

PEABODY TRUST SUSTAINABLE FINANCE FRAMEWORK 2024



Document title: Second Party Opinion (“SPO”) on Peabody Trust’s Sustainable Finance Framework 2024

Prepared by: DNV Business Assurance Services UK Limited

Location: London, U.K.

Date: 8th November 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.

PEABODY TRUST SUSTAINABLE FINANCE FRAMEWORK ASSESSMENT 2024

DNV ELIGIBILITY ASSESSMENT

Scope and objectives

Peabody Trust (hereafter referred to as 'Peabody' or 'Group') is a non-for-profit housing organisation and one of the UK's oldest housing associations. Operating in London and the Home Counties, Peabody is responsible for 1,200 hectares of open space, the management of over 108,000 homes, and the provision of housing to more than 220,000 residents and support services to around 26,300 customers.

Peabody is committed to delivering on sustainability, both in terms of its social and environmental impact, and this is embedded into Peabody's purpose to "help people flourish", by providing affordable homes, and by providing the support and advice people need to help themselves in their community. This purpose is supported by various strategies which centre on 'getting the basics right', 'being all about people', and 'creating a sustainable Peabody'. The Group's efforts in the sector have been recognised, having achieved the 'Certified Sustainable Housing Label' from Ritterwald for three consecutive years since 2022.

In terms of social sustainability, Peabody supports affordable housing and community well-being, and has set a goal to build, grow, and support communities that are strong and resilient. For instance, in FY 2024, Peabody subsidised a total of £721 million in rents and invested £10 million in its communities, as well as offered financial advice, job training and food security programs, to help residents tackle the cost of living. Beginning from 2022, Peabody has also applied a social value weighting of 20%, which requires all its suppliers to the Group to demonstrate clear social and economic benefits to residents and communities. The initiative generated £12 million in benefits in its first full year of operation (FY24), primarily in the form of apprenticeships and community support.

Peabody's long-term environmental ambitions focus on the Group becoming net zero carbon in its day-to-day business by 2030 and in its rented properties by 2050, targeting an average rating of EPC B across its rented housing stock by 2050. Peabody is also committed to improving its wider environmental impact with a focus on energy efficiency across its housing stock, as well as enhancing biodiversity in its communities and its managed land. The Group has also made a commitment whereby all of its new developments will improve the quality or quantity of the surrounding natural habitat by at least 10%, in line with new Biodiversity planning regulations.

Peabody has updated its Sustainable Finance Framework 2024 (the "Framework") to better reflect the latest market standards in sustainability reporting and its own internal developments and corporate strategy. Peabody's 2024 Framework enables the use of financial instruments such as private placements, loans and bonds to finance or refinance, in whole or in part, eligible Green and/or Social projects ("Eligible Green and/or Social Projects") in the Eligible Green and Social Categories defined in [Schedule 1](#). Through the issuance of the Sustainable Financing Instruments, the Group intends to deliver tangible environmental and social benefits on an individual and/or combined basis, supporting its purpose "to help people flourish". Under this updated Framework, the Group can issue funds (bonds and/or loans) of a green, social, and sustainability nature.

DNV Business Assurance Services UK Limited ("DNV") has been commissioned by Peabody 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 Peabody and DNV

The management of Peabody 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 Peabody management, and other interested stakeholders in the Framework, as to whether the established criteria have been met based on the information provided to us. DNV’s assessment is supplemented with international guidelines and standards, as well as DNV’s own technical expertise to assess sustainability eligibility.

In our work, we have relied on the information and the facts presented to us by Peabody. 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 Peabody’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 Peabody-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, which should produce clear green or social 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 Peabody in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us.

