

MORhomes plc



Sustainable Bond Framework

June 2025

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1. Introduction to MORhomes

1.1 About us

MORhomes' mission is to support the provision of Social and Affordable Housing in the United Kingdom by acting as a central borrowing vehicle designed to facilitate access to the capital markets for not-for-profit, registered social housing providers.

MORhomes was created by Housing Associations, owned by Housing Associations and run for the benefit of Housing Associations. To date, over 60 housing associations have become MORhomes shareholders, all of which are not-for-profit, registered providers of social housing¹ in the UK. Together, they provide over 1.5 million homes and have total debt of over £50bn. As of 31 March 2024, debt facilities in the social housing sector totaled £129bn of which £29.9bn were undrawn².

MORhomes' articles of Association only allow lending to not-for-profit, registered providers of social housing in the UK.

MORhomes issued its first £250m bond in Feb 2019 establishing a loan portfolio of £260m. By 31st March 2025 it had increased the bonds issued to £511.5m supporting a loan book of £539m.

Currently, £49.3m of MORhomes bonds in issue are Sustainability Bonds, with the rest being Social Bonds in accordance with ICMA Social Bond Principles 2023. The purpose of this Sustainability Bond Framework is to enable MORhomes to continue to issue both Social and Sustainability Bonds which are aligned with the relevant ICMA standards, including the Green Bond Principles 2021, Social Bond Principles 2023 and Sustainability Bond Guidelines 2021.

1.2 How we are governed

MORhomes is a non-traded public company, with listed debt instruments and a business model which specifically supports the social housing sector. MORhomes has been established as a plc in the interests of delivering enhanced Governance, Transparency and Accountability.

The company is entirely controlled by not-for-profit Housing Association shareholders, and no single shareholder can control more than 5% of voting rights.

In addition to its shareholders, the Board is aware of the vital role of the company's key stakeholders, which importantly comprise its employees, its lenders, its borrowers and those public organisations which also provide financial support to its borrowers.

The MORhomes Board has determined that a high level of corporate transparency, corporate responsibility and the highest standards of business ethics and probity are vital to the company's success. Accordingly, the Board has determined that it will apply the provisions of the UK Corporate

¹ Note: Shareholders of MORhomes plc are currently exclusively comprised of registered, not-for-profit, Housing Associations. The constitution allows for other types of shareholders (for example, if the Government was to put in some equity) but any such shares are restricted to 25% of voting rights and would have to be approved by the Board. There are currently no plans for any such investors.

²<https://www.gov.uk/government/publications/quarterly-survey-for-q4-january-to-march-2024/quarterly-survey-for-q3-january-to-march-2024>

Governance Code issued by the Financial Reporting Council on 22 January 2024³ (the UKCGC) to itself effectively and proportionately.

The articles of association of MORhomes require the company to include an annual corporate governance statement within the company's annual report and accounts, which can be found on the company's website.

The Board has determined that it will carry out an annual board evaluation and this will be externally facilitated at least once within the first two years of the issue of the company's first bond.

The Board has responsibility for overseeing performance. Specific responsibilities are delegated to committees that have their own terms of reference. The major committees that support the Board of the Issuer are:

- Credit Committee;
- Socially Responsible Investment Committee; and
- Risk and Audit Committee.

Further details regarding the role of the Socially Responsible Investment Committee in the context of the proposed Sustainability Bond issuance are provided in the 'Process for Project Evaluation and Selection' section below.

2. UK social housing

2.1 UK government targets

The UK Government sees tackling the current housing shortage through growth of the affordable housing sector as a critical priority. Its policy goals announced in July 2024⁴ include:

1. Raising living standards in every part of the UK;
2. Building 1.5 million homes in England and fast-tracking planning decisions;
3. Securing home-grown energy whilst accelerating the UK to net zero.

Housing Associations play a key role in supporting this agenda:

- Major source of capital for investment in new and existing properties;
- Earnings reinvested in additional low cost housing;
- Supporting tenants with financial sustainability and finding employment for residents;
- Rents at a substantial discount to the open market; and,
- Borrowing held off the Government Balance sheet.

In July 2024, Deputy Prime Minister Angela Rayner announced mandatory housing targets for all councils in England in order to achieve the target of 1.5 million new homes. This will ensure councils create up-to-date plans and help tackle the housing supply shortage. They further announced that

³ https://media.frc.org.uk/documents/UK_Corporate_Governance_Code_2024_a2hmQmY.pdf

⁴ <https://www.gov.uk/missions>

the homes will be built in areas that that need them the most due to the introduction of a new calculation method, with brownfield sites being first to be developed.

