

Second-Party Opinion

Sage Housing Social Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the Sage Housing Social Bond Framework is credible and impactful and aligns with the four core components of the Social Bond Principles 2020. This assessment is based on the following:



USE OF PROCEEDS The eligible category for the use of proceeds – Affordable Housing – is aligned with those recognized by the Social Bond Principles that seek to achieve positive socio-economic outcomes for target populations. Sustainalytics considers that the eligible category will lead to positive social impacts and advance the UN Sustainable Development Goals, specifically SDG 11.



PROJECT EVALUATION / SELECTION Sage Housing has established an inter-departmental Social Bond Committee (the “Committee”) to oversee the project evaluation, selection and monitoring process for the Eligible Social Projects. The Committee is comprised of the Chief Financial Officer and the Head of Internal Audit and Risk. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS Sage Housing has a Social Asset Register and an internal process to earmark and track allocation of outstanding social bond net proceeds to Eligible Social Projects. Pending full allocation, unallocated proceeds will be temporarily held in cash, cash equivalents or other short-term liquid instruments. Sage Housing has indicated that it intends to allocate proceeds from its initial issuance within 24 months. Subsequent issuances may be allocated up to maturity. This is in line with market practice.



REPORTING Sage Housing will provide allocation and impact reporting on an annual basis, on its website, until full allocation. Allocation reporting will include the total amount of proceeds raised under the bond, details of financed/refinanced projects and the balance of unallocated proceeds, if any. Sage will contract an external auditor to review allocation reporting, which is viewed as a best practice. In addition, on a best effort basis, Sage Housing intends to report on positive social impacts achieved through the financed Eligible Social Projects. Sustainalytics views Sage Housing’s allocation and impact reporting as aligned with market practice.

Evaluation date September 7, 2020

Issuer Location London, United Kingdom

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Introduction

Headquartered in London, England, Sage Housing (“Sage Housing”, or the “Company”) is a provider of affordable housing across England, working together with the largest residential real estate developers to deliver new housing for Shared Ownership and affordable rental homes.

Sage Housing has developed the Sage Housing Social Bond Framework (the “Framework”) under which it intends to issue social bonds through a special purpose vehicle, Sage Rented Ltd (“SPV” or “SRL”), and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future affordable housing projects that aim to provide affordable housing for low-income individuals and families in England. The Framework defines eligibility criteria in one area:

1. Affordable Housing

Sage Housing engaged Sustainalytics to review the Sage Housing Social Bond Framework, dated September 2020, and provide a Second-Party Opinion on the Framework’s social credentials and its alignment with the Social Bond Principles 2020 (SBP).¹ This Framework has been published in a separate document.²

Scope of work and limitations of Sustainalytics Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent³ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Social Bond Principles 2020, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds;
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.5, which is informed by market practice and Sustainalytics expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Sage Housing’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Sage Housing representatives have confirmed (1) they understand it is the sole responsibility of Sage Housing to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Sage Housing.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

¹ The Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/>

² The Sage Housing Social Bond Framework is available on Sage Housing’s website at: <https://www.sagehousing.co.uk/>

³ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

In addition, the Second-Party Opinion opines on the intended allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Sage Housing has made available to Sustainalytics for the purpose of this SPO.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Sage Housing Social Bond Framework

Sustainalytics is of the opinion that the Sage Housing Social Bond Framework is credible and impactful and aligns with the four core components of the SBP. Sustainalytics highlights the following elements of Sage Housing's Social Bond Framework:

- Use of Proceeds:
 - The eligible category – Affordable Housing – is aligned with those recognized by the SBP.
 - Sage Housing will use proceeds to primarily refinance the provision of Affordable Housing in England. Target populations and housing requirements are established by local planning authorities under the guidance of the National Planning Policy Framework,⁴ which directs the local authorities to identify the needs of housing markets and determine where and what quantity of affordable housing⁵ should be provided. Sage Housing provides homes exclusively to individuals who have been identified as being in housing need. Criteria may vary from local authority to local authority, but they primarily aim to reduce homelessness, prevent overcrowding, or mitigate medical conditions made worse by housing arrangements.
 - Sustainalytics positively notes the well-defined target groups and is of the opinion that this use of proceeds will contribute to increasing access to affordable housing in England, thus creating a positive social impact.
 - Sage Housing also finances homes for “Shared Ownership”⁶, which are homes that are sold to people for whom open market purchases would be unattainable. Purchasers buy a share of the property and pay rent on the remaining value. Eligibility for Shared Ownership is determined by government criteria.⁷ Sustainalytics acknowledges that the program is part of a government affordable home ownership scheme and the criteria include households with up to GBP 80,000 (GBP 90,000 in London) annual income. However, regarding access to affordable housing, Sustainalytics considers the emphasis on lower-income households to be market practice. In that sense, Sustainalytics notes that the financing represents a deviation from market practice as the target of the scheme, which includes low- and middle-income households, is broader and goes beyond focusing on low-income individuals or households but is consistent with government policy.
- Project Evaluation and Selection:
 - Sage Housing has established an inter-departmental Social Bond Committee (the “Committee”) to oversee the project evaluation, selection and monitoring process for the Eligible Social Projects. The Committee is comprised of the Chief Financial Officer and the Head of Internal Audit and Risk.
 - Based on the above, Sustainalytics considers this process to be in line with market practice.

⁴ UK Government, “National Planning Policy Framework”, (2019), at: <https://www.gov.uk/government/publications/national-planning-policy-framework-2>

⁵ Housing of any tenure that is judged to be affordable to a particular household or group by analysis of housing costs, income levels and other factors, at: <http://researchbriefings.files.parliament.uk/documents/CBP-7747/CBP-7747.pdf>

⁶ Sage Housing, “Shared Ownership”, at: <https://www.sagehousing.co.uk/shared-ownership/>

⁷ (i) Household income must be below £80,000 (of £90,000 in London); (ii) Buyers must not own another home (it is permissible to have previously owned a home); (iii) Buyers must be purchasing their first home or be unable to afford to buy through other means.

- **Management of Proceeds:**
 - Sage’s Finance Department is responsible for the management of proceeds. Sage Housing has a Social Asset Register and an internal process to track allocation of outstanding social bond net proceeds to Eligible Social Projects. Pending full allocation, unallocated proceeds will be temporarily held in cash, cash equivalents or other short-term liquid instruments. Sage Housing has indicated that it intends to allocate proceeds from its initial issuance within 24 months. Subsequent issuances may be allocated up to maturity.
 - Based on the above, Sustainalytics considers this process to be in line with market practice.
- **Reporting:**
 - Sage Housing will provide allocation and impact reporting on an annual basis, on its website, until full allocation. Allocation reporting will include the total amount of proceeds raised under the bond, details of financed/refinanced projects and the balance of unallocated proceeds, if any. Sage will contract an external auditor to review allocation reporting, which is viewed as a best practice. In addition, on a best effort basis, Sage Housing intends to report on positive social impacts achieved through the financed Eligible Social Projects. Some example indicators include the number of social/affordable housing units built and total number of families housed in Sage housing units, for a full list of potential indicators, please see Appendix 1.
 - Sustainalytics considers this process to be in line with market practice.

Alignment with Social Bond Principles 2020

Sustainalytics has determined that the Sage Housing Social Bond Framework aligns to the four core components of the SBP. For detailed information please refer to Appendix 1: Social Bond/Social Bond Programme External Review Form.

Section 2: Sustainability Performance of Sage Housing / Sustainability Strategy of Sage Housing

Contribution of Framework to Sage Housing’s sustainability performance

Sustainalytics recognizes that the core business model of Sage Housing – the provision of affordable housing – integrates social sustainability in its core. Sage Housing’s business model provides affordable housing, creates employment opportunities, and prioritizes development of energy efficient homes.² For example, more than 98% of Sage Housing homes have an EPC label of B or above and have been fitted with energy efficient lighting.² As such, while a formal sustainability strategy has not been disclosed, Sustainalytics considers that the Company has well-integrated environmental and social sustainability considerations within its business model, which acknowledges the relevance of environmental, social and governance (ESG) issues to its business value.

