy.
 - Sustainalytics notes that the University has not established a look-back period as the Framework excludes the refinancing of operating expenditures.
 - Under the Green Buildings category, the University of Hull may finance or refinance the acquisition, construction, refurbishment and renovation of new and existing buildings, according to the following criteria:
 - New buildings that have (i) achieved or are expected to achieve a minimum of BREEAM Excellent, and (ii) received an Energy Performance Certificate with a minimum energy class B and a minimum Environmental Impact Rating of B. This is aligned with market practice.
 - Refurbishment and renovation of existing buildings that lead to a minimum Display Energy Certificate⁴ rating of B which is aligned with market practice. In addition, Sustainalytics notes that such buildings will also achieve a minimum of (i) BREEAM Very Good, or (ii) SKA Silver⁵ for fit-out refurbishments.
 - Sustainalytics views the BREEAM green building certification scheme to be credible. However, Sustainalytics considers BREEAM Excellent to be aligned with market practice and encourages the University to select BREEAM-certified buildings that score high enough in the Energy category (which Sustainalytics regards as the most

⁴ A Display Energy Certificate provides information on the actual energy use of public buildings to raise public awareness of energy use and to encourage public building owners to adopt energy efficiency measures by displaying their energy performance. For further details: Government of the UK, "Check a public building's Display Energy Certificate", at: <https://www.gov.uk/check-energy-performance-public-building>.

⁵ Royal Institute of Chartered Surveyors (RICS), "SKA Rating", at: <https://www.rics.org/uk/about-rics/responsible-business/ska-rating/>

- important one) to fulfill the requirements for BREEAM Excellent in that category. For Sustainalytics' assessment of this green building certification scheme, please refer to Appendix 1.
- Under the Renewable Energy category, the University may finance the development of renewable energy generation projects such as rooftop solar photovoltaics, onsite and offsite solar farms and ground or air source heat pumps. Sustainalytics views these investments to be aligned with market practice.
 - Sustainalytics notes that heat pumps offer an energy-efficient heat transfer alternative to conventional systems and the Framework restricts financing of heat pumps that use low-GWP refrigerants, such as to R454B, which is in line with market practice. Nevertheless, Sustainalytics recommends the University to promote robust refrigerant leak control, detection and monitoring while ensuring recovery, reclamation, recycling or destruction of refrigerants at end of life.
 - Under the Energy Efficiency category, the University may finance energy efficiency measures to enable a reduction in energy consumption and GHG emissions. These may include improvements to the building fabric including the installation of windows and lighting, and to the building services plant and infrastructure. The University may also finance the installation of building management systems. Sustainalytics notes that the Framework excludes any investments into fossil fuel based equipment and technologies. These investments are in line with market practice.
 - Under the Pollution Prevention and Control category, the University may finance waste collection and sorting activities aimed at recycling waste generated in its campus premises. Sustainalytics notes the following: (i) source segregation of waste including e-waste will be carried out and be supported by a robust waste management plan, and (ii) recycling will be limited to mechanical recycling. This is aligned with market practice.
 - In the Clean Transportation category, the University may finance electric vehicles for its own fleet and the development of associated infrastructure, such as an electric vehicle charging point network across the University campus. The University may also finance active mobility infrastructure, such as bicycle routes and facilities. Sustainalytics considers investments under this category to be aligned with market practice.
 - Under the Sustainable Water & Wastewater Management category, the University may finance urban drainage and flood mitigation systems. The University has informed Sustainalytics that a vulnerability assessment will be conducted for flood mitigation related investments to support the need for such expenditures and an adaptation plan will be prepared to address the climate risks identified under the assessment. The University also aims to promote the sustainable use of water by financing projects related to surface water and wastewater management and treatment, thereby enabling water savings. Project examples include the replacement of water mains, grey water harvesting systems, low flush and waterless infrastructure, fixtures and fittings, green roof technologies to attenuate surface water discharge rates, installation of surface water attenuation tanks, balancing ponds and swales.
 - Under the Environmentally Sustainable Management of Living Natural Resources and Land Use category, the University may finance estate development projects aimed at enhancing the natural flora and fauna ecosystem inside the campus, leading to improved embedded environmental sustainability.
 - Project Evaluation and Selection:
 - The University of Hull has established a Capital Investment Committee ("Committee") which is chaired by the Chief Finance Officer and comprised of representatives from the University Leadership Team, Sustainability Board, finance, IT, and estates and facilities directorates.
 - The Committee will evaluate and select eligible projects in line with the Framework's eligibility criteria. Additionally, the University's IT Programme Board and Estate Programme Board report to the Committee and will provide specialist scrutiny of projects.
 - The University undertakes ESG analyses and develops an environmental and social impact assessment per project to ensure that potential environmental and social risks have been assessed, and appropriate mitigation measures have been implemented. This risk assessment and mitigation process also applies to projects financed under the Framework. Sustainalytics considers it to be adequate and aligned with market practice. For additional details, see Section 2.