The Affordable Homes Programme (AHP) 2021 to 2026 has been set up to support the costs of developing affordable housing in England. Homes England has £8.03bn of Government funding to spend on delivering 100,000 affordable units (outside of London) by March 2026 and support the improvements to energy efficiency and sustainability of new housing.

A number of recent events has required social landlords to manage their stock more carefully. From October 2025, social landlords will be forced to investigate and fix dangerous damp and mould issues within 24 hours, with the introduction of Awaab's Law. In 2023, 7% of social rented homes had damp issues, with 4% of these being at the most dangerous level⁵.

In November 2022, the UK joined the Net Zero Government Initiative, which contains a roadmap on how to achieve net zero emissions by 2050⁶.

Following the tragic events at Grenfell Tower in 2017, social landlords with high-rise properties are required to complete fire risk assessments on those properties. In January 2020, the then Secretary of State for Housing, Communities and Local Government announced the introduction of a new building safety regulator. In addition, other fire safety investigations would be required.

2.2 Regulatory Framework

Registered providers of social housing must comply with a regulatory framework established by the UK Government. The 2015 regulatory framework⁷ for social housing in England is comprised of:

1. Regulatory requirements – obligations on registered providers, including the 'rent standard' for social and affordable housing and 'consumer standards' for the provision of the housing service;
2. Codes of practice – assists registered providers in understanding how compliance might be achieved; and,
3. Regulatory guidance – this provides further explanatory information on the regulatory requirements and includes information on how the regulator will carry out its role.

The Social Housing (Regulation) Act 2023 has three core objectives⁸:

1. "To facilitate a new, proactive consumer regulation regime";
2. "To refine the existing economic regulatory regime";
3. "To strengthen the Regulator of Social Housing's powers to enforce the consumer and economic regimes."

In addition, Part 6 ("Energy Efficiency Requirements"⁹) together with Part L ("Conservation of fuel and power"¹⁰) of The Buildings Regulations 2010 sets a number of environmental standards targeted

⁵ <https://www.gov.uk/government/news/awaabs-law-to-force-landlords-to-fix-dangerous-homes>

⁶ <https://assets.publishing.service.gov.uk/media/6569cb331104cf000dfa7352/net-zero-government-emissions-roadmap.pdf>

⁷ <https://www.gov.uk/government/collections/regulatory-framework-requirements>

⁸ <https://www.legislation.gov.uk/ukpga/2023/36/notes/division/2/index.htm>

⁹ <http://www.legislation.gov.uk/uksi/2010/2214/part/6/made>

¹⁰ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/540326/BR_PDF_AD_L1A_2013_with_2016_amendments.pdf

at both new and existing homes. These rules and standards monitor the amount of CO2 emissions that buildings produce, improve energy efficiency and enhance the design of new dwellings for better ventilation and heating control. Metrics used to evaluate the energy efficiency of homes include TER (“Target Emission Rate”) and TFEE (“Target Fabric Energy Efficiency”) and it is a requirement that all new houses meet these standards.

The Building Safety Act 2022¹¹ reformed the rights of residents to give them more power and protections. It gives a wide spectrum of powers such that owners will manage their buildings better to deliver high quality homes. The Act also created three new bodies of oversight: the Building Safety Regulator, the National Regulator of Construction and the New Homes Ombudsman.

In addition, under the Affordable Homes Programme¹² 2021 to 2026, partners (who are generally Housing Associations) are expected to focus on promoting significant use of Modern Methods of Construction (MMC), high-quality sustainable design and working closely with local SME housebuilders. This is to help improve the energy efficiency and sustainability of new affordable housing supply.

Minimum Energy Efficiency Standards (MEES) Regulations¹³ were introduced by the government in 2018. The regulations were introduced to improve the quality of private rented buildings in England and Wales, to increase the energy efficiency of the worst performing houses and buildings, to improve the comfort and conditions in privately rented homes and reduce fuel poverty. Currently, privately rented properties must achieve an Energy Performance Certificate (EPC) rating of E at the minimum. The legislation prevents landlords from renting out a property with a rating of F or G. This applies to new and existing tenancies.