The work undertaken to form our opinion included:

- Creation of a Peabody-specific Protocol, adapted to the purpose of the Framework, as described above, and in [Schedule 2](#) of this Assessment.
- Assessment of documentary evidence provided by Peabody on the Framework and supplemented by high-level desktop research. These checks refer to current assessment best practices and standards methodology.
- Discussions with Peabody'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, with further detail found in [Schedule 2](#):

1. Principle One: Use of Proceeds.

DNV confirms that an amount equivalent to the proceeds from Green, Social and Sustainability financial instruments as issued under the Framework, will be used within 24 months of receipt to (re-)finance in part or in full, Eligible Green and Social Projects (the "Eligible Projects"). For capital (Capex) or operating (Opex) expenditures these will be measured at cost and a look-back period of up to 24 months prior to the time of financing will be applied. Where Peabody is a joint investor owning a proportion of an asset, the pro rata asset value, Capex or Opex will be allocated.

Eligible Projects will 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.
- Renewable Energy.
- Clean Transportation.
- Terrestrial and Aquatic Biodiversity.

Eligible Social Categories:

- Affordable Housing.
- Access to Essential Services.
- Employment Generation.
- Affordable Basic Infrastructure and Services.

DNV can confirm that the target populations as identified by Peabody for each of the Eligible Social Categories, align with the ICMA/LMA categories.

To ensure the Projects' benefits are quantifiable, Peabody's Framework outlines a series of potential metrics for each Eligible Project Category these are listed in [Schedule 2](#). The Framework also maps each Eligible Green and Social Category in its 2023 Framework to the Sustainability Reporting Standard for Social Housing (SRS) criteria, the applicable UN Sustainable Development Goals (UN SDGs), the EU Environmental Objectives and the Company's ESG strategy as relevant. The company outlines specifically the following SDGs aligned with: Goal #1 (No Poverty), [Goal #3](#) (Good Health & Wellbeing), [Goal #7](#) (Affordable & Clean Energy), [Goal #8](#) (Decent Work & Economic Growth), [Goal #11](#) (Sustainable Cities & Communities), [Goal #13](#) (Climate Action) and [Goal #15](#) (Life on Land).

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:

DNV can confirm that there is a robust decision-making process behind the approval of any Eligible Green and Social project that falls within the respective project categories, as outlined in the Framework.

Accountability for the Framework lies with Peabody's Finance and Treasury Committee (FTC) that meets at least four times per year. The FTC is a cross-divisional committee that is comprised of four non-executive members, whose functions stem from treasury, finance, risk management and regulatory roles. The FTC has a range of sustainability related responsibilities, such as overseeing social and environmental risks associated with eligible projects, developing mitigants to risks where relevant, overseeing alignment with appropriate national and international sustainability taxonomies and legislation, and reviewing any impact on the Group's strategy.

The Committee's responsibilities in relation to the Framework include:

- To approve the addition of Eligible Projects/expenditures, where in compliance with the criteria as set out in the Framework and Schedule 1 of this Opinion.
- To oversee the eligible project portfolio, confirming its continued compliance with the Framework.
- To review the content of the Framework on at least an annual basis, and to update it to reflect changes in market standards (such as relevant ICMA and LMA principles, or the introduction of a UK Taxonomy) and the Group's strategy.
- To exclude projects or investments that no longer comply with the eligibility criteria, or have been disposed of, and replacing them on a best-efforts basis.
- To facilitate the allocation and impact reporting commitments made in the Framework.

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

3. Management of Proceeds:

Peabody's Finance team will lead and manage the allocation of an amount equivalent to the net proceeds of Green, Social and sustainability financing instruments and the reporting of these, whilst the FTC will undertake the responsibility

of tracking the proceeds and allocating them to appropriate projects. To track the allocation to projects, Peabody will establish a register for the Eligible Projects, which will be monitored by Peabody on a quarterly basis.

Peabody will ensure that the level of allocation to an Eligible Project exceeds the net proceeds raised under the Framework. Where any Eligible Project is no longer eligible or has been disposed of, Peabody will remove it from the register and substitute the Projects with an eligible alternative, on a best-effort basis.

