



Sustainable Finance *Framework*



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Foreword

Peabody was founded in 1862 by the American philanthropist, George Peabody. His vision was to ‘ameliorate the condition of the poor’ and promote their ‘comfort and happiness’ by providing good quality, affordable homes to people on low incomes in London.

Today, our mission remains the same.

We’re a not-for-profit housing association dedicated to helping people make the most of their lives. We do this by building and maintaining great homes and places and investing in our communities for the long term. We’ve been at the forefront of sustainability reporting within the sector since we helped set up the Sustainability Reporting Standard for Social Housing (SRS) in 2020, and we’re continually assessing the scope and quality of our data so we can improve both our reporting and performance.

We’ve now published three ESG reports under the SRS, detailing our performance against all 48 metrics, and we’ve secured the RITTERWALD Certified Sustainable Housing label for three years in a row. We’re embedding sustainability into our operations as well as our reporting, and we’re committed to extending this into the future.

We currently have five sustainability-linked loans that provide interest cost savings tied to achieving social and environmental objectives. These include improving the energy efficiency of residents’ homes year-on-year, increasing the number of electric charging points, increasing the diversity of our senior leadership team, and maximising residents’ income.

Building on this work and our initial Sustainable Finance Framework published in 2022, this document sets out our priorities and approach to becoming a sustainable organisation. It also lays out how we’ll allocate funds to deliver on our strategic priorities of getting the basics right, being all about people (residents and colleagues), and creating a sustainable Peabody, over the short, medium and long-term. You can read more on our [website](#) and later in this framework.

Sustainability is important to us. We’re ambitious about how we can improve across a broad range of areas and want to work with partners and investors who share that ambition, as well as our values. We believe that this updated Sustainability Finance Framework will help us build on what we’ve already done and help us continue to create sustainable homes and communities now and into the future.

Ian McDermott
CEO

1.1

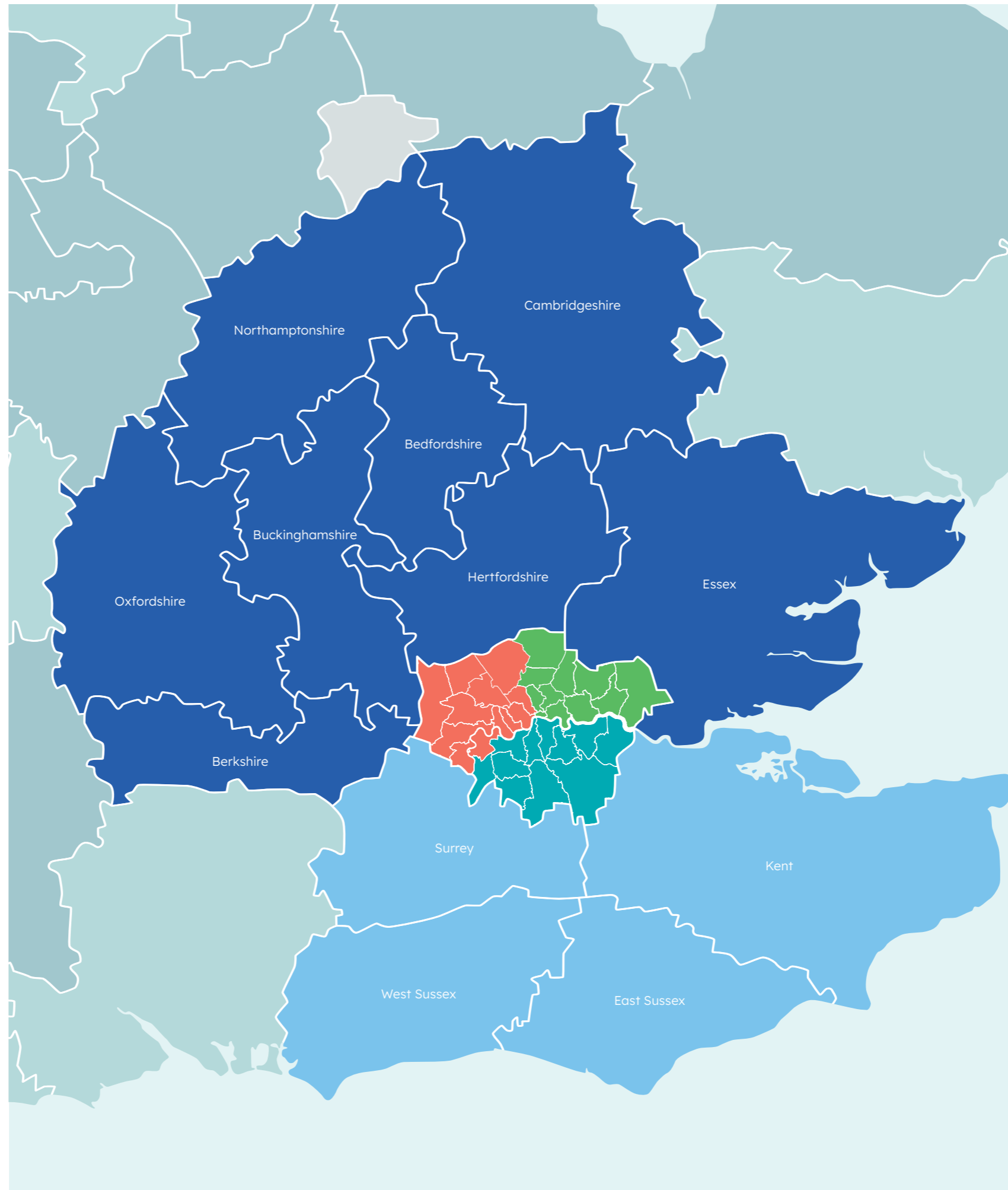
Introduction

Formed over 160 years ago, Peabody is one of the UK's oldest housing associations. We are also one of the largest, with responsibility for over 108,000 homes across London and the Home Counties. Our aim is to put residents at the centre of everything we do so we can provide the homes, support and services they need.

