



HM Treasury



United Kingdom
Debt Management
Office

Green Gilt Investor Presentation

HM Treasury and UK Debt Management Office

September 2021



Disclaimer

THE PRESENTATION MATERIALS FOLLOWING THIS DISCLAIMER MAY ONLY BE DISTRIBUTED TO PERSONS WHO ARE OUTSIDE OF THE UNITED STATES. YOU MUST READ THE FOLLOWING BEFORE CONTINUING. THE FOLLOWING APPLIES TO THE PRESENTATION MATERIALS FOLLOWING THIS DISCLAIMER, AND YOU ARE THEREFORE ADVISED TO READ THIS CAREFULLY BEFORE READING, ACCESSING OR MAKING ANY OTHER USE OF THE PRESENTATION MATERIALS. IN ACCESSING THE PRESENTATION MATERIALS AND/OR BY ATTENDING THE PRESENTATION, YOU AGREE TO BE BOUND BY THE FOLLOWING OBLIGATIONS AND LIMITATIONS.

This presentation does not constitute a prospectus or other offering document in whole or in part. Information contained in this presentation is a summary only. Under no circumstances shall these presentation materials constitute or form part of, and should not be construed as, an invitation or offer for sale or subscription of, or a solicitation of any offer to buy or subscribe for, any securities of The Lords Commissioners of Her Majesty's Treasury ("**HM Treasury**") in any jurisdiction or an inducement to enter into investment activity. Nor should they or any part of them form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever.

This presentation has been prepared in connection with the proposed offering and sale of two green gilts (the "**Green Gilts**") in 2021 by HM Treasury (each an "**Issue**"). The information contained in this presentation has not been approved or endorsed, or independently verified, by any independent third party. The information and opinions contained herein are provided as at the date of this presentation and are subject to change without notice and without giving reasons, at any time and in any respect, and will only be finalised in respect of each Issue at the time of each Issue. Neither the Issuer nor the joint lead managers and/or the co-lead managers in respect of any Issue (together, the "**Managers**") are under any obligation to update or keep current the information contained herein.

Accordingly, no representation or warranty or undertaking, express or implied, is given by or on behalf of HM Treasury or any of its respective members, directors, officers, employees, affiliates or agents or any other person as to, and no reliance should be placed on, the accuracy, completeness, correctness or fairness of the information or opinions contained herein. No responsibility or liability is accepted by HM Treasury or any of its respective members, directors, officers, employees, affiliates or agents or any other person in relation to the accuracy, completeness, correctness, fairness or sufficiency of any information contained herein or any other written or oral information made available by HM Treasury in connection therewith or any data which any such information generates, or for any loss whatsoever arising, directly or indirectly, from or in connection with the use of, or reliance on, this presentation and any such liability is expressly disclaimed.

Some statements in this presentation may be deemed to be forward-looking statements. Forward-looking statements include statements concerning HM Treasury's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward-looking statements. When used in this presentation, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward-looking statements. HM Treasury has based these forward-looking statements on their current view with respect to future events and financial performance. Although HM Treasury believes that the expectations, estimates and projections reflected in its forward-looking statements are reasonable as of the date of this presentation, if a risk or uncertainty materialises, including those risks or uncertainties which HM Treasury has otherwise identified in this presentation, or if any of their underlying assumptions prove to be incomplete or inaccurate, the actual information concerning HM Treasury may vary from that which is expected, estimated or predicted.

In particular, but without limitation, no representation or warranty, express or implied, is given as to the achievement or reasonableness of, and no reliance should be placed on, any projections, estimates, forecasts, targets, prospects, returns or other forward-looking statements contained herein. Any such projections, estimates, forecasts, targets, prospects, returns or other forward-looking statements are not a reliable indicator of future performance. Nothing in this presentation should be relied upon as a promise or representation as to the future.

