Perenna

Sustainability Bond Framework

December 2024

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1. About Perenna

Perenna is on a mission to create a nation of happy homeowners. Through its unique model, Perenna offers customer-centric mortgage products to help solve the housing, growth and climate crises, whilst delivering great outcomes for all.

Perenna's wants to revolutionise the UK mortgage market. We are a new mortgage bank[1], that offers long-term fixed rate mortgages. We have created consumer-friendly products to make homeownership accessible to those who can afford it. We fund mortgages with real money investments rather than retail deposits. This is a common model in continental Europe and the United States, enabling us to offer flexible long-term fixed-rate mortgages which do not otherwise exist in the UK.

The UK mortgage borrower is vulnerable. They face limited choices such as homogenous products like short-term fixed rate mortgages or adjustable-rate mortgages. As these products pass all the risks onto mortgage borrowers, many consumer segments are underserved and, in some cases, excluded from mainstream mortgage finance altogether. For example, it is increasingly difficult for young people to enter homeownership, partly due to interest rate stress tests. Older borrowers struggle to get products due to lender-imposed age limits. Families looking for security in their biggest monthly outgoing are also underserved. And for those who want to decarbonise their homes, they have limited financial options. This is all because of the existing structure of the mortgage market, which favours frequent refinancing that is costly, time-consuming and stressful. Borrowers risk paying a higher rate when they refinance, or risk reversion to a penal variable rate if they cannot refinance because their circumstances have changed, or their property value has fallen. This, alongside high inflation and interest rate rises, has led to a less resilient UK mortgage market, and has created challenges to homeownership for the borrower.

Perenna also has a responsibility to support the transition to a net zero economy. We must provide our customers with the means and incentives to decarbonise, whilst also reducing our operational greenhouse gas emissions.

Our purpose is simple – to connect institutional capital with individual homeowners and provide innovative mortgage products that will drive social and environmental change.

1.1. Perenna's business model

Perenna's long-term fixed rate mortgage products are funded by long-term, fixed rate covered bonds.

Perenna funds its mortgages through the issuance of covered bonds. This is primarily issued to real money investors (insurance companies and pension funds) who require long-dated investments to match their own long-dated liability profile. Covered bonds, which can be regulated and unregulated, are bank-issued instruments secured over a designated pool of assets (in Perenna's case, the underlying residential mortgages). They are highly rated, liquid and tradeable, and afford preferential capital and liquidity treatment to investors.

[1] Operating in England and Wales

As a new bank, set up to meet the requirements of underserved borrower segments, we understand that long-term success for all stakeholders is possible only with a mission-focused, customer-centric business proposition. As we have built up our business model, we have actively engaged with all relevant business participants, including potential borrowers. Perenna must meet its borrowers' needs consistently, with uncompromisingly high service standards, and always in a fair and transparent manner consistent with the FCA's Consumer Duty requirements. Our board and management teams are completely aligned with this perspective.

To sustain and enhance the business model that delivers our vision, we aim to build strong, collaborative relationships with all our suppliers, including brokers. Our suppliers must understand the environment in which we operate, and the consumer-focused approach that we take, so they can most effectively partner with us. In turn, this allows us to best identify, quantify and manage any supply chain risks present in our model and to ensure the appropriate level of business resilience.

1.2. Perenna's long-term fixed rate mortgage

Our core product offering is our flexible, long-term, fixed rate mortgage. Borrowers have the option to refinance when it suits them (after a limited early repayment charge (ERC) period) or they can choose to keep their rate for the full term. Our products protect customers against future interest rate rises. We allow for larger loan amounts than is possible with a short-term mortgage. This is because there are no requirements to ensure affordability at much higher interest rates as the interest rate will never change.

Our mortgages are portable and can be moved to a new property. They are also transferable and intergenerational; a property could be transferred with the mortgage attached. There is no age limit for our borrowers. They simply need to be able to afford the monthly payments.

Flexible long-term fixed rate mortgages are overwhelmingly the most popular mortgage product in countries where they are offered such as the US, France and Denmark[2&3]. Our focus is on a flexible and customer-centric product allowing borrowers to better manage their financial positions.

1.3. Sustainability

Perenna believes sustainability and homeownership go hand in hand.

We are building a business that will have a positive impact on society in numerous ways. We want to increase homeownership levels, provide a richer way of life for those moving into later life, and support faster decarbonisation of homes in the UK.

