



**The Corporation  
of the City of London**

**Green and Sustainable  
Financing Framework  
for City's Cash**

May 2019





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## Section 1:

### Purpose of this document

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This document, and the policy framework set out within in, was approved by [Finance] Committee of the Corporation of the City of London on [date] May 2019.

The City Corporation's activities are carried out and recorded through City Fund, City's Cash and Bridge House Estates<sup>1</sup>. The first of these covers the City Corporation's activities in its capacity as a local authority, police authority and port health authority; the second is the City Corporation's endowment fund, from which it finances activities including opens spaces, economic development market places, and international representation of the City, London and the UK; and the third relates to the City Corporation's sole trusteeship of the Bridge House Estates.

This document:

- Describes how the City Corporation tackles the five key environmental objectives highlighted by the ICMA's Green Bond Principles<sup>2</sup>: namely climate change mitigation, climate change adaptation, natural resource conservation, biodiversity conservation, and pollution prevention and control; and,
- Establishes a policy framework under which City's Cash will select project categories<sup>2,3</sup> that may be eligible for financing in accordance with City's Cash's Green and Sustainable Financing Framework.

This policy framework applies to debt raised by City's Cash through methods which include, but are not limited to:

- Committed bank facilities
- Green, social and sustainable bonds
- Debt private placements
- Long-term leases.

This financing policy only applies to debt raised by City's Cash. It does not apply to debt raised by City Fund, or to debt raised by City's Cash not under the provisions of this framework.

This Green and Sustainable Financing Framework is a public document, and may be published on the City Corporation's website. It is subject to periodic review, and will be amended to reflect material changes to relevant plans, such as the City Corporation's Corporate Plan and Local Plan.

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<sup>1</sup> <https://www.cityoflondon.gov.uk/about-the-city/budgets-and-spending/Pages/city-funds.aspx>

<sup>2</sup> <https://www.icmagroup.org/green-social-and-sustainability-bonds>

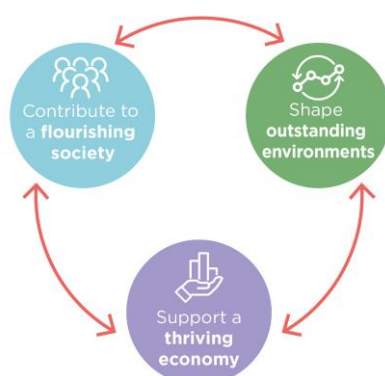
<sup>3</sup> Relates to project categories as listed in the ICMA's Green Bond Principles and the LMA's Green Loan Principles (<https://www.lma.eu.com/documents-guidelines>)

## Section 2:

### The Corporation of the City of London and the Green Finance Institute

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The City Corporation is the governing body of the Square Mile dedicated to a vibrant and thriving City, supporting a diverse and sustainable London within a globally-successful UK. The City Corporation publishes its Corporate Plan<sup>4</sup>, which sets out the following aims:



These aims will be achieved by strengthening the character, capacity and connections of the City, London and the UK for the benefit of people who live, learn, work and visit.

The City of London is one of the 33 areas with local authority responsibilities into which London is divided. Administratively, London is divided into 32 boroughs and the City of London. The City Corporation provides local authority services to the residential population of the Square Mile, but importantly also serves more than 500,000 people, who commute into the City every day for work, and over 10 million tourists, who visit every year.

As the governing body of financial and business hub of London and the UK, the City Corporation has wide-ranging responsibilities to promote and develop the local and national economy and society.

One of the City Corporation's pertinent endeavours is its role as a leading force in sustainable finance; the City Corporation has set up the Green Finance Initiative in partnership with the UK Government, bringing together international expertise from across the financial and professional services sector to<sup>5</sup>:

- Provide public and market leadership on green finance;
- Advocate for specific regulatory and policy proposals that might enhance the green finance sector worldwide; and,

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<sup>4</sup> <https://www.cityoflondon.gov.uk/about-the-city/how-we-make-decisions/Pages/corporate-plan.aspx>

<sup>5</sup> More information on the initiative, including its members, can be found here: <http://greenfinanceinitiative.org/>



- Promote London and the UK as a leading global centre for the provision of green financial and professional services.

