

## REPORT REVIEW

# The Church Commissioners for England Sustainability Bond Allocation and Impact Report

Sustainability Bond Allocation and Impact Report The Church  
Commissioners for England

6 June 2024

## VERIFICATION PARAMETERS

<b>Type(s) of reporting</b>	<ul style="list-style-type: none"><li>▪ Sustainability Bond Allocation and Impact Report</li></ul>
<b>Relevant standard(s)</b>	<ul style="list-style-type: none"><li>▪ Harmonized Framework for Impact Reporting (HFIR), updated June 2023, as administered by International Capital Market Association (ICMA)</li><li>▪ Harmonized Framework for Impact Reporting for Social Bonds (HFIRSB), updated June 2023, as administered by ICMA</li><li>▪ The Church Commissioners for England's Sustainability Bond Allocation and Impact Report (as of May 30, 2024)</li></ul>
<b>Scope of verification</b>	<ul style="list-style-type: none"><li>▪ The Church Commissioners for England's Sustainable Financing Framework (as of June 6, 2022)</li><li>▪ Bond(s) identification: ISIN: XS2496686309 / Maturity July 14, 2032 (GBP 250 million)</li></ul>
<b>Lifecycle</b>	<ul style="list-style-type: none"><li>▪ Post-issuance verification</li></ul>

## REPORT REVIEW

Sustainability Bond Allocation and Impact Report  
The Church Commissioners for England

### Validity

- As long as no changes are undertaken by the Issuer to its Sustainability Bond Allocation and Impact Report as of May 30, 2024

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## SCOPE OF WORK

The Church Commissioners for England (“the Issuer” or “Church Commissioners” or “the Church Commissioners”) commissioned ISS-Corporate to provide a Report Review<sup>1</sup> on its Sustainability Bond Allocation and Impact Report by assessing:

1. The alignment of the Church Commissioners’ Sustainability Bond Allocation and Impact Report with the commitments set forth in Church Commissioners’ Sustainable Financing Framework (as of June 6, 2022).<sup>2</sup>
2. Church Commissioners’ Sustainability Bond Allocation and Impact Report, benchmarked against Harmonized Framework for Impact Reporting (HFIR), and the Harmonized Framework for Impact Reporting for Social Bonds (HFIRSB), updated June 2023, as administered by the International Capital Market Association (ICMA).
3. The disclosure of proceeds allocation and soundness of reporting indicators — whether the impact metrics align with best market practices and are relevant to the sustainability bond issued.

<sup>1</sup> A limited or reasonable assurance is not provided on the information presented in The Church Commissioners for England’s Sustainability Bond Allocation and Impact Report. A review of the use of proceeds allocation and impact reporting is solely conducted against ICMA’s standards (Green/Social Bond Principles), core principles and recommendations where applicable, and the criteria outlined in the underlying Framework. The assessment is solely based on the information provided in the allocation and impact reporting. The Issuer is responsible for the preparation of the report, including the application of methods and internal control procedures designed to ensure that the subject matter information is free from material misstatement.

<sup>2</sup> The Framework was assessed as aligned with the Green/Social Bond Principles and Sustainability Bond Guidelines as of June 22, 2022.

## ASSESSMENT SUMMARY

REVIEW SECTION	SUMMARY	EVALUATION
<p><b>Part 1.</b></p> <p><b>Alignment with the Issuer’s commitments set forth in the Framework</b></p>	<p>The Church Commissioners’ Sustainability Bond Allocation and Impact Report meets the commitments set forth in the Issuer’s Sustainable Financing Framework. The proceeds have been used to (re)finance Sustainable land use and management of natural living resources, Renewable energy, Pollution prevention and control, Energy efficiency, Socio-economic advancement, Clean transportation, Affordable housing, Green buildings, Access to essential services (healthcare), and Employment generation, in accordance with the eligibility criteria defined in the Framework.</p>	<p><b>Aligned</b></p>
<p><b>Part 2.a</b></p> <p><b>Alignment with the Harmonized Framework for Impact Reporting (HFIR)</b></p>	<p>The Sustainability Bond Allocation and Impact Report is in line with the HFIR. The Issuer follows core principles and, where applicable, key recommendations.</p> <p>The Church Commissioners reports on the allocation of sustainability bond proceeds and associated impact indicators within one year of issuance. Allocated proceeds are reported at the project category level and at the portfolio level. The Issuer provides transparency on the calculation methodology, in line with best market practices.</p>	<p><b>Aligned</b></p>
<p><b>Part 2.b</b></p> <p><b>Alignment with the Harmonized Framework for Impact Reporting for Social Bonds (HFIRSB)</b></p>	<p>The Sustainability Bond Allocation and Impact Report is in line with the HFIRSB, except for the disclosure of the prorated share. The Issuer follows core principles except for the prorated share and, where applicable, key recommendations.</p> <p>The Church Commissioners reports on the allocation of sustainability bond proceeds and impact indicators within one year of issuance. However, the Issuer does not define a target population for each social category.</p>	<p><b>Aligned except for the disclosure of the prorated share</b></p>

**Part 3****Disclosure of  
proceeds  
allocation and  
soundness of  
reporting  
indicators**

The allocation of the bond's proceeds has been disclosed, with a detailed breakdown across different eligible project/company/portfolio categories as proposed in the Framework.<sup>3</sup>

The Church Commissioners' Sustainability Bond Allocation and Impact Report has adopted an appropriate methodology to report the impact generated by providing comprehensive disclosure on data sourcing, calculations methodologies and granularity, reflecting best market practices, except for the Energy Transition and Social Infrastructure Fund and the Energy Transition Infrastructure Fund, for which two project categories have no impact data reported due to the nature of the investments, investments in categories being too new to be included in impact measurements, confidentiality, and regulatory constraints. In addition, the impact indicators used align with best market practices using the recommended metrics from the HFIR and HFIRSB.

