

Second-Party Opinion

LiveWest Sustainable Finance Framework

Evaluation Summary

Sustainalytics is of the opinion that the LiveWest Sustainable Finance Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2023, Green Loan Principles 2023 and Social Loan Principles 2023. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Green Buildings, Renewable Energy, Energy and Resource Efficiency, Clean Transportation, Terrestrial and Aquatic Biodiversity Conservation, Affordable Housing and Access to Essential Services – are aligned with those recognized by the Green Bond Principles, Social Bond Principles, Green Loan Principles and Social Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental and social impacts and advance the UN Sustainable Development Goals, specifically SDGs 7, 10, 11 and 15.



PROJECT EVALUATION AND SELECTION LiveWest’s New Homes Group and Investment in Existing Homes Group, together with the committees, review the eligibility of projects for financing under the Framework, subject to final approval by the Environmental Group. Members of the committees include the Executive Director of Finance; the Director of Corporate Finance; the Planning, Technical and Sustainability Director; the Executive Director of Development; the Executive Director of Operations; and the Director of Asset Management, as well as subject-matter experts from respective teams. LiveWest has internal processes to address environmental and social risks associated with the eligible assets. Sustainalytics considers these processes to be in line with market practice.



MANAGEMENT OF PROCEEDS LiveWest’s Treasury Team is responsible for the management of proceeds, which is overseen by the Director of Corporate Finance. The Organization will initially deposit the proceeds in its general treasury account and track the allocation until full allocation. In addition, the Environmental Group will monitor the allocation of proceeds to eligible projects. Pending allocation, net proceeds will be held as cash deposits or money market funds or used for short-term repayment of other debt facilities. LiveWest aims to fully allocate the net proceeds within 24 months. This is in line with market practice.



REPORTING LiveWest commits to report on the allocation of proceeds on its website on an annual basis until full allocation. For revolving credit facilities, LiveWest has confirmed to Sustainalytics it will report until loan maturity. This report will include the total amount of proceeds allocated to each eligible category, the share of financing versus refinancing and the balance of unallocated proceeds. In addition, LiveWest commits to report on relevant impact metrics where feasible. Sustainalytics views the allocation and impact reporting as aligned with market practice.



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Introduction

LiveWest Homes Limited (“LiveWest” or the “Organization”) is a housing association that owns and manages 39,000 social housing units across the southwest of the United Kingdom. The Organization offers homes for affordable rent and shared ownership sale, and develops homes for private sale. Formed in 2018 as the result of a merger between Devon & Cornwall Housing and Knightstone Housing Group, the Organization is headquartered in Exeter, England, and employs 1,517 staff as at March 2023.^{1,2}

LiveWest has developed the LiveWest Sustainable Finance Framework dated October 2023 (the “Framework”), under which, through its wholly owned subsidiary LiveWest Treasury PLC, it may issue green, social and sustainability public or privately placed senior bonds, euro medium-term notes, debt private placements, commercial paper, loans³ and revolving credit facilities, and use the proceeds to finance or refinance, in whole or in part, existing and future projects that increase affordable housing options or promote a low-carbon building stock in the UK. The Framework defines eligibility criteria in seven areas:

1. Green Buildings
2. Renewable Energy
3. Energy Efficiency
4. Clean Transportation
5. Terrestrial and Aquatic Biodiversity Conservation
6. Affordable Housing
7. Access to Essential Services

LiveWest engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP), Social Bond Principles 2023 (SBP),⁴ Green Loan Principles 2023 (GLP) and Social Loan Principles 2023 (SLP).⁵ The Framework will be published in a separate document.⁶

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁷ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2023, as administered by ICMA, and the Green Loan Principles 2023 and Social Loan Principles 2023, as administered by LMA, APLMA, and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.14, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

¹ LiveWest, “Who we are”, at: <https://www.livewest.co.uk/about-us/who-we-are>

² LiveWest, “Results for the year ended 31 March 2023”, (2023), at: <https://www.livewest.co.uk/sites/default/files/2023-08/LWH%20Investor%20Results%20Update%202023.pdf>

³ LiveWest confirms to Sustainalytics that loans may include multiple tranches and that only tranches that have defined green use of proceeds will be labelled as green.

⁴ The Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/>

⁵ The Green Loan Principles and Social Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at: <https://www.lsta.org/content/green-loan-principles/#> and <https://www.lsta.org/content/social-loan-principles-slp/>

⁶ The LiveWest Sustainable Finance Framework is available on LiveWest’s website at: <https://www.livewest.co.uk/about-us/for-investors>; and <https://www.livewest.co.uk/about-us/sustainability>.

⁷ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

As part of this engagement, Sustainalytics held conversations with various members of LiveWest's management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. LiveWest representatives have confirmed (1) they understand it is the sole responsibility of LiveWest to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and LiveWest.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with financial instruments proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon 24 (twenty-four) months following the evaluation date set stated herein, LiveWest is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that LiveWest has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the LiveWest Sustainable Finance Framework

Sustainalytics is of the opinion that the LiveWest Sustainable Finance Framework is credible and impactful and aligns with the four core components of the GBP, SBP, GLP and SLP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories – Green Buildings, Renewable Energy, Energy Efficiency, Clean Transportation, Terrestrial and Aquatic Biodiversity Conservation, Affordable Housing and Access to Essential Services – are aligned with those recognized by the GBP, SBP, GLP, and SLP.
 - LiveWest has defined a look-back period of 36 months for refinancing operating expenditures under the Framework, which Sustainalytics considers to be in line with market expectations.
 - Under the Green Buildings category, LiveWest may finance or refinance the following:
 - Development, construction, ownership and acquisition of buildings that meet at least one of the following criteria:
 - Energy performance certificates (EPC) and environmental impact rating (EIR) ratings of A or B.
 - A rating of at least BREEAM Excellent.
 - Renovation, retrofitting, modernization or improvement of existing buildings that meet at least one of the following criteria:
 - At least a 30% reduction in primary energy demand (PED) compared to pre-renovation levels.

