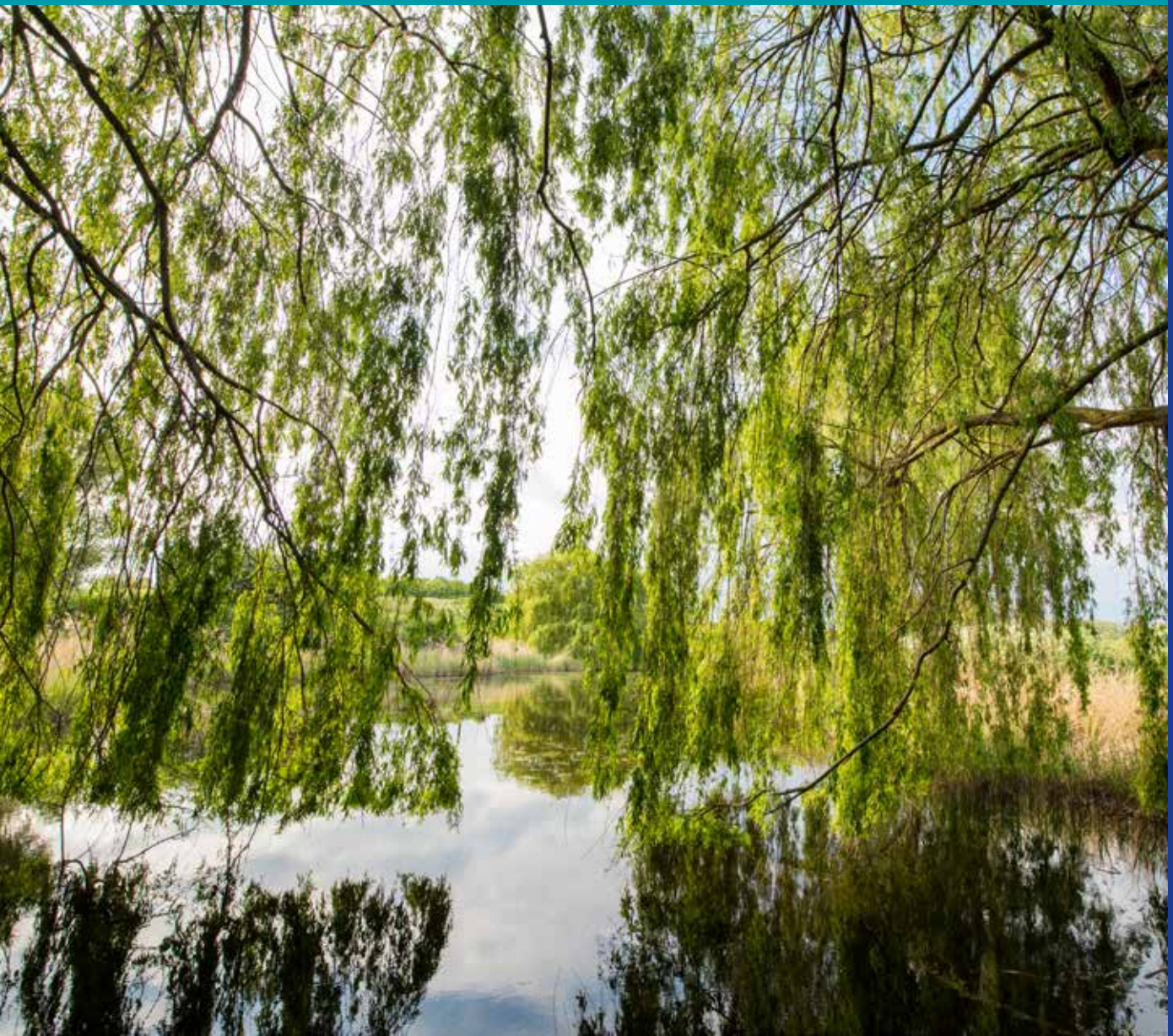




Sustainable bond impact report *2023*



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Introduction

Our purpose is to help people flourish. We aim to do this by providing great homes and services, by making a positive difference in the communities we serve and by providing an inclusive and diverse place to work.

We are one of the oldest not-for-profit housing associations in the UK. Following our merger with Catalyst, we manage over 104,000 homes and with around 220,000 residents across London and the Home Counties. We also provide care and support services for around 20,000 customers.

Working with local councils, partners and community stakeholders, we promote economic inclusion, tackle inequality and poverty, and prioritise wellbeing, and are committed to building much-needed affordable homes. Our rents were £679m lower than the market in 2021/22. With an average rent of £122 per week in London and the south-east, we offer significant value for residents and communities.

Introduction

In 2022, we issued £350million of sustainability bonds under our Sustainable Finance Framework. This Sustainability Bond Impact report sets out the work we have done to achieve the following objectives as a result of raising these funds:

- Providing affordable homes for those who need them most
- Improving the energy efficiency of our homes
- Reducing carbon emissions from our operations
- Investing in our communities through the work of our foundation

We have been at the forefront of sustainability reporting in the housing sector, playing a key role in establishing the Sustainability Reporting Standard for Social Housing in 2020 alongside other housing and service providers, and leading organisations.

In 2022 we published our second Environmental, Social and Governance (ESG) report, detailing our performance against its 48 metrics which demonstrates our commitment to sustainability and embedding its principles across the organisation. It also shows the positive impact we are making in our communities and sets the benchmark for improvement across the Group.

Our sustainability approach has been reaccredited by RITTERWALD through its Certified Sustainable Housing Label which helps provide quality assurance of our sustainability performance and our performance against environmental, social and governance metrics.

We continue to invest in communities, working with local partners and organisations to deliver programmes and initiatives tailored to local needs. We are also investing in our existing homes and getting closer to residents through a locally focused approach to service delivery. This will see more locally based teams alongside better use of data and technology across our operations.