Traditional mortgage lenders have offered products with strict affordability criteria, stress testing and exclusionary age limits. This has created barriers for underserved populations to access home financing. Perenna believes in removing these barriers. We allow for borrowing up to six times your income[4]; fixed rate for the full term creating stability of

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[2] https://www.dallasfed.org/research/economics/2024/0116

[3] https://www.institute.global/insights/economic-prosperity/interest-rate-shock-shows-we-need-long-term-fixed-rate-mortgages

[4] Subject to criteria

payments against interest rate rises; short ERCs for borrower flexibility; and no maximum age caps giving more options in later life.

One of our objectives is to create products and services that will empower homeowners to decarbonise. Perenna is committed to guiding customers through a just transition[5] by offering them the means to finance energy-efficient, low-carbon, and comfortable homes, while also future-proofing against potential negative impacts of climate change.

Operating our business sustainably is a priority for us. While still in the preliminary stages of formulating our sustainability strategy, we are progressing towards understanding our greenhouse gas emissions, vulnerability to climate change, and exposure to physical and transition risks, all while capitalising on opportunities related to climate change.

In summer 2024, Perenna became a member of Bankers for Net Zero, a cross-industry initiative to accelerate the UK's economic transition to net zero.

Perenna is working on a sustainability strategy that includes carbon reporting, materiality assessment, environmental management, and supplier screening to address social and environmental impact across our value chain.

1.4. Sustainability risk management

Perenna recognises that climate-related risks, both physical and transition, have a material impact on our business strategy. Climate risk is recognised as a financial risk, and we seek to manage it appropriately. We have a Climate Risk Framework which highlights how climate risk management is incorporated into Perenna's overall Risk Management Framework (RMF) and its Risk Appetite Statements (RAS). Any exposures to climate-related financial risks are provided to our Board Committee on a quarterly basis.

1.5. Sustainable products and services

Our mortgage products aim to provide a positive social and environmental impact. We offer certainty and security to our customers ensuring mortgage payments never increase. Alongside this, we have a suite of green mortgage products to support net zero by 2050.

- A retirement interest-only (RIO) mortgage for those over fifty, featuring a long-term fixed rate. Our RIO mortgage provides the security of fixed payments over an extended term.
- The Zero Bills mortgage in collaboration with Octopus Energy allows homeowners to have zero energy bills for at least five years. Customers also receive a green mortgage discount for choosing a Net Zero ready[6] home. The properties are energy-efficient with low-carbon technology like solar panels, heat pumps and battery storage. Energy bill savings are factored into affordability assessments to give homebuyers greater borrowing power.
- A Retrofit Discount feature which rewards customers with a lower mortgage rate for successfully installing heat pumps or solar panels in their homes.
- Facilitating and educating customers and the public on retrofitting their homes via our Retrofit Calculator.

[5] Ensuring that the transition to a low-carbon economy is inclusive and fair. For more information please see: https://unglobalcompact.org/take-action/think-labs/just-transition

[6] 'Net zero ready' is defined as a property which has a heating system which runs on electricity, or a low-carbon district heating system, rather than on-site fossil fuel combustion.

1.6. Supporting our customers

Perenna has a low appetite for poor customer outcomes and customer harm.

The bank must meet the requirements of the Consumer Duty regulations. We provide clear information about our products so that our customers can make informed financial decisions and enable them to pursue their financial objectives.

We have policies in place to ensure that customers are central to everything we do. These include the: Consumer Duty Policy, Vulnerable Customer Policy, Marketing and Financial Promotions Policy, Responsible Lending Policy, Mortgage Lending Policy, and Complaints Handling Policy.

1.7. Supporting our people

Perenna has the following policies in place to ensure its own people are always supported properly:

- Diversity, Equity, and Inclusion
- Renumeration
- Adoption, Maternity and Paternity Factsheets
- Staff Privacy Notice
- Employee Safety Handbook
- Employee Assistance programmes including private healthcare.

2. Sustainability Bond Framework

2.1. Purpose

Perenna has developed its Sustainability Bond Framework ("the Framework") to attract funding for its mortgages to bring a positive social and/or environmental impact.

Our Framework provides a clear and transparent set of criteria for issuing green and social bonds. Green bond projects enable investments to transition to a low-carbon economy and social bond projects support those who are underserved in society, both creating long-term value for all.