We do this through our regional structure. We have locally focused teams in each of our 140 neighbourhoods spread across five regions. This helps us to get closer to residents. We work closely in partnership with residents, councils, local government and other organisations to foster economic inclusion, tackle inequality and poverty and embed wellbeing. This includes providing things like energy advice services, food pantry networks, educational courses and apprenticeships, as well as support for small businesses and entrepreneurs. We also deliver quality care and support services to older people and those with additional needs.

We're experts in placemaking and regeneration, delivering sustainable and inclusive growth for local areas by providing new affordable homes and a long-term joined-up approach to management. We prioritise investment in maintaining residents' homes, as well as refurbishing thousands of homes to make them more energy efficient. And we're doing what we can to build new affordable homes to help alleviate the housing crisis.

As a not-for-profit community benefit society, registered with the Regulator of Social Housing, we're committed to providing good quality social homes and comfort and happiness for residents. We reinvest our profits into services and providing homes, and make decisions today for a better tomorrow.



23,916
North East London

26,465
North West London

23,653
South London

20,877
North Counties

13,912*
South Counties

*13,654 of these homes are part of Town & Country Housing (TCH).

1.2

The housing challenge



Demand for genuinely affordable housing in London and the surrounding areas has never been greater. The acute shortage represents a threat to the continuing prosperity of the capital and is putting a strain on the NHS and other public services by affecting the health and wellbeing of the population.

We are ready to deliver the new homes that are desperately needed. But rising costs, high interest rates, a shortage of qualified workers, and the need to prioritise investment in maintaining residents' homes, means that the supply of new homes is falling dramatically. In England, there are now 1.4 million fewer households in social housing than there were in 1980, with one in 50 Londoners and one in 23 children, equivalent to almost one in every classroom, homeless and living in temporary accommodation.¹

According to research by Homes for All, a national coalition of housing sector organisations and experts, England needs a minimum of 300,000 additional homes per year to keep up with demand.² But during the four years to 2022, only 842,980 homes were completed. More public investment for social housing to complement our own, would help us fund more social rent homes and begin to tackle the crisis – lifting people out of poverty, boosting health and wellbeing, creating jobs and driving sustainable economic growth across the country.

We have plans to build new homes and help regenerate local areas, but for every affordable home we build we take on around £220,000 of additional debt after grant and cross-subsidy is factored in. This is an imbalance which shows the limits not just of cross subsidy, but of the whole funding model for social housing in England.

An additional complication is the shortage of skilled labour needed to build these much-needed new homes and refurbish residents' homes to the required standards. Over the next five years, London's major housing associations will need an additional 10,000 workers each year to achieve their maintenance and repair goals and to support planned new build investments.³ This is equal to about 10 percent of the overall construction workforce in the capital.

While genuinely affordable rented housing is essential for people on the lowest incomes and is desperately needed to help tackle the supply crisis, it's also an essential part of London's social and economic infrastructure. We are committed to providing more mixed tenure affordable homes for people on lower and middle incomes. And we look forward to working with the new government, local councils and other partners to make this happen.

¹ [Loss of social housing - Shelter England](#)

² [web_Homes-for-All_A-Vision-for-Englands-Housing-System.pdf \(homesforall.org.uk\)](#)

³ [LONDON HOMES COALITION](#)

1.3

Group *strategy*

Our purpose is to help people flourish. We do this by providing affordable homes and the support and advice people need to help themselves in their own community.

Following the merger of Peabody and Catalyst, we are a larger organisation, but our focus is still on residents, listening to what they're telling us and providing good quality homes, local support and

services. We're working hard to transform our organisation and put those living in our 140 neighbourhoods at the centre of every decision we make. And we're combining local knowledge, relationships and insight with the advantages of scale, resources and influence to deliver the very best for residents.

To make these things happen, we have three strategic priorities:

Getting the basics right



We're local, visible and deliver consistently good services, developed together with residents. We invest in residents' homes and prioritise our repairs service. We provide simple and easy access to our services through a choice of channels.



To do this, we:

- Prioritise existing homes, making sure they're dry and warm, and that residents feel safe in their community.
- Communicate with residents clearly and always treat them with fairness and respect.
- Have a timely, effective and efficient repairs service that's easy for residents to use.
- Use data to help us understand where improvements are needed.
- Adopt a local approach so we can make the right decision for the right neighbourhood and build strong relationships with local partners.

All about people



We're an inclusive organisation and we celebrate diversity amongst residents and colleagues. Residents shape our services, and we focus on what they tell us matters the most.



To do this, we:

- Make sure that residents' voices are heard at all levels of the organisation.
- Work with residents to design services and support that meet their needs.
- Ensure complaints are addressed promptly, fairly and effectively.
- Gather data to help scrutinise and improve upon our performance.
- Support and promote equality, diversity and inclusion amongst residents and colleagues.
- Create a sense of belonging and a culture of doing the right thing.

Sustainable Peabody



We're focused on sustainability and consider how decisions we make today affect future generations. We invest in sustainable solutions for our communities, spaces and homes that benefit people and the planet.



