

Second-Party Opinion

Sanctuary Sustainable Finance Framework

Evaluation Summary

Sustainalytics is of the opinion that the Sanctuary Sustainable Finance Framework is credible, impactful and aligned with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2023, Green Loan Principles 2025 and Social Loan Principles 2025. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Green Buildings, Energy Efficiency and Affordable Housing – are aligned with those recognized by the Green Bond Principles, Social Bond Principles, Green Loan Principles and Social Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 7, 9, and 11.



PROJECT EVALUATION AND SELECTION Sanctuary has established a Strategic Asset and Development Committee (SADC), which is responsible for evaluating and selecting projects in line with the Framework’s eligibility criteria. The Company identifies potential environmental and social risks during the project’s evaluation stage, where the relevant team assesses and reports those risks to the SADC, which then develops appropriate mitigation measures. Sustainalytics considers the project selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS The proceeds will be deposited into the main bank account or in a separate ring-fenced bank account of Sanctuary’s borrowers. The SADC, with the support of the Sustainability and Treasury teams, will be responsible for tracking and monitoring the net proceeds using internal reporting systems. The Company intends to allocate proceeds within 24 months of each issuance. Pending full allocation, unallocated proceeds will be temporarily held in overnight cash deposits or term accounts, invested in sterling-denominated money market funds or ESG bonds and deposits, and used for the short-term repayment of other debt facilities, in line with its Treasury Management Policy. Sanctuary will not use the temporary proceeds to allocate to carbon-intensive assets. This is in line with market practice.



REPORTING Sanctuary will report on the allocation of proceeds and their corresponding impact in a sustainability report, which will be published annually on its website until full allocation and thereafter in the event of any material reallocation resulting from reassignments or developments during the life of an outstanding instrument. Allocation reporting will include a description of financed projects and those that are eligible to be financed; the total amount of proceeds outstanding for each instrument; the amount of net proceeds allocated to each eligibility category; the share of new financing versus refinancing; and the balance of unallocated proceeds. Sustainalytics considers the allocation and impact reporting commitments to be aligned with market practice.

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Issuer Location	London, England

Report Sections

Introduction.....	2
Sustainalytics’ Opinion	3

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Introduction

Sanctuary Housing Association ("Sanctuary" or the "Company"), the parent company of Sanctuary Affordable Housing Limited, Swan Housing Association Limited and Sanctuary Scotland Housing Association Limited, is a not-for-profit housing and care provider operating in England and Scotland. Sanctuary provides affordable rental homes, homes for shared ownership and registered care accommodation. As of March 2024, Sanctuary owns and manages more than 125,000 homes, serving approximately 250,000 customers, and employs 14,000 people.¹

Sanctuary has developed the Sanctuary Sustainable Finance Framework dated May 2025 (the "Framework") under which it intends to issue bonds, private placements,² and obtain term loans, and use the proceeds to finance and refinance through its subsidiaries, in whole or in part, existing and future projects intended to reduce emissions in the building sector and improve access to affordable housing in England and Scotland.

The Framework defines eligibility criteria in two environmental categories:

1. Green Buildings
2. Energy Efficiency

The Framework defines eligibility criteria in one social category:

1. Affordable Housing

Sanctuary engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework's environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP), Social Bond Principles 2023 (SBP),³ Green Loan Principles 2025 (GLP) and Social Loan Principles 2025 (SLP).⁴ The Framework has been published in a separate document.⁵

Scope of work and limitations of Sustainalytics' Second-Party Opinion

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent⁶ opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

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

- The Framework's alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2023, as administered by ICMA, and the Green Loan Principles 2025 and Social Loan Principles 2025, as administered by LMA, APLMA, and LSTA.
- The credibility and anticipated positive impacts of the use of proceeds; and
- 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 1.18, 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 Sanctuary'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. Sanctuary's representatives have confirmed that (1) they understand it is the sole responsibility of Sanctuary to ensure that the information provided is complete, accurate and up to date; (2) they have provided Sustainalytics with all relevant information; and (3) any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

¹ Sanctuary, "Annual Report and Financial Statements 2023/2024", (2024), at: <https://www.sanctuary.co.uk/sites/default/files/2024-07/sanctuary-annual-report-and-financial-statements-23-24.pdf>

² Sanctuary has communicated that private placements do not involve the sale of stock shares to investors.