This report sets out how we are allocating funds from our £350m Sustainable Bond issue in 2022 to achieve our strategic objectives. We will continue to work with partners and investors who share our values and are passionate about providing safe, sustainable and thriving communities for today, tomorrow and for future generations.

Eamonn Hughes
Chief Financial Officer



Creating a sustainable future

As a leading housing association, we recognise the positive impact we can have in our communities, making them sustainable for the future. ESG is fundamental to the work that we do, and this includes helping mitigate the causes of climate change for our residents, communities and the environment. In our existing Sustainability Strategy, we have set out our ambition to be net zero carbon in our new and existing homes by 2050 and in our day-to-day business activities by 2030.

We aim to put our residents first. Going forward, we are adopting a localised approach in the way that we deliver services and activities in our communities. This will mean that our residents will be at the heart of everything that we do, with easy access to our responsive repairs service. We will also be increasing co-design and collaboration with residents, increasing their influence and involvement across all our work.



Sustainable Finance Framework

Our Sustainable Finance Framework sets out a range of ESG credentials and information about how our borrowing is and will continue to be used to create an impact, in the long and short term. Our approach to sustainability at Peabody helps ensure we incur expenditure in line with the Sustainable Finance framework, including the following areas of work:

- Renovating and retrofitting existing homes to improve EPC ratings and energy efficiency, and projects to protect as many people as possible from fuel poverty and high heating bills
- Boosting access to electric charging points in Peabody neighbourhoods for both residents and employees. Our aim is to make all our vehicles electric by 2030

- Placemaking and projects to improve green spaces and public realm, helping to make a positive difference to health and wellbeing
- Continuing to build genuinely affordable homes for people in need
- Projects to support residents and community partners deliver wide-ranging programmes aimed at children and young people
- Provide dedicated personal support designed to prevent or alleviate unemployment and low pay amongst Peabody residents
- Detailed programme to reduce carbon emissions and support for people living in Peabody neighbourhoods to do so



Use of the proceeds

Depending on the nature of the project, the investment in eligible projects can be measured through asset value (refinancing existing assets), capital expenditure (Capex) or operating expenditure (Opex).

As set out by the Sustainable Finance Framework, we have considered the reporting of this sustainable bond to cover up to 36 months prior to its issue and utilised 12 months of the 24 available look forward position. Expenditure therefore covered by this report relates to cash transactions made between 2 March 2022 and 2 March 2023 for revenue spend. For Capital spend we have included expenditure between 2 March 2020 and 2 March 2023 excluding any

associate capital grant received. While we have fully allocated the sustainable bond proceeds to the projects as set out within this report, a number of assumptions and estimates are required in determining the split between each project.







We believe in our developments having mixed communities, with residents from different tenures living together on our estates. We also want to deliver as many affordable homes as possible and cross subsidy from market sales supports both these objectives. Where tenures are constructed alongside each other on the same contract, we have split build costs based on floor area.



Use of the proceeds

continued

The table below shows our green and social categories and mapping against the relevant UN's Sustainable Development Goals.

Label	ICMA /LMA Category	Description	Target Population	Financial line item	Relevant SDGs
Social	Affordable Housing	Construction of new Social and Affordable homes in the UK	People in housing need on the housing register for affordable/ social homes who are unable to rent or purchase properties on the open market in their local area	Capex	TARGET 1-4 
		Re-financing of existing Social and Affordable housing in the UK		Asset Value	TARGET 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	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.	Opex	TARGET 3-1 
		Placemaking and improving green spaces		Capex	TARGET 11-7 
	Employment Generation	Employment generation, and programmes designed to prevent and/or alleviate unemployment	People who are unemployed within the communities we operate in	Opex	TARGET 8-8 
	Green	Green Buildings	Construction of new Green Buildings in the UK (EPC B or above)	Tenants living in homes which meet regional, national or internationally recognised standards or certifications.	Capex
Re-financing of existing Green Buildings in the UK (EPC B or above)			Asset Value		
Energy Efficiency		Renovation of existing homes that improve unit EPC ratings by two notches or improve energy efficiency by at least 30%	Tenants running inefficient heating systems in poorly insulated homes with high heating bills and living in fuel poverty	Capex / Opex	
Renewable Energy		Projects aimed at integrating renewables into the energy system for buildings e.g. solar		Capex	TARGET 7-2 

Supporting residents through the cost-of-living crisis

Our purpose is helping people flourish, and the work of the Peabody Community Foundation has never been more important as people struggle with the rising cost of living. In 2021/22, our Community Foundation invested £6.9 million in our community activities across the Peabody Group and continued to work with local organisations and partners to maximise our impact.

The foundation's investment helped us to make an impact in four broad ways:

- **Building engaged and active communities** helping people make the most of their lives through active citizenship, catalysing supportive networks and community-led projects.
- **Boosting income** helping people to gain well paid, secure work, progress within employment and reduce their debts.
- **Developing skills and aspirations** supporting access to, and achievements within, education and training, giving people more knowledge about opportunities and boosting their confidence.
- **Improving mental and physical health** enabling people to be active and fit, develop their resilience and improve their overall wellbeing.

Some of our key achievements for 2021/22 include:

- 496 people supported into jobs and apprenticeships
- 579 customers gained qualifications through our programmes
- £1.09 million given in grants to community organisations
- 105 social action projects delivered by our Community Leaders
- 185 businesses helped to access enterprise support and resources
- 3,526 people received advice and support to improve their skills



Case study

Pembury Children's Community Programme, Hackney

In Hackney, we are in the eighth year of our Children's Community Programme on our Pembury estate which sees us working with local residents, Hackney Council, schools, health services and local charities to improve the outcomes for 1,000 children and young people who live locally to Pembury Estate.

