Sustainable Finance Framework.

May 2023

Bromford.

Foreword.

Bromford is one of the largest developer housing associations in the United Kingdom. We own and manage 46,450 social and affordable homes for people who can't access market housing and we plan to build 12,000 new homes by 2031. Sustainability has always been fundamental to our mission and continues to underpin everything we do. It runs to our core purpose and is the foundation upon which our new 2023–2027 corporate strategy is built.

We believe that everyone should have a home that is safe, secure, warm and affordable. We have individual relationships with the 110,000 people who live in our homes and want each of them to be able to achieve their goals. Put simply, we want people to thrive.

In recent years we have demonstrated this commitment through a suite of reporting tools. Our statutory accounts, trading updates and investor presentations now present our sustainability performance alongside financial outcomes. We are proud to have pioneered sustainability-linked borrowing in our sector, including the first loan linked to the energy efficiency of homes and the first ever bank deal linked to governance targets in the form of gender pay gap Key Performance Indicators ("KPI"). These loans have already driven sector leading outcomes with 87% of our homes now improved to EPC C or above, and our gender pay gap reducing to 6.5%.

Our first sustainability impact report – Building A Sustainable Future – was published in 2022 and will be published annually. It is the central channel through which we will tell our story and demonstrate our progress against the sustainability commitments we have set out, so that our customers, colleagues, investors, and other strategic partners can hold us to account.

This Sustainable Finance Framework ("Framework") is another essential component of our sustainability story, cementing the relationship between finance and purpose. First launched in

2021, our updated Framework aligns our future financing to strategic commitments, underpinned throughout by a clear link to seven United Nations' Sustainable Development Goals and linked to updated International Capital Markets Association (ICMA) and Loan Market Association (LMA) principles too.

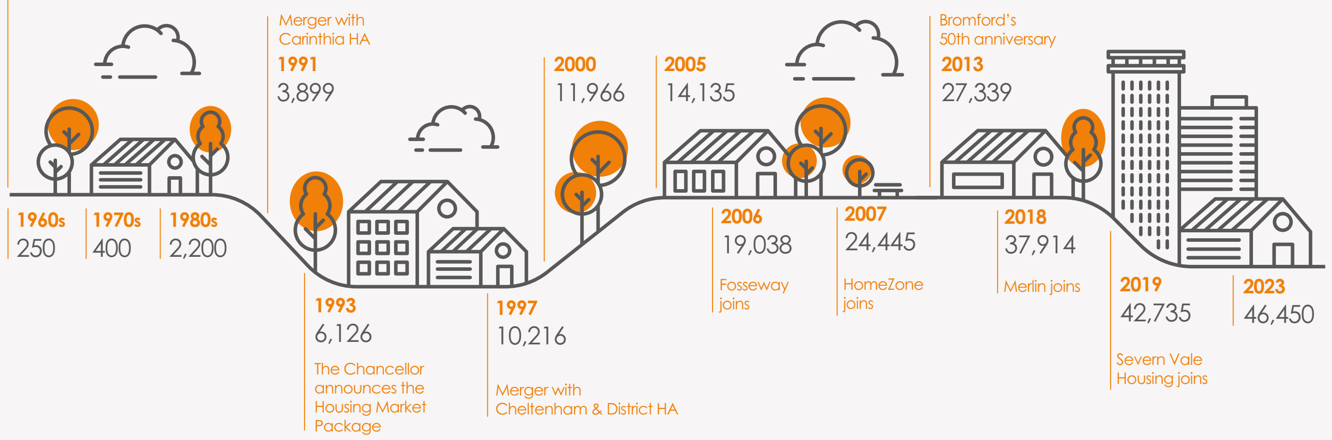
Our cross-directorate Sustainability Group is the custodian of this Framework and importantly connects our decision-making on sustainability projects to the required investment envelope in our business plan. It is sponsored by our CFO and brings together specialists from all corners of the business to improve the way we collect data and report our performance and progress.

The narrative around our 10 core projects – ranging from the delivery of social homes and reducing homelessness, to creating an inclusive culture for colleagues and greening our office space and fleet – has been updated to reflect the targets and impact measures we have carefully designed against our core strategic pillars of place, scale and impact.

Sustainability continues to reside in a dynamic and nascent space. We are still very much at the start of this journey and in our work we continue to learn more about what truly drives environmental, social and governance outcomes that drive benefit for our customers and communities. We expect our Framework to continue to evolve over the coming years in line with policy, technological and other macro drivers, as will our strategic targets. This may require some retuning of those targets to ensure we continue to raise the bar in what we can achieve.

Imran Mubeen, director of treasury, Bromford

Our history.



Around 54% of our customers live in just four areas – Lichfield, Tewkesbury, Cotswolds and South Gloucestershire. We call these the big four. These are the places where we are the majority social landlord and own up to 75% of all the affordable homes. We think this places a responsibility on us to play our part in the wider success of these places and we will actively look to develop a leadership role

Where we operate.

Bromford was formed in 1963 and has grown to become one of the largest housing associations in the country. Today, more than 110,000 customers live in our 46,450 homes spread across the West Midlands and the West of England.

Our purpose is to invest in homes and relationships so people can thrive.

Sustainability is central to our purpose – and to the investments we are making in the communities where our customers live. That's why we have a focussed geography with an emphasis on our big four areas of Lichfield, Tewkesbury, Cotswold and South Gloucestershire. Following a recent review, we have decided to remain concentrated on the 39 local authority areas including those within the West Midlands and West of England Combined Authorities.

Across our big four areas, we serve a diverse range of people including those on low pay, reduced educational and health outcomes, and greater experience of the care and criminal justice systems.

Others rightly have expectations of us and the role we can play to support these citizens achieve their aspirations and thrive. We intend to live up to them.

Directly related to our shift to scale, place and influence, we have a goal to be the number one developer of affordable homes in Gloucestershire and throughout the wider M5 corridor.

We will continue to be a major developer of new homes across a wider area too including in both the West Midlands and West of England Combined Authority regions.

The role of sustainable finance.

For our customers to see the true benefits of our sustainability strategy, a shared purpose and commitment must run right through the organisation – including the way we are funded and financed.

This Framework is therefore an essential component of our corporate strategy. It commits us to raising all future funding under the sustainability banner, aligning our future financing to strategic commitments, underpinned throughout by seven UN SDGs.

It is also a springboard for partnering with lenders and investors who share this vision to deliver meaningful change.

Like many of our peers, we have adopted a "use of proceeds" Framework, which means the net proceeds from the issuance of green, social or sustainable funding will be exclusively used to finance or refinance green and social projects. However, we have gone further by making a voluntary commitment to a set of stretching and tangible social and environmental KPIs that address our housing ambitions and other priority areas.

After pioneering sustainability-linked borrowing in our sector – including the first loan linked to the energy efficiency of homes and the first ever bank deal linked to governance targets in the form of gender pay gap KPIs – we've committed to all future funding being tied to our sustainable objectives. To put this into context, we currently have £1.7bn of private finance, with plans to raise another £1bn over the next decade.

This Framework aims to encompass multiple funding instruments available to Bromford including secured listed debt, private placements in the UK and overseas and bank loans (term debt and revolving credit facilities). The externally reviewed Framework has been produced in accordance with:

International Capital Markets Association (ICMA)

- i. Green Bond Principles (GBP) 2021 (with June 2022, Appendix I)
- ii. Social Bond Principles (SBP) 2023
- iii. Sustainability Bond Guidelines (SBG) 2021

In all cases, our Framework aligns to the four core components consistent with the named principles above:

1. use of proceeds
2. process for project evaluation and selection
3. management of proceeds
4. reporting

Loan Market Association (LMA)

- i. Green Loan Principles (GLP) 2023
- ii. Social Loan Principles (SLP) 2023

On a best endeavours basis, our Framework is also aligned with the LMA's (ii) Sustainability Linked Loan Principles (SLLP) 2023 based around the following five core components:

1. Selection of KPIs
2. Calibration of SPTs
3. Loan Characteristics
4. Reporting
5. Verification

Purpose to action: our 4 pillars.