³ The Sustainability Bond Guidelines, Green Bond Principles and Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/>

⁴ The Green Loan Principles and Social Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association and are available at: <https://www.lsta.org/content/green-loan-principles/> and <https://www.lsta.org/content/social-loan-principles-slp/>

⁵ The Sanctuary Sustainable Finance Framework is available on Sanctuary's website at: <https://www.sanctuary.co.uk/investors>

⁶ 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.

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 Sanctuary.

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 and loan 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.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan 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 Sanctuary has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Sanctuary Sustainable Finance Framework

Sustainalytics considers the Sanctuary Sustainable Finance Framework to be credible, impactful and aligned with the SBG and the four core components of the GBP, SBP, GLP, and SLP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories – Green Buildings, Energy Efficiency and Affordable Housing – are aligned with those recognized by the GBP, SBP, GLP, and SLP.
 - Sanctuary has established a three-year look-back period for the refinancing of operating and capital expenditures, which Sustainalytics considers to be in line with market practice.
 - Under the Green Buildings category, Sanctuary may finance or refinance the development, acquisition and construction of new and existing residential buildings that have achieved or are expected to achieve an energy performance certificate (EPC) class A or B. Sustainalytics considers this to be aligned with market practice.
 - Under the Energy Efficiency category, Sanctuary may finance or refinance the renovation, retrofit, modernisation and improvement of existing buildings according to the following criteria:
 - Renovation that leads to a two-class improvement in the EPC rating upon completion. Sustainalytics notes that a two-class improvement in the EPC is expected to result in a 25-30% increase in energy efficiency. Sustainalytics considers the expenditure to be in line with market practice.
 - Renovation that results in a minimum 20% increase in Standard Assessment Procedure (SAP)⁷ score upon completion. Sustainalytics considers market practice to ensure that retrofits will achieve emissions or energy performance improvements of at least 30% but acknowledges that an energy performance improvement of 20% will result in some environmental benefit.
 - Sanctuary has confirmed that expenditure under this category will be limited to the renovation costs and that the total value of the building will not be financed.
 - Under the Affordable Housing category, Sanctuary may finance or refinance the development, acquisition, construction and renovation of new and existing affordable housing in compliance with the UK government's definitions of i) low-cost rental accommodation under the 2008 Housing and Regeneration Act;⁸ ii) low-cost home ownership accommodation under the 2008 Housing and Regeneration Act; and iii) registered care homes:
 - Regarding low-cost rental accommodation Sustainalytics notes that:

⁷ SAP is the UK government's official methodology for assessing and rating the energy performance of residential buildings. Developed by the Department for Levelling Up, Housing and Communities (DLUHC), SAP calculates a dwelling's energy use and associated emissions based on standard assumptions for heating, hot water, ventilation, and lighting. The resulting SAP score forms the basis for issuing an EPC rating. UK Government, "Standard Assessment Procedure", at: <https://www.gov.uk/guidance/standard-assessment-procedure>

⁸ UK Government, "Housing and Regeneration Act 2008", (2008), at: <https://www.legislation.gov.uk/ukpga/2008/17/contents>