In a 2018 survey by the Ministry of Housing, Communities and Local Government, it was concluded that only 2% of houses in England and Scotland have an EPC rating of A or B, while 70% have an EPC rating of D or lower¹⁴. This highlights the need for the UK to decarbonise homes in order to achieve its target of net-zero emissions by 2050.

In June 2019, the UK prioritised climate change action by setting a legally binding target to cut its greenhouse gas emissions to “net-zero” by 2050. As of December 2020, the UK communicated its Nationally Determined Contribution, including a commitment to reducing greenhouse gas emissions by 68%, compared to 1990 levels¹⁵. Consequently, decarbonisation and energy efficiency of homes will play an increasingly important role¹⁶.

2.3 Identification of Target Populations

Presently, the National Planning Policy Framework¹⁷ and planning guidance ask each local planning authority to define a Housing Market Area and to determine an ‘objectively assessed need’ for affordable housing within them. The planning guidance sets out the recommended methodology to

¹¹ <https://www.gov.uk/guidance/the-building-safety-act>

¹² The Affordable Homes Programme provides grant funding to support the capital costs of developing affordable housing for rent or sale. As the Government’s housing accelerator, Homes England will be making available £7.39 billion from April 2021 to deliver up to 130,000 affordable homes by March 2026 – outside of London. The Greater London Authority’s website contains more information around partners looking to develop affordable housing in London. <https://www.gov.uk/guidance/apply-for-affordable-housing-funding>

¹³ <https://www.gov.uk/guidance/domestic-private-rented-property-minimum-energy-efficiency-standard-landlord-guidance>

¹⁴ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/705821/2016-17_EHS_Headline_Report.pdf

¹⁵ <https://assets.publishing.service.gov.uk/media/633d937d8fa8f52a5803e63f/uk-nationally-determined-contribution.pdf>

¹⁶ <https://www.ukgbc.org/wp-content/uploads/2020/03/The-Policy-Playbook-v.1.5-March-2020.pdf>

¹⁷ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/734407/National_Planning_Policy_Framework_print_version.pdf

assess this need, using the latest National Statistics for projected household formation as a starting point.

Housing Associations develop new 'social' or 'affordable' housing to meet the identified local need, working in conjunction with the local planning authorities. New housing and existing housing that becomes vacant is let to tenants in housing need, being allocated via points-based waiting lists that are generally maintained by the local authorities, using a combination of deprivation and housing needs metrics to prioritise applicants. Typically, the demand is many times the available vacancies.

2.4 Sustainability Reporting Standards

The sector has recognized that there is an increasing need for the UK social housing sector to provide consistent reporting on Environmental, Social and Governance (ESG) performance and priorities.

In May 2020, a multi-stakeholder working group focused on Social housing has presented a White Paper to propose sector standard ESG criteria and metrics for discussion and consultation. Following multiple consultations, this has led to the Sustainability Reporting Standard for Social Housing being introduced in November 2020 and further updated to version 2.0 in October 2023. More than 160 organisations have signed up to the SRS as adopters or endorsers¹⁸

The proposed 12 themes and 46 criteria represent a credible, consistent, and comparable set of ESG guidelines which will be adopted by key stakeholders, including lenders, investors, regulatory bodies and government.

The Standard has been publicly supported by a critical mass of organisations from this spectrum of stakeholders. MORhomes has also made a public commitment to become an early adopter of the Standard by integrating it into its organisational policies, processes and products.

2.5 Capital markets

An increasing number of issuers from varied sectors, investors from different geographies and arrangers are active in the sustainable debt space. This market is expected to continue to grow in volume, issuer, currency and geographic diversity¹⁹.

MORhomes believes that its business model - assisting providers of affordable housing to raise capital - will resonate with investors interested in allocation of capital towards positive social outcomes, and has therefore decided to issue Social or Sustainability Bonds which are aligned with the relevant ICMA standards, including the Green Bond Principles 2021, Social Bond Principles 2023 and Sustainability Bond Guidelines 2021.

2.6 Rationale for framework

Overcoming global development challenges and advancing objectives for public good in the UK housing market require significant investment. Many of these investments are expected to be financed by bond market instruments. Committing a section of the bond market to the financing of projects with expected positive societal outcomes will channel existing and new pools of liquidity to

¹⁸ <https://sustainabilityforhousing.org.uk/what-is-the-sustainability-reporting-standard/>

¹⁹ Dealogic 2020

address global challenges such as those exemplified in the Paris Agreement and the Sustainable Development Goals²⁰ (SDGs).

