



BROMFORD HOUSING GROUP LIMITED SUSTAINABLE FINANCING FRAMEWORK 2023

Bromford.

Document title: Second Party Opinion on Bromford Housing Group Limited Sustainable Finance Framework 2023

Prepared by: DNV Business Assurance Services UK Limited

Location: London, U.K.

Date: 26 July 2023

This assessment is valid so long as the evidence provided to DNV remains materially unchanged and remains applicable in the context of the financial instrument being assessed.

BROMFORD HOUSING GROUP LIMITED SUSTAINABLE FINANCING FRAMEWORK 2023

DNV INDEPENDENT ASSESSMENT

Scope and Objectives

Bromford Housing Group Limited (henceforth referred to as “Bromford” or the “Group”) is a housing association operating in Central and Southwest England. Headquartered in Wolverhampton, the Group owns and manages over 46,000 homes for more than 100,000 people. Bromford is the parent company of seven subsidiaries¹. Bromford and two of its subsidiaries, Merlin Housing Society Limited and Bromford Housing Association Limited, are exempt Charities and FCA Community Benefit Societies.

The Group has committed to delivering low-carbon homes and creating social value. For instance, Bromford has set targets for carbon reduction (i.e. to reduce its total Scopes 1, 2, and 3 emissions per home to below 3 tCO₂e per year from their current figure of 3.3 tCO₂e) and energy efficiency (i.e. by 2028, to upgrade 100% of the Group’s portfolio to have an EPC rating of C, where this is economically viable). In addition, the Group has also committed to achieve net zero carbon by 2050.

The wider environmental efforts of the Group can also be observed. For instance, Bromford has set specific targets for decarbonising its fleet: by 2027, 100% of the Group’s company cars will be hybrid or electric, and 77% of its commercial fleet will be hybrid or electric. The Group also has a grant funding agreement in place with Homes England, with a target to deliver at least 400 Modern Methods of Construction (MMC) units (category 1 and 2) on-site by 2026, and an additional 330 MMC units (categories 1 - 7) by 2029.

The Group has also established itself as a leading developer of affordable homes and has a clear roadmap in place to maintain this position through to 2031. In terms of delivering on social value, Bromford has committed to build 12,000 new homes by 2031, of which 10,500 will be across Affordable Rent (AR), Social Rent (SR) and Shared Ownership (SO), and the Group will let a minimum of 15% of their rental homes lettings (general needs and older people) allocated to Local Authorities in the year to households who have been assessed by the Local Authority as homeless immediately before letting, with an aspiration of achieving 30% by 2027. The Group has also committed to deliver social value through community investment and by forming third-party relationships, and by 2027, it will generate £10 million as part of this. In terms of alleviating unemployment, Bromford has also commitment to coaching 1,000 customers into some form of employment or training by 2027. Finally, to enable greater social economic advancement, the Group will look to reduce its gender pay gap every year until 2027 as part of its four-year strategy.

To help deliver this, Bromford has developed a Sustainable Finance Framework (the “Framework”), in which DNV Business Assurance Services UK Limited (henceforth referred to as “DNV”) has been commissioned to provide a review of the Framework against the International Capital Market Association’s (“ICMA”) Green Bond Principles 2021 (“GBP”), Social Bond Principles 2023 (“SBP”) and the Sustainability Bond Guidelines 2021 (“SBG”), and the Loan Market Association’s (“LMA”) Green Loan Principles 2023 (“GLP”) and the Social Loan Principles 2023 (“SLP”).

Our methodology to achieve this is described under ‘Work Undertaken’ below. We were not commissioned to provide independent assurance or other audit activities. No assurance is provided regarding the financial performance of the

¹ Merlin Housing Society Limited. (MHS); Oakbrook Homes Limited. (OAK); Bromford Housing Association Limited. (BHA); Bromford Assured Homes Limited. (BAH); Bromford Home Ownership. (BHO); Bromford Developments Limited. (BDL); Bromford Housing Groups Investments Limited. (BHGIL).

Sustainable Financing Instruments as issued via the Company's Framework, the value of any investments, or the long-term environmental or social benefits of the associated transactions. Our objective has been to provide an assessment that the Framework has met the criteria established on the basis set out below.