- In England, registered providers of social housing are required to set rents according to the following restrictions under the Rent Standard and the Policy Statement on Rents for Social Housing⁹: social rents are capped at around 50% of local market rent, affordable rents are capped at 80% of local market rent, and intermediate rents fall between social and market rent levels.¹⁰ Households eligible under this scheme must have a gross annual income not exceeding GBP 60,000 (EUR 70,000).¹¹
- In Scotland, Sanctuary finances accommodation types that offer both social rents, and mid-market rents according to the government definition. That is, mid-market rents are generally set between 20% above the social rent levels and 80% of the local housing allowance,¹² or alternatively, 80% of the local median market rent. In all cases, the rent must not exceed the local housing allowance.
- Sustainalytics notes that the UK government's low-cost home ownership programme encompasses four schemes: i) shared ownership arrangements¹³ in England and Scotland; ii) rent to buy¹⁴ in England; iii) discount to market value¹⁵ in England; iv) and shared equity¹⁶ in Scotland.
 - Under shared ownership arrangements, homes are sold to applicants who are unable to afford a property on the open market.¹⁷ Purchasers buy a share of the property and pay rent on the remaining value. Eligible applicants for the scheme are determined by government criteria, which limit households to those with a gross annual income of up to GBP 80,000 (EUR 93,000) outside of London or GBP 90,000 (EUR 105,000) in London.¹⁸
 - The rent to buy¹⁹ scheme offers homes at approximately 20% below market rent for a fixed period, allowing tenants to save for a deposit and later purchase the property either outright or through shared ownership. To participate, applicants must: i) be in full time or part time employment, ii) be first-time buyers; and iii) demonstrate the ability to pay rent and save for a deposit at the same time. While there is no set income threshold, landlords typically assess affordability through income and credit checks.
 - For discount to market value scheme, housing providers offer a discount, usually around 20%, on the purchase price of new-build properties. This scheme generally targets households with a gross annual income not exceeding GBP 80,000 (EUR 92,500) for single or joint applicants. However, the specific criteria for eligible applicants may vary by local councils.
 - Through the shared equity scheme,²⁰ first-time buyers purchase a new build home with support from the Scottish government. Buyers typically acquire the majority share, between 60% and 80%, while the government retains the remaining stake under a shared equity agreement. The scheme is aimed at low- to middle-income households that must

⁹ UK Government, "Policy statement on rents for social housing", (2022), at: <https://www.gov.uk/government/publications/direction-on-the-rent-standard-from-1-april-2020/policy-statement-on-rents-for-social-housing>

¹⁰ UK Parliament, "Affordable housing in England", (2024), at: <https://commonslibrary.parliament.uk/affordable-housing-in-england/>

¹¹ UK Government, "Policy statement on rents for social housing", (2022), at: <https://www.gov.uk/government/publications/direction-on-the-rent-standard-from-1-april-2020/policy-statement-on-rents-for-social-housing#chapter-4-rents-for-social-tenants-with-high-incomes>

¹² The local housing allowance is the maximum amount of housing benefit that tenants can receive when renting private sector accommodation. It is calculated based on the area they live in and the number of rooms in the property. The allowance varies by region and is designed to support those who are not in social housing but still need assistance with paying rent. Government of Scotland, "Local housing allowance", (2022), at: <https://www.mygov.scot/local-housing-allowance>

¹³ UK Government, "Shared Ownership", at: <https://www.ownyourhome.gov.uk/scheme/shared-ownership/>

¹⁴ UK Government, "Rent to Buy: pay lower rent to save for a deposit", at: <https://www.gov.uk/rent-to-buy>

¹⁵ Mid Suffolk District Council, "Discount Market Sale scheme", at: <https://www.midsuffolk.gov.uk/discount-market-sale-scheme>

¹⁶ Scottish Government, "New Supply Shared Equity scheme - How it works", (2025), at: <https://www.mygov.scot/new-supply-shared-equity-scheme/how-it-works>

¹⁷ UK Government, "Shared Ownership", at: <https://www.ownyourhome.gov.uk/scheme/shared-ownership/>

¹⁸ UK Government, Office for National Statistics, "Average household income, UK: financial year ending 2021", at: <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/datasets/householddisposableincomeandinequality>

¹⁹ UK Government, "Rent to Buy: pay lower rent to save for a deposit", at: <https://www.gov.uk/rent-to-buy>

²⁰ Scottish Government, "New Supply Shared Equity scheme - How it works", (2025), at: <https://www.mygov.scot/new-supply-shared-equity-scheme/how-it-works>

demonstrate they are unable to purchase a home without this assistance, although no specific income thresholds are defined.