MORhomes is proposing to support these investment challenges by issuing financial instruments, such as Social and Sustainability Bonds. Any debt issued under this Sustainability Bond Framework will be immediately applied for the sole purpose of on-lending to registered, not-for-profit Housing Associations (each of whom are MORhomes plc shareholders, and established in accordance with UK regulations) whose purpose is constructing, acquiring, refurbishing or maintaining social and affordable housing within the United Kingdom (or other activities carried out in support of this purpose), as defined within the UK statutory framework applicable to such housing.²¹ MORhomes expect Housing Associations will utilise funds mostly for constructing new buildings with high environmental standards.

It is a specific requirement that each borrower has a corporate objective to 'to develop new housing or deliver other assets with high social impact'. In order to qualify for the green project category, borrowers are required to provide input to the sustainability due diligence questionnaire/assessment set out in Annex 1 to this framework described further below, demonstrating that they meet objective environmental as well as social and governance standards.

3. Structure of the framework

This Framework has been established to deliver transparency as to the types of impactful debt instruments that MORhomes chooses to issue.

It is designed to demonstrate alignment with the relevant ICMA standards, including the Green Bond Principles 2021, Social Bond Principles 2023 and Sustainability Bond Guidelines 2021. In addition, MORhomes is closely monitoring evolving standards in this market. As described in paragraph 2.5, the UK Social and Affordable Housing sector is developing a Sustainability Reporting Standard. MORhomes has pledged it will continuously align its reporting framework with it and any other such new market standards.

Under this framework, MORhomes is able to apply two distinct labels:

- i. "Sustainability" bonds: housing association projects that provide both social and environmental benefits (the majority of proceeds will be allocated to category B under Use of Proceeds, the remainder to category A)
- ii. "Social" bonds: housing association projects that provide predominantly social benefits (category A under Use of Proceeds)

3.1 Use of Proceeds

Bond proceeds (net of fees and any other costs) will be on-lent to MORhomes members/shareholders, each of whom is a not-for-profit registered social/affordable housing provider in the UK²², and used to finance or refinance, in whole or in part, social/affordable housing projects falling






²⁰ <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

²¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/734407/National_Planning_Policy_Framework_print_version.pdf (Annex 1)

²² A full list of MORhomes members/shareholders can be found at the MORhomes website: <https://morhomes.co.uk/our-shareholders/>

within either of the eligible project categories as detailed below or other activities carried out in support of these projects and the provider's social purpose.

Eligible projects include existing, ongoing, and/or future projects as categorised below. Eligible projects are also mapped to the relevant Sustainable Development Goals²³.

Impact	ICMA Category ²⁴	Use of Proceeds	Example Impact Metrics	Example Projects	Relevant SDGs
A. Social	Affordable housing	Financing construction and refurbishment of Social and Affordable Housing ²⁵ in the United Kingdom	<p>Number of social/affordable housing units constructed</p> <p>Rental costs compared to local market rents</p> <p>Data on income and social deprivation of people housed</p>	MORhomes' Social and Sustainability Impact reports published February 2020 and February 2021 ²⁶ provide data on social housing units constructed using proceeds of the first £260m on-lent, along with additional data on the wider social impact achieved. These are typical of projects likely to be funded by future lending by MORhomes	 
B. Social & Environmental	Green Buildings	Predominantly used towards financing of construction of new Social and Affordable Housing in the United Kingdom by Housing Associations that meet strict environmental, social and governance criteria (See Annex 1)	<p>Energy efficiency standards of all housing stock owned by the HA</p> <p>Energy efficiency standards of new housing stock developed by the HA</p> <p>% of stock with PV / renewable local generation</p>	See Annex 2 for examples of typical projects to be funded	  

Sustainability questionnaire

In order to determine eligibility for Use of Proceeds category B ("green buildings"), MORhomes receives ESG information from its Housing Association borrowers through both the regular credit application process and an additional sustainability questionnaire. The regular credit application process determines that the housing association is a registered provider of social housing and hence eligible for the first project category. The sustainability-specific questionnaire has been developed by Ritterwald, a leading real estate consultancy, and the latest updated version can be found in Annex 1 of this framework. The questions are derived from best-in-class market standards, such as the

²³ <http://www.undp.org/content/undp/en/home/sustainable-development-goals.html>

²⁴ <https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/>

²⁵ Social and Affordable Housing as defined by the (below market) rents charged in accordance with the relevant regulated rent standards and the regulated consumer standards of housing service.