Responsibilities of the Management of Bromford and DNV

The management of Bromford has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform Bromford management and other interested stakeholders in the Framework, as to whether the Framework is aligned with the principles set out by the GBPs, SBPs, SBGs, GLPs and the SLPs. DNV's assessment is supplemented with international guidelines and standards, as well as DNV's own technical expertise to assess sustainability eligibility.

In our work we have relied on the information and the facts presented to us by Bromford. DNV is not responsible for any aspect of the projects or assets referred to in this opinion, and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by Bromford used as a basis for this assessment were not correct or complete.

Basis of DNV's opinion

We have adapted our eligibility assessment methodology to create a Bromford-specific Sustainable Finance Framework Eligibility Assessment Protocol (henceforth referred to as "Protocol"). Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion.

As per our Protocol, the criteria against which the Framework has been reviewed are grouped under the four principles:

Principle One: Use of Proceeds. The Use of Proceeds criteria are guided by the requirement that the funding instruments must use the funds raised to finance eligible activities that produce clear green, social and/or sustainable benefits.

Principle Two: Process for Project Evaluation and Selection. The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a funding instrument should outline the process it follows when determining the eligibility of an investment using the proceeds and outline any impact objectives that it will consider.

Principle Three: Management of Proceeds. The Management of Proceeds criteria are guided by the requirements that the funding instruments should be tracked within the issuing organisation, that separate portfolios should be created when necessary, and that a declaration of how unallocated funds will be handled should be made.

Principle Four: Reporting. The Reporting criteria are guided by the recommendation that at least annual reporting should be provided on the use of proceeds until all have been allocated, and that quantitative and/or qualitative performance indicators should be used where feasible.

Work undertaken

Our work constituted a high-level review of the available information provided to us by Bromford in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us.

The work undertaken to form our opinion, included:

- Creation of a Bromford-specific Protocol, adapted to the purpose of the Framework, as described above;
- Assessment of documentary evidence provided by Bromford on the Framework and supplemented by high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Discussions with Bromford's management, and a review of relevant documentation and evidence related to the criteria of the Protocol; and
- Documentation of findings against each element of the criteria as detailed in Schedule 2 of this document.

Our opinion, as detailed below, is a summary of these findings.

Findings and DNV's opinion

DNV's findings are listed below, with further detail provided in [Schedule 2](#).

1. Principle One: Use of Proceeds.

DNV confirms that an amount equivalent to the net proceeds from the sustainable funding Instruments (including, but not limited to secured and unsecured senior debt, loan facilities (revolving and term debt), bonds, and Private Placements) as issued under the Framework, will be used to (re-) finance, in part or in full, the following eligible green and social projects (the "Eligible Projects") which DNV can confirm are aligned with the ICMA/LMA categories:

Eligible Green Project Categories:

- Energy efficiency.
- Green buildings.
- Clean Transportation.

Eligible Social Project Categories:

- Employment generation alleviating unemployment.
- Socioeconomic advancements and empowerment.
- Affordable Housing.

The performance criteria for each of the eligible projects under the eligible categories listed above, and within the Framework, are further defined in [Schedule 1](#) of this opinion.

For the eligible green building projects, we can confirm that Bromford has specified the suitable eligibility criteria, such as energy performance certification (EPC) standards (e.g., number of new buildings financed achieving EPC A or B) to represent an improved or achieved level of low carbon in their housing portfolio. Similarly, for the eligible energy efficiency projects, we can confirm that Bromford has included an EPC uplift of two ratings for retrofits, with a one rating uplift to retrofits where the investment increases homes from a minimum of EPC band D to the above band. Bromford will provide detail on how the retrofit leading to the single EPC rating uplift aligns with corporate net-zero plans. DNV concludes that the eligible green categories and the associated projects as described above, and in [Schedule 1](#) of this opinion, will positively contribute to the low carbon transition and are in line with the GBPs and the GLPs.

For the eligible affordable housing projects, Bromford has outlined the appropriate criteria within the Framework and confirmed that the proposed projects will support the Group in addressing the growing cost of the living crisis and the need for affordable housing. We can also confirm the Group's definition of affordable housing aligns with that set out in the UK Government's Policy Statement on Rents for Social Housing (2008). DNV concludes that the eligible social

categories described above, and the associated projects as described in [Schedule 1](#) of this opinion, are in line with the SBPs and SLPs.