- At least a two-notch upgrade in the expected EPC rating following completion of works. Sustainalytics notes that this upgrade is expected to achieve at least a 25-30% energy efficiency improvement.
 - Achieve EPC and EIR ratings of A or B.
 - Achieve performance within the top 15% of the national building stock expressed with an improvement in EPC, SAP or PED.
 - Achieve a rating of at least BREEAM Excellent.⁸
 - Sustainalytics considers investments under this category to be aligned with market practice.
- Under the Renewable Energy category, LiveWest may finance or refinance the integration of renewable energy into the buildings' energy systems through the following:
 - On-site rooftop solar PV
 - On-site wind power systems
 - Purchase of certified renewable energy through long-term physical power purchase agreements with a minimum tenor of five years and bundled renewable energy certificates.
 - LiveWest confirmed to Sustainalytics the exclusion of energy that can be directly traced to fossil fuel power.
 - Sustainalytics considers investments under this category to be aligned with market practice.
- Under the Energy Efficiency category, LiveWest may finance or refinance the installation of energy-saving devices, appliances, technology and storage systems, including the following:
 - LED lighting
 - Smart energy meters, including home monitoring devices.
 - Electric heat pumps and ground-source absorption heat pumps. Sustainalytics notes that heat pumps offer an energy-efficient heat transfer alternative to conventional systems. Nevertheless, Sustainalytics encourages LiveWest to exclude the financing of heat pumps with high-GWP refrigerants and promote robust refrigerant leak control, detection and monitoring while ensuring the recovery, reclamation, recycling or destruction of refrigerants at end of life.
 - LiveWest has communicated to Sustainalytics that the battery storage systems are connected to: i) renewable energy; or ii) the UK national grid. Sustainalytics notes that more than 67% of the electricity generation capacity added in the UK over the last five years has been derived from renewable sources below the emissions threshold of 100 gCO_{2e}/kWh.^{9,10} Therefore, Sustainalytics considers the above-mentioned investments as aligned with market practice.
 - Sustainalytics encourages LiveWest to report on estimated or achieved energy efficiency gains, where feasible.
 - Sustainalytics notes the exclusion of technologies and systems that: i) are dedicated to or powered by fossil fuels; ii) are dedicated to fossil fuel production or distribution; iii) use waste heat from fossil fuel operations; and iv) are used in heavy industries, such as steel, cement and aluminum.
 - Sustainalytics considers the above-mentioned investments to be aligned with market practice.
- Under the Clean Transportation category, LiveWest may finance or refinance the development and promotion of clean transportation, including:
 - Vehicles with zero CO₂ tailpipe emissions.
 - Cycling infrastructure, such as racks and paths.
 - Electric vehicles charging points and associated infrastructure specifically for electric vehicles. LiveWest confirmed that it will not finance new roads or parking infrastructure.
 - Sustainalytics considers investments under this category to be aligned with market practice.

⁸ BREEAM: <https://bregroup.com/products/breeam/>

⁹ UK Department for Energy Security and Net Zero, "UK Energy in Brief 2023", (2023), at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1182129/UK_Energy_in_Brief_2023.pdf

¹⁰ UK Department for Business, Energy and Industrial Strategy, "UK Energy in Brief 2021", (2021), at:

https://assets.publishing.service.gov.uk/media/618a87f8d3bf7f55f9479789/UK_Energy_in_Brief_2021.pdf