To do this, we:

- Work to tackle climate change by reducing our carbon footprint, improving energy efficiency and trialling new technologies.
- Build sustainable places and communities.
- Work with residents and stakeholders to understand the needs of local communities.
- Develop safe, sustainable and good quality affordable new homes that meet the needs of local people.
- Use data to support and prioritise repairs and maintenance work.

1.4

Sustainability at Peabody

Sustainability is at the heart of what we do. We're passionate about residents, their homes and their communities, and we know that the impact we have socially, environmentally and economically matters. That's why creating a sustainable Peabody is one of our key priorities.

For us, sustainability isn't just about the environment. It's about everything we do, from how we source supplies and build residents' homes, to how we manage our money and provide services to residents. It's about how we create an organisation that's fit for the future. And by being sustainable, we're not only helping tackle climate change, but we're also helping residents save money and combat fuel poverty, as well as boosting the economy and creating jobs.

According to the Climate Change Committee, buildings are now the second largest contributor to the UK's emissions. As the owner of more than 108,000 homes, we know we need to act now if we're to reach our goal of being net zero by 2050. We estimate we need to spend over £1bn to get to where we want to be and are working closely with residents, colleagues, partners and other housing associations to make sure we're ready for the future.

Our sustainability strategy is overseen by the Director of Sustainability, who reports to the Executive Director of Sustainable Places. This ensures that sustainability initiatives are integrated across the whole organisation and that the associated risks and opportunities are incorporated into the Group's long-term strategy. We regularly monitor progress against KPIs and report to the Group Board and other relevant committees. This structured approach to governing sustainability ensures we're well placed to meet our objectives, while effectively managing associated risks.



Our environmental strategy has five broad objectives:

- ✓ To be net zero carbon within our day-to-day operations by 2030
- ✓ To reach a minimum EPC C rating for all our rented homes by 2030 (where practicable)
- ✓ To be net zero carbon within our rented housing by 2050
- ✓ To build green, healthy and sustainable places where residents and nature can thrive together
- ✓ To provide value-for-money for the organisation and our residents

We've identified eight themes to help guide what we do between now and the end of 2026:



Create greener homes and sustainable places



Make space for nature



Engage colleagues to create a sustainable business



Make use of new technology and innovation



Involve residents at every stage



Keep track of progress with regular reporting, measurement and governance



Ensure sustainable solutions are fair, equitable, accessible and affordable for all residents



Ensure value for money

1.5.1

Our environmental *impact*

Energy efficiency

Increasing the energy efficiency of residents' homes is essential if we're to reach our net zero goals. As of the end of March 2024, 78.6 percent of Peabody homes were rated EPC C or above, with an average SAP rating of 73.94, an improvement on last year.

We're continually working to improve this further. All new homes are built to at least EPC B standard, that's a minimum SAP rating of 81 and the average for last year exceeded this target at 85.21. We're focusing on improving insulation, and upgrading roofs and windows. We're replacing boilers with more efficient models, putting in new kitchens and bathrooms, as well as installing solar panels where possible. We're also looking to improve the efficiency of our heat networks and exploring new low-carbon technologies.

Carbon footprint

Decarbonisation represents an opportunity for us to not only reduce our carbon footprint, but also to re-evaluate our business processes to increase efficiency. Our latest carbon figures for the year to the end of March 2024, show our carbon footprint (scopes 1, 2 and 3) increased by 3.6 percent. Much of this increase can be attributed to the work we're doing to maintain and improve residents' homes. During the year we spent £371m on routine maintenance, fire safety upgrades and energy efficiency improvements as part of a wider plan to spend £2bn on residents' homes over five years. We've also improved the way we gather data and included some extra homes that are part of Town & Country Housing.

The carbon intensity ratio per home for the year was 2.12, down 1.3 percent from the prior year. This calculation is based on the emissions we have more control over, such as the energy we buy like gas, vehicle fuel and electricity and is divided by the number of homes. It helps provide context to the total emissions figure by relating it to a tangible unit such as a home.

Reducing our emissions further is a key priority and we'll continue to work hard in this area.



We've improved the energy efficiency of 56 homes to EPC C using the funding from wave one of the Social Housing Decarbonisation Fund (SHDF). And we've started to invest the £25m that we secured from the second wave to improve thousands more homes. We are now working towards the third wave. We've installed more EV charging points across 31 of our existing estates. And we've continued to grow our renewable energy output and increased the number of solar panels we've installed to more than 15,000.

Biodiversity and sustainable places

By focusing on creating sustainable places, we're seeking to improve biodiversity, regenerating local ecosystems and increasing residents' access to green spaces. We're also helping create sustainable places they want to live in. We continue to carefully manage the 1,200 hectares of open space we own. This includes more than 55,000 trees, grazing marshes, canals, lakes, woodlands and 14 sites of nature conservation interest. We're undertaking biodiversity pilot projects, have a biodiversity working group and are delivering on the [Living in the Landscape](#) strategy at Thamesmead, our long-term plan for everyone to make the most of Thamesmead's green spaces and waterways.

We've planted more than 600 trees and 10,000 bulbs across Thamesmead in the year to the end of March 2024 and created thousands of square metres of new wetlands, floating islands and meadows to improve the biodiversity of the area. We also saved nearly 300 tonnes of Co2 by utilising old granite and kerb stone debris at the Thames riverbank works.

Elsewhere, in Dagenham in East London, we're working to transform the site of Ford's iconic stamping plant factory into a dynamic new neighbourhood. Spanning multiple phases, the project aims to deliver 3,500 new homes, of which 1,640 are set to be affordable homes for local residents. It will have new local amenities and 10 acres of parks and play spaces.

