

GREENSQUAREACCORD SUSTAINABLE FINANCE FRAMEWORK, NOVEMBER 2022

DNV ELIGIBILITY ASSESSMENT

Scope and objectives

GreenSquareAccord (hereafter referred to as “GSA” or “the Group”) is a charitable housing and care provider formed in April 2021, from the merger of the similar-sized Accord Housing Association based in the West Midlands, and GreenSquare Group based in the South West. Both organisations have a long history of providing affordable homes and supportive services for people in need. GreenSquare’s origins date back to 1866 and Accord’s back to 1511. GSA currently houses around 54,000 customers in a portfolio of over 26,000 homes and over 100 care homes and support schemes. The Group operates through the Locality Module focusing GSA’s work around four localities in the West Midlands and the South West of England, to accommodate for different communities and unique customers’ needs.

GSA’s purpose of “Building Better Lives”, is supported by the Group’s strategy of “Simply Brilliant Together”, that aims to deliver on the following key objectives: to provide great homes and care; in a great neighbourhood; with great service; built on strong foundation. The Group has committed to build and facilitate the construction of c.1,000 new homes per year by 2026/27, and has set an aim to ensure that their services are of great quality.

GSA has a clear environmental and social commitment as detailed in the Group strategy. For instance, it is committed to achieving at least an EPC rating of C for all properties by 2030/31, and to become Net Zero carbon as an organisation by 2050/51. By 2028/29, GSA has committed to targeting 100% of its development programme, by utilising components manufactured by its fully-owned not-for-profit housing manufacturer “LoCaL Homes”, whose products (traditional and closed panel timber-frame systems) conform to various sustainability standards (e.g. ECO 200 standard for thermal efficiency). LoCaL Homes also operates in accordance with ISO 9001 (Quality), ISO 14001 (Environmental) and OHSAS 18001 (Health & Safety).

GSA has developed a Sustainable Finance Framework November 2022 (the “Framework”) to support its sustainability strategy, to deliver on its general purpose of helping those in the greatest need and supporting climate change mitigation efforts. GSA’s Framework enables the following, individually or combined¹:

- Issuance of ‘**Use of Proceeds’ Bonds, Private Placements, Commercial Paper, Leases and/or Loans**, to finance or refinance, in whole or in part, eligible **Green and/or Social projects** (“Eligible Green and/or Social Projects”) in the Eligible Green and Social Categories (collectively referred to as, “Use of Proceeds Instruments”); or

¹ Under this Framework, GSA will be able to issue various funding instruments including but not limited to Green, Social, Sustainability and Sustainability-Linked Bonds, private placements, floating rate notes, commercial paper, bank facilities and leases.

- Issuance of **Sustainability-Linked Bonds Private Placements, Commercial Paper, Leases and/or Loans**, and any other sustainability-linked financing instruments (collectively referred to as, "Sustainability-Linked Instruments").

Further details are outlined in the "Findings and DNV's opinion" section.

DNV Business Assurance Services UK Limited ("DNV") has been commissioned by GSA to provide an eligibility assessment of their Sustainable Finance Framework (the "Framework"), under which it can finance and support activities with a general purpose of helping those in the greatest need and supporting climate change mitigation efforts. GSA will also be able to issue Sustainability-Linked instruments, the proceeds of which can be used for general corporate purposes. Our objective has been to provide an assessment of whether the Framework meets the criteria established within:

International Capital Market Association (ICMA)	Loan Market Association (LMA)
Green Bond Principles 2021 (GBP)	Green Loan Principles 2021 (GLP)
Social Bond Principles 2021 (SBP)	Social Loan Principles 2021 (SLP)
Sustainability Bond Guidelines 2021 (SBG)	Sustainability-Linked Loan Principles 2022 (SLLP)
Sustainability-Linked Bond Principles 2020 (SLBP)	

Our methodology to achieve this is described under 'Work Undertaken' below.

DNV was not commissioned to provide independent assurance or other audit activities. No assurance is provided regarding the financial performance of bonds or loans issued under the company's Framework, the value of any investments, or the long-term environmental and/or societal benefits of the associated transactions. Our objective has been to provide an assessment that the Framework has met the criteria established on the basis set out below.

Responsibilities of the Management of GSA and DNV

The management of GSA has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform GSA management and other interested stakeholders in the Framework, as to whether the established criteria have been met based on the information provided to us. In our work, we have relied on the information and the facts presented to us by GSA. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by GSA's management and used as a basis for this assessment, were not correct or complete.

Basis of DNV’s opinion

We have adapted our eligibility assessment protocol which incorporates the requirements of the GBP, SBP, SBG, GLP and SLP, as well as the SLBP and the SLLP, to create a GSA-specific Sustainable Finance Eligibility Assessment Protocol (henceforth referred to as “Protocol”). Our Protocol includes a set of suitable criteria that can be used to underpin DNV’s opinion.

As per our Protocol, the criteria against which the Framework has been reviewed are grouped under the following Principles split by type of issuance:

	Use of Proceeds for Bonds and Loans	Sustainability-Linked Bonds and Loans
Principle One:	<p>Use of Proceeds.</p> <p>The Use of Proceeds criteria is guided by the requirement that an issuer of funding instruments under the Framework must use the funds raised to finance eligible activities. The eligible activities should produce clear environmental and social benefits.</p>	<p>Selection of Key Performance Indicators (KPIs).</p> <p>The issuer of sustainability-linked bonds and/or loans should clearly communicate its overall sustainability objectives, as set out in its sustainability strategy, and how these relate to its proposed Sustainability Performance Targets (SPTs). The KPI should be relevant, core and material to the issuer’s core sustainability and business strategy, measurable or quantifiable on a consistent methodological basis, externally verifiable; and able to be benchmarked externally.</p>
Principle Two:	<p>Process for Project Evaluation and Selection.</p> <p>The Project Evaluation and Selection criteria are guided by the requirements that an issuer of funding instruments under the Framework should outline the process it follows when determining the eligibility of an investment using proceeds from Green, Social and Sustainability instruments, and outline any impact objectives it will consider.</p>	<p>Calibration of Sustainability Performance Targets (SPTs).</p> <p>The SPTs should be ambitious, meaningful, and realistic. The target setting should be done in good faith and based on a sustainability improvement in relation to a predetermined performance target benchmark.</p>
Principle Three:	<p>Management of Proceeds.</p> <p>The Management of Proceeds criteria is guided by the requirements that a funding instrument should be tracked within the issuing organisation, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.</p>	<p>Financial Characteristics.</p> <p>The bonds and/or loans will need to include a financial and/or structural impact depending on whether the selected KPIs reach (or not) the predefined SPTs. The bond and/or loan documentation needs to require the definitions of the KPI(s) and SPT(s) and the potential variation of the SLB’s financial and/or structural characteristics. Any fallback mechanisms in case the SPTs cannot be calculated or observed in a satisfactory manner, should be explained.</p>

	Use of Proceeds for Bonds and Loans	Sustainability-Linked Bonds and Loans
Principle Four:	<p>Reporting.</p> <p>The Reporting criteria are guided by the recommendation that at least annual reporting to the investors of the instrument should be made of the use of proceeds and that quantitative and/or qualitative performance. Indicators should be used, where feasible.</p>	<p>Reporting.</p> <p>Issuers should publish and keep readily available and easily accessible up to date information on the performance of the selected KPI(s), as well as a verification assurance report outlining the performance against the SPT(s) and the related impact and timing of such impact on the bond’s financial and/or structural characteristics, with such information to be provided to investors participating in the bond at least once per annum.</p>
Principle Five:	N/A	<p>Verification (Post-issuance).</p> <p>The Issuer should have its performance against its SPTs independently verified by a qualified external reviewer with relevant expertise, such as an auditor, environmental consultant and/or independent ratings agency, at least once a year. The verification of the performance against the SPT(s) should be made publicly available.</p>

Work undertaken

Our work constituted a high-level review of the available information based on the understanding that this information was provided to us by GSA in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us.

The work undertaken to form our opinion included:

- Creation of an GSA-specific Protocol, adapted to the purpose of the Framework, as described above, and in Schedules 1, 2, 3 and 4, of this Assessment.
- Assessment of documentary evidence provided by GSA on the Framework and supplemented by a high-level desktop research. These checks refer to current assessment best practices and standards methodology.
- Discussions with GSA management, as well as a review of relevant documentation and evidence related to the criteria of the Protocol; and
- Documentation of findings against each element of the criteria.

