HM Treasury

United Kingdom Debt Management Office

# Green Gilts Investor Presentation

HM Treasury and UK Debt Management Office

October 2021 Update

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UK MiFIR product governance / Retail clients, professional investors and ECPs only target market – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of each of the Green Gilts has led to the conclusion that: (i) the target market for each of the Green Gilts is retail clients, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA, eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; and (ii) all channels for distribution of the Green Gilts are appropriate. Any person subsequently offering, selling or recommending the Green Gilts (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of each of the Green Gilts (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

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# Executive Summary

HM Treasury and the United Kingdom Debt Management Office (DMO) published the **'UK Government Green Financing Framework'** on 30 June 2021, under which the UK will issue green gilts and retail Green Savings Bonds (to be launched through NS&I later in 2021). Also published was a Second Party Opinion from Vigeo Eiris (V.E) (part of Moody's ESG Solutions Group) on the Framework, and a Pre-Issuance Impact Report by the Carbon Trust on the UK's Green Financing Programme.

In early July 2021, HM Treasury and the DMO hosted a Global Investor Call (GIC) and a series of bilateral virtual meetings with global investors on the details of the Framework, the UK's financing plans and the UK's wider climate and environmental agenda. This was followed up in September 2021 with another GIC in advance of the launch of the first green gilt.

**The inaugural £10 billion nominal 12-year green gilt (to mature on 31 July 2033)** was launched via syndication on Tuesday 21 September 2021.

It was announced on 1 October 2021 **that the second green gilt will have a maturity date of 31 July 2053,** and is planned for launch by syndication in the week commencing 18 October 2021.

The choice of maturities at both the September and October transactions needed to be weighed alongside strategic considerations for the wider gilt calendar and financing programme. This included taking into consideration the profile of gilt redemptions going forward.

Planned green gilt issuance for the 2021-22 financial year will total a minimum of £15 billion.

# Outline

1

# UK Economic Strategy

# UK Macroeconomic Framework



The UK's macroeconomic framework is built on four pillars:

- **Monetary Policy**
- **Fiscal Policy**
- **Macroprudential Policy**
- **Structural Reform**

These elements support the UK's plan for growth ***Build Back Better*****,** which will drive growth that:

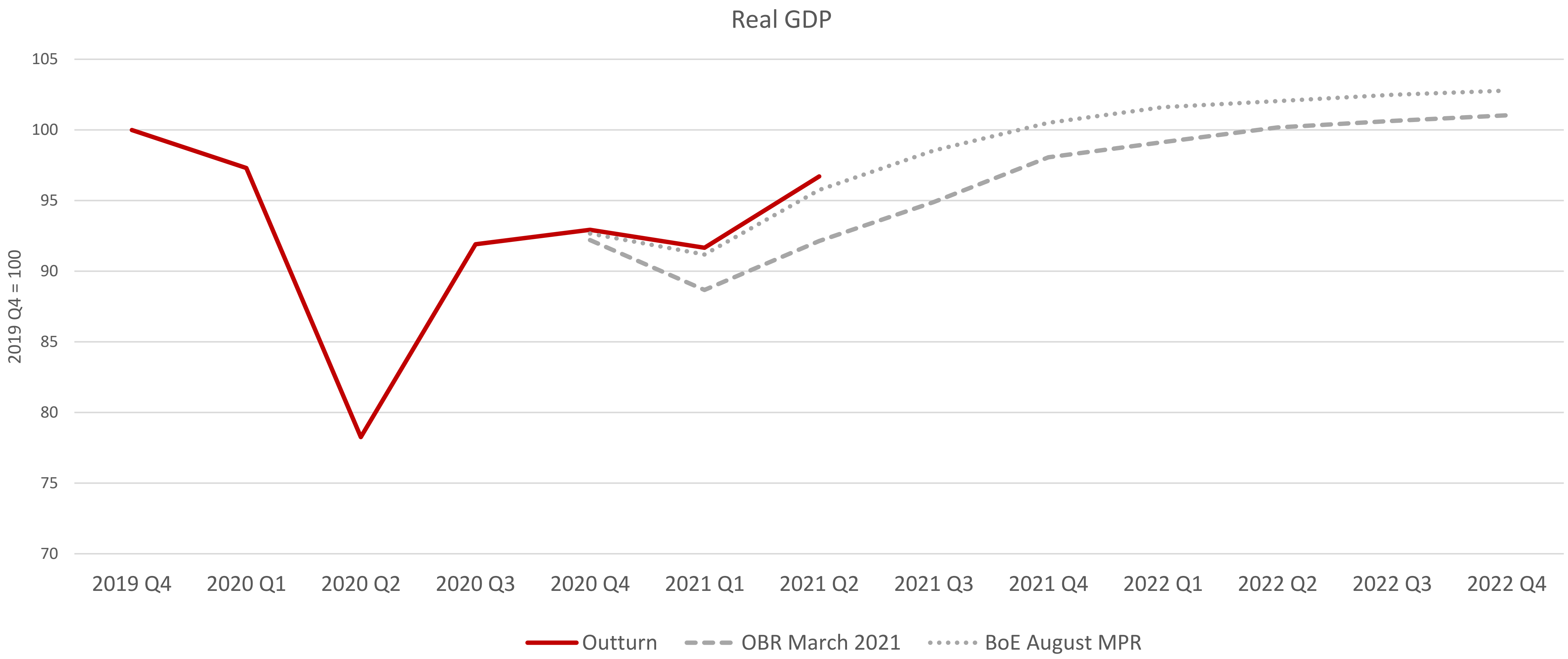
- Levels up every part of the country, spreading opportunity across the UK
- Raises the UK's productivity and living standards by investing in infrastructure, technology and skills
- Promotes environmental sustainability and transitioning towards a net zero economy
- Develops the UK as a centre for green finance with the new UK Infrastructure Bank to increase investment to help tackle climate change and promote economic growth