Peabody has also confirmed unallocated proceeds issued under the Framework will be held as cash deposits or in sterling denominated money market funds in line with the Company's Treasury Management policy. Peabody may also use unallocated proceeds for short-term repayment of other debt facilities. Peabody will also endeavour to place in sustainable liquidity investments where possible. Where this happens, Peabody will still ensure at least an amount equivalent to the net proceeds will be allocated to Eligible Projects.

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:

Peabody has committed to publishing on the allocation and impact of the proceeds as raised through the Framework in a combined report. The report will be published within 12 months from the issuance of any sustainable finance instrument, and on an annual basis thereafter, until full allocation of the net proceeds.

Allocation reporting will contain key information on the allocation of proceeds, such as the total amount allocated to date split by eligible category, and whether the projects are new or existing (share of financing and refinancing), as well as the total unallocated proceeds.

Impact reporting will provide a description and quantification of the environmental and social benefits of the projects. This includes impact metrics split by project category, a detailed calculation methodology, and any key assumptions used, as well as a description of Eligible Projects and example case studies. Illustrative KPIs to be used to report on both the environmental and social impacts of the projects are detailed in [Schedule 2](#).

DNV concludes that Peabody has committed to producing appropriate and transparent reporting on the environmental and/or social impacts of future issuances within the Framework, and that this meets the requirements of the relevant GBP, SBP, SBG, GLP and the SLP.

On the basis of the information provided by Peabody and the work undertaken, it is DNV's opinion that the Peabody Sustainable Finance Framework for 2024 meets the criteria as established in the Protocol, and that it is aligned with the stated definitions of: 'Green Bonds' as within the Green Bond Principles (GBP) 2021; 'Social Bonds' as within the Social Bond Principles (SBP) 2023; 'Sustainability Bonds' as within the Sustainability Bond Guidelines (SBG) 2021; 'Green Loans' within the Green Loan Principles (GLP) 2023; and 'Social Loans' as within the Social Loan Principles (SLP) 2023.

for DNV Supply Chain and Product Assurance Services UK Limited

London, 8th November 2024

A handwritten signature in blue ink, appearing to read 'G Oakman'.

George Oakman

Senior Sustainable Finance Consultant & Project Manager
DNV – Supply Chain & Product Assurance

A handwritten signature in black ink, appearing to read 'N Hutson'.

Niki Hutson






Head of Sustainable Finance & Lead Reviewer
DNV – Supply Chain & Product Assurance

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 USE OF PROCEEDS

ICMA & LMA eligible green project category	Project description and eligibility criteria	Financial line item	SRS alignment	EU Environmental objective mapping	Alignment with UN SDGs
Green buildings	Construction of new green buildings in the UK (EPC B or above).	Capex	Climate change	Climate mitigation	
	Refinancing of existing green buildings in the UK (EPC B or above).	Asset Value/ Capex			
Energy efficiency	Renovation of existing homes that improve unit EPC ratings by two notches (to minimum EPC C or above) or improve energy efficiency by at least 30%.	Capex / Opex	Climate Change	Climate mitigation	
Renewable energy	Projects aimed at integrating renewables into the energy system for buildings e.g. installation of solar panels and air source heat pumps, including investigatory work into energy from waste and ground source heat pumps.	Capex	Climate change	Climate mitigation	
Clean Transportation	Installation of electric vehicle (EV) charging points Purchase/leasing of low and zero-emission vehicles ¹ .	Capex / Opex	Climate change	Climate mitigation	 




¹ Aligned to EU Taxonomy (activity 6.5) definition of low emission vehicle as one that produces less than 50g of CO₂ for every kilometre travelled. Peabody will seek to remain aligned to the effective threshold as determined by the EU Taxonomy. DNV notes that this threshold expires at the end of 2025, at which point only zero carbon vehicles are eligible under the Framework.

