



Sustainable Financing Framework

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Foreword

Since our foundation in 1829, King's staff and students have dedicated themselves in the service of society, at home and abroad.

For almost two-hundred years, our vision and values have come from the excellence of our research and education and from the impact they have had on our highly interconnected, complex world. From contributions to the discovery of DNA by Rosalind Franklin and Maurice Wilkins to the peace-building work of Archbishop Desmond Tutu, King's staff and students have always been determined to make a difference.

We educate our students as rounded critical thinkers, with the character and wisdom to change the world around them for the better. Our research is driven by both curiosity and the need to find solutions to the many, diverse challenges we face around the globe. King's is, and always will be a university that makes a significant contribution by serving the needs and aspirations of our local community and the wider world. We put ideas into action not only by educating future generations, but also by developing innovative local, national and international partnerships. For example, we can point with pride to the support we offered in Sierra Leone during the Ebola crisis, to our partnership with the Brilliant Club in supporting PhD students to teach about research in schools across the United Kingdom, and to our new Maths School for talented young Londoners. Through such partnerships we benefit from, and contribute to local and national communities, not just as a neighbour but as a vital component of a vibrant neighbourhood.

In 2020, we were ranked 9th in the world by the Times Higher for the impact we have made on many of the UN Sustainable Development Goals through our long-standing education, research, and service missions. Our approach to advancing these goals is also reflected in our estates' investments and in the way we operate as an institution. As a signatory to the Paris Pledge for Action, in 2017 we set ourselves a net zero carbon by 2025 target. We have achieved a 54% reduction in absolute carbon emissions since 2006. We are committed to playing our part in keeping global temperature rise below 1.5 degrees.

King's acts both locally and globally, engaging with our communities and wider society to improve our impact on social and environmental issues. Our Sustainable Finance Framework is just one example of where we believe we can have a true impact on the world. Thank you for your engagement with King's. Together we can make sustainability a reality.

Professor Evelyn Welch, Interim President & Principal

Section 1: Introduction

1.1 Introduction to King's College London

King's College London ("King's") is a world-class teaching and research institution with a distinguished reputation in medicine, law, humanities, sciences, and international affairs. King's is among the top 10 UK universities in the world (QS World University Rankings, 2020) and the fourth oldest university in England.

Based in the heart of London the university has a global reach, attracting over 31,000 students, including 12,800 post-graduates, from 150 countries. King's shapes students into leaders that positively change the world. The university is proud of the role it plays in shaping the future as an educator, being in the top seven in the UK for research earnings, generating an annual total income of over £964m in 2019-20.

The institution also recognises the need to champion the advancement of the Sustainable Development Goals by 2030. In 2020, Times Higher Education (THE) published their second Impact Ranking¹, a new university ranking aligned with contribution to the SDGs. King's was ranked ninth in the world and second in the UK, with significant contributions to achieving SDG 1 No Poverty, SDG 3 Good Health and Wellbeing, SDG10 Reduced Inequalities, SDG 11 Sustainable Cities and Communities, SDG 16 Peace, Justice and Strong Institutions and SDG 17 Partnerships for the Goals.

1.2 King's College London's approach to sustainability

Universities have an inherently positive impact on sustainability, through academia and the upskilling of society. Since our founding, King's ethos is "to make the world a better place" and this aspiration still holds just as true today. We are ambitious in our service of society, seeking strong levels of positive change through a range of tangible initiatives and investments.

1.2.1 King's Strategic Vision 2029

King's realises the responsibility placed on teaching institutions to facilitate the evolution to a more sustainable economy and seeks to play a leading role in the transition.

Our Strategic Vision² launched in 2017 takes us to our 200th anniversary in 2029 and is designed to make the world a better place. We do this by transforming world-class research and education into action. Examples include our support to Sierra Leone during the Ebola crisis, our new Maths School for talented young Londoners and King's Sanctuary Programme, formed in response to the global issue of forced displacement. Our collective and integrated priorities for 2020-22 are based on five main priorities³:

1. **Education.** Our community's rapid switch to teaching and learning online reshaped our methodologies

¹

https://www.timeshighereducation.com/impactrankings#!page/0/length/25/sort_by/rank/sort_order/asc/colls/undefined

² <https://www.kcl.ac.uk/aboutkings/strategy/kings-strategic-vision-2029.pdf>

³ <https://www.kcl.ac.uk/aboutkings/strategy/vision-2029-collective-delivery-plan.pdf>

