

Second-Party Opinion

Perenna Sustainability Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the Perenna Sustainability Bond Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021 and Social Bond Principles 2023. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Energy Efficiency, Renewable Energy Technologies, Green Buildings and Access to Essential Services (Financing and Financial Services) – are aligned with those recognized by the Green Bond Principles and the Social Bond 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 1, 7 and 9.



PROJECT EVALUATION AND SELECTION Perenna's Sustainability Bond Working Group will be responsible for the evaluation and selection of projects in line with the Framework's eligibility criteria. Perenna has an internal process in place to identify environmental and social risks associated with the eligible activities. Sustainalytics considers the project selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS Perenna's Treasury Department will be responsible for the management of proceeds and will track their allocation using its internal accounting, financial management and information systems. Perenna intends to allocate all proceeds within 24 months of issuance. Pending full allocation, Perenna will temporarily invest the proceeds in treasury bills and the Bank of England's liquidity facilities. Perenna has confirmed the exclusion of temporary investments linked to carbon-intensive assets or activities. This is in line with market practice.



REPORTING Perenna commits to report on the allocation of proceeds and, where possible, corresponding impacts, on its website on an annual basis while the bonds are outstanding. Allocation reporting will include the aggregate mortgage loans financed by proceeds, value and number of loans outstanding by project type and target population, aggregate size of the identified loan portfolio, nominal amount of bonds outstanding, share of the identified loan portfolio currently financed by sustainability bonds and amount of net proceeds awaiting allocation, if any. Sustainalytics views Perenna's allocation and impact reporting as aligned with market practice.

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Issuer Location	London, United Kingdom

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Introduction

Perenna Group Limited is a financial holding company for its mortgage bank subsidiary, Perenna Bank PLC, which provides long-term fixed rate mortgages. Perenna Group Limited and Perenna Bank PLC shall be jointly referred to as “Perenna” or the “Bank” hereafter. Established in 2018, Perenna is headquartered in London and operates in England and Wales.¹ As of September 2024, Perenna has 70 employees and serves approximately 100 customers.

Perenna has developed the Perenna Sustainability Bond Framework dated December 2024 (the “Framework”) under which Perenna Group Limited and its subsidiaries and special-purpose vehicles, including Perenna Bank PLC, intend to issue sustainability, green and social financial instruments in the following formats: securitizations, covered bonds,² secured bonds, unsecured bonds, subordinated bonds and commercial paper.³ Perenna intends to use the proceeds to finance and refinance, in whole or in part, existing and future projects that are expected to support the decarbonization of the residential building sector and improve access to home financing in the UK. The Framework defines eligibility criteria in four areas.

Green Categories:

1. Energy Efficiency
2. Renewable Energy Technologies
3. Green Buildings

Social Category:

4. Access to Essential Services (Financing and Financial Services)

Perenna 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) and Social Bond Principles 2023 (SBP).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;
- 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 1.17, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with representatives of Perenna to understand the sustainability impact of its business processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. Perenna representatives have confirmed that: (1) they understand it is the sole responsibility of Perenna to ensure that the information provided is complete,

¹ Perenna, “About Us”, at: <https://perenna.com/>

² Perenna has confirmed to Sustainalytics that the proceeds from covered bonds will go towards eligible assets even if the eligible cover pool of assets is smaller than the bond proceeds.

³ For securitizations, covered bonds and secured bonds, Perenna has confirmed to Sustainalytics that these will be secured GSS standard bonds or secured GSS collateral bonds and will be clearly distinguished in the respective offering documents as per the voluntary process guidelines published in the June 2022 Appendix 1 of the GBP 2021. The Bank has additionally committed to ensuring that: i) the collateral underlying the securitization of a secured collateral bond is aligned with the criteria in the Framework; and ii) there will be no double-counting of any outstanding sustainable financing instruments.

⁴ 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/>

⁵ The Perenna Sustainability Bond Framework is available at: https://static.perenna.com/sustainability_bond_framework

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.

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.

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 Perenna Group Limited.