²⁶ <https://morhomes.co.uk/social-and-sustainable-impact-reporting/>

Certified Sustainable Housing label²⁷ and are aligned to the UK Social and Affordable Housing Sustainability Reporting Standard (see Section 2.4). Ritterwald will review and validate the Housing Association's response to these questions and based on these Ritterwald will provide MORhomes with ESG constituent scores.

Annex 1 shows the full suite of ESG performance criteria used in the questionnaire. The general principle adopted in setting the scoring system is to ensure that a score of 50% for each measure is equivalent to exceeding the national average or other similar suitable objective benchmark for that measure, based on research carried out by Ritterwald.

To achieve the minimum threshold for the MORhomes ESG standard a potential borrower must achieve:

- EPC level A or B for the new housing units it is constructing
- 50% of the aggregate score
- 33% of the individual scores of each of the three categories of Environment (60 points), Social (60 Points) and Governance (45 points)

The questionnaire includes a question on whether a borrower publishes a sustainability report and whether the report is based on a reporting standard. MORhomes reserves the right to make adjustments to this questionnaire over time to reflect changing best practices in the sector.

Exclusions

On-lending of bond proceeds to Housing Associations determined by MORhomes to be engaged in any activities which are incompatible with the social mission of MORhomes, or which are directly or indirectly generating significant adverse social or environmental impacts is excluded.

Note: Certain MORhomes Housing Association members control subsidiaries which are engaged in market activities incidental to, but relating directly to, their core social/affordable housing mission. For example, a small proportion of housing units in a given housing scheme may be placed on the open market, with the aim of establishing a more diverse resident community than would otherwise be the case. Further information relating to such activities, including data on revenues relating to such activities, relative to 'core' activities was included in MORhomes' Annual Sustainability Impact report²⁸. Any surpluses from such activities are retained by the Housing Associations to support their social objectives.

3.2 Process for Project Evaluation and Selection

As noted in the Corporate Governance section above, A Socially Responsible Investment (SRI) Committee of the MORhomes plc Board has been established.

Details concerning the Committee members are available at the MORhomes plc website²⁹.

The main function of the Committee is to oversee the Issuer's status as a socially responsible investment entity.

The Terms of Reference for the SRI Committee are:

²⁷ See for more information: www.sustainable-housing.eu

²⁸ <https://morhomes.co.uk/social-and-sustainable-impact-reporting/>

²⁹ <http://morhomes.co.uk/who-we-are/>

- i. To make recommendations to the Board on the Company's strategy and policy in relation to its status as an SRI company and its approach to Environmental, Social and Governance (ESG) issues
- ii. To oversee the Company's implementation of its SRI and ESG strategy and policy
- iii. To identify and manage social and environmental risks associated with lending projects and processes
- iv. To oversee the establishment of a Framework to demonstrate the company's alignment with the Green Bond Principles 2021, Social Bond Principles 2023 and Sustainability Bond Guidelines 2021, making its entire bond programme Social or Sustainable Bonds under these principles and guidelines
- v. To oversee the arrangements established to ensure the Social and Sustainable Bonds remain in alignment with the Social Bond Principles and Sustainable Bond Guidelines respectively
- vi. To oversee the arrangements established to ensure Social and Sustainable Bond proceeds are utilised in accordance with the uses specified in the Framework
- vii. To oversee the introduction and operation of arrangements to generate the information required to produce periodic Social and Sustainable Bond Reports, in accordance with the Framework and the Social Bond Principles and Sustainable Bond Guidelines
- viii. To oversee updates to the Sustainable Bond Framework.

Note that in the context of the application of a Social label, where the net proceeds of the Bond are immediately on-lent to registered, not-for profit Housing Associations engaged in the provision of social/affordable housing, all activities of such qualifying Housing Associations (see note on Exclusions above) are assumed to relate to the provision of social/affordable housing and are consequently deemed eligible for financial support via such Social Bond Proceeds. The same applies in the context of a Sustainability label, where qualifying Housing Associations' overall sustainability policies and strategy have been assessed as part of the MORhomes ESG questionnaire (see Use of Proceeds section). The Housing Associations will be responsible for selection and implementation of the financed projects and such qualifying 'projects' will not be individually assessed by MORhomes.