<p>Terrestrial and Aquatic Biodiversity</p>	<p>Projects aimed at promoting biodiversity net gain such as tree planting, effective management of grounds, habitats and trees at estates, and creation and management of new green spaces and habitats.</p>	<p>Capex / Opex</p>	<p>Ecology</p>	<p>Protection and restoration of biodiversity and ecosystems</p>	
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<p>ICMA & LMA eligible social project category</p>	<p>Project description and eligibility criteria</p>	<p>Financial line item</p>	<p>Target population</p>	<p>SRS alignment</p>	<p>Alignment with UN SDGs</p>
<p>Affordable housing</p>	<p>Construction of new social and affordable housing in the UK as per the UK government regulatory definition².</p>	<p>Capex</p>	<p>People in housing need on the housing register for affordable / social homes who are unable to rent or purchase properties on the open market in their local area, as determined by the local housing authority</p>	<p>Affordability and security</p>	
<p>Re-financing of existing social and affordable housing in the UK as per the UK government regulatory definition³.</p>	<p>Asset value / Capex</p>				
<p>Access to essential services</p>	<p>Support residents and community partners to deliver children’s activities, sporting programmes, health and wellbeing sessions as well as clubs for young people.</p>	<p>Opex</p>	<p>Tenants with a lack of quality access to essential services including high quality outdoor</p>	<p>Resident support</p>	

² Costs that are 80% of the standard market price for the area as per the [National Planning Policy Framework](#)

³ Ibid.

			spaces that enable residents to enjoy the open spaces in their neighbourhood		
Employment generation	Employment generation, and programmes designed to prevent and/ or alleviate unemployment.	Opex	People who are unemployed within the communities we operate in	Resident support	
Affordable basic infrastructure and services	Expenditure to create additional community spaces and play areas close to the homes, creating areas for recreational activity which contribute towards basic and positive mental health of housing residents.	Capex Opex	Low-income households	Resident support	

SCHEDULE 2: USE OF PROCEEDS FINANCIAL INSTRUMENTS – PEABODY-SPECIFIC SUSTAINABLE 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 had several detailed discussions with Peabody.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> Peabody Sustainable Finance Framework 2024. 	<p>The Framework outlines the types of financing instruments expected to be issued under the Framework as a broad range of funding instruments, including Bonds and Loans and Private Placements.</p> <p>These instruments will be used to finance and/or refinance, in whole or in part, Eligible Green or Social Projects that meet the eligibility criteria of the Project categories as defined in Schedule 1 of this document.</p> <p>Allocation of proceeds will be measured through asset value, capital expenditure (Capex) or operating expenditure (Opex) at cost. Where the Group is a joint investor, owning a proportion of an asset, the pro rata asset value / Capex / Opex will be allocated.</p> <p>Peabody intends to allocate the proceeds raised under this Framework within 24 months of receipt. For capital or operating expenditures, a look-back period of up to 24 months prior to the time of financing will be applied.</p> <p>DNV can confirm that the instruments outlined in the Framework align with the GBPs, SBPs, SBGs, GLPs and the SLPs, DNV can also confirm that the instruments to be issued under this Framework will support the advancement of the UN SDGs as indicated in Schedule 1.</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 had several detailed discussions with Peabody.</p> <p>Evidence reviewed:</p>	<p>Peabody intends to use the proceeds from future issuances under this Framework to (re-)finance projects/assets from the following ICMA/LMA Eligible Categories:</p> <p>Eligible Green Categories:</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
			<ul style="list-style-type: none"> Peabody Sustainable Finance Framework 2024. 	<ul style="list-style-type: none"> Green Buildings. Energy Efficiency. Renewable Energy. Clean Transportation. Terrestrial and Aquatic Biodiversity. <p>Eligible Social Categories:</p> <ul style="list-style-type: none"> Affordable Housing. Access to Essential Services. Employment Generation. Affordable Basic Infrastructure and Services. <p>Eligible Projects are further defined in <u>Schedule 1</u> 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 and Social benefits	All designated Green/ Social / Sustainable 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 had several detailed discussions with Peabody.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> Peabody Sustainable Finance Framework 2024. SRS Criteria 2023 (link). 	<p>Peabody 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>Peabody has prioritised projects which align with the Company's purpose as well as sustainability strategic objectives. Peabody has also committed to following best market practice where possible.</p> <p>Peabody has also aligned all Eligible Categories to the Sustainability Reporting Standard for Social Housing (SRS), a standard designed to help the housing sector measure, report and enhance its ESG performance. Peabody has aligned to the following SRS themes in its Framework:</p> <ul style="list-style-type: none"> Theme 1: Climate Change. Theme 2: Ecology. Theme 4: Affordability and Security.