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. In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of 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 Perenna has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Perenna Sustainability Bond Framework

Sustainalytics is of the opinion that the Perenna Sustainability Bond Framework is credible, impactful and aligns with the SBG and the four core components of the GBP and SBP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories – Energy Efficiency, Renewable Energy Technologies, Green Buildings and Access to Essential Services (Financing and Financial Services) – are aligned with those recognized by the GBP and SBP.
 - Perenna has defined a look-back period of 24 months for refinancing, which is in line with market practice.
 - Under the Energy Efficiency category, Perenna may finance or refinance loans for energy efficiency improvements at residential properties through retrofitting according to the following criteria:
 - The retrofit must result in at least a 30% reduction in primary energy usage compared to pre-retrofit level.
 - Perenna may finance: i) loans for energy efficient equipment or technologies; or ii) mortgage loans where borrowers can use part of the loan to finance energy efficiency improvements. For mortgage loans, Perenna has confirmed that it will use a pro-rata approach to finance only the portion of the loan dedicated to energy efficiency improvements.
 - Sustainalytics considers investments under this category to be aligned with market practice.
 - Under the Renewable Energy Technologies category, Perenna may finance or refinance loans for the purchase and installation of renewable energy technologies that meet the following criteria:
 - Solar photovoltaic and wind turbines.
 - Electric heat pumps. Sustainalytics notes that heat pumps offer an energy-efficient heat transfer alternative to conventional systems. Nevertheless, Sustainalytics recommends Perenna to exclude the financing of heat pumps with high global warming potential refrigerants, and to promote robust refrigerant leak control, detection and

- monitoring, while ensuring recovery, reclamation, recycling or destruction of refrigerants at end of life.
 - Perenna will finance loans exclusively for renewable energy installations or use a pro-rata approach to finance only the portion of mortgage loans dedicated to renewable energy installations.
 - Sustainalytics considers investments under this category to be aligned with market practice.
 - Under the Green Buildings category, Perenna may finance or refinance mortgage loans for the acquisition and ownership of properties that meet the following criteria:
 - Buildings in the top 15% of the UK building stock based on energy performance, with a minimum standard assessment procedure (SAP) score of 81, which is equivalent to an energy performance certificate (EPC) B in the UK.⁷
 - Sustainalytics considers investments under this category to be aligned with market practice.
 - Under the Access to Essential Services (Financing and Financial Services) category, Perenna may finance or refinance mortgage loans for the following target populations at preferential financial terms: i) first-time home buyers; ii) later life borrowers aged 55 and over at the time of the loan application; and iii) self-employed individuals. Examples of such preferential terms include: first-time home buyers may receive a loan of up to 95% of the property price; no maximum age limit for later life borrowers; and self-employed individuals can obtain loans with a higher income multiple, up to 5.25 times income, compared to the typical UK market cap of 4 to 4.5 times. Sustainalytics acknowledges the barriers faced by Perenna's target populations, including: i) challenges with deposits, affordability and credit checks for first-time buyers due to regulatory requirements in a high-interest rate environment, making it harder for them to borrow the required amount; ii) limited mortgage options and lender reluctance due to lower retirement incomes and interest rate uncertainties for later life borrowers, with many lenders imposing upper age limits; and iii) inconsistent lending practices and strict affordability assessments for self-employed individuals due to their irregular incomes, making them more likely to be rejected compared to employed workers. However, Sustainalytics considers it best practice to target disadvantaged segments of the population based on their socioeconomic status, such as low-income segments with income below 80% of the local median income, as they typically face substantial barriers in accessing financial services and views the lack of such criteria as limiting the social impact of the loans that may be financed under this category.
 - Sustainalytics views positively the exclusion of activities linked to weapons, gambling, tobacco, predatory lending and fossil fuel production.
- Project Evaluation and Selection:
 - Perenna's Sustainability Bond Working Group will be responsible for the evaluation and selection of projects in line with the Framework's eligibility criteria. The working group consists of representatives from the Sustainability, Capital Markets, Treasury, CEO Office, Legal and Risk teams.
 - Perenna has an internal process⁸ to identify environmental and social risks associated with eligible projects under the Framework. The process involves an initial assessment by its Risk team, followed by additional evaluation by the Sustainability Bond Working Group. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with the requirements of the GBP and SBP. For additional details, please refer to Section 2.
 - Based on the cross-functional oversight of project selection and the presence of a risk management process, Sustainalytics considers the project evaluation and selection process to be in line with market practice.
- Management of Proceeds:
 - Perenna's Treasury Department will be responsible for the management of proceeds and will track allocation using its internal accounting, financial management and information systems.
 - The Bank intends to allocate all proceeds within 24 months of issuance. Pending allocation, unallocated proceeds will be temporarily held in treasury bills and the Bank of England's liquidity

⁷ UK Government, Office for National Statistics, "Energy efficiency of housing in England and Wales: 2023", (2023), at: <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/articles/energyefficiencyofhousinginenglandandwales/2023>

⁸ Perenna has shared details on its environmental and social risk management process with Sustainalytics confidentially.