Disclaimer

This presentation is not a recommendation to invest in the Green Gilts nor should any aspect of this presentation be viewed as giving any legal, regulatory, financial, tax, accounting or other advice. There is currently no clear definition (legal, regulatory or otherwise) of, nor clear market consensus as to what constitutes, a "green" or "sustainable" or equivalently labelled project or as to what precise attributes are required for a particular project to be defined as "green" or "sustainable" or such other equivalent label, nor can any assurance be given that a clear definition or consensus will develop over time nor, if a definition or consensus develops, that it will not change over time. Accordingly, no assurance is given that the Eligible Green Expenditures (as defined in the United Kingdom Green Financing Framework (as updated from time to time, the "**Framework**")) will satisfy any present or future investment criteria or guidelines with which an investor is required, or intends, to comply, in particular with regard to any direct or indirect environmental or sustainability impact of any project or uses, nor that it will meet investor expectations or requirements regarding such "green", "sustainable", "social" or similarly labelled performance objectives (including those aligned with Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the so called "**EU Taxonomy**") or Regulation (EU) 2020/852 as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") or the UK's classification of environmentally sustainable economic activities (the "**UK Taxonomy**") or any other definition or market consensus.

Furthermore, no assurance is given that any projects or uses the subject of, or related to, Eligible Green Expenditures will be completed as expected, that the stated aims and/or impacts of any projects or uses the subject of, or related to, any Eligible Green Expenditures will be met or made, nor that adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Eligible Green Expenditures.

Investors should have regard to the factors described in the Framework, including the matters set out in the section entitled "Green Financing and Legal Considerations" and determine for themselves the relevance of such information for the purposes of an investment in the Green Gilts, before deciding to invest.

No representation or assurance is given as to the relevance, suitability or reliability of any opinion or certification of any third party made available in connection with the Framework. Any such opinion or certification is not a recommendation by HM Treasury or any other person to buy, sell, or hold or invest in the Green Gilts. As at the date of this presentation, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight. Prospective investors must determine for themselves the relevance, suitability and reliability of any such opinion or certification and/or the information contained therein.

In the event that any green gilts are listed or admitted to trading on a dedicated "green", "sustainable", "social" or other similarly labelled segment of a stock exchange, securities market or index or given any other similar accreditation (a "**Green Listing**"), no representation or assurance is given by HM Treasury or any other person that any such Green Listing satisfies any present or future investor expectations or requirements regarding such "green", "sustainable", "social" or similarly labelled performance objectives (including those aligned with the EU Taxonomy or Regulation (EU) 2020/852 as it forms part of domestic law in the United Kingdom by virtue of the EUWA or the UK Taxonomy or any other definition or market consensus. Furthermore, it should be noted that the criteria for any Green Listing may vary from one stock exchange, securities market or index to another.

Prospective investors are solely responsible for making their own independent appraisal of and investigations into the products, investments and transactions referred to in this presentation and should not rely on any information contained in this presentation as constituting investment advice.

Credit ratings provided by third-party credit rating agencies may not reflect all risks of an investment in green gilts and may be subject to revision or withdrawal at any time.



Disclaimer

All references to "proceeds" or "funds raised" within this presentation refer to an amount equivalent to the net proceeds of any green gilt and/or green savings bond raised by HM Treasury.

If these presentation materials have been sent to you in an electronic form, you are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither HM Treasury nor any of its respective members, directors, officers, employees, affiliates or agents accepts any liability or responsibility whatsoever in respect of any difference between the various presentation materials distributed to you in electronic format.

As used herein, "presentation" shall mean and include the slides that follow, any oral presentation of the slides, any question-and-answer session that follows any such oral presentation, hard copies of this document and any materials distributed at or in connection with, any such oral presentation. This presentation has been delivered for information purposes only.

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.

No action has been taken or will be taken in any jurisdiction by HM Treasury or any of the Managers that would permit a public offering of the Green Gilts or possession or distribution of any offering or publicity material relating to the Green Gilts in any country or jurisdiction where action for that purpose is required. This presentation does not constitute or form a part of any offer or solicitation to purchase or subscribe for the Green Gilts in the United States or any other jurisdiction. The Green Gilts will not be registered under the U.S. Securities Act of 1933 and, subject to certain exceptions, may not be offered or sold within the United States. The Green Gilts will only be offered and sold outside the United States. No public offering of the Green Gilts will be made in the United States or in any other jurisdiction where such an offering is restricted or prohibited. Neither this presentation nor any copy of it may be taken or transmitted into the United States, its territories or possessions, or distributed, directly or indirectly, in the United States, its territories or possessions. Any failure to comply with this restriction may constitute a violation of U.S. securities laws.

