



BROMFORD SUSTAINABLE FINANCE FRAMEWORK 2024

Bromford.

Document title: Second Party Opinion on Bromford Sustainable Finance Framework 2024

Prepared by: DNV Business Assurance Services UK Limited

Location: London, U.K.

Date: 23 October 2024

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

BROMFORD SUSTAINABLE FINANCE FRAMEWORK 2024

DNV ELIGIBILITY ASSESSMENT

Scope and objectives

Bromford Housing (hereafter “Bromford” or “The Company”) is a non-profit housing association dedicated to providing affordable housing and specialist support services. The Company owns and manages more than 47,000 homes.

In 2023, Bromford published its eight key strategic priorities for the 2023-2027 period. These priorities focus on building high-quality, safe homes and maximising Bromford’s social and economic impact on residents. Bromford aims to address its key challenges of rising homelessness and demand for affordable housing through directly letting 25% of its homes by 2027, building over 10,000 affordable homes by 2031 and developing its community projects, with a goal for 25% of Bromford’s new homes pipeline to be dedicated to large-scale communities by 2035. Bromford aims to increase the resilience against homelessness for its existing customers by reduce the risk of them falling into it.

Bromford is pioneering new energy-efficient enhancements and is on track for nearly all homes achieving a minimum of EPC C by 2028. Bromford is committed to constructing at least 330 additional Modern Methods of Construction (MMC) units by March 2029, which offer carbon reduction benefits and lower reliance on resource-intensive building methods. The Company has set a target to reduce scopes 1, 2, and 3 emissions by 10% by 2028, mainly focusing on retrofitting and building new energy-efficient homes.

Beyond construction, Bromford helps improve residents’ quality of life through its neighbourhood coaches. In 2023/24, Bromford introduced the Customer Thrive Index, targeting a score of 74.2% or higher by 2027. This initiative is to be complemented by a customer advocacy target score of 85% by 2028, and target to resolve over 60% of live repair cases within 30 days by 2028, among other goals and initiatives.

DNV Business Assurance Services UK Limited (“DNV”) has been commissioned by Bromford to provide an eligibility assessment of their Sustainable Finance Framework (the “Framework”) according to the criteria established within the ICMA Green Bond Principles 2021 (with 2022 Appendix) (“GBP”), Social Bond Principles 2023 (“SBP”) and Sustainability Bond Guidelines 2021 (“SBG”), and the LMA Green Loan Principles 2023 (“GLP”) and Social Loan Principles 2023 (“SLP”). 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 Bromford and DNV

The management of Bromford has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform Bromford management and other interested stakeholders in the Framework, as to whether the 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 Bromford. 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 Bromford'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 to create a Bromford-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 four Principles:

- **Principle One: Use of Proceeds.** The Use of Proceeds criteria are guided by the requirement that the Sustainable Finance Instruments must use the funds raised to finance eligible activities, that should produce clear green benefits.
- **Principle Two: Process for Project Evaluation and Selection.** The Project Evaluation and Selection. Evaluation criteria are guided by the requirements that an Issuer of a Sustainable Finance Instrument should outline the process it follows when determining the eligibility of an investment using the proceeds and outline any impact objectives it will consider.
- **Principle Three: Management of Proceeds.** The Management of Proceeds criteria are guided by the requirements that the Sustainable Finance Instruments should be tracked within the issuing organisation, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.
- **Principle Four: Reporting.** The Reporting criteria are guided by the recommendation that at least annual reporting should be provided on the use of proceeds until all have been allocated, and that quantitative and/or qualitative performance indicators should be used, where feasible.

Work undertaken

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

The work undertaken to form our opinion included:

- Creation of an Bromford-specific Protocol, adapted to the purpose of the Framework, as described above, and in [Schedules 1](#) and [2](#) of this Assessment.
- Assessment of documentary evidence provided by Bromford on the Framework and supplemented by high-level desktop research. These checks refer to current assessment best practices and standards methodology.
- Discussions with Bromford's management, 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, as detailed in [Schedule 2](#) of this document.