**Current UK Credit Ratings: AA Outlook Stable** *(Standard & Poor's)*, **Aa3 Ou** *oody's)*, and **AA- Outlook Stable** *(Fitch Ratings)*

# UK Economic Outlook



**Real GDP is expected to recover to pre-Covid levels before the end of the year**




*The Office for Budget Responsibility (OBR) was created in 2010 to provide independent and authoritative analysis of the UK's public finances.*

# Fiscal Context



## Substantial economic support

**The UK government is continuing to provide substantial economic support now to people who need it.** The UK furlough (job protection) scheme helped to support an average of 4.9 million people per month during the lockdown in early 2021. The furlough scheme was in place until September 2021.

## Driving economic recovery

**The 2021 Spring Budget provided further support of £65 billion in 2020-21 and 2021-22, more than provided during the global financial crisis.** This included investments and funding to support a sustained economic recovery. Revenue-raising measures to ensure fiscal sustainability will only come into effect once this recovery is durably underway.

## Strong public finances

**Strong public finances are a fundamental part of a strong economy and a strong Union.** The certainty that comes from ensuring the public finances are on a sustainable path will support economic stability across the UK. This is also necessary given the risks from high debt and will build fiscal resilience, allowing the government to provide support to households and the economy when it is needed most.

2

# UK Environment and Climate Policy

# The UK's Path to Net Zero



Between 1990 and 2019, the UK reduced its greenhouse gas emissions by **43%*,** compared with just 5% for the G7 as a whole. The UK is already working towards its commitment to reduce emissions by 2030 by at least 68% compared with 1990 levels through the UK's latest **Nationally Determined Contribution** - the highest reduction target set by a major economy to date.

In April 2021, the UK announced that it will accelerate this commitment, and set in law the world's most ambitious climate change target: a **78%** reduction in carbon emissions **by 2035**.

## The Net Zero Review and Strategy

The Net Zero Review is an analytical report using existing data to consider the exposure of households and businesses to the transition to net zero, in order to inform future policy development. This is the first time a finance ministry has done this. This will be published by HM Treasury in due course.

In addition, the government is expected to publish a comprehensive Net Zero Strategy in the lead up to COP26. The strategy will set out the Government's vision for transitioning to a net zero economy.

## Hydrogen Strategy

The government has published the UK's first ever Hydrogen Strategy, laying the foundations for a hydrogen economy by 2030.

The Hydrogen Strategy will put the UK at the forefront of the race to develop low carbon hydrogen, driving innovation, jobs and investment to scale up this technology. Analysis suggests that the sector could be worth **£900 million** and **support 9,000 jobs** – unlocking £4 billion in private investment by 2030.

The UK is well positioned to secure competitive advantage in both electrolytic and CCUS-enabled hydrogen, with the largest offshore wind sector in the world, natural assets and expertise in carbon capture and storage.

**Climate Change Committee 2018 Progress Report https://www.theccc.org.uk/publication/reducing-uk-emissions-2018-progress-report-to-parliament/ (calculation)*
*BEIS 2018 Greenhouse Gas Emissions Statistics Report https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/790626/2018-provisional-emissions-statistics-report.pdf (data)*

# COP26 – Glasgow, UK



UN CLIMATE CHANGE CONFERENCE UK 2021

IN PARTNERSHIP WITH ITALY

The UK will host the 26th UN Climate Change Conference of the Parties (COP26) at the Scottish Event Campus (SEC) in Glasgow on 1-12 November 2021.

The climate talks will bring together heads of state, climate experts and campaigners to agree coordinated action to tackle climate change.

As COP26 Presidency, the UK is committed to working with all countries and joining forces with civil society, companies and people on the frontline of climate change to inspire action ahead of COP26.