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

Findings and DNV’s opinion

DNV’s summary findings are listed below, split by type of instrument:

	Use of Proceeds Bonds and Loans	Sustainability-Linked Bonds and Loans
<p>Principle One:</p>	<p>Use of Proceeds:</p> <p>GSA intends to use this Framework to issue green, social or sustainability bonds, loans and/or other debt instruments referred to as “Use of Proceeds Instruments”, to finance or refinance, Eligible Green and/or Social Projects.</p> <p>The Framework defines Eligible Green and/or Social Projects as those that fall into one or more of the following categories that are in line with the relevant GBP, SBP, SBG, GLP and SLP:</p> <p>Eligible Green Categories:</p> <ul style="list-style-type: none"> • Green buildings • Renewable energy • Energy efficiency • Clean transportation <p>Eligible Social Categories:</p> <ul style="list-style-type: none"> • Affordable housing • Access to essential services <p>For Eligible Social categories, GSA has also identified appropriate target populations. DNV can confirm that the target populations identified within GSA’s Framework fall into the ICMA/LMA categories (see Schedule 1).</p> <p>For Eligible Green Project categories, GSA has also specified suitable eligibility criteria such as Green Building certifications representing top performance within the local building stock (see Schedule 1). GSA has also included criteria to reduce the embodied carbon within its construction activity and its projects, which intend on reducing overall absolute emissions (e.g. renewable energy / projects to reduce transportation emissions).</p> <p>GSA has also aligned its Eligible Categories with the Sustainability Reporting Standard for Social Housing, a voluntary disclosure framework that provides guidance to UK housing providers for reporting on their ESG performance in a transparent, consistent and comparable way.</p> <p>GSA has mapped the eligible project categories against the relevant UN SDGs (see Schedule 1). DNV concludes that these are appropriately aligned to the UN SDGs.</p> <p>Where re-financing is expected GSA has determined a look-back period of 2 years prior to the issuance of any financial instrument under the Framework.</p>	<p>Selection of Key Performance Indicators (KPIs):</p> <p>Within the Framework, GSA has identified three material KPIs that are core to the business and will help address relevant ESG challenges and risks, that are within GSA’s control. The Group has also committed to making future sustainability improvements within set timelines, as described below, that will be reviewed at least annually.</p> <p>The KPIs summarised below are also in alignment with the UN Sustainable Development Goals (SDGs), or applicable industry standards, and/or UK environmental or social objectives:</p> <p>KPI 1 – Energy Performance Certificate (EPC) of Housing Stock</p> <ul style="list-style-type: none"> • Aligned with the UK Government’s ‘Clean Growth Strategy (2017) for social housing that aims for “all fuel poor homes to be upgraded to EPC Band C by 2030”, and for “as many homes as possible across the whole housing stock to reach a similar standard by 2035, where practical, cost effective and affordable”. • GSA is targeting 100% of management properties to achieve EPC band C; the KPI structure does not allow properties below EPC C to be offset by higher properties. • The KPI is an important milestone that supports the Group’s longer term aspiration of making all homes Net Zero carbon by 2050. • SDG alignment - Goal #7 (Affordable and Clean Energy) and Goal #13 (Climate Action). <p>KPI 2 - Delivery of Affordable Housing</p> <ul style="list-style-type: none"> • Aligned with the UK Government’s Affordable Homes Programme 2021-2026, “to deliver up to 130,000 affordable homes by March 2026 – outside of London”. • The cumulative number of new social homes built or acquired, aligns with the definition by the Housing & Regeneration Act (2008). • SDG alignment - Goal #1 (No Poverty) and Goal #11 (Sustainable Cities & Communities). <p>KPI 3 – Reduction in Greenhouse Gas (GHG) Emissions</p> <ul style="list-style-type: none"> • Aligned with the UK Government energy and carbon reporting (SECR) methodology. • Aligned with the UK Net Zero Strategy. • SDG alignment - Goal #7 (Affordable and Clean Energy) and Goal #13 (Climate Action).

	Use of Proceeds Bonds and Loans	Sustainability-Linked Bonds and Loans
	<p>DNV can conclude that the Green and Social Eligible Projects as described within the Framework, fall into the defined categories of the GBPs, SBPs, SBGs, GLPs and the SLPs and will deliver clear environmental and social benefits. We can also confirm that the eligible projects categories outlined in the Framework are consistent with the categories outlined in the GBPs, SBPs, SBGs, GLPs and the SLPs.</p>	<p>DNV can confirm that the KPIs selected are relevant, core, and material to GSA’s overall business, and are of strategic significance to GSA’s current and/or future operations. The KPIs have also been highlighted as highly material by GSA’s stakeholders.</p> <p>In summary, operational carbon emissions reduction is deemed material as it is a key measure of GSA’s performance towards net zero by 2050/51. The energy performance of GSA’s housing portfolio is material and important to the Group as a provider of social housing and within its control, and core to GSA’s overall sustainability strategy and the UK Government’s objectives to improve the energy efficiency of the UK housing stock. As a social housing provider, the delivery of affordable housing is also core and material to GSA’s Corporate Strategy, “Simply Brilliant Together”, and the sector itself.</p> <p>Based on the work undertaken DNV can confirm all three KPIs are relevant, core, and material to the Group’s overarching business strategy. The rationale and process for KPI selection, as well as the definition, measurability and verifiability, are clearly defined and presented within the Framework. We can confirm that they are in alignment with the SLBPs and the SLLPs.</p> <p>A detailed analysis of DNV’s assessment of the KPIs is outlined in Schedule 4, Section 1 of this SPO.</p>
<p>Principle Two:</p>	<p>Process for Project Evaluation and Selection:</p> <p>DNV can confirm that GSA has specified the eligibility criteria for each type of Green and Social project, in the Use of Proceeds table of its Framework.</p> <p>GSA describes in its Framework the responsibilities of its Investment Committee, in relation to future Bond/Loan issuances:</p> <ul style="list-style-type: none"> • the selection and approval of Eligible Projects; • the investment of amounts equivalent to the gross proceeds received from the issuance of Use of Proceeds Instruments; • reviewing and updating the Framework; • commissioning external verification; and • the tracking and reporting of gross proceeds, and of the unallocated proceeds. <p>The Investment Committee intends to meet at least on a semi-annual basis and will be overseen by the Group Board. The Framework</p>	<p>Calibration of Sustainability Performance Targets (SPTs):</p> <p>Aligned with the three KPIs outlined above, GSA has set the following SPTs:</p> <p>SPT 1 - Proportion of Housing Stock meeting a minimum EPC rating of C (%):</p> <ul style="list-style-type: none"> • Baseline: 67% as 2021/2022. • Short-term: Achieve 71% of the total housing stock across the entire portfolio, not just “fuel poor” households, that meets a minimum EPC rating of C, by 2026/27. • Medium-term: Achieve 100% of total housing stock across the entire portfolio, not just “fuel poor” households, that meets a minimum EPC rating of C, by 2030/31. • Long-term: Achieve absolute Net Zero by 2050/51 across the entire portfolio, not just “fuel poor” households. <p>SPT 2 - Number of new stock built or acquired, that is defined as “affordable” housing:</p> <ul style="list-style-type: none"> • Baseline: 527 homes defined as affordable housing built in 2012/22.