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

Findings and DNV's opinion

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

1. Principle One: Use of Proceeds.

Bromford intends to use an amount equivalent to the proceeds from Green and Social financial instruments, such as public bonds, private placements, and drawn term loans, as issued under the Framework, within 36 months of receipt to (re-)finance in part or in full, Eligible Green and Social Projects (the "Eligible Projects") that fall under the following Eligible Green and Social Categories, in line with the relevant GBP, SBP, SBG, GLP and SLP guidelines:

Eligible Green Categories:

- Green Buildings
- Energy Efficiency
- Clean Transportation

Eligible Social Categories:

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

DNV can confirm that the target populations identified by Bromford for each of the Eligible Social Categories align with the ICMA/LMA principles.

Furthermore, a look-back period of up to 24 months prior to the time of any financing or refinancing is also available for allocation of proceeds subsequently raised..

Bromford has specified suitable eligibility criteria for both Eligible Green and Social Project categories. To make the Projects' benefits quantifiable, Bromford's Framework outlines a series of potential metrics for each Eligible Project Category.

Bromford has also mapped each Eligible Category to Sustainability Reporting Standard for Social Housing (SRS) criteria, UN Sustainable Development Goals (UN SDGs) as well as the Group's 2023-2027 strategic priority they help to deliver.

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 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.

2. Process for Project Evaluation and Selection:

Accountability for the Framework lies with Bromford's Sustainability Group, which meets on a monthly basis. The Committee's responsibilities in relation to the Framework include:

- Assessing the project's eligibility and appropriate allocation of proceeds in accordance with the Framework and group governance principles.
- Excluding and replacing Projects or investments that no longer comply with the eligibility criteria or whose social and environmental risks are considered material by the Chief Finance Officer.
- Overseeing any social and environmental risks associated with Eligible Projects.
- Developing mitigants to possible negative social and/or environmental impacts of Eligible Projects.
- Monitoring the selection, re-selection and tracking of Eligible Projects at least once a year.

The FTC is a cross-divisional committee, comprised of senior executive members from a range of areas such as Treasury, Finance and Strategic Property and Sustainability. Sustainable financing raised through the Framework will be approved by either the Investment Forum, Executive Committee or Board, in ascending order based on the size of the investment. The Treasury Committee and Board will subsequently be notified of the Projects selected.

DNV can also confirm the alignment of Eligible Social and Green Categories and Projects with Bromford's ESG strategic priorities around the provision of affordable housing, lower carbon housing and community services.

DNV concludes that the activities to be financed by future issuances will be appropriately evaluated, selected, managed, and reported on as outlined within Bromford's Framework, and that they meet the requirements under the GBPs, SBPs, SBGs, GLPs and of the SLPs.

3. Management of Proceeds:

Bromford's Treasury Team is responsible for managing the allocation of an amount equivalent to the net proceeds of Green and Social financing instruments, as well as tracking the allocated proceeds at least once a year and the unallocated proceeds on a quarterly basis.

To support this process, Bromford has put in place appropriate accounting and financial management systems, and aims to request a verification by a qualified third party on the allocation of the funding instruments' proceeds until full allocation.

Bromford will strive to achieve a level of allocation to Eligible Projects that meets the net proceeds raised under the Framework, for as long as the financing remains in place. The Company intends to fully allocate the proceeds to Eligible Projects within 36 months. Furthermore, a look-back period of up to 24 months prior to the time of any financing or refinancing is also available for allocation of proceeds subsequently raised.

Unallocated proceeds will be invested in cash or short-term liquidity money market instruments in accordance with Bromford's Treasury Management Policy. Bromford may use unallocated proceeds to repay debt on a temporary basis, within the constraints of the Framework, and whilst maintaining sufficient liquidity at all times to finance Eligible Green and Social Projects.

Bromford intends to substitute Eligible Projects that no longer meet eligibility criteria with an eligible alternative, on a best efforts basis.

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

4. Reporting:

Bromford has committed to reporting on the allocation and impact of proceeds raised through the Framework, within 12 months from the issuance of any Sustainable finance instrument, and on an annual basis thereafter until full allocation. The allocation reports will contain key information on the allocation of proceeds and the quantification of the environmental and social benefits of the Projects, and will be assured by a qualified third party.