Investing for impact:

The places in which we live and work are what build our relationships. A shared sense of place can unite us and make us stronger as a community. Our strategic shift to a place-based approach seeks to make the most of these connections. By considering any investment we make within the context of the whole community and by collaborating with different partners, we aim to make a lasting difference to people's lives. Whatever Bromford does today has an impact for years to come so it's important we get our investment decisions right. We'll use a range of data and evidence so that what we build now and, in the future, creates new opportunities, promotes social and economic wellbeing, and reduces inequality over the long term.

Investing in relationships:

The most important relationships are the ones with our customers. We particularly value the relationship with our involved customers who give so much through our Customer and Communities Influence Network and Local Influence Networks. We cannot deliver on our purpose without strong relationships between our colleagues, customers, and partners. So we are raising the bar on relationships that build strategic capability: being the organisation that people are excited to work with and for. We'll be one of the go-to organisations people think about when housing, place and investing for impact comes up – be that central government, the investor community, or the wider social purpose sector. We'll be known for solving problems and spotting opportunities that others don't see, with Bromford as an influencer locally and regionally. We'll continue to look beyond housing and the UK for the best ideas. We will think big but act local. We'll continue to grow in a sustainable way, but growth will be about where we can develop the very best relationships as that is the way we can best enable our customers to thrive.

Investing in homes:

We want all our customers to live in homes that are safe, that are affordable to run and which they can be proud of. We'll be clear about which of our existing homes can meet this benchmark and we'll continue to invest in them to bring them up to our home standard. For others, we'll have plans for disposal or regeneration and know how we'll keep them decent in the meantime. During the life of this strategy, we'll work with customers to explore how we can better tailor the home standard, and our investment, around individual customer aspiration rather than a one-size-fits-all approach. We will also move to a far more proactive maintenance service that identifies emerging problems before a customer needs to contact us and puts them in control of their home.

Investing so people can thrive:

All our investment is ultimately about enabling people to thrive. This means different things to different people. Each customer is unique so we recognise that different customers will need a different relationship. We won't do things to or for people, but we'll empower them to get what they want out of life. We'll focus on removing barriers or interventions that get in the way of customers doing things for themselves. We'll take a more proactive approach to helping our customers live in the right home for them as their needs and aspirations change. We'll improve pathways through our different types of homes and tenures and ensure they reflect the current and future customers in each place. We won't try and do everything. Our placebased approach means we are all about making connections - so we'll work with others who can add value for our customers. Equally our people have different skills and capabilities, and we want to be an employer where colleagues can thrive and fulfil their ambitions

Our eight strategic objectives.

These eight objectives will turn our purpose into action over the life of this strategy. They demonstrate how we will invest in homes and relationships so people can thrive.

- Place-based working
- Relationships that support customer aspiration
- Our move to scale
- Home Standard - closing the gap
- Proactive maintenance and compliance
- Agile working to solve problems
- Place-based pipeline of talent
- Known as a leader and influencer

Our guiding principles.

Our updated Framework now incorporates those strategic objectives and our 'purpose to action' strategy, along with our new guiding principles, which include:

Build relationships

We are an organisation obsessive about the relationship we have with our customers. But the relationships between colleagues and with partners and stakeholders are also really important. We build purposeful relationships that demonstrate impact.

Think community

We think community first rather than services. We focus on what we do best – homes and relationships – and bring other partners on board to work with the community to solve other problems.

Places, not projects

We deliver places not projects and think strategically about where we invest, what a community aspires to be, and how we can help. We believe that our resource should flex in different places. One size does not fit all.

Invest for impact

Our approach to investment and procurement secures social and economic impact and delivers a better deal for people and the planet.

Develop trust

A successful relationship requires us to trust our customers and our customers to trust us. We believe that our customers have the same strengths and aspirations as anybody else and we never hold them back, talk them down or stand in the way of their ambition. Our services are designed to enable them to have the relationship they choose.

Seamless service

Our customers expect easy to access services and seamless experiences across both in person and digital services. We eliminate reactive or wasteful approaches through bold use of technology, process design and organisation. We ask all our colleagues, customers, and partners to work with us to identify smarter ways of running our business.

Data driven

We will develop our data and insight to give us a better understanding of the way Bromford operates and the external environment in which we are working. We will use this insight to inform our decision making, to improve how efficiently we deliver our services, and to ensure we are providing services our customers want and need now and in the future.

One Bromford

We are a business based on teamwork, collaboration, and agility: continually striving to improve our customer and colleague experience while demonstrating our impact with evidence of how people are thriving.

Evolving our sustainability approach.

This updated Framework reflects the journey we are on to identify, drive and report on sustainability activities that have a positive impact on our people and places.

We have set out below our approach to sustainability reporting. We adopt the Sustainability Reporting Standard for Social Housing (SRS) but remain keen to tell our own unique story by linking the objectives and targets of our 2023-2027 Corporate Strategy to our impact reporting. We call on reporting authorities to unify behind a single reporting standard, we call on the SRS to promote a set of sustainability golden metrics, and we are driving greater reporting, transparency and audit of key ESG metrics. To further these aims, we will continue to engage on the SRS with its steward, Sustainability for Housing, our housing association peers and sector investors.

Above all, whilst our reporting is intended for a broad stakeholder audience including funders and investors, our sustainability ambitions will help current and future customers and colleagues to thrive, ensuring their voice is not lost.

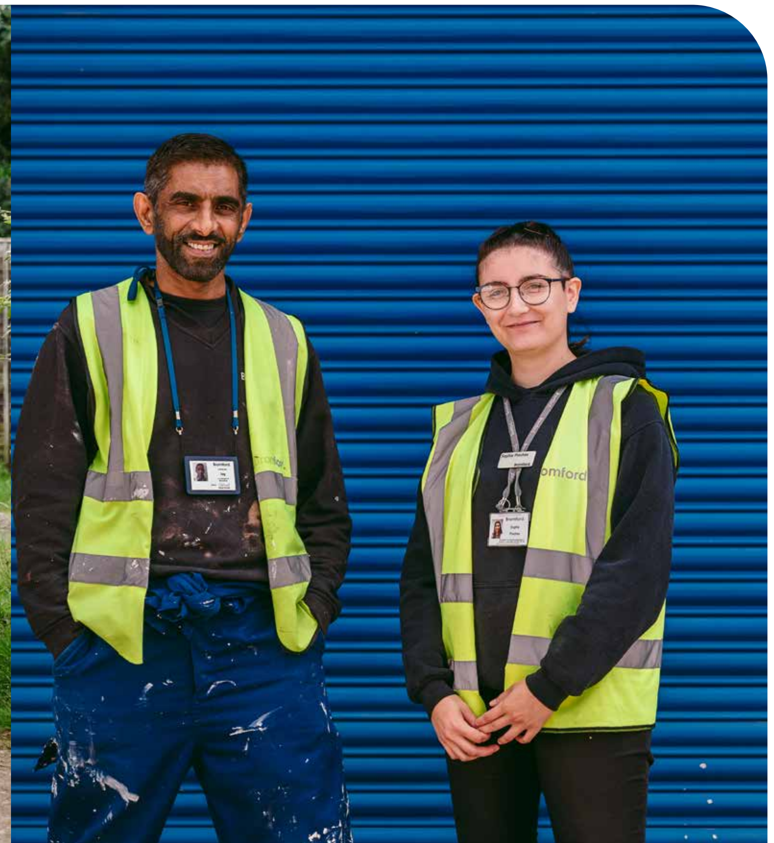
Thriving customers and colleagues

We believe that sustainability is at its most powerful when it improves the lived experience of our customers and colleagues.

The aftermath of Grenfell, the social housing White Paper, and the spotlight on damp and disrepair in social housing, have all shone a light on how some in social housing are treated and are voiceless. Customers are rightly demanding better and stronger regulation and the Tenant Satisfaction Measures and new standards will all play their part in ensuring they receive it. But all of them want a home where they feel safe and secure, can make friends, have a sense of purpose, and achieve their goals and aspirations.