As part of this initiative, in 2018 the City Corporation established the Green Finance Institute<sup>6</sup> on a 50:50 basis with the UK Government. This was announced by the Chancellor of the Exchequer, in the presence of the Lord Mayor of the City of London and other guests, at the annual Mansion House speech on 21<sup>st</sup> June 2018.

In his speech, the Chancellor said:

“The UK is already leading the charge in this market – with nearly 80 green bonds raising more than \$24 billion across seven currencies. But if we are collectively to meet our global climate goals, we will need to mobilise \$90 trillion by 2030. And it is my ambition that the UK leads the world in financing this investment. So tonight I can announce we are establishing a new Green Finance Institute here in London, jointly funded by government and the City of London. So that firms from across the world can access our one-stop-shop for world-leading climate science, and for capital. Here in the UK – the home to the markets of the future.”

Commenting on the new Institute, Catherine McGuinness, Policy Chairman of the City of London Corporation said:

“I’m delighted that the Treasury is partnering with the City of London Corporation to set up a Green Finance Institute. This will bring together the UK’s existing capabilities, create new business opportunities, and communicate to the wider market what London’s offer is in green finance and insurance. Promoting this is not only good for business, but is good for the world; helping tackle one of our greatest challenges – global warming. London is already a world leader in green finance, and this institute, a key recommendation of the Green Finance Taskforce, will ensure we remain so for years to come.”

The City Corporation is committed to the ‘green agenda’ and regards green finance as prudent, profitable, and one of the best tools available in the race to cut carbon. This commitment is aptly demonstrated by City’s Cash’s Green and Sustainable Financing Framework.

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<sup>6</sup> <http://greenfinanceinitiative.org/green-finance-institute/>

## Section 3:

### The City Corporation's environmental aims and green strategy

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The City Corporation's key aim to shape outstanding environments includes the priority to have clear air, land and water and a thriving sustainable natural environment. This priority is complemented by the following environmental goals:



1. Provide a clean environment and drive down the negative effects of our own activities.
2. Provide thriving and biodiverse green spaces and urban habitats.
3. Provide environmental stewardship and advocacy, in use of resources, emissions, conservation, greening, biodiversity and access to nature.
4. Influence UK and global policy, and regulation and international agreements to protect the environment.

The City Corporation's green plans and policies to achieve these goals are described below.

#### 3.1 Sustainable environment

The City of London Sustainability Policy<sup>7</sup> has a shared focus for the future, helping to co-ordinate partners' activities, enabling everyone to work towards the same objectives and meet the needs and aspirations of the City's different communities. The policy falls into two parts: building a strong economy, but equally respecting the limits of the planet's resources.

The City Corporation will contribute to building a strong, stable and sustainable economy and also assist businesses within the Square Mile and its neighbouring boroughs to do so. It will:

- Increase awareness and understanding of climate change its potential impacts;
- Educate businesses on how to prepare for and adapt to climate change by adopting sustainable practices, such as local procurement and reducing emissions;
- Support sustainable finance and investments, particularly through the Green Finance Institute; and,
- Encourage responsible capitalism, including promoting business models that focus on positive social and financial outcomes, and skills-based volunteering with third sector organisations.

The City Corporation will respect the limits of the planet's environment, resources and biodiversity and aims to:

- Improve air quality within the Square Mile and City Fringe, and work with other boroughs to reduce air pollution in Central London;

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<sup>7</sup> <https://www.cityoflondon.gov.uk/services/environment-and-planning/sustainability/Pages/sustainability-policy.aspx>



- Adapt infrastructure and services to prepare for the likely impacts of climate change, including sustainable waste and water management, and managing flood risk;
- Enhance biodiversity, protecting and maintaining open spaces;
- Work towards a low carbon future across transport, waste management and green development, with a zero emission target for 2050;
- Place sustainable development principles at the heart of the City of London's planning system.

### 3.2 Air quality

Due to its location at the heart of London and the density of development, the City of London has some of the highest levels of pollution in the country. The City Corporation is committed to pollution prevention and control.<sup>8</sup>

The City of London Corporation has monitored air quality in the Square Mile since the 1960s, producing annual air quality reports for ease of tracking its progress. It also offers the CityAir app, providing pollution alerts and information for those living and working inside the City.