**Positive**

<sup>3</sup> The assessment is based on the information provided in the Issuer's report. The Issuer is responsible for the preparation of the report including the application of methods and procedures designed to ensure that the subject matter information is free from material misstatement.



## REPORT REVIEW ASSESSMENT

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

The following table evaluates the Sustainability Bond Allocation and Impact Report against the commitments set forth in Church Commissioners’ Framework, which are based on the core requirements of the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines, as well as best market practices.


ICMA GBP AND SBP	OPINION	ALIGNMENT WITH COMMITMENT
<p><b>1. Use of Proceeds</b></p>	<p>Church Commissioners confirms to follow the Use of Proceeds description provided by Church Commissioners’ Sustainable Financing Framework. The report is in line with the initial commitments set in the Framework: to (re)finance eligible sustainable investments (green activities and social activities). In particular, the following categories were financed: Sustainable land use and management of natural living resources, Renewable energy, Pollution prevention and control, Energy efficiency, Socio-economic advancement, Clean transportation, Affordable housing, Green buildings, Access to essential services (healthcare), and Employment generation.</p> <p>The Issuer’s green and social categories align with the project categories and are in accordance with the eligibility criteria set in the Church Commissioners’ Sustainable Financing Framework. Environmental and social benefits at the project category, company and portfolio level are described and quantified. Church Commissioners formally assesses the funds it invests in and the underlying investments against the criteria set out in its Sustainable Financing Framework and refers to quarterly and annual reporting by managers for information about the companies each fund invests in. Furthermore, it assesses the eligibility of each underlying</p>	<p style="text-align: center;">✓</p>

<sup>4</sup> The Church Commissioners Sustainable Financing Framework was assessed as aligned with the GBP/SBP (as of June 2021) as of June 22, 2022.

	<p>investment against the categories outlined in the Sustainable Financing Framework.</p> <p>Church Commissioners discloses that 100% of the financing corresponds to new financing and defines an expected lookback period, in line with best market practice.</p>	
<p><b>2. Process for Project Evaluation and Selection</b></p>	<p>Church Commissioners confirms to follow the Process for Project Evaluation and Selection description provided by Church Commissioners Sustainable Financing Framework. The report is in line with the initial commitments set in the Framework.</p> <p>The Church Commissioners’ Sustainable Financing Committee has met twice during the year, reviewing each eligible fund against the Sustainable Financing Framework’s eligibility criteria and monitoring their implementation, in line with the commitments set in the Framework.</p> <p>The projects selected are defined and structured in a congruous manner. The Issuer ensures compliance with the Eligibility Criteria. ESG risks associated with the eligible categories are identified and managed appropriately, as the Church Commissioners uses a questionnaire that is updated annually by managers and includes questions regarding processes in place to identify “Do No Significant Harm” criteria, ESG analysis and transparency on ESG incidents.</p>	
<p><b>3. Management of Proceeds</b></p>	<p>Church Commissioners confirms to follow the Process for Management of Proceeds description provided by its Sustainable Financing Framework. The proceeds are used to finance pure-player companies, which are defined as such based on the company description.<sup>5</sup> The report is in line with the initial commitments set in the Church Commissioners’ Sustainable Financing Framework: to set up a segregated register of eligible green and social activities, and that allocations matched to any green/social/sustainability bond proceeds are tracked. The Church Commissioners confirmed that they track each underlying company on a company-by-company</p>	

<sup>5</sup> According to market practice, a company is considered a “pure player” if 90% or more of its revenue comes from eligible activities.



	<p>basis, assessing and documenting the eligibility theme and the SDG contribution.</p> <p>89% (GBP 220.7 million) of the proceeds collected were allocated to eligible projects, while 11% of the proceeds remain unallocated as of today. The Church Commissioners confirm that the unallocated proceeds are invested temporarily in cash, cash equivalents or similar instruments. The proceeds are tracked appropriately and attested in a formal internal process.</p>	
<p><b>4. Reporting</b></p>	<p>The Church Commissioners’ Sustainability Bond Allocation and Impact Report is consistent with the Reporting description provided by its Sustainable Financing Framework. The report is in line with the initial commitments set in the Framework.</p> <p>The Church Commissioners commit to report on allocation and impact and to publish such report annually, after the issuance of each bond, until full allocation.</p> <p>The “Allocation Reporting” and “Impact Reporting” sections of the Sustainability Bond Allocation and Impact Report comply with the pre-issuance commitment expressed in the Framework. The report is intended to be publicly available on the Issuer’s website.<sup>6</sup></p> <p><i>Further analysis of this section is available in Part III of this report.</i></p>	<p style="text-align: center;"></p>
<p><b>5. Verification</b></p>	<p>ISS-Corporate has provided a Second Party Opinion (SPO) on Church Commissioners’ Sustainable Financing Framework on June 22, 2022.</p>	


<sup>6</sup> The report will be available on the Church Commissioners’ website: <https://www.churchofengland.org/bond-documentation>.