This presentation is not a prospectus or final terms for the purposes of Regulation (EU) 2017/1129 or Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

INVESTORS SHOULD NOT SUBSCRIBE FOR ANY SECURITIES REFERRED TO HEREIN EXCEPT ON THE BASIS OF THE INFORMATION CONTAINED IN THE FINAL VERSION OF THE OFFERING CIRCULAR IN RELATION TO ANY ISSUE OF GREEN GILTS.

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 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 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.

The UK Government plans to issue **two green gilts in 2021**, in September and October, respectively. Planned green gilt issuance for the 2021-22 financial year will total a minimum of £15 billion.

It was announced on 27 August 2021 that the first green gilt will mature on **31 July 2033**, with the offering to be launched via syndication in the week commencing **20 September 2021**.

On 31 August 2021 it was announced that the second transaction will be for **a new green gilt maturing in the 20-30 year area** and is planned to be syndicated in **mid to late October 2021**.

On 3 September 2021 the DMO announced the **appointment of the joint lead managers** to lead the inaugural transaction, as well as the syndicate group.



Outline



- 1 UK Economic Strategy
- 2 UK Environment and Climate Policy
- 3 UK Government Green Financing Framework
- 4 Debt Management and Green Gilts
- 5 Questions and Answers
- 6 Annex - Example Expenditures



UK Economic Strategy

UK Macroeconomic Framework

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



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



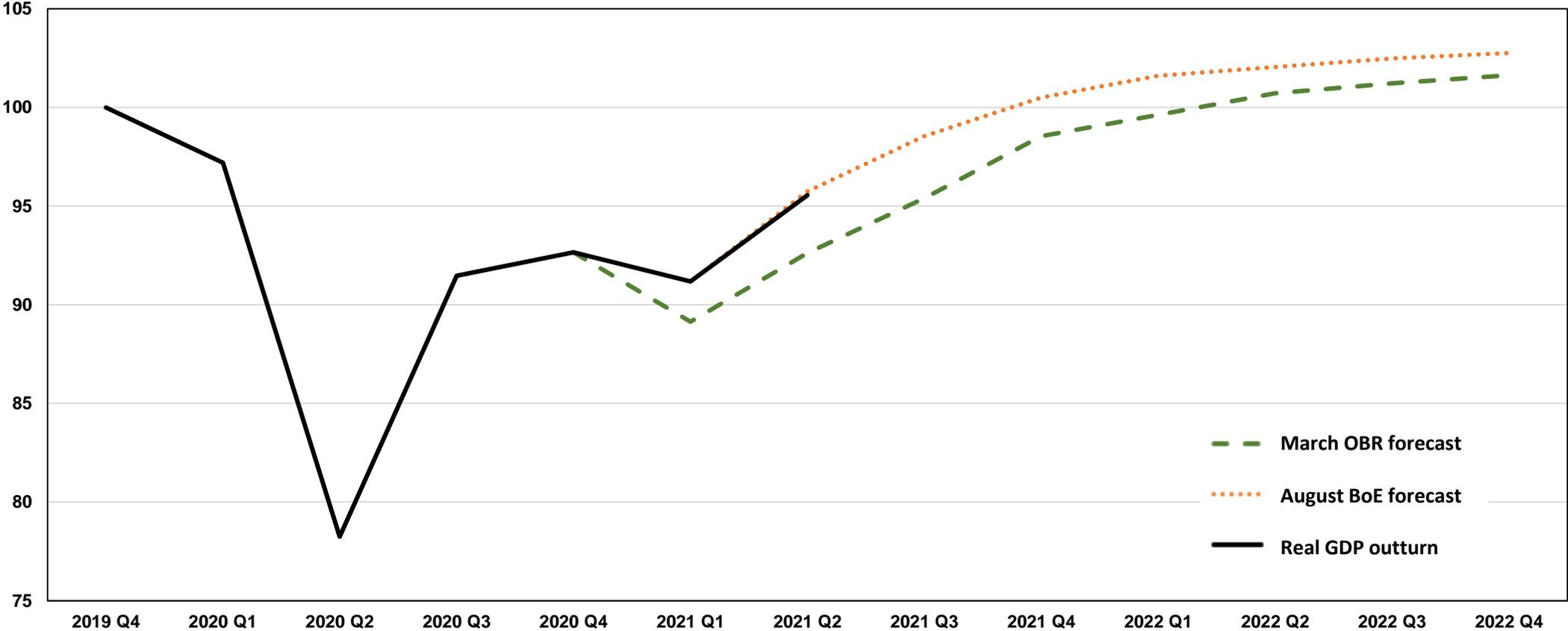
Develops the UK as a centre for green finance with the new UK Infrastructure Bank to increase investment to help tackle climate change and promote economic growth