Future strategy will be informed by the draft Air Quality Strategy 2019, which was subject to public consultation and closed on 12th May 2019. The key target is for nitrogen dioxide to meet health-based Limit Values and WHO Guidelines in over 90% of the Square Mile by 2025<sup>9</sup> and to support the Mayor of London in meeting WHO Guidelines for PM10 and PM2.5 by 2030.

The draft outlines actions that will be taken to improve air quality in the Square Mile, in six policy areas: air quality monitoring; leading by example; collaborating with others; reducing emissions from road transport; reducing emissions from non-transport sources; and, public health and raising awareness. The results of the consultation will be analysed and included in the process of drawing-up and finalising the final strategy.

A measure of success for the strategy will be consistent compliance with health-based air quality limits and guidelines measured using a network of robust air quality monitoring equipment. The City Corporation will continue to be recognised as a leading and highly regarded authority in the field of air quality.

### 3.3 Sustainable waste management

The City of London has a strong track record in sustainable waste management, being the first London Authority to sort and recycle waste from our streets; zero waste is sent directly to landfill. The City Corporation also operates an awards scheme for business of all sizes, the Clean City Awards. The scheme has been running successfully since 1994, promoting and rewarding best practice in sustainable waste

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<sup>8</sup> <https://www.cityoflondon.gov.uk/business/environmental-health/environmental-protection/air-quality/Pages/default.aspx>

<sup>9</sup> <https://www.who.int/airpollution/guidelines/>





management. The City Waste Strategy<sup>10</sup> provides further details on the framework necessary to increase reuse and recycling and reduce waste within the City.

The City Corporation believes that the City and its stakeholders should view waste as a resource, and endeavours to provide appropriate and innovative facilities for the management of waste. The key ways to achieve this include the City Corporation's own actions and wider influence:

- Waste reduction
  - Zero waste: All of the City's Local Authority Collected Municipal Waste (LACMW) is diverted away from landfill
  - The City Corporation implements initiatives to encourage and support residents to take responsibility for reducing their overall household waste, for example working with the Love Food Hate Waste campaign
- Reuse: The City Corporation aims to provide services and initiatives that encourage the reuse of items, therefore diverting these materials from final disposal
- Recycling and composting: Arrangements are made to enable residents to recycle as many materials as possible and ensure that these materials are collected in a timely manner
- Working with the City's business community: The City Corporation has a long history of direct engagement with City businesses on waste and recycling related issues (for example through the Considerate Contractor's Scheme<sup>11</sup>) and continues to enhance this partnership.

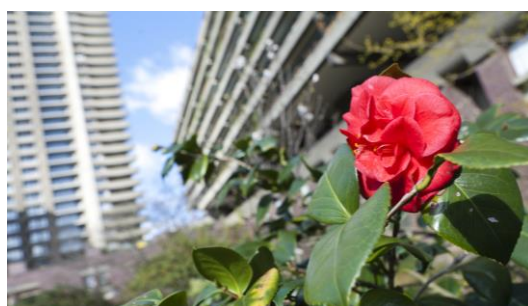
### 3.4 Open spaces

#### *Urban spaces: Within the City of London*

The City of London has a long and unique heritage, which is reflected in both its splendid architecture and the small green spaces that are considered 'hidden gems' and which create a network of green space across the Square Mile.

There are over 350 open spaces within the City, including 4 Historic Parks, totalling over 30 hectares; 75% is public open space (the existing day-time population of 428,000 means that the target of approximately 0.06 hectares per 1000 week day day-time population is being met).

Approximately 80% of the sites are less than 0.2 hectares in size. These small gardens and churchyards, along with plazas and public realm improvements offer a welcome respite for the



<sup>10</sup> <https://www.cityoflondon.gov.uk/services/environment-and-planning/waste-and-recycling/Pages/Waste-strategy.aspx>

<sup>11</sup> <https://www.cityoflondon.gov.uk/services/transport-and-streets/roads-highways-and-pavements/Pages/Considerate-Contractor-and-Considerate-Contractor-Streetworks-Scheme.aspx>





City's thousands of workers, as well as providing leisure and wellbeing opportunities for visitors and residents alike. There are a variety of public and commercial fitness facilities and play areas in the City; 10 of the open spaces are Sites of Importance for Nature Conservation.