Since 2017, Sage Housing has delivered over 2,300 homes.⁸ By 2020, a total 10,000 homes have been funded, indicating the Company is on track to meet their target to acquire at least 20,000 homes by 2022.⁹ Sage Housing’s dedication to provide high quality affordable homes is further evidenced by the 86% satisfaction score by rent residents.¹⁰

Based on this, Sustainalytics is of the opinion that the Sage Housing Social Bond Framework is aligned with the Company’s business model and financing additional affordable housing will further the Company’s action on its key social priorities.

Well positioned to address common social and environmental risks associated with the projects

While Sustainalytics recognizes that the net proceeds from the bonds issued under the Framework will be directed towards eligible projects that are recognized by the Social Bond Principles (2020) to have positive social impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects, could include occupational health and safety, community relations/stakeholder participation and land use change and biodiversity.

⁸ Sage Housing, “About us”, at: <https://www.sagehousing.co.uk/about-us/>

⁹ Sage Housing, “Housebuilders”, at: <https://www.sagehousing.co.uk/housebuilders/>

¹⁰ Sage Housing, “Annual Report to Residents 2018”, at: <https://www.sagehousing.co.uk/media/2775/annual-report-to-residents-2018-final.pdf>

Sustainalytics notes that Sage Housing is not directly responsible for the development or construction of homes. Nonetheless, Sustainalytics is of the opinion that potential risks can be managed and/or mitigated by the following legislation:

- Regarding worker health and safety, the Management of Health and Safety at Work Regulations 1999¹¹ sets the minimum standards to ensure that employees are protected from harm, employers are responsible for identifying potential hazards, assessing the risk and eliminating the hazard or managing the risk.¹² The Construction (Design and Management) Regulations 2015¹³ addresses the risks specific to construction work and details the legal duties of all parties to protect anyone from harm arising from construction work.¹⁴
- The UK has implemented several regulations regarding Environmental Impact Assessment, following the amended EU Directive 2001/42/EC,¹⁵ in order to “protect the environment by ensuring that a local planning authority when deciding whether to grant planning permission for a project, which is likely to have significant effects on the environment, does so in the full knowledge of the likely significant effects, and takes this into account in the decision making process.”¹⁶
- The United Kingdom is classified as a “Designated Country” under the Equator Principles, implying the presence of robust environment and social governance systems, legislation, and institutional capacity for protecting the environment and communities.¹⁷

Based on these policies, standards, and assessments, Sustainalytics is of the opinion that Sage Housing is required to follow adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

The use of proceeds category is aligned with those recognized by the SBP. Sustainalytics analyses the impact of the affordable housing in England in the local context.

Impact of Affordable Housing in England

In England, homeowners represent 63% of households,¹⁸ 19% of households were private renters in 2018,¹⁹ and 18% of households live in social housing.²⁰ Recent housing market trends reveal increased unaffordability and insufficient supply of housing units to meet demand. The gap between housing demand and supply is of more than one million homes.²¹ As a result, private rents are rising faster than earnings²² and the house price-to-earnings ratio is at record highs.¹⁹ For example, between 2011 and 2019, London private rents grew by 22%, while earnings only grew by 15%.¹⁹ Similarly, in 2018 median house prices were eight times higher than median earnings, following a steady increase from a 5:1 ratio in 2002.¹⁹ Furthermore, the lack of supply of new social housing has made the private rental sector the main provider of rental units.¹⁹ In turn, private rent levels have further increased as a response to increased demand in high pressure areas.¹⁹

In this context, without subsidized housing, significant numbers of households can fail to obtain housing of a good standard.¹⁹ According to a study National Housing Federation it is estimated that 8.4 million people in England were living in an unaffordable, insecure or unsuitable home and 3.4 million people could afford decent

¹¹ UK Legislation, “The Management of Health and Safety at Work Regulations 1999”, (1999), at: <https://www.legislation.gov.uk/ukxi/1999/3242/contents/made>

¹² HSE, “Managing risks and risk assessment at work”, at: https://www.hse.gov.uk/simple-health-safety/risk/index.htm?utm_source=hse.gov.uk&utm_medium=referral&utm_campaign=risk&utm_content=home-page-info