The International Capital Market Association (ICMA) publish voluntary best practice principles and guidelines that recommend transparency, disclosure and promote integrity in the development of the green and social bond market by clarifying the approach for issuing green and social bonds. Perenna's framework draws upon the ICMA's Green Bond Principles (GBP)[7], Social Bond Principles (SBP)[8] and Sustainability Bond Guidelines (SBG)[9].

Establishing our Framework is a crucial step in Perenna's overarching sustainability strategy. We aim to facilitate connections between institutional investors with sustainable investment mandates and projects that utilise their capital to support social and environmental impact.

In line with the ICMA's GBP, SBP and SBG, Perenna's Sustainability Bond Framework has several components:

- Use of proceeds
- Process for project evaluation and selection
- Management of proceeds
- Reporting
- External review

Following the ICMA's guidance, we strengthen and evaluate our Framework through the United Nations Sustainable Development Goals (UN SDGs). Aligning to the UN SDGs promotes a bond financing project that supports climate change adaptation and socially responsible actions. Alongside the ICMA principles, Perenna has drawn upon the EU Taxonomy technical screening criteria.

Perenna will continue to review the regulatory landscape including emerging developments, such as to the UK's Green Taxonomy, to ensure this framework is aligned to future standards. Any updates to ICMA principles will also be reviewed and if required we will amend our Framework following market best practice.

2.2. Types of Issuance

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[7] https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles-June-2022-060623.pdf

[8] https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Social-Bond-Principles-SBP-June-2023-220623.pdf

[9] https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Sustainability-Bond-Guidelines-June-2021-140621.pdf

Under this Framework, Perenna can issue three types of bonds.

- Green Bonds- A bond instrument where the proceeds, or an equivalent amount, will be exclusively applied to finance or re-finance, in part or in full, new, and or/existing eligible Green Projects.
- Social Bonds- A bond instrument where the proceeds, or an equivalent amount, will be exclusively applied to finance or re-finance in part or in full new and/or existing eligible Social Projects.
- Sustainability Bonds- A bond instrument where the proceeds, or an equivalent amount, will be used exclusively to finance or re-finance in part or in full new and/or existing eligible Green Projects and Social Projects.

Issuing entities and forms of financing instruments:

Issuance under this Framework may take place in the following form of financing instruments: Covered Bonds, Secured Bonds, Unsecured Bonds, Subordinated Bonds, Commercial Paper and Securitisation.

These instruments may be issued from our holding company Perenna Group Limited, or any of its subsidiaries, for instance Perenna Bank PLC or any special purpose vehicle.

2.3. Use of Proceeds

The table below summarises the eligible green projects, green loan criteria and UN SDG mapping in line with the ICMA and supplementary guidelines:

2.4. Use of Proceeds: Green Bonds

Eligible Green Projects	*Green Loan Criteria/ Definition*	*UN SDG Mapping*
Energy Efficiency		
Alignment to GBP objectives: Climate change mitigation Alignment to EU taxonomy[10]: Climate change mitigation, with the specific technical screening criteria being:	Criteria: Loans to borrowers to improve a building's energy efficiency. Perenna will follow a pro-rata approach to finance only the percentage dedicated to the energy efficiency upgrade.	SDG 9: Industry, Innovation and Infrastructure: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation. Target: 9.4[11]

[10] The European Commission have established 'Technical Screening Criteria' (TSC) for determining which activities qualify as contributing substantially to climate change mitigation. Within the TSC, there are 7 activities which relate to Construction and Real Estate, 7.1 to 7.7. https://eur-lex.europa.eu/eli/reg_del/2021/2139/2023-01-01

[11] UN SDG Target 9.4: 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.

Eligible Green Projects	*Green Loan Criteria/ Definition*	*UN SDG Mapping*
• 7.2 Renovation of existing buildings • 7.3. Installation, maintenance, and repair of energy efficiency equipment • 7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings.	Improvements in energy efficiency are defined as upgrades which result in at least a 30%[12] reduction in primary energy usage measured in KwH/m^2 leading to an associated carbon emission reduction ($kgCO_2/m^2$). Illustrative example: A Perenna customer takes out a mortgage loan to finance a retrofit project, which improves the energy efficiency of the property (defined as modelled energy consumption kWh/m2) which the loan is secured against, by more than 30%.	SDG13: Climate Action: Take urgent action to combat climate change and its impacts. Target: 13.3[13]
Renewable Energy Technologies		
Alignment to GBP objectives: Climate change mitigation Alignment to EU taxonomy: Climate change mitigation, with the specific technical screening criteria being:	Criteria: Loans to borrowers to install renewable energy technologies. Perenna will follow a pro-rata approach to finance only the percentage dedicated to the relevant renewable energy installation.	SDG 7: Affordable and Clean Energy: Ensure access to affordable, reliable, sustainable and modern energy for all. Target: 7.a[14], 7.2[15], 7.3[16]

[12] https://eur-lex.europa.eu/eli/reg_del/2021/2139/2023-01-01 p.140

[13] UN SDG Target 13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

[14] UN SDG Target 7.a: By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology.