In addition to mapping the eligible green and social projects to the Sustainability Reporting Standards for Social Housing (SRSSH)² targets, Bromford has mapped the projects to the applicable United Nations (UN) Sustainable Development Goals (SDGs) in which they are expected to contribute towards - specifically: Goal #1 (No poverty), Goal #4 (Quality education), Goal #7 (Affordable and clean energy), Goal #8 (Decent work and economic growth), Goal #10 (Reduced inequalities), Goal #11 (Sustainable cities and communities) and Goal #12 (Responsible consumption and production).

DNV concludes that the eligible green and social project categories as described within the Framework by Bromford, and the example projects provided to DNV, are consistent with those listed by the GBPs, GLPs, SBGs, SBPs and the SLPs, and that such projects will provide clear environmental and/or social benefits.

2. Principle Two: Process for Project Evaluation and Selection.

DNV can confirm that Bromford has specified the eligibility criteria for each type of eligible green and/or social project in the Use of Proceeds section of its Framework. We can also confirm that there is a robust decision-making process in place behind the selection and approval of any eligible green and/or social project(s) that falls within the respective ICMA/LMA categories, which takes into account a comprehensive set of parameters as outlined in the Framework.

Bromford has stated its Sustainability Group sponsored by the CFO and chaired by the Director of Strategic Property and Sustainability. It is accountable for the evaluation of eligible green and/or social project(s). This Group is constituted by the following people: Head of Home Investment; Director of Localities and Customer Contact; Head of Risk & Communications; Director of Service Delivery; Development and Asset Management Innovation Lead; Director of Treasury; Senior HR Business Partner; Director of Strategy; and the Senior Procurement Business Partner.

Upon the Sustainability Group determining the eligibility of specific projects, it will escalate investment decisions to the Investment Forum, Executive Committee and the Board. Initiatives proposed for finance or refinance through green, social or sustainability bond or loan proceeds are evaluated and selected based on compliance with the Use of Proceeds section and in alignment with Bromford's wider strategic objectives.

In addition to assessing all potential eligible projects, the Sustainability Group will also identify any potential risks and when required, develop mitigants to address any possible material social and environmental impacts. We can also confirm that the Sustainability Group will monitor and provide oversight of the compliance against ESG policies, changing regulation and legislation.

DNV concludes that the eligible green and/or social projects to be financed by future issuances will be appropriately evaluated, selected, managed, and reported on as outlined within the Framework, and that they meet the requirements of the GBPs, GLPs, SBGs, SBPs and the SLPs.

3. Principle Three: Management of Proceeds.

We can confirm that the net proceeds from the funding instruments will be segregated, deposited and tracked via Bromford's Treasury team in a sub account, to prevent double counting.

² Sustainability For Housing ([Link](#))

The Group has committed to allocate the net proceeds (or an amount equivalent to those net proceeds) to eligible green and/or social projects within 36 months following receipt. Bromford has committed to reporting the share of proceeds allocated to eligible projects on a project-by-project basis that are used for financing versus refinancing.

In the case whereby a project/investment/asset no longer is classified as “eligible” under the criteria as set out in the Framework, it will be removed from the Eligible Project Portfolio.

DNV concludes there is a clear process in place for the management of proceeds as outlined within the Framework, and that this meets the requirements of the GBPs, GLPs, SBGs, SBPs and the SLPs.

4. Principle Four: Reporting.

Bromford has committed to providing information on an annual basis, on both the allocation of its proceeds and on the green and social impacts of the projects (re-)financed, until all net proceeds have been fully allocated.

DNV can confirm that Bromford's allocation report will include information on:

- Total amount allocated to eligible projects – detailing the underlying category.
- A breakdown of proceeds used for financing and/or refinancing, on a project basis including the allocation towards green and/or social projects as defined in [Schedule 1](#).
- A breakdown of the amount and/or % split of allocation to new versus existing projects.
- The total amount invested and disbursed on an annual basis.
- The amount of unallocated proceeds.

To demonstrate the ongoing environmental and social impact of the Group, and to provide a snapshot of Bromford's sustainability journey, Bromford has committed to reporting on the green and social impacts of the eligible projects financed, in addition to reporting on the broader initiatives and project delivery, in a separate Impact Report.