¹³ UK Legislation, “The Construction (Design and Management) Regulations 2015”, (2015), at: <https://www.legislation.gov.uk/ukxi/2015/51/contents/made>

¹⁴ HSE, “What do I need to do?”, at: <https://www.hse.gov.uk/construction/cdm/2015/responsibilities.htm>

¹⁵ European Union Law, “Directive 2001/42/EC of the European Parliament and of the Council of 27 June 2001 on the assessment of the effects of certain plans and programmes on the environment”, (2001), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:32001L0042>

¹⁶ Government of the UK, “Environmental Impact Assessment”, at: <https://www.gov.uk/guidance/environmental-impact-assessment>

¹⁷ The Equator Principles, “Designated Countries”, at: <https://equator-principles.com/designated-countries/>

¹⁸ UK Government, “Home ownership”, (2020), at: <https://www.ethnicity-facts-figures.service.gov.uk/housing/owning-and-renting/home-ownership/latest>

¹⁹ UK Parliament, “What is affordable housing?”, (2019), at: <http://researchbriefings.files.parliament.uk/documents/CBP-7747/CBP-7747.pdf>

²⁰ Shelter, “Housing Tenure”, at: https://england.shelter.org.uk/_data/assets/pdf_file/0005/166532/Factsheet_Housing_tenure.pdf

²¹ BBC, “Housing shortage: Scale of UK’s housing gap revealed”, (2020), at: <https://www.bbc.com/news/business-51605912>

²² IPPR, “what more can be done to build the homes we need?”, (2017), at: <https://www.ippr.org/files/2017-06/lyons-edited-collection-june-2017.pdf>

living conditions only with social housing access.²³ In 2017, the UK Government announced the Shared Ownership and Affordable Homes (SOAH) Programme to address these challenges. As of 2019, the annual supply of affordable homes was 57,500 of which 51% are designated for affordable rent, 34% for affordable home ownership, and 11% for social rent.¹⁹ The SOAH Programme will have access to funding up to GBP 9.1 billion (EUR 10.1 billion) starting in 2021 to support the development of an additional 10,000 homes per year, including social rented housing.¹⁹ The SOAH program is aligned with the government's global housing market program to build 300,000 homes annually by the mid-2020s.²⁴

Based on the above Sustainalytics believes that Sage's financing of newly-constructed affordable housing, which is supported by a well-defined target population will foster access to decent housing conditions by low-income households and help solve the supply-side constraint of the housing market in England.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This social bond advances the following SDG goal and target:

Use of Proceeds Category	SDG	SDG target
Affordable Housing	11. Sustainable cities and communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

Conclusion

Sage Housing has developed the Sage Housing Social Bond Framework under which it intends to issue social bonds and use the proceeds to finance affordable housing projects that aim to provide affordable housing for low-income individuals and families in England. Sustainalytics considers that the projects funded by the social bond proceeds have the potential provide positive social impact.

The Sage Housing Social Bond Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Sage Housing Social Bond Framework is aligned with the overall sustainability strategy of the Company and that the social use of proceeds category will contribute to the advancement of the UN Sustainable Development Goals 11. Additionally, Sustainalytics is of the opinion that Sage Housing has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Sage Housing is well-positioned to issue social bonds through SRL and that the Sage Housing Social Bond Framework is robust, transparent, and in alignment with the core components of the Social Bond Principles 2020.

²³ BBC, "Housing crisis affects estimated 8.4 million in England - research", (2019), at: <https://www.bbc.com/news/uk-49787913#:~:text=Housing%20crisis%20affects%20estimated%208.4%20million%20in%20England%20%2D%20research,-23%20September%202019&text=An%20estimated%208.4%20million%20people,to%20the%20National%20Housing%20Federation.>

²⁴ McKinsey & Co., "Working together to tackle the UK housing crisis", (2019), at: <https://www.mckinsey.com/industries/capital-projects-and-infrastructure/our-insights/working-together-to-tackle-the-uk-housing-crisis>

Appendices

Appendix 1: Social Bond/ Social Bond Programme -External Review Form

Section 1. Basic Information

Issuer name:	Sage Housing
Social Bond ISIN or Issuer Social Bond Framework Name, if applicable:	Sage Housing Social Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	September 7, 2020
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the SBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible category for the use of proceeds – Affordable Housing – is aligned with those recognized by the Social Bond Principles that seek to achieve positive socio-economic outcomes for target populations. Sustainalytics considers that the eligible category will lead to positive social impacts and advance the UN Sustainable Development Goals, specifically SDG 11.