[15] UN SDG Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix.

[16] UN SDG Target 7.3: By 2030, double the global rate of improvement in energy efficiency.

Eligible Green Projects	*Green Loan Criteria/ Definition*	*UN SDG Mapping*
7.6. Installation, maintenance, and repair of renewable energy technologies	Renewable energy technologies include the following: solar photo-voltaic (PV), heat pumps and wind turbines. Successful installations result in a reduction of primary energy demand for the building, with a corresponding reduction in carbon emissions. Illustrative example: A Perenna customer uses their Perenna mortgage to finance the installation of a heat pump and removal of their gas boiler at their property. The switch from a fossil-fuel based heating system to an electric heating system means that the property is now "net zero ready[6]", and because of the efficiency of the heat pump, the primary energy demand for the property is also reduced by over 70%[17].	SDG13: Climate action: Take urgent action to combat climate change and its impacts. Target: 13.3[13]
Green Buildings		
Alignment to GBP objectives Climate change mitigation Alignment to EU taxonomy: 7.7 Acquisition and ownership of buildings	Criteria: Loans secured against properties that meet regional, national, and internationally recognised standards and certifications for high energy-efficiency. Properties with high energy-efficiency are defined as	SDG 7: Affordable and Clean Energy: Ensure access to affordable, reliable, sustainable and modern energy for all. Target: 7.a[14], 7.2[15], 7.3[16]

[17] Assumes the existing gas boiler runs at 85% efficiency; the new heat pump runs at 300% efficiency. If heat demand is constant at e.g. 10,000kwh, then home needs 3,333kwh of electricity vs 11,765kwh of gas previously, a reduction of 8,431kwh (or 72%).

Eligible Green Projects	*Green Loan Criteria/ Definition*	*UN SDG Mapping*
	those in the top 15%[18] of the country's housing stock in terms of energy performance[19]. Illustrative example: A Perenna customer uses their Perenna mortgage to finance or re-finance their acquisition of a property, which has a primary energy rate of 50kwh/m2, or an SAP score of 95.	SDG13: Climate action: Take urgent action to combat climate change and its impacts. Target: 13.3[13].

[18] https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02021R2139-20230101 p.146

[19] Energy performance is defined as the modelled primary energy usage of the property (kwh/m2). Currently, data on primary energy usage is difficult to obtain on mortgaged properties. Therefore, Perenna will utilise SAP scores in the interim as a measure of a property's energy performance. SAP scores do have a strong correlation with primary energy usage but do not factor in the efficiency of a property's heating system.

2.5. Use of Proceeds: Social Bonds

The table below summarises the eligible social projects, social loan criteria and SDG mapping in line with the ICMA and supplementary guidelines:

Eligible Social Projects	*Social Loan Criteria*	*UN SDG Alignment*
Access to essential services (financing and financial services)	Criteria: Loans to borrowers[20] identified as part of an underserved target population at the time of application. Those underserved populations may be: • First-time buyers. • Later life borrowers (defined as those aged 55 and over at loan application date). • Self-employed persons. Illustrative example: A Perenna mortgage is provided to a customer who is purchasing their first property.	SDG 1: No Poverty: End poverty in all its forms everywhere. Target: 1.4[21] SDG 10: Reduced Inequalities: Reduce inequality within and among countries. Target 10.2[22]

[20] If multiple applicants on a mortgage application, then at least one of the applicants must meet the criteria.

[21] UN SDG 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.

[22] UN SDG 10.2: By 2030, empower and promote the social, economic, and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

3. Our target populations

Following the ICMA's SBP, we have identified the relevant target population(s) of the social projects.

We believe the mortgage market has underserved certain consumer segments; first-time buyers, later-life borrowers and the self-employed. They face barriers to home financing, often unable to pass automated scoring processes like affordability assessments of high street lenders.