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	<p>includes an overview of GSA’s investment structure with approval thresholds.</p> <p>DNV concludes that the activities to be financed by future issuances will be appropriately evaluated, selected, managed, and reported on as outlined within GSA’s Framework, and that they meet the requirements under the GBP, SBP, SBG, GLP and SLP.</p> <p>DNV has reviewed evidence showing that the process for evaluation and selection will be supported by GSA’s “Simply Brilliant Together” five-year strategy through to 2026/27.</p> <p>This plan is shaped around four pillars:</p> <ul style="list-style-type: none"> • Great homes and care • In a great neighbourhood • Built on strong foundations • With great service <p>For each pillar, GSA has outlined strategic objectives, achievements in the past year, key figures, issues and focus areas, and the relevant UN SDGs.</p> <p>The Framework provides details of the multiple programmes GSA has in place, as illustrated by case studies in the Framework (as detailed in Schedule 3 of this assessment).</p> <p>The Framework also gives an overview of GSA’s Governance for its activities, led by the Executive Team, with oversight from the Board and supported by relevant committees, also detailed in GSA’s Financial statements 2022.</p> <p>Finally, the Framework outlines how GSA is championing equality, diversity and inclusion (“EDI”) and a table of key ESG statistics on GSA’s performance are outlined in the Framework.</p> <p>The evidence reviewed gives DNV the opinion that the Framework is in line with GSA’s wider approach to managing environmental and social sustainability.</p>	<ul style="list-style-type: none"> • <u>Short-term</u>: 2,500 new homes built by 2026/27. • <u>Medium-term</u>: 4,000 new homes built by 2030/31. • <u>Long-term</u>: to provide truly affordable homes and care and support services that will enable people to achieve their full potential (“Simply Brilliant Together”). <p>SPT 3 - Absolute Reduction in total Scope 1, 2, and 3 Greenhouse Gas (GHG) emissions:</p> <ul style="list-style-type: none"> • Baseline: 63,506 tCO₂e in 2021/22. • <u>Short-term</u>: 5% by 2026/27, with respect to the Baseline (SECR methodology). • <u>Medium-term</u>: 10% by 2030/31, with respect to the Baseline (SECR methodology). • <u>Long-term</u>: Net Zero by 2050/51. • CO₂ reductions are measured in tCO₂e. <p>SPT 1 supports the Group’s long-term objective to reduce emissions in the social housing stock across the entire portfolio, not just “fuel poor” households, by improving energy efficiency ratings which is in line with the Government’s decarbonisation plans. This SPT goes beyond business as usual (BAU) as set by the UK Government’s guidance for the following reasons: unlike some peers, it includes “fuel poor” and “non-fuel poor” households; GSA is targeting 100% of management properties to achieve EPC band C; the SPT structure does not allow properties below EPC C to be offset by higher properties. SPT 2 supports the UK’s aim to address the housing crisis in the UK and deliver affordable housing (e.g. support the UK governments objective to build 300,000 new homes per year by the mid-2020s, including 130,000 affordable homes outside London between 2021-2026). SPT 3 is aligned with GSA’s long-term target of decarbonisation by reducing its carbon emissions and to be Net Zero by 2050/51.</p> <p>SPT 1 aligns with the UK Government’s “Future Homes” standard set for achieving energy efficiency ratings of EPC C for the UK social housing stock, which supports the UK Government’s aim to lower energy consumption and bills. It also aligns with the UK Government’s social housing decarbonisation plan. Both SPT 1 and SPT 3 align with the UN SDGs #7 and #13. SPT 2 attempts to fill the gap of providing affordable, social housing in the UK. This SPT aligns with UN SDG #1 and #11. Finally, SPT 3 is aligned with the UK Governments ‘Future Homes Standard’ long-term target to deliver Net Zero carbon emissions.</p> <p>All SPTs have clear calculation methodologies in place, have defined baselines, and defined target year(s) set, as outlined above. DNV notes that</p>

	Use of Proceeds Bonds and Loans	Sustainability-Linked Bonds and Loans
		<p>2021/22 was selected as the baseline year, as this was the first full year of reporting following the merger of the two housing associations. We also note that the baseline date set for all three KPIs may be recalculated by GSA if there are material and structural changes in the SPTs that would significantly impact the Group’s base year figures, or as a result of for instance, changes in the SECR or EPC ratings methodologies. In addition, DNV notes that the short-medium-long term targets set are either in line with the relevant industry/ regulatory goals and peers.</p> <p>GSA has also outlined within the Framework factors that support the achievement of the SPTs, as well as any associated risks that may impact the SPTs (further detail outlined in Schedule 4).</p> <p>Based on the work undertaken, DNV can confirm that all SPTs represent a material improvement in the respective KPIs; are beyond a “Business as Usual” trajectory where comparably possible or in line with recognised industry targets; consistent with GSA’s overall sustainability and business strategy; set on a predefined timeline; where possible refers to science or industry best practices; and that they are in line with the SLBP and SLLP. An analysis of DNV’s assessment of the SPTs is outlined in Schedule 4, Section 2, of this SPO.</p>
<p>Principle Three:</p>	<p>Management of Proceeds:</p> <p>GSA has assigned to the Investment Committee the responsibility of managing the proceeds, and it has created a register to track the disbursements towards any Eligible Project. The internal tracking system will be under the oversight of the Committee.</p> <p>DNV finds that GSA has made appropriate plans to track the use of proceeds, and that this is attested to by a formal internal process.</p> <p>We confirm that GSA has made it clear how it will manage any unallocated proceeds in its liquidity portfolio, as per its Treasury management policy, and has committed to using products with an ESG value, where possible. In addition, GSA has appropriately disclosed how it will manage any unallocated proceeds, in accordance with its Treasury policies.</p>	<p>Financial Characteristics:</p> <p>DNV confirms a financial consequence may apply, and will be reported on in the corresponding instrument documentation for each Sustainability-Linked Instrument, if GSA does not make available information on the performance of the SPT. In such cases, this might include (amongst other options): a coupon or margin step-up(s), step-down(s), a premium payment or penalty during the life of- or at the maturity of- a Sustainability Linked Instrument, or a change in the intended recipient of the above amounts or other innovative adjustments. GSA also states any structural or financial incentive will be subject to agreement with each creditor, and that internal approval will be required for each financing instrument.</p> <p>DNV has reviewed the Framework and the supporting evidence, and we can confirm that the recalculation of a baseline or SPT, may take place in certain circumstances:</p> <ul style="list-style-type: none"> • When there is a material change in the perimeter or scope of a KPI due to an acquisition, divestiture, merger, or de-merger; • if the methodology or data for calculation of a given KPI occurs; • if material errors are found; or if a force majeure event occurs resulting in a significant change in the performance

	Use of Proceeds Bonds and Loans	Sustainability-Linked Bonds and Loans
		<p>against and SPT. Any changes to the baseline or SPT recalculations will be disclosed in GSA’s annual reporting.</p> <p>We can confirm GSA’s commitment to reporting on any changes to the structural and financial characteristics of the bond or loan, and this is in line with the requirements as set out by the SLBPs and the SLLPs.</p>
<p>Principle Four:</p>	<p>Reporting:</p> <p>We confirm that GSA has committed to reporting on the use of proceeds from the Bond/Loan issuances through a standalone report on its website via the investor portal, on an annual basis. GSA will cover key information on the allocation of proceeds and the quantification of the environmental and social benefits of the selected projects.</p> <p>DNV can also confirm GSA has committed to measuring the impact of the proceeds from future issuances through a range of potential KPIs as listed in the Framework and detailed in Schedules 1 and 3 of this document.</p> <p>DNV concludes that GSA has committed to producing appropriate and transparent reporting on the environmental and/or social impacts of future issuances within the Framework that meet the requirements of the relevant GBP, SBP, SBG, GLP and SLP, that GSA’s framework complies with.</p>	<p>Reporting:</p> <p>GSA has committed to reporting on an annual basis, progress against the KPIs in its Sustainability Report which will be made available on GSA’s website via the investor portal, at least until the date relevant for assessing whether the achievement of the SPT has been reached.</p> <p>The reporting may include:</p> <ul style="list-style-type: none"> • Information on the performance of the selected KPI, including the baseline where relevant. • A verification assurance report relative to the KPI, outlining the performance against the SPT; and • Any relevant information enabling investors to monitor the progress of the KPI and the SPT. <p>Information may also include, when feasible and possible:</p> <ul style="list-style-type: none"> • A qualitative or quantitative explanation of the contribution of the main factors behind the evolution of the KPI or SPT; • Illustration of the positive sustainability impact of the performance improvement; • Any re-assessments of KPIs and/or restatement of the SPT, and/or pro forma adjustments of baselines or KPI scope, if relevant; and • Any changes/updates on new regulations from regulatory bodies relevant to the KPIs and/or SPTs. <p>DNV concludes GSA’s commitment to reporting is in line with the requirements of the SLBPs and the SLLPs.</p>
<p>Principle Five:</p>	<p>N/A</p>	<p>Verification (Post-issuance):</p> <p>GSA has committed to reporting on all three KPIs as part of its annual Sustainability Report, which will be verified by external third parties and made available on its website. GSA has committed to obtaining an independent external verification statement, confirming whether the performance of the KPI meets the relevant SPT following a relevant target observation date, which will be provided to creditors.</p>

	Use of Proceeds Bonds and Loans	Sustainability-Linked Bonds and Loans
		DNV confirms GSA's commitment to verification is in line with the requirements within the SLBPs and the SLLPs.

On the basis of the information provided by The Group, and the work undertaken, it is DNV's opinion that the GSA Sustainable Finance Framework meets the criteria established in the Protocol and that it is aligned with the stated definitions of: Green Bonds within the Green Bond Principles (GBP) 2021; Social Bonds within the Social Bond Principles (SBP) 2021; Sustainability Bonds within the Sustainability Bond Guidelines (SBG) 2021; Green Loans within the Green Loan Principles (GLP) 2021; and Social Loans within the Social Loan Principles (SLP) 2021.