Looking ahead all new developments will improve the quality or quantity of the surrounding natural habitat by at least 10 percent in line with new planning regulations, and we'll put in plans to manage that habitat for 30 years.

All of these measures align with our 30-year Sustainability Strategy and set us on our path to becoming net zero carbon in our day-to-day business by 2030, and in our rented properties by 2050. To achieve net zero carbon, we'll target an average rating of EPC B across our rented housing stock by 2050 and offset residual emissions.



1.5.2

Our social impact



Our aim is to build, grow and support communities that are strong and resilient so that residents learn to use and adapt their own skills so they can flourish. The Peabody Community Foundation plays a critical role in this, investing £10m in the year to the end of March 2024 to support residents and the communities in which they live.

Affordable housing

We provide social rented homes for those that need them most, offering rents at rates significantly below market levels. Our annual subsidy of rents compared to the market level was £721m in the year to the end of March 2024.

Resident and community support

We know that many people are struggling with the high cost-of-living. Our latest Peabody Index (December 2023) showed that nearly half of those questioned have cut back on heating to save money, and over a quarter have gone without food because they couldn't afford it. Our Financial and Economic Inclusion teams offer a wide range of services and support to help residents and those in our communities who are struggling.

This includes:

- Referrals to Pocket Power and LEAP (Local Energy Advice Partnership) to help residents save money and boost their income.
- Educational and career advice, including through our partnership with YouthBuild UK, who've helped hundreds of young people gain new qualifications and skills in construction.
- Tackling food poverty with the creation of food pantries and community kitchens across the capital.
- Community spaces and support to set up much-needed local activities.
- The London Food Insecurity Network, a group of charities, housing associations and large food retailers, aiming to alleviate food poverty and reduce food waste in the capital.

Social value in our supply chain

In 2023, we implemented a 20 percent social value weighting requiring all suppliers to demonstrate clear social and economic benefits to residents and communities, as well as delivering quality and value for money. In its first full year, the programme generated more than £12m of social value. This included things such as suppliers taking on apprentices, financing a hardship fund or supporting careers events for young people.

1.6

Case study

Helping ease the housing crisis and reduce our impact with a new standard of sustainable building

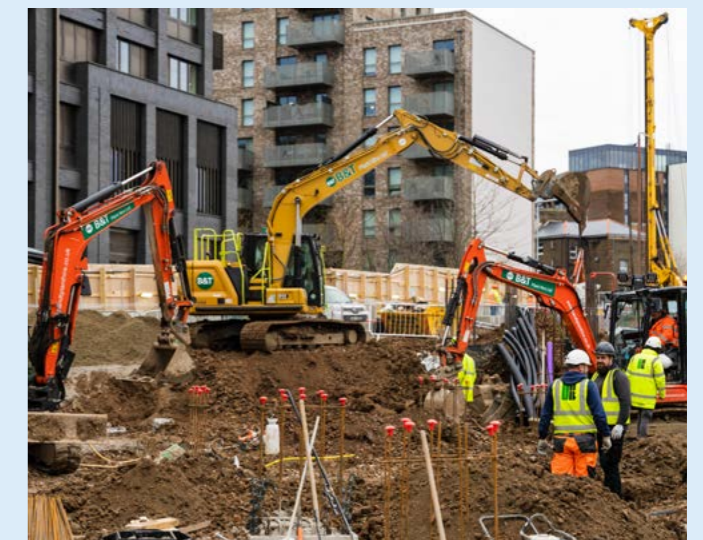


The housing supply and sustainability crises are coming together to challenge the social housing sector from two different angles. And we're seeking to address both of these, with plans to build 189 affordable low-energy homes at Deptford Landings in South East London.

Designed by architects, Allford Hall Monaghan Morris (AHMM), with Max Fordham engineers and a high-calibre design team, each home will benefit from a private balcony. The development will be made up of one, two and three-bedroom homes. They will be part of a larger regeneration for Deptford Landings, which will eventually see the creation of a brand-new community with more than 1,000 new homes, retail and workspaces to support local businesses along with new landscaping, a park and other outdoor public areas.

The homes, which will be built by the Higgins Partnership, will meet what's known as the Passivhaus performance standard - a level widely considered by the construction industry as the one to aim for to reduce a building's running costs and the amount of energy it uses. The energy needed to heat and cool Passivhaus buildings can be as much as 90 percent lower than that of regular buildings, and more than 75 percent lower than typical new ones.

The fully affordable scheme will be one of the largest single-phase Passivhaus projects in the UK. It will include social rent and shared ownership homes, moving local people off the council's housing waiting list and helping the environment at the same time. There will be three eight-storey buildings, two of which will have large roof terraces and a central landscaped courtyard.



1.7 Corporate governance

Our activities take place within robust governance arrangements which are fit-for purpose and ensure we have strong control. We will seek to maintain fully compliant regulatory ratings to continue to inspire business confidence and trust while we grow in a sustained way.

The Peabody Trust Board ('the Board') is responsible for the effective governance of the Peabody Group and has ensured that the governance framework of the Group

continues to evolve and reflect the changing external and internal economic, risk and regulatory environments. The Board has 12 non-executive members and one executive director. The gender split of the Board is 62 percent male and 38 percent female.

Our day-to-day management team is made up of eight executives, including our CEO. A quarter of the team is female.

1.8 Sustainability Reporting Standards

The Sustainability Reporting Standard for Social Housing (SRS) brings consensus on how to measure and report on ESG performance in the social housing sector. The reporting standard is based on 48 ESG criteria, split across 12 themes.