UK Economic Outlook

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

Real GDP (Index 2019Q4=100, Office for National Statistics)



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 extended until September 2021 at the recent Budget.

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.

UK Environment and Climate Policy



The UK's Path to Net Zero

2.1

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.



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



Living and Natural Resources



Renewable Energy



Climate Change Adaptation



Energy Efficiency

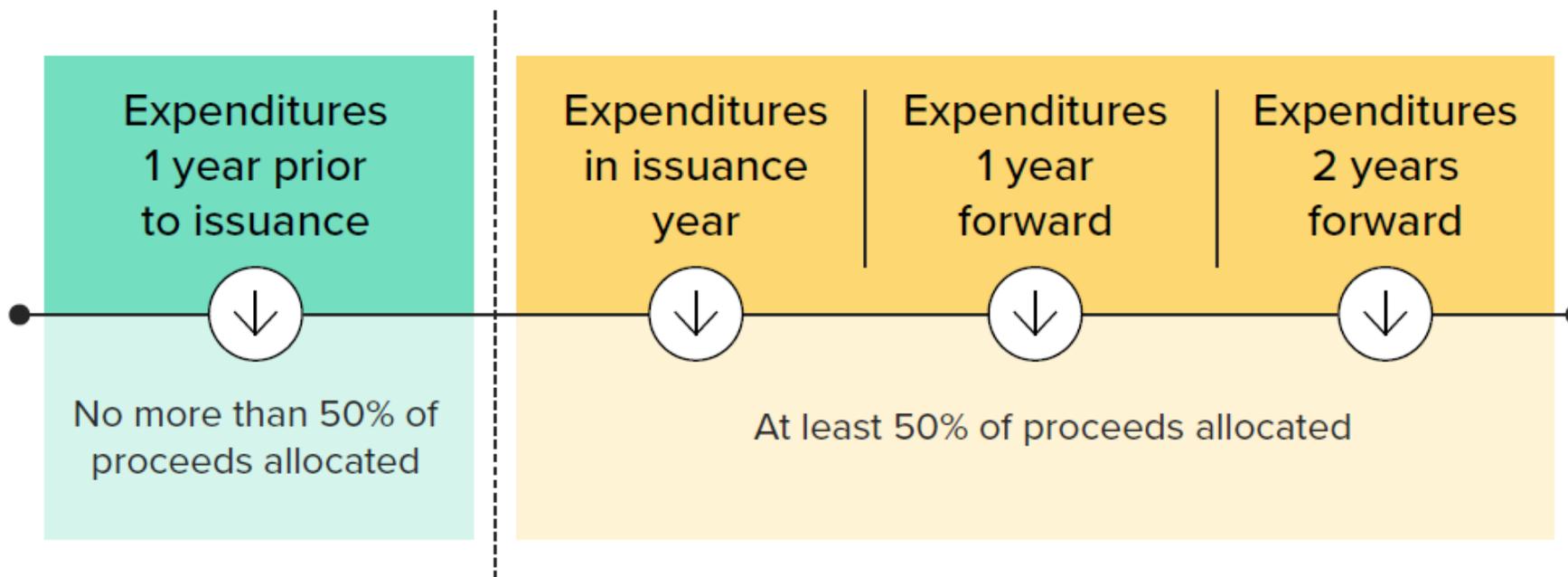


Pollution Prevention and Control

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.