The City Corporation has adopted its Open Space Strategy<sup>12</sup>, which sets out the principles to help improve the quality, management, accessibility and usage of our open spaces contained within the Square Mile. Plans are in place to make the City a much greener place, with additional planting in and around new and existing buildings and spaces, enhancing the environment and mitigating the impacts of pollution.

New open and amenity spaces will be created, including new pedestrian routes, accessible and permeable buildings, and the provision of amenity space at upper or roof levels. Public access to private open space will be encouraged. Biodiversity will be increased by the inclusion of wildlife-friendly features in new and existing open spaces and buildings.

### ***Green spaces: Outside the City of London***

The City Corporation manages approximately 11,000 acres of historic and natural green spaces across London and beyond. Some of the sites have been owned and managed since as far back as 1870, protected from development and preserved as a natural resource. They include important wildlife habitats, Sites of Special Scientific Interest, National Nature Reserves, European Special Area of Conservations and public outdoor space for sport and recreation. Annual visits by members of the public to the open spaces are estimated at 23 million.



The City Corporation is committed to maintaining and restoring these natural landscapes, and conserving the biodiversity within them. Management plans for these green spaces are published online, detailing the actions taken, progress and long term plans for the land.<sup>13</sup> The City Corporation has received independent recognition for its management of its green spaces. Areas which have been received Green Flag Award and Green Heritage Site Accreditation include<sup>14</sup>: Epping Forest, Hampstead Heath, Ashted Common and Burnham Beeches. Numerous of the City Corporation's urban spaces have also achieved these accolades.



<sup>12</sup> <https://www.cityoflondon.gov.uk/services/environment-and-planning/planning/heritage-and-design/Pages/trees-and-heritage.aspx>

<sup>13</sup> Further information includes, but is not limited, to the below:

- a. <https://www.cityoflondon.gov.uk/things-to-do/green-spaces/burnham-beeches-and-stoke-common/about-us/Pages/Management-and-consultation.aspx>
- b. <https://www.cityoflondon.gov.uk/things-to-do/green-spaces/hampstead-heath/wildlife-and-nature/Pages/default.aspx>

<sup>14</sup> <http://www.greenflagaward.org.uk>

### 3.5 Planning for the future

The City Corporation's Local Plan has been published for public consultation (consultation closed 28<sup>th</sup> February 2019) and the City Corporation is currently in the process of drawing-up, approving and publishing its final Local Plan.<sup>15</sup>

The new Local Plan, called City Plan 2036, sets out the City Corporation's vision, strategy and objectives for planning for the next 20 years, together with policies that will guide future decisions on planning applications. Once adopted, the new Plan will replace the current City of London Local Plan adopted in January 2015.

The draft City Plan 2036 has been informed by an Integrated Impact Assessment (IIA), which combines the following assessment processes into a single document:

- Sustainability Appraisal, including a Strategic Environmental Assessment;
- Equalities Impact Assessment; and,
- Health Impact Assessment.

A Habitats Regulations Assessment has also been undertaken to assess whether the new Plan would have any significant effects on sites designated as being of European importance for their biodiversity.

In partnership with public and private sector organisations the City will adopt new technologies to adapt towards a zero emission future by 2050. The City Corporation is committed to:

#### 1. *Promoting clean transportation*

The City will be physically well connected and responsive. Sustainable travel patterns and modes of transport will be promoted and public transport capacity increased, principally through the opening of the Elizabeth Line, and the Northern Line/Bank Station Upgrade. The City's streets will provide an attractive and safe environment for walking and cycling. Traffic reduction and improvements to the City's streets and junctions will transform the safety, look and feel of the City's street network.

#### 2. *Reducing congestion*

Partnership working with City businesses and developers will minimise the number of delivery and servicing trips into the City and will reduce congestion through consolidation and by re-timing trips to take place outside of peak hours. The majority of last mile deliveries will be undertaken by zero emission vehicles, and the City's air quality will significantly improve as a greater share of motorised traffic switches to electric or other zero emission modes.



<sup>15</sup> <https://www.cityoflondon.gov.uk/services/environment-and-planning/planning/planning-policy/Pages/Local-Plan-Review.aspx>

### 3. *Materials and waste management*

Use of the River Thames by commuters and for freight and servicing will significantly increase as the Thames becomes a major corridor for the movement of people and the transport of materials including construction and deconstruction materials, waste, freight and general goods. Walbrook Wharf will continue to provide a facility for transferring materials, including waste, by river barge, thereby reducing lorry traffic in the City and across London.