These are:

- Affordability and security.
- Building safety and quality.
- Resident voice.
- Resident support.
- Placemaking.
- Climate change.
- Ecology.
- Resources management.
- Structure and governance.
- Board and trustees.
- Staff wellbeing.
- Supply chain management.

The individual criteria are aligned with international ESG frameworks and standards, including the Sustainable Development Goals (SDGs), the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), and the International Capital Market Association (ICMA).

We have now published three reports under the SRS, having been an early adopter of the standard. We've continued to develop our reporting to build some of the metrics into our monthly and annual reporting cycle, as well as improving ESG reporting generally across the organisation.



1.9 Certified Sustainable Housing Label

To benchmark ourselves against the market and the housing sector generally, our activities and reporting processes and procedures were independently assessed by RITTERWALD, an external pan-European consultancy. RITTERWALD evaluates a housing provider against a comprehensive catalogue of more than 40 individual criteria, and awards the Certified Sustainable Housing Label (CSHL) to housing providers that meet their required thresholds.

We've secured the CSHL for three consecutive years, achieving frontrunner status for each of the last two years on social and governance reporting, the highest rating available. This recognition demonstrates our commitment to sustainability performance with reference to other leading social and affordable housing providers in Europe.

1.10 Rationale for framework

This Sustainability Finance Framework sets out how the proceeds issued will be used to support projects which positively contribute to our vision of helping solve the housing crisis in London and the South East of England and helping those living in our communities to flourish.

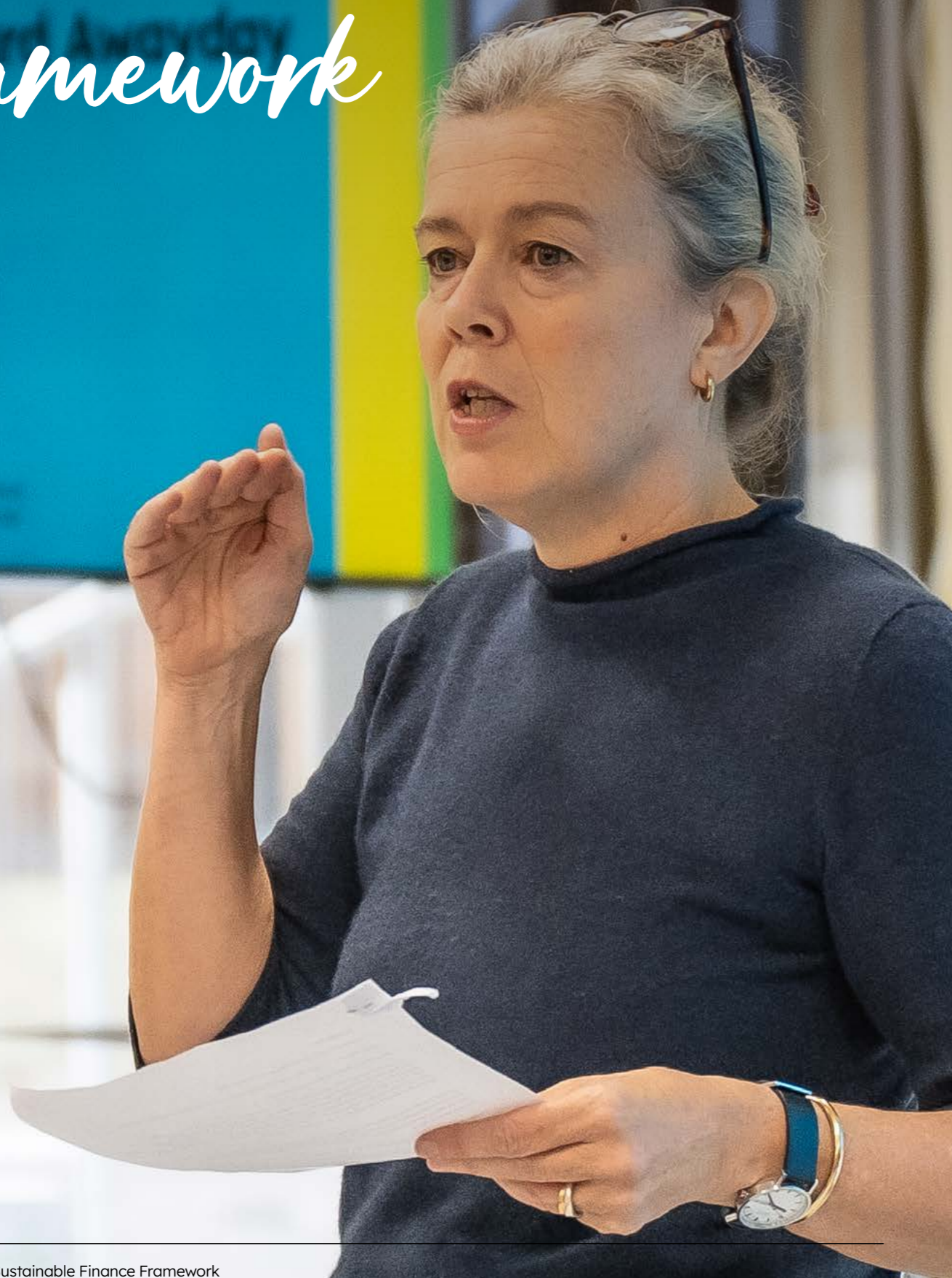
In 2022, we issued £350m of sustainability bonds which enabled us to build new homes, improve the energy efficiency of existing homes, reduce carbon emissions from our operations and invest in our communities through the work of our foundation.