## PART II: ASSESSMENT AGAINST THE HFIR AND HFIRSB

### FOR GREEN BONDS

Reporting is a core component of the Green Bond Principles and transparency is of particular value in communicating the expected and/or achieved impact of projects in the form of annual reporting. Green bond issuers are required to report on both the use of green bond proceeds and the environmental impacts at least annually until full allocation or maturity of the bond. The Harmonized Framework for Impact Reporting has been chosen as the benchmark for this analysis as it represents the most widely adopted standard.

The table below evaluates Church Commissioners’ Sustainability Bond Allocation and Impact Report against the HFIR.

CORE PRINCIPLES		
ICMA HFIR	SUSTAINABILITY BOND ALLOCATION AND IMPACT REPORT	ASSESSMENT
Reporting on an annual basis	<p>Church Commissioners has reported within one year of issuance, and 89% of the proceeds have been allocated, amounting to GBP 220.7 million.<sup>7</sup> The remaining 11% is unallocated.</p> <p>Of this 220.7 million, GBP 187.5 million was allocated to seven funds, GBP 30.2 million was allocated to three co-investments and GBP 3.1 million has been allocated to three direct investments.<sup>8</sup> Of the allocated drawn-down capital, 72.3% has been allocated to green investments.</p> <p>The remaining sustainability bond proceeds and the committed undrawn capital are temporarily invested in cash, cash equivalents or similar instruments, in accordance with the policies outlined in the Sustainable Financing Framework. The proceeds are expected to be fully allocated by 2025, covering the investment period from 2020 to 2025.</p>	

<sup>7</sup> The Issuer states that there were no new eligible commitments to funds in 2023. However, the eligible funds have invested more of the previously committed capital. The reported change in commitment from last year (GBP 220.7 million) is due to a revised approach to exchange rate conversions.

<sup>8</sup> The Issuer explains that the sum does not add up to GBP 220.7 million due to rounding.

	<p>The report will be available on the Issuer’s website.<sup>9</sup></p>	
<p>Illustrating the environmental impacts or outcomes</p>	<p>The assessment and measurement of the impacts generated by Church Commissioners’ sustainability bond covers the following areas:</p> <ul style="list-style-type: none"> <li>a. Direct investments <ul style="list-style-type: none"> <li>▪ Area of sustainable forests planted (in hectares)</li> </ul> </li> <li>b. Co-Investments <ul style="list-style-type: none"> <li>▪ Estimated GHG emissions avoided (in thousand metric tons of CO<sub>2</sub>e over project lifetime or per year)</li> </ul> </li> <li>c. Fund Investment - Climate Infrastructure Fund <ul style="list-style-type: none"> <li>▪ Estimated GHG emissions avoided (in thousand metric tons of CO<sub>2</sub>e over project lifetime)</li> </ul> </li> <li>d. Fund Investment- Energy Transition and Social Infrastructure Fund <ul style="list-style-type: none"> <li>▪ Total Scope 1 CO<sub>2</sub> emissions (in metric tons)</li> </ul> </li> <li>e. Fund Investment – Energy Transition Infrastructure Fund <ul style="list-style-type: none"> <li>▪ Estimated GHG emissions avoided (in thousand metric tons of CO<sub>2</sub>e per year)</li> <li>▪ Total volume of materials recycled (in thousand metric tons of materials per year)</li> </ul> </li> <li>f. Fund Investment – Green Property Fund <ul style="list-style-type: none"> <li>▪ Share of green buildings with certification standards<sup>10</sup></li> <li>▪ Estimated GHG emissions avoided (in thousand metric tons of CO<sub>2</sub>e over lifetime)</li> </ul> </li> <li>g. Fund Investment - Private Equity Impact Fund A <ul style="list-style-type: none"> <li>▪ Estimated GHG emissions avoided since March 2021 (in thousand metric tons of CO<sub>2</sub>e)</li> <li>▪ Amount of waste recycled or reused (in thousand tons/year)</li> </ul> </li> </ul>	<p style="text-align: center;">✓</p>

<sup>9</sup> <https://www.churchofengland.org/about/leadership-and-governance/church-commissioners>.

<sup>10</sup> The certification should be EPC B or above and/or BREEAM Very Good, Excellent or Outstanding, or Home Quality Mark 4.


	<p>f. Fund Investment - What Private Equity Impact Fund B</p> <ul style="list-style-type: none"> <li>▪ Absolute Scope 1, 2, 3 GHG emissions (in tCO<sub>2</sub>e/year)</li> </ul> <p>The Energy Transition and Social Infrastructure Fund and the Energy Transition Infrastructure Fund have no impact data reported for two project categories due to the nature of the investments, investments in categories being too new to be included in impact measurements, confidentiality, regulatory constraints, and the Issuer's reliance on fund-level reporting, which prevents obtaining granular output metrics from the fund manager.</p>	
<p>ESG Risk Management</p>	<p>The proceeds of the sustainability bonds are invested according to the Church Commissioners' responsible investment approach, with the proceeds of the sustainability bonds used solely to support existing and future eligible environmental and social activities, as set out in the Church Commissioners' Sustainable Financing Framework (June 2022). To determine a manager's eligibility based on the SFF criteria, the Church Commissioners use an annually updated questionnaire based on the RI Manager Framework. This includes questions on "Do No Significant Harm" criteria, ESG analysis in due diligence, and ESG incident reporting. Additionally, fund managers need to have a process to identify principal adverse impacts. Adhering to the SFF criteria, the Church Commissioners engage with managers to ensure compliance, request further information as needed, and respect its ESG risk management process in line with its Framework.</p>	<p>✓</p>
<p>Allocation of proceeds - Transparency on the currency</p>	<p>Church Commissioners reported on the allocation of proceeds and reported in British pounds. As the Issuer invested in several funds, the exchange rate depends on where the fund is located and what date it was invested. Some have been converted from euros to British pounds while others were converted from U.S.</p>	<p>✓</p>