Bromford has also 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 2 of this Opinion.

DNV concludes that Bromford 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 GBPs, SBPs, SBGs, GLPs and SLPs.

On the basis of the information provided by Bromford Housing and the work undertaken, it is DNV's opinion that the Framework meets the criteria established in the Protocol, and that it is aligned with the GBPs, SBPs, SBGs, GLPs and SLPs.

for DNV Business Assurance Services UK Limited

London, 23 October 2024



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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 15,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

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


Bromford has listed its Eligible Green and Social Project Categories, with descriptions of the respective activities to be (re)-financed. The Company has also mapped out the alignment to the UN SDGs that the below Eligible Green and Social Project categories will contribute towards, as indicated below:





Eligible Green Project Categories:

ICMA & LMA Eligible Green Project Category	Project description and eligibility criteria	SRS Criteria	How impact is measured by Bromford	Alignment with UN SDGs
Green buildings	Financing the development, acquisition or construction of new green homes. <u>Qualification:</u> <ul style="list-style-type: none"> New buildings with or expected to achieve an EPC rating of A or B. 	T1 – Climate change T2 – Ecology T3 – Resource Management	<ul style="list-style-type: none"> Number of new buildings financed achieving EPC A or B Avoided CO₂ emissions (kgCO₂/m²). 	  
Clean transport	Finance the development of clean transportation for customers and employees <u>Qualification:</u> <ul style="list-style-type: none"> All newly acquired or leased vehicles with an emissions factor of 50 gCO₂/km² or less. Installation of infrastructure for charging electric vehicles at key business hubs. 	T1 – Climate change	<ul style="list-style-type: none"> Number (#) of eligible vehicles Proportion of eligible vehicles against the total fleet (%) Number of EV charging points installed. Number of installed cycle paths and supporting infrastructure such as racks. 	
Energy efficiency	The renovation, retrofit, modernisation or improvement of existing buildings	T1 – Climate change	<ul style="list-style-type: none"> Number of new buildings financed achieving EPC A or B 	

	<p><u>Qualification:</u></p> <ul style="list-style-type: none"> Retrofitting existing homes by at least one EPC band to a minimum EPC 'C'. 		<ul style="list-style-type: none"> Number or percentage of existing homes improved by at least one EPC band to a minimum EPC 'C' Annual energy savings (kWh or kWh/m²) Total CO₂ emissions avoided (kgCO₂/m²) 	
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Eligible Social Project Categories:

ICMA & LMA eligible social project category	Project description and eligibility criteria	SRS Criteria	How impact is measured by Bromford	Alignment with UN SDGs	Target population
<p>Affordable housing</p>	<p>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.</p> <p><u>Qualification:</u></p> <ul style="list-style-type: none"> 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 	<p>T4 – affordability and security</p>	<ul style="list-style-type: none"> Number of new affordable properties by category Rent charged (£) versus the private sector rents and/or the local housing allowance. 		<p>Low income or homeless households who are unable to own or rent locally on the open market, elderly persons, people with disabilities, unemployed individuals</p>

	Housing and Regeneration Act of 2008.				
Employment generation alleviating unemployment	<p>Financing to support customer focused initiatives and the delivery of programmes designed to prevent and alleviate unemployment.</p> <p><u>Qualification:</u></p> <ul style="list-style-type: none"> People and education facilities for inclusive and effective learning environments. 	T8 - placemaking	<ul style="list-style-type: none"> Number of customers supported into employment Number of apprenticeships offered. 	 	Underemployed, underserved, undereducated, marginalised population and vulnerable youth
Socioeconomic Advancement and Empowerment	<p>To eliminate inequalities, further our awareness of delivering for customer/ employees and enable digitalisation in our communities.</p> <p><u>Qualification:</u></p> <ul style="list-style-type: none"> 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. 	T7 – Resident Support T8 – Placemaking T11 – Staff Wellbeing	<ul style="list-style-type: none"> Gender, ethnicity and disability pay gaps for employees (%) Number or percentage of customers who have started transacting (£) digitally due to technology developments as a result of investment and / or training. 	 	Underemployed, underserved, undereducated, marginalised population and vulnerable youth