So, whilst this Framework and our broader reporting appropriately links our sustainability work with an external community of investors, funders and agencies, our customers and colleagues will always be given the opportunity to thrive though our sustainability journey. We want to get to the root of what really makes a difference to our people. We will therefore continue to run regular workshops with our customers and colleagues so together we can co-create our sustainability plans, and so that we can also hear first-hand about how well our initiatives working.

Having pioneered the first loans in the sector linked to energy efficiency and governance, we are pleased to have developed our focus on the Social pillar of ESG this year. We now have a number of KPIs which are customer focused, ranging from housing more homeless families to customer advocacy and the responsiveness of our repairs service. We accept we have more work to do to capture social value in its broadest sense and we look forward to developing this aspect of our framework in future iterations.



Our updated Framework

Ultimately our sustainability journey is as unique as our people and tailored to meet the specific needs of the customers and communities we serve.

This Framework therefore embeds the objectives and principles from our 2023-2027 Corporate Strategy. We have specifically refreshed our commitments within the eligible projects covered by this Framework to align with our core strategic pillars of place, scale and impact. We believe these changes help capture our strategic shift from homes to understanding the wider environment where our current and future customers live, and seeking to better understand the employment trends, educational performance, and health provision in the places where we invest.

These enhancements are detailed throughout the Framework, setting out our ambitions on a range of initiatives from delivering more of our homes through modern methods of construction and greening our fleet, to reducing homelessness and creating places that truly celebrate equality, diversity and inclusion. Each of these projects are underpinned by KPIs in our corporate strategy as we strive for even more visibility and accountability around our performance.

Adopting the Sustainability Reporting Standard

We are proud to be an adopter of the SRS, which was designed in partnership by housing associations and sector funders and launched in November 2020.

The Standard aims to provide a transparent, consistent and comparable approach to ESG reporting across UK social housing and helping to reduce the ESG reporting information burden on housing associations.

The collective approach has moved the dial and is one of the driving forces behind the sector elevating its narrative and focus on sustainability.

The reporting standard is based on 12 themes and 48 criteria for ESG reporting by housing associations. The current SRS criteria are aligned with international ESG frameworks and standards including the SDGs, the Global Reporting Initiative, the Sustainability Accounting Standards Board, and ICMA/LMA. They will also be updated in 2023/24 in response to the changing housing environment and wider ESG reporting landscape.

We have made a commitment to report annually against this, as part of our broader annual impact reporting, as we see great value in the Standard.

However, we will always look to go beyond these metrics to tell our own story. Ultimately our sustainability journey is as unique as our people and tailored to meet the specific needs of the customers and communities we serve.

Unification across reporting authorities

We are determined to ensure that our sustainability work isn't lost in an industry of reporting. We believe that effective reporting allows for reflection and a move to action. We will continue to link our sustainability reporting to our internal decision making process, so it appropriately informs business planning and investment decisions.

We are now in an era with a growing body of reporting authorities driving an ever increasing demand for sustainability data. These include the SRS, Streamlined Energy and Carbon Report, Task-force for Climate-Related Financial Disclosure, International Sustainability Standards Board and guidelines from the Investment Association (trade body that represents investment managers and investment management funds). We call on these reporting authorities to unify behind a single reporting standard as envisioned by the SRS, so reporting continues to unlock and enable outcomes for our people, rather than layering increasing burdens which inhibit delivery.

Notwithstanding the need for unification, we are aware of our stakeholders need for information today and, where possible, our annual impact report will be utilised to showcase our latest disclosure. Moreover, we are committed to remaining sector leading in our reporting and will align to new taxonomies and frameworks as and when they become relevant to our business.

Sustainability golden metrics

We support the SRS and respond to all 48 criteria against the standard. But we are already experiencing the challenges of communicating this volume of information with our stakeholders as the key drivers of our sustainability performance become buried and difficult to identify.

So, we call on the SRS to move to promote a set of sustainability golden metrics which shine an appropriate spotlight and focus on the most significant drivers of ESG outcomes for the social housing sector. We see value in the dashboard reporting this would facilitate, similar to the Value for Money Sector Scorecard which provides a high level overview of our financial and operational health.

Corporate governance and reporting

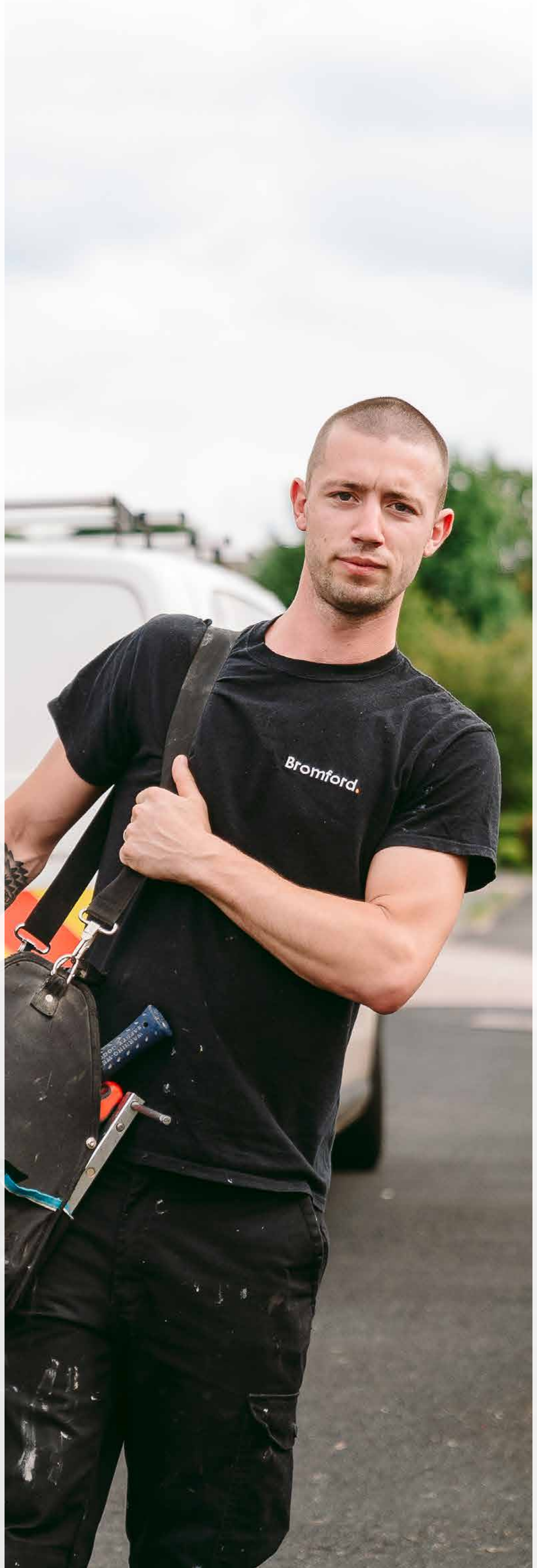
We acknowledge and comply with The Regulatory Framework for Social Housing in England from the 1st April 2015 issued by the Regulator of Social Housing. We have also adopted the UK Corporate Governance Code and will comply with that code in all matters of financial and treasury management governance.

We are committed to a dual credit rating platform with current investment grade ratings from Moody's and S&P.

We continue to serve our stakeholders with regular corporate updates, but we want to go further in our sustainability reporting so that funders, investors and agencies have clearer sight of our performance and progress.

We will therefore set out our sustainability golden metrics alongside our financial and operational performance in our key corporate documents, including our trading updates published twice a year. This will provide even greater visibility of activity and actions that drive truly sustainable outcomes. This will in turn help us to co-create with funders and investors new linkages, and ultimately make business and investment decisions with sustainability front and centre, enabling our customers to thrive.