Relevant metrics may include, for instance:

Affordable housing

- Number (#) of new affordable properties by category.
- Rent charged (£) versus the private sector rents and/or the local housing allowance.
- Number (#) of customers that were, but no longer are, experiencing homelessness as a result of intervention at Bromford.

Employment generation alleviating unemployment

- Number (#) of customers supported into employment, distinguishing those in vulnerable groups.
- Number (#) of apprenticeships offered.

Socioeconomic advancements and empowerment

- Gender, ethnicity, and disability pay gaps for employees (%).
- Number (#) or % of customers who have started transacting (£) digitally due to technology developments as a result of investment and/or training.

Green buildings

- Number (#) of new buildings financed achieving EPC A or B.
- Avoided CO2 emissions (tCO2e).

Clean transport

- Number (#) of low-emission vehicles versus the fleet (%).
- Number (#) of EV charging points installed.

- Installation of cycle paths (#) and supporting infrastructure such as racks (#).

Energy efficiency

- An uplift in EPC rating by at least two EPC bands or at least a 30% improvement in energy efficiency.
- An uplift in EPC rating by a single EPC band (applicable for properties with an EPC rating of D or higher). In this case, Bromford has confirmed that it will also provide detail on the specific type of housing stock, justifications as to why the technology or modification was selected and how the retrofit aligns with broader long-term net-zero plans.
- Avoided CO₂ emissions (tCO₂e).
- Number (#) of LED lighting fixtures with lumen/watt (Lm/W).

Bromford has confirmed that it will publish data on both the allocation and impact of its proceeds publicly, per annum, which will be made available to investors and other interested parties, via the Bromford website.

DNV concludes that Bromford has made the appropriate plans to produce reporting on both the allocation and the impact of any future Sustainable Financing Instrument issued, and that this is aligned with the requirements as listed under the GBPs, SBPs, SBGs, GLPs and the SLPs.

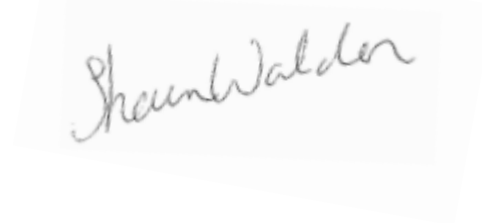
On the basis of the information provided by Bromford and the work undertaken, it is DNV's opinion that the Framework meets the criteria established in the Protocol, and that it is aligned with the stated definitions of green bonds within the GBP 2021, social bonds within the SBP 2023, sustainability bonds as stated within the SBG 2021, green loans within the GLP 2023, and social loans within the SLP 2023.

for DNV Business Assurance Services UK Limited

London, 26 July 2023.

A handwritten signature in black ink, appearing to read "Niki Bowen".

Niki Bowen (PhD)
Principal Consultant and Project Manager
DNV – Business Assurance

A handwritten signature in black ink, appearing to read "Shaun Walden".






Shaun Walden
Head of Sustainable Finance and Reviewer
DNV – Business Assurance


About DNV


Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.




With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 12,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

SCHEDULE 1: DESCRIPTION OF ACTIVITIES TO BE FINANCED UNDER THE FRAMEWORK

Eligible Green Project Categories	Description of Projects	Proposed Impact Metrics	SRSSH Alignment	SDG Alignment
<p>Green buildings</p>	<p>The financing the development, acquisition or construction of new Green homes or refinancing of existing homes.</p>	<p>The proposed impact metrics include:</p> <ul style="list-style-type: none"> • Number (#) of new buildings financed achieving EPC A or B. • Avoided CO2 emissions (tCO2e). 	<p>C16 – Greenhouse gas emissions</p> <p>C17 – Actions taken to improve energy efficiency</p> <p>C21 – A strategy to actively manage and reduce all pollutants</p> <p>C22 – Responsibly Sourced Materials for Building Work</p>	  
<p>Energy efficiency</p>	<p>The renovation, retrofit, modernisation or improvement of existing buildings where there is an uplift in energy efficiency by 30% and/or an EPC rating uplift.</p>	<p>The proposed impact metrics include:</p> <ul style="list-style-type: none"> • An uplift in EPC rating by at least two EPC bands or at least a 30% improvement in energy efficiency. • An uplift in EPC rating by a single EPC band (applicable for properties with an EPC rating of D or higher). • Avoided CO2 emissions (tCO2e). • Number (#) of LED lighting fixtures with lumen/watt (Lm/W). 	<p>C14 – Energy efficiency of existing homes</p> <p>C15 – Energy efficiency of new homes</p> <p>C16 – Greenhouse gas emissions</p> <p>C17 – Actions taken to improve energy efficiency</p>	 