SCHEDULE 2: BROMFORD’S SUSTAINABILITY FINANCE FRAMEWORK ELIGIBILITY ASSESSMENT PROTOCOL

1. Use of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Types of Financing Framework	The Sustainable Finance Framework should make clear what financial instruments are to be defined as eligible for green, social and sustainable financing.	<p>In addition to reviewing the evidence below, we have had several detailed discussions with Bromford.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> Bromford Sustainable Finance Framework 2024 	<p>The Framework outlines the type of Use of Proceeds instruments expected to be issued under the Framework as various sustainable finance debt instruments such as public bonds, private placements, and drawn term loans, (together known as “Sustainable Financing Instruments”), will be used to finance and/or refinance, Eligible Green or Social Projects that meet the eligibility criteria of the Project categories defined in <u>Schedule 1</u> of this Opinion.</p> <p>The Framework also outlines how investments in each Eligible Project will be measured through asset values, capital expenditures (Capex) and/or operating expenditures (Opex) methodologies.</p> <p>Bromford intends to allocate the proceeds to Eligible Projects raised under this Framework within 36 months of receipt from the issuance of the Sustainable Financing Instruments. For refinancing of existing Eligible Projects, a look-back period of up to 24 months prior to the time of any financing or refinancing is also available for allocation of proceeds subsequently raised..</p> <p>The specific type of Use of Proceeds Instruments will need to be further assessed on an individual basis.</p> <p>DNV can confirm that the instruments outlined in the Framework align with the GBPs, SBPs, SBGs, GLPs and the SLPs.</p>
1b	Green and Social Project Categories	The cornerstone of a Green/ Social/ Sustainability Bond/ Loan is the utilisation of the proceeds which should be appropriately described in the legal documentation for the security.	<p>In addition to reviewing the evidence below, we have had several detailed discussions with Bromford.</p> <p>Evidence reviewed:</p>	<p>Bromford intends to use the proceeds from issuances under this Framework to finance projects/assets from the following ICMA/LMA Eligible Categories:</p> <p>Eligible Green Categories:</p> <ul style="list-style-type: none"> Green Buildings

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
			<ul style="list-style-type: none"> Bromford Sustainable Finance Framework 2024 	<ul style="list-style-type: none"> Energy Efficiency Clean Transportation <p>Eligible Social Categories:</p> <ul style="list-style-type: none"> Affordable Housing Employment Generation Alleviating unemployment Socioeconomic Advancements and Empowerment <p>Descriptions of these Eligible Projects are further defined in Schedule 1 of this Opinion.</p> <p>DNV can confirm that the Eligible Green and Social Categories and Projects as stated in the Framework are consistent with the GBPs, SBPs, SLPs, GLPs and SBGs.</p>
1c	Green & Social benefits	All designated Green / Social / Eligible Project categories should provide clear environmental, and/or social benefits, which - where feasible - will be quantified or assessed by the Issuer.	<p>In addition to reviewing the evidence below, we have had several detailed discussions with Bromford.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> Bromford Sustainable Finance Framework 2024 	<p>Bromford has provided an indicative description of the types of Eligible Green and/or Social Projects that it intends to (re-)finance under the Framework, as well as of their expected social and environmental benefits.</p> <p>The Company has also committed to following best market practice where possible. Bromford has aligned all Eligible Categories to the Sustainability Reporting Standard for Social Housing (SRSSH), a standard designed to help the housing sector measure, report and enhance its ESG performance. In particular, Bromford has aligned its activities in the Framework to the following SRS themes:</p> <ul style="list-style-type: none"> Theme 1: Climate Change Theme 2: Ecology Theme 3: Resource Management Theme 4: Affordability and Security Theme 7: Resident Support Theme 8: Placemaking Theme 11: Staff Wellbeing Theme 12: Supply Chain