- Sustainalytics acknowledges that these schemes follow the practice for affordable housing as determined by the local regulator and recognises the expected benefits for renters and first-time homebuyers. In Sustainalytics' opinion, to ensure a contribution to increasing access to affordable housing, it is best practice to define a target population with an upper threshold at or below the annual median income at the municipal or regional level. For low-cost rental accommodation in England, shared ownership arrangements, and discount to market value schemes (although the Framework follows the government's income cap), this is above the median household disposable income in the UK, which was GBP 34,500 (EUR 40,150) in FY2023.²¹ Given the relatively high thresholds used by the UK government for the aforementioned schemes and the lack of an income threshold for the other schemes, Sustainalytics encourages Sanctuary to prioritize financing for affordable housing provided to below-median income populations.
- Registered care homes regulated by the Care Quality Commission²² in England and Care Inspectorate²³ in Scotland, which offer the following types of care: residential, nursing, dementia, palliative, daycare for older people, respite care, and care provided to people with learning disabilities.²⁴
 - Residents in Sanctuary's care homes include both private payers who pay the market price²⁵, and those funded by local authorities, who pay a subsidized price. Individuals with capital²⁶ below GBP 23,250 (EUR 27,000) in England or GBP 28,000 (EUR 32,600) in Scotland are eligible for subsidized care through local authority funding.²⁷ Sanctuary has also communicated that the income from private payers, who contribute approximately 40% of the care homes' revenues, is used to help subsidize the accommodation costs for local authority-funded residents.
 - Sustainalytics acknowledges that financing for regulated registered care homes in the UK that offer various types of care for older people, respite care, and care provided to people with learning disabilities, will offer greater access and quality to such care services. Sanctuary provides accommodation to the low-income population with capital below GBP 23,250 (EUR 27,000) in England or GBP 28,000 (EUR 32,600) in Scotland, through subsidies offered by the local authorities while accommodation for other residents is provided at market rates. Sustainalytics notes that while market rates may be affordable by some residents, the absence of rent caps based on income thresholds for the unsubsidized population does not guarantee affordability of services for everyone. As a result, Sustainalytics believes such financing to provide limited social impact since affordability is not ensured for all, especially for the middle income population. Sustainalytics encourages Sanctuary to finance registered care homes that integrate additional affordability considerations to ensure accessibility to all.
- Project Evaluation and Selection:
 - Sanctuary has an established Strategic Asset and Development Committee (SADC) whose terms of reference are to monitor strategic asset management and development performance across the Group including, inter alia, approving the Group's development capital projects and the development activity (as part of the Group's Board approved programmes). SADC is also responsible for evaluating and selecting projects in line with the Framework's eligibility criteria. The committee convenes every two months and consists of senior executives, including the Group Chief Executive and the Group Chief Financial Officer.

²¹ UK Government, Office for National Statistics, "Average household income, UK: financial year ending 2023", at:

<https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/householddisposableincomeandinequality/financialyearending2023>

²² Care Quality Commission, "About us", at: <https://www.cqc.org.uk/about-us>

²³ Care Inspectorate, "About us", at: <https://www.careinspectorate.com/index.php/about-us>

²⁴ Sanctuary, "Types of care", at: <https://www.sanctuary-care.co.uk/types-care>

²⁵ The price paid by residents in Sanctuary includes both accommodation and care cost. Sanctuary Care, "Paying for care. What is included in your Care Home Fee?", at: <https://www.sanctuary-care.co.uk/paying-are>

²⁶ Capital is defined as the value of the applicant's savings and assets. For more information: UK National Health Service, "Paying for your own care (self-funding)", at: <https://www.nhs.uk/social-care-and-support/money-work-and-benefits/paying-for-your-own-care-self-funding/#:~:text=You%20will%20not%20be%20entitled,moving%20into%20a%20care%20home>

²⁷ Sanctuary Care, "Paying for care. How is Care Funded", at: <https://www.sanctuary-care.co.uk/paying-are>

At the discretion of the Group Chief Executive, the following members will also participate in the SADC: the Asset Strategy and Development Group Managing Director, the Growth and Partnerships Group Director, and the Strategy and Sustainability Group Director.