The UK will spend the months up to COP26 taking four key goals to governments across the world:

1. Secure **global net zero** by mid-century and keep 1.5 degrees within reach
2. Adapt to protect **communities** and **natural habitats**
3. Mobilise **finance**
4. Work **together** to deliver these ambitious goals

**COP26 Private Finance Agenda**

As part of the Finance campaign, the objective for private finance for COP26 is simple: ensure that every professional financial decision takes climate change into account.

The COP26 Private Finance Hub will work with the private sector and other stakeholders to develop:

- **Reporting**: improving the quantity, quality and comparability of climate-related disclosures by implementing a common framework built on the TCFD recommendations.
- **Risk management**: ensuring that the financial sector can measure and manage climate-related financial risks.
- **Returns**: helping investors identify the opportunities in the transition to net zero and report how their own portfolios are aligned for the transition.
- **Mobilisation**: increasing private financial flows to emerging and developing economies, by connecting available capital with investable projects and encouraging new market structures.

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# UK Government Green Financing Framework

# UK Government Green Financing Framework




The **UK Government Green Financing Framework** (the “Framework”) has been developed in accordance with the Green Bond Principles (2021) published by ICMA.

HM Treasury intends to align this Framework, to the extent feasible, with the UK's developing classification of environmentally sustainable economic activities (the **UK Taxonomy**). The first set of Technical Screening Criteria for the Taxonomy will be legislated no later than 1 January 2023.

The Framework demonstrates how the **UK green gilt and retail green savings bonds** will finance UK Government expenditures in the following categories:

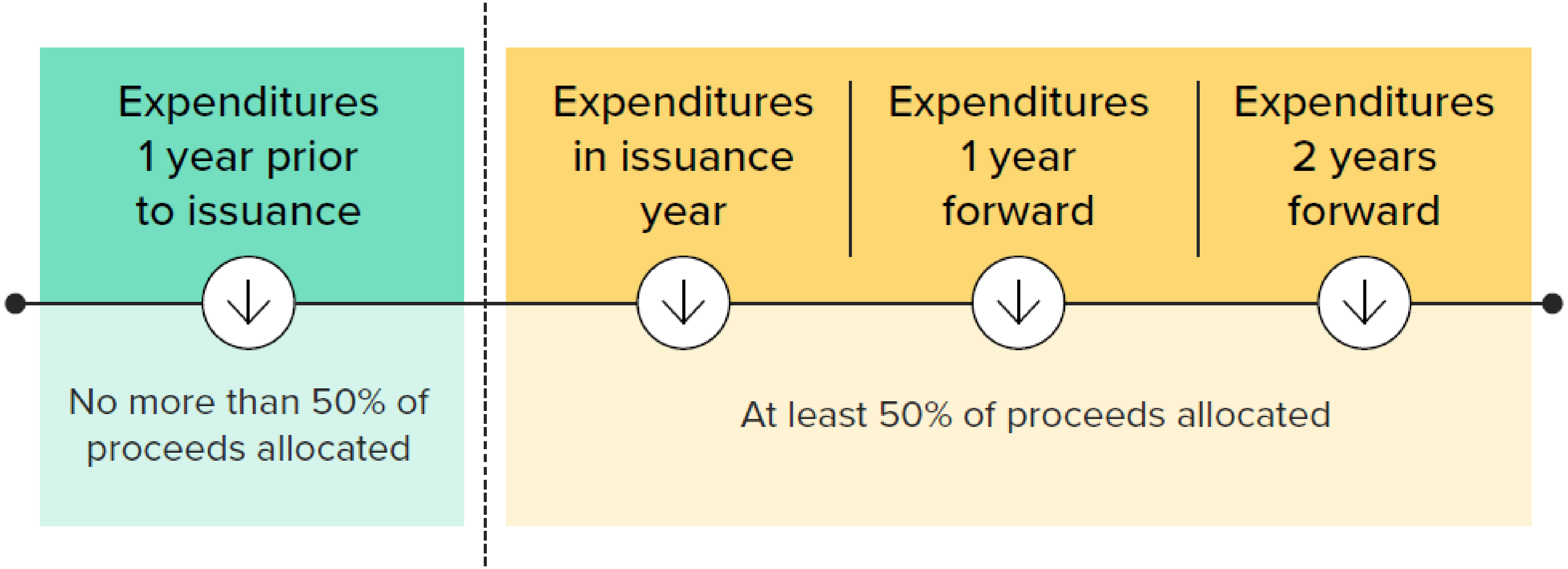
- Clean Transportation
- Renewable Energy
- Energy Efficiency
- Living and Natural Resources
- Climate Change Adaptation
- Pollution Prevention and Control

# Use of Proceeds – Expenditure Window



The eligible green expenditures are limited to government expenditures that occurred no earlier than 12 months prior to issuance, the budget year of issuance, and the two budget years following issuance.

HM Treasury will allocate at least 50% of net proceeds to current and future expenditures.