We work with the community to develop local groups and activities. The resident steering group is made up of 20 local people who shape the strategic direction of the Pembury Children's Community Board, advise on the changing needs of the community, contribute to resident newsletters and help to promote our grants and funding opportunities across the estate.



Our six Parent Champions continue to work with other parents and guardians, emphasising the importance of family services. This includes interpreting and helping with English for Speakers of Other Languages (ESOL) in the community, supporting with school issues, and directing the community to various events, activities, and other support organisations:

- The Holiday Activity Food Programme had 238 attendances and helped feed young people who would have not had a free school lunch otherwise. It also had activities that helped them get involved, make friends, and have fun
- Outdoor physical sessions for young people with 'The Outrunners Youth' and 'Born 4 Sport'
- Children's activities with 'Young Urban Arts Foundation' and Children with Voices as well as drama workshops with 'Immediate Theatre'
- A popular baby club in partnership with the Linden Children's Centre, as well as stay and play sessions, health visitor appointments and early intervention community psychology sessions for families
- A pop-up event with Young Hackney that brought together key local stakeholders such as Safer Neighbourhood Police, local council groups including Contextual Safeguarding and the Integrated Gangs Unit, as well as key local community members, to address safety concerns and reassure the community



Supporting residents through the cost-of-living crisis continued

Scheme name/ Allocation	Primary benefit	ICMA category	Use of Proceeds Eligibility Criteria	Impact metric	Impact of financing
Pembury Children's Community Programme £137,000	Community programmes	Social	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 residents positively impact by community programmes	979 residents engaged
Waltham Forest £227,000	Community programmes	Social	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 residents positively impact by community programmes	1,076 residents engaged
Thamesmead £375,000	Community programmes	Social	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 residents positively impact by community programmes	6,340 residents engaged
Southwark £98,000	Community programmes	Social	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 residents positively impact by community programmes	Programme newly established
Islington £108,000	Community programmes	Social	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 residents positively impact by community programmes	Programme newly established
Lambeth and Lewisham £69,000	Community programmes	Social	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 residents positively impact by community programmes	Programme newly established

Affordable homes

As the housing crisis continues to affect people, it has never been more important to provide secure and affordable homes. We remain committed to providing affordable homes and more than two thirds (72 per cent) of our existing homes are for social or affordable rent. By end of March 2023, we started over 9,500 new affordable homes in partnership with the Mayor of London, Homes England, and local councils and development partners in the last Affordable Homes Programme.

Existing homes 2021/22

	Peabody	%	Catalyst	%
Social rent	43,665	64.3%	19,511	52.3%
Affordable rent	4,700	6.9%	2,731	7.3%
Intermediate market rent	2,318	3.4%	406	1.1%
Supported housing	3,696	5.4%	1,977	5.3%
Low-cost home ownership (shared ownership)	5,541	8.2%	5,205	13.9%
Private rented sector	626	0.9%	522	1.4%
Other (including leasehold managed, homes owned and managed by others, homes managed on behalf of others and non-social housing)	7,412	10.9%	6,983	18.7%
Total	67,958	100%	37,335	100%

New homes 2021/22

	Peabody		Catalyst	
	FY 2021/22	FY 2020/21	FY 2021/22	FY 2020/21
Social rent	299	183	33	38
Affordable rent	93	357	188	70
Intermediate market rent		115		
Shared ownership	249	374	333	142
Market rent		3		51
Market sale and other	225	144	15	4
Total	866	1176	569	305

Within Affordable Housing we include the tenures of social rent, affordable rent, intermediate market rent, London living rent, London affordable rent, shared ownership, shared equity, supported housing and is consistent with UK Government definition of affordable housing outlined in the National Planning Policy Framework.



Case study

Phase 2 St John's Hill, Wandsworth

Affordable housing

The scheme started in late 2019 and is due to complete in spring 2023.

- 109 social rent
- 35 shared ownership
- 54 supported housing

Phase two of our St John's Hill regeneration is delivering 198 new affordable homes. It is the middle phase of an estate regeneration which will replace the original 353 homes with 658 modern homes. As part of phase two, we also created a new community centre and extra care scheme, with the new blocks surrounding a public square with a wildflower garden, a children's play area and new green space for residents to enjoy.

Resident steering group

Resident engagement is a key part of the regeneration at St John's Hill. We set up a resident steering group at the start of the project, made up of Peabody residents and residents from the local community. The group was involved in the selection of the scheme architect and contractor, the naming of the blocks and the outdoor equipment.

Public art

As part of regeneration, artists Rodney Harris and Valda Jackson worked alongside residents at St John's Hill to design a new sculpture, which has been embedded into the brickwork of the community centre, keeping in mind the local area, its history and the St John's Hill community.



Employing local people

We provide community programmes for residents and people living in the local area. At St John's Hill, we worked closely with partners to create jobs and apprenticeships for local people.

We aim to provide:

- A commitment to local labour. Our target is for 25 per cent of those working on the project to be Wandsworth residents
- 25 work experience opportunities for adults and students
- 14 apprenticeship opportunities
- Two graduate opportunities for Wandsworth residents
- Supporting the local economy by seeking nearby supply chain companies, providing long term, sustainable benefits
- Working with local schools and colleges to inspire young people to get interested in the construction industry

As part of phase 2, we are also working with our charity partner Glass Door who open their doors each winter to homeless men and women. Our team is taking part in fundraising activities and events to donate £5,000 to the charity.

Scheme name/ Allocation	Primary benefit	ICMA category	Use of Proceeds Eligibility Criteria	Impact Metric	Impact of financing
St John's Hill Phase 2	Affordable housing	Social	Construction of new social and affordable homes in the UK	New homes delivered	198 affordable homes at EPC B
£57,068,000*	Green buildings				
	Supporting residents				
	Improving green spaces				

* Included within DNV's Limited Assurance Report



Case study

South Thamesmead

Affordable housing

Initial phase completed 2021 and the second phase is ongoing and due to complete in spring 2023.