- Under the Terrestrial and Aquatic Biodiversity Conservation category, LiveWest may finance or refinance projects that aim to enhance biodiversity and the engagement with green spaces in communities, such as the following:
 - Tree and hedgerows planting and the development or conservation of habitats for local species. Examples of these expenditures are beekeeping projects, the creation of urban meadows, gardening programmes and tree planting across communities.
 - LiveWest confirms to Sustainalytics that species will be well adapted to site conditions.
 - Sustainalytics notes that the Framework excludes: i) investments in natural capital at or related to a development that do not result in a biodiversity net gain of at least 10%; and ii) expenditures in biodiversity offsetting.
 - Sustainalytics considers investments under this category to be aligned with market practice.
- Under the Affordable Housing Category, LiveWest may finance or refinance the development, construction, modernization, retrofitting, ownership and acquisition of new and existing affordable housing following the UK government's definitions of low-cost rental accommodation and low-cost home ownership accommodation under the 2008 Housing and Regeneration Act¹¹ and according to the following criteria:
 - For social and affordable rent schemes covered under the Rent Standard,¹² LiveWest will rely on the National Planning Policy Framework and provide rental housing to individuals screened and placed on the housing registered by local authorities.¹³ Local authorities determine the eligibility for social and affordable housing in relation to household income levels, with rental pricing levels generally limited to 60% of market rental prices for social rent housing and 80% for affordable rent housing. Sustainalytics is of the opinion that these schemes will contribute to affordable housing for a well-defined target population in the UK.
 - Under the UK's Shared Ownership scheme, LiveWest sells homes to people for whom open-market purchases would otherwise be unattainable. Purchasers buy a share of the property and pay rent on the remaining value. Eligibility for the scheme is determined by government criteria, which limit households to those with a gross annual income of up to GBP 80,000 (EUR 92,500) outside of London or GBP 90,000 (EUR 104,000) in London.¹⁴ Sustainalytics acknowledges that the scheme follows the practice for affordable housing as determined by the local regulator and recognizes the expected benefits for many first-time home buyers. Sustainalytics notes that in addition to government thresholds, for new shared ownership properties financed under the Framework, LiveWest defines low-income households as those with a gross household income of GBP 65,000 (EUR 75,000) or less. In Sustainalytics' opinion, in order to ensure a contribution to increasing access to affordable housing, it is best practice to define a target population with an upper threshold at or below the annual median income at the municipal or regional level. Although the Framework follows the government's income cap and set an additional threshold for new properties, these are still above the median fifth decile annual gross household income in the UK, which was GBP 44,717 (EUR 51,900) in FY2022.¹⁵ Given the relatively high thresholds used by the UK government's Shared Ownership scheme, Sustainalytics encourages LiveWest to report on the positive social impact of its proceeds targeted to below-median-income populations, to the extent possible.
 - Sustainalytics notes the exclusion of homes developed for open market sale or rental under the Framework.
- Under the Access to Essential Services category, LiveWest may finance or refinance health and mental well-being projects for all residents regardless of ability to pay and in particular for children, youth and elderly people. This includes placemaking projects, such as the development of communal areas and workshops related to fuel poverty reduction and mental health.
 - Sustainalytics notes that all residents meet the low-income criteria described under the Affordable Housing category. Sustainalytics considers these activities to be socially impactful.

¹¹ UK government, "Housing and Regeneration Act 2008", (2008), at: <https://www.legislation.gov.uk/ukpga/2008/17/contents>

¹² UK government, "Rent Standard", (2023), at: <https://www.gov.uk/government/publications/rent-standard/rent-standard-april-2023-accessible-version>

¹³ Ministry of Housing, Communities & Local Government, "National Planning Policy Framework", (2021), at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1005759/NPPF_July_2021.pdf

¹⁴ Ibid.

¹⁵ UK government, Office for National Statistics, "The effects of taxes and benefits on household income, disposable income estimate", at: <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/datasets/householddisposableincomeandinequality>

- Project Evaluation and Selection:
 - LiveWest has established a New Homes Group and an Investment in Existing Homes Group (the “Committees”) to review the eligibility of new building and retrofit projects financed under the Framework. Members of the Committees include the Executive Director of Finance; the Director of Corporate Finance; the Planning, Technical and Sustainability Director; the Executive Director of Development; the Executive Director of Operations; and the Director of Asset Management, as well as subject-matter experts from respective teams. LiveWest’s Environmental Group, formed by the Deputy CEO, Executive Director of Finance, Director of Corporate Finance, Head of Development Finance, Treasury Manager, Head of Financial Control, and the Planning, Technical and Sustainability Director, reports to the Executive Team and will be responsible for the final selection and approval of eligible projects.
 - The Organization has established processes for managing social and environmental risks associated with its allocation under the Framework. This includes environmental impact assessments, annual reporting and compliance with the National Housing Federation’s Code of Governance (2020).¹⁶ For construction projects, the processes include geo-technical assessments of risks, such as floods, ecological risks and contamination, and their mitigations. Social risks, such as effects on local communities, reputation and planning, are included on the risk register in the appraisal. For retrofitting projects, all contractors are expected to undertake appropriate environmental risk assessments. The Environmental Group will monitor that environmental and social risks relating to a project have been appropriately identified, appraised and managed by delivery teams before proceeds are allocated. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with market expectation. For additional detail, see Section 2.
 - Based on presence of an established cross-functional team, management oversight on final project selection and systems for risk management, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - LiveWest’s Treasury Team will monitor the proceeds under the Framework through an internal tracking system, and the Director of Corporate Finance will oversee the process. The Organization will initially deposit the proceeds into its general treasury account, and the Environmental Group will oversee the allocation of proceeds to eligible projects.
 - LiveWest aims to fully allocate the net proceeds within 24 months. Pending full allocation, unallocated proceeds will be held as cash deposits or money market funds, or used for short-term repayment of other debt facilities.
 - Based on the defined management approach and disclosure on the temporary use of proceeds, Sustainalytics considers this process to be aligned with market practice.
- Reporting:
 - LiveWest commits to report on the allocations made from issuances under the Framework, as well as their impact on an annual basis on its website until full allocation. In case of revolving credit facilities, LiveWest has confirmed to Sustainalytics that it will report until loan maturity. Allocation reporting may include the total amount of proceeds allocated to eligible projects per category, the share of financing or refinancing in each category, the balance of unallocated proceeds or undrawn amounts and the average household income threshold applied to determine the eligibility of shared ownership projects.
 - Impact reporting may include key metrics, such as properties based on EPC levels, avoided emissions (in tCO₂), renewable energy capacity installed (in kW), energy generated from renewables and the number of affordable homes under development or completed.
 - Based on the commitment to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

¹⁶ The Code of Governance is based on the key values of good governance, such as accountability, integrity, openness and equality, and sets out requirements for organizations to adopt.