2. **Research.** We aim to deliver high-quality and high-impact research, where excellence in our core disciplines is developed alongside new multi- and interdisciplinary research opportunities
3. **Service.** Service enables King's to make a significant and innovative contribution to society, both through and beyond our world-leading education and research offerings
4. **London.** King's position at the heart of London creates unparalleled opportunities for staff and students to draw on the capital and to work in partnerships that enhance education and research while helping to ensure the success and wellbeing of London and its communities
5. **Internationalisation.** Global reach and influence are prerequisites for King's to realise its ambition to be an international community that serves the world. Strategic networks of institutional relationships connect our staff and students with world-leading collaborators

1.2.2 King's societal impact

Our commitment to society beyond the traditional roles of education and research is underpinned by our 'Service' strategy which has a set of guiding principles that shape our actions and relationships, including those with supply chain and industry partners.

We describe Service and social impact activities as falling under five categories: Social Reform; Educational Experience; Research Impact; Volunteering and Environmental Sustainability and our annual report showcases examples of what our community has achieved.

We define Service as an identifiable experience that is shared between King's (its students, staff, or alumni) and the community or environment (local, national or global) in which we operate. Service should measurably and positively change an outcome in the present or the future, through a planned intervention.

The Service ethos and approach at King's has never been more important as in recent times where the university has continued to support students and the broader community during the COVID-19 pandemic, recently termed as the 'most challenging crisis we have faced since the Second World War' (UN Secretary, General Antonio Guterres).

We are proud of the progress we have made to date while acknowledging there is much more to do. Our programmes are far-reaching in scope and include offering means-tested financial bursaries to undergraduate students; Sanctuary, our programme targeting self-identifying refugees and disadvantaged young people; and Service Time, a university incentive allowing staff to spend more time volunteering, charity work or serving the local community more broadly.

The King's commitment to championing diversity and greater levels of equality of access can be seen in several of its institutes and centres. For example, current work undertaken in our Global Institute for Women's Leadership⁴ includes rigorous research, practice, and advocacy to break down the barriers to women becoming leaders, while challenging ideas of what leadership looks like. In addition, our King's Global Health Partnerships⁵ work with health facilities, academic institutions, and

⁴ <https://www.kcl.ac.uk/giwl>

⁵ <https://www.kcl.ac.uk/kghp>

governments to strengthen health systems and improve the quality of care in four countries: Somaliland, Sierra Leone, the Democratic Republic of Congo and Zambia.

1.2.3 Our targets for an environmentally sustainable future

The University seeks to maximise its positive impact on local and global environments, as outlined in our Environmental Sustainability Policy⁴.

Our Environmental Sustainability Policy forms part of delivering our Strategic Vision 2029 and is integral to our progress towards the UN's Sustainable Development Goals 2030. The targets are updated as goals are achieved, and we publish ongoing progress in our annual Sustainability Report⁵. We have provided some recent examples of targets below:

- **Achieve 70% recycling** of non-hazardous office and residential waste by July **2021**
- **Achieve net zero** carbon emissions by 2025
- Achieve a reportable environmental pollution incident rate of **zero**
- **Minimum of 60** Staff Sustainability Champion teams

In 2020, King's Launched its Climate Action Network (CAN). The CAN is an interdisciplinary forum to support King's commitment to be net zero carbon by 2025. It aims to bring together sustainability and climate expertise from the King's community to create a climate action plan for the university which is due to be launched in October 2021.

1.2.4 Researching for the future

King's aims to deliver world-leading and outward-looking research that is focused on meeting societal need by generating knowledge, creating impact, and addressing global challenges.

We have set up a Climate Action Hub to collate research and education around climate action, whilst also encouraging interdisciplinarity by setting up network for academics researching and teaching climate action and sustainability.

A laboratory can consume 3-10 times more energy per m² than other types of academic spaces and therefore at King's we are committed to ensuring our research practices are more sustainable. We do this through our Sustainable Lab Champions programme who implement projects such as those aimed at energy saving and reducing waste.

King's offers merit-based awards for postgraduate research students to develop the next generation of researchers and academics. In 2019-20 a combined 68% of King's c.£12m of funds spent on these programmes were in medical, dentistry, nursing, psychology, psychiatry, or the wider sciences with a further 13% on social sciences.