We have already delivered this step-change in our reporting, as we developed our first set of sustainability golden metrics with investors and set out our performance against these measures in our FY 2023 year-end trading update published on the 16th May 2023. We will continue to work on these disclosures and expect to refine and develop our sustainability golden metrics as we continue to learn about the key drivers of performance.



Robust audit

We also see a future where sustainability data is only published once it has been audited, in the same way financial performance is today. This will drive credibility and hold us to account. Sustainability reporting must meet the same standard as financial reporting to be taken seriously and help us ensure our baselining, progress and improvements are clear. We have already identified these benefits as we have driven greater clarity and progress on the energy efficiency of our homes and our gender pay gap, as the underlying data is audited through the terms of our sustainability linked loans.

Benefits beyond margin savings

We believe that sustainability-linked loans are more than just about discounts or margin savings. When they work effectively, they create a new awareness and discussion throughout our organisation, and with our partners, to drive new outcomes on important pillars of sustainability.

The longer-term benefits that emerge from these narratives will significantly eclipse the annual savings against individual lending products.

Our gender pay gap linked loan has already demonstrated these benefits. In 2021, before we entered the loan, there was limited understanding of the gender pay gap or our performance against it amongst our colleagues. The loan helped drive new awareness and initiatives internally as we effectively reduced our gender pay gap to 6.5%. On International Women's Day on 8th March 2023, we celebrated our new inaugural Female Accelerator Programme to support female colleagues develop their careers through networking and coaching.

Our commitment to the UN's Sustainable Development Goals.

What we do today will shape the future of tomorrow and we are committed to building an organisation which will have a lasting impact on our clients, as well as the area we operate in.

We are committed to addressing social equality and climate change to the best of our ability, and to making as much of a contribution to the UN's Sustainable Development Goals as possible. We have mapped this contribution as follows:

Ending poverty in all its forms everywhere

1.4: By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance

1.5: By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

4.4: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship

Ensure access to affordable, reliable, sustainable and modern energy for all

7.1: By 2030, ensure universal access to affordable, reliable and modern energy services

7.2: By 2030, increase substantially the share of renewable energy in the global energy mix

7.3: By 2030, double the global rate of improvement in energy efficiency

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

Reduce inequality within and among countries

10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

10.4: Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality

Make cities and human settles inclusive, safe, resilient and sustainable

11.1: By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.

11.7: By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities.

Ensure sustainable consumption and production patterns

12.2: By 2030, achieve the sustainable management and efficient use of natural resources

12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

12.7: Promote public procurement practices that are sustainable, in accordance with national policies and priorities

Alignment to ICMA and LMA principles.

Our Framework is aligned with the four-core use of proceeds components set out by ICMA and the LMA.

1. Use of proceeds

An amount equivalent to net proceeds from the issuance of green, social or sustainable funding instruments will be exclusively used to finance or re-finance a combination of both green and/or social projects.

Proceeds will not be used for activities that fall outside the eligible projects listed below, subject to ICMA and LMA principles. We at Bromford believe sustainability to be everyone's responsibility. This is reflected in our latest Corporate Strategy 2023-2027 and we have shown how this aligns with the principles, alongside the UN SDGs and the SRS.

The investment in the Eligible Projects has been measured through asset value, capital expenditure ("Capex") or operating expenditure ("Opex").

Eligible Categories – Social

Eligible Project	UN SDG alignment	SRS Criteria	Financing description	Financing line item	How we may measure our impact (ICMA/LMA mapping)	Bromford Strategy 2023-2027	Our Projects	What we will measure
Affordable Housing	11.1, 11.7	T1 – Affordability and Security	Financing the development, acquisition, construction or modernisation of Affordable Housing and/or refinancing of existing owned Affordable Housing. Reduce the number of households that have no home in the UK to occupy. **Qualification:** Properties financed will comply with the UK Government's definition of Affordable Housing and Shared Ownership, based on the definitions of "low cost rental accommodation" and "low cost home ownership accommodation" in the Housing and Regeneration Act of 2008 **Target Population:** Low income or homeless households who are unable to own or rent locally on the open market, elderly persons, people with disabilities, unemployed individuals	Capex and/or Asset Value	• Number (#) of new affordable properties by category • Rent charged (£) versus the private sector rents and/or the local housing allowance • Number (#) of customers that were, but no longer are experiencing homelessness as a result of intervention at Bromford	(2) Relationships that support customer aspiration (3) Our move to scale (8) Known as a leader and influencer	• Homelessness reduction • Delivering Affordable homes and regeneration	1. 30% of homes to be let to the homeless by 2027 2. Directly let 25% of our homes by 2027 3. Continue to be a top 10 developer of affordable homes through to 2028 4. 12,000 new homes by 2031 (10,500 affordable across AR/SR/SO) 5. First spade in the ground on our first brand new community by 2026 6. 25% of our new homes pipeline in large-scale brand-new communities 2035
Employment generation alleviating unemployment	1.4, 1.5, 4.4	T5 – Placemaking	Financing to support customer focused initiatives and the delivery of programmes designed to prevent and alleviate unemployment. **Qualification:** People and education facilities for inclusive and effective learning environments **Target Population:** Underemployed, underserved, undereducated, marginalised population and vulnerable youth	Capex and/or Opex	• Number (#) of customers supported into employment, distinguishing those in vulnerable groups • Number (#) of apprenticeships offered	(7) Place-based pipeline of talent	• Employment of apprenticeships and graduates	1. 60 new apprenticeships and graduates at Bromford by 2027 2. Becoming a recognised top 100 apprenticeship employer by 2027 3. We are part of the 5% club, and will continue to be through to 2027 4. 1,000 customers coached into some form employment or training by 2027
Socioeconomic advancements and empowerment	8.5, 10.2, 10.4	T4 – Resident Support T5 – Placemaking T11 – Staff Wellbeing T12 – Supply Chain	To eliminate inequalities, further our awareness of delivering for customer/ employees and enable digitalisation in our communities. **Qualification:** Enable the technological development of services that improves the access to social protections and financial services. Decreased in the number of workers exposed to job insecurity or social insecurity **Target Population:** Underemployed, underserved, undereducated, marginalised population and vulnerable youth	Opex	• Gender, ethnicity and disability pay gaps for employees (%) • Number (#) or % of customers who have started transacting (£) digitally due to technology developments as a result of investment and/ or training	(1) Placed-based working (2) Relationships that support customer aspiration (4) Home standard – closing the gap (5) Proactive maintenance and compliance (6) Agile working to solve problems	• Equality, diversity and inclusion • Neighbourhood coaching	1. Colleague engagement 80% by 2027 2. To continuously improve our gender pay gap through to 2027 3. Colleague sick days to be 7 days or less by 2027 4. 50% of customer transactions are digital by 2027 5. A number of positive pathway moves each year (iterative learning) 6. Customer Thrive Index of 74.2% by 2027 7. Customer advocacy 85% though to 2027 8. Any gap in customer satisfaction between existing and new homes is reducing (and <5%) by 2027 9. Complaints per 1,000 homes: target range of <68 through to 2027 10. 100% landlord compliance through to 2027 11. >60% of live repair jobs less than 30 days old through to 2027