It is also aligned with the stated definition of Sustainability-Linked Bonds within the Sustainability Linked Bond Principles (SLB) 2021, which is to *"incentivise the issuer's achievement of material, quantitative, pre-determined, ambitious, regularly monitored and externally verified sustainability (ESG) objectives through KPIs and SPTs"*, thereby providing *"an investment opportunity with transparent sustainability credentials"*. In addition, the Framework is aligned to the stated definition of Sustainability-Linked Loans within the Sustainability-Linked Loan (SLL) Principles 2022, which is to *"facilitate and support environmentally and socially sustainable economic activity and growth"*, thereby *"promoting sustainable development more generally"*.

for DNV Business Assurance Services UK Limited

London, 16 November 2022



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About DNV



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

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




SCHEDULE 1: DESCRIPTION OF ACTIVITIES TO BE FINANCED UNDER THE USE OF PROCEEDS BONDS AND LOANS

ICMA/LMA Green Project category	Description of activities (non-exhaustive list)	SRS Themes & Criteria	UN SDGs
Green buildings	<ul style="list-style-type: none"> Financing the development, acquisition or construction of new Green Buildings Refinancing of existing Green Buildings Buildings with or expected to achieve, an EPC rating of A or B 	T6 C14, C15 & C16	
Energy efficiency	<ul style="list-style-type: none"> Installation Renovation, retrofit, modernisation or improvement of existing buildings Renovation of existing buildings that either improves EPC ratings by at least two notches, or by at least one notch to achieve an EPC rating of at least B, improving the energy efficiency by at least 30%, or expected to achieve a ranking within the top 15% of the national building stock Installation of devices or appliances to improve energy efficiency of new or existing buildings Installation of energy saving technologies and storage solutions, such as: <ul style="list-style-type: none"> ✓ Measurement devices including energy smart meters and thermostats ✓ LED lighting, A and B rated household appliances (in accordance with Regulation (EU) 2017/1369, heat pumps and communal heating systems ✓ Battery storage systems 	T6 C14, C16 & C17	
Renewable energy	<ul style="list-style-type: none"> Integration of renewables into projects or buildings <ul style="list-style-type: none"> ✓ Installation of on-site renewables (e.g. solar PV, wind, communal heating etc.) or other investment into power projects operating at lifecycle emissions of <100gCO₂/kWh 	T6 C14, C15 & C16	

	<ul style="list-style-type: none"> ✓ Procurement of renewable energy via Renewable Energy Certificates (RECs) or medium and long-term (>5 years) Power Purchase Agreements (PPAs) 		
Clean transportation	<ul style="list-style-type: none"> • Clean transportation infrastructure and transport modes Development of clean transportation infrastructure and promotion for both residents and employees of GSA, which may include: <ul style="list-style-type: none"> ✓ Electric vehicle charging infrastructure ✓ Installation of cycle paths and supporting infrastructure such as racks ✓ Acquisition of low emissions vehicles with direct tailpipe emissions <50gCO₂/km until 2025, and 0gCO₂/km thereafter 	T6 C16	

ICMA Social category	Target Population	Description of activities		UN SDGs
Affordable housing	People who are unemployed, underserved, marginalised or living below the poverty line	<ul style="list-style-type: none"> • Financing the development, acquisition, construction or modernisation of Affordable Housing, and Refinancing of existing owned Affordable Housing <ul style="list-style-type: none"> ✓ Properties which comply with the UK Government’s definition of Affordable Housing and Shared Ownership, based on the definitions of “low cost rental accommodation” and “low cost home ownership accommodation” in the Housing and Regeneration Act of 2008. ✓ Excludes Projects developed for open market sale or rentals. 	T1 C1, C2 & C3	
Access to essential services	Vulnerable groups, people who are unemployed or living below the poverty line, people with disabilities	<ul style="list-style-type: none"> • Financing customer support projects, schemes and services that improve the wellbeing of local communities <ul style="list-style-type: none"> ✓ Place-making through the creation or improvement of public green spaces or communal spaces to support physical and mental wellbeing Supporting residents to deliver health, financial support services, commercial, entrepreneurial and digital inclusion training and wellbeing sessions. 	T4 C12 & C13 T7 C20	

SCHEDULE 2: DESCRIPTION OF THE KEY PERFORMANCE INDICATOR (KPI) AND SUSTAINABILITY PERFORMANCE TARGET (SPT) FOR SUSTAINABILITY LINKED BONDS AND LOANS

Key performance indicator (KPI)	Sustainability performance target (SPT)	Industry alignment, or UK environmental regulation	UN SDG alignment
Energy Performance Certificate (EPC) of Housing Stock	<p>Housing Stock meeting a minimum EPC rating of C (%):</p> <ul style="list-style-type: none"> <u>Short-term</u>: Achieve 71% of total housing stock meeting a minimum EPC rating of C by 2026/27. <u>Medium-term</u>: Achieve 100% of total housing stock meeting a minimum EPC rating of C by 2030/31. <u>Long-term</u>: Net Zero by 2050/51. 	UK Government’s Clean Growth Strategy and ambition to upgrade all social housing to an EPC rating of C by 2030	
Delivery of Affordable Housing	<p>The number of new stock built or acquired that is defined as affordable housing:</p> <ul style="list-style-type: none"> <u>Short-term</u>: 2,500 new homes built by 2026/27. <u>Medium-term</u>: 4,000 new homes built by 2030/31. <u>Long-term</u>: provide truly affordable homes, and care and support services, that will enable people to achieve their full potential (“Simply Brilliant Together”). 	Housing & Regeneration Act aligned	
Reduction in Greenhouse Gas (GHG) Emissions (Scope 1, 2 and 3)	<p>Reduction in Scope 1, 2, and 3 Greenhouse Gas (GHG) emissions (tCO₂e):</p> <ul style="list-style-type: none"> <u>Short-term</u>: 5% by 2026/27, with respect to the Baseline (SECR methodology). <u>Medium-term</u>: 10% by 2030/31, with respect to the Baseline (SECR methodology). <u>Long-term</u>: Net Zero by 2050/51. 	<p>UK Government SECR aligned</p> <p>UK Climate Change Roadmap for Net Zero aligned (by 2050)</p> <p>EU Eco-Management and Audit Scheme (EMAS) methodology</p>	

SCHEDULE 3: USE OF PROCEEDS FINANCIAL INSTRUMENTS – GSA-SPECIFIC SUSTAINABILITY FINANCE FRAMEWORK ELIGIBILITY ASSESSMENT PROTOCOL

1. Use of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Types of Financing Framework	<p>The financing must fall in one of the following categories, as defined by the GBP, SBP, SBG, GLP and SLP:</p> <ul style="list-style-type: none"> • Use of Proceeds Bond • Use of Proceeds Revenue Bond • Project Bond • Securitized Bond <p>Green / Social Loans are defined as any type of loan instrument made available exclusively to finance or re-finance, in whole or in part, new and/or existing eligible projects. Green Loans must align with the four components of the GLP.</p>	<p>In addition to reviewing the evidence below, we had several detailed discussions with GSA.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> • GSA Sustainable Finance Framework 	<p>The Framework outlines the type of Use of Proceeds instruments expected to be issued under the Framework as various funding instruments including- but not limited to- Green, Social, Sustainability and Sustainability Linked Bonds, private placements, floating-rate notes, commercial paper, bank facilities and leases. The specific type of Use of Proceeds Instruments will need to be further assessed on an individual basis.</p>
1b	Green and Social Project Categories	<p>The cornerstone of a Sustainability bond/loan is the utilisation of the proceeds which should be appropriately described in the legal documentation for the security.</p>	<p>Evidence reviewed:</p> <ul style="list-style-type: none"> • GSA Sustainable Finance Framework 	<p>GSA intends to use the proceeds from future issuances to finance the following activities:</p> <p>Eligible Green Categories:</p> <ul style="list-style-type: none"> • Green buildings • Renewable energy • Energy efficiency • Clean Transportation <p>Eligible Social Categories:</p> <ul style="list-style-type: none"> • Affordable housing • Access to essential services <p>Multiple target populations would benefit under each of these categories as listed in detail in Schedule 1 of this document.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>DNV confirms that these projects and the relevant target populations, fall within the definition of Eligible Categories as outlined in the Framework and Schedule 1 of this opinion, and they are consistent with the GBPs, SBPs, SBGs, GLPs and the SLP guidelines.</p> <p>We can conclude that the Framework appropriately describes the proposed utilisation of proceeds. The specificities of each issuance will need to be further assessed on an individual basis.</p>
1c	Green and Social benefits	All designated sustainability project categories should provide clear environmental and/or social benefits, which, where feasible, will be quantified or assessed by the issuer.	<p>Evidence reviewed:</p> <ul style="list-style-type: none"> • GSA Sustainable Finance Framework • Simply Brilliant Together strategy and The GSA Way presentation • GSA Financial Statements 2022, including Sustainability Strategy • GSA Annual Report • Case-studies of successful affordable housing projects with various partners • Equality, Diversity and Inclusion Foundation (EDI) Strategy Commitments 	<p>GSA has provided a description of the types of Eligible Green and/or Social projects that it intends to finance under the Framework. GSA has prioritised projects that it feels will support its progress towards delivering on the UN SDGs.</p> <p>The Eligible Categories are aligned with the Sustainability Reporting Standard (SRS) for Social Housing, a voluntary disclosure framework that provides guidance to UK housing providers for reporting on their ESG performance, in a transparent, consistent and comparable way.</p> <p>DNV can also confirm that GSA has committed to excluding, in the Affordable Housing category, projects developed for open market sale or market rentals (as opposed to those made available for social rent, affordable rent and shared ownership).</p> <p>To make the benefits quantifiable, GSA has provided a detailed list of potential KPIs. DNV can confirm that GSA has clearly outlined how it intends to support the performance and assessment of eligible projects by following the vision and focus points detailed in the Framework, in particular in its "Simply Brilliant Together" strategy summary.</p> <p>The evidence reviewed gives us the opinion that future issuances to be issued under Framework will deliver clear social and/or environmental benefits.</p>