3.3 Management of Proceeds

The entire net proceeds of bonds issued under this framework will be immediately on-lent to eligible Housing Associations for the purposes specified in the Use of Proceeds section above. Net proceeds will be immediately applied on a 'back-to-back' basis by the paying agent to a series of identified loans arranged in connection with Housing Association social/affordable housing projects. The loan to the Housing Association is agreed simultaneously with the issue of the bond and is for the same (or slightly greater) amount and the same term. The bond net proceeds are transferred to the Housing Association as soon as they are received. Bond financing arranged by MORhomes is solely for the purpose of lending to housing associations and it only accesses the market once it has the Borrowing Mandate from its housing association borrowers. Hence there are no residual proceeds and, consequently, MORhomes does not maintain arrangements to temporarily hold, disburse or otherwise manage proceeds.

3.4 Reporting

Annually, as long as the Sustainability and Social Bonds issued under this framework are outstanding and there has been additional issuance/usage to report on, MORhomes will publish updates on a dedicated page of the company website (<http://morhomes.co.uk>) which will include:

1. Allocations by Eligible Project category including a complete list of Housing Associations financed, overall indications of underlying projects financed (based on sample data from borrowers) and example case studies, where suitable information is available;
2. Relevant outcomes (e.g. number of housing units constructed/refurbished/environmental standards achieved) based on sample data including specific environmental information provided by borrowers; and
3. An assertion by management that the net proceeds were allocated to eligible Housing Associations.
4. For instruments aligned to the Green and Social Bond Principles and the Sustainability Bond Guidance, MORhomes intends to align the reporting with the portfolio approach described in the ICMA Harmonised Framework for Impact Reporting on a best-efforts basis.

MORhomes will also encourage borrowers of the funds on-lent from the proceeds of its Sustainability Bonds to publish annual ESG reports complying with the Sector Sustainability Standard (see section 2.4 above). MORhomes' own update reports will cross-refer to the reports issued by borrowers.

MORhomes is committed to providing independent audits of the use of proceeds relating to the social and sustainability bonds on an annual basis. MORhomes will also include a summary of the independent audit report findings in the annual updates.

3.5 External Review

MORhomes has asked Sustainalytics to conduct an external review of this Sustainability Bond Framework, assessing and confirming Framework alignment with relevant ICMA standards.

Their second party opinion is available on: <https://morhomes.co.uk/socially-responsible-investment/>

MORhomes intends to obtain an update of this opinion for any new material developments under the framework, such as a new debt instrument or changes to the disclosure within the framework.

Annex 1 – ESG questionnaire for Housing Association borrowers

Developed in conjunction with Ritterwald, and aligned with the Sustainability Reporting Standards for Social Housing

I. Environmental Assessment		
The company demonstrates its commitment to Decarbonisation & Renewables:		
1	Existing housing stock: Does the housing association have the availability of EPC rating at a single building level? (total owned stock as stated in financial report, incl. shared ownership)	Overall housing stock: Most recent SAP/EPC Rating received per housing unit — expressed as both a number and letter grade.
	1.1 Share of housing units with EPC rating of class F/G/H	
	1.2 Share of housing units with EPC rating of class E	
	1.3 Share of housing units with EPC rating of class D	
	1.4 Share of housing units with EPC rating of class C	
	1.5 Share of housing units with EPC rating of class B and A	
	1.6 Share of housing units with no / expired EPC rating available	
2	New Construction/Build: Does the housing association have the availability of EPC rating at a single building level?	New Construction/Build: Most recent SAP/EPC Rating received per housing unit — expressed as both a number and letter grade.
	2.1 Share of new construction that has received EPC rating of C	
	2.2 Share of new construction that has received EPC rating of B and A	
3	Does the housing association know the CO2 emissions per housing unit across the housing stock? (total owned stock as stated in financial report, incl. shared ownership)	This criterion assesses whether the housing association can accurately measure and report the average CO2 emissions per housing unit within its portfolio.
	3.1 Average CO2 emissions: > 2.5 tCO2/unit	
	3.2 Average CO2 emissions: ≤ 2.5; > 2.0 tCO2/unit Tick Box	
	3.3 Average CO2 emissions: ≤ 2.0; > 1.5 tCO2/unit	
	3.4 Average CO2 emissions: ≤ 1.5 tCO2/unit	
4	The housing association hands information to tenants regarding correct sustainable use of their homes (correct heating, ventilation, other safety & energy saving measures)	This criterion assesses whether the housing association actively educates tenants on the sustainable and efficient use of their homes.
	4.1 No information	
	4.2 Information via website	
	4.3 Regular tenant information	
	4.4 Regular tenant training	
5	Does the housing association install renewable energy systems?	This criterion evaluates whether the housing association has implemented renewable energy systems, such as solar panels, wind turbines, or heat pumps, within its housing stock. It measures the extent to which renewable energy is produced per housing unit.
	5.1 Production of 0–5 kWh of renewable energy per housing unit (total owned stock as stated in financial report, incl. shared ownership)	
	5.2 Production of 6–10 kWh of renewable energy per housing unit (total owned stock as stated in financial report, incl. shared ownership)	
	5.3 Production of 11–15 kWh of renewable energy per housing unit (total owned stock as stated in financial report, incl. shared ownership)	
	5.4 Production of > 15 kWh of renewable energy per housing unit (total owned stock as stated in financial report, incl. shared ownership)	
6	Is the housing association increasing Green Space and promoting Biodiversity on or near homes?	This criterion assesses the extent to which the housing association is creating, preserving, or enhancing green spaces and supporting biodiversity. This includes initiatives such as planting trees, establishing community gardens, installing green roofs, and promoting wildlife habitats.
II. Social Assessment		
The company demonstrates its commitment to offer Social and Affordable Homes:		
7	Existing housing stock: What is the average rent charged by the housing association compared to the local rent index?	Average rent comparison of existing stock with local index
	7.1 The housing association offers rent that is ≥ 95% of the rent offered by the local rent index	