- facilities. Perenna has confirmed the exclusion of temporary investments linked to carbon-intensive assets or activities.
- 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:
 - Perenna commits to report on the allocation of proceeds and, where possible, corresponding impacts, in its Sustainability Bond Annual Report on an annual basis while the bonds are outstanding. Perenna may seek external assurance for its report, and the report will be published on its website.
 - Allocation reporting will include the: i) aggregate mortgage loans financed by proceeds; ii) value of loans outstanding by project type (green and social) and target population (social only); iii) number of loans outstanding by project type (green and social) and target population (social only); iv) aggregate size of the identified loan portfolio; v) nominal amount of bonds outstanding; vi) share of the identified loan portfolio currently financed by sustainability bonds; and vii) amount of net proceeds awaiting allocation, if any.
 - Impact reporting may include green and social metrics, such as: i) number of beneficiaries; ii) percentages allocated to each eligible project type; iii) estimated avoided GHG emissions (in tCO₂e per year); and iv) estimated average primary energy demand (in kWh/m² per year).
 - 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 Perenna Sustainability Bond Framework aligns with the SBG and the four core components of the GBP and SBP.

Section 2: Sustainability Strategy of Perenna

Contribution to Perenna's sustainability efforts

Perenna's sustainability efforts focus on three areas: i) creating a business with a positive impact on society; ii) operating in a more sustainable manner; and iii) helping customers make greener choices in their homes.⁹

To support its environmental goals, Perenna has set a commitment to reach net zero by 2050.¹⁰ As part of this commitment, Perenna provides green mortgage loans for customers with more energy-efficient homes and a retrofit discount to assist customers in decarbonizing their homes.¹¹ Perenna is also a member of Bankers for Net Zero¹² and the UK Green Building Council.¹³

To support its social goals, Perenna offers long-term fixed rate mortgages with preferential financial terms to reduce customers' risks from rising interest rates and property price crashes.¹⁴ Perenna further intends to introduce a wider set of loan products including zero deposit and home purchase plans to reduce barriers to home financing for first-time buyers and renters by the first quarter of 2025.¹⁵

Sustainalytics notes that the Bank has not released a publicly available sustainability strategy or targets. Perenna has communicated to Sustainalytics that it is in the process of developing a formal sustainability strategy based on an ongoing materiality assessment and a greenhouse gas assessment across its scope 1, 2 and 3 emissions. Sustainalytics acknowledges that the projects to be financed under the Framework are expected to provide environmental and social benefits, but notes that the GBP and SBP recommend that issuers communicate overarching sustainability objectives, strategy and policies. Sustainalytics therefore encourages Perenna to develop a formal sustainability strategy with quantitative and time-bound sustainability targets and report on their progress periodically.

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 have positive environmental and social impact. However,

⁹ Perenna, "Sustainability", at: <https://perenna.com/sustainability>

¹⁰ Perenna shared details of its net zero policy statement with Sustainalytics confidentially.

¹¹ Perenna, "Sustainability", at: <https://perenna.com/sustainability>

¹² Bankers for Net Zero: <https://www.bankersfornetzero.co.uk/>

¹³ UK Green Building Council: <https://ukgbc.org/>

¹⁴ Ibid.

¹⁵ Perenna shared details on its upcoming loan products with Sustainalytics confidentially.

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: i) land use and biodiversity issues associated with residential building construction and development; ii) emissions, effluents and waste generated in construction; iii) tenant health and safety; iv) business ethics; and v) predatory lending.