	dollars. The Issuer details the exchange rate used in its report.	
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RECOMMENDATIONS		
ICMA HFIR	SUSTAINABILITY BOND ALLOCATION AND IMPACT REPORT	ASSESSMENT
Define and disclose period and process for Project Evaluation and Selection	<p>89% of proceeds have been allocated to eligible investments. The remaining 11% is unallocated.</p> <p>Of the allocated drawn-down capital, 72.3% has been allocated to green investments.</p> <p>The remaining sustainability bond proceeds and the committed undrawn capital are temporarily invested in cash, cash equivalents or similar instruments, in accordance with the policies outlined in the Sustainable Financing Framework. The proceeds are expected to be fully allocated by 2025, covering the investment period from 2020 to 2025.</p> <p>No modification (removal or additional projects of the portfolio is planned). There were no new eligible commitments to the fund in 2023.</p> <p>The Issuer followed a transparent process for selection and evaluation of the Eligible Green Projects. Projects financed through the sustainability bond issued under the Sustainable Financing Framework were evaluated and selected based on the compliance with the Eligibility Criteria as laid out in the Framework.</p>	✓
Disclose total amount of proceeds allocated to eligible disbursements	A total of GBP 250 million has been raised through the Issuer’s sustainability bond and GBP 220.7 million <sup>11</sup> has been committed to eligible investments for the bond proceeds, which represents 89% of the total net proceeds of the sustainability bond. Of the allocated drawn-	✓

<sup>11</sup> The Issuer states that there were no new eligible commitments to funds in 2023. However, the eligible funds have invested more of the previously committed capital. The reported change in commitment from last year (GBP 220.7 million) is due to a revised approach to exchange rate conversions.

	down capital, 72.3% has been allocated to green investments.	
Formal internal process for the allocation of proceeds and to report on the allocation of proceeds	The Issuer followed a transparent process for the allocation of proceeds.	✓
Report at project or portfolio level	The Sustainability Bond Allocation and Impact Report includes the total amount of proceeds allocated at project level (for the direct investments) and at the portfolio level (for co-investments and investments made into funds).	✓
Describe the approach to impact reporting	The Issuer identifies the impact of its investments at the project level for direct investments, at the company level for co-investments, and at the portfolio level for investments made into funds.	✓
Report the estimated lifetime results and/or project economic life (in years)	The Issuer provides some estimates of the lifetime impacts of its investments, but these are not presented systematically, and the economic lifespan of the projects in years is not disclosed.	-
Ex-post verification of specific projects	The Issuer is not expecting ex-post verification of the projects' results to compare with ex-ante assumptions.	-
Report on at least a limited number of sector specific core indicators	<p>The Church Commissioners reports on the following sector-specific core indicators.</p> <p>The indicators used are:</p> <ul style="list-style-type: none"> <li>▪ Area of sustainable forests planted (in hectares)</li> <li>▪ Estimated GHG emissions avoided (in thousand metric tons of CO<sub>2</sub>e over project lifetime or per year)</li> <li>▪ Total Scope 1 CO<sub>2</sub> emissions (in metric tons)</li> </ul>	✓

	<ul style="list-style-type: none"> <li>▪ Total volume of materials recycled (in thousand metric tons of materials)</li> <li>▪ Share of green buildings with certification standards<sup>12</sup></li> <li>▪ Absolute Scope 1, 2, 3 GHG emissions (in tCO<sub>2</sub>e/year)</li> </ul> <p>The Energy Transition and Social Infrastructure Fund and the Energy Transition Infrastructure Fund have no impact data reported for two project categories due to the nature of the investments, confidentiality, regulatory constraints, and the Issuer's reliance on fund-level reporting, which prevents obtaining granular output metrics from the fund manager.</p>	
<p>If there is no single commonly used standard, Issuers may follow and disclose their own calculation methodologies</p>	<p>For its impact indicators, the Issuer has collected all the data from the impact reports and related publications made available by the respective companies and fund managers. The Issuer has provided notes on the methodologies the corresponding parties have used to calculate the impact data. For direct investments and co-investments, the reported data represents the impact of the company/project as a whole. For fund investments, the reported data represents the aggregate impact of all companies/projects each fund has invested in, and the Issuer has not reported on the prorated share of the positive environmental outcomes. All data is from the corresponding 2023 impact report unless otherwise noted. All financial values are as of Dec. 31, 2023.</p>	
<p>Disclosure on the conversion approach (if applicable)</p>	<p>Not applicable because none of the reported units need to be converted.</p>	<p>-</p>

<sup>12</sup> The certification should be EPC B or above and/or BREEAM Very Good, Excellent or Outstanding, or Home Quality Mark 4.