- Based on the establishment of a cross-functional committee and the presence of risk management systems, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - The Committee will be responsible for the management and allocation of proceeds. The University will manage the proceeds on a non-portfolio basis and hold them in an isolated account until approved by the Committee for issuance.
 - The University intends to allocate the proceeds within three years of issuance. However, in case of unallocated proceeds, such proceeds will be held temporarily as cash deposits or in sterling denominated money market funds in accordance with the University's treasury management policy. The University may also use unallocated proceeds to repay short-term debt.⁶
 - Based on the use of an isolated account for tracking the proceeds and disclosure around the temporary use of unallocated proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - The University intends to report on the allocation of proceeds and corresponding impact in a sustainability report which will be published on its website on an annual basis. Allocation reporting will include the amount and description of proceeds allocated to each project, the balance of unallocated proceeds and a description of the temporary treatment of such proceeds, net proceeds outstanding from each green financing instrument and a list of green projects financed under the Framework.
 - Where feasible, impact reporting may include key performance indicators such as energy savings achieved (kWh/m²), annual GHG emissions reduced (tCO₂e) and volume of water saved (m³). A full list of environmental impact metrics can be found in Appendix 2: Green Bond Programme External Review Form.
 - Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2021 and Green Loan Principles 2021

Sustainalytics has determined that the University of Hull Green Finance Framework aligns with the four core components of the GBP and GLP. For detailed information, please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of University of Hull

Contribution of the Framework to the University of Hull's sustainability strategy

Sustainalytics is of the opinion that the University of Hull demonstrates a commitment to sustainability by incorporating ESG principles in its long-term strategy, namely Strategy 2030.⁷ The University's strategy is focused on three areas: (i) creating an inclusive and responsible community, (ii) delivering positive environmental impact, and (iii) developing partnerships for wider benefits. Sustainalytics highlights below the Issuer's efforts under the environmental impact pillar due to its relevance to projects under the Framework.

The University has committed to reducing the negative environmental impact of its operations, having already reduced its emissions by approximately 49% between 1990 and 2020.⁸ It has also set a target to have a carbon neutral campus by the end of 2027. In order to achieve this target, the Issuer created the Net Zero Carbon Campus Plan in 2021 which focuses on reducing the energy consumption of its building stock and increasing its use of renewable energy.⁹ The University intends to reduce energy use by replacing energy intensive buildings with energy efficient buildings and introducing space utilization technologies, which are estimated to reduce emissions from energy use by 34%. Additionally, the Issuer is committed to improving the energy performance of existing buildings through the installation of energy-efficient equipment and technologies, aiming to achieve an 18% reduction in emissions. The University has also implemented a programme to

⁶ The University has confirmed to Sustainalytics that debt related to carbon-intensive activities or activities with a negative environmental or social impact will not be repaid.

⁷ University of Hull, "Strategy 2030", at: <https://www.hull.ac.uk/choose-hull/university-and-region/key-documents/docs/university-of-hull-strategy-2030.pdf>

⁸ University of Hull, "Carbon Management Plan", (2018), at: <https://www.hull.ac.uk/choose-hull/university-and-region/sustainability/docs/annual-carbon-management-report-2018.pdf>

⁹ The University shared its Net Zero Carbon Plan with Sustainalytics on a confidential basis. The University has used a 1990 baseline to calculate the reduction in emissions and energy consumption.

refurbish existing buildings to achieve a minimum certification of BREEAM Very Good and to develop new buildings to achieve a minimum of BREEAM Excellent.