Eligible Categories – Green

Eligible Project	UN SDG alignment	SRS Criteria	Financing description	Financing line item	How we may measure our impact (ICMA/LMA mapping)	Bromford Strategy 2023-2027	Our Projects	What we will measure
Green buildings	1.5, 7.1, 7.2, 7.3, 12.2	T6 – Climate Change T7 – Ecology T8 – Resource Management	Financing the development, acquisition or construction of new green homes. **Qualification:** Buildings with or expected to achieve an EPC rating of A or B	Capex and/or Opex and/or Asset Value	• Number (#) of new buildings financed achieving EPC A or B • Avoided CO2 emissions (tCO2e)	(4) Home standard – closing the gap	• Carbon reduction: energy efficient new homes • Modern Methods of Construction (MMC)	1. 100% of homes at EPC C by 2028 2. Total scope 1,2 & 3 emissions per home to be less than 3.0 tonnes by 2027 3. Deliver at least 400 MMC units (cat 1 & 2) by 2026
Clean transport	7.3	T6 – Climate Change	Finance the development of clean transportation for customers and employees **Qualification:** Acquisition of low emission vehicles and the enabling of electric vehicle infrastructure	Capex and/or Opex and/or Asset Value	• Number (#) of low emission vehicles versus the fleet (%) • Number (#) of EV charging points installed • Installation of cycle paths (#) and supporting infrastructure such as racks (#)	(6) Agile working to solve problems	• Carbon reduction: commercial and company car fleet	1. 100% of our company car fleet to be electric or hybrid by 2027 2. 77% of our commercial van fleet to be electric or hybrid by 2027
Energy efficiency	12.2, 12.5, 12.7	T6 – Climate Change	The renovation, retrofit, modernisation or improvement of existing buildings **Qualification:** An uplift in the EPC rating and/or more or an energy efficiency improvement of 30%	Capex and/or Opex and/or Asset Value	• An uplift in EPC rating by at least two EPC bands or at least a 30% improvement in energy efficiency • An uplift in EPC rating by a single EPC band* (applicable for properties with an EPC rating of D or higher) • Avoided CO2 emissions (tCO2e) • Number (#) of LED lighting fixtures with lumen/watt (Lm/W)	(4) Home standard – closing the gap	• Carbon reduction: existing homes • Carbon reduction: green offices	1. 100% of homes EPC C by 2028 2. Total scope 1,2 & 3 emissions per home to be less than 3.0 tonnes by 2027

*Where only a single EPC notch increase is achievable, as part of the annual impact reporting, Bromford will provide:
1) Detail on the specific type of housing stock 2) Detail as to why, e.g. technology or modification restrictions 3) Detail of the broader the long-term ambition to achieve net zero

Delivering affordable homes and regeneration

The housing crisis remains one of the biggest challenges our society faces today, with homelessness and the demand for truly affordable housing continuing to increase. Addressing the supply crisis runs to the heart of our purpose as one of the largest housing associations in the country and a leading developer of affordable housing.

Our commitment to build **12,000 new homes by 2031**, with more than **10,500 of those being affordable**, is focused on ensuring that those most in need have access to housing. A key focus is to build more social rent, the most affordable tenure, across our core geography, and build on our reputation as a top developer of social rent homes in England.

We have built more homes for social rent than any other English housing association in each of the last three years and that building as many homes for social rent as possible remains important to us. Social rented homes can be as much as **£25 per week** cheaper than other tenures, meaning customers will have more disposable income. We have therefore committed to being a **top 10 developer** of affordable homes through to 2028.

We believe we can make the biggest impact on place by investing at scale, and we will have our first spade in the ground on our first brand new community development by 2026. We want to go further still and have set ourselves the ambitious medium-term goal that **25% of our new homes** pipeline will be committed to large-scale brand new communities by 2035.

Our responsibility does not stop with new homes, and we have invested in a team that is reviewing the impact we can have in local areas by regenerating homes. We are the custodians of thousands of properties that were transferred via local authority large-scale voluntary transfers (LSVT), and with many of the LSVT homes either approaching or outlasting their forecasted life, they now present challenges in meeting the standards our customers expect and deserve. This presents us with opportunities to regenerate some of these properties, giving us the chance to play a significant role in shaping the local areas for years to come.

Carbon reduction: energy efficient new and existing homes

We want to deliver new homes in a way that not only reduces building costs, but also mitigates our impact on climate change.

We are pioneering new, energy efficient enhancements and are on track for all our homes to be a minimum of **EPC C by 2028**. As a result, this will reduce how much a home will consume in CO2, therefore reducing our customers fuel costs and offering protection from fuel poverty.

We will achieve this in a number of ways:

1. investing in external and internal wall insulation solutions, replacing inefficient heating systems with modern, highly efficient new ones and exploring the use of alternative heat sources such as air source or ground source heat pumps.
2. creating a new Bromford Home Standard to make our new and existing homes future ready.
3. coaching customers to use their homes efficiently to maximise their comfort whilst supporting them to lower their energy bills.
4. maximising our investment plans by ensuring we procure energy solutions effectively. We will take advantage of our scale, purchasing power, evidencing best practice and value for money in the process.

Whilst we are still understanding our underlying carbon footprint, we recognise the need to do more now and have introduced a new golden rule to our business relating to scope 1, 2 and 3 emissions across the whole of our footprint, not just homes. We are therefore targeting our total scope 1, 2 and 3 emissions, across our business, to average out at **3.0 tonnes or less per homes**.

We are aware that our sector does not report consistently against scope 3 CO2 emissions with different approaches to the inclusion of the supply chain and embodied carbon in particular. We openly acknowledge that we do not yet include the supply chain or embodied carbon in our reporting of scope 3 CO2 emissions. We will continue to work with the SRS, peers and other reporting authorities to develop our future approach to reporting as this space further develops.

Modern Methods of Construction (MMC)

MMC continues to be an important part of our broader new homes ambitions.

This is further supported by the implementation of our MMC framework in June 2022, in partnership with Ilke Homes and Hadley Group. This framework will provide opportunity for product development within the design of the homes as well as technology pilots and implementation of elements to enable customers to thrive in these homes. The framework has a focus on developing homes under Categories 1 and 2 of the Government's 'Modern Methods of Construction – MMC Definition Framework', building on our strategic partnership with Homes England and the requirement for us to have **400 category 1 & 2 MMC homes** started onsite by 2026.

However, we believe all categories of MMC can deliver carbon reduction benefits in construction, increased construction speed and quality, as well as a reduction in our reliance on traditional resource-intensive building methods. This is why we are committed to building at least an additional **330 MMC units across all categories** to be completed by March 2029, with a firm aspiration to build more than this as our MMC partnerships become more embedded in our development practices.

To further support this, we have been working with industry partners to develop a bespoke financial tool to better appraise the viability of delivering affordable housing through MMC and expect this to be launched by the product owner in mid-2023. We have also been working with Savills and other Housing Providers to broker the valuation and charging of MMC homes at MV-STT to unlock additional financial capacity and build more affordable homes.

To this end, we utilise an 'MMC First' approach when assessing all new land opportunities and regeneration development activities, seeking to maximize the number of sites where MMC is delivered.

Carbon reduction: commercial and company car fleet

We want to significantly reduce our carbon footprint when considering our commercial and company car fleet.

At present, our commercial and company car fleet comprises of more than **c.600** vehicles and, over the next two years, we will fast track the transition to greener alternatives.

- We have **509** vehicles in our commercial fleet, of which **72** are electric or hybrid
- Our company car fleet totals **100** vehicles, of which **39** are electric or hybrid

We can already confirm we have not ordered a single standalone internal combustion engine company car for over 2 years and our strategy is to replace all remaining nonelectric vehicles with greener alternatives over the next four years. Since the rollout of the original 30 electric vans in 2021, coupled with the electric company car initiative for colleagues, we have already reduced our **CO2e by c.312 tonnes**.

Over the next four years:

1. **77%*** of our commercial fleet will be electric or hybrid
2. **100%** of our company car fleet will be electric or hybrid

We anticipate this ambitious target to ultimately reduce our CO2e by **c.240 tonnes CO2e p.a**.