*The forward-looking expenditure pool, which will make up at least 50% of the allocation of proceeds from green issuance in 2021-22, is subject to confirmation during the forthcoming Spending Review. Details on allocation will be provided in the first annual report under the UK Government Green Financing Framework.*

# Use of Proceeds – Eligible Green Expenditures and Exclusions



## Eligible Green Expenditures

HM Treasury intends to allocate proceeds to expenditures that meet the **environmental eligibility criteria** as set out in the expenditure categories in the framework.

**Clean transportation** will include expenditures that relate to low and zero emission mobility, all of which encourage the move away from use of fossil-fuel powered transportation, as well as infrastructure and alternative fuels. This category excludes vehicles and transport that are exclusively powered by fossil fuels.

All expenditures related to **agricultural and animal husbandry-related spend** were reviewed to ensure that only areas of expenditure that had a clear environmental performance improvement or environmental risk reduction objective were retained.

Expenditures related to **hydrogen** in the current expenditure pool – notably the Net Zero Hydrogen Fund and the Net Zero Innovation Portfolio – only include 'green' and 'blue' hydrogen technology, as detailed in the UK's recent Hydrogen Strategy. Government is currently consulting on the design of its low carbon hydrogen strategy. For further information: https://www.gov.uk/government/consultations/design-of-a-business-model-for-low-carbon-hydrogen

The expenditure categories also include research and development expenditures, a recognition of the importance of promoting new technologies to reach net zero and achieve other environmental ambitions.

## Exclusions

The following expenditures have all been excluded:

- Vehicles exclusively powered through fossil-fuel combustion and ethanol
- Fossil fuel exploitation and exploration
- Large-scale hydroelectric energy (>25MW), due to potential risk to natural habitats
- Weapons, tobacco, gaming, palm oil industries, and direct manufacture of alcoholic beverages
- All expenditures related to nuclear power

# Allocation and Impact Reports



## Allocation Report

HM Treasury will publish a report on the allocations of the proceeds from the green gilt and retail green savings bonds, under each of the eligible green expenditure subcategories.

The first report will be published no later than one year after the inaugural green gilt issue, and **annually** thereafter.

The allocation report will detail:

- The share of proceeds allocated to refinancing existing expenditures, versus financing for new and future expenditures;
- The balance of unallocated proceeds; and
- Any material developments related to the eligible green expenditures.

## Impact Report

HM Treasury will publish a report on the **environmental impacts** and **social co-benefits** of the eligible expenditures, aggregated at the expenditure category level.

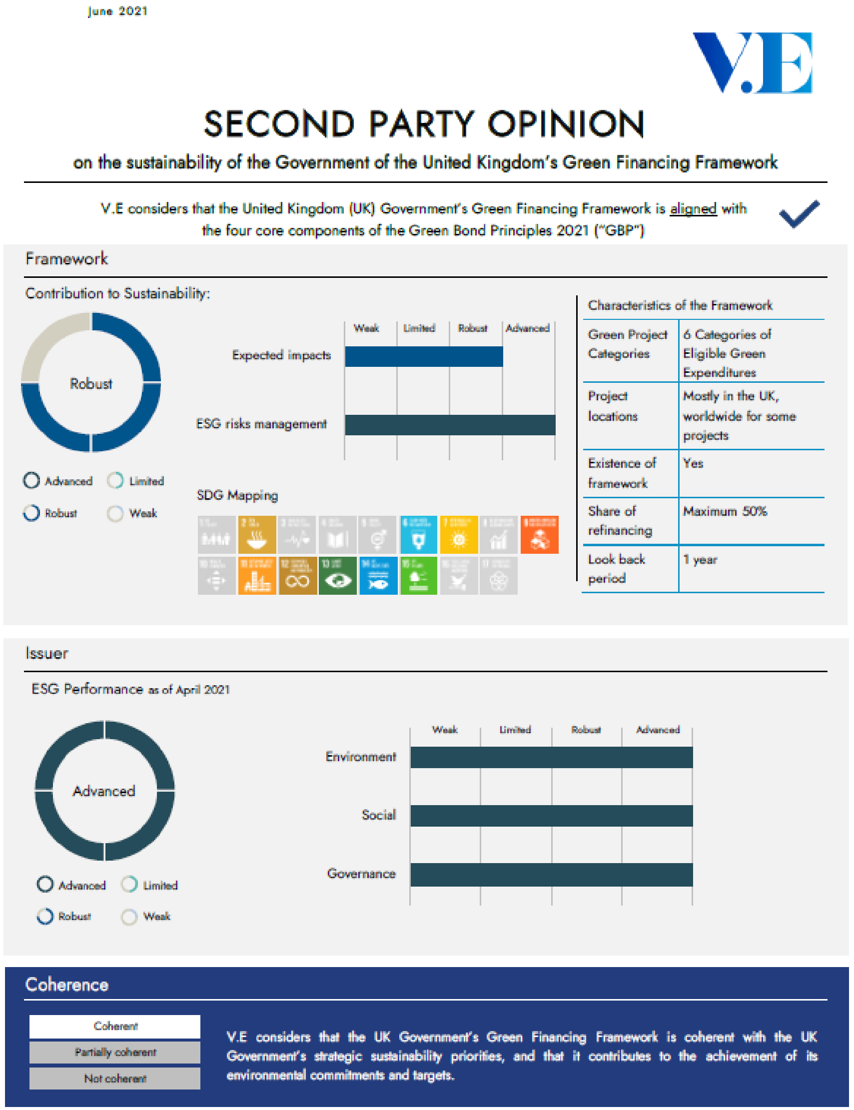
Links to a list of example expenditures can be found in the annex.