Projects with partial eligibility	Not applicable because there are no investments with partial eligibility.	-
When the expected impacts of different project components may not be reported separately, Issuers may use (and disclose) the attribution approach	The impact of Church Commissioner' projects is reported separately per category and per fund or type of investment.	✓

OPINION

*The Church Commissioners follows the HFIR's core principles and key recommendations. The Issuer provides transparency on the level of expected reporting and frequency, aligned with best practices. The Church Commissioners has reported within the next fiscal year after issuance, illustrated the environmental impacts, provided transparency on ESG risk management and transparency on the currency used. The Issuer reports on allocation at the project level for direct investments and portfolio level for co-investments and investments in funds. The Issuer also reports expected impacts using sector-specific indicators.*



FOR SOCIAL BONDS



Reporting is a core component of the SBP and transparency is of particular value in communicating the expected and/or achieved impact of projects in the form of annual reporting. Social bond issuers are required to report on both the use of social bond proceeds and the social impacts at least annually until full allocation. The Harmonized Framework for Impact Reporting for Social Bonds has been chosen as benchmark for this analysis as it represents the most widely adopted standard.

The table below evaluates Church Commissioners’ Sustainability Bond Allocation and Impact Report against the HFIRSB.

CORE PRINCIPLES		
ICMA HFIRSB	SUSTAINABILITY BOND ALLOCATION AND IMPACT REPORT	ASSESSMENT
Reporting on an annual basis	<p>Church Commissioners has reported within one year of issuance and 89% of the proceeds (GBP 220.7 million) have been allocated. The remaining 11% is unallocated.</p> <p>Of the GBP 220.7 million<sup>13</sup> in committed funds, GBP 187.5 million was allocated to seven funds, GBP 30.2 million was allocated to three co-investments and GBP 3.1 million has been allocated to three direct investments.<sup>14</sup> Of the allocated drawn-down capital, approximately 27.6% has been allocated to social investments.</p> <p>The remaining sustainability bond proceeds and the committed undrawn capital are temporarily invested in cash, cash equivalents or similar instruments, in accordance with the policies outlined in the Sustainable Financing Framework. The proceeds are expected to be fully allocated by 2025, covering the investment period from 2020 to 2025.</p>	✓
Formal internal process to track proceeds	The Church Commissioners confirms project selection and management of proceeds to be in line with the criteria set forth in the underlying	✓

<sup>13</sup> The Issuer states that there were no new eligible commitments to funds in 2023. However, the eligible funds have invested more of the previously committed capital. The reported change in commitment from last year (GBP 220.7 million) is due to a revised approach to exchange rate conversions.

<sup>14</sup> The Issuer explains that the sum does not add up to GBP 220.7 million due to rounding.

	<p>Framework. Also, the Issuer maintains a register that includes a description of the core project activities of each underlying investment, which are mapped to the relevant eligible project category.</p>	
<p>Allocation of the proceeds to social project categories</p>	<p>In accordance with the criteria established in the Framework, in compliance with the Social Bond Principles, Church Commissioners has allocated the net proceeds of the bond issued under this Framework to new and/or existing eligible assets within the following categories:</p> <ul style="list-style-type: none"> <li>▪ Socio-economic advancement and empowerment</li> <li>▪ Affordable Housing</li> <li>▪ Employment generation</li> <li>▪ Access to essential services (healthcare)</li> </ul>	
<p>Target Population(s) identified</p>	<p>The Issuer has not defined a target population for each project category in its Framework. This was not mandated in the 2021 version of the Social Bond Principles. Therefore, the company is not reporting at the target population level.</p> <ul style="list-style-type: none"> <li>▪ Climate Infrastructure Fund: no target population defined for the socioeconomic advancement and empowerment category</li> <li>▪ Energy Transition Fund: no target population defined for the socioeconomic advancement and empowerment category</li> <li>▪ Affordable Housing Fund: the target population for the Affordable Housing category is defined as “residents earning under 80% of Area Median Income”</li> <li>▪ Green Property Fund: no target population defined for the Access to essential services (healthcare), Affordable Housing and employment generation categories</li> </ul>	

	<ul style="list-style-type: none"> <li>▪ Private Equity Impact Fund A: no target population defined for the socioeconomic advancement and empowerment category</li> <li>▪ What Private Equity Impact Fund B: no target population defined for the Access to essential services (healthcare) category</li> </ul>	
Output, outcome and/or impact of projects at project or portfolio level	<p>The Issuer referred to existing indicator lists and catalogs from Annex III of the HFIRSB (i.e., number of lower-cost dwellings indicators provided, or number of permanent jobs created or maintained).</p> <p>A detailed analysis of impact indicators is available in Part III of this report.</p>	✓
Illustrating of the social impacts	<p>The assessment and measurement of the impacts generated by Church Commissioners' sustainability bond covered the following areas:</p> <ul style="list-style-type: none"> <li>▪ Number of permanent jobs created or maintained</li> <li>▪ Number of Affordable housing units</li> <li>▪ Member renewal rates (number of retained clients in the following year)</li> </ul>	✓
Prorated share of the overall impact results of the projects	<p>For direct investments, because the Issuer owns 100% of the shares in the companies, it reports the total impact.</p>	✓
Prorated share of the overall impact results of portfolio of projects	<p>The Issuer reports metrics as provided by the funds and does not adjust or prorate them to reflect the prorated share of the overall impact results of the projects or portfolio. Instead, it discloses the share of investments and the overall impact separately. Fund managers report outcome metrics to different extents, in different formats and at different timelines. Due to these differences, the outcome metrics have been</p>	○

	taken as reported and have not been adjusted or prorated based on the Church Commissioners' share of investment.	
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RECOMMENDATIONS		
ICMA HFIRSB	SUSTAINABILITY BOND ALLOCATION AND IMPACT REPORT	ASSESSMENT