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.

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

3.4

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.



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") ✓



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 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.”*

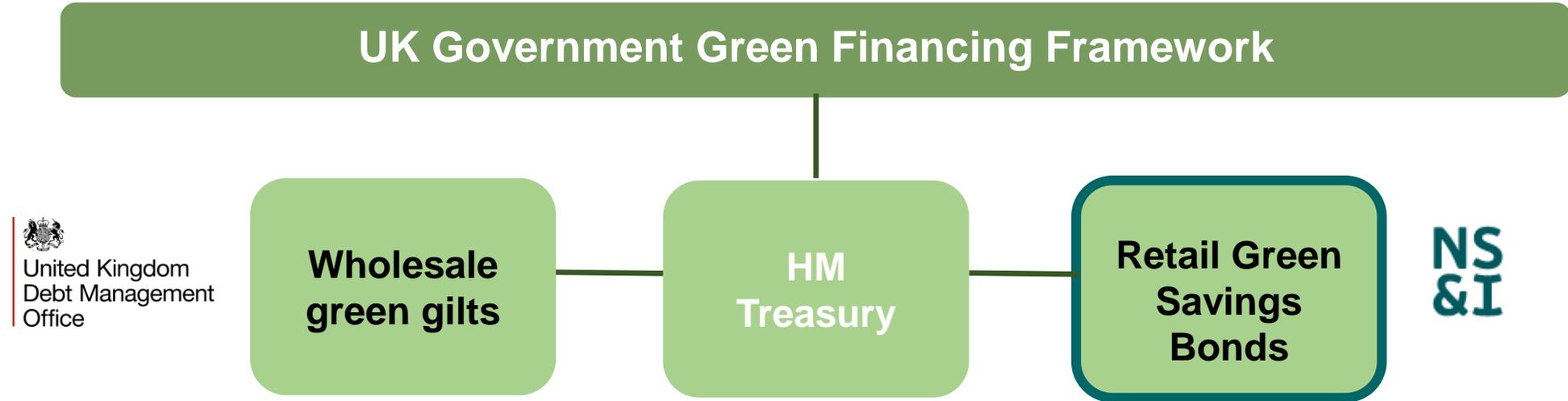
The full report is at:

<https://www.carbontrust.com/resources/pre-issuance-impact-uk-government-green-financing-programme>



Retail Green Savings Bonds

3.7



The **Retail Green Savings Bonds** will be offered through NS&I, the HMT-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 later in 2021.

Debt Management and Green Gilts

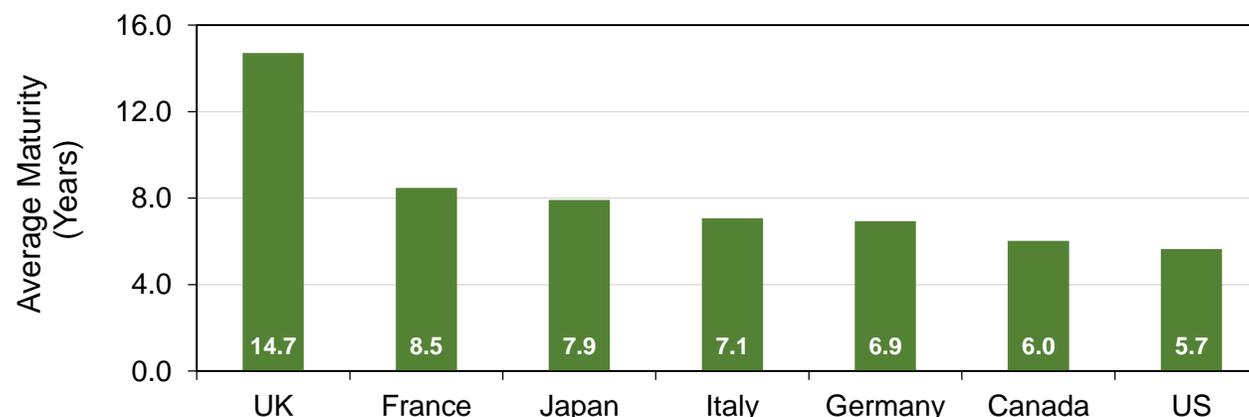
Overview of the 2021-22 Remit (as at 1 September 2021)