- 181 London affordable rent
- 111 shared ownership and shared equity
- 242 market sale
- 14 commercial units

Southmere is the first phase of our seven-phase masterplan for South Thamesmead, and a key part of our long-term regeneration of the estate. Completed in 2022, the development offers 534 new homes (including 181 for social rent), a new town Square (Cygnet Square), a state-of-the-art community building and library called The Nest with event space, an art gallery, and a range of commercial spaces.

Work on the next phase of the masterplan, including 329 new homes (59 for social rent) and landscaped public spaces is set to begin in 2023.

Scheme name/ Allocation	Primary benefit	ICMA category	Use of Proceeds Eligibility Criteria	Impact Metric	Impact of financing
South Thamesmead (First and Second Phase)	Affordable housing Green buildings	Social	Construction of new social and affordable homes in the UK	New homes delivered	292 affordable homes at EPC B
£70,350,000*	Supporting residents				
South Thamesmead (First and Second Phase)	Green buildings	Green	Construction of new Green Buildings in the UK (EPC B or above)	New homes delivered	242 market sale homes at EPC B
£61,477,000*					



Case study

Higgs Yard, Lambeth

Affordable housing

Started on site in late 2021, the scheme is due to complete in early 2024.

- 17 London affordable rent
- 11 social rent
- 38 shared ownership
- 68 market sale

At Higgs Yard, we are regenerating a former industrial site at Loughborough Junction in Lambeth to create high-quality new homes and a new community. There will be a mix of one, two and three-bed homes and will also include a communal landscaped podium deck at the heart of the development and a roof terrace for all residents to enjoy.

Scheme name/ Allocation	Primary benefit	ICMA category	Use of Proceeds Eligibility Criteria	Impact Metric	Impact of financing
Higgs Yard £8,462,000*	Affordable housing	Social	Construction of new Social and Affordable homes in the UK	New homes delivered	66 affordable homes at EPC B
Higgs Yard £9,782,000*	Green Buildings	Green	Construction of new Green Buildings in the UK (EPC B or above)		68 market sale homes at EPC B



Case study

Battersea Power Station, Wandsworth

Affordable housing

The scheme is on site and due to complete in Summer 2023.

- 250 London affordable rent
- 136 shared ownership

We are delivering 386 affordable homes at Battersea Power Station with the rented homes being significantly discounted from market rate. All the homes will also have access to private outdoor space including balconies, terraces and a private residents' garden.

Scheme name/ Allocation	Primary benefit	ICMA category	Use of Proceeds Eligibility Criteria	Impact Metric	Impact of financing
Battersea Power Station £93,415,000*	Affordable housing	Social	Construction of new Social and Affordable homes in the UK	New homes delivered	386 affordable homes at EPC B



Case study

Frankham Street and Amersham Vale, Lewisham

Affordable housing

Frankham Street is ongoing and due to complete in Autumn 2023. Amersham Vale is complete.

- 103 affordable rent
- 29 shared ownership
- 132 market sale

Working with Lewisham Council, we are delivering 144 new homes at Frankham Street, as part of their Deptford Southern Housing project. Phases 1 and 2 of Frankham Street, now known as the Tidemill development, will deliver 93 affordable homes as well as new green spaces for the local community. As part of this scheme, we are converting the old Tidemill School buildings and redeveloping homes on Reginald Road to create high-quality new homes. We are also increasing the amount of green space available for everyone to enjoy, whilst working with the community on the designs of their open spaces. New and existing residents will also have access to new green spaces.

Amersham Vale is also a part of the housing project in Lewisham where we will be delivering a further 140 new homes in the borough and help reduce the number of families who are on the Council's housing waiting list. The development is a joint venture with Sherrygreen Homes and part of a wider development programme which has also provided a new park for the local community – Charlottenburg Park – which opened in 2016.

Scheme name/ Allocation	Primary benefit	ICMA category	Use of Proceeds Eligibility Criteria	Impact Metric	Impact of financing
Frankham Street (Phase 1 & 2) £18,842,000*	Social	Affordable housing	Construction of new Social and Affordable homes in the UK	New homes delivered	93 affordable homes at EPC B
Frankham Street (Phase 1 & 2) £12,345,000*	Green	Green buildings	Construction of new Green Buildings in the UK (EPC B or above)	New homes delivered	51 market sale homes at EPC B
Amersham Vale £5,640,000*	Social	Affordable Housing	Construction of new Social and Affordable homes in the UK	New homes delivered	39 affordable homes at EPC B
Amersham Vale £15,708,000*	Green	Green Buildings	Construction of new Green Buildings in the UK (EPC B or above)	New homes delivered	81 market sale homes at EPC B



Case study

BBC Television Centre, Hammersmith & Fulham

Affordable housing

The scheme is onsite and due to complete in Spring 2024.

- 71 affordable rent
- 34 London living rent
- 37 shared ownership

We are acquiring 142 affordable homes at the BBC Television Centre in White City as part of Stanhope's joint venture with Mitsui Fudosan and AIMCo. Building work is currently in the early stages. The new affordable homes are part of a larger development, transforming the former studios into much needed homes and commercial space in central London. We are also installing a

fully electric communal heat network, making the homes affordable and sustainable for the future. The network is currently calculated to generate approximately one sixth the amount of CO2 compared to gas-fired heating and will continue to make further carbon savings as the national grid decarbonises and becomes more sustainable.