The first report will be published no later than two years following the inaugural issue, and then **at least biennially** thereafter.

Case studies on the impact of specific expenditures will be provided where relevant and feasible.

Where necessary, updates may be provided intermittently, due to time-lags in the publication of data.

# External Review: Second Party Opinion (V.E)



June 2021

# SECOND PARTY OPINION

on the sustainability of the Government of the United Kingdom's Green Financing Framework

V.E considers that the United Kingdom (UK) Government's Green Financing Framework is aligned with the four core components of the Green Bond Principles 2021 ("GBP")

Framework

Contribution to Sustainability:



| Characteristics of the Framework | |
|---|---|
| Green Project Categories | 6 Categories of Eligible Green Expenditures |
| Project locations | Mostly in the UK, worldwide for some projects |
| Existence of framework | Yes |
| Share of refinancing | Maximum 50% |
| Look back period | 1 year |

Issuer

ESG Performance as of April 2021



Coherence



V.E considers that the UK Government's Green Financing Framework is coherent with the UK Government's strategic sustainability priorities, and that it contributes to the achievement of its environmental commitments and targets.

Vigeo Eiris (V.E) is of the opinion that the UK Government's Green Financing Framework is aligned with the four core components of the Green Bond Principles published by ICMA.

V.E has provided a Second Party Opinion on the Framework and has concluded that:

- The UK Green Financing Framework is **robust** in its contribution to sustainability
- The UK is **advanced** in its ESG performance
- The UK Green Financing Framework is **coherent** with the Government's strategic sustainability priorities.

V.E is of the opinion that the expected environmental benefits are **clear, relevant and measurable**, and will be quantified for nearly all the Eligible Green Expenditures in the reporting.

The full report is at https://vigeo-eiris.com/uk-government-green-financing-framework-spo

# External Review – The Carbon Trust



The Carbon Trust has conducted a pre-issuance impact assessment on the alignment of the intended impacts of the funded projects and green gilt programme/retail green savings bonds with the UK government's climate targets and environmental policies.

They have concluded that:

> *"the programme's categories are comparable, and the allocations align sensibly, with the Climate Change Committee's Sixth Carbon Budget. [Carbon Trust] are confident that the programme will contribute to achieving net zero by 2050".*

The Carbon Trust is also of the view that the UK innovates in a number of ways:

> *"The inclusion of the retail component is novel, but the programme also seeks to **innovate** in its approach to reporting the impact of the programme. [It does so] firstly in the wide choice of metrics which encompass **environmental, social and biodiversity measures,** and secondly in considering the alignment of the programme with stated UK Government policy goals."*

The full report is at:
[https://www.carbontrust.com/resources/pre-issuance-impact-uk-government-green-financing-programme](https://www.carbontrust.com/resources/pre-issuance-impact-uk-government-green-financing-programme)

# Retail Green Savings Bonds



**UK Government Green Financing Framework**

United Kingdom Debt Management Office

**Wholesale green gilts**

**HM Treasury**

**Retail Green Savings Bonds**

NS&I

The **Retail Green Savings Bonds** will be offered through NS&I, the HM Treasury backed savings organisation and established retail debt financing arm of the government.

- They will return a fixed rate of interest for 3 years and customers will be able to invest between £100 and £100,000.
- This innovative savings product will provide retail investors with the opportunity to participate in the collective effort to tackle climate change, transition to a low carbon economy and create green jobs.
- The funds raised will go to HM Treasury to help finance the green spending projects, in line with the governance procedures.
- The product will be available online at [www.nsandi.com/green](http://www.nsandi.com/green) later in 2021.

4

# Debt Management and Green Gilts

# Overview of the 2021-22 Remit (as at 11 October 2021)



The net financing requirement for the DMO in 2021-22 is £254.4 billion of which gilts are **£252.6 billion** (£1.8 billion is being met by net T-bill sales for debt management).