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 £27.5 billion via syndicated offerings (10.9% of total planned sales).
- £23.5 billion forms an initially unallocated portion of issuance which, as in previous years, may be used to issue any type or maturity of gilt via any issuance method. **In 2021-22, issuance of green gilts will also draw down from this unallocated portion.**

Planned gilt sales	Proportion	Size (£bn)
Short conventional	28.5%	72.0
Medium conventional	21.2%	53.5
Long conventional	29.4%	74.2
Index-linked	11.6%	29.4
Unallocated amount of gilts	9.3%	23.5

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.

Figures may not sum due to rounding.

2021-22 Remit – Gilt issuance year to date (1 September 2021)

Gilt sales via auction in 2021-22

	Conventional			
	Short	Medium	Long	Index-linked
Gilt sales at auctions ¹	£28,695m	£30,082m	£22,696m	£8,458m
Average cover ratios	2.51x	2.63x	2.36x	2.49x
Average yield (nominal)	0.34%	0.92%	1.18%	0.64%

Total gilt sales via auction £89,932m

Gilt sales via syndication in 2021-22

Date	Gilt	Nominal amount			
		issued	Issue price	Issue yield	Proceeds
27 April 2021	1¼% Treasury Gilt 2051	£6,000m	£98.469	1.311%	£5,896m
25 May 2021	0½% Index-linked Treasury Gilt 2039	£4,000m	£152.293	-2.245%	£6,085m
13 July 2021	1⅞% Treasury Gilt 2039	£7,000m	£100.625	1.086%	£7,032m

Total gilt sales via syndication £19,012m

TOTAL GILT SALES YEAR TO DATE

£108,944m



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 £15bn of green gilts in financial year 2021-22, as well as to building out a green curve in the coming years. Whilst this first transaction is expected to be launched in the week of 20 September 2021, a second transaction is planned to follow in mid to late October 2021, both subject to investor demand and market conditions.

...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.

Maturity Considerations: 31 July 2033

- In reaching the decision about the precise maturity of the inaugural Green Gilt, feedback from regular quarterly consultation meetings with the Gilt-edged Market Makers (GEMMs) and investors was taken into account.
- There was a high level of consensus about the maturity year for the inaugural Green Gilt, and this influenced the decision to select a 2033 maturity. Following further discussions with market participants, the maturity date of 31 July 2033 was selected.
- Feedback regarding the second green gilt transaction pointed to a longer-dated green gilt to be launched in October. We plan to issue via syndication a new green gilt maturing in the 20-30 year area in mid to late October 2021, subject to demand and market conditions. An update on the precise maturity and on timing will take place in line with our usual syndication timeframe.
- The maturities of both the September and October transactions needed to be weighed alongside strategic considerations for the wider gilt calendar and programme. In addition, the profile of gilt redemptions going forward also needs to be taken into account.



Indicative Offering and Terms of the Inaugural Green Gilt

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 (<i>Standard & Poor's</i>), Aa3 Outlook Stable (<i>Moody's</i>), and AA- Outlook Stable (<i>Fitch Ratings</i>)
Instrument	Dematerialised fixed rate notes
Currency	Pounds Sterling (GBP)
Settlement Date	T+1
Maturity Date	31 July 2033
Interest Payments	Fixed, payable semi-annually
Structuring Advisors	HSBC and J.P. Morgan
Syndicate	Joint Lead Managers and Bookrunners: Barclays, BNP Paribas, Citi, Deutsche Bank, HSBC and J.P. Morgan All other wholesale Gilt-edged Market Makers (GEMMs) have been invited to be Co-Lead Managers
Listing*	FCA Official List / London Stock Exchange's Main Market
Selling Restrictions	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)
ISIN code	GB00BM8Z2S21
SEDOL code	B-M8Z-2S2

*It is currently envisaged that an application will be made for accreditation on the LSE'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	<i>DMO/GILTS1</i>
Bloomberg	<i>DMO1 <GO></i>



Questions & Answers

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://defra.farming.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