Disclose the methodology and the assumptions used for the calculation of impact indicators	For its impact indicators, the Issuer has collected all the data from the impact reports and related publications made available by the respective companies and fund managers. The Issuer has provided notes on the methodologies the corresponding parties have used to calculate the impact data. For direct investments and co-investments, the reported data represents the impact of the company/project as a whole. For fund investments, the reported data represents the aggregate impact of all companies/projects each fund has invested in, and the Issuer has not reported on the prorated share of the positive socioeconomic outcomes. All data is from the corresponding 2023 impact report unless otherwise noted. All financial values are as of Dec. 31, 2023.	✓
When the expected impacts of different project components may not be reported separately, Issuers may use (and disclose) the attribution approach	The impact of Church Commissioners' projects is reported separately per category and per fund or type of investment for the following categories: <ul style="list-style-type: none"> <li>▪ Socio-economic advancement and empowerment</li> <li>▪ Affordable Housing</li> <li>▪ Employment generation</li> <li>▪ Access to essential services (healthcare)</li> </ul>	✓
Disclose the methodology used to determine the share of eligible project financing being applied to impact calculation	The Issuer has identified the impact of each invested eligible social categories but does not determine the share of eligible project being applied to output calculation, meaning the share of the total project cost that is	-

	financed by the Issuer resulting in a prorated share of overall results of the project categories.	
Collaborating with experts if reporting on the estimated lifetime impacts and/or project economic life in years	There is no reporting available on the estimated lifetime impacts and projects economic life in years.	-
Assumptions and ex-post verification	The Issuer reports on actuals, not using assumptions, projections or estimates. There is no ex-post verification planned.	-
Report Period	Of the allocated drawn-down capital, around 27.6% has been allocated to social investments. No modification (removal or additional projects) of the portfolio is planned.	✓
Disbursement reporting	The proceeds from the sustainability bond issuance were used to invest in funds, co-investments and direct assets. The Issuer provides transparency on the amount of proceeds allocated to the funds and co-investments, and the share of the disbursed investments from the allocated proceeds.	✓
Projects with partial eligibility	All projects are 100% eligible for financing.	-

OPINION

*The Church Commissioners follows the HFIRSB's core principles except for the prorated share and the target population, and follows the key recommendations. The Issuer provides transparency on the level of expected reporting and frequency, scope and duration, aligned with best market practices. The Church Commissioners adhered to the core principles by reporting the allocation of the sustainable bond annually, applying a formal internal process to track proceeds, outlining the allocation of proceeds to the respective social project categories and the outcome of the social projects invested through output and impact indicators.*

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

### Use of Proceeds Allocation

Use of Proceeds allocation reporting is key to putting the impacts into perspective with the number of investments allocated to the respective Use of Proceeds categories.

The Use of Proceeds allocation reporting occurred after 89% allocation of the proceeds. The Issuer reported on the project level for direct investments and co-investments, and at the portfolio level for the investments made into funds.

This is the second year of allocation reporting and the 89% of proceeds were allocated in 2024, compared with 92% allocation in 2023.<sup>15</sup> The Use of Proceeds allocation reporting occurred within the regular annual cycle from the issuance.

The Issuer also disclosed transparently the amount of unallocated proceeds and the temporary investments. Proceeds that have not been allocated have been temporarily held in cash, cash equivalents or similar instruments, in line with the commitments set forth in the Sustainable Financing Framework, and the Issuer is planning to allocate such proceeds to eligible project categories by the first half of 2025.

### Proceeds allocated to eligible projects/assets

The proceeds' allocation is broken down at the project category, company and portfolio level. The Issuer has provided details about the type of projects included in the portfolio.

The allocation report section of the Sustainability Bond Allocation and Impact Report of Church Commissioners aligns with best market practices by providing information on:

- The number of projects, companies and portfolio financed
- The amount drawn for direct investments, co-investments and fund investments
- The total amount of proceeds in million pounds (divided per project category)
- The percentage of new financing and (re-)financing
- The investment allocations by relevant U.N. SDG
- The investment allocations by eligible sustainability themes based on the drawn down investment cost
- The percentage of eligible investments

<sup>15</sup> The Issuer disclosed that the change on the commitment reported last year is caused by a change in the approach taken to exchange rate conversions. In the 2023 report, the Church Commissioners used the exchange rate as of Dec. 31, 2022, to convert the committed capital, drawn down capital and net asset values into pounds.

### Impact Reporting Indicators

The table below presents an independent assessment of the Issuer’s report and disclosure on the output, outcome and/or impact of projects/assets using impact indicators.