2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Investment-decision process	The issuer of a Sustainability Bond/Loan should outline the decision-making process it follows to determine the eligibility of projects using the proceeds	<p>In addition to reviewing the evidence below, we had several detailed discussions with GSA.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> • GSA Sustainable Finance Framework • GSA Financial Statements 2022, including Sustainability Strategy and responsibilities of the Board • Executive Director of Development Decision 28 March 2022 Bonnington Walk (example approval document for housing project) • Board Approval Request for two European Funding Bids (2018 example) 	<p>DNV can confirm GSA has specified the eligibility criteria for each type of Green and Social project in the Use of Proceeds table of its Framework.</p> <p>GSA describes in its Framework the responsibilities of its Investment Committee in relation to future Bond/Loan issuances:</p> <ul style="list-style-type: none"> • the selection and approval of Eligible Projects; • the amounts equivalent to the investment of gross proceeds of the Use of Proceeds Instruments; • reviewing and updating the Framework; • commissioning external verification; and • the tracking and reporting of gross proceeds, and of unallocated proceeds. <p>The Investment Committee intends to meet at least on a semi-annual basis, and will be overseen by the Group Board. The Framework includes an overview of GSA’s investment structure with approval thresholds.</p> <p>Based on the evidence reviewed, we can conclude there is a robust decision-making process behind the approval of any Eligible Categories and Projects, considering the following set of parameters:</p> <ul style="list-style-type: none"> • compliance with GSA’s strategic objectives; • the criteria of Eligible Categories as defined in this Framework; • identification and management of potentially material ESG risks associated with projects; • compliance with applicable environmental law, social standards, and regulations; and • Where feasible, the ability to quantify, measure and report on Eligible Projects. <p>DNV concludes that the activities to be financed by future issuances will be appropriately evaluated, selected, managed, and reported on as outlined within GSA’s Framework, and that they meet the requirements under the GBPs, SBPs, SBGs, GLPs and of the SLPs.</p>

<p>2b</p>	<p>Issuer’s environmental, social and governance framework</p>	<p>In addition to the information disclosed by an issuer on its Bond/Loan process, criteria and assurances, Bond/Loan investors may also take into consideration the quality of the issuer’s overall framework and performance regarding sustainability.</p>	<p>Evidence reviewed:</p> <ul style="list-style-type: none"> GSA Sustainable Finance Framework <p>We also reviewed sustainability governance documentation:</p> <ul style="list-style-type: none"> Simply Brilliant Together strategy and The GSA Way presentation GSA Financial Statements 2022, including Sustainability Strategy, Responsibilities of the Board and Risk Management Framework GSA Annual Report Case-studies of successful affordable housing projects with various partners Voice of the Customer” monthly newsletter https://voice-of-the-customer.greensquareaccord.co.uk/ National Housing Federation Code of Governance (2020) https://www.housing.org.uk/globalassets/catalog/publications/code-of-governance-2020---additional-guidance.pdf Sustainability Reporting Standards for Social Housing (Nov.2020) Equality, Diversity and Inclusion Foundation (EDI) Strategy Commitments Executive Director of Development Decision 28 March 2022 Bonnington Walk (example approval document for housing project) 	<p>DNV has reviewed evidence showing that the process for project evaluation and selection will be supported by GSA’s “Simply Brilliant Together” five-year strategy through to 2026/27. This plan is shaped around four pillars:</p> <ul style="list-style-type: none"> Great homes and care In a great neighbourhood Built on strong foundations With great service <p>For each pillar, GSA has outlined strategic objectives, achievements in the past year, key figures, issues and focus areas, and the relevant UN SDGs it intends to advance.</p> <p>The Framework provides details of the multiple programmes GSA has established, illustrated by case studies, including:</p> <ul style="list-style-type: none"> Partnership with Homes England’s Affordable Housing Programme (“AHP”) for 2021-26 for building homes Collaboration with not-for-profit housing manufacturer LoCaL Homes. Initiatives on Energy Efficiency and Streamlined Energy and Carbon Report (SECR). Management of the natural environment with GreenSquare Estates using a model encompassing open space, drainage features and play areas. Support of local communities and launch of quarterly communication to stakeholders “Voice of the Customer” summarizing customer satisfaction feedback. <p>The Framework gives an overview of GSA’s Governance structure, led by the Executive Team, with oversight from the Board and supported by committees. To ensure accountability, transparency and inclusiveness, and alignment with law and regulations, GSA follows the guidance of the “Sustainability Reporting Standard” (SRS) for Social Housing, and has adopted the “National Housing Federation Code of Governance” (2020) on 1st April 2021. This is confirmed in GSA’s Financial statements 2022, which also describe the Group’s Risk Management Framework. GSA is also regulated by the “Regulator of Social Housing”, which holds it accountable for its governance, viability, and overall quality of service delivery.</p> <p>Finally, the Framework also outlines how GSA is championing equality, diversity and inclusion (“EDI”), and the Group has presented a table of the key ESG statistics on GSA’s performance,</p>
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			<ul style="list-style-type: none"> Board Approval Request for two European Funding Bids (2018 example) 	<p>that can also be found in the corporate reports that were provided as evidence.</p> <p>The evidence reviewed gives DNV the opinion that the Framework is in line with GSA's wider approach to managing environmental and social sustainability risks.</p>
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3. Management of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure	The net proceeds of a Bond/Loan should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the issuer in an appropriate manner and attested to by a formal internal process that will be linked to the issuer's lending and investment operations for Sustainability Projects.	<p>In addition to reviewing the evidence below, we had several detailed discussions with GSA.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> GSA Sustainable Finance Framework 	GSA has assigned to the "Investment Committee" the responsibility of managing the proceeds, and it has created a register to track the disbursements towards any Eligible Project. The internal tracking system will be under the oversight of the Committee. DNV finds that GSA has made appropriate plans to track the use of proceeds and that this is attested to by a formal internal process.
3b	Tracking procedure	So long as the Bond/Loans are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible green or social investments or loan disbursements made during that period.	<p>Evidence reviewed:</p> <ul style="list-style-type: none"> GSA Sustainable Finance Framework 	We can conclude that GSA has a clear process in place for tracking the balance of the proceeds, taking into any disbursements.
3c	Temporary holdings	Pending such investments or disbursements to eligible Projects, the issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	<p>Evidence reviewed:</p> <ul style="list-style-type: none"> GSA Sustainable Finance Framework 	We confirm that GSA has made clear how it will manage any unallocated proceeds in its liquidity portfolio, as per its Treasury management policy, and has committed to using products with ESG value where possible. DNV concludes that GSA has appropriately disclosed how it will manage any unallocated proceeds, in accordance with its Treasury policies.

4. Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Periodical reporting	In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, issuers should provide at least annually a list of projects to which Bond and where appropriate Loan proceeds have been allocated including - when possible with regards to confidentiality and/or competitive considerations - a brief description of the projects and the amounts disbursed, as well as the expected environmentally sustainable impact.	<p>In addition to reviewing the evidence below, we had several detailed discussions with GSA.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> • GSA Sustainable Finance Framework • GSA Annual Report • GSA Financial Statements 2022 	<p>We confirm that GSA has committed to reporting about the use of proceeds from future Bond/Loan issuances, through a standalone report on its website, on an annual basis.</p> <p>GSA will cover key information on the allocation of proceeds and the quantification of the environmental and social benefits of the selected projects, for which GSA has provided examples of potential KPIs:</p> <ul style="list-style-type: none"> • Number of new or existing buildings financed achieving EPC A, B or C. • Renovated buildings achieving each EPC band (including units of uplift achieved). • Renewable energy capacity installed (kWh). • Renewable energy generated (kWh). • Percentage of energy used purchased from renewable sources (%). • Clean transportation infrastructure investments (£). • EV charging points installed (#). • Cycle racks installed (#). • Low emission vehicles in fleet (# and %). • Avoided CO₂ emissions (tCO₂e) from all the above achievements. • Number of homes financed by tenure (split by new and existing homes). • Number of people housed in homes financed. • Percentage of average rent to average market rent by tenure (%). • Investments in public spaces (£). • Public spaces created (#); and • Number of households or customers joining sessions (#).

SCHEDULE 4: SUSTAINABILITY-LINKED BOND ELIGIBILITY ASSESSMENT PROTOCOL

1. Selection of Key Performance Indicators (KPIs)

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	KPI – material to core sustainability and business strategy	<p>The issuer’s sustainability performance is measured using sustainability KPIs that can be external or internal.</p> <p>The KPIs should be material to the issuer’s core sustainability and business strategy and address relevant environmental, social and/or governance challenges of the industry sector and be under management’s control. The KPI should be of high strategic significance to the issuer’s current and/ or future operations.</p> <p>It is recommended that issuers communicate clearly to investors the rationale and process according to which the KPI(s) have been selected and how the KPI(s) fit into their sustainability strategy.</p>	<p>In addition to reviewing the evidence below, we had several detailed discussions with GSA.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> • GSA Sustainable Finance Framework • GSA Simply Brilliant Together Strategy (2021-2026) • GSA Financial statements (2022) • GSA Annual report (2022) • The GSA Way: How we do things • GSA Equality, Diversity and Inclusion Foundation Strategy Commitments • Homes England’s Strategic Partnerships for the Affordable Homes Programme for 2021-26 (online) • GSA’s number one ranking in Housing Digital’s Top 30 Sustainable Housing Providers (online) 	<p>It is our opinion that GSA has set three KPIs that are material to the business and are aligned to the Group’s commitment to delivering: Improvement of Energy Performance Certification of Housing stock, Delivery of Affordable Housing, and Reduction in Greenhouse Gas Emissions - all within predefined timeframes for the relevant KPIs.</p> <p>We can confirm that the KPIs selected are highlighted as relevant, core and material to GSA’s overall business, and of high strategic significance to GSA’s current and/or future operations - addressing the relevant sustainability challenges and risks to the business, that are within GSA’s control. These KPIs have also been highlighted as highly material by GSA’s stakeholders. We can confirm that the three KPI’s commit GSA to future sustainability improvements within predefined timelines.</p> <p>In summary, operational carbon emissions reduction is deemed material as it is a key measure of GSA’s performance towards net zero by 2050/51. The energy performance of GSA’s housing portfolio is within the Group’s control, and core to its sustainability ambition and the UK Government’s objective to improve the energy efficiency of the UK social housing stock. GSA operates as a housing and care provider focused on delivering homes to people, and is committed to help solving the UK housing crisis, hence the delivery of quality, affordable housing stock in England for social housing purposes is in GSA’s influence, and a strategic objective for the organisation.</p> <p>Having reviewed the material provided, DNV notes that GSA has engaged stakeholders over time to validate that the three KPIs are indeed relevant and material to the Group’s overarching sustainability strategy. In addition, this activity has helped GSA to understand the key material topics of importance to colleagues, residents, leaders, the Executive Team, and GSA’s Group Board, in order to define the strategic priorities for the next five years and beyond.</p> <p>Based on the work undertaken, DNV can confirm that the KPI’s are relevant, core, and material to the Group’s overarching corporate and sustainability business strategy. The rationale and process for the KPI selection, as well as the definition, measurability and verifiability, are</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				clearly defined and presented within the Framework. The KPIs set out by GSA are also consistent with the SLBPs and the SLLPs.
1b	KPI - Measurability	<p>KPIs should be measurable or quantifiable on a consistent methodological basis; externally verifiable; and able to be benchmarked, i.e. as much as possible using an external reference or definitions to facilitate the assessment of the SPTs level of ambition.</p> <p>Issuers are encouraged, when possible, to select KPI(s) that they have already included in their previous annual reports, sustainability reports or other non-financial reporting disclosures to allow investors to evaluate the historical performance of the KPIs selected.</p> <p>In situations where the KPIs have not been previously disclosed, issuers should, to the extent possible, provide historical externally verified KPI values covering at least the previous 3 years.</p>	<p>In addition to reviewing the evidence below, we had several detailed discussions with GSA.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> GSA Sustainable Finance Framework GSA Simply Brilliant Together Strategy (2021-2026) GSA Financial statements (2022) GSA Annual report (2022) Homes England’s Strategic Partnerships for the Affordable Homes Programme for 2021-26 (online) 	<p>In our opinion the KPIs selected by GSA are measurable, quantifiable, and can be benchmarked against industry standards, UK regulation, and/or peers operating in the same sector. The KPIs summarised below are either in alignment with the UN Sustainable Development Goals (SDGs), industry standards, or UK environmental objectives:</p> <p>KPI 1 – Energy Performance Certificate (EPC) of Housing Stock:</p> <ul style="list-style-type: none"> Baseline: 2021/22 Aligned with the EMAS methodology – an instrument for Sustainable Consumption & Production, and Sustainable Industrial Policy Action Plan. Aligned with the UK Government’s Clean Growth Strategy (2017) for social housing that aims for “all fuel poor homes to be upgraded to EPC Band C by 2030”, and for “as many homes as possible across the whole housing stock to reach a similar standard by 2035, where practical, cost effective and affordable”. The KPI targets 100% of management properties to achieve EPC band C, and the KPI structure does not allow properties below EPC C to be offset by higher properties. SDG alignment - Goal #7 (Affordable and Clean Energy) and Goal #13 (Climate Action). Overall this KPI is an important milestone towards the Group’s longer term aspiration, to make all homes Net Zero carbon by 2050. <p>KPI 2: Delivery of Affordable Housing:</p> <ul style="list-style-type: none"> Baseline: 2021/22 Aligned with the UK Government’s Affordable Homes Programme 2021-2026 to “to deliver up to 130,000 affordable homes by March 2026 – outside of London”. Cumulative number of new affordable homes built or acquired aligns with the definition by the Housing & Regeneration Act (2008). SDG alignment - Goal #1 (No Poverty) and Goal #11 (Sustainable Cities & Communities).