King's was ranked fourth in the UK for overall research impact amongst multi-faculty universities in the most recent national Research Excellence Framework⁶ and has 12 Nobel Laureates who have worked or studied at King's and its constituent institutions since its formation.⁷

⁶ <https://www.kcl.ac.uk/research/our-research/ranking-awards>

⁷ <https://www.kcl.ac.uk/aboutkings/history/nobellaureates>

1.3 How we are governed

When KCL was granted charter in 1829 it was required to have two bodies - “The Council” and “Academic Board”.⁸ Those bodies are still active today and represent the core functioning of King’s Governance:

The Council is the top governing body responsible for the finance, property, investment, and conduct of all affairs of the university including the strategic direction of the institution. Membership of Council comprises a mixture of independent (lay) members who bring a variety of expert knowledge with them, staff members, and the President of the King’s College London Students’ Union. The main functions can be outlined as follows:

- Defining and upholding the College's mission, vision, and strategic direction
- Monitoring the College's progress against agreed goals
- Establishing management systems and monitoring their effectiveness
- Ensuring that delegated responsibilities are clearly defined for the College's standing committees
- Ensuring that the College has effective risk management and internal controls
- Overseeing the effective and prudential operation of the College approving and monitoring commercial undertakings

Council has a series of standing committees to which specific governance authority is delegated and include a Finance Committee, an Estates Strategy Committee and an Audit Risk and Compliance Committee.

The Academic Board is the body with primary responsibility for maintaining and enhancing the academic quality of the College’s academic provision and the academic standards for awards. The Board advises Council and the Executive on academic matters of strategic importance to the welfare and long-term sustainability of the institution, the quality of the student and staff experience, the quality of research, and the experience of researchers

1.4 Strategy and rationale for framework

The establishment of this Sustainable Financing Framework allows King’s College London to align its ambitions to its financing strategy. We see a clear opportunity to fund our sustainability journey through debt instruments that are environmentally and socially impactful, providing transparency to investors and the wider stakeholder community.

King’s looks to attract investors which are supportive of these goals and continues to focus on enlarging its sustainable finance investor base. These stakeholders will be valuable partners in supporting this journey and our contributions to a more equitable and sustainable society.

The framework gives us the flexibility to issue financial instruments to support our commitment to achieve a broad range of sustainability outcomes. We intend that such instruments will be appealing to a broad range of the ESG-focused investor community.

⁸ <https://www.kcl.ac.uk/aboutkings/Governance/index>

Section 2: Sustainable Finance Framework

2.1 Framework components

This Sustainable Financing Framework has been drafted in alignment with internationally recognised principles for Social Bonds, Green Bonds and Green Loans. As such, the framework is aligned with principles for such finance issued by the International Capital Markets Association (“ICMA”) and the Loan Markets Association (“LMA”). This Sustainable Finance Framework has four core components:

- IV. Use of Proceeds
- II. Process for Project Evaluation and Selection
- III. Management of Proceeds
- IV. Reporting



Under this framework King’s can issue a broad range of Sustainable debt instruments, such as private placements, loans, and bonds.







2.2 Use of Proceeds

An amount equal to the net proceeds raised under this Sustainable Finance Framework will be used to finance or refinance new or existing eligible Sustainable projects subject to the ICMA and LMA principles. The net proceeds will only be utilised for suitable projects originated between [36] months before or [24] months after the issuance date of a specific debt instrument.


Disbursements to be financed/re-financed include both operating expenditures (Opex) and capital expenditures (Capex), as well as expenditures for acquisitions and refinancing of Eligible projects. We anticipate that instruments issued under this Framework will support the achievement of the United Nations Sustainable Development Goals (SDGs) and we have demonstrated this alignment in the tables below.

Eligible categories

Label	ICMA category	Project Description	Reference financial item	Alignment with SDG
Green	Green Buildings	Construction or refurbishment of energy efficient buildings on campus that have received or are expected to receive one (or more) of the following certifications for high environmental sustainability; BREEAM ≥ “Very Good”; SKA – “GOLD”; PassivHaus; EnerPHit; or similar recognised national or international standard	Capex	 
		Re-financing of existing buildings that have received at least one of the following certifications: BREEAM ≥ “Very Good”; SKA – “GOLD”; or a similar recognised national or international standard	Asset value	
		Renovation of existing buildings, resulting in an improvement in energy efficiency that can demonstrate an energy saving of 20% or more over baseline energy consumption	Opex /Capex	