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>The Company has also mapped each Eligible Category to the corresponding targets within the UN Sustainable Development Goals (UN SDGs) it advances, relevant to Bromford’s sector:</p> <ul style="list-style-type: none"> ▪ <u>SDG 1</u>: No Poverty ▪ <u>SDG 4</u>: Quality Education ▪ <u>SDG 7</u>: Affordable and clean energy ▪ <u>SDG 8</u>: Decent work and economic growth ▪ <u>SDG 10</u>: Reducing Inequality within and among countries ▪ <u>SDG 11</u>: Sustainable cities and communities ▪ <u>SDG 12</u>: Responsible Consumption and Production. <p>Bromford continues to periodically observe updates in the ICMA and LMA principles, and aims to update this Framework as and when they are updated. Should these changes to the Framework be material, Bromford will seek an updated Second Party Opinion.</p> <p>To make the Projects’ benefits quantifiable, Bromford’s Framework outlines a series of potential ICMA/LMA aligned metrics for each Eligible Project Category, as well as additional KPIs Bromford will be monitoring that align with each Eligible Category. These metrics are described in more detail in <u>Schedule 1</u> of this Opinion.</p> <p>The evidence reviewed gives DNV the opinion that future issuances under the framework will deliver clear social and/or environmental benefits, in line with the GBPs, SBPs, SLPs, GLPs and SBGs.</p>
1d	Target Population	All designated social projects should provide the social benefits outlined in 1c to specific target populations.	<p>In addition to reviewing the evidence below, we have had several detailed discussions with Bromford.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> • Bromford Sustainable Finance Framework 2024 	<p>Bromford has confirmed that all expenditures from any issuance in this Framework which are dedicated to activities associated with the Eligible Social Categories as outlined in Schedule 1 (Affordable Housing, Employment generation alleviating unemployment and Socioeconomic advancements and empowerment) will target vulnerable populations.</p> <p>In particular, Bromford has identified underserved populations, which are unable to access owned or rented housing and essential urban services in their local area, populations left behind by digitalisation, low income households and unemployed residents.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				DNV can confirm this is in line with the GBPs, SBPs, SLPs, GLPs and SBGs.

2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Investment-decision process	The Issuer of a Green / Social / Sustainable Finance Framework should outline the decision-making process it follows to determine the eligibility of projects using Bond / Loan proceeds.	<p>In addition to reviewing the evidence below, we have had several detailed discussions with Bromford.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> Bromford Sustainable Finance Framework 2024 	<p>Overall accountability for the Framework sits within Bromford's Sustainability Group, which meets on a monthly basis. The Group has representation from across the senior executive team from a range of areas such as Treasury, Finance and Strategic Property & Sustainability and the Chief Investment Officer. The Group's executive sponsor is Bromford's CEO.</p> <p>The Sustainability Group's responsibilities in relation to the Framework are:</p> <ul style="list-style-type: none"> Assessing the project's eligibility and appropriate allocation of proceeds in accordance with the Framework and group governance principles. Excluding and replacing Projects or investments that no longer comply with the eligibility criteria or whose social and/or environmental risks are considered material. Overseeing any social and environmental risk management associated with Eligible Projects. All risks will be continuously monitored to assess severity. Developing mitigants to possible negative social and/or environmental impacts of Eligible Projects. Monitoring the selection, re-selection and tracking of Eligible Projects at least once a year. <p>Sustainable financing raised through the Framework will be approved by either the Investment Forum, Executive Committee or Board, in ascending order based on the size of the investment. The Treasury</p>