With regard to increasing the share of renewable energy in the total energy mix, the University has implemented various initiatives such as switching to fossil fuel-free alternatives for all heating and cooling systems, which is estimated to reduce overall emissions by 11%. Additionally, the University generates a small proportion of its electricity from solar PVs installed on its campus and intends to increase this through the installation of additional ground-mounted and rooftop solar PVs, aiming to reduce emissions by 20%.¹⁰ The Issuer has also implemented a waste management system which recycles dry mix and converts general waste into energy.¹¹

Sustainalytics is of the opinion that the University of Hull Green Finance Framework is aligned with the University's overall sustainability strategy and initiatives and will further the University's action on its key environmental priorities.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the net proceeds from the financial instruments under the Framework will be directed towards eligible projects that are expected to have positive environmental impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects could include land use and biodiversity issues; emissions and waste generated during construction, and adverse impact on health and safety in the University.

Sustainalytics is of the opinion that University of Hull is able to manage or mitigate potential risks through implementation of the following:

- The University has developed and implements a biodiversity policy, and complies with all applicable environmental UK legislation. Under this policy, the University commits to identifying and addressing the potential negative impact of its activities on biodiversity. The University has in place a Biodiversity Action Plan to integrate biodiversity considerations into its activities and periodically monitors and reports on its biodiversity performance.¹²
- The University has in place an environmental policy to mitigate the negative impact of its operations and is certified under ISO 14001:2015, which recognizes long-term environmental management systems, integrating social and economic needs. The Issuer also requires its business partners and contractors to comply with the policy.¹³
- The University has implemented a sustainable procurement policy under which it promotes partnerships with suppliers which have credible environmental and CSR policies and comply with applicable legislation and the International Labour Organization standards. The policy aims to take a life-cycle assessment approach of products that are procured by considering the whole-life cost of a product, energy use and carbon emissions.¹⁴
- The University has established a waste management strategy to address the residential waste, domestic waste, non-domestic waste¹⁵ and exceptional waste¹⁶ generated within the campus.¹⁷ The University also complies with the WEEE Directive, which aims to prevent the creation of electronic waste and contribute to the efficient use of resources and retrieval of secondary raw materials through reuse, recycling and other forms of recovery.¹⁸

¹⁰ The University shared its Net Zero Carbon Plan with Sustainalytics on a confidential basis. The University has used a 1990 baseline to calculate the reduction in emissions and energy consumption.

¹¹ University of Hull, "Carbon Neutral Plan", at: <https://www.hull.ac.uk/special/carbon-neutral-plan>

¹² University of Hull, "Hull Campus Biodiversity Action Plan", (2009), at: <https://www.hull.ac.uk/choose-hull/university-and-region/sustainability/docs/hull-campus-biodiversity-action-plan.pdf>

¹³ University of Hull, "Environmental Sustainability Strategy 2018/19", at <https://www.hull.ac.uk/choose-hull/university-and-region/sustainability/docs/university-of-hull-sustainability-plan.pdf>

¹⁴ University of Hull, "Sustainable Procurement Policy", (2018), at: <https://www.hull.ac.uk/choose-hull/university-and-region/sustainability/docs/environmental-and-sustainable-purchasing-policy.pdf>

¹⁵ Non-domestic waste includes batteries, waste from electrical and electronic equipment (WEEE), fluorescent tubes, large items and green and garden waste.

¹⁶ Exceptional waste includes biological, chemical and other hazardous waste.