Scheme name/ Allocation	Primary benefit	ICMA category	Use of Proceeds Eligibility Criteria	Impact Metric	Impact of financing
BBC Television Centre £728,000*	Social	Affordable housing	Construction of new Social and Affordable homes in the UK	New homes delivered	142 affordable homes at EPC B



Improving existing homes

With the rise in energy bills and cost-of-living crisis, we have been focusing on helping residents with fuel poverty and energy usage. To ensure value for money and improve as many homes as possible, we take a ‘fabric first’ approach to upgrade social rent homes; installing better insulation, improving ventilation, and replacing doors and windows. We plan to invest a further £50 million in future years making more than 6,500 homes more energy efficient after securing £25 million from the second wave of the government’s Social Housing Decarbonisation Fund (SHDF).

Using the average cost of heating bills for a home that is EPC B, our customers will be charged £380 a year less compared to £1,700 a year for EPC G. By 2050, we aim to reach net zero carbon with an average SAP of 86 (EPC B) in our rented homes and an average SAP of 74.5 (EPC C) by end of 2024.

Case study Making homes in Islington energy efficient

Working with Islington Council, we secured £735,000 from the first wave of the SHDF and we invested a further £1.2 million in improving 66 social homes in Tufnell Park with an EPC rating of D or below, to the average of EPC C. As part of our improvement work, we have fitted roof and wall insulation, installed new windows and roofs if required. This will help to reduce residents’ energy bills, deliver warm homes and significantly lower carbon emissions, saving 72 tonnes of CO2 per year.

Scheme name/ Allocation	Primary benefit	ICMA category	Use of Proceeds Eligibility Criteria	Impact Metric	Impact of financing
Retrofitting Islington homes £500,000	Green	Improving existing homes	Renovation of existing homes that improve unit EPC ratings by two notches or improve energy efficiency by at least 30%	Number of estate improvement projects	66 affordable homes with 34% savings in carbon emissions



Case study

Chelsea Court, Kensington & Chelsea

The scheme is onsite and due to complete in summer 2024.

Chelsea Court is an 1890s building which was refurbished from nurses' accommodation to supported housing in the 1980s, as it remains to this day. The 71 retirement homes are being renovated in three waves to reflect the three wings of the building; west, east and north. Improvements to the building include new kitchens, bathrooms, windows, replacement of the central boiler system and radiators and a new mechanical ventilation heat recovery (MVHR) system. We are also improving all the communal areas including dining and lounge areas and new green spaces for our residents to enjoy. Our work will improve the building from an average SAP of 63 to average SAP of 69, making a 35% saving in carbon emissions and marking a reduction of over 48 tonnes of CO2 per year.

Scheme name/ Allocation	Primary benefit	ICMA category	Use of Proceeds Eligibility Criteria	Impact Metric	Impact of financing
Chelsea Court £3,975,000	Improving existing homes	Green	Renovation of existing homes that improve unit EPC ratings by two notches or improve energy efficiency by at least 30%	Number of existing homes that have been renovated, achieving a 2-notch EPC rating uplift	71 affordable homes with 40% savings in carbon emissions



Case study

Installing solar panels on homes

We secured £1.689 million of grant funding from the GLA to install 300 solar panels across homes in London. We also further contributed £1.055m to the scheme; this facilitated the installation of hybrid inverters with battery storage, enabling residents to store the free electricity generated during the day, to be used in the evenings at no cost. We are in the process of installing these in homes across London, making an annual saving of 224 tonnes of CO2 for 300 homes combined.

Scheme name/ Allocation	Primary benefit	ICMA category	Use of Proceeds Eligibility Criteria	Impact Metric	Impact of financing
Solar panels £1,055,000	Improving existing homes	Green	Projects aimed at integrating renewables into the energy system for buildings e.g. solar	CO2 emissions saved in tCO2e	224 tonnes of CO2

Genta Asllanaj is one of our residents in Barnet who had the new solar panels installed. She said: “I decided to get the solar panels for my home to preserve energy, to help the environment and to save money in the cost-of-living crisis. Peabody has been amazing offering us this opportunity - it happened at just the right time as the cost-of-living and energy prices went up.”



Placemaking and greening our open spaces

Our green spaces play an important part in reducing the impact of climate change and improving the health and wellbeing of residents. Across Peabody, we have over 1,200 hectares of open space, including 101,000 trees, five hectares of grazing marsh, canals, lakes, woodlands and 14 sites of nature conservation interest.

Case study Thamesmead – placemaking at scale

In 2014, we took ownership of two-thirds of land at Thamesmead. It meant that we became custodians of more than 240 hectares of parks and green space, five lakes, seven kilometres of canals and 53,000 trees.

Our mission is to improve, grow and look after the town for the long-term in partnership with the community. Our significant commitment aims to help bring about 20,000 new homes; thousands of jobs; a host of leisure, cultural and commercial facilities; much improved green spaces, lakes and canals; and better connections with central London.

Living in the Landscape

Our green infrastructure framework in Thamesmead, Living in the Landscape, sets our strategic approach to maintaining and improving the town's unique green and blue spaces. It has five themes:

- 1. The big blue** to see the full potential of Thamesmead's lakes and canals realised
- 2. Wilder Thamesmead** maintaining and creating habitat for wildlife
- 3. A productive landscape** the landscape is used to educate, from outdoor classrooms to learning environmental skills such as food growing
- 4. Active Thamesmead** enjoying an active lifestyle which improves people's health and wellbeing
- 5. Connected Thamesmead** improving the connectivity within Thamesmead and into central London



Thamesmead – placemaking at scale continued

Guided by this framework, Peabody is investing in and delivering a wealth of projects and programmes across the town to maintain and enhance the natural environment and encourage people to connect with nature.

Our work ranges from supporting small-scale grassroots projects to co-designing major programmes.



Since 2021, we have awarded grants of up to £2,000 through our Making Space for Nature Community Fund to 32 individuals or organisations running their own nature-based activities. Funding decisions are made by a panel of eight local people.