Use of proceeds categories as per SBP:

- | | |
|---|---|
| <input type="checkbox"/> Affordable basic infrastructure | <input type="checkbox"/> Access to essential services |
| <input type="checkbox"/> Affordable housing | <input type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security | <input type="checkbox"/> Socioeconomic advancement and empowerment |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input type="checkbox"/> Other (please specify): |

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Sage Housing has established an inter-departmental Social Bond Committee (the “Committee”) to oversee the project evaluation, selection and monitoring process for the Eligible Social Projects. The Committee is comprised of the Chief Financial Officer and the Head of Internal Audit and Risk. Sustainalytics considers the project selection process in line with market practice.

Evaluation and selection

- | | |
|---|--|
| <input checked="" type="checkbox"/> Credentials on the issuer’s social objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Social Bond proceeds | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- ☒ Evaluation / Selection criteria subject to external advice or verification
 ☐ In-house assessment
- ☐ Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section *(if applicable)*:

Sage Housing has a Social Asset Register and an internal process to earmark and track allocation of outstanding social bond net proceeds to Eligible Social Projects. Pending full allocation, unallocated proceeds will be temporarily held in cash, cash equivalents or other short-term liquid instruments. Sage Housing has indicated that it intends to allocate proceeds from its initial issuance within 24 months. Subsequent issuances may be allocated up to maturity. This is in line with market practice.

Tracking of proceeds:

- ☒ Social Bond proceeds segregated or tracked by the issuer in an appropriate manner
- ☒ Disclosure of intended types of temporary investment instruments for unallocated proceeds
- ☐ Other (please specify):

Additional disclosure:

- | | |
|--|--|
| <input type="checkbox"/> Allocations to future investments only | <input type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (please specify): |

4. REPORTING

Overall comment on section *(if applicable)*:

Sage Housing will provide allocation and impact reporting on an annual basis, on its website, until full allocation. Allocation reporting will include the total amount of proceeds raised under the bond, details of financed/refinanced projects and the balance of unallocated proceeds, if any. Sage will contract an external auditor to review allocation reporting, which is viewed as a best practice. In addition, on a best effort basis, Sage Housing intends to report on positive social impacts achieved through the financed Eligible Social Projects. Sustainalytics views Sage Housing's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported:

- ☐ Allocated amounts
 ☒ Social Bond financed share of total investment
- ☐ Other (please specify):

Frequency:

- ☐ Annual
 ☐ Semi-annual
- ☐ Other (please specify):

Impact reporting:

- ☐ Project-by-project
 ☒ On a project portfolio basis
- ☐ Linkage to individual bond(s)
 ☐ Other (please specify):

Information reported (expected or ex-post):

- ☐ Number of beneficiaries
 ☐ Target populations
- ☐ Other ESG indicators (*please specify*):

Frequency:

- ☐ Annual
 ☐ Semi-annual
- ☐ Other (please specify):

Means of Disclosure

- ☐ Information published in financial report
 ☐ Information published in sustainability report
- ☐ Information published in ad hoc documents
 ☐ Other (please specify):
- ☐ Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE SBP

- i. **Second-Party Opinion:** An institution with social expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Social Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Social Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to social sustainability, and an evaluation of the social features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or social criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Social Bond proceeds, statement of social impact or alignment of reporting with the SBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Social Bond or associated Social Bond framework or Use of Proceeds certified against a recognised external social standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Social Bond Scoring/Rating:** An issuer can have its Social Bond, associated Social Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on social performance data, process relative to the SBP, or another benchmark. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material social risks.

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These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. The firm works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The world's foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2020, Climate Bonds Initiative named Sustainalytics the "Largest Approved Verifier for Certified Climate Bonds" for the third consecutive year. The firm was also recognized by Environmental Finance as the "Largest External Reviewer" in 2020 for the second consecutive year. For more information, visit www.sustainalytics.com.



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