*Due to the specialist nature of certain vehicles, 23% of our commercial fleet will remain diesel

Carbon reduction: green offices

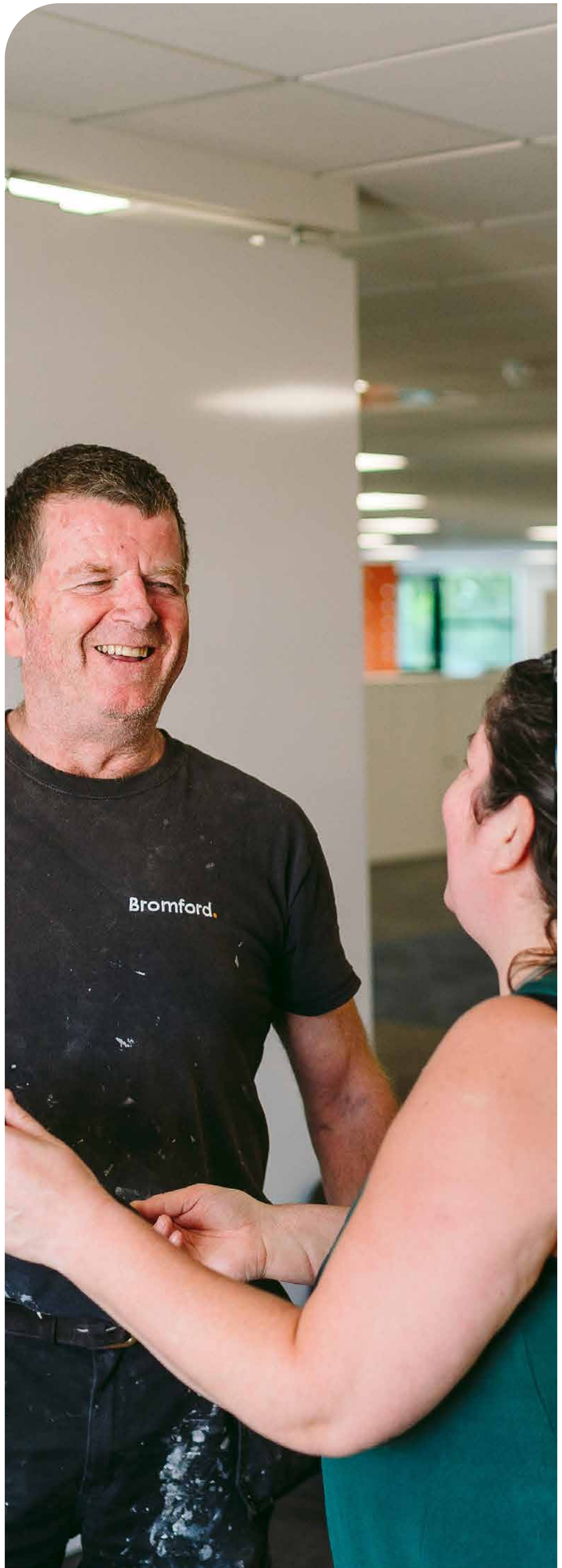
Implementing initiatives to reduce the carbon footprint of our office spaces remains a key part of our plans to improve the sustainability of our business.

Selection and installation of appropriate technology to monitor and analyse energy usage will be delivered to automate energy efficiency monitoring of lighting, heating, cooling and ventilation systems, all vital in reducing our overall emissions. We have experienced significant success with office lighting pilot schemes and we aim to build on this going forward by rolling out the installation of LED lighting across our premisses.

We are investigating how we can better manage energy usage at our workspaces and will map this out over the next year, with assessments of reducing the temperature in our workspaces by **1-2 degrees** and closing office floors during quieter times. Through effective energy monitoring, we will be able to track the reduction in energy consumed and measure the carbon saved via our Scope 1, 2 and 3 emission reporting.

The successful implementation of solar photovoltaic systems to some of our office spaces has increased the proportion of energy provided from renewable sources. We are exploring the expansion of this scheme to all of our premisses with a view to further reduce our consumption of non-renewable energy.

As previously highlighted, we are committed to greening the fleet of company vehicles, but we are also encouraging our colleagues to travel to work more sustainably and further investment in infrastructure at our offices will provide an incentive to reduce carbon emissions from petrol and diesel cars.



Homelessness reduction

Although street homelessness is the most obvious, and extreme, form of homelessness, it is just the tip of the iceberg.

Homelessness comes in many different forms and includes those living in B&B, temporary accommodation, hostels and sofa surfing in friends' homes. All forms of homelessness have been rising since 2010 in the UK.

Our plan builds out from our purpose of investing in homes and relationships and has links with every part of our strategy. It is built around three pledges:

1. to build more
2. to house more
3. to help more

Our plan will help address the root causes of homelessness, it will help build the resilience of our existing customers to reduce the risk of them falling into homelessness and will enable us to respond quickly to rehouse those who are experiencing homelessness.

Firstly, we need to build more and we will maintain our position as a **top 10 developer** of affordable homes through to 2028.

Secondly, we need to house more and we are committed to **directly let 25% of our homes by 2027**. This will allow us to create more sustainable communities for our customers to live in by minimising the disruption of temporary accommodation moves, providing housing that best suits the current needs and future aspirations of all our customers, from those experiencing homelessness to those whose needs or circumstances have changed.

We want to enable all members of the communities we serve to thrive. As part of our latest strategy, we have developed a golden rule that commits a minimum of **15% of our homes** to be let to customers who would otherwise be classified as homeless, and have an aspiration for this to reach **30% by 2027**.

Finally, we need to help more and with our housing first schemes running alongside our neighbourhood coaches, we are ready to work with individuals or families who have experienced rough sleeping or time in temporary accommodation.

Neighbourhood coaching

Moving beyond simply providing a great home in the right location, our neighbourhood coaches seek to develop relationships with customers so they can thrive.

With a goal to have a relationship with each and every customer – built on mutual trust and respect; the neighbourhood coaching initiative establishes a relationship that helps customers achieve more for themselves, their families and their communities. Our neighbourhood coaches are out working in their communities every day helping customers and communities to thrive.

The neighbourhood coaches concentrate on the positives in people; focusing on what they can do rather than what they can't. We want to coach customers to take control of their own lives, so they can work together with others and help make the place they live somewhere great. Customers tell us that by knowing their neighbourhood coach they are significantly more likely to get what they need from their community and do more themselves to contribute to the community, including offering support to others.

Our coaches recognise communities have different strengths and needs so the way we at Bromford invest in relationships will differ from place to place. For our customers to thrive the communities they are part of need to thrive socially and economically. In 2023/24, we are to develop the **customer thrive index** and by 2027, expect this to be **74.2% or higher**. This will sit alongside a broader **customer advocacy target score of 85%**.

We pride ourselves in providing high quality properties for all clients and by 2027, our coaches will help reduce the gap in customer satisfaction between existing and new homes to **less than 5%**. The percentage of live repairs will also fall and we aim for **>60%** of cases outstanding to be no older than **30 days** or less. Compliance with industry standards is paramount at Bromford and through to 2027, we will have **100% landlord compliance**.

Finally, whilst feedback from our customers is vital in developing our business, we are focused on reducing this engagement being in in the form of a complaint. We have therefore set ourselves a target range of **<68 complaints** per 1,000 homes.

Equality, diversity and inclusion

For us to continue to succeed, our people and customers need to be provided with the opportunities and tools to thrive.

We are determined to do this in a way that is inclusive and celebrates equality and diversity as we know this makes us stronger and more effective in achieving our purpose. By 2027, we aim to have our colleague engagement scores consistently **at least 80%** and are already committed to reducing our gender pay gap from the median group level of **7.2% set in 2020**.

The most important relationships are the ones with our customers. We particularly value the relationship with our involved customers who give so much through our Customer and Communities Influence Network and Local Influence Networks. We also recognise that the needs and aspirations of each of our customers are different, and that they can change over time. We want to ensure that all customers have a pathway to the home that is right for them, not just when they first move in, but throughout their time with Bromford. We know we must constantly listen to and learn from our customers to improve and by 2027, we want at least **85% of our customers** to be recommending Bromford.

Customer engagement is therefore fundamental to our success and our customers' expectations about the convenience, visibility, personalisation and responsiveness of our services will continue to rise. We need to therefore ensure we keep pace with the digital revolution and we intend to have at least **50% of transactions digital** by 2027.

Employment of apprentices and graduates

Providing opportunities to learn and develop is essential for the delivery of our strategy.