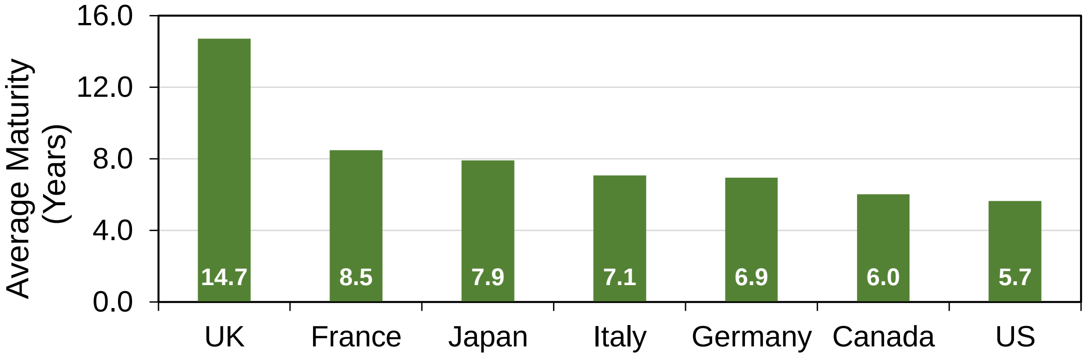
- Planned auction programme of £201.6 billion in 83 gilt auctions (79.8% of total planned sales).
- A current plan of £37.5 billion via syndicated offerings (14.8% of total planned sales).
- The inaugural green gilt transaction represented a £10 billion draw-down from an unallocated portion of gilt issuance. The forthcoming October green gilt transaction will also be drawn down in this way.

**Gilt sales in the financial year to 11 October 2021 are shown below (in £ millions)**

| | Conventional Gilts | | | Index-linked Gilts | Green Gilts | Total |
|---|---|---|---|---|---|---|
| | Short | Medium | Long | | | |
| Auction proceeds to date | 36,855 | 27,217 | 26,104 | 9,569 | 0 | 99,746 |
| PAOF proceeds to date | 4,065 | 5,608 | 2,375 | 1,253 | 0 | 13,302 |
| **Auction and PAOF proceeds to date** | **40,920** | **32,826** | **28,480** | **10,822** | **0** | **113,048** |
| Syndication sales to date | 0 | 0 | 12,928 | 6,085 | 9,988 | 29,001 |
| Gilt tender sales to date | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total gilt sales to date** | **40,920** | **32,826** | **41,407** | **16,907** | **9,988** | **142,049** |

*Figures may not sum due to rounding.*

**The longest average maturity debt in the G7**




*Source: Bloomberg (July 2021)*
*Methodology for calculating average maturity is based on gross nominal values, includes Treasury bills.*

HM Treasury

United Kingdom Debt Management Office

# Strategic Considerations for the Green Gilt



| The green gilt programme has a number of similarities to standard gilts… | |
|---|---|
| **A Green Gilt is no different from a conventional gilt in terms of its structure and payments** | Interest payments will be made every six months with the capital re-payment and final interest payment made at redemption. |
| **Liquidity** | The government has committed to issuing at least £15 billion of green gilts in financial year 2021-22, as well as to building out a green curve in the coming years. The inaugural 12-year green gilt was launched via syndication on 21 September 2021. A second syndication of a new 32-year green gilt is planned for week commencing 18 October 2021. |

| …but also has a couple of key differences | |
|---|---|
| **Use of proceeds structure** | An amount equal to the proceeds raised from the Green Gilt and retail green savings bonds is allocated specifically for green/environmental projects rather than general spending. |
| **Additional documentation** | Additional documentation is required to provide transparency to investors, in the form of: a Green Financing Framework, a Second Party Opinion, a Pre-Issuance Impact Assessment and regular Allocation and Impact Reports on the projects funded. |

***To note, green gilts will be eligible to be included in both the FTSE indices and the iBoxx indices. The Bank of England has also confirmed that green gilts will have equivalent eligibility to existing gilts in its market operations.***