				<p>Committee and Board will subsequently be notified of the Projects selected.</p> <p>Material changes to the Framework and Bromford’s annual impact reporting will be signed off by the Sustainability Group, and then by the Treasury Committee under delegated authority from the Board.</p> <p>DNV concludes that the activities to be financed by future issuances will be appropriately evaluated, selected, managed, and reported on as outlined within Bromford’s Framework, and that they meet the requirements under the GBPs, SBPs, SBGs, GLPs and of the SLPs.</p>
2b	<p>Issuer’s environmental, social and governance framework</p>	<p>In addition to the information disclosed by an Issuer on its Green / Social / Sustainability Bond / Loan process, criteria and assurances, investors may also take into consideration the quality of the Issuer’s overall framework and performance regarding environmental sustainability.</p>	<p>In addition to reviewing the evidence below, we have had several detailed discussions with Bromford.</p> <ul style="list-style-type: none"> • Bromford Sustainable Finance Framework 2024 • Bromford Strategy 2023-2027(Link) • Customer Annual Review April 2023 – March 2024 (Link) • Annual Report and Accounts 2024 (Link) • Bromford Website Sustainability (Link) 	<p>Bromford is a non-profit housing association dedicated to providing affordable housing and specialist support services. The Group’s eight key strategic priorities for the 2023-2027 period focus on building high-quality, safe homes and maximising Bromford’s social and economic impact on residents.</p> <p>Bromford has committed to directly letting 25% of its homes by 2027 and to increasing the housing stock by building 10,800 new homes by 2031, with over 10,000 designated as affordable.</p> <p>Bromford aims to maximise its impact through community development, with its first community project kicking off by 2026. Looking further ahead, Bromford has set a goal for 25% of its new homes pipeline to be dedicated to large-scale, brand-new communities by 2035</p> <p>On the environmental front, Bromford is committed to constructing at least 330 additional Modern Methods of Construction (MMC) units by March 2029. This initiative aims to deliver carbon reduction benefits and reduce reliance on traditional, resource-intensive building methods.</p> <p>Bromford is has prioritised enhancements to energy-efficiency and is on track for nearly all homes to achieve a minimum of EPC C by 2028. The Company has set a target to reduce scopes 1, 2, and 3 emissions by 10% by 2028, primarily through retrofitting and building green buildings.</p> <p>Beyond construction, Bromford helps improve residents’s quality of life through its neighbourhood coaches. Each customer ha an Annual Customer Review with their neighbourhood coach, whose insights will be used by Bromford for continuous improvement of its services.</p>

				<p>In 2023/24, Bromford introduced the Customer Thrive Index, targeting a score of 74.2% or higher by 2027. This initiative is to be complemented by a customer advocacy target score of 85% by 2028, and target to resolve over 60% of live repair cases within 30 days by 2028.</p> <p>The evidence reviewed gives DNV the opinion that the Eligible Green and Social Projects and Categories as outlined in the Framework are in line with Bromford'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 Sustainable Financing Instruments' issuances 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 Eligible Green and Social Projects.	<p>In addition to reviewing the evidence below, we have had several detailed discussions with Bromford.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> Bromford Sustainable Finance Framework 2024 	<p>Bromford's Treasury Team will be responsible for managing the allocation of an amount equivalent to the net proceeds of Green and Social financing instruments.</p> <p>To support this process, Bromford has put in place appropriate accounting and financial management systems, and aims to request a verification by an external auditor or an assurance provider on the allocation of the funding instruments' proceeds until full allocation.</p> <p>Bromford's Treasury Team will be responsible for tracking proceeds. For proceeds allocated to Eligible Projects, this tracking will occur at least once a year. For unallocated proceeds, tracking will be done on a quarterly basis.</p> <p>Bromford intends to fully allocate the proceeds to Eligible Projects within 36 months following receipt. Bromford will apply a look-back period of 24 months from the receipt of proceeds with regard to financing or refinancing.</p> <p>Bromford intends to substitute Eligible Project that no longer meet eligibility criteria with an eligible alternative, on a best efforts basis.</p> <p>DNV can confirm this is in line with the GBPs, SBPs, SLPs, GLPs and SBGs.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3b	Tracking procedure	So long as the Green / Social / Sustainability Bonds / Loans are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible Green / Social / Sustainable investments or loan disbursements made during that period.	<p>In addition to reviewing the evidence below, we have had several detailed discussions with Bromford.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> Bromford Sustainable Finance Framework 2024 	<p>Bromford will strive to achieve a level of allocation to Eligible Projects that meets or exceeds the net proceeds raised under the Framework, for as long as the financing remains in place.</p> <p>DNV can confirm this is in line with the GBPs, SBPs, SLPs, GLPs and SBGs.</p>
3c	Temporary holdings	Pending such investments or disbursements to Eligible Green and Social Projects, the Issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	<p>In addition to reviewing the evidence below, we have had several detailed discussions with Bromford.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> Bromford Treasury Management Policy [Internal Only] Bromford Sustainable Finance Framework 2024 	<p>DNV can confirm that unallocated proceeds will be invested in cash or short-term liquidity money market instruments in accordance with Bromford's Treasury Management Policy whose sections relevant to this principle was reviewed by DNV.</p> <p>On a temporary basis, and adhering to the parameters laid out in the Framework, Bromford may use unallocated proceeds to repay debt whilst maintaining sufficient liquidity at all times in order to finance Eligible Green and Social Projects, as and when they become available.</p> <p>DNV can confirm this is in line with the GBPs, SBPs, SLPs, GLPs and SBGs.</p>

4. Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Periodical reporting	In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, Issuers should provide at least annually a list of projects to which Bond, and where appropriate Loan proceeds, have been allocated including - when possible, with	<p>In addition to reviewing the evidence below, we have had several detailed discussions with Bromford.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> Bromford Sustainable Finance Framework 2024 	<p>Bromford has committed to reporting on the allocation and impact of proceeds raised through the Framework, within 12 months from the issuance of any Sustainable finance instrument, and on an annual basis thereafter until full allocation.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		<p>regards to confidentiality and/or competitive considerations - a brief description of the projects and the amounts disbursed, as well as the expected environmentally and socially sustainable impact.</p>		<p>Allocation reports will be published annually as part of Bromford’s impact report and will be assured by a qualified third party. The allocation reports will incorporate the following information:</p> <ul style="list-style-type: none"> ▪ Total amount allocated to Eligible Projects and their underlying category and the subsequent split between social and green allocation. ▪ On a project by project basis, a break down of proceeds used for financing and/or refinancing ▪ Yearly investment and/or disbursement ▪ Amount and/or % split of allocation to new versus existing projects ▪ The balance of unallocated proceeds <p>Bromford’s impact report will include a breakdown of Eligible Projects and their associated impact metrics, calculation methodologies, assumptions used, and example case studies. To make impact quantifiable, the Framework outlines the following indicative list of metrics for each Eligible Project Category:</p> <p>Affordable Housing</p> <ul style="list-style-type: none"> ▪ Number (#) of new affordable properties by category ▪ Rent charged (£) versus the private sector rents and/or the local housing allowance <p>Employment generation alleviating unemployment</p> <ul style="list-style-type: none"> ▪ Number (#) of customers supported into employment ▪ Number (#) of apprenticeships offered

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>Employment Generation</p> <ul style="list-style-type: none"> ▪ Gender, ethnicity and disability pay gaps for employees (%) ▪ Number (#) or % of customers who have started transacting (£) digitally due to technology developments as a result of investment and / or training <p>Green buildings</p> <ul style="list-style-type: none"> ▪ Number (#) of new buildings financed achieving EPC A or B ▪ Avoided CO2 emissions (tCO2e) <p>Clean transport</p> <ul style="list-style-type: none"> ▪ Number (#) of eligible vehicles ▪ The proportion of eligible vehicles versus the whole fleet (%) ▪ Number (#) of EV charging points installed ▪ Installation of cycle paths (#) and supporting infrastructure such as racks (#) <p>Energy Efficiency</p> <ul style="list-style-type: none"> ▪ Number (#) of new buildings financed achieving EPC A or B ▪ Number (#) or % of existing homes improved by at least one EPC band to a minimum EPC 'C' ▪ Annual energy savings (kWh or kWh/m2) ▪ Total CO2 emissions avoided (kgCO2/m2)

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>The latest version of the Impact report will be made available on the sustainability and investor relations sections of Bromford's website.</p> <p>Any material developments, such as modifications of the Framework or portfolio allocation, will be reported in a timely manner.</p> <p>DNV can confirm that Bromford has committed to allocation and impact reporting on an annual basis, and that it is aligned with the GBP, SBP, SBG, GLP and SLP guidelines.</p>