	Energy Efficiency	Expenditure to reduce energy consumption or greenhouse gas (GHG) emission intensity and/or manage and store energy including but not limited to upgrading/ replacement of heating, cooling and ventilation systems, lighting, electrical equipment, equipment for monitoring energy performance such as digital controls, sensors and/or building information systems, and/or energy management software/systems	Capex	
	Sustainable water and wastewater management	Expenditure to reduce water consumption and/ or water re-use	Capex	
		Expenditure on sustainable urban drainage systems and other forms of flooding mitigation	Capex	
	Renewable energy	On-site or off-site renewable energy investments including but not limited to installation of solar panels across campuses & student residences	Capex	
		Purchase of renewable electricity backed by Renewable Energy Guarantees of Origin (REGO) or equivalent certificates where necessary	Opex	
	Pollution prevention and control	Expenditures to improve waste management systems that achieve waste prevention, waste reduction, and/ or increased waste recycling	Capex / Opex	
	Clean transportation	Purchase of electric vehicles and/ or electric vehicle infrastructure	Capex / Opex	
		Construction and maintenance of bicycle facilities and facilities for cyclists	Capex / Opex	
Investments to reduce transportation use that leads to a reduction in harmful emissions e.g. investment in new technologies to reduce travel		Capex / Opex		
Social	Socioeconomic advancement and empowerment	Support of PhD research (e.g. stipends for living costs and fee contributions during PhD study) that advances one or more of the UN SDGs, thereby promoting scientific and societal advancement. In particular in, but not limited to, the following areas, 'Good Health and Wellbeing' through our Medical and Dental programmes, 'Quality Education' in our Education programmes, 'Responsible consumption and production', 'Climate Action' and 'Peace, Justice and Strong Institutions' in our in our sciences and social sciences programmes ⁹	Opex	
		Training and development of staff advancing SDG themes e.g. apprenticeship schemes, Springboard Women's Development programme, Equality and Diversity	Opex	
		Activities including research, education, service, civic and international engagement activities that advances one or more of the UN SDGs e.g. Global Institute for Women's Leadership, King's Civic Challenge	Opex	

⁹ Eligibility will be assessed at the level of the individual PhD research thesis and objectives. See Section 2.3

	Access to essential services	<p>Access to education</p> <p>Programmes, scholarships, and bursaries programmes to make education more accessible such as:</p> <ul style="list-style-type: none"> • King's Access and Participation Plans • Successor schemes committing funds to widening access for underrepresented groups at undergraduate level • Adaptation and design of buildings and/ or services to provide inclusive education facilities and services. 	Opex	 
		<p>Access to health</p> <ul style="list-style-type: none"> • Activities that provide access to essential health-care services, promote mental health and wellbeing and /or improved universal health coverage e.g. King's Global Health Partnerships 	Capex/Opex	

2.3 Process for project evaluation and selection

Kings has established a Sustainable Finance Committee to evaluate projects and ensure compliance with the inaugural Sustainable Finance Framework. The Committee, which directly reports into the university's executive Revenue and Expenditure Review Committee, is composed of specialist experts from King's treasury & finance, environmental, sustainability and CSR operations.

Committee members oversee the implementation and execution of the framework, including;

- Reviewing and updating the framework to reflect changes in strategy and market standards (such as relevant ICMA and LMA principles)
- Approve the addition of Eligible Projects / expenditures
- Oversee the Eligible Project portfolio, confirming its continued compliance with King's Sustainability Finance Framework
- Exclude projects or investments that no longer comply with the eligibility criteria or have been disposed of and replacing them on a best-efforts basis
- Oversee annual allocation reporting and document performance against KPIs

With regards to eligible PhD research (see 2.2 category "Socioeconomic advancement and empowerment"), the university identifies PhD projects which meet UN SDGs through processes and criteria defined and governed by the King's Centre for Doctoral Studies in consultation with members of the Sustainable Finance Committee.

2.4 Management of Proceeds

King's intends to allocate an amount equal to the net proceeds from its Sustainable debt instruments to eligible Sustainable projects, selected in accordance with the eligibility criteria and project evaluation and selection process presented above. In alignment with ICMA and LMA principles, King's will track this amount through its financial control systems, which allow for detailed tagging of cash inflows and outflows.