<p>Clean Transportation</p>	<p>Finance the development of clean transportation for customers and employees.</p> <p>This includes the acquisition of low-emission vehicles and the enabling of electric vehicle infrastructure</p>	<p>The proposed impact metrics include:</p> <ul style="list-style-type: none"> • Number (#) of low emission vehicles versus the fleet (%). • Number (#) of EV charging points installed. • Installation of cycle paths (#) and supporting infrastructure such as racks (#). 	<p>C16 – Greenhouse gas emissions</p> <p>C17 – Actions taken to improve energy efficiency</p>	
------------------------------------	---	--	---	---

Eligible Social Project Categories	Description of Projects and Proposed Impact Metrics	Proposed Impact Metrics	SRSSH Alignment	SDG Alignment
<p>Affordable Housing</p>	<p>Financing the development, acquisition, construction, or modernisation of Affordable Housing and/or refinancing of existing owned Affordable Housing.</p> <p>The Target Populations for the finance are:</p> <ul style="list-style-type: none"> • Low income and/or homeless households who are unable to own or rent locally on the open market, • Elderly persons, • People with disabilities, • Unemployed individuals <p><i>Note: Properties financed will comply with the UK Government’s definition of Affordable Housing and Shared Ownership, based on the definitions of “low cost rental accommodation” and “low cost home ownership accommodation” in section 69 & 70 of the Housing and Regeneration Act of 2008.</i></p>	<p>The proposed impact metrics include:</p> <ul style="list-style-type: none"> • Number (#) of new affordable properties by category. • Rent charged (£) versus the private sector rents and/or the local housing allowance. • Reduction in the number (#) of customers experiencing homelessness. 	<p>C1 – Rent affordability</p> <p>C2 – Existing homes</p> <p>C3 – New homes</p>	

<p>Employment generation alleviating unemployment</p>	<p>Financing to support customer interface initiatives and the delivery of programmes designed to prevent and alleviate unemployment.</p> <p>The Target Populations for the finance are:</p> <ul style="list-style-type: none"> • Underemployed and unemployed, • Underserved • Undereducated • Marginalised populations • Vulnerable Youths 	<p>The proposed impact metrics include:</p> <ul style="list-style-type: none"> • Number (#) of customers supported into employment, distinguishing those in vulnerable groups. • Number (#) of apprenticeships offered. 	<p>C13 – Placemaking</p>	
<p>Socioeconomic advancements and empowerment</p>	<p>To enable the technological development of services that improves the access to social protections and financial services.</p> <p>Finance will aim to decrease the number of workers exposed to job insecurity or social insecurity.</p>	<p>The proposed impact metrics include:</p> <ul style="list-style-type: none"> • Gender, ethnicity, and disability pay gaps for employees (%). • Number (#) or % of customers who have started transacting (£) digitally due to technology developments as a result of investment and/or training. 	<p>C12 – Support Services C13 – Placemaking C43 – Gender Pay Gap C47 – Social Value Creation</p>	 



SCHEDULE 2: BROMFORD-SPECIFIC SUSTAINABLE FINANCE FRAMEWORK ASSESSMENT PROTOCOL

1. Use of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Types of Financing Framework	<p>The Green/Social/Sustainable Bond must fall into one of the following categories, as defined by the Green/Social/Sustainable Bond Principles:</p> <ul style="list-style-type: none"> • Use of Proceeds Bond • Use of Proceeds Revenue Bond • Project Bond • Securitised Bond <p>Green/Social/Sustainable Bonds/Loans are defined as any type of instrument made available exclusively to finance or re-finance, in whole or in part, new and/or existing Eligible Sustainable Projects.</p>	<p>In addition to reviewing the evidence below, we had several detailed discussions with Bromford:</p> <ul style="list-style-type: none"> • Bromford Sustainable Finance Framework 2023 	<p>The Framework outlines the type of Use of Proceeds instruments expected to be issued under the Framework as various sustainable finance debt instruments through Green, Social and Sustainability Bonds, and Green and Social Loans (together known as “Sustainable Financing Instruments”). The specific type of Use of Proceeds Instruments will need to be further assessed on an individual basis.</p>