- The Company has a project level risk identification process, where the relevant project team identifies and assesses potential environmental and social risks at the project's evaluation stage. The project team will then report any identified impacts to the SADC, which will then develop mitigation measures for these risks. Sustainalytics considers this environmental and social risk management system to be adequate. For additional details, see Section 2.
- Based on the established process for project evaluation and selection, and the presence of a risk management system, Sustainalytics considers this process to be in line with market practice.
- **Management of Proceeds:**
 - The proceeds will be deposited into the main bank account or in a separate ring-fenced bank account of Sanctuary's borrowers.²⁸ These borrowers include Sanctuary Housing Association, Sanctuary Affordable Housing Limited, Sanctuary Scotland Limited, and Swan Housing Association Limited. The SADC, with the support of the Sustainability and Treasury teams, will be responsible for tracking and monitoring the net proceeds using internal reporting systems.
 - The Company intends to allocate proceeds to eligible projects within 24 months of each issuance. Pending full allocation, unallocated proceeds will be temporarily held in overnight cash deposits or term accounts, invested in sterling-denominated money market funds or ESG bonds and deposits, and used for the short-term repayment of other debt facilities, in line with its Treasury Management Policy. Sanctuary has communicated to Sustainalytics that the Company will not use the temporary proceeds to allocate to carbon-intensive assets.
 - Sanctuary has communicated to Sustainalytics that if the Company obtains multi-tranche loan facilities, it will label only those tranches of such facilities whereby proceeds will be allocated according to the eligibility criteria in the Framework.
 - Based on the use of an internal tracking system and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- **Reporting:**
 - Sanctuary will report on the allocation of proceeds and their corresponding impact in a sustainability report, which will be published annually on its website until full allocation and thereafter in the event of any material reallocation resulting from reassignments or developments during the life of an outstanding instrument.
 - Allocation reporting will include: i) a description of financed projects and those that are eligible to be financed; ii) the total amount of proceeds outstanding for each instrument issued; iii) the amount of net proceeds allocated to each eligibility category; iv) the share of new financing versus refinancing; and v) the balance of unallocated proceeds. Sanctuary will obtain an annual external verification on the allocation of the proceeds.
 - Impact reporting will include relevant environmental impact metrics such as i) number of new and existing green buildings financed or refinanced that achieve an EPC rating of A or B; ii) number of two-step improvements in the EPC rating of existing buildings; iii) number of existing buildings with an increase in the SAP score of at least 20%; iv) number of new affordable homes financed; v) number of lower average rents charged relative to average private sector rents; and vii) number of existing affordable homes benefitting from renovation. Sanctuary intends to align impact reporting with ICMA Harmonized Framework for Impact Reporting on a best effort basis.
 - Based on the commitment to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the Sanctuary Sustainable Finance Framework aligns with the SBG and the four core components of the GBP, SBP, GLP and SLP.

²⁸ Sanctuary's subsidiaries, Sanctuary, "entities", at: <https://www.sanctuary.co.uk/investors/our-entities>

Section 2: Sustainability Strategy of Sanctuary

Contribution to Sanctuary's sustainability strategy

Sanctuary integrates environmental and social objectives into its operations, with a focus on affordable housing, energy efficiency improvements and long-term decarbonisation.²⁹

Sanctuary's primary mission is to provide affordable homes and support services to communities across England and Scotland, including general needs housing, supported living, care homes and community regeneration services.³⁰ The Company focuses predominantly on social and not-for-profit activities, which make up 76% of its operations. The remaining 24% of its activities are used to generate income which is reinvested into charitable initiatives and community services.³¹ Average rents within Sanctuary's social housing portfolio are below market rates, representing approximately 60% of the private sector average.³²