ELEMENT	ASSESSMENT
<p><b>Relevance</b></p>	<p>The impact indicators chosen by the Issuer for this bond are the following:</p> <ul style="list-style-type: none"> <li>▪ Direct investments:                             <ul style="list-style-type: none"> <li>▪ Sustainable forest areas (in hectares)<sup>16</sup></li> </ul> </li> <li>▪ Co-Investments:                             <ul style="list-style-type: none"> <li>▪ Estimated GHG emissions avoided (thousand metric tons CO<sub>2</sub>e/year, thousand metric tons CO<sub>2</sub>e/project lifetime)</li> </ul> </li> <li>▪ Fund Investments – Climate Infrastructure Fund                             <ul style="list-style-type: none"> <li>▪ Estimated GHG emissions avoided (thousand metric tons CO<sub>2</sub>e/project lifetime)</li> <li>▪ Number of permanent jobs created or maintained</li> </ul> </li> <li>▪ Fund Investments – Energy Transition and Social Infrastructure Fund<sup>17</sup> <ul style="list-style-type: none"> <li>▪ Total Scope 1 CO<sub>2</sub> emissions (metric tons)</li> </ul> </li> <li>▪ Fund Investments – Energy Transition Infrastructure Fund<sup>18</sup> <ul style="list-style-type: none"> <li>▪ Total volume of material recycled (thousand metric tons)</li> <li>▪ Estimated GHG emissions avoided (thousand metric tons CO<sub>2</sub>e)</li> </ul> </li> <li>▪ Fund Investments – Affordable Housing Fund                             <ul style="list-style-type: none"> <li>▪ Number of Affordable housing units</li> </ul> </li> <li>▪ Fund Investments – Green Property Fund                             <ul style="list-style-type: none"> <li>▪ Share of buildings with certification standards<sup>19</sup></li> <li>▪ Estimated GHG emissions avoided (thousand metric tons CO<sub>2</sub>e)</li> <li>▪ Number of permanent jobs created or maintained</li> </ul> </li> <li>▪ Private Equity Impact Fund A</li> </ul>

<sup>16</sup> The Issuer confirmed that the plants have not been planted yet, and they will be planted in winter 2024, with the goal of enrolling them for certification within the following 12 months. The Issuer owns 100% of the forests/planting lands, and 100% of the bond financing is generating the reported impact.

<sup>17</sup> Two project categories (clean transportation and energy efficiency) have no impact data reported.

<sup>18</sup> Two project categories (energy efficiency and socio-economic advancement and empowerment) have no impact data reported.

<sup>19</sup> The certification should be EPC B or above and/or BREEAM Very Good, Excellent or Outstanding, or Home Quality Mark 4.

	<ul style="list-style-type: none"> <li>▪ Estimated GHG emissions avoided since March 2021 (thousand metric tons CO<sub>2</sub>e)</li> <li>▪ Amount of waste recycled or reused (thousand metric tons)</li> <li>▪ Number of clients</li> <li>▪ Members renewal rates (percentage)<sup>20</sup></li> <li>▪ Percentage of retained clients in following years</li> <li>▪ Private Equity Impact Fund B             <ul style="list-style-type: none"> <li>▪ Absolute Scope 1, 2 and 3 GHG emissions (tCO<sub>2</sub>e)</li> </ul> </li> </ul> <p>These indicators are qualitative, quantitative and material to the Use of Proceeds categories financed through this bond and in line with the Suggested Impact Reporting metrics by the Harmonized Framework for Impact Report for Green and Social Bonds, except for three indicators of Private Equity Impact Fund A: Number of clients, Members renewal rates (percentage), and Percentage of retained clients in following years. This aligns with best market practices. Furthermore, for the Energy Transition and Social Infrastructure Fund and the Energy Transition Infrastructure Fund, two project categories have no impact data reported. These categories account for 67% of the Church Commissioners’ investment in the Energy Transition and Social Infrastructure Fund, and for 22% of the Church Commissioners’ investment in the Energy Transition Infrastructure Fund. Church Commissioners discloses that this is due to the nature of the investments, investments in categories being too new to be included in impact measurements, confidentiality, and regulatory constraints. Furthermore, for investments made in funds, the fact that the Issuer reports at the fund level prevents the Issuer from obtaining granularity on certain output metrics that are not shared by the fund manager.</p>
<p><b>Data sourcing and methodologies of quantitative assessment</b></p>	<p>For its impact indicators, the Issuer has collected all data from the impact reports and related publications made available by the respective companies and fund managers. The Issuer has provided notes on the methodologies the corresponding parties have used to calculate the impact data. For direct investments and co-investments, the reported data represents the impact of the company/project as a whole. For fund investments, the reported data represents the aggregate impact of all companies/projects each fund has invested in. Thus, the Issuer does not report the prorated share of the overall impact results.</p>

<sup>20</sup> This metric is a measure of the quality of the company's impact.



For direct investments, Church Commissioners measured the area of the land/forests in hectares, and such size is available on the land purchase contracts and available at the land registry.

For its co-investments and fund investments:

- For renewable energy co-investment, avoided emissions are calculated by Trucost (and other third-party service providers) and the assessment is based on the manager's assessed lifetime of the investments.<sup>21</sup> For waste management co-investment, the annualized lifecycle avoided emissions are based on California Air Resources Board guidelines.<sup>22</sup>
- For the Climate Infrastructure Fund, external data providers and consultants have been engaged. The data for avoided GHG emissions were calculated following the GHG Protocol and the number of permanent jobs created or maintained was retrieved through companies' records.
- For the Energy Transition and Social Infrastructure Fund, total CO<sub>2</sub> emissions were calculated following the GHG Protocol.
- For the Energy Transition Infrastructure Fund, assessments (volume of material recycled and GHG emissions avoided) are based on Green Investment Group's approach.<sup>23</sup>
- For the Affordable Housing Fund, the Issuer determined "affordability" based on the fact that residents were earning 80% or less of "area median income"<sup>24</sup> and paying 30% or less of the income on rent.
- For the Green Property Fund, to calculate the GHG emissions avoided, the number of lower-cost dwellings provided and the number of permanent jobs created or maintained, the fund's impact scoring system was used, which is based on the Impact Management Project.

<sup>21</sup> Avoided emissions are calculated based on what energy mix would be in place in case the renewable energy project was not developed, calculating the relevant difference in terms of emissions.