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>KPI 3 – Absolute Reduction in total Scope 1, 2 and 3 emissions:</p> <ul style="list-style-type: none"> • Baseline: 2021/22. • Aligned with the UK Government energy and carbon reporting (SECR) methodology. • SDG alignment - Goal #7 (Affordable and Clean Energy) and Goal #13 (Climate Action). • Commitment to Net Zero by 2050/51, which aligns with the UK Government Net Zero Strategy. • 2021/22 is GSA’s first year of public reporting, due to merger in 2021. • GSA has committed to publish their data annually in accordance with the UK Government’s Streamlined Energy and Carbon Reporting (SECR) regulation. • Annual ongoing reporting which will be verified by an external auditor or an appropriate, qualified and independent verification agent(s) or an independent rating agency (the “External Verifier”) and made available on GSA’s website. <p>From the documents assessed we can confirm:</p> <ul style="list-style-type: none"> • A clear baseline year has been set. • Each KPI is externally verifiable against the applicable international or national reporting standards and frameworks (e.g. UN SDGs, SECR); and • GSA has committed to reporting on all three KPIs on an annual basis as part of its annual Sustainability Report, and has confirmed that the data will be verified by external third parties and made available on its website, via the investor portal. <p>DNV concludes that the measurability of all three KPI’s are clearly defined, and information on this will be published in the Group’s annual Sustainability Report. DNV can also report that GSA has provided three years of historical data for KPI 2, and due to the merger, up to two years of data for KPIs 1 and 3. A benchmarking exercise has also been conducted to assess GSA’s targets and provided to DNV, as part of the evidence reviewed to inform this opinion.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1c	KPI – Clear definition	A clear definition of the KPI(s) should be provided and include the applicable scope or perimeter, as well as the calculation methodology	<p>In addition to reviewing the evidence below, we had several detailed discussions with GSA.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> • GSA Sustainable Finance Framework • GSA Simply Brilliant Together Strategy (2021-2026) • GSA Financial statements (2022) • GSA Annual report (2022) • Homes England’s Strategic Partnerships for the Affordable Homes Programme for 2021-26 (online) 	<p>It is DNV’s opinion that GSA has provided and included the applicable scope, parameters, and calculation methodologies, where relevant. We can also confirm for all three KPI’s, that this is in line with the SLBPs and SLLPs:</p> <p>KPI 1 – Energy Performance Certificate (EPC) of Housing Stock:</p> <ul style="list-style-type: none"> • Baseline: 67% as 2021/2022. • Methodology aligned with EMAS methodology – an instrument for Sustainable Consumption & Production, and Sustainable Industrial Policy Action Plan. • GSA will measure the number of properties that meet a minimum EPC rating of C as a proportion of their total managed stock portfolio (excluding properties which are held for disposal where there are no incumbent customers). Only EPC ratings for owned stock will be utilised in GSA’s calculations. GSA will conduct annual stock condition surveys to ensure available information. <p>KPI 2: Delivery of Affordable Housing:</p> <ul style="list-style-type: none"> • Baseline: 527 homes defined as affordable housing built in 2012/22. • Methodology aligned with the UK Government’s Affordable Homes Programme 2021-2026 to “to deliver up to 130,000 affordable homes by March 2026 – outside of London”. <p>KPI 3 – Reduction in Greenhouse Gas (GHG) Emissions:</p> <ul style="list-style-type: none"> • Baseline: 63,506 tCO₂e (Scope 1, 2 and 3) in 2021/22 • Aligned with the UK Government energy and carbon reporting (SECR) methodology: <ul style="list-style-type: none"> ○ Scope 1 – direct emissions originating from assets that GSA owns or controls. ○ Scope 2 – indirect emissions from electricity purchased by GSA; and ○ Scope 3 – calculated emissions from downstream leased assets (homes) and business travel, which are separated for reporting purposes (note: embodied carbon is not included). ○ Methodology was previously audited by an external third party.

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				DNV confirms that the scope, parameters, and calculation methodology for the three KPI's are clearly defined within the Framework, and that they meet the criteria as set out by the SLBPs and the SLLPs.

2. Calibration of Sustainability Performance Targets (SPTs)

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Target Setting - Meaningful	The SPTs should be ambitious, realistic, and meaningful to the issuer's business and be consistent with the issuers' overall strategic sustainability/ESG strategy	<p>In addition to reviewing the evidence below, we had several detailed discussions with GSA.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> GSA Sustainable Finance Framework GSA Simply Brilliant Together Strategy (2021-2026) GSA Financial statements (2022) GSA Annual report (2022) 	<p>After reviewing the evidence provided, we can confirm that the selected KPI's outlined in 1a are aligned with the following three SPT's set out below, and that they are meaningful, i.e. they will help GSA to address the most material social and environmental challenges, which are of concern to its stakeholders, and the UK housing sector more widely. GSA has summarised the key factors for the achievement of the SPTs, which are listed below:</p> <ul style="list-style-type: none"> SPT 1 - Proportion of Housing Stock meeting a minimum EPC rating of C: <ul style="list-style-type: none"> Improved insulation, such as the installation of a whole house wrap of timber framed panels to stock, reducing the need to rely on thermal heating systems The use of low carbon technologies and renewables. Installation of LED lighting, smart meters, double / triple-glazing, efficient boilers etc. Successful delivery of our ambitious new build programme; and Effective procurement strategy for the delivery of GSA's decarbonisation programme. SPT 2 - New stock built or acquired that is defined as affordable housing: <ul style="list-style-type: none"> UK Government support for delivering 300,000 new homes by the mid-2020s. The demand for affordable housing continues to grow. SPT 3 - Reduction in Scope 1, 2 and 3 Greenhouse Gas (GHG) emissions:

				<ul style="list-style-type: none"> ○ A reduction in emissions attributed to continued use of homeworking as a result of the COVID-19 pandemic. ○ Growing political support (including UK regulation) for renewable energy and phase-out of high-emission fossil fuels as electricity production sources, leading to a lower-carbon national energy mix. ○ The development of onsite solar photovoltaic panels on housing stock. ○ Selection of renewable power tariffs by GSA and its customers. ○ Improvements in building designs / refurbishments (such as timber panels etc.) that improve insulation. ○ Review of fleet and office portfolio. <p>DNV can confirm that the above SPT's will help GSA in its commitment to achieving net-zero by 2050; reduce GSA's carbon emissions (Scopes 1, 2 and 3); and improve the housing crisis through building or acquiring new and affordable homes. We also note that GSA has an internal governance process in place, as outlined in 4a, to help manage sustainability risks (social and environmental), and that this aligns with future regulation, and foresees potential opportunities. We can also confirm that all three SPTs are consistent with GSA's overall sustainability strategy.</p>
2b	Target Setting - Meaningful	SPTs should represent a material improvement in the respective KPIs and be beyond a "Business as Usual" trajectory; where possible be compared to a benchmark or an external reference and be determined on a predefined timeline, set before (or concurrently with) the issuance of the bond.	<p>In addition to reviewing the evidence below, we had several detailed discussions with GSA.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> • GSA Sustainable Finance Framework • GSA Simply Brilliant Together Strategy (2021-2026) • GSA Financial statements (2022) • GSA Annual report (2022) 	<p>Having reviewed the evidence provided, we can confirm that all three SPTs represent a material improvement in the respective KPIs, that they are appropriately tied to a predetermined performance target benchmark, and that the SPTs are above a "Business as Usual" trajectory.</p> <p>GSA has also outlined any potential risks to achieving the SPTs, including:</p> <ul style="list-style-type: none"> • Unforeseen change to GSA's active development which reduces the Group's pipeline and delivery of energy efficient homes programme or/and of affordable homes e.g. due to the prevailing rent regime or macro-economic changes such as inflation and interest rates. • Weakening of UK Government policy of supporting energy efficiency. • Properties in heritage conservation areas, where retrofit work may be unsuitable. • Unforeseen circumstances or events which impair GSA's ability to access properties e.g. due to a change in circumstances of a

				<p>customer, complete planned work or disrupt Group’s supply chain e.g. due to failure of our contractors.</p> <ul style="list-style-type: none"> • Disruption to the availability of the Social Housing Grant, and reduced support from the UK Government. • Increased costs of building materials. • Reduced availability of land for construction purposes. • A reversal in the dynamic working trend. • Change in renewable energy and carbon pricing. • Strategic organisational transformation and portfolio activity (such as integrations, mergers or disposals). • Instability of grid supply that requires the use of fossil fuels to keep sites operational. • Reduced UK Governmental support for decarbonising the grid mix. <p>DNV can confirm that each SPT is aligned with, where possible, to relevant industry standards or goals. We can also conclude that GSA has set out a clear calculation methodology for all three SPTs, that it has provided sufficient historic data where viable, and that this is in line with the bond and loan characteristics of the SLBPs and the SLLPs.</p>
2c	Target Setting – benchmarks	<p>The target setting exercise should be based on a combination of benchmarking approaches:</p> <ol style="list-style-type: none"> 1. The issuer’s own performance over time for which a minimum of 3 years, where feasible, of measurement track record on the selected KPI(s) is recommended and when possible forward-looking guidance on the KPI 2. The SPTs relative positioning versus the issuer’s peers where comparable or available, or versus industry or sector standards 3. Systematic reference to science-based scenarios, or absolute levels (e.g. carbon budgets) or official country/regional/international targets or to recognised Best-Available-Technologies or other proxies. 	<p>In addition to reviewing the evidence below, we had several detailed discussions with GSA.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> • GSA Sustainable Finance Framework • GSA Simply Brilliant Together Strategy (2021-2026) • GSA Financial statements (2022) • GSA Annual report (2022) 	<p>DNV can confirm that due to the merger of GreenSquare and Accord, historical data points were not always available or directly comparable, due to differing methodologies used by each of the housing association. Thus, some elements of the historic benchmarking exercise were based on estimates.</p> <p>GSA has, where able, provided evidence of historic performance data for the SPTs, as follows:</p> <ul style="list-style-type: none"> • SPT 1: As at 2020/21, GSA estimated that c.46% of properties had a minimum EPC C rating – based on verified data across 30.5% of stock and extrapolated across the portfolio. • SPT 2: During the year to 2020/21, GSA added 481 affordable units (245 by GreenSquare and 236 by Accord); in 2019/20 GSA added 575 affordable units (295 by GreenSquare and 280 by Accord); and • SPT 3: A significant proportion of GSA emissions (excluding construction) are from the use of properties that are leased to customers (approximately 97% as at 2021/22). For 2020/21, GSA recorded emissions totalling 71,247tCO₂e from leased properties (scope 3) which reduced to 61,778tCO₂e in