Recent highlights include the planting of South East London’s first ever ‘tiny forest’ in Southmere Park in February 2022, the result of a partnership between Peabody, Earthwatch Europe, the GLA, CLEVER Cities and BlackRock. Made up of 600 trees (18 species), and planted without chemicals or fertilisers in a 200 square metre plot, the woodland will be a rich source of biodiversity, capable of attracting over 500 animal and plant species within the first three years of being planted. The tiny forest is now being used as a mini outdoor classroom and seating area for the wider community, school children and visitors to the area.

Scheme name/ Allocation	Primary benefit	ICMA category	Use of Proceeds Eligibility Criteria	Impact Metric	Impact of financing
Thamesmead £749,000	Improving our green spaces	Social	Placemaking and improving green spaces	Qualitative description of projects	5,400 Peabody households in Thamesmead benefit
South Thamesmead Garden Estate £375,000	Improving our green spaces	Social	Placemaking and improving green spaces	Qualitative description of projects	2,600 Peabody households in South Thamesmead benefit



Thamesmead – placemaking at scale continued

Improving Southmere Lake

Located in South Thamesmead, Southmere Lake plays an important role in our wider regeneration plans. We have invested £2.5million to improve the lake’s water quality, improving the wetlands area and creating a fish free channel to attract new wildlife and boost biodiversity. We have also installed extensive floating reedbeds to help clean the water in the lake and improve the habitat for local wildlife.

Scheme name/ Allocation	Primary benefit	ICMA category	Use of Proceeds Eligibility Criteria	Impact Metric	Impact of financing
Southmere Lake £2,292,000	Improving our green spaces	Social	Placemaking and improving green spaces	Qualitative description of projects	2,600 Peabody households in South Thamesmead benefit



Thamesmead – placemaking at scale continued

The Moorings

Working with Moorings ward councillors Averil Lekau, Councillor Sizwe James and Olu Babatola, we have created a new playground in the Moorings. The councillors contributed over £23,000 towards the play equipment from the ward budget scheme which supports projects run by local groups for the benefit of their communities, and we added £75,000 and managed the project from concept to completion.

The playground is purpose-built for young children aged one to six years. Many young families live in the area, with around 200 households benefiting from the playground on their doorsteps.

The play area features a soft rubbery surface with speciality play equipment including play mounds with stepping stones, a cargo net, climbing holds and balance beams. Each piece of play equipment has been specially chosen to encourage imaginative play and help children to develop sensory and motor skills.

Scheme name/ Allocation	Primary benefit	ICMA category	Use of Proceeds Eligibility Criteria	Impact Metric	Impact of financing
Moorings playground £579,000	Improving our green spaces	Social	Placemaking and improving green spaces	Qualitative description of projects	1,400 Peabody households in the Moorings, Thamesmead benefit



Improving our play spaces

We understand that play, spending time outdoors, and being in the natural environment is an important part of physical and mental wellbeing, especially for children and families. Across the communities we work in, we own or manage over 200 play spaces. These spaces include multi use games areas (MUGAs), outdoor gyms, play equipment and more. Most of these play spaces are located within our estates or next to our community centres from where our local teams run activities during the school holidays. Depending on the location, we often try to incorporate spaces not just for play but also for learning, gardening and interaction with any surrounding natural areas. We also routinely inspect our play spaces to ensure they can be safely used and enjoyed. In 2021/22 we completed over 11,150 routine inspections.

Case study Old Oak Community and Children’s Centre, Hammersmith & Fulham

At the Old Oak Community and Children’s Centre in Acton in west London, we have made significant improvements to the outdoor play areas. The new design and redevelopment of the play space was done in consultation with the local community to ensure that it best suited their needs. We redeveloped an enriched play space which now includes sensory play, encouraging literacy through carved words on the equipment and opportunity for quiet time. Bespoke features were commissioned to enable the various age groups of children who use it to enjoy the new facilities.

Scheme name/ Allocation	Primary benefit	ICMA category	Use of Proceeds Eligibility Criteria	Impact Metric	Impact of financing
Old Oak Community Centre play space £134,000	Improving our green spaces	Social	Placemaking and improving green spaces	Qualitative description of projects	55 families a week



Supporting our residents into employment

We support residents, communities, and local businesses by boosting incomes and helping people to access better paid employment, apprenticeships and skills and training opportunities. Between March 2022 and March 2023, we supported 206 Peabody residents to find employment and we helped a further 200 residents start apprenticeships.

Amreet Singh, a Peabody resident who was supported by our Economic Inclusion team to find employment said: “What a journey it has been. Thinking back to when I first walked into Pembury Community Centre I would never have dreamed of making the progress I have made so far. I cannot thank Sue enough for all your help and encouragement and the employment services team which gave me - a regular mum - a chance to dream a better life for my family.”

Case study Green skills training, Islington

In Islington, we are working with developer London Square and The Skills Centre to deliver training in green skills for the local community. Our goal is to provide a pool of talented people who can work on the site of the former Holloway Prison, where we are committed to building a great new neighbourhood with 985 new homes including 60 per cent affordable housing, a 1.4-acre public park, and facilities for everyone to enjoy.

Thomas, who lives on a Peabody estate, is one of 11 residents who recently completed our free taster course and gained a labouring qualification. Participants learned about new technologies, modern ways to build, and achieved qualifications in health and safety and environmental awareness.

Thomas said: “I learned a lot from the green skills course. I liked getting to know new people and picking up new skills. I want to get my HGV licence or work as a scaffolder after I finish this course. I hope to get a job at Holloway Park in the future.”