¹⁷ University of Hull, "Waste Management Strategy", (2017), at: <https://www.hull.ac.uk/choose-hull/university-and-region/sustainability/docs/waste-management-strategy.pdf>

¹⁸ EUR-LEX, "Directive 2012/19/EU of the European Parliament and of the Council of 4 July 2012 on waste electrical and electronic equipment (WEEE)" at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02012L0019-20180704>

- The University has its operations in the UK, which is recognized as a Designated Country under the Equator Principles,¹⁹ suggesting the presence of strong environmental and social governance systems and institutional capacity designed to protect the local environment and communities.
- The University is committed to having a safe and healthy workplace by enacting the health and safety policy statement. The policy aims to constantly improve its health and management system, by involving external bodies for consultation, and by keeping bidirectional communication between all internal stakeholders.²⁰

Based on these policies, standards and assessments, Sustainalytics is of the opinion that University of Hull has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All seven use of proceeds categories are aligned with those recognized by the GBP and GLP. Sustainalytics has focused on three categories below where the impact is specifically relevant in the local context.

Importance of financing green buildings, energy efficiency and renewable energy projects in the UK

The building and construction sector was responsible for 36% of the total energy consumption globally in 2020, 38% of energy-related carbon emissions, and 50% of the resource consumption, according to the World Green Building Council.²¹ In this context, carbon emissions from the building sector need to be reduced by 50% by 2030 relative to 1990 levels to limit global warming to 1.5°C or below in line with the Paris Agreement, estimates the International Energy Agency (IEA).²² Therefore, increasing the development of green buildings, improving the energy performance of buildings and increasing the adoption of renewable energy are key areas of focus for the building and construction sector to help achieve the climate mitigation targets set under the Paris Agreement and the UN Sustainable Development Agenda.

In the UK, the building sector is a key contributor of energy consumption and emissions. In 2019, buildings were responsible for 59% of the UK's total electricity consumption.²³ The building sector also accounted for approximately 23% of the country's emissions in 2020.²⁴ The UK's building stock remains one of the most inefficient in Europe: 38% of the energy consumed in British buildings derived from fossil fuels as of 2020.^{25,26} To mitigate the adverse impact of its energy mix, the UK government has set a target to eliminate fossil fuels from the UK's electricity generation by 2035.²⁷ The government also aims to achieve net zero emissions by 2050 with intermediate emission reduction goals of 68% by 2030 and 78% by 2035 below 1990 levels.²⁸ Achieving these emissions reduction targets would require the UK to significantly reduce design-related and operating emissions from buildings. Existing buildings will require deep energy retrofits and new buildings will have to meet increasingly stringent standards at the development phase. According to the UK Green Building Council, there is a need for widespread market transformation and consumer consideration of the value

¹⁹ Equator Principles, "About the Equator Principles", at: <https://equator-principles.com/>

²⁰ University of Hull, "Health and Safety Policy Statement", (2018), at: <https://www.hull.ac.uk/work-with-us/more/health-safety-services/docs/health-and-safety-policy-statement.pdf>

²¹ World Green Building Council, The Net Zero Carbon Buildings Commitment, at: <https://www.worldgbc.org/thecommitment>

²² International Energy Agency, "Tracking Buildings 2020", (2020), at: <https://www.iea.org/reports/tracking-buildings-2020/building-envelopes>

²³ Climate Change Committee, "The Sixth Carbon Budget Buildings", at: <https://www.theccc.org.uk/wp-content/uploads/2020/12/Sector-summary-Buildings.pdf>

²⁴ Department for Business, Energy & Industrial Strategy, "2020 UK greenhouse gas emissions, provisional figures", at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/972583/2020_Provisional_emissions_statistics_report.pdf

²⁵ House of Commons Business, Energy and Industrial Strategy Committee, "Energy efficiency: building towards net zero", at: <https://publications.parliament.uk/pa/cm201719/cmselect/cmbeis/1730/1730.pdf#:~:text=The%20UK%E2%80%99s%20building%20stock%20remains%20one%20of%20the,for%20the%20other%2C%20costlier%20actions%20required%20for%20decarbonisation.>

²⁶ Energy in Buildings & Industry, "Renewables outstrip fossil fuels in UK in 2020", at: <https://eibi.co.uk/news/renewables-outstrip-fossil-fuels-in-uk-in-2020/>

