This initiative, funded by the Rockefeller Foundation, was produced as a collaboration between Lion's Head Global Partners (LHGP), a specialist Merchant Bank and Asset Manager; ISS-Ethix Climate Solutions, part of the responsible investment arm of Institutional Shareholder Services Inc.; and Affirmative Investment Management (AIM), a specialised dedicated Green and Social Bond fund management company.

The Carbon Yield™ quantifies the environmental impact of a Green Bond in terms of GHG emissions avoided per annum through the financed activities.

The impact is expressed in Potential Avoided Emissions (PAE) enabled by the use of proceeds of the bond in terms of tCO_2e/year/unit of capital, i.e. how many tonnes of carbon dioxide equivalents (tCO_2e) are expected to be avoided per year[1] per unit of investment.

e.g. Company Corp. €500 million 02/2025 3.5% **0.735(C_Y)**

(C_Y) = tCO_2e/year/€1,000

An investor holding €1,000 of this bond for a year, would have enabled 0.735 tCO_2e of potential abatement[2]. For holdings of less than or more than a year, investors will "accrue" abatement impact on an actual/365 basis, in the same way that they accrue coupons. This way investors can track the relevant proportion of annualised GHG abatement impact of their holdings of Green Bonds over a period of time[3].

- Issuers can use the Carbon Yield™ to communicate the climate change mitigation impact of their bonds clearly, succinctly and comparably, to investors.
- Investors, in turn, can use the Carbon Yield™ of each Green Bond they hold to obtain a portfolio-level Carbon Yield™, which aggregates the climate change mitigation impact of their investments and can then be included in the relevant impact reporting.

The Carbon Yield:

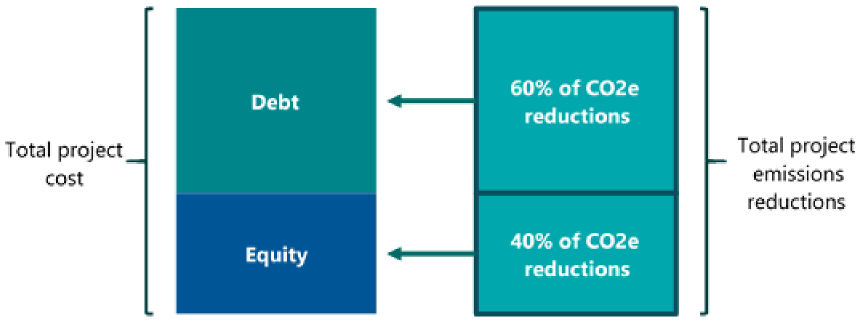
- Is **simple** to understand and to use;
- A **quantitative** metric rather than a score;
- Increases transparency on investment impact upfront;
- Is made up of data already being collected by issuers;
- Introduces a standardised approach to climate mitigation reporting in the market;

[1] The lifetime GHG abatement of a project is annualised over its operational lifetime and construction period (where relevant).
[2] This will be the potential impact enabled through the debt; the Carbon Yield does not give legal ownership.
[3] It is important to stress that the PAEs apportioned to the debt holders are a non-tradable metric, without an explicit monetary value and not usable as an offset or part of any traded carbon credit system.

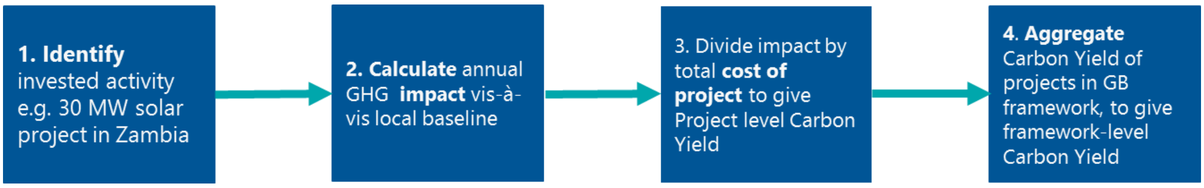
- Methodology can be used by anyone[4].

How it's calculated:

The Carbon Yield^{TM} apportions enabled emissions reductions according to the capital structure of the bond's underlying projects.



The reductions are then annualised and divided by the total capital, resulting in a metric which gives the potential tCO_2e avoided/unit of capital/year.



The results are then aggregated across all the projects financed through the Green Bond Framework as a weighted average of each project's Carbon Yield^{TM}, giving a **Framework-level Carbon Yield^{TM}.**

Please refer to the Carbon Yield Methodology available on www.carbonyield.org for a full methodology document inclusive of technical considerations.

[4] We support the use of third parties for the calculations or for the provision of assurance that the calculations are appropriately carried out.