1b	Green/Social Project Categories	The cornerstone of a Green/Social/Sustainability Bond/Loan is the utilisation of the proceeds which should be appropriately described in the legal documentation for the security.	<p>In addition to reviewing the evidence below, we had several detailed discussions with Bromford.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> • Bromford Sustainable Finance Framework 2023 • Sustainability for Housing criteria (link) 	<p>Bromford intends to use the proceeds from future issuances, to finance or re-finance, the following eligible categories, and green/social projects:</p> <p>Green Categories:</p> <ul style="list-style-type: none"> • Green Buildings. • Energy Efficiency. • Clean Transportation <p>Social Categories:</p> <ul style="list-style-type: none"> • Affordable Housing. • Employment generation alleviating unemployment. • Socioeconomic advancements and empowerment. <p>DNV confirms that the eligible green/social categories, and projects as stated in the Framework and in Schedule 1 of this opinion, are consistent with the GBPs, SBPs, SBGs, GLPs and SLPs guidelines.</p> <p>We can conclude that the specific type of sustainable financing instruments will need to be further assessed on an individual basis. All issuances will be reviewed annually for impact and allocation reporting.</p>
1c	Green/Social/Sustainable benefits	All designated Green and/or Social Project categories should provide clear environmentally sustainable or social benefits, which, where feasible, will be quantified or assessed by the issuer.	<p>In addition to reviewing the evidence below, we had several detailed discussions with Bromford.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> • Bromford Sustainable Finance Framework 2023 	<p>Bromford has provided a description of the types of eligible green and/or social projects that it intends to (re-) finance under the Framework, as well as the corresponding ICMA/LMA eligible project categories.</p> <p>The Group has also committed to working towards advancing specific UN SDGs that are material to the social housing sector. In the Framework, the Group has mapped the eligible initiatives and projects it intends on financing, to the applicable UN SDGs - specifically Goals #1, #4, #7, #8, #10, #11 and #12.</p>



				<p>To make the benefits quantifiable, Bromford has provided a detailed list of potential impact metrics. The Framework also recognises the need for compliance with the applicable environmental and social laws, regulations and/or taxonomies, which are constantly evolving and may become applicable to their financing in the future.</p> <p>The evidence reviewed gives us the opinion that future issuances to be issued under the Framework, will deliver clear social and/or environmental benefits.</p>
--	--	--	--	---

2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Investment-decision process	The issuer of a Green/Social/Sustainability Bond/Loan should outline the decision-making process it follows to determine the eligibility of projects using Bond/Loan proceeds	<p>In addition to reviewing the evidence below, we had several detailed discussions with Bromford.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> • Bromford Sustainable Finance Framework 2023 • Bromford Strategy 2023 – 2027 • Bromford Annual Report 2022 	<p>DNV can confirm Bromford has specified the eligibility criteria for each type of green and social project in the Use of Proceeds table of its Framework.</p> <p>Bromford has specified that the “Sustainability Group”, comprised of representatives from the senior executive team as well as project managers, bears responsibility and accountability for the evaluation and selection of eligible projects. This Group is led by the Director of Strategic Property and Sustainability and has executive-level sponsorship by the CFO.</p> <p>The Sustainability Group will assess project eligibility and appropriate allocation of proceeds in accordance with this Framework. Either the Sustainability Group, Investment Forum, Executive Committee or Board will approve the</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>expenditure of finance raised, dependent upon the size of the investment.</p> <p>Any projects being proposed for financing or refinancing through green, social or sustainability bond or loan proceeds are evaluated and selected based on compliance with the Use of Proceeds section and in alignment wider corporate strategic objectives.</p> <p>In addition to assessing all potential eligible projects, the Sustainability Group will identify any potential risks and when required, develop mitigants to address any possible material social and environmental impacts.</p> <p>We can also confirm that Bromford has specified the applicable criteria within the Framework and has stated that the use of proceeds will not be used for any activities which fall outside of those outlined in the framework.</p> <p>DNV concludes that the activities to be financed by future issuances will be appropriately evaluated, selected, managed and reported on, as outlined within Bromford’s Framework, and that they have met the requirements under the GBP, SBP, SBG, GLP and the SLP.</p>
2b	Issuer’s environmental and social governance framework	In addition to information disclosed by an issuer on its Green/Social/Sustainability Bond/Loan process, criteria and assurances, investors may also take into consideration the quality of the issuer’s overall framework and	<p>In addition to reviewing the evidence below, we had several detailed discussions with Bromford.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> • Bromford Sustainable Finance Framework 2023 	DNV has reviewed the evidence showing Bromford’s process will be supported by a robust governance framework and aligns with the Group’s wider commitment towards sustainability through its 2023 – 2027 Strategy and its long-term net zero commitment.



Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		<p>performance regarding social and environmental sustainability.</p>	<ul style="list-style-type: none"> • Bromford Strategy 2023 – 2027 • Bromford Annual Report 2022 	<p>We can also confirm that the Framework aligns with core environmental and social areas, as highlighted by Bromford's Strategy 2023 – 2027:</p> <p>Environment:</p> <ul style="list-style-type: none"> • Commitment to reducing Scope 1, 2, and 3 carbon emissions per home to below 3 tonnes. • Commitment to delivering MMC units: at least 400 (Category 1 and 2) MMC units to have started on-site by 2026; and an additional 330 MMC units (Category 1 to 7) to be completed by 2029. Commitment to upgrading the EPC rating of all homes in Bromford's portfolio to a minimum of EPC C by 2028. • Commitment to electrifying the fleet: 100% of company cars to be electric or hybrid by April 2024; and 77% of the commercial van fleet to be electric or hybrid by 2027. <p>Social:</p> <ul style="list-style-type: none"> • Commitment to housing accessibility with a minimum of 15% of rental homes lettings (general needs and older people) allocated to Local Authorities in the year to households who have been assessed by the Local Authority as homeless immediately before letting, with an aspiration of achieving 30% by 2027. • Commitment to employment and training support by coaching 1,000 customers into some form of



Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>employment or training and becoming a recognised top 100 apprenticeship employer by 2027.</p> <ul style="list-style-type: none"> 60 new apprenticeships and graduates at Bromford by 2027. <p>Based on the evidence provided it gives DNV the opinion that the Framework is in line with Bromford's wider approach to managing environmental and social sustainability.</p>

3. Management of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure	The net proceeds of a Green/Social/Sustainability Bond/Loan should be credited to a sub-account, moved to a sub- portfolio, or otherwise tracked by the issuer in an appropriate manner and attested to by a formal internal process that will be linked to the issuer's lending and investment operations for Green/Social Projects.	<p>In addition to reviewing the evidence below, we had several detailed discussions with Bromford.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> Bromford Sustainable Finance Framework 2023 Bromford Annual Report 2022 Bromford Treasury Management Policy 2022 	<p>DNV concludes that the Framework commits Bromford to the tracking of the proceeds in an appropriate manner, and that this is attested to by a formal process.</p> <p>In the Framework, Bromford has outlined a transparent process whereby the net proceeds from the financing instrument will be appropriately segregated and tracked by the Treasury team and reconciled to the disclosed eligible project(s) referenced under the framework.</p> <p>The Treasury Team has overall responsibility for tracking and reporting on the allocation of the proceeds.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				The Group has also stated how projects fit within the categories identified and how the proceeds will be matched and monitored, in relation to specific eligible projects.
3b	Tracking procedure	So long as the Green/Social/Sustainability Bonds/Loans are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible Green/Social/Sustainability investments or loan disbursements made during that period.	<p>In addition to reviewing the evidence below, we had several detailed discussions with Bromford.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> • Bromford Sustainable Finance Framework 2023 • Bromford Treasury Management Policy 2022 	<p>We can confirm that Bromford has a clear process in place for tracking the balance of the net proceeds. The Group will deposit the proceeds into a trackable sub account. Where the funding instrument is a bond, a private placement, or loan, Bromford intend to fully allocate the proceeds to eligible projects within 36 months following settlement.</p> <p>The Group has also committed to, on a project-by-project basis, providing a breakdown of proceeds used for financing and/or refinancing.</p>
3c	Temporary holdings	Pending such investments or disbursements to Eligible Projects, the issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	<p>In addition to reviewing the evidence below, we had several detailed discussions with Bromford.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> • Bromford Sustainable Finance Framework 2023 • Bromford Treasury Management Policy 2022 	<p>DNV concludes that Bromford has appropriately disclosed how it will manage any unallocated proceeds within its portfolio. Bromford has confirmed that any unallocated funds will be held as in cash or short-term liquidity money market instruments, until the allocation of the proceeds can be made to an eligible project. This in accordance with the Group's Treasury Management Policy.</p> <p>If an asset is no longer eligible under the criteria, Bromford has confirmed that it will be removed from the eligible project Portfolio.</p>

4. Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Periodical reporting	In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, issuers should provide at least annually a list of projects to which Bond, and where appropriate Loan proceeds, have been allocated including - when possible, with regards to confidentiality and/or competitive considerations - a brief description of the projects and the amounts disbursed, as well as the expected environmentally sustainable impact.	<p>In addition to reviewing the evidence below, we had several detailed discussions with Bromford.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> Bromford Sustainable Finance Framework 2023 	<p>We can confirm that Bromford has committed to both annual reporting on the allocation of the net proceeds, and the impact of the sustainable, green and social projects, to be (re-) financed.</p> <p>These reports will provide investors (and alike) with clear, relevant and transparent information on the selected projects, including impact information on the environmental and/or social benefits of the selected projects financed. The reports will be made publicly available on the Bromford website.</p> <p>Allocation reporting will include:</p> <ul style="list-style-type: none"> Total amount allocated to eligible projects – detailing the eligible category. The split between Social and Green allocation. On a project-by-project basis, a breakdown of proceeds used for financing and/or refinancing. The yearly investment / disbursement of funds. The amount and/or % split of allocation to new versus existing projects; and The balance of unallocated proceeds. <p>The allocation report will also highlight any cases whereby a project/investment/asset is no longer classified as “eligible” under the criteria as set out in the framework.</p> <p>Where this event takes place, the project/investment/asset will be removed from the Eligible Project Portfolio and the Group will endeavour to replace the project/investment/asset as soon as reasonably practicable.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>Until the maturity of the Sustainable Financing Instruments, Impact Reporting will provide investors with information regarding the environmental or social impacts of the projects, on an annual basis.</p> <p>The impact report will include:</p> <p>Affordable housing</p> <ul style="list-style-type: none"> • Number (#) of new affordable properties by category. • Rent charged (£) versus the private sector rents and/or the local housing allowance. • Reduction in the number (#) of customers experiencing homelessness. <p>Employment generation alleviating unemployment</p> <ul style="list-style-type: none"> • Number (#) of customers supported into employment. • Number (#) graduates and apprenticeships offered. <p>Socioeconomic advancements and empowerment</p> <ul style="list-style-type: none"> • Gender, ethnicity, and disability pay gaps for employees (%). • Number (#) or (%) of customers transacting (£) digitally due to technology. <p>Green buildings</p> <ul style="list-style-type: none"> • Number (#) of new buildings financed achieving EPC A or B. • Avoided CO2 emissions (tCO2e).



Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>Clean transport</p> <ul style="list-style-type: none"> • Number (#) of low emission vehicles versus the fleet (%). • Number (#) of EV charging points installed. • Installation of cycle paths (#) and supporting infrastructure such as racks (#). <p>Energy efficiency</p> <ul style="list-style-type: none"> • An uplift in EPC rating by at least two EPC bands or at least a 30% improvement in energy efficiency. • An uplift in EPC rating by a single EPC band (<i>applicable for properties with an EPC rating of D or higher</i>). • Avoided CO2 emissions (tCO2e). • Number (#) of LED lighting fixtures with lumen/watt (Lm/W). <p>DNV can confirm Bromford's intent to provide information on the impact and data reporting methodologies applied by the Issuer. In addition, Bromford's approach to impact reporting may be updated over time to align with emerging reporting standards and methodologies.</p>