Kings will ensure that sustainable assets financed, at all times exceed net proceeds raised as Sustainable under our Sustainable Finance Framework, until maturity of the debt instruments. Any excess in requirement for the funding of Sustainable projects/ expenditures will be met by alternative financings such as the university reserves.

The monitoring of eligible assets will take place regularly, adding projects to the extent required in the event of divestment or identification of any assets that no longer meet the selection requirements.

Pending the full allocation to Eligible Projects, King's is permitted to use any unallocated funds for either debt repayment and/ or other transactions in line with our treasury policy - which can include deposits, money market funds and other similar products.

2.5 Reporting

To enable investors to follow the progress and to provide insight into prioritised areas, King's will provide a Sustainable Finance Allocation Report on an annual basis until full allocation of the proceeds, and thereafter in case of any material change to the allocation. The reporting will include:

- (a) the amount of net proceeds allocated to each Eligible Project category ('Allocation Reporting')
- (b) expected key performance indicators (KPIs) (qualitative and quantitative), where feasible ('Impact Reporting')

2.5.1 Allocation Reporting

The King's Sustainable Finance Allocation Report will report at least annually on the allocation of proceeds to Sustainable projects. The reporting will include:

- A description of the portfolio of eligible assets including a breakdown of the allocated amounts by sector and geography where appropriate;
- The type of financing instruments used and respective outstanding amounts;
- The split between financing and refinancing;
- Any further information on how unallocated proceeds have been held

2.5.2 Impact Reporting

King's will share the progress and positive impact delivered with the Sustainable Finance Framework in its Sustainable Finance Allocation Report. King's will report on the sustainable impact metrics (KPIs) and targets, and quantitatively measure the progress made against them where feasible.

King's intends to align, on a best effort basis, the reporting with the portfolio approach described in the ICMA Framework for Impact Reporting⁶. Examples of the relevant KPIs could include below:

⁶ <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Handbook-Harmonized-Framework-for-Impact-Reporting-December-2020-151220.pdf>

Label	Eligible categories	Expected / Example KPIs
Green	Green buildings	<ul style="list-style-type: none"> • BREEAM or equivalent certifications and assessments obtained • kWh of energy or CO₂ equivalent per m² Net Internal Area (NIA)
Green	Energy efficiency	<ul style="list-style-type: none"> • Spend on energy efficiency projects • Estimate of annual GHG emissions reduced/avoided in tonnes of CO₂ equivalent
Green	Sustainable water and wastewater management	<ul style="list-style-type: none"> • Volume of water saved/ reduced (m³) • Number of water conservation measures installed
Green	Renewable energy	<ul style="list-style-type: none"> • kWh of renewable electricity purchased backed by relevant certificates • Annual renewable energy generation in kWh • Annual GHG emissions reduced/avoided in tonnes of CO₂ equivalent
Green	Waste Management and Resource Efficiency	<ul style="list-style-type: none"> • Annual recycling rate (%) • Annual waste disposal rates • Annual GHG emissions in tonnes of CO₂ equivalent
Green	Clean transportation	<ul style="list-style-type: none"> • % of King's directly owned fleet that are zero/low emission vehicles • Number of electric vehicle charging points installed • Number of bicycle spaces
Social	Socioeconomic advancement and empowerment	<ul style="list-style-type: none"> • No. of postgraduate research students and value of funding and fee waivers • Number of staff benefitting from training and development programmes
Social	Access to essential services	<ul style="list-style-type: none"> • No. of vulnerable students (e.g. Refugees) benefitting from King's learning initiatives/programmes • No. and value of scholarships awarded to asylum seekers • No. and value of scholarships awarded to students from lower income groups • Number of and type of inclusivity projects • Number of Health service partners receiving benefit and number of people benefitting from improved health care access

Section 3: External Review

3.1 External Review

3.1.1 Second Party Opinion

This framework has been reviewed by Standard & Poors, an appointed external specialist who has issued a Second Party Opinion (SPO). The SPO, in addition to the Sustainable Financing Framework, is publicly available. This opinion will cover the issuance of multiple instruments under this framework.

3.1.2 Annual Audit/Limited Assurance

External verification of the tracking of the bond proceeds will be provided by an external auditor appointed by King's, that will review and provide an opinion on all issued Sustainable Finance Allocation Reports issued throughout the tenor of financing and during the fund allocation process. The review is included in the Sustainable Finance Allocation Report.

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