<sup>22</sup> Available on the California Air Resources Board's website: <https://ww2.arb.ca.gov/slcp-organic-waste-reduction>.




<sup>23</sup> The Green Investment Group is the former U.K. Green Infrastructure Bank. The group's methodology calculates results for likely Green Impact on an annual and lifetime basis (handbook available here: <https://www.greeninvestmentgroup.com/assets/gig/who-we-are/our-impact-and-measurement/GIG%20Green%20Investment%20Handbook%202021.pdf#:~:text=Since%20our%20inception%2C%20we%20have%20used%20our%20proprietary,can%20be%20applied%20across%20different%20geographies%20and%20technologies>). The Green Impact reported is 100% of the Green Impact of the underlying project(s) on an annual basis. All outcome figures are based on the reporting year ending Dec. 31, 2022.

<sup>24</sup> The Issuer confirms that this value comes from state and county statistics.

	<ul style="list-style-type: none"> <li>For Private Equity Fund A, the Issuer is not able to provide detailed calculations of the impact metrics, as the fund manager is not reporting on those.</li> <li>For Private Equity Fund B, the emissions (Scope 1, 2 and 3) are calculated following the GHG Protocol, using an external service provider. The predominant methodology across the portfolio for Scope 1 is activity-based and direct monitoring. For Scope 2 it is market- and location-based, and for Scope 3 it is spend- and activity-based.</li> </ul>
<b>Baseline selection</b>	The impact data is presented in absolute metrics, and thus not relative to a time-linked baseline. However, the impact data is compared to regional, national or internationally recognized standards (e.g., green certifications for green buildings, FSC guidelines for forests, the California Air Resource Board guidelines, the Green Investment Group’s guidelines and the Impact Management Project guidelines), providing important baselines against which the investments can be benchmarked.
<b>Scale and granularity</b>	The impact data is presented at the Use of Proceeds project, company and portfolio level for the indicators.

High-level mapping of the impact indicators with the U.N. Sustainable Development Goals

Based on the project categories financed and refinanced by the bonds as disclosed in the Issuer’s Sustainability Bond Allocation and Impact Report, the impact indicator(s) adopted by Church Commissioners for its Sustainability Bond can be mapped to the following SDGs, according to ISS ESG SDG Solutions (SDGA), a proprietary methodology designed to assess the impact of an Issuer’s product or services on the U.N. SDGs.

IMPACT INDICATORS I	SUSTAINABLE DEVELOPMENT GOALS
Afforestation area (in hectares)	
<ul style="list-style-type: none"> <li>Estimated GHG emissions avoided (in tCO<sub>2</sub>e/year)</li> <li>Total Scope 1 CO<sub>2</sub> emissions</li> </ul>	 

<p>Number of permanent jobs created or maintained</p>	
<p>Average annual total materials recycled (in thousand metric tons)</p>	
<p>Number of affordable housing units</p>	
<p>Number of lower-cost dwelling provided</p>	
<ul style="list-style-type: none"> <li>▪ Number of clients</li> <li>▪ Members renewal rates (percentage)</li> <li>▪ Percentage of retained clients in following years</li> </ul>	

OPINION

*The allocation of the bond's proceeds has been disclosed, **with** a detailed breakdown across different eligible project/company/portfolio categories as proposed in the Framework. The Sustainability Bond Allocation and Impact Report **has** adopted an appropriate methodology to report the impact generated by providing comprehensive disclosure on data sourcing, calculation methodologies and granularity, reflecting best market practices, except for the Energy Transition and Social Infrastructure Fund and the Energy Transition Infrastructure Fund, for which two project categories have no impact data reported due to the nature of the investments, investments in categories being too new to be included in impact measurements, confidentiality, and regulatory constraints. In addition, the impact indicators used **align** with best market practices using recommended metrics from the HFIR and HFIRSB.*

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## ANNEX 1: Methodology

### Review of the post-issuance Reports

The ISS-Corporate Report Review provides an assessment of labeled transactions reporting against international standards using ISS-Corporate's proprietary [methodology](#).

### High-level mapping to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method based on ICMA's Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals, the extent to which the Issuers reporting and project categories contribute to related SDGs is identified.

## ANNEX 2: Quality management processes

### ISSUER'S RESPONSIBILITY

Issuer's responsibility was to provide information and documentation on:

- Sustainability Bond Allocation and Impact Report
- Sustainable Financing Framework
- Proceeds Allocation
- Reporting Impact Indicators
- Methodologies, and assumptions for data gathering and calculation
- ESG Risk Management

### ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, of which ISS-Corporate is part, has built up a reputation as a highly reputed thought leader in the green and social bond market and has become one of the first CBI-approved verifiers.

This independent Report Review has been conducted by following the ICMA Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews, and its methodology, considering, when relevant, the ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

The engagement with the Church Commissioners took place in May and June 2024.

### ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

## About this Report Review

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk, and manage the needs of a diverse shareholder base by delivering best-in-class data, tools, and advisory services.

We assess the alignment of the Issuer's report with external principles (e.g., the Green/Social Bond Principles, ICMA Green Bond Principles, Social Bond Principles and Sustainable Bond Guidelines), analyze the alignment of the Issuer's Report against the commitments in the respective Framework, and analyze the disclosure of proceeds allocation, the data source, and calculation methodologies of the reporting indicators against best market practices. Following these guidelines, we draw up an independent Report Review so investors are as well-informed as possible about the proceeds allocation and the impact of the sustainability finance instrument(s).

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

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