We always aim to have an inclusive offer with access to education and training for our colleagues to support the development of future ready skills. An important aspect of this commitment to learning is both our apprenticeships and graduate schemes which offer formal qualification training.

We joined the **5% club in 2022*** and will continue to be a member of the movement through to 2027. We have an established apprenticeship offering which provides excellent opportunities to give people a solid grounding in their chosen career; allowing them to develop new skills alongside our existing colleagues, gain accredited qualifications, whilst making a real contribution to meeting our strategic goals. We also play an important role in supporting our customers back into employment.

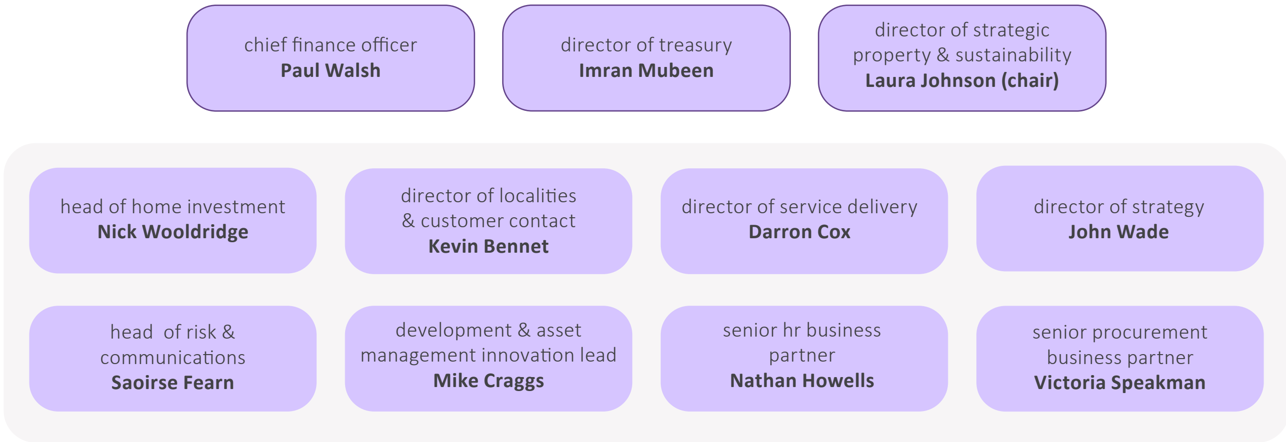
By 2027, we will:

1. Through upskilling existing colleagues or new apprenticeships, we will establish and employ a total of **60 new apprenticeships and graduates**
2. Become a recognised **top 100 apprenticeship employer**
3. **Coach 1,000 customers** into some form of employment or training

*By joining The 5% Club, members aspire to achieve 5% of their workforce in earn and learn positions within five years of joining.

2. Process of project evaluation and selection

The Sustainability Group, which meets on a monthly basis, has overall accountability of the eligible projects. The group, has representation from across the senior executive team, who in turn have been assigned project owners, relevant to their area of expertise – as reflected in the structure chart below. The executive sponsor is Paul Walsh (chief finance officer).



Investment decisions are proposed to the Investment Forum, Executive Committee and then the Board. Initiatives financed or refinanced through green, social or sustainability bond or loan proceeds are evaluated and selected based on compliance with the eligible projects referenced in the Use of Proceeds section and in alignment with our strategic objectives. Alongside our Sustainability Group, our Treasury Committee also have oversight of the process.

Whilst the Sustainability Group will assess the project's eligibility and appropriate allocation of proceeds in accordance to this Framework, dependent on the size of the expenditure, either our Sustainability Group, Investment Forum, Executive Committee or Board will ultimately approve the expenditure of finance raised in accordance with this Framework. In all cases, the Treasury Committee and Board will be notified of the projects selected.

There may also be circumstances where the eligible projects require updating, which can be to either:

1. Include additional eligible projects; or
2. remove identified eligible projects in the event originally selected projects become non-compliant

In all cases, the Sustainability Group will ensure that an amount equal to the net proceeds from outstanding funding instruments is allocated to eligible projects until the maturity of the funding instruments.

The Sustainability Group is also responsible for the oversight of any social or environmental risks associated with the eligible projects. Where relevant, mitigants will be developed to address any possible materially adverse social and/or environmental risks associated with the selected projects.

To reflect the ongoing tracking, all risks will be continuously monitored to assess severity, taking into account the underlying benefits. Should the risks be considered material, projects will be removed and replaced, conforming with the process described in the Framework.

In accordance with ongoing reporting obligations, the selection, re-selection and tracking of eligible projects will occur at least once a year. In the event proceeds from a funding transaction have yet to be allocated, this tracking will take place on a monthly basis.

Any changes to the Framework and, more broadly, our annual impact reporting, is signed off by the Sustainability Group, then Treasury Committee under delegated authority from Board.

3.Management of proceeds

Our treasury department will allocate the proceeds of the funding instrument to the selected portfolio of projects in accordance with the respective eligible expenditures.

The proceeds from the funding instruments will be deposited into a trackable sub account (per funding instrument) to ensure clear distinction. Where the funding instrument is a bond, private placement or loan, we intend to fully allocate the proceeds to eligible projects within 36 months following settlement. Additionally, where we elect to re-allocate and assign proceeds to existing eligible projects, we intend to look back no more than 24 months from the appropriate receipt of proceeds.

Pending allocation to eligible projects, the balance will be invested in cash or short-term liquidity money market instruments in accordance with our Treasury Management Policy. On a temporary basis, and adhering to the parameters laid out in this Framework, we may also look to use unallocated funds to repay debt.

We will annually report on the allocation of proceeds to eligible projects, and where applicable, the amount to be allocated, as per the funding instrument. Should a loan take the form of one or more tranches of a loan facility, each eligible tranche will be clearly designated with the proceeds appropriately tracked.

We will ensure that eligible projects financed, at all times exceed the net proceeds raised under our Framework, until maturity of the funding instruments. In the unlikely circumstance we need to replace an eligible project, we will strive to achieve this as soon as reasonably practicable.

4. Reporting

We are committed to furthering the information presented to our stakeholders. We have made great strides recently with engaging our funding community to better understand their needs and we will continue to do so, regularly, in order to meet their requirements. As we have previously discussed, we monitor the development of external taxonomies and frameworks and will ensure our reporting is aligned to the most current and applicable to our business. As a minimum, on an annual basis, we will undertake:

Allocation reporting

Within 12 months from the receipt of proceeds from a funding instrument, an allocation report will be publicly available through our impact report until the net proceeds of such an instrument have been fully allocated or, in the event a reallocation of proceeds has taken place. The report will obtain assurances from a qualified third party. The allocation report will incorporate the following:

- total amount allocated to eligible projects – detailing the underlying category
- split between social and green allocation
- on a project by project basis, a break down of proceeds used for financing and/or refinancing
- the yearly investment and/or disbursement
- the amount and/or % split of allocation to new versus existing projects
- the balance of unallocated proceeds

Impact reporting

Our impact report will be used to report on a range of environmental and social impact measures of the eligible projects targeted by our funding instruments. The criteria related to the SRS will also be followed and disclosed in this report alongside any publicly available sustainability linked loan KPIs.

As we continue to invest in sustainability, our ability to use data to better represent the development of our business will evolve. Our impact report will remain at the forefront of this development and provide a snapshot of our sustainability journey. The report will be produced annually until, as a minimum, the maturity of the final funding instrument linked to this Framework. At all times, the latest version of this report will be made available on our website.

External review

We are committed to transparency and will make any external review publicly available.

Second party opinion

DNV Business Assurance Services UK Limited has been selected to provide an external review via a second party opinion of our Framework. This will confirm alignment with ICMA's GBP, SBP and SBG as well as the LMA's GLP and SLP.

The second party opinion, as well as the Framework, will be made publicly available on our website.