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<ul style="list-style-type: none"> • Theme 7: Resident Support. <p>The Company has also mapped each Eligible Category to the corresponding UN Sustainable Development Goals (SDGs) that are relevant to Peabody's sector:</p> <ul style="list-style-type: none"> • Goal #1 (No poverty). • Goal #3 (Good health and well-being). • Goal #7 (Affordable and clean energy). • Goal #8 (Decent work and economic growth). • Goal #11 (Sustainable cities and communities). • Goal #13 (Climate action). • Goal #15 (Life on land). <p>Each Green Eligible Category has also been mapped to the relevant EU Environmental Objectives. Peabody has reported that it will continue to observe updates in the development of the UK Green Taxonomy, with a view to updating or amending the Framework to acknowledge pertinent environmentally sustainable economic activities. Should these changes to the Framework be material, Peabody has also reported that it will seek an updated SPO.</p> <p>To ensure the projects' benefits are quantifiable, Peabody's Framework also outlines a series of potential metrics for each Eligible Project Category, which are described in more detail in section 4a.</p> <p>The evidence reviewed gives DNV the opinion that future issuances under the Framework will deliver clear social and/or environmental benefits, and that this in line with the GBP, SBP, SBG, SLP and GLP.</p>
1d	Target Population	All designated social projects should provide the social benefits outlined in 1c to specific target populations.	In addition to reviewing the evidence below, we had several detailed discussions with Peabody.	Peabody has confirmed that all expenditures from issuances under this Framework are dedicated to activities associated with the Eligible Social Categories as outlined in Schedule 1 , this includes: Affordable Housing, Access to Essential Services, Employment

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
			<p>Evidence reviewed:</p> <ul style="list-style-type: none"> Peabody Sustainable Finance Framework 2024. 	<p>Generation, Affordable Basic Infrastructure and Services, which will target vulnerable populations. Peabody has identified underserved populations unable to access housing and essential urban services in their local area, low-income households and unemployed residents.</p> <p>DNV can confirm that this is in line with the requirements as set out in the GBP, SBP, SBG, SLP and GLP.</p>

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 had several detailed discussions with Peabody.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> Peabody Sustainable Finance Framework 2024. Modern Slavery and Human Trafficking Statement 2024. 	<p>Overall accountability for the Framework sits within Peabody's Finance and Treasury Committee (FTC) which meets at least four times per year.</p> <p>The FTC is a cross-divisional committee comprised of four non-executive members from a range of backgrounds and experience in treasury, finance, risk management, and regulatory roles including in social housing.</p> <p>The Committee's responsibilities include the following:</p> <ul style="list-style-type: none"> To approve the addition of Eligible Projects/expenditures. To oversee the eligible project portfolio, confirming its continued compliance with the Framework. To review the content of the Framework at least on an annual basis and update it to reflect changes in market standards (such as relevant ICMA and LMA principles, UK Taxonomy) and the organisation's strategy.