National Housing Federation, “Code of Governance 2020”, (2020), at: https://www.housing.org.uk/nhf_catalog/publications/code-of-governance-2020/

Alignment with Green Bond Principles 2021, Sustainability Bond Guidelines 2021, Social Bond Principles 2023, Green Loan Principles 2023 and Social Loan Principles 2023

Sustainalytics has determined that the LiveWest Sustainable Finance Framework aligns with the four core components of the GBP, SBP, GLP and SLP. For detailed information, please refer to Appendix 1: Sustainability Bond/Sustainability Bond Programme External Review Form.

Section 2: Sustainability Strategy of LiveWest

Contribution to LiveWest's sustainability strategy

Sustainalytics is of the opinion that the Framework is aligned with LiveWest's sustainability strategy, which focuses on the following environmental and social areas: i) continued provision of long-term, affordable homes; and ii) improvement in energy efficiency of the building portfolio.

As of 2023, 93% of the assets under LiveWest's management are social housing, including those allocated to social rent, affordable rent and low-cost homeownership.¹⁷ The Organization provides homes for rent at a price below market levels, as well as through shared ownership. In this regard, LiveWest records average rents at below 70% of the private rented sector rents across 19 local government districts in its operating region and below 50% in Bath, Bristol and Exeter in England.¹⁸ LiveWest aims to continue delivering affordable housing in the upcoming years through its partnership with Homes England.¹⁹ Together, the organizations have a set an objective to deliver 2,550 affordable homes by 2028.²⁰

With regard to its climate-related targets, LiveWest has set a target of achieving net zero carbon emissions by 2050 from its own operations, the built environment and its beneficiaries.²¹ In this context, one of LiveWest's objectives is to ensure that all of its existing homes achieve a minimum EPC rating of C by 2028.²² To achieve this target, the Organization aims to have 5,000 homes, equivalent to 59% of its buildings rated EPC D-G, retrofitted by 2026. LiveWest also plans to invest GBP 40 million (EUR 46 million) in renewable energy and energy efficiency improvements, including photovoltaic panel installations, insulation and heating system renewal by 2028. The Organization is also targeting the integration of energy efficiency improvement and carbon footprint reduction in the design of new homes.²³

Sustainalytics is of the opinion that the LiveWest Sustainable Finance Framework is aligned with the Organization's overall sustainability strategy and initiatives and will further LiveWest's action on its key environmental priorities.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework are intended to be directed towards eligible projects that are expected to have positive environmental and social impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues involving: i) loss of biodiversity and waste from land use for large-scale infrastructure development; ii) occupational health and safety; iii) health and safety of residents; and iv) community relations.

Sustainalytics is of the opinion that LiveWest is able to manage or mitigate potential risks through the implementation of the following:

- Regarding risks related to the development of large-scale infrastructure, LiveWest develops a Construction Environmental Management Plan for each home development site to ensure that environmental pollution from construction is controlled and mitigated.²⁴ Furthermore, the UK government's Town and Country Planning (Environmental Impact Assessment) Regulations 2017 require an environmental impact assessment for projects that are likely to have a significant

¹⁷ LiveWest, "Annual report and financial statements", (2023), at: <https://www.livewest.co.uk/sites/default/files/2023-08/2023%20annual%20report%20and%20financial%20statements.pdf>

¹⁸ LiveWest, "Sustainability report 2021/22", at: https://indd.adobe.com/view/publication/288d7c42-423c-4dff-8daf-d6865810276e/88y4/publication-web-resources/pdf/Sustainability_report_2022.pdf

¹⁹ UK government, "Homes England", at: <https://www.gov.uk/government/organisations/homes-england>

²⁰ Ibid.

²¹ LiveWest, "The LiveWest roadmap to net zero", (2022), at: <https://www.livewest.co.uk/sites/default/files/2022-10/Roadmap%20to%20net%20zero.pdf>

²² Ibid.

²³ LiveWest, "Sustainability report 2021/22", at: https://indd.adobe.com/view/publication/288d7c42-423c-4dff-8daf-d6865810276e/88y4/publication-web-resources/pdf/Sustainability_report_2022.pdf

²⁴ LiveWest, "Sustainability report 2020/21", at: <https://indd.adobe.com/view/b5b8b3b7-a8b2-4242-8dfb-4e06041e45a7>

environmental impact and to ensure adequate assessment of associated risks prior to approval.²⁵ Furthermore, the Environment Act (2021) sets national standards for waste management, resource efficiency, air and water quality, and biodiversity and habitat conservation.²⁶ In November 2023, the Environment Act (2021) will require all infrastructure projects to demonstrate at least 10% biodiversity gain, in addition to a biodiversity gain plan.^{27,28}