# Summary Terms of the Inaugural Green Gilt

4.3

| | |
|---|---|
| **Issuer** | **The Commissioners of Her Majesty's Treasury acting through the United Kingdom Debt Management Office** |
| **Credit Rating of the UK Government** | **AA Outlook Stable** *(Standard & Poor's)*, **Aa3 Outlook Stable** *(Moody's)*, and **AA- Outlook Stable** *(Fitch Ratings)* |
| **Instrument** | **Dematerialised fixed rate notes** |
| **Currency** | **Pounds Sterling (GBP)** |
| **Issue Size** | **GBP 10,000,000,000 (nominal)** |
| **Issue Date** | **Launch/pricing: 21 September 2021; Settlement/Issue: 22 September 2021** |
| **Maturity Date** | **31 July 2033** |
| **Interest Payments** | **0.875% p.a. payable semi-annually** |
| **Re-offer Price** | **£100.033 per £100 nominal** |
| **Gross Redemption Yield at Re-offer Price** | **0.8721%** |
| **Structuring Advisors** | **HSBC and J.P. Morgan** |
| **Syndicate** | **Joint Lead Managers and Bookrunners: Barclays, BNP Paribas, Citi, Deutsche Bank, HSBC and J.P. Morgan**<br><br>**All other wholesale Gilt-edged Market Makers (GEMMs) were appointed Co-Lead Managers** |
| **Listing*** | **FCA Official List / London Stock Exchange's Main Market** |
| **Settlement** | **T+1 through CREST, operated by Euroclear UK & International Limited** |
| **Registrar and Paying Agent** | **Computershare Investor Services PLC** |
| **Selling Restrictions** | **US: Issued under Reg S (Cat 1) Only** |
| **Governing Law** | **English Law** |
| **Use of Proceeds** | **Proceeds allocated towards Eligible Green Expenditures in accordance with the UK Government Green Financing Framework** |
| **UK MiFIR Target Market** | **Eligible counterparties, professional clients and retail clients (all distribution channels)** |
| **EU MiFID II Target Market** | **Eligible counterparties and professional clients (all distribution channels)** |
| **ISIN Code** | **GB00BM8Z2S21** |
| **SEDOL Code** | **B-M8Z-2S2** |

**Also accredited on the London Stock Exchange's Sustainable Bond Market*



HM Treasury

United Kingdom Debt Management Office

# Syndicated launch of £10.0 billion of 0⅞% Green Gilt 2033: Result



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Debt Management
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21 September 2021

## PRESS NOTICE

### SYNDICATED LAUNCH OF £10.0 BILLION OF 0⅞% GREEN GILT 2033: RESULT

The United Kingdom Debt Management Office (DMO) announces that the syndicated launch of £10.0 billion (nominal) of 0⅞% Green Gilt 2033 has been priced at £100.033 per £100 nominal, equating to a gross redemption yield of 0.8721%. The transaction will settle, and the inaugural green gilt will be issued, on 22 September 2021.

Proceeds from today's transaction are expected to amount to approximately £10.0 billion (cash[1]) and will take gilt sales via the four syndications held in the financial year to date to £29.0 billion. Total gilt sales in 2021-22 amount to £131.0 billion. The DMO is planning to raise £252.6 billion via gilt sales in 2021-22.

The UK domestic market provided the main support for the issue, taking around 83% of the allocation.

As announced on 31 August 2021, the DMO plans to schedule a second syndication of a new green gilt maturing in the 20- to 30-year area, in mid to late October 2021, subject to demand and market conditions.

Commenting on the result, Sir Robert Stheeman, the Chief Executive of the DMO, said:

"I am delighted with today's successful launch of the UK's inaugural green gilt. Our green gilt issuance is supporting the UK's ambitious environmental and climate goals, and we have been genuinely impressed by the very strong level of investor support today as well as the

[1] Figures in this Press Notice are in cash terms unless indicated otherwise.

encouragement we have received throughout this process to bring this landmark sterling green transaction to the market today.

We also welcome the addition of this new 12-year maturity to the existing gilt portfolio. Our decision to issue a 2033 maturity green gilt for the inaugural offering has been supported by a very high quality order book including a diverse set of accounts. Investor demand came predominantly from domestic accounts who are increasingly integrating environmental, social and governance factors into their investment decisions but the deal also successfully attracted new investors to the gilt market, including from overseas.

I would like to take this opportunity to thank both our structuring advisors, HSBC and J.P. Morgan, for their important contribution to establishing our new product, the green gilt. My thanks also go to the Joint Lead Manager group (Barclays, BNPP Paribas, Citi, Deutsche Bank, HSBC and J.P. Morgan) for ensuring the success of this highly anticipated offering, and also to our co-lead managers for their support for this transaction. I remain impressed with the gilt market's versatility – not only its resilience, as evidenced by the market's response to the challenges of the past year or so – but also how it has enthusiastically welcomed our debut green gilt. We now look ahead to the second green gilt, which we plan to launch next month in the 20- to 30-year maturity area, as we start to build out a green gilt curve."

**NOTES TO EDITORS**

The syndicated offer was managed by six Joint Bookrunners: Barclays, BNP Paribas, Citi, Deutsche Bank, HSBC and J.P. Morgan. All other wholesale Gilt-edged Market Makers were appointed Co-Lead Managers. The composition of the syndicate was announced by the DMO on 3 September 2021, following the appointment of HSBC and J.P. Morgan on 27 January 2021 as Joint Structuring Advisors to assist with the UK government's inaugural issue of a green gilt.