We've updated the framework we published in January 2022 to take account of the latest market standards in sustainability reporting and our own improvements. We've included updates on our latest corporate strategy, which focuses on maintaining, improving, and further increasing the energy efficiency of residents' homes, and building new homes where we can. We're also providing the support and services residents need.

To be able to reach our targets, we need to partner with organisations and attract investors who share our values and are passionate about alleviating poverty and providing safe, sustainable and thriving communities for today and into the future.



2.0 Sustainable Finance Framework



This Sustainable Finance Framework (SFF) has been drafted in alignment with the following internationally recognised principles: ICMA Social Bond Principles 2023 (SBP), ICMA Green Bond Principles 2021 including 2022 Appendix (GBP), ICMA Sustainability Bond Guidelines 2021 (SBG), LMA Green Loan Principles 2023 (GLP) and LMA Social Loan Principles 2023 (SLP).

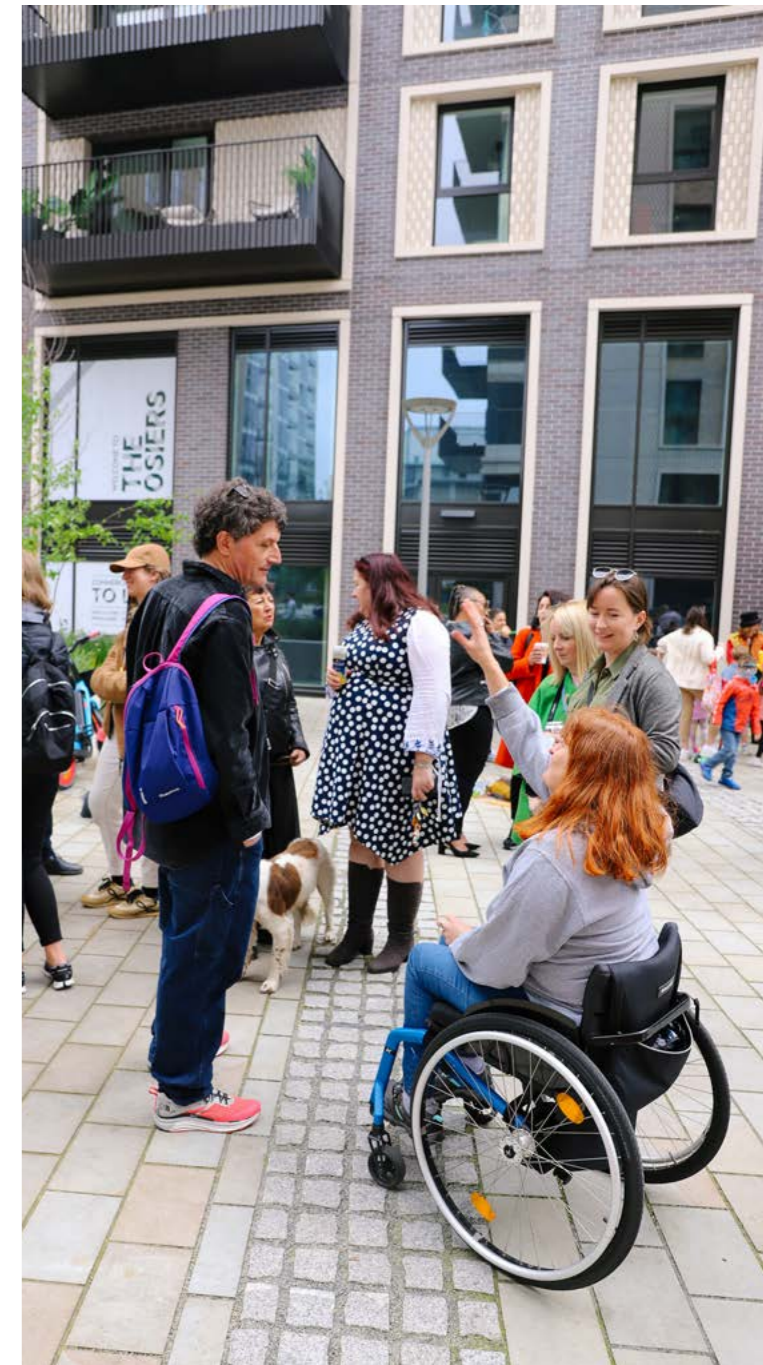
The use of proceeds have also been mapped to the relevant Sustainability Reporting Standard for Social Housing (SRS) criteria, UN Sustainable Development Goals (UN SDGs) as well as to the EU Environmental Objectives.

Under this SFF, we can issue a broad range of sustainable debt instruments such as private placements, loans, and bonds, funding a mixture of green and social projects.

This SFF has five core components:

- i. Use of proceeds.
- ii. Process for project evaluation and selection.
- iii. Management of proceeds.
- iv. Reporting.
- v. External review.

This framework may be updated to ensure continual alignment with market best practices, emerging standards and classification systems. Peabody continues to monitor developments in relation to the UK Green Taxonomy and may update or revise this framework to recognise relevant environmentally sustainable economic activities, including eligibility criteria, as applicable. In case of material updates to the framework, Peabody will seek an updated Second Party Opinion (SPO).



2.1 Use of proceeds

Amounts equivalent to the net proceeds raised under this SFF will be used to finance and/or refinance in whole or in part, new or existing Eligible Projects in the below categories, subject to ICMA/LMA principles.