- With respect to occupational health and safety, LiveWest requires all its suppliers and contractors to comply with all applicable health and safety laws, including the UK's Health and Safety at Work Act (1974).²⁹ Per this act, employers are required to provide a safe working environment through the maintenance of equipment and provision of relevant training, information and supervision.³⁰ In addition, LiveWest's Contractor Code of Conduct requires contractors to disclose project-specific information related to the management and mitigation of health and safety risks during implementation.³¹ With regard to human rights, LiveWest's Modern Slavery and Human Trafficking Statement outlines the Organization's processes for assessing risks, due diligence and reporting. Aligned with the UK Modern Slavery Act,³² the statement also applies to the Organization's procurement and supply chain activities.³³
- LiveWest has developed safety standards for electrical and gas safety, asbestos, lifts and fire risks that outline the Organization's strategies to prevent, mitigate and manage risks related to tenant safety.³⁴ In addition, 99.9% of LiveWest's residential properties meet the UK government's Decent Homes Standard, complying with requirements for general housing condition, state of repair, provision of modern facilities and services and a reasonable degree of thermal comfort.³⁵ The Organization is also registered with the Regulator of Social Housing,³⁶ under which it follows consumer standards related to tenant involvement and empowerment, tenancy transparency and fairness, and the quality of accommodation, communal areas and neighbourhood.³⁷
- With regard to community relations, LiveWest has in place a customer scrutiny group called InFocus, made up of members across its various housing projects, which reviews LiveWest's performance on its social sustainability objectives and participate in regular reviews of its policies and processes.³⁸ In addition, LiveWest has in place Tenancy Sustainment and Community Investment teams, which provide support in relation to mental health, digital inclusion, employment and financial hardship. In this context, the Organization undertakes periodic surveys to assess customer satisfaction with regard to repairs and complaint handling.³⁹
- All projects under the green and social use of proceeds categories will be financed in the UK, which is recognized as a Designated Country under the Equator Principles, indicating the presence of strong environmental and social governance systems, legislation and institutional capacity to mitigate

²⁵ UK government, "The Town and Country Planning (Environmental Impact Assessment) Regulations 2017", at: <https://www.legislation.gov.uk/uksi/2017/571/regulation/2/made>

²⁶ Ibid.

²⁷ Local Government Association, "Biodiversity Net Gain FAQs - Frequently Asked Questions", at:

<https://www.local.gov.uk/pas/topics/environment/biodiversity-net-gain-local-authorities/biodiversity-net-gain-faqs#:~:text=Minimum%2010%25%20gain%20required%20calculated,statutory%20biodiversity%20credits%20scheme%3B%20and>

²⁸ UK government, "Environment Act 2021", at: <https://www.legislation.gov.uk/ukpga/2021/30/contents/enacted>

²⁹ UK government, "UK's Health and Safety at Work etc. Act 1974", at: <https://www.legislation.gov.uk/ukpga/1974/37/contents>

³⁰ LiveWest, "LiveWest Homes Limited - Standard Terms and Conditions for the supply of Goods and/or Services", at:

https://www.livewest.co.uk/sites/default/files/2020-10/LiveWest_Terms_and_Conditions_goods_services.pdf

³¹ LiveWest, "Contractor code of conduct", (2021), at: <https://www.livewest.co.uk/sites/default/files/2021-04/Contractor%20Code%20of%20Conduct%20Apr%202021.pdf>

³² UK government, "Modern Slavery Act 2015", at: <https://www.legislation.gov.uk/ukpga/2015/30/contents/enacted>

³³ LiveWest, "LiveWest Modern Slavery and Human Trafficking Statement 2022/2023", at: <https://www.livewest.co.uk/sites/default/files/2023-05/Modern%20Slavery%20and%20Human%20Trafficking%20Statement%202022-23%20SIGNED.pdf>

³⁴ LiveWest, "Our safety standards", (2022), at: <https://www.livewest.co.uk/about-us/our-safety-standards>

³⁵ Decent Homes Standard is the UK government's technical standard for public housing to provide minimum standard of housing conditions in the public sector.

UK government, "Decent Homes Standard: review", at: <https://www.gov.uk/guidance/decent-homes-standard-review>

³⁶ The Regulator of Social Housing is a public body that regulates private registered providers of social housing to promote a viable, efficient and well-governed social housing sector in the UK.

UK government, "Regulatory standards, procedures and guidance", at: <https://www.gov.uk/guidance/regulatory-standards-procedures-and-guidance#summary-of-regulation-and-the-information-we-require>

³⁷ LiveWest, "Annual report and financial statements", (2023), at: <https://www.livewest.co.uk/sites/default/files/2023-08/2023%20annual%20report%20and%20financial%20statements.pdf>

³⁸ Ibid.

³⁹ Ibid.

environmental and social risks associated with projects intended to be financed and refinanced under the Framework.⁴⁰

Based on these policies, standards and assessments, Sustainalytics is of the opinion that LiveWest has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All seven use of proceeds categories are aligned with those recognized by GBP, SBP, GLP or SLP. Sustainalytics has focused on two below where the impact is specifically relevant in the local context.

Importance of financing energy improvements in the UK residential building stock

The UK residential sector was responsible for 17% of the country's total GHG emissions in 2022.⁴¹ The UK housing stock is the oldest in Europe, with 20.6% of houses built before 1919. Approximately 68% of the housing stock in the UK has uninsulated cavity walls and is therefore energy inefficient.^{42,43} In addition, a large share of the energy consumed in homes in the UK is generated from fossil fuels, with gas boilers being the primary heating source for 78% of homes in 2022.⁴⁴

The UK's Integrated National Energy and Climate Plan outlines a target to achieve countrywide net zero emissions by 2050.⁴⁵ In this context, the UK has established intermediate milestones to reduce emissions by 68% by 2030 and 78% by 2035 relative to 1990 levels.⁴⁶ To meet these targets, GHG emissions from existing residential buildings will need to be reduced by an estimated 50% by 2035, and all new homes will need to be net zero ready by 2025.^{47,48} In addition, existing buildings will require deep energy retrofits and new developments will have to meet increasingly stringent standards, including strategies to reduce construction impacts and improve operational energy use and energy efficiency.⁴⁹ Based on the above, Sustainalytics expects LiveWest's financing of energy efficiency improvements in the UK to contribute to reducing GHG emissions and energy consumption in the buildings sector in the UK and to support the UK in achieving its climate targets.