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

- Regarding land use risks, biodiversity issues, and emission, effluents and waste associated with construction and development, the UK government's Town and Country Planning (Environmental Impact Assessment) Regulations 2017 mandate large-scale residential development projects likely to have significant environmental impacts to undergo an environmental impact assessment. It ensures a thorough evaluation of associated risks prior to approval.¹⁶ Additionally, the UK's National Planning Policy Framework and the Environment Act set out national standards for waste management, resource efficiency, and biodiversity and habitat conservation.^{17,18} The Environment Act also requires all development projects to demonstrate a minimum 10% biodiversity gain since February 2024.¹⁹
- The Bank's loan approval process includes assessments of environmental risks associated with properties, such as land use. EPCs are also factored into property valuations. Additionally, the Bank takes health and safety into consideration when assessing credit risks and requires property valuers to report potentially dangerous construction or maintenance issues such as blocked exits, build-up of rubbish and inadequate fire doors. The Bank also requires clarity on shared repair and maintenance provisions, including sinking funds, to provide ongoing safety and proper maintenance of the properties.²⁰
- With respect to business ethics, Perenna has a Conduct Risk Framework that requires all employees, including temporary and contract personnel, to be trained and aware of their responsibilities in maintaining ethical conduct. The Bank identifies, assesses and manages conduct risks through various processes, including risk and control self-assessments, compliance monitoring and internal audits. Additionally, Perenna's staff receive periodic online training on topics such as whistleblowing, the Senior Managers and Certification Regime conduct rules, conflicts of interest and consumer duty.²¹
- Perenna mitigates predatory lending risks by focusing on protecting vulnerable borrowers and ensuring they are well informed and supported throughout the lending process. This includes conducting affordability assessments to ensure borrowers can meet their repayment obligations, providing information about loan terms and conditions, and offering various repayment options.²² The Bank monitors customer credit characteristics to identify those in financial difficulties or vulnerable situations, and its Vulnerable Customers Policy requires the Bank to provide all customers with the necessary support and fair treatment in the lending process.²³ Additionally, the Bank adheres to Principle 12 of the Financial Conduct Authority, which requires firms to act to deliver good outcomes for retail customers. Perenna has systems and controls to monitor compliance with Principle 12, assess customer outcomes, take prompt remedial actions when necessary, and base all lending decisions on accurate and verified information. Furthermore, the Bank's marketing and financial promotion policies require all information provided to customers to be clear, fair and not misleading, with appropriate risk warnings included.²⁴
- All projects under the Framework will be financed in the UK, which is recognized as a Designated Country under the Equator Principles, indicating the presence of strong environmental and social

¹⁶ UK Government, "The Town and Country Planning (Environmental Impact Assessment) Regulations 2017", (2017), at: <https://www.legislation.gov.uk/ukxi/2017/571/contents>

¹⁷ 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

¹⁸ UK Government, "Environment Act 2021", at: <https://www.legislation.gov.uk/ukpga/2021/30/contents/enacted>

¹⁹ UK Government, "Biodiversity net gain", at: <https://www.gov.uk/government/collections/biodiversity-net-gain>

²⁰ Perenna shared the Mortgage Lending Policy with Sustainalytics confidentially.

²¹ Perenna shared the Conduct Risk Framework with Sustainalytics confidentially.

²² Perenna shared the Responsible Lending Policy with Sustainalytics confidentially.

²³ Perenna shared the Responsible Lending Policy with Sustainalytics confidentially.

²⁴ Perenna shared the Consumer Duty Policy with Sustainalytics confidentially.

governance systems, legislation and institutional capacity to mitigate associated environmental and social risks.²⁵

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Perenna 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 four use of proceeds categories are aligned with those recognized by GBP or SBP. Sustainalytics focuses below on where the impact is specifically relevant in the local context.

Impact of providing mortgages with preferential financial terms to underserved borrowers in the UK

The average house price to average annual disposable household income ratio reached 8.4 in England and 6.4 in Wales in 2022.²⁶ An estimated five million households will live in unaffordable homes by 2030, spending more than a third of their income on housing.²⁷ Households are also committing to much longer mortgages to cope with rising house prices, with the proportion of mortgages lasting between 36 and 40 years increasing from 6% in 2021 to nearly 20% in 2024.²⁸ In fact, affordability is listed as one of the contributing factors for the ongoing decline of mortgaged home ownership in the UK since 2002.²⁹

In this scenario, first-time buyers in 2024 made the largest down payments and mortgage repayments in 70 years, as regulatory constraints hinder support from building associations.³⁰ Similarly, the volume of new mortgage lending to borrowers above 55 years in the UK has declined by 30.14% between Q2 2021 and Q2 2024,^{31,32} which may be attributed to rising interest rates, house prices and age-related restrictions.³³ Self-employed borrowers, in turn, are twice as likely to be rejected for mortgage lending compared to salaried employees due to perceived risks with their irregular incomes.³⁴

In 2023, the UK Government released its Homes England Strategic Plan 2023-28, which includes measures to increase access to affordable housing, such as facilitating low-deposit mortgages.³⁵ In addition, the UK Government's Mortgage Guarantee Scheme, which has been in place since 2021, is intended to support mortgage lenders in offering higher loan-to-value mortgages, such as those for first-time buyers.³⁶

Based on the above, Sustainalytics is of the opinion that Perenna's provision of mortgage loans with preferential financial terms to underserved borrowers is expected to contribute to improving access to home financing in the UK.