Dependent on the nature of the project, the investment in the Eligible Projects can be measured through asset value (refinancing existing assets), capital expenditure (Capex) or operating expenditure (Opex)- measured at cost. Where Peabody is a joint investor and owns part of an asset, the value will be allocated on a pro-rata basis. For capital or operating expenditures, a look-back period of up to 24 months prior to the time of financing will be applied. We expect to allocate an amount equivalent to the net proceeds raised under this SFF to Eligible Projects within 24 months of financing.



The table below outlines the possible green and social categories and the mapping against the relevant SDGs:

ICMA & LMA eligible green project category	Project description and eligibility criteria	Financial line item	SRS alignment*	EU environmental objective mapping	Alignment with Peabody's Sustainability Strategy objectives	Alignment with UN SDGs
Green buildings	Construction of new green buildings in the UK (EPC B [or above])	Capex	Climate change	Climate mitigation	To be net zero carbon within our rented housing by 2050	7.3
	Refinancing of existing green buildings in the UK (EPC B or above)	Capex Asset value				7
Energy efficiency	Renovation of existing homes that improve unit EPC ratings by two notches (to minimum EPC C or above) or improve energy efficiency by at least 30%	Capex	Climate change	Climate mitigation	To reach a minimum EPC C rating for all our rented homes by 2030 (where practicable)	7.3
		Opex				7
Renewable energy	Projects aimed at integrating renewables into the energy system for buildings, e.g. installing solar panels and air source heat pumps, including investigative work to decarbonise 5,693 homes (3,671 existing homes and 2,022 new homes) through energy from waste or ground source heat pumps at a cost of about £120m	Capex	Climate change	Climate mitigation	Create greener homes and sustainable places	7.2
Clean transportation	Installation of electric vehicle (EV) charging points Purchase/leasing of low and zero emission vehicles ⁵	Capex	Climate change	Climate mitigation	To be net zero carbon within our day-to-day operations by 2030 To be net zero carbon within our rented housing by 2050	11.2
		Opex				13.2
Terrestrial and aquatic biodiversity	Projects aimed at promoting biodiversity net gain such as tree planting, effective management of grounds, habitats and trees on estates, and creation and management of new green spaces and habitats	Capex	Ecology	Biodiversity	To build green, healthy and sustainable places where residents and nature can thrive together	15.a
		Opex				11.7

4 <https://sustainabilityforhousing.org.uk/latest-srs-criteria/>

5. Aligned to EU Taxonomy definition of low emission vehicle as one that produces less than 50g of CO2 for every kilometre travelled. Peabody will seek to remain aligned to the effective threshold as determined by the EU Taxonomy.

ICMA & LMA eligible social project category	Project description and eligibility criteria	Financial line item	Target population	SRS alignment	Alignment with Peabody's Sustainability Strategy objectives	Alignment with UN SDGs
Affordable housing	Construction of new social and affordable housing in the UK, as per the UK government's regulatory definition ⁵	Capex	People in housing need on the housing register for affordable or social homes who are unable to rent or purchase properties on the open market in their local area, as determined by the local housing authority	Affordability and security	Tackling inequality	1.4
	Re-financing of existing social and affordable housing in the UK	Capex Asset value				11.1
Access to essential services	Support residents and community partners to deliver children's activities, sporting programmes, health and wellbeing sessions as well as clubs for young people	Opex	Tenants with a lack of quality access to essential services, including high quality outdoor spaces that enable residents to enjoy the open spaces in their neighbourhood	Resident support	Embedding wellbeing	3.4 11.7
Employment generation	Employment generation, and programmes designed to prevent and/ or alleviate unemployment	Opex	People who are unemployed within the communities we operate in	Resident support	Working in partnership	8.6
Affordable basic infrastructure and services	Expenditure to create additional community spaces and play areas close to the homes, creating areas for recreational activity which contribute towards basic and positive mental health of housing residents	Capex Opex	Low-income households	Resident support	Embedding wellbeing	3.4



5. Costs that are 80% of the standard market price for the area as per the National Planning Policy Framework.

2.2 Process for project evaluation and selection

The Eligible Projects described in this SFF provide clear environmental and social benefits. They comply with the applicable environmental and social laws and regulations, as well our internal policies and standards, which aim to manage and mitigate ethical, environmental and governance risks. These policies and standards include bribery and corruption, conflicts of interest, data protection, fraud, and modern slavery among others, as well as a risk management framework and the code of conduct.

Overall accountability for the SFF lies with the Finance and Treasury Committee (FTC). The FTC is a cross divisional committee, which meets at least four times a year. It's comprised of four non-executive members who have a wide range of backgrounds and experience in treasury, finance, risk management, and regulatory roles, including in social housing.

Their role on the Committee is to:

- Exercise delegated authority in relation to certain finance and treasury activities.
- Provide scrutiny and support concerning Peabody Group's treasury management policy and treasury strategy.
- Monitor the financial performance, viability, efficiency and stability of the Peabody Group.

If appropriate, the FTC will delegate to a sub-committee or senior staff with the necessary authority to oversee a project.

As part of its role in overseeing the SFF, our FTC will:

- Approve the addition of Eligible Projects/expenditures.
- Oversee the Eligible Project portfolio, confirming its continued compliance with the SFF.
- Review the content of our SFF at least on an annual basis and update it to reflect changes in market standards (such as relevant ICMA and LMA principles, UK Taxonomy) and the organisation's strategy.
- Exclude projects or investments that no longer comply with the eligibility criteria or have been disposed of and replace them on a best-efforts basis.
- Facilitate the allocation and impact report provision under the SFF.