Importance of financing affordable housing in the UK

The UK is experiencing a significant housing shortage, evidenced by the estimated 8.5 million people in England alone with some form of housing need in 2021.⁵⁰ Although the UK had the highest share of social housing among OECD countries in 2020,⁵¹ more than 1 million households were on social housing waiting lists,⁵² and the price-to-income ratio deteriorated from 2.9 to 6.7 in the UK between 1995 and 2021.⁵³ As a result, more than half of the population spent more than 40% of their disposable income on rent in 2020.⁵⁴ In

⁴⁰ Equator Principles, "About the Equator Principles", at: <https://equator-principles.com/about-the-equator-principles/>

⁴¹ UK Department for Business, Energy and Industrial Strategy, "2021 UK greenhouse gas emissions, provisional figures", (2022), at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1064923/2021-provisional-emissions-statistics-report.pdf

⁴² UK Green Building Council, "Climate Change Mitigation", at: <https://www.ukgbc.org/climate-change-2/>

⁴³ Piddington, J. et al. (2020), "The Housing Stock of The United Kingdom", BRE Trust, at: https://files.bregroup.com/bretrust/The-Housing-Stock-of-the-United-Kingdom_Report_BRE-Trust.pdf

⁴⁴ Statista, "What is the main way you heat your property during the winter?", (2022), at: <https://www.statista.com/statistics/426988/united-kingdom-uk-heating-methods/>

⁴⁵ UK Department for Business, Energy & Industrial Strategy, "The UK's Integrated National Energy and Climate Plan", (2020), at: <https://assets.publishing.service.gov.uk/media/60bdd2d2e90e0743ae8c284e/uk-integrated-national-energy-climate-plan-necp-31-january-2020.pdf>

⁴⁶ UK government, "UK enshrines new target in law to slash emissions by 78% by 2035", (2021), at: <https://www.gov.uk/government/news/uk-enshrines-new-target-in-law-to-slash-emissions-by-78-by-2035>

⁴⁷ UK Green Building Council, "Net Zero Whole Life Carbon Roadmap", (2021), at: <https://ukgbc.s3.eu-west-2.amazonaws.com/wp-content/uploads/2021/11/28194152/UKGBC-Whole-Life-Carbon-Roadmap-A-Pathway-to-Net-Zero.pdf>

⁴⁸ UK government, "New homes to produce nearly a third less carbon", (2021), at: <https://www.gov.uk/government/news/new-homes-to-produce-nearly-a-third-less-carbon>

⁴⁹ UK Green Building Council, "Net Zero Carbon Buildings: A Framework Definition", (2019), at: <https://www.ukgbc.org/ukgbc-work/net-zero-carbon-buildings-a-framework-definition/>

⁵⁰ National Housing Federation, "People in housing need 2021", at: <https://www.housing.org.uk/resources/people-in-housing-need-2021/>

⁵¹ OECD, "OECD Affordable Housing Database", at: <http://www.oecd.org/housing/data/affordable-housing-database/>

⁵² Shelter, "Social housing deficit", at: https://england.shelter.org.uk/support_us/campaigns/social_housing_deficit#:~:text=Over%201%20million%20households%20are,less%20than%207%20C000%20were%20built.

⁵³ Hilber, C. et al. (2022), "Why is it so difficult to tackle the lack of affordable housing?," The London School of Economics and Political Science, at: <https://blogs.lse.ac.uk/politicsandpolicy/why-is-it-so-difficult-to-tackle-the-lack-of-affordable-housing/>

⁵⁴ OECD, "OECD Affordable Housing Database", at: <https://www.oecd.org/els/family/HCI-2-Housing-costs-over-income.pdf>

addition, nearly half of families across the country cannot afford a mid-range property in 2023.⁵⁵ This issue especially affects families with children in the UK, where 30% of families living in privately rented apartments are paying rents they cannot reasonably afford due to high property prices and lack of social housing.⁵⁶ According to the National Housing Federation, the number of children in poverty who live in privately rented homes increased by 69% between 2008 and 2019, reaching 1.3 million in 2019.⁵⁷

The UK government has set targets of building 300,000 homes annually by the mid-2020s and dedicating 162,000 homes annually for affordable housing.^{58,59} The COVID-19 pandemic delayed construction of an estimated 100,000 affordable housing units in the UK, but the sector shows signs of recovery,⁶⁰ partly due to the UK government’s announcement that it would provide GBP 11.5 billion (EUR 13.2 billion) in capital funding through the Affordable Homes Programme to construct 180,000 additional homes by 2026.^{61,62}

Based on the above, Sustainalytics is of the opinion that LiveWest’s financing of affordable housing is expected to contribute to increasing access to housing for targeted populations and communities in the UK.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the LiveWest Sustainable Finance Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	11. Sustainable Cities and communities	11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030 double the global rate of improvement in energy efficiency
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Terrestrial and Aquatic Biodiversity Conservation	15. Life on Land	15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded

⁵⁵ Kirk, A. et al. (2023), “Find out where you can afford to buy or rent in Great Britain”, The Guardian, at: <https://www.theguardian.com/society/ng-interactive/2023/jun/12/interactive-tool-that-shows-where-you-can-afford-to-buy-or-rent-home-great-britain>

⁵⁶ Skem News, “Invest in social housing to fix ‘policy black hole’ for almost 1m families paying private rents they can’t afford”, (2021), at: <https://skemnews.com/invest-in-social-housing-to-fix-policy-black-hole-for-almost-1m-families-paying-private-rents-they-cant-afford/>