				<ul style="list-style-type: none"> To exclude projects or investments that no longer comply with the eligibility criteria or have been disposed of and replacing them with eligible projects. To facilitate the allocation and impact report provision under the Framework. <p>The FTC is also responsible for wider matters relating to Eligible Projects:</p> <ul style="list-style-type: none"> The oversight of any social and environmental risks associated with the Eligible Projects. Development of mitigants to possible negative social and/or environmental impacts of Eligible Projects, where relevant. The continued alignment of Project Categories with appropriate national and international sustainability taxonomies and legislation, reviewing the potential impacts on its strategy. <p>Peabody has also confirmed that where appropriate, the FTC may delegate to a sub-committee or senior staff with the authority to oversee a project.</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 Peabody's Framework, and that they meet the requirements under the GBPs, SBPs, SBGs, GLPs and of the SLPs.</p>
2b	Issuer's environmental, social and governance framework	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>In addition to reviewing the evidence below, we had several detailed discussions with Peabody.</p> <ul style="list-style-type: none"> Peabody Sustainable Finance Framework 2024. Peabody's Sustainability Action Plan 2023-2026: Making choices today for a better tomorrow. 	<p>Peabody's purpose is to "help people flourish" by providing affordable homes, and by providing the support and advice that people need, to help themselves in their own community.</p> <p>As a non-for-profit housing association, Peabody's purpose is the key driver for its strategy. The strategic priorities for 2024 – 2025 have as a central theme: the development of sustainable and high-quality houses and community services, designing solutions jointly with residents.</p>

			<ul style="list-style-type: none"> • Peabody’s Group strategy 2024-25: Getting closer to our residents. • 2023 ESG Report: Creating sustainable homes and places. 	<p>These priorities include working in partnership with stakeholders to understand the needs of local communities, identifying vulnerable residents with early intervention, and investing in community spaces that foster the health and wellbeing of residents.</p> <p>Peabody also aims to target the areas of greatest need in its portfolio to prioritise social housing, and to ensure that new houses meet the affordability criteria and needs of the targeted populations, both in the present and in the future.</p> <p>In 2023/24, Peabody subsidised £721 million worth of rents and invested £10 million in its communities. Moreover, it offered its customers financial advice, job training, and food security programs.</p> <p>Peabody’s 2023-26 environmental strategic priorities focus on improving the energy efficiency of their housing stock, with all new homes being built to a rating of EPC B or above. Peabody has a long-term environmental goal of reaching operational net zero carbon by 2030, and net zero carbon in their rented properties by 2050. As of the end of March 2024, 78.6% of Peabody’s homes were rated EPC C or above, with an average SAP rating of 73.94. The carbon intensity ratio per home decreased by 1.3% from 2022 to 2023.</p> <p>Other environmental focus areas include enhancing biodiversity in its owned spaces and reducing the impact of Peabody’s estate activities on nature.</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 Peabody’s wider approach to managing environmental and social sustainability risks. DNV can confirm that this is in line with the GBP, SBP, SBG, SLP and the GLP.</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 had several detailed discussions with Peabody.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> • Peabody Sustainable Finance Framework 2024. • Group Treasury Policy 2024. • Peabody Treasury Management Practices. 	<p>Peabody's Finance team will lead and manage the allocation of an amount equivalent to the net proceeds of Green and Social financing instruments. The FTC is responsible for tracking the allocation process.</p> <p>To support this process, Peabody will establish register of Eligible Projects which will define where Peabody may allocate the proceeds from its sustainable finance issuances. This will be assessed by an external auditor.</p> <p>DNV can confirm that this is in line with the GBP, SBP, SBG, SLP and GLP.</p>
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 had several detailed discussions with Peabody.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> • Peabody Sustainable Finance Framework 2024. • Group Treasury Policy 2024. • Peabody Treasury Management Practices. 	<p>Peabody 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>Where any Eligible Project is no longer eligible or has been disposed of, Peabody has confirmed that it will substitute the Projects with an eligible alternative on a best-effort basis.</p> <p>DNV confirms that this is in line with the GBP, SBP, SBG, SLP and GLP.</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 had several detailed discussions with Peabody.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> • Group Treasury Policy 2024. • Peabody Treasury Management Practices. 	<p>DNV can confirm that unallocated proceeds issued under the Framework will be held either as cash deposits or in sterling denominated money market funds in line with Peabody's Treasury Management Policy.</p> <p>Peabody may use unallocated funds for short-term repayment of other debt facilities before allocation to Eligible Projects.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
			<ul style="list-style-type: none"> Peabody Sustainable Finance Framework 2024. 	<p>Peabody has also confirmed that where it used proceeds to pay off debt in the short-term, it will still allocate an amount equivalent to at least the net proceeds of the Sustainable Financing instruments.</p> <p>DNV can confirm that this is in line with the GBP, SBP, SBG, SLP and GLP.</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 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>In addition to reviewing the evidence below, we had several detailed discussions with Peabody.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> Peabody Sustainable Finance Framework 2024. 	<p>Peabody has committed to reporting on the allocation and impact of the proceeds raised through the Framework in a combined report within 12 months from the issuance of any Sustainable finance instrument, and on an annual basis thereafter until full allocation.</p> <p>The combined allocation and impact report will be made available on Peabody's website and will be reviewed by an independent third party.</p> <p>Any material developments, such as modification of the Framework or portfolio allocation, will be reported in a timely manner.</p> <p>Allocation reporting will include the following information:</p> <ul style="list-style-type: none"> The type of financing instruments used and respective outstanding amounts. Total amount of proceeds allocated to Eligible Projects, by Category for small projects (with examples for context) or by Project for large projects. The amount and/or percentage of new and existing projects (share of financing and refinancing) and financial line item (share of Capex, Opex and asset value).