3.1. First-time buyers

The Building Societies Association reports being a first-time buyer in 2024 is the most expensive it has been in the last seventy years[23].

First-time buyers face challenges of deposits, affordability and credit checks with many unable to borrow the amount needed to purchase a property. This is because of the regulatory requirement on lenders to ensure that a borrower can afford their mortgage in a much higher interest rate environment, which limits how much they can lend.

Our product, the long-term fixed rate mortgage, enables first-time buyers to access a larger loan amount than is available under a traditional product. This provides first-time buyers accessibility to finance to purchase their own home much sooner compared to high street lenders.

3.2. Later life borrowers

Very few lenders are willing to lend into retirement. In the first quarter of 2024, there was an 11.7% decline in new loans to older borrowers[24]. Perenna has undertaken research, demonstrating that age is a barrier to home financing. In our studies[25], 60% of later-life borrowers reported a lack of choice in mortgage products, and a third found their mortgage restrictive because of their age. Lender activity has primarily focused on equity release products. Most lenders have upper age limits on eligibility criteria for mortgage products. The sector has these limits due to generally lower incomes in retirement, coupled with interest rate uncertainty, meaning borrowers might not be able to afford the mortgage repayments once they have retired.

Perenna has interest-only and retirement interest-only products. This offers customers an alternative product for borrowing in later life. Our products have no maximum age limits and are fixed for life, providing stability of payments throughout retirement.

3.3. Self-employed

[23] https://www.bsa.org.uk/getmedia/979107ee-ad11-4bb8-ad1c-7e15cf0574fc/BSA-First-Time-Buyers-Report-2024-(Interactive-Single-Page)-(1)_1.pdf p.4

[24] Figure is expressed as" year on year" https://www.ukfinance.org.uk/data-and-research/data/mortgages/later-life-lending#:~:text=Latest%20Data%20%2D%20Q1%202024&text=There%20were%2028%2C840%20new%20loans,same%20quarter%20a%20year%20previously.

[25] Survey conducted by Censuswide, on behalf of Perenna in January 2024. Survey sample of 1,003 respondents– all respondents were homeowners aged 55+ and either heading into retirement or already retired.

With 4.29[26] million in the UK identified as self-employed, there is a market opportunity to support this underserved segment of society in home financing. Traditionally, there has been inconsistency in the approach to lending to self-employed applicants. They can face challenges in passing affordability assessments owing to their irregular and more complex incomes. Self-employed individuals are viewed as a risk to high-street lenders.

Consequently, these individuals are twice as likely to have their mortgage application rejected compared to employed workers[27]. A 2023 study by Mortgage Lenders showed that 30% of self-employed individuals have never applied for a mortgage under the assumption it would never be approved[28]. This target population may face a double burden, not only with strict affordability criteria but also as a potential first-time buyer.

4. Exclusions

Perenna will not knowingly allocate proceeds to actions that may have potential negative environmental or social impacts.

Perenna's strategy and products are targeted towards home loan borrowers and therefore commits Perenna to not knowingly being involved in financing any of the following activities through the proceeds of any Bond project: weapons, gambling, tobacco, predatory lending, or fossil fuel production.

5. Look back and look forward periods

Loans may be included in the loan pools of Perenna's bonds as long as they originated in the 24 months before the bond issuance date (the "look back period"), or 24 months following the bond issuance date (the "look forward period").

6. Process for project evaluation and selection

The evaluation and selection process will ensure that the proceeds of the bonds issued under this Framework will be used to originate mortgages which meet the Green and Social Loan criteria outlined above.

The process will ensure that the use of proceeds will fulfil either:

- the social objectives of improving access to financial services for borrowers in the UK who are underserved by the current lenders in the mortgage market; or
- the green objectives of mitigating climate change.

Perenna intends to form a Sustainability Bond Working Group to undertake the evaluation and selection process. This Working Group will meet on an ad-hoc basis before any bond

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[26] Data as of Q1 2024: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/timeseries/dyzn/lms

[27] https://www.bira.co.uk/news/self-employed-twice-as-likely-to-be-rejected-for-a-mortgage/

[28] Mortgage Lenders surveyed 1,002 self-employed UK adults in September 2023 Fear of rejection: Self-employed workers aren't applying for a mortgage because they think they will be rejected (themortgagelender.com)

issuance. The Working Group will consist of representatives from each of the following teams within Perenna:

- Sustainability
- Capital Markets
- Treasury
- CEO Office
- Legal
- Risk

7. Management of proceeds

All Sustainability Bond net proceeds will be used to finance or refinance mortgage loans (or the relevant proportion of those loans) originated by Perenna or distribution partners which are aligned with the goals described above.