⁵⁷ National Housing Federation, “Half a million more children in poverty in private rented homes than ten years ago”, (2019), at: <https://www.housing.org.uk/news-and-blogs/news/half-a-million-more-children-in-poverty-in-private-rented-homes-than-ten-years-ago/>

⁵⁸ Milcheva, S. et al. (2022), “Scoping Report for the Evaluation of the Affordable Homes Programme 2021-2026”, Department of Levelling up, Housing and Communities, at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1096533/Scoping_Report_for_the_Evaluation_of_the_Affordable_Homes_Programme_2021-26_FINAL.pdf

⁵⁹ Elliot, J. et al. (2021), “Renters on low incomes face a policy black hole: homes for social rent are the answer”, Joseph Rowntree Foundation, at: <https://www.jrf.org.uk/file/58800/download?token=52fzupQE&filetype=briefing>

⁶⁰ Leckie, C et al. (2021), “Building post-pandemic prosperity”, Pragmatix Advisory, at: <https://www.local.gov.uk/sites/default/files/documents/2021-09-14%20Arch%2C%20LGA%2C%20NFA%20final%20report.pdf>

⁶¹ National Housing Federation, “Details on the next Affordable Homes Programme announced”, (2020), at: <https://www.housing.org.uk/link/9e36ccf90a0d4d05908067f27be3d1fa.aspx>

⁶² UK Ministry of Housing, Communities & Local Government, “Jenrick unveils huge £12 billion boost for affordable homes”, (2020), at: <https://www.gov.uk/government/news/jenrick-unveils-huge-12-billion-boost-for-affordable-homes>

		forests and substantially increase afforestation and reforestation globally.
Affordable Housing	11. Sustainable Cities and Communities	11.1 Ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
		11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries
Access to Essential Services	10. Reduced Inequalities	10.2 By 2040, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

Conclusion

LiveWest Homes Limited has developed the LiveWest Sustainable Finance Framework, under which it may issue green, social and sustainability public or privately placed senior bonds, euro medium-term notes, debt private placements, commercial papers, loans and revolving credit facilities, and use the proceeds to finance projects in the following categories: Green Buildings, Renewable Energy, Energy Efficiency, Clean Transportation, Terrestrial and Aquatic Biodiversity Conservation, Affordable Housing and Access to Essential Services. Sustainalytics considers that the projects funded by the proceeds are expected to provide positive environmental and social impacts. The LiveWest Sustainable Finance Framework outlines a process for tracking, allocating and managing proceeds and makes commitments for reporting on the allocation and impact of the use of proceeds. Sustainalytics believes that the LiveWest Sustainable Finance Framework is aligned with the overall sustainability strategy of the Organization and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 7, 10, 11 and 15. Additionally, Sustainalytics is of the opinion that LiveWest has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that LiveWest is well positioned to issue green, social or sustainability bonds and that the LiveWest Sustainable Finance Framework is robust, transparent and in alignment with the four core components of the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2023, Green Loan Principles 2023 and Social Loan Principles 2023.

Appendix

Appendix 1: Green, Social and Sustainability Bonds - External Review Form

Section 1. Basic Information

Issuer name:	LiveWest Treasury PLC
Social Bond ISIN or Issuer Social Bond Framework Name, if applicable:	LiveWest Sustainable Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	November 8, 2023
Publication date of review publication: Original publication date <i>[please fill this out for updates]:</i>	

Section 2. Review overview

SCOPE OF REVIEW

The review:

- assessed the 4 core components of the Principles (**complete review**) and confirmed the alignment with the GBP/SBP/SBG (*delete where appropriate*).
- assessed only some of them (**partial review**) and confirmed the alignment with the GBP/SBP/SBG (*delete where appropriate*); please indicate which ones:
 - Use of Proceeds
 - Management of Proceeds
 - Process for Project Evaluation and Selection
 - Reporting
- assessed the alignment with other regulations or standards (CBI, EU GBS, ASEAN Green Bond Standard, ISO 14030, etc.); please indicate which ones:

ROLE(S) OF INDEPENDENT REVIEW PROVIDER

- Second Party Opinion
- Verification
- Other (please specify):
- Certification
- Scoring/Rating

Does the review include a sustainability quality score?

- Of the issuer
- Of the Framework
- Of the project
- Other (please specify):

No scoring

ASSESSMENT OF THE PROJECT(S)

Does the review include:

- The environmental and/or social features of the type of project(s) intended for the Use of Proceeds?
- The environmental and/or social benefits and impact targeted by the eligible Green and/or Social Project(s) financed by the Green, Social or Sustainability Bond?
- The potentially material environmental and/or social risks associated with the project(s) (where relevant)?

ISSUER'S OVERARCHING OBJECTIVES

Does the review include:

- An assessment of the issuer's overarching sustainability objectives and strategy, and the policies and/or processes towards their delivery?
- An identification and assessment of environmental, social and governance related risks of adverse impact through the Issuer's [actions] and explanations on how they are managed and mitigated by the issuer?
- A reference to the issuer's relevant regulations, standards, or frameworks for sustainability-related disclosure and reporting?