				<p>2021/22 (-13%), due improved data accuracy and the completion of refurbishment projects.</p> <p>Based on the peer and industry analysis provided, we can also conclude that the targets set are leading or in line with peers, or when assessed against relevant industry standards:</p> <ul style="list-style-type: none"> • SPT 1: supports the GSA’s long-term objective to reduce emissions in housing by improving energy efficiency. • SPT 2: supports the UK’s commitment to addressing the housing crisis in the UK through the provision of “affordable housing” (i.e., building 300,000 homes per year by the mid-2020s, including 130,000 affordable homes outside London between 2021-2026); and • SPT 3: is aligned with GSA’s long-term target to become net-zero by 2050.
2d	Target setting – disclosures	<p>Disclosures on target setting should make clear reference to:</p> <ol style="list-style-type: none"> 1. The timelines of target achievement, the trigger event(s), and the frequency of SPTs 2. Where relevant, the verified baseline or reference point selected for the improvement of the KPIs as well as the rationale for that baseline or reference point to be used 3. Where relevant, in what situations recalculations or pro-forma adjustments of baselines will take place 4. Where possible and taking into account competition and confidentiality considerations, how the issuers intend to reach such SPTs 	<p>In addition to reviewing the evidence below, we had several detailed discussions with GSA.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> • GSA Sustainable Finance Framework • GSA Simply Brilliant Together Strategy (2021-2026) • GSA Financial statements (2022) • GSA Annual report (2022) 	<p>DNV can confirm the relevant disclosures on target setting are appropriately described within the Framework, will be achieved within a predefined timeline, and that GSA has committed to disclosing its progress in its annual reporting. The timelines set are clearly referenced for all three KPIs in the short-term (2026/27), medium-term (2030/31) and long term (2050/51), and comply with recognised standards. Where relevant, the KPI’s are to be measured and reported against a baseline year.</p> <p>DNV notes that 2021/22 was selected as the baseline year, as this was the first full year of reporting following the merger of GSA:</p> <ul style="list-style-type: none"> • SPT 1: aligns with the UK ‘Future Homes’ standard and EPC ratings for energy efficiency. • SPT 2: aligns with the UN SDGs #7 and #13. DNV notes there is no official measure to compare housing needs in England. • SPT 3: baseline year of 2021/2022 according to the SECR methodology and aligns the UK Net Zero ambition. <p>We can confirm that each SPT is aligned with industry standards, has a clear calculation methodology in place, that historic performance has been outlined where relevant, and are set on a predefined timeline. We can also confirm that short, medium, and long-term targets have also been clearly defined. Exact targets for a specific transaction would need to be included in the relevant linked bond or loan documentation.</p>

3. Financial Characteristics

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Bond or Loan Characteristics – SPT Financial/structural impact	The SLB/SLL will need to include a financial and/or structural impact involving trigger event(s) based on whether the KPI(s) reach the predefined SPT(s).	In addition to reviewing the evidence below, we had several detailed discussions with GSA. Evidence reviewed: <ul style="list-style-type: none"> GSA Sustainable Finance Framework 	DNV confirms that the Sustainability-Linked Instruments to be issued by GSA may include a coupon, or a margin step up/step down margin, or a premium payment that will be made during- or at the release of- a Sustainability Linked Instrument, a change in the intended recipient of the above amounts, or other innovative adjustments. We also note that the characteristics of any instrument will be detailed in the corresponding instrument documentation, and that GSA has committed to notify the holders of any Sustainability-Linked Instrument, about performance against the SPT(s) as soon as reasonably practical. We can confirm that GSA’s commitment to the Sustainability-Linked Bond and Loan characteristics is in line with the requirements of the SLBPs and the SLLPs.
3b	Bond or Loan Characteristics – Fallback mechanism	Any fallback mechanisms in case the SPTs cannot be calculated or observed in a satisfactory manner should be explained. Issuers may also consider including, where needed, language in the bond documentation to take into consideration potential exceptional events.	In addition to reviewing the evidence below, we had several detailed discussions with GSA. Evidence reviewed: <ul style="list-style-type: none"> GSA Sustainable Finance Framework 	DNV confirms that GSA has stated within the Framework: if a material change of perimeter or scope to a KPI takes place, for example, due to an acquisition, divestiture, merger or de-merger; if GSA revises the methodology for the calculation of a given KPI; or if a material error is found or a force majeure event occurs resulting in a significant change in the performance against the SPT – that this might result in a recalculation of the KPI or rebaselining. GSA has committed to reporting on the SPT recalculations in its annual reporting. DNV can confirm that this is in line with the requirements of the SLBPs and the SLLPs.

4. Reporting commitments

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Reporting	Issuers of SLB/SLLs should publish, and keep readily available and easily accessible:	Evidence reviewed: <ul style="list-style-type: none"> GSA Sustainable Finance Framework 	GSA has committed to reporting on the progress against all three KPIs in an annual Sustainability Report which will be made available on GSA’s website and/or directly to the holders of a Sustainability-Linked

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		<ol style="list-style-type: none"> 1. Up-to-date information on the performance of the selected KPI(s), including baselines where relevant 2. A verification assurance report relative to the SPT outlining the performance against the SPTs and the related impact, and timing of such impact, on the bond's financial and/or structural characteristics 3. Any information enabling investors to monitor the level of ambition of the SPTs <p>This reporting should be published regularly, at least annually, and in any case for any date/period relevant for assessing the SPT performance leading to a potential adjustment of the SLB and/or SLL's financial and/or structural characteristics.</p>		<p>Instrument, at least until the date relevant for assessing the achievement of the SPT has been reached.</p> <p>The reporting may include:</p> <ul style="list-style-type: none"> • Information on the performance of the selected KPI, including the baseline where relevant. • A verification assurance report relative to the KPI outlining the performance against the SPT; and • Any relevant information enabling investors to monitor the progress of the KPI and the SPT. <p>Information may also include, when feasible and possible:</p> <ul style="list-style-type: none"> • A qualitative or quantitative explanation of the contribution of the main factors behind the evolution of the KPI or SPT on an annual basis • Illustration of the positive sustainability impact of the performance improvement • Any re-assessments of KPIs and/or restatement of the SPT and/or pro forma adjustments of baselines or KPI scope, if relevant; and • Any changes/updates on new regulations from regulatory bodies relevant to the KPIs and/or SPTs. <p>We can confirm that GSA's Executive Team, supported by the Board, are responsible for ensuring business accountability, transparency, inclusivity, and compliance with the applicable laws and regulations. In addition, based on the evidence reviewed, we have also noted that GSA has adopted the National Housing Federation Code of Governance on 1st April 2021. GSA has also conducted a governance review in 2022, which led to establishment of a Governance Improvement Plan, updated Governance documentation, and a corporate alignment review against GSA's strategy.</p> <p>It is in DNV's opinion that GSA has appropriately committed to reporting and this is in line with the requirements of the criteria as set out under the SLBPs and the SLLPs.</p>
4b	Second Party Opinion	Publication of any pre-issuance external review, such as a second party opinion, or if relevant a verification of baselines.	Evidence reviewed: <ul style="list-style-type: none"> • GSA Sustainable Finance Framework 	GSA has committed to conducting a Second Party Opinion (SPO) on the Framework meeting the ICMA and LMA criteria. This will include an assessment of the KPIs selected, baselines and SPTs selected, and the

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				credibility of the strategy to achieve them. DNV confirms that the pre-issuance of any publication is in line with the requirements of the SLBPs and the SLLPs.

5. Verification

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
5a	External Verification	Issuers should have their performance against each SPT for each KPI independently verified by a qualified external reviewer with relevant expertise, at least once a year, and for each SPT trigger event.	Evidence reviewed: <ul style="list-style-type: none"> GSA Sustainable Finance Framework 	<p>GSA has committed to reporting on all three KPIs on an annual basis as part of its annual Sustainability Report, and has confirmed that the data will be verified by external third parties and made available on its website, via the investor portal.</p> <p>DNV also notes GSA will obtain an independent external verification statement, confirming whether the performance of the KPI meets the relevant SPT following a relevant target observation date. In addition, in the case of a bond, GSA has also stated it will report on this publically GSA’s website via the investor portal. In the case of loans, information maybe shared with creditors via the facility agent, or bilaterally depending on the lending documentation.</p> <p>DNV can confirm GSA’s commitment to verification is in line with the requirements of the SLBPs and the SLLPs.</p>