### 4. *Water and water waste management*

The risk of flooding will be minimised by incorporating sustainable drainage into new developments and the public realm, alongside measures to reduce run-off and increase rain water recycling. The Thames Tideway Tunnel will be completed, greatly reducing storm discharges from the combined sewer system and improving the quality of the water in the River Thames.



### 5. *Green developments*

The City will become a Zero Waste City as developers, businesses and residents adopt Circular Economy Principles and reduce the amount of waste they produce, whilst keeping resources in use for as long as possible. More flexible building designs will reduce the need for redevelopment of outdated office stock. The City Corporation will also engage in and promote the planning and construction or refurbishment of world class and sustainable buildings, with the aim of achieving BREEAM<sup>16</sup> certifications. In accordance with BREEAM technical standards, these developments will comprehensively consider green operations, ranging from energy use and efficiency to impacts on local pollution.

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<sup>16</sup> <https://www.breeam.com/>



## Section 4:

### City's Cash's Green and Sustainable Financing Framework

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#### 4.1 Use of proceeds

The proceeds from the debt raised by City's Cash under its Green and Sustainable Financing Framework will be used by it to finance (in whole or in part) projects that fall within the following project categories described in Section 3:

- Pollution prevention and control;
- Climate change adaptation;
- Sustainable water and wastewater management;
- Environmentally sustainable management of living natural resources and land use;
- Clean transportation;
- Green buildings which meet regional, national or internationally recognised standards or certifications; and,
- Renewable energy and energy efficiency.

The selection of potential projects will be made by the governing bodies and committees of the City Corporation. The City Corporation acts through its Court of Aldermen (consisting of 25 Aldermen) and Court of Common Council (consisting of 100 Common Councilmen). These bodies represent the oldest continuous municipality in the world, and adhere to the highest standards of governance. Many matters are delegated to Committees, which have their own clearly-defined terms of reference and powers. In everything that the Courts and Committees do, they are mindful of the City Corporation's stated policies and value-for-money considerations.

#### 4.2 Setting the Green and Sustainable Financing Framework

##### ***Policy setter and "owner"***

The Finance Committee is responsible for establishing and approving the framework and considering any periodic updates to it.

##### ***External assurance***

The Finance Committee has commissioned an independent and external "second party opinion" from DNV-GL, as an external assessment of its initial Green and Sustainable Finance Framework. This will be published on the City Corporation's website, alongside the Framework itself.



### 4.3 Project selection and evaluation

Any project or strategy that is proposed to be partially or wholly financed by debt raised under the City Corporation's Green and Sustainable Financing Framework will, as a matter of course, be assessed under the City Corporation's standing parameters and requirements for:

- Adherence to its corporate strategy and aims
- Green and sustainable policies and plans
- Value for money.

Projects will be assessed for eligibility for financing under City's Cash's Green and Sustainable Financing Framework by a relevant committee. This may include (but is not limited to) the following Committees, or to Sub-Committees thereof:

- Finance Committee: One of the principal roles of the Finance Committee is to ensure that the City of London Corporation achieves value for money in all its activities. It provides careful stewardship of the City Corporation's funds and controls a number of functions which are of fundamental importance to the City Corporation and the way in which it works.
- Policy and Resources Committee: The Policy and Resources Committee is a corporate committee which is responsible for the City Corporation's governance arrangements, recommending its strategic priorities, agreeing policy, allocating overall resources and overseeing the City's security and emergency planning arrangements. The Committee is also tasked with directing the City Corporation's economic development initiatives and the promotion of the City of London as the world's leading international financial and business centre (both here and abroad) and as a place within which to do business.
- Capital Buildings Committee: The Capital Buildings Committee is responsible for the management and oversight of major capital building projects (i.e. those projects with an estimated budget of £100 million or more), together with other such projects which have been referred to it.

In addition, delegated powers may be given to Officers and the Executive of the Corporation to apply financing raised under the City Corporation's Green and Sustainable Financing Framework, within agreed parameters.

Whilst awaiting application towards specific projects or strategies, funds will be temporarily invested, usually in bank deposits. In the case of bank deposits, funds will only be placed with banks that have published green sustainable or ESG policies or their equivalent.