Perenna's internal accounting and financial management and information systems contain all the relevant information to enable the bank to identify mortgage loans that meet the stated criteria.

Any additional loan purchases during a Further Sale period will be subject to the same eligibility criteria checks as the loans which formed the Initial Loan Pool.

The portfolio of loans sold to the Issuer will be administered and serviced by Perenna, or an outsourced servicing provider. Perenna will monitor the performance of the underlying portfolio of loans through its internal management information systems and provide monthly reporting to the cash manager. The cash manager will provide quarterly reporting to all investors as part of the regular bond reporting.

8. Reporting

On an annual basis, while the Sustainability Bonds are outstanding, Perenna will prepare and publish a Sustainability Bond Annual Report. It will publicly disclose our allocation and impact of proceeds in line with our Framework. In preparation of the report, Perenna will look to align with the ICMA's Harmonised Framework for Impact Reporting[29] and Harmonised Framework for Impact Reporting for Social Bonds[30].

Our Sustainability Bond Annual Report will be made available on Perenna's website, and we may seek external assurance of this statement.

The Sustainability Bond Annual Report will contain at least the following details:

Allocation Reporting

- Aggregated reporting of mortgage loans financed by the Sustainability Bond proceeds at issuance date and as at the annual reporting date

[29] https://www.icmagroup.org/assets/documents/Sustainable-finance/2024-updates/Handbook-Harmonised-Framework-for-Impact-Reporting-June-2024.pdf

[30] https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Harmonised-framework-for-impact-reporting-for-social-bonds-June-2023-220623.pdf

- Value of loans outstanding by project type (green and social) and target population (social only)
- Number of loans outstanding by project type (green and social) and target population (social only)
- Proportion of proceeds allocated to each project type (green and social) and target population (social only)
- The aggregate size of the identified loan portfolio
- The nominal amount of bonds outstanding
- The share of the identified loan portfolio currently financed by sustainability bonds
- The amount of net proceeds awaiting allocation (if any)

Impact Reporting

Where possible, qualitative and/or quantitative reporting of the green and social impacts resulting from loans financed by the Sustainability Bond proceeds

- All project types
  - i. Number of loans included in the portfolio
  - ii. Number of beneficiaries
  - iii. Aggregate principal balance of loans included in the portfolio
  - iv. Average principal balance of loans included in the portfolio
  - v. Loan portfolio by LTV band
  - vi. Weighted average LTV of portfolio
- Social project types
  - i. Percentages allocated to each eligible project type
  - ii. The number of first-time buyers whose mortgage was funded by the bond issuance
  - iii. The number of later life borrowers whose mortgage was funded by the bond issuance
  - iv. The number of self-employed borrowers whose mortgage was funded by the bond issuance
- Green project types
  - i. Percentages allocated to each eligible project type
- Energy Efficiency projects
  - i. The estimated average reduction in primary energy demand (kwh/m2/yr)
  - ii. The estimated avoided GHG emission (tCO2e/yr)
- Renewable Energy Technology projects
  - i. The number of renewable energy technologies installed
  - ii. The estimated average reduction in primary energy demand (kWh/m2/yr)

   iii. The estimated avoided GHG emission (tCO2e/yr)
- Green Buildings projects
   i. The estimated average primary energy demand (kWh/m2/yr)
   ii. The estimated difference in GHG emissions between these properties and the average UK property (tCO2e/yr)

9. External review

Sustainalytics has been engaged to provide an external review in the form of a Second Party Opinion (SPO) on this Framework, to confirm alignment with the ICMA's guidelines (GBP, SBP, SBG and the UN SDGs).

This SPO will be made available on the Perenna website.

10. Disclaimer

To the best of our knowledge and belief, the information provided to Sustainalytics UK Limited is complete, accurate, and up to date however we make no warranties or representations regarding its reliability. We cannot guarantee that all information is current or free from errors.

The information provided is for the sole purpose of the preparation of a Second Party Opinion Report – Bonds only. Sustainalytics UK Limited is encouraged to verify any information before acting on it. Where inaccuracies are identified, they should be brought to our attention. We are not responsible for any losses damages or consequences arising from the use of, or reliance on, this information.