To manage the environmental impact of its business, Sanctuary has committed to achieve net zero carbon emissions across its operations by 2050 with an interim target to halve its operational carbon footprint by 2030, compared to a 2021 baseline.³³ To meet these targets, the Company has established a roadmap under its Decarbonisation and Net Zero Strategy 2023–2026 with a focus on property retrofitting, clean energy transition and sustainable procurement.³⁴ These include the following measures and actions by 2030: i) achieve EPC C across all social housing in England and full compliance with Energy Efficiency Standard for Social Housing³⁵ in Scotland; ii) retrofit homes by introducing energy efficiency measures, including improving insulation and window upgrades; and iii) engage with suppliers to implement a plan to reduce emissions from purchases and services.³⁶ By 2050, Sanctuary aims to: i) transition away from fossil fuel heating systems, starting in 2030, with a progressive move to low-carbon alternatives such as air source heat pumps; and ii) achieve and maintain a 100% reduction in emissions from electricity through the use of renewable energy. Additionally, Sanctuary is a founding member of the Greener Futures Partnership, a collaboration between five of the UK's largest housing associations aimed at improving the energy performance of over 300,000 homes and developing scalable decarbonisation strategies.³⁷

Sustainalytics is of the opinion that the Sanctuary Sustainable Finance Framework is aligned with Sanctuary's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to generate positive environmental and social impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues involving i) land use and biodiversity issues associated with construction and development; ii) emissions, effluents and waste generated in construction; iii) occupational health and safety; and iv) business ethics.

Sustainalytics is of the opinion that Sanctuary is able to manage and mitigate potential risks through implementation of the following:

- Regarding land use and biodiversity issues, Sanctuary follows the UK government's Town and Country Planning (Environmental Impact Assessment) Regulations 2017, which mandate that large-scale residential development projects that are likely to have significant environmental impacts must undergo an Environmental Impact Assessment to ensure thorough evaluation of associated risks prior to approval.³⁸ The Company also complies with the UK Environmental Act 2021, which requires all new planning applications to meet a minimum of 10% biodiversity net gain.³⁹ Additionally, Sanctuary has a Development Specification Policy that includes measures

²⁹ Ibid.

³⁰ Sanctuary, "Social", at: <https://www.sanctuary.co.uk/sustainability/social>

³¹ Ibid.

³² Ibid.

³³ Sanctuary, "Decarbonization and net zero strategy 2023/2026", (2023), at: [sanctuary-decarbonisation-and-net-zero-strategy-23_0.pdf](#)

³⁴ Ibid.

³⁵ Scottish Government, "Home energy and fuel poverty", at: <https://www.gov.scot/policies/home-energy-and-fuel-poverty/energy-efficiency-in-social-housing/>

³⁶ Ibid.

³⁷ Sanctuary, "Partnerships", at: <https://www.sanctuary.co.uk/sustainability/environment/partnerships>

³⁸ UK Government, "The Town and Country Planning (Environmental Impact Assessment) Regulations 2017", (2017), at: <https://www.legislation.gov.uk/uksi/2017/571/contents>

³⁹ UK Government, "Understanding biodiversity net gain", (2024), at: <https://www.gov.uk/guidance/understanding-biodiversity-net-gain>

to prioritize biodiversity and nature-positive practices when constructing green spaces.^{40,41} Sanctuary has also implemented a Green Space Mapping App, on which key information of over 200 of its green spaces is recorded to understand and monitor its plants and animals diversity.

- To manage risks associated with emissions, effluents, and waste generated in construction, the UK's National Planning Policy Framework and the Environment Act set out national standards for waste management, resource efficiency, biodiversity and habitat conservation.^{42,43} Sanctuary also has a Suppliers Code of Conduct which requires its suppliers to align with Sanctuary's environmental objectives, sustainability strategy and net zero targets, and demonstrate how they consider the environmental impact of their operations.⁴⁴
- Regarding Occupational Health and Safety, Sanctuary has a Health and Safety Policy,⁴⁵ which is based on applicable legislation, including Health and Safety at Work etc. Act 1974;⁴⁶ and ISO 45001.⁴⁷ The policy outlines procedures including health and safety planning, implementation, monitoring, and review.
- With respect to business ethics, Sanctuary has a Code of Conduct that outlines specific standards for its employees, board members and volunteers who are involved within any of Sanctuary's housing association, including: i) acting in the best interest of the housing association and its residents; ii) behaving with integrity; iii) professional conduct with respect to others; and iv) protecting one's health, safety, security and wellbeing, and the environment.⁴⁸

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Sanctuary has implemented 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

All three use of proceeds categories are aligned with those recognized by the GBP, SBP, GLP or SLP. Sustainalytics has focused on affordable housing below where the impact is specifically relevant in the local context.