It is intended that no funding raised under the City Corporation's Green and Sustainable Financing Framework will be applied except in accordance with the policies within the Framework.



#### **4.4 Monitoring adherence to the policy and management of proceeds**

The City Corporation already publishes extensive material and documentation on its green and sustainability policies, strategy, aims, progress and achievements. These include information in the reports, presentation and statements during public meetings, and written documents published on its website, as flagged throughout this document.

In respect of debt raised under its Green and Sustainable Financing Framework, the City Corporation intends to publish an annual summary of the use of proceeds, until such time as all proceeds raised have been deployed. This publication will be posted on the City Corporation's website. For Governance purposes, before being published, each report will be considered and approved by the City Corporation's Finance Committee.

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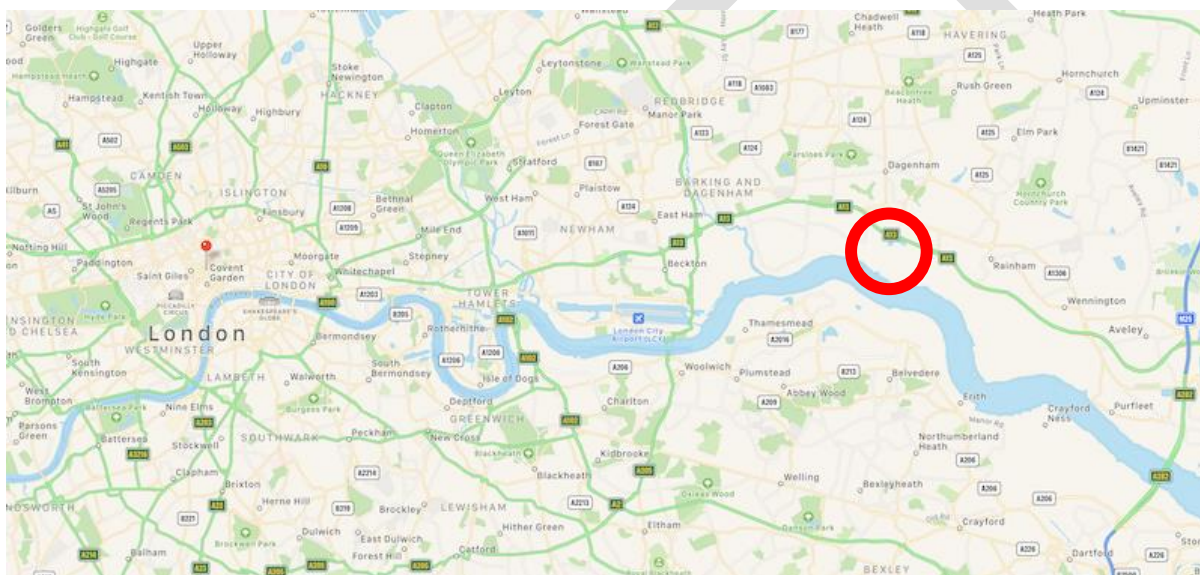
## Section 5:

### Example project – Barking wholesale markets

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Historically, the City of London has generally financed itself from its own resources, and has had rarely had need to raise external debt financing.

However, the City Corporation, through City's Cash, is considering potential options to consolidate its three wholesale food markets onto a single site – those markets being Billingsgate (fish), Smithfield (meat and poultry) and New Spitalfields (fruit, vegetables and flowers). As part of that exercise, the City Corporation announced on 18<sup>th</sup> December 2018 that it had acquired Barking Power Limited, including the Barking Reach Power Station site, a 42-acre site in the London Borough of Barking and Dagenham, shown in the red circle below:



The power station's operators closed and decommissioned it a few years ago, and demolition is well under way. The photograph below shows the chimneys being demolished:







The existing markets sites will be redeveloped for a mixture of residential, office, retail, leisure and other uses. This relocation and redevelopment exercise is of a scale and magnitude such that City's Cash will need to raise external debt to part-fund the project.

The proceeds from the debt raised for the Barking project are expected to be used in particular on (but not be limited to) the following categories:

- Green design of the new market site, including up to £40 million decontamination cost for the 'brown' land;
- Green redevelopment of the existing market sites;
- Renewable energy options on all sites;
- Sustainable water and wastewater management options on all sites; and,
- Green and sustainable transport options for all sites.

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