²⁷ Government of the UK, "Plans unveiled to decarbonise UK power system by 2035", at: <https://www.gov.uk/government/news/plans-unveiled-to-decarbonise-uk-power-system-by-2035>

²⁸ Government of the UK, "UK enshrines new target in law to slash emissions by 78% by 2035", (2021), at: <https://www.gov.uk/government/news/uk-enshrines-new-target-in-law-to-slash-emissions-by-78-by-2035>

associated with net zero buildings.²⁹ The council also recommends that the buildings sector should adopt strategies to reduce construction impacts, reduce operational energy use and increase energy efficiency.³⁰

The UK has implemented various laws directed at improving the British building stock’s energy efficiency, such as the EU Energy Performance of Buildings Directive, as well as policies including the Buildings Mission which aims to reduce the energy use of new buildings by 50% by 2030.³¹ In 2020, the UK government also announced its intention to “build back greener” in its recovery efforts from the coronavirus pandemic³² and has announced a series of initiatives including a GBP 3 billion (USD 4.06 billion) package aimed at improving the energy efficiency of its building stock.³³

Higher education institutions play a critical role in the UK’s achievement of its emissions reduction goals due to the carbon footprint of their operations. In order to reduce their operational emissions, universities would need to focus on the development of green buildings, generation and procurement of renewable energy and enhancement of energy efficiency amongst others. To support the UK’s emissions reduction goals, the Universities UK Climate Task and Finish Group developed sector-wide commitments for a reduction in emissions.³⁴ However, as at December 2021, only 46% of these institutions were estimated to be on track to meet their emissions reduction targets.³⁵

Based on the above context, Sustainalytics expects the University’s financing of green buildings, energy efficient equipment and technologies and renewable energy generation projects to be impactful in helping to reduce carbon emissions from the built environment in the UK while also contributing to the country’s climate-related targets.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by the year 2030. The debt instruments eventually issued under the University of Hull Green Finance Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	11. Sustainable Cities and Communities	11.3 Ensure inclusive and sustainable urbanization, planning and management
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Energy Efficiency	7. Affordable and Clean Energy	7.4 By 2030, double the global rate of improvement in energy efficiency
Pollution Prevention & Control	12. Responsible consumption and production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in

²⁹ UK Green Building Council, “Building the Case for Net Zero”, 2020, at: <https://www.ukgbc.org/wp-content/uploads/2020/09/Building-the-Case-for-Net-Zero-UKGBC.pdf>

³⁰ UK Green Building Council, “Advancing Net Zero”, (2019), at: https://www.worldgbc.org/sites/default/files/Net-Zero-Carbon-Buildings-A-framework-definition_1.pdf

³¹ Department for Business, Energy & Industrial Strategy, “The UK’s Draft Integrated National Energy and Climate Plan (NECP)”, (2019), at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/774235/national_energy_and_climate_plan.pdf

³² Government of the UK, “New plans to make UK world leader in green energy”, (2020) at: <https://www.gov.uk/government/news/new-plans-to-make-uk-world-leader-in-green-energy>.

³³ Financial Times, “Sunak to unveil £3bn green package as part of coronavirus stimulus”, (2020), at: <https://www.ft.com/content/31aac249-34a4-40fe-b92c-7e44f09c7c83>

³⁴ Universities UK, “Universities commit to action on climate”, (2021), at: <https://www.universitiesuk.ac.uk/what-we-do/creating-voice-our-members/media-releases/universities-commit-action-climate>

³⁵The Guardian, “Majority of universities in UK ‘not on track to meet emissions targets’”, (2021), at: <https://www.theguardian.com/education/2021/dec/09/majority-of-universities-in-uk-not-on-track-to-meet-emissions-targets>

		vulnerable situations, women, children, persons with disabilities and older persons
Sustainable Water and Wastewater Management	6. Clean water and sanitation	6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity
Living Natural Resources & Land Use	12. Responsible consumption and production	12.2 By 2030, achieve the sustainable management and efficient use of natural resources

Conclusion


The University of Hull has developed the University of Hull Green Finance Framework under which it may issue debt financing instruments such as green bonds, loans and revolving credit facilities, and use the proceeds to finance, in whole or in part, existing or future projects related to the development of green buildings, renewable energy generation, energy efficiency and clean transportation amongst others. Sustainalytics considers that the projects funded by the green finance proceeds under the Framework are expected to provide positive environmental impact through enhancements in energy performance and reduction in emissions.