Verification

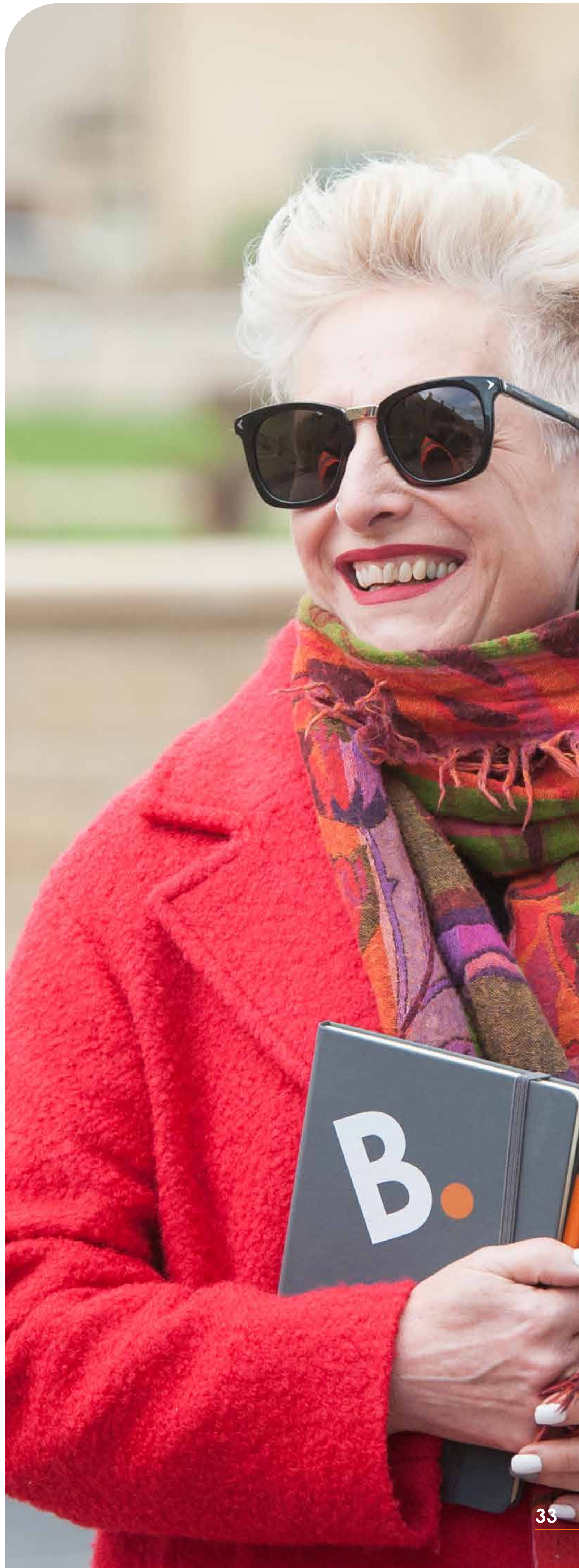
We intend to request a verification by an external auditor or an assurance provider on the allocation of the funding instrument proceeds until the full allocation or a reallocation. We promote unification of reporting in the social housing sector and foresee a third party audit of our impact report a nature progression for Bromford in the coming years.

The associated report will be publicly available on our website.

Framework amendment

We will review the Framework on a periodic basis to ensure continued alignment to relevant ICMA and LMA principles as and when they are updated. Any update will be made to further our transparency and, should it be deemed material, will receive the appropriate external review and disclosures.

The latest version of all related documents will be available via **https://www.bromford.co.uk/about-us/investor-relations/**



Sustainability linked loan principles.

Given our track record in linking lending to sustainability metrics, on a best endeavours basis we have aligned our disclosure of the bilateral sustainability linked facilities we have entered in with the LMA Sustainability Linked Loan Principle (2023).

At this stage, this disclosure has not been verified by DNV Business Assurance Services UK Limited but our objective is to do so in 2024. We aim to disclose this within this framework, giving our stakeholders a sense of the direction of travel at Bromford and our unwavering commitment to do more for our customers and broader stakeholders, when it comes to sustainability.

1. Selection of KPIs

We have selected the KPIs outlined below, which are core and relevant indicators of our sustainability performance and each have high materiality for our stakeholders. We are aware the selection of KPIs will be a reflection of how credible our strategy is to make an impact.

KPI	UN SDG alignment	Bromford strategy 2023-27	Definition	Relevance	Methodology
Energy efficiency of existing homes	7 AFFORDABLE AND CLEAN ENERGY	(4) Closing the home standard gap Management	Average energy performance of managed properties measured by EPC certification	c.22% of the UK's emissions originating from energy use in residential housing	The number of managed properties that meet a minimum EPC rating of C as a proportion of our total stock portfolio (Calculations exclude properties held for disposal where there are no incumbent customers)
Gender pay gap	8 DECENT WORK AND ECONOMIC GROWTH	(6) Place-based pipeline of talent	Differences in pay between women and men by age, region, full-time and part-time, and occupation	The gender pay gap reduces women's lifetime earnings and also affects their pensions - this is one of the significant causes of poverty in later life for women	The difference between the median hourly rate of pay of male colleagues and that of female colleagues Calculations for the pay gap metrics are based on a single pay period around the snapshot date of 5 April in each year

2. Calibration of Sustainability Performance Targets (SPTs)

Our SPTs are reflective of the ambition we have at Bromford. The Sustainability Group and Treasury Committee has oversight of the performance and, when used in a funding transaction, will be monitored on a monthly basis.

SPT	Baseline	Target	Ambition	Key factors that support achievement	Risks to supporting achievement
Proportion of stock meeting a minimum EPC rating of C (%)	-	86% by 2023	• Committed to 100% of stock at EPC C by 2028 • Total scope 1,2 & 3 emissions to be less than 3.0 tonnes per home	1. Full surveys on homes to understand improvements required to go from EPC D and below to C and above 2. Investment in existing homes, profiled and budgeted for the year and mapped into the business plan 3. Regular focus of performance against targets	1. Investment levels not economical for individual homes 2. Changing SAP methodology 3. Having up to date and accurate data and certificates
Continuously improve our gender pay gap from its existing median group level	7.2% (2020)	Year on year outperformance	• Eliminating all pay gaps within Bromford	1. Regular monitoring of diversity levels across all colleague grades and teams in the organisation 2. Female accelerator programme 3. Events such as international women's day 4. Mentoring 5. Recruitment with wording to encourage diverse applicants	1. Difficult labour market 2. Societal trends: Women strongly represented in direct customer facing roles (neighbourhood coaching / care and support etc)

3. Loan characteristics

The net proceeds of a Sustainability-Linked instrument will be for general corporate purposes.

The financial or structural characteristics of any Sustainability-Linked Instruments will be detailed in the corresponding instrument documentation and (amongst other options to be determined) might include:

i. coupon or margin step up(s)
ii. coupon or margin step down(s)
iii. a premium payment or penalty during the life of or at redemption of a Sustainability-Linked Instrument
iv. a change in the intended recipient of the above amounts, or other innovative adjustments

Any structural incentive will be applied for the interest period commencing on or after the interest payment date immediately following the notification date.

The notification date will be referenced in the instrument's documentation. We may also look for an external verifier to review each KPI against each SPT on an annual basis.

There may be circumstances where the baseline or SPT requires recalculation. Where possible, the relevant baseline and/or any relevant prior year reporting will be recalculated and will be disclosed to the relevant creditors in the annual SPT reporting.

4. Reporting

We intend to provide the holders of a Sustainability-Linked Instrument with adequate information about developments made to the KPI(s) and the achievement or not of the SPT(s).

Where possible, this will be on an annual basis on our website, in our annual impact report whilst they remain relevant and/or directly to the holders of a Sustainability-Linked Instrument as necessary.

5. Verification

Our Framework has aligned, where possible, to the industry standards put forward by ICMA and the LMA. We will look to formalise this verification in 2024 with a pre issuance review of the Framework and a post issuance performance review of the KPI and relevant SPT.

If you would like further information or to feed back on this report, please contact:

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Bromford.