Importance of financing affordable housing in the UK

An estimated 8.5 million people in England had some form of housing need in 2023, which is illustrative of the significant housing shortage in the UK in recent years.⁴⁹ The UK had one of the highest shares of social housing among OECD countries in 2024.⁵⁰ Despite that, the number of households on social housing waiting lists in England reached 1.3 million by March 2024, the highest level since 2014.⁵¹ Housing affordability has continued to deteriorate, with the house price-to-income ratio in England rising from 3.5 in 1997 to 7.7 in 2024.⁵² By 2030, an estimated five million households in England are expected to live in unaffordable homes, spending more than a third of their income on housing.⁵³ In 2023, nearly half of the families in England were unable to afford a mid-range property, and private renters on a median

⁴⁰ Sanctuary, Sanctuary Sustainability Report 2023-2024, (2024), at: <https://www.sanctuary-supported-living.co.uk/sites/default/files/2024-07/sanctuary-sustainability-report-2023-2024.pdf>

⁴¹ Green spaces are categorised as communal outdoor areas, managed by Sanctuary, including foliage, trees, plants, and other natural elements located in these areas.

⁴² UK Ministry of Housing, Communities & Local Government, "National Planning Policy Framework", (2023), at: https://assets.publishing.service.gov.uk/media/669a25e9a3c2a28abb50d2b4/NPPF_December_2023.pdf

⁴³ UK Government, "Environment Act 2021", at: <https://www.legislation.gov.uk/ukpga/2021/30/contents/enacted>

⁴⁴ Sanctuary, "Supplier Code of Conduct", (2024), at: <https://www.sanctuary.co.uk/sites/default/files/2024-05/sanctuary-supplier-code-of-conduct-24.pdf>

⁴⁵ Sanctuary, "Health and Safety Policy", at: <https://www.sanctuary.co.uk/sites/default/files/2024-03/sanctuary-health-and-safety-group-policy.pdf>

⁴⁶ Health and Safety at Work etc. Act 1974, at: <https://www.legislation.gov.uk/ukpga/1974/37/contents>

⁴⁷ ISO, "ISO 45001:2008 - Occupational health and safety management systems", at: <https://www.iso.org/standard/63787.html>

⁴⁸ Sanctuary has shared the Code of Conduct with Sustainalytics confidentially.

⁴⁹ National Housing Federation, "Why we need a long-term plan for housing", (2023), at: <https://www.housing.org.uk/resources/why-we-need-a-long-term-plan-for-housing/>

⁵⁰ OECD, "Social Rental Housing Stock", (2024), at: https://webfs.oecd.org/Els-com/Affordable_Housing_Database/PH4-2-Social-rental-housing-stock.pdf

⁵¹ UK Government, "Social housing lettings in England, tenants: April 2023 to March 2024, Housing registers (waiting lists)", (2025), at: <https://www.gov.uk/government/statistics/social-housing-lettings-in-england-april-2023-to-march-2024/social-housing-lettings-in-england-tenants-april-2023-to-march-2024#:~:text=on%20housing%20registers%3F-,There%20were%201.33%20million%20households%20on%20local%20authority%20housing%20registers,on%20housing%20registers%20since%202014.>

⁵² UK Government, Office for National Statistics, "Housing affordability in England and Wales: 2024", (2025), at: <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/housingaffordabilityinenglandandwales/2024>