The University of Hull Green Finance Framework outlines a process for tracking, allocation and management of proceeds, and makes commitments for the University to report on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the University of Hull Green Finance Framework is aligned with the overall sustainability strategy of the University and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 6, 7, 11 and 12. Additionally, Sustainalytics is of the opinion that University of Hull has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that University of Hull is well positioned to issue green financing instruments and that the University of Hull Green Finance Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2021.

Appendices

Appendix 1: Certification Schemes for Green Buildings

	BREEAM³⁶
Background	Building Research Establishment Environmental Assessment Method (BREEAM) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK, BREEAM is used for new, refurbished and extension of existing buildings.
Certification levels/rating	Pass Good Very Good Excellent Outstanding
Areas of Assessment: Environmental Performance of the Building	Energy Land Use and Ecology Pollution Transport Materials Water Waste Health and Wellbeing Innovation
Requirements	Prerequisites depending on the levels of certification + Credits with associated points This number of points is then weighted by item ³⁷ and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score. BREEAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.
Performance display	
Accreditation	BREEAM International Assessor BREEAM AP BREEAM In Use Assessor
Qualitative considerations	Used in more than 70 countries: Good adaptation to the local normative context. Predominant environmental focus. BREEAM certification is less strict (fewer minimum thresholds) than LEED certifications.

³⁶ BREEAM, Building Research Establishment LTD, at: <https://breeam.com/>

³⁷ BREEAM weighting: Management 12%, Health, and wellbeing 15%, Energy 19%, Transport 8%, Water 6%, Materials 12.5%, Waste 7.5%, Land Use and Ecology 10%, Pollution 10% and Innovation 10%. One point scored in the Energy item is therefore worth twice as much in the overall score as one point scored in the Pollution item

Appendix 2: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	University of Hull
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	University of Hull Green Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	February 25, 2022

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarize the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible categories for the use of proceeds – Green Buildings, Renewable Energy, Energy Efficiency, Pollution Prevention & Control, Clean Transportation, Sustainable Water & Wastewater Management and Living Natural Resources & Land Use – are aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible categories will support the transition to a low carbon economy and advance the UN Sustainable Development Goals, specifically SDGs 6, 7, 9, 11 and 12.

Use of proceeds categories as per GBP:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input checked="" type="checkbox"/> Pollution prevention and control | <input checked="" type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input checked="" type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other (<i>please specify</i>): |

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

The University of Hull's Capital Investment Committee, chaired by its Chief Finance Officer and reporting to the University Leadership Team, is responsible for evaluating and selecting projects in line with the eligibility criteria. The University of Hull undertakes ESG analyses and environmental and social impact assessments per project. Sustainalytics considers the risk management system to be adequate and the selection process is in line with market practice.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification In-house assessment
- Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

The University of Hull will deposit the net proceeds in an isolated account and intends to allocate the proceeds within three years of issuance. Pending allocation, proceeds will temporarily be held as cash deposits or in sterling denominated money market funds in accordance with the University of Hull's treasury management policy or used for short-term debt repayment. This is in line with market practice.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

Additional disclosure:

- Allocations to future investments only Allocations to both existing and future investments
- Allocation to individual disbursements Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

The University of Hull intends to report on the allocation of proceeds in a sustainability report that will be published on its website on an annual basis. Allocation reporting will include the amount and description of proceeds allocated to each project, the balance of unallocated proceeds and a description of the temporary treatment of such proceeds, among other information. In addition, the University of Hull is committed to reporting on relevant impact metrics. Sustainalytics views the University of Hull's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- Project-by-project On a project portfolio basis
- Linkage to individual bond(s) Other (please specify):

Information reported:

- Allocated amounts Green Bond financed share of total investment
- Other (*please specify*):
 Outstanding amounts, description of allocated and unallocated proceeds, a list of all eligible green projects financed

Frequency:

- Annual Semi-annual
- Other (*please specify*):

Impact reporting:

- Project-by-project On a project portfolio basis
- Linkage to individual bond(s) Other (*please specify*):

Information reported (expected or ex-post):

- GHG Emissions / Savings Energy Savings
- Decrease in water use Other ESG indicators (*please specify*):

Green Buildings	<ul style="list-style-type: none"> • Building certification (BREEAM or equivalent certification rating obtained) • Energy consumption (kWh of energy per m²) • Carbon emissions (tCO₂e) and/or carbon intensity (kgCO₂e/m²) • Energy savings achieved (kWh/m²) • Energy Performance Certificate (EPC)/Display Energy Certificate (DEC) ratings achieved on completion.
Renewable Energy	<ul style="list-style-type: none"> • On-site renewable electricity generated (kWh) • Offsite renewable electricity generated (kWh) backed by relevant certificates • Total annual renewable energy generation (MWh) • Percentage of energy sourced from certified renewable/green tariffs • Annual GHG emissions reduced/avoided (kgCO₂ p.a.)
Energy Efficiency	<ul style="list-style-type: none"> • Total energy consumption (kWh) • Total energy intensity (kWh/m²) • Scope 1 and 2 emission reductions achieved against baseline (tCO₂e) • Carbon emissions intensity and/or reduction (kgCO₂e/m²) • Annual GHG emissions reduced/avoided (kgCO₂ p.a.)

Pollution Prevention & Control	<ul style="list-style-type: none"> • Annual recycling rate (in percentage) • Waste diverted from landfill (tonnes) • Waste per FTE of employee and student headcount • Annual GHG emissions reduced/avoided (kgCO₂ p.a.) • Percentage of non-hazardous demolition waste by weight diverted from landfill
Clean Transportation	<ul style="list-style-type: none"> • Number and type of clean transportation facilities installed • Number of EV charging points installed • Annual GHG emissions reduced/avoided (kgCO₂ p.a.) • Percentage of University of Hull's directly owned fleet that are zero/low emission vehicles • Number of bicycle spaces
Sustainable Water & Wastewater Management	<ul style="list-style-type: none"> • Number of water conservation measures installed • Volume of water saved/reduced (m³) • Total annual water consumption (m³)
Environmentally Sustainable Management of Living Natural Resources & Land Use	<ul style="list-style-type: none"> • Amount of pounds sterling spent on projects to increase biodiversity such as green roofs, sustainable urban drainage systems, living walls and garden spaces • Amount of space created/allocated to such investments (m²) • Area allocated to improvement projects to enhance on campus flora and fauna (m²)

Frequency

- Annual
 Semi-annual
 Other (please specify):

Means of Disclosure

- Information published in financial report
 Information published in sustainability report
 Information published in ad hoc documents
 Other (please specify):
 Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- Consultancy (incl. 2nd opinion)
 Certification

- Verification / Audit Rating
- Other (*please specify*):

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. Second-Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Green Bond Scoring/Rating: An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

Disclaimer

Copyright ©2022 Sustainalytics. All rights reserved.

The information, methodologies and opinions contained or reflected herein are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data), and may be made available to third parties only in the form and format disclosed by Sustainalytics, or provided that appropriate citation and acknowledgement is ensured. They are provided for informational purposes only and (1) do not constitute an endorsement of any product or project; (2) do not constitute investment advice, financial advice or a prospectus; (3) cannot be interpreted as an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (4) do not represent an assessment of the issuer's economic performance, financial obligations nor of its creditworthiness; and/or (5) have not and cannot be incorporated into any offering disclosure.

These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. The firm works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The world's foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2020, Climate Bonds Initiative named Sustainalytics the "Largest Approved Verifier for Certified Climate Bonds" for the third consecutive year. The firm was also recognized by Environmental Finance as the "Largest External Reviewer" in 2020 for the second consecutive year. For more information, visit www.sustainalytics.com.