All projects submitted for approval will identify and quantify the expected outputs and outcomes, in line with the use of proceeds table in this SFF. The FTC is also responsible for wider sustainability matters, including:

- Oversight of any social and environmental risks associated with Eligible Projects.
- Continued alignment of project categories with appropriate national and international sustainability taxonomies and legislation, reviewing any impact on our strategy.
- Development of mitigants to possible negative social and/or environmental impacts of Eligible Projects, where relevant.

2.3 Management of proceeds

We commit to tracking the receipt and use of proceeds raised under this SFF using internal reporting systems. The FTC will take primary responsibility for this. The internal tracking system used to allocate the proceeds, from any sustainable financing transaction(s), will be assessed by an external auditor in line the ICMA guidance. We will maintain a register of Eligible Projects and the allocation of proceeds to those Eligible Projects, with our Finance team leading the distribution of funds and the reporting. The Finance team will assess the management of proceeds every quarter. Where any Eligible Project is no longer eligible or has been disposed of, Peabody will use its best efforts to find a substitute as soon as practicable once an appropriate substitute has been identified.

In alignment with the ICMA/LMA principles, our Board will ensure that at all times, financed Eligible Projects exceed the net proceeds raised under this SFF for as long as the financing remains in place.

We expect funds to have been allocated within 24 months of raising finance under this SFF.

Unallocated proceeds issued under the SFF will be held as cash deposits or in sterling denominated money market funds in line with our treasury management policy. We will endeavour to use sustainable liquidity investments where possible and we continue to discuss potential ESG-aligned products with our banks. Alternatively, we are permitted to use any unallocated funds for short-term repayment of other debt facilities before allocation to Eligible Projects.

2.4 Reporting

We will report publicly on the allocation of net proceeds, and where feasible, report on the impact of the projects within 12 months of any sustainable finance instrument being issued. This will be reviewed annually until all the proceeds have been allocated.

2.4.1 Allocation reporting

Allocation reporting will include:

- The type of financing instruments used and respective outstanding amounts.
- Total amount of proceeds allocated to Eligible Projects, by category for small projects (with examples for context) or by project for large projects.
- The amount and/or percentage of new and existing projects (share of financing and refinancing) and financial line item (share of Capex, Opex and asset value).
- Any further information on how unallocated proceeds have been held.

[This information will be provided on our website and will be reviewed by an independent third party \(see section 2.5\).](#)



2.4.2 Impact reporting

Peabody will share the progress and positive impact delivered by the framework in its impact reporting. The report will include:

- Impact metrics (KPIs), split by eligible project category with indicative impact indicators outlined in the table below.
- Detailed calculation methodology and key assumptions used.
- Description of Eligible Projects or example case studies.

For instruments aligned to the Green and Social Bond Principles, Peabody intends to align the reporting with the portfolio approach described in the ICMA Harmonised Framework for Impact Reporting on a best-efforts basis.



ICMA category	Use of proceeds	Indicative impact metrics
Affordable housing	Construction of new social and affordable housing in the UK	Number of units constructed by tenure
	Re-financing of existing social and affordable housing in the UK	Existing number of affordable properties by category and average rents charged relative to private sector rents
Access to essential services	Support residents and community partners to deliver children's activities, sporting programmes, health and wellbeing sessions, as well as clubs for young people	Number of attendees across all programmes
Employment generation	Employment generation, and programmes designed to prevent and/or alleviate unemployment	Number of people provided with employment
		Number of programmes delivered
Affordable basic infrastructure and services	Expenditure to create additional community spaces and play areas close to homes, creating areas for recreational activity which contribute towards basic and positive mental health of housing residents	Number of households with access to community space
		Number of households with access to play areas
Green buildings	Construction of new green buildings in the UK (EPC B or above)	% of new homes with an EPC rating of A or B
	Re-financing of existing green buildings in the UK (EPC B or above)	Number of existing homes with an EPC rating of A or B
	Renovation of existing homes that improve unit EPC ratings by two notches	Number of existing home renovations that improved the EPC rating by two notches
Energy efficiency	Renovation of existing homes that improve unit EPC ratings by two notches (to minimum EPC C or above)	Number of existing home renovations that improved the EPC rating by two notches (to a minimum of EPC C or above)
Renewable energy	Projects aimed at integrating renewables into the energy system for buildings or improving the energy efficiency of the building	CO2 emissions saved in tCO ₂ e
Clean transportation	Installation of electric vehicle (EV) charging points	Number of EV charging points installed
		Number and proportion (%) of new homes within 1km walking distance of public transport (e.g. bus stop or railway station)
	Purchase/leasing of low and zero emission vehicles	Number and proportion (%) of fleet made up of low and zero emission vehicles
		% reduction in fleet carbon emissions
Terrestrial and aquatic biodiversity	Projects aimed at promoting biodiversity net gain, such as tree planting, effective management of grounds, habitats and trees at estates, and creation of new green spaces and habitats	Proportion of developments completed in the past year where the company achieved a biodiversity net gain of 10%
		Proportion of developments completed in the past year where the company achieved a biodiversity net gain of >10%
		Number of trees planted



2.5 External review

2.5.1 Second Party Opinion

- We have appointed DNV Business Assurance Services UK Limited to provide a Second Party Opinion (SPO) to confirm that this SFF aligns with the internationally recognised principles outlined in section 2.1.
- DNV have reviewed this SFF and their SPO can be seen on our website.

2.5.2 External verification

- External verification of the tracking of the proceeds will be provided by an appointed qualified external party, that will review and provide an opinion on all allocation reports issued in line with section 2.5.
- The review is included in the [Annual Report](#) which can be found on our website.

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