The order book for the transaction was opened at 9.00am on 21 September 2021 with indicative price guidance for investors at a spread of 7.5bp to 8.5bp above the yield on the reference gilt (4¼% Treasury Stock 2032). At 9.30am the Joint Bookrunners announced that price guidance was being fixed at a yield spread of 7.5bp above the reference gilt (the tight end of the published price guidance). The book closed at 10.00am with 217 orders.[2]

At 10.54am the Joint Bookrunners announced that the size of the transaction had been set at £10.0 billion (nominal). The price was set at 1.18pm.

The £10.0 billion proceeds from today's transaction represent a draw-down of the unallocated portion of gilt issuance, reducing the size of the remaining unallocated portion to £13.5 billion.

[2] Total orders were £101.4 billion (nominal).

# Indicative Offering and Terms of the Second Green Gilt

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|---|---|
| **Issuer** | **The Commissioners of Her Majesty's Treasury acting through the United Kingdom Debt Management Office** |
| **Credit Rating of the UK Government** | **AA Outlook Stable** *(Standard & Poor's*), **Aa3 Outlook Stable** *(Moody's),* and **AA- Outlook Stable** *(Fitch Ratings)* |
| **Instrument** | **Dematerialised fixed rate notes** |
| **Currency** | **Pounds Sterling (GBP)** |
| **Maturity Date** | **31 July 2053** |
| **Structuring Advisors** | **HSBC and J.P. Morgan** |
| **Syndicate** | **Joint Lead Managers and Bookrunners: BofA Merrill Lynch, Morgan Stanley, NatWest Markets, RBC CM and Santander**<br><br>**All other wholesale Gilt-edged Market Makers (GEMMs) are being appointed Co-Lead Managers** |
| **Listing*** | **FCA Official List / London Stock Exchange's Main Market** |
| **Settlement** | **T+1 through CREST, operated by Euroclear UK & International Limited** |
| **Registrar and Paying Agent** | **Computershare Investor Services PLC** |
| **Selling Restrictions** | **US: Issued under Reg S (Cat 1) Only** |
| **Governing Law** | **English Law** |
| **Use of Proceeds** | **Proceeds allocated towards Eligible Green Expenditures in accordance with the UK Government Green Financing Framework** |
| **UK MiFIR Target Market** | **Eligible counterparties, professional clients and retail clients (all distribution channels)** |
| **EU MiFID II Target Market** | **Eligible counterparties and professional clients (all distribution channels)** |
| **ISIN Code** | **GB00BM8Z2V59** |
| **SEDOL Code** | **B-M8Z-2V5** |

The terms contained in this term sheet are indicative and in summary form only, are subject to change without notice and are not complete. No reliance should be placed on the information in this term sheet. Reference should be made to the final legal documentation for the relevant transaction before making a decision to enter into any transaction in the securities described herein.

**As with the first green gilt, it is currently envisaged that an application will be made for accreditation on the London Stock Exchange's Sustainable Bond Market*

# Contacts and Links



| | |
|---|---|
| **Emails**: | *greenfinancingpolicy@hmtreasury.gov.uk* ; *policy@dmo.gov.uk* |
| **HM Treasury website** | www.gov.uk/government/publications/uk-government-green-financing |
| **DMO website** | https://www.dmo.gov.uk/responsibilities/green-gilts/ |
| **NS&I website** | www.nsandi.com/green |
| **Refinitiv Eikon** | *DMO/GILTS1* |
| **Bloomberg** | *DMO1 <GO>* |

# Questions and Answers

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# Annex – Example Expenditures

# Example Expenditures – Links



**Clean Transportation - *Zero Emission Buses***
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/980227/DfT-Bus-Back-Better-national-bus-strategy-for-England.pdf

**Renewable Energy - *Net Zero Innovation Portfolio***
https://www.gov.uk/government/collections/net-zero-innovation-portfolio

**Renewable Energy - *Renewable Heat Incentive Scheme***
https://www.gov.uk/domestic-renewable-heat-incentive
https://www.gov.uk/non-domestic-renewable-heat-incentive

**Energy Efficiency - *Public Sector Decarbonisation Scheme***
https://www.gov.uk/government/collections/public-sector-decarbonisation-scheme

**Living and Natural Resources - *Nature For Climate Fund***
https://www.gov.uk/government/publications/ealert-23-march-2021-more-on-nature-for-climate-fund/ealert-23-march-2021-more-on-nature-for-climate-fund
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/987432/england-trees-action-plan.pdf

**Living and Natural Resources - *Future Farming Programme***
https://defrafarming.blog.gov.uk/about-this-blog/
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1003924/farming-changing.pdf

**Climate Change Adaptation - *Flood Defence Fund***
https://www.gov.uk/government/news/multi-billion-pound-investment-as-government-unveils-new-long-term-plan-to-tackle-flooding

**Pollution Prevention and Control – *Carbon Capture, Usage and Storage Infrastructure (CCUS)***
https://www.gov.uk/guidance/uk-carbon-capture-and-storage-government-funding-and-support
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/936567/10_POINT_PLAN_BOOKLET.pdf