⁵³ National Housing Federation, "Nearly five million households will live in unaffordable homes by 2030", (2023), at: <https://www.housing.org.uk/news-and-blogs/news/nearly-five-million-households-will-live-in-unaffordable-homes-by-2030/>

income spent an average of 34.2% of their income on rent.^{54,55} In particular, this issue affects families with children in the UK, where 30% of families living in privately rented apartments are paying rents they cannot reasonably afford due to high property prices and the lack of social housing.⁵⁶ According to the National Housing Federation, the number of children in poverty who live in privately rented homes increased by 69% between 2008 and 2019, reaching 1.3 million in 2019.⁵⁷

The UK Government has announced GBP 11.5 billion (EUR 13.2 billion) in capital funding through the Affordable Homes Programme to construct 180,000 additional homes by 2026.^{58,59} Additionally, in 2023, the UK Government released its Homes England Strategic Plan 2023–28, which includes measures to increase access to affordable housing, such as providing grant funding to support the construction of new homes for social rent, affordable rent, and shared ownership.⁶⁰

Based on the above, Sustainalytics is of the opinion that Sanctuary's financing of affordable housing is expected to contribute to increasing access to housing for targeted populations and communities in England and Scotland.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Sanctuary Sustainable Finance Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	9. Industry, Innovation, and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030 double the global rate of improvement in energy efficiency
Affordable Housing	11. Sustainable Cities and communities	11.1 Ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
		11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries

Conclusion

Sanctuary has developed the Sanctuary Sustainable Finance Framework under which it may issue bonds, private placements and obtain term loans, and use the proceeds to finance and refinance through its subsidiaries, in whole or in part, existing and future projects intended to reduce emissions in the building

⁵⁴ Office for National Statistics, "Private rental affordability, England and Wales: 2023", at:

<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/privaterentallaffordabilityengland/2023>

⁵⁵ Kirk, A. et al. (2023), "Find out where you can afford to buy or rent in Great Britain", The Guardian, at: <https://www.theguardian.com/society/ng-interactive/2023/jun/12/interactive-tool-that-shows-where-you-can-afford-to-buy-or-rent-home-great-britain>

⁵⁶ Joseph Rowntree Foundation, "Invest in social housing to fix 'policy black hole' for almost 1m families paying private rents they can't afford", (2021), at: <https://www.jrf.org.uk/news/invest-in-social-housing-to-fix-policy-black-hole-for-almost-1m-families-paying-private-rents>

⁵⁷ National Housing Federation, "Half a million more children in poverty in private rented homes than ten years ago", (2019), at: <https://www.housing.org.uk/news-and-blogs/news/half-a-million-more-children-in-poverty-in-private-rented-homes-than-ten-years-ago/>

⁵⁸ National Housing Federation, "Details on the next Affordable Homes Programme announced", (2020), at: <https://www.housing.org.uk/link/9e36ccf90a0d4d05908067f27be3d1fa.aspx>

⁵⁹ UK Ministry of Housing, Communities & Local Government, "Jenrick unveils huge £12 billion boost for affordable homes", (2020), at: <https://www.gov.uk/government/news/jenrick-unveils-huge-12-billion-boost-for-affordable-homes>

⁶⁰ UK Government, "Homes England strategic plan 2023 to 2028, accessible version", (2023), at:

<https://www.gov.uk/government/publications/homes-england-strategic-plan-2023-to-2028/homes-england-strategic-plan-2023-to-2028-accessible-version>

sector and improve access to affordable housing in England and Scotland. Sustainalytics considers that the eligible projects are expected to provide positive environmental and social impacts.

The Sanctuary Sustainable Finance Framework outlines a process for tracking, allocation and management of proceeds, and makes commitments for reporting on allocation and impact. Sustainalytics considers that the Sanctuary Sustainable Finance Framework is aligned with the Company's overall sustainability strategy and that the use of proceeds will contribute to the advancement of the UN Sustainable Development Goals 7, 9, and 11. Additionally, Sustainalytics is of the opinion that Sanctuary has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that Sanctuary is well positioned to issue sustainability bonds and that the Sanctuary Sustainable Finance Framework is robust, transparent and in alignment with the Sustainability Bond Guidelines 2021 and the four core components of the Green Bond Principles 2021, Social Bond Principles 2023, Green Loan Principles 2023 and Social Loan Principles 2023.

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