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<ul style="list-style-type: none"> Any further information on how unallocated proceeds have been held. <p>Impact reporting will include the following information:</p> <ul style="list-style-type: none"> Impact metrics (KPIs), split by Eligible Project Category with indicative impact indicators. Detailed calculation methodology and key assumptions used. A description of Eligible Projects or example case studies. <p>Peabody intends to align with the reporting recommendations as outlined in ICMA's "Handbook – Harmonized Framework for Impact Reporting (June 2024).</p> <p>For impact reporting, 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 units constructed by tenure. Existing number of affordable properties by category and average rents charged relative to private sector rents. <p>Access to Essential Services</p> <ul style="list-style-type: none"> Number of attendees across all programmes. <p>Employment Generation</p> <ul style="list-style-type: none"> Number of people provided with employment. Number of programmes delivered. <p>Affordable Basic Infrastructure and Services</p> <ul style="list-style-type: none"> Number of households with access to community space. Number of households with access to play areas.

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>Green Buildings</p> <ul style="list-style-type: none"> • % of new homes with an EPC Rating of A or B. • Number of existing homes with an EPC rating of A or B. • Number of existing homes that have been renovated, achieving a two-notch EPC rating uplift (to minimum EPC C or above). <p>Renewable Energy / Energy Efficiency</p> <ul style="list-style-type: none"> • CO2 emissions saved in tCO2e. <p>Clean Transportation</p> <ul style="list-style-type: none"> • Number of EV charging points installed. • Number and proportion (%) of new homes within 1km walking distance of public transport (e.g. bus stop or railway station) • Number and proportion (%) of fleet made up of low and zero emission vehicles. • % reduction in fleet carbon emissions. <p>Terrestrial and Aquatic Biodiversity</p> <ul style="list-style-type: none"> • Proportion of developments completed in the past year where the company achieved a biodiversity net gain of 10%. • Proportion of developments completed in the past year where the company achieved a biodiversity net gain of >10%. • Number of trees planted.

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>DNV can confirm that Peabody has committed to allocation and impact reporting on an annual basis, and that it is aligned with the GBP, SBP, SBG, GLP and SLP.</p>