CLIMATE TRANSITION STRATEGY

Does the review assess:

- The issuer's climate transition strategy & governance?
- The alignment of both the long-term and short/medium-term targets with the relevant regional, sector, or international climate scenario?
- The credibility of the issuer's climate transition strategy to reach its targets?
- The level/type of independent governance and oversight of the issuer's climate transition strategy (e.g. by independent members of the board, dedicated board sub-committees with relevant expertise, or via the submission of an issuer's climate transition strategy to shareholders' approval).
- If appropriate, the materiality of the planned transition trajectory in the context of the issuers overall business (including the relevant historical datapoints)?
- The alignment of the issuer's proposed strategy and targets with appropriate science-based targets and transition pathways that are deemed necessary to limit climate change to targeted levels?
- The comprehensiveness of the issuer's disclosure to help investors assess its performance holistically?

Overall comment on this section:

The eligible categories for the use of proceeds – Green Buildings, Renewable Energy, Energy and Resource Efficiency, Clean Transportation, Terrestrial and Aquatic Biodiversity Conservation, Affordable Housing, and Access to Essential Services – are aligned with those recognized by the Green Bond Principles, Social Bond Principles, Green Loan Principles, and Social Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 7, 10, 11 and 15.

Section 3. Detailed Review

1. USE OF PROCEEDS

Does the review assess:

- the environmental/social benefits of the project(s)?
- whether those benefits are quantifiable and meaningful?
- for social projects, whether the target population is properly identified?

Does the review assess if the issuer provides clear information on:

- the estimated proceeds allocation per project category (in case of multiple projects)?
- the estimated share of financing vs. re-financing (and the related lookback period)?

Overall comment on this section:

The eligible categories for the use of proceeds – Green Buildings, Renewable Energy, Energy and Resource Efficiency, Clean Transportation, Terrestrial and Aquatic Biodiversity Conservation, Affordable Housing, and Access to Essential Services – are aligned with those recognized by the Green Bond Principles, Social Bond Principles, Green Loan Principles, and Social Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 7, 10, 11 and 15.

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Does the review assess:

- whether the eligibility of the project(s) is aligned with official or market-based taxonomies or recognised international standards? Please specify which ones. *Sustainalytics has a proprietary taxonomy which is influenced by the EU taxonomy, Climate Bonds Initiative taxonomy as well as international standards.*
- whether the eligible projects are aligned with the overall sustainability strategy of the issuer and/or if the eligible projects are aligned with material ESG-related objectives in the issuer's industry?
- the process and governance to set the eligibility criteria including, if applicable, exclusion criteria?
- the processes by which the issuer identifies and manages perceived social and environmental risks associated with the relevant project(s)?
- any process in place to identify mitigants to known material risks of negative social and/or environmental impacts from the relevant project(s)?

Overall comment on this section:

LiveWest's New Homes Group and Investment in Existing Homes Group, together with the Committees, review the eligibility of projects for financing under the Framework, subject to final approval by the Environmental Group. Members of the Committees include the Executive Director of Finance, the Director of Corporate Finance, the Planning, Technical and Sustainability Director, the Executive Director of Development, the Executive Director of Operations and the Director of Asset Management, as well as subject-matter experts from respective teams. LiveWest has internal processes to address environmental and social risks associated with the eligible assets. Sustainalytics considers these processes to be in line with market practice.

3. MANAGEMENT OF PROCEEDS

Does the review assess:

- the issuer's policy for segregating or tracking the proceeds in an appropriate manner?
- the intended types of temporary investment instruments for unallocated proceeds?
- Whether an external auditor will verify the internal tracking of the proceeds and the allocation of the funds?

Overall comment on this section:

LiveWest's Treasury team is responsible for the management of proceeds, which is overseen by the Director of Corporate Finance. The Organization will initially deposit the proceeds in its general treasury account and track the allocation until full allocation. In addition, the Environmental Group will monitor allocation of proceeds to eligible projects. Pending allocation, net proceeds will be held as cash deposits, money market

funds or used for short-term repayment of other debt facilities. LiveWest aims to fully allocate the net proceeds within 24 months. This is in line with market practice.

4. REPORTING

Does the review assess:

- the expected type of allocation and impact reporting (bond-by-bond or on a portfolio basis)?
- the frequency and the means of disclosure?
- the disclosure of the methodology of the expected or achieved impact of the financed project(s)?

Overall comment on this section:

LiveWest intends to report on the allocation of proceeds on its website on an annual basis until full allocation. For revolving credit facilities, LiveWest confirmed to Sustainalytics it will report until loan maturity. This report will include the total amount of proceeds allocated to each eligible category, the share of financing versus refinancing and the balance of unallocated proceeds. In addition, LiveWest is committed to reporting on relevant impact metrics where feasible. Sustainalytics views the allocation and impact reporting as aligned with market practice.

Section 4. Additional Information

Useful links (e.g. to the external review provider's methodology or credentials, to the full review, to issuer's documentation, etc.)

Analysis of the contribution of the project(s) to the UN Sustainable Development Goals:

Additional assessment in relation to the issuer/bond framework/eligible project(s):

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE SBP

- i. Second-Party Opinion: An institution with social expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Social Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Social Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to social sustainability, and an evaluation of the social features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or social criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Social Bond proceeds, statement of social impact or alignment of reporting with the SBP, may also be termed verification.
- iii. Certification: An issuer can have its Social Bond or associated Social Bond framework or Use of Proceeds certified against a recognised external social standard or label. A standard or label defines specific criteria,

and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.

- iv. **Social Bond Scoring/Rating:** An issuer can have its Social Bond, associated Social Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on social performance data, process relative to the SBP, or another benchmark. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material social risks.

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For more information, visit www.sustainalytics.com

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