Case study

South London Business Forum

We launched the South London Business Forum last year which brings together local businesses to hear about opportunities to grow and scale and network with like-minded entrepreneurs and business owners. We support local business and entrepreneurs to access professional training and specialist information and advice, access to Peabody or partner procurement opportunities, share information about commercial spaces and signposting to local events and opportunities to trade.



Case study

Hatch Enterprise

Working with Hatch Enterprise, we support budding entrepreneurs, giving them access to a free Hatch Enterprise Hackathon where participants can develop their business ideas and leave with their own business plans at the end of the masterclass. They are also given access to the Hatch community and advanced programmes and funding.



Case study

YouthBuild

We work with YouthBuild to increase the opportunities available to young people in the construction sector. Young people from the age of 16 can take part in programmes to prepare them for the world of work, including leadership skills, health and safety accreditations, work experience and guaranteed interviews with prospective employers. We have had 131 young people complete the programme so far, many of whom have gone on to find roles on our developments.

Scheme name/ Allocation	Primary benefit	ICMA category	Use of Proceeds Eligibility Criteria	Impact Metric	Impact of financing
Supporting our residents into employment £753,000	Providing employment opportunities	Social	Employment generation, and programs designed to prevent and/or alleviate unemployment	Number of residents supported into employment	206 Peabody residents



Bond details

Peabody Capital No 2 plc

**GBP 350,000,000 2.750 per cent
Secured Sustainability Bonds
due 2034**

Issuer	Peabody Capital No 2 plc
Issuer Legal Entity Identifier	213800K1DLWVMZFBYD79
Original Borrower	Peabody Trust
Issue Rating	A3 by Moody's / A- by S&P
Issue Type	Senior Secured Sustainability Bonds
Currency	Pounds Sterling (GBP)
Issue Size	GBP 350,000,000
Issuance Date	2 March 2022
Maturity Date	2 March 2034
Coupon	2.750% per annum
Coupon Payment Dates	Semi-annually in arrear, on 2 March and 2 September, commencing 2 September 2022
Redemption Price	100.000%
ISIN	XS2445848539

Summary of Use of Sustainable Bond Proceeds

Scheme name/ Allocation	Primary benefit	ICMA category	Proceeds used £	Use of Proceeds Eligibility Criteria	Impact of financing
Waltham Forest	Community programmes	Social	227,275	Support residents and community partners to deliver children's activities, sporting programmes, health and wellbeing sessions as well as clubs for young people	1,076 residents engaged
Pembury Children's Community Programme, Hackney	Community programmes	Social	137,241	Support residents and community partners to deliver children's activities, sporting programmes, health and wellbeing sessions as well as clubs for young people	979 residents engaged
Thamesmead	Community programmes	Social	374,756	Support residents and community partners to deliver children's activities, sporting programmes, health and wellbeing sessions as well as clubs for young people	6,340 residents engaged
Southwark	Community programmes	Social	97,555	Support residents and community partners to deliver children's activities, sporting programmes, health and wellbeing sessions as well as clubs for young people	Programme newly established
Islington	Community programmes	Social	107,552	Support residents and community partners to deliver children's activities, sporting programmes, health and wellbeing sessions as well as clubs for young people	Programme newly established
Lambeth/ Lewisham	Community programmes	Social	68,843	Support residents and community partners to deliver children's activities, sporting programmes, health and wellbeing sessions as well as clubs for young people	Programme newly established

Summary of Use of Sustainable Bond Proceeds

Scheme name/ Allocation	Primary benefit	ICMA category	Proceeds used £	Use of Proceeds Eligibility Criteria	Impact of financing
Old Oak	Community programmes	Social	134,356	Support residents and community partners to deliver children's activities, sporting programmes, health and wellbeing sessions as well as clubs for young people	55 families a week
Supporting our residents into employment	Providing employment opportunities	Social	753,437	Employment generation, and programs designed to prevent and/or alleviate unemployment	206 Peabody residents
Southmere Lake Improvements	Improving our green spaces	Social	2,292,214	Placemaking and improving green spaces	2,600 Peabody households in South Thamesmead benefit
Moorings playground	Improving our green spaces	Social	578,678	Placemaking and improving green spaces	1,400 Peabody households in the Moorings, Thamesmead benefit
South Thamesmead Garden Estate	Community programmes	Social	374,756	Support residents and community partners to deliver children's activities, sporting programmes, health and wellbeing sessions as well as clubs for young people	2,600 Peabody households in South Thamesmead benefit
Thamesmead	Improving our green spaces	Social	748,594	Placemaking and improving green spaces	5,400 Peabody households in Thamesmead benefit
Solar panels	Integrating renewables into buildings	Green	1,055,000	Projects aimed at integrating renewables into the energy system for buildings e.g. solar	224 tonnes of CO2
Chelsea Court	Improving existing homes	Green	3,975,334	Renovation of existing homes that improve unit EPC ratings by two notches or improve energy efficiency by at least 30%	71 affordable homes
Retrofitting Islington homes	Improving existing homes	Green	500,000	Renovation of existing homes that improve unit EPC ratings by two notches or improve energy efficiency by at least 30%	66 affordable homes with EPC B