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 Perenna Sustainability Bond Framework are expected to help advance the following SDGs and targets:

²⁵ Equator Principles, "About the Equator Principles", at: <https://equator-principles.com/about-the-equator-principles/>

²⁶ Government of UK, Office for National Statistics, "Housing Purchase Affordability: UK: 2022", (2023), at: <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/housingpurchaseaffordabilitygreatbritain/2022>

²⁷ 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/>

²⁸ UK Finance, "Household Finance Review – Q1 2024" (2024), at: https://www.ukfinance.org.uk/system/files/2024-06/Household%20Finance%20Review%202024%20Q1_0.pdf

²⁹ Building Societies Association, "First-Time Buyers", (2024), at: [https://www.bsa.org.uk/getmedia/e1daa383-54e1-4544-8545-2f4aa835aa74/BSA-First-Time-Buyers-Report-2024-\(Interactive-Single-Page\)-\(1\).pdf](https://www.bsa.org.uk/getmedia/e1daa383-54e1-4544-8545-2f4aa835aa74/BSA-First-Time-Buyers-Report-2024-(Interactive-Single-Page)-(1).pdf)

³⁰ Ibid.

³¹ UK Finance, "Later Life Mortgage Lending Q2 2021 Update", (2021), at: <https://www.ukfinance.org.uk/sites/default/files/uploads/pdf/Later-Life-Mortgage-Lending-Q2-2021-FINAL.pdf>

³² UK Finance, "Later Life Mortgage Lending Update Q2 2024", (2024), at: <https://www.ukfinance.org.uk/system/files/2024-08/Later%20Life%20Lending%20Update%20-%20Q2%202024.pdf>

³³ Muir, M. (2024), "Mortgage lending to older UK borrowers slumps", Financial Times, at: <https://www.ft.com/content/74c76863-9ea8-4378-904e-6db51813b6a1>

³⁴ The Mortgage Lender, "Exploring Adverse Credit", (2022), at: https://www.themortgagelender.com/media/wold4wei/exploringadversecredit_v16.pdf

³⁵ UK Government, The Housing and Regeneration Agency, "Homes England Strategic Plan 2023-28", (2023), at: <https://assets.publishing.service.gov.uk/media/646f58f6ab40bf00c196a74/Homes-England-strategic-plan-2023-to-2028.pdf>

³⁶ UK Government, HM Treasury, "The mortgage guarantee scheme outline", (2021), at: https://assets.publishing.service.gov.uk/media/603cf9ece90e07055e595008/210301_Budget_Supplementary_Doc_-_mortgage_guarantee_scheme.pdf

Use of Proceeds Category	SDG	SDG target
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030 double the global rate of improvement in energy efficiency
	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
Renewable Energy Technologies	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
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
Access to Essential Services (Financing and Financial Services)	1. No Poverty	1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance

Conclusion

Perenna has developed the Perenna Sustainability Bond Framework under which it may issue green, social and sustainability financial instruments, and use the proceeds to finance or refinance projects in the UK that contribute to the decarbonization of the residential building sector and improve access to home financing for underserved populations. Sustainalytics considers that the eligible projects are expected to provide positive environmental and social impacts.

The Perenna Sustainability Bond Framework outlines a process for tracking, allocation and management of proceeds, and makes commitments for reporting on allocation and impact. Sustainalytics considers that the Perenna Sustainability Bond Framework is aligned with the overall sustainability efforts of the Bank and that the use of proceeds will contribute to the advancement of the UN Sustainable Development Goals 1, 7 and 9. Additionally, Sustainalytics is of the opinion that Perenna 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 Perenna is well positioned to issue green, social and sustainability bonds and that the Perenna Sustainability Bond Framework is robust, transparent and in alignment with the Sustainability Bond Guidelines 2021 and the four core components of the Green Bond Principles 2021 and Social Bond Principles 2023.

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