Summary of Use of Sustainable Bond Proceeds

Scheme name/ Allocation	Primary benefit	ICMA category	Proceeds used £	Use of Proceeds Eligibility Criteria	Impact of financing
BBC Television Centre	Affordable Housing	Social	727,962*	Construction of new Social and Affordable homes in the UK	142 affordable homes
Frankham Street (Phase 1 & 2), Lewisham	Affordable Housing	Social	18,842,407*	Construction of new Social and Affordable homes in the UK	93 affordable homes
Frankham Street (Phase 1 & 2), Lewisham	Green Buildings	Green	12,344,709*	Construction of new Green Buildings in the UK (EPC B or above)	51 market sale homes
Amersham Vale, Lewisham	Affordable Housing	Social	5,640,375*	Construction of new Social and Affordable homes in the UK	39 affordable homes
Amersham Vale, Lewisham	Green Buildings	Green	15,707,852*	Construction of new Green Buildings in the UK (EPC B or above)	81 market sale homes
Battersea Power Station	Affordable Housing	Social	93,414,766*	Construction of new Social and Affordable homes in the UK	386 affordable homes
Higgs Yard	Affordable Housing	Social	8,462,186*	Construction of new Social and Affordable homes in the UK	66 affordable homes
Higgs Yard	Green Buildings	Green	9,781,874*	Construction of new Green Buildings in the UK (EPC B or above)	68 market sale homes
South Thamesmead (first and second phase)	Affordable Housing	Social	70,349,972*	Construction of new Social and Affordable homes in the UK	292 affordable homes
South Thamesmead (first and second phase)	Green Buildings	Green	61,477,444*	Construction of new Green Buildings in the UK (EPC B or above)	242 market sale homes
St John's Hill - Phase 2	Affordable Housing	Social	57,068,022*	Construction of new Social and Affordable homes in the UK	198 affordable homes
Total			370,368,243		
* Included within DNV's Limited Assurance Report			353,817,569		1,216 new social housing units financed 442 new EPC B market sale homes financed

Limited Assurance Report

In line with our Sustainable Finance Framework, this report has been reviewed and verified by an external party to confirm that the affordable housing and green buildings projects set out in the Use of Proceeds table and described in this report meet the Use of Proceeds criteria and the reporting requirements outlined in the Framework. Their review can be found at the end of this document.

External Reviewer: DNV Business Assurance Services UK Limited

Date of external review: May 2023

Independent Limited Assurance Report

to the Finance and Treasury Committee of Peabody Trust

Peabody Trust (“Peabody”) commissioned DNV Business Assurance Services UK Limited (“DNV”, “us” or “we”) to conduct a limited assurance engagement over Selected Information presented in the Sustainable Bond Impact Report 2023 (the “Report”) for the reporting period of 2nd March 2022 to 2nd March 2023.



Our Conclusion: Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information is not fairly stated and has not been prepared, in all material respects, in accordance with the Criteria.

This conclusion relates only to the Selected Information, and is to be read in the context of this Independent Limited Assurance Report, in particular the inherent limitations explained below.

Selected information

The scope and boundary of our work is restricted to the allocation of GBP 350,000,000 of Sustainable Bond proceeds to eligible social and green projects, the related claims and assertions included within the Report for the reporting period and the key performance indicators (KPIs) (the “Selected Information”), as listed below:

- Allocation reporting: The claims and assertions relating to the allocation of GBP 350,000,000 of Sustainable Bond proceeds to eligible social and green projects for the period 2nd March 2022 to 2nd March 2023.
- Social KPI: The total number of new social housing units financed.
- Green KPI: The total number of new EPC B homes financed.

To assess the Selected Information, which includes an assessment of the risk of material misstatement in the Report, we have used Peabody’s Sustainable Finance Framework 2022 (the “Criteria”).

We have not performed any work, and do not express any conclusion, on any other information that may be published in the Report or on Peabody’s website for the current reporting period or for previous periods.

Basis of our conclusion

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information; our work included, but was not restricted to:

- Conducting interviews with Peabody’s management to obtain an understanding of the key processes, systems and controls in place to generate, aggregate and report the Selected Information;
- Performing limited substantive testing on a selective basis of the Selected Information to check that data had been appropriately measured, recorded, collated and reported;
- Reviewing that the evidence, measurements and the scope provided by Peabody, for the Selected Information, is prepared in line with the Criteria;
- Assessing the appropriateness of the Criteria for the Selected Information; and
- Reading the Report and narrative accompanying the Selected Information within it with regard to the Criteria.

Our competence, independence and quality control

DNV established policies and procedures are designed to ensure that DNV, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV has not held other audit and assurance contracts with Peabody which conflict with the scope of this work. Our multi-disciplinary team consisted of professionals with a combination of environmental and sustainability assurance experience.

Inherent limitations

All assurance engagements are subject to inherent limitations as selective testing (sampling) may not detect errors, fraud or other irregularities. Non-financial data may be subject to greater inherent uncertainty than financial data, given the nature and methods used for calculating, estimating and determining such data. The selection of different, but acceptable, measurement techniques may result in different quantifications between different entities. Our assurance relies on the premise that the data and information provided to us by Peabody have been provided in good faith. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Limited Assurance Report.



Standard and level of assurance

We performed a limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 revised – ‘Assurance Engagements other than Audits and Reviews of Historical Financial Information’ (revised), issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance.

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We planned and performed our work to obtain the evidence we considered sufficient to provide a basis for our opinion, so that the risk of this conclusion being in error is reduced but not reduced to very low.

DNV Business Assurance Services UK Limited

London, UK
31st May 2023



Responsibilities of the Finance and Treasury Committee of Peabody and DNV

The Finance and Treasury Committee of Peabody has sole responsibility for:

- Preparing and presenting the Selected information in accordance with the Criteria;
Designing, implementing and maintaining effective internal controls over the information and data, resulting in the preparation of the Selected Information that is free from material misstatements;
Measuring and reporting the Selected Information based on their established Criteria; and
Contents and statements contained within the Report and the Criteria.

DNV’s responsibility is to plan and perform work to obtain limited assurance about whether the Selected Information has been prepared in accordance with the Criteria and to report to Peabody in the form of an independent limited assurance conclusion, based on the work performed and the evidence obtained. We have not been responsible for the preparation of the Report, but we have reviewed the Selected Information within it as part of our limited assurance engagement.

DNV Business Assurance

DNV Business Assurance Services UK Limited is part of DNV – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance.
www.dnv.co.uk/BetterAssurance

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