	7.2 The housing association offers rent that is between 85% and 94% of the rent offered by the local rent index	
	7.3 The housing association offers rent that is between 75% and 84% of the rent offered by the local rent index	
	7.4 The housing association offers rent that is < 75% of the rent offered by the local rent index	
8	Share of housing units which are ranked as "social" and "affordable"? (total owned stock as stated in financial report, incl. shared ownership)	% homes that are ranked as: - Social Housing (UK): General Needs (and equivalents). - Affordable Housing (UK): Affordable Housing, Shared Ownership, Shared Equity (and equivalents)
	8.1 Less than 60% of the housing's association total stock is ranked as Social or Affordable	
	8.2 61% - 70% of the housing's association total stock is ranked as Social or Affordable	
	8.3 71% - 80% of the housing's association total stock is ranked as Social or Affordable	
	8.4 81% - 90% of the housing's association total stock is ranked as Social or Affordable Tick	
	8.5 91% - 100% of the housing's association total stock is ranked as Social or Affordable	
9	Has the housing association undertaken an employee satisfaction survey / feedback process?	A process in which the housing association collects and evaluates feedback from employees regarding their job satisfaction, work environment, and overall experience within the organisation.
	9.1 No employee satisfaction survey / feedback process has been conducted	
	9.2 Yes, more than 3 years ago	
	9.3 Yes, within the last 3 years	
III. Governance Assessment		
The company demonstrates its commitment to reporting and monitoring on Sustainability:		
10	The housing association shows further signs of good governance and offers the following:	This criterion evaluates the housing association's commitment to transparency, accountability, and tenant engagement through effective governance practices.
	10.1 The housing association enables tenants to express their issues/concerns (e.g. Non executive Board membership or subsidiary, resident forum, service satisfaction surveys etc)	
	10.2 Has the housing association established an internal Code of Conduct?	
11	Sustainability reporting by the housing association	The housing association makes its sustainability report publicly available and monitors its Environmental, Social, and Governance performances
	11.1 The housing association did not publish a sustainability report yet	
	11.2 The housing association published its first sustainability report < 3 years ago	
	11.3 The housing association published its first sustainability report > 3 years ago	When has the housing association issued its first sustainability / ESG / nonfinancial report?
	11.4 The sustainability report issued by the housing association is based on the UK SRS reporting standard or other reporting frameworks	
	11.5 Is the report published annually?	
12	The housing association has formulated its corporate sustainability targets	This criterion assesses the housing association's commitment to sustainability by examining the clarity, scope, and structure of its sustainability targets.
	12.1 Measurable long-term goals are formulated	
	12.2 Measurable long- and short-term goals are formulated	
	12.3 Measurable long- and short-term goals are formulated and a clear transition plan (incl. responsibilities) in place	
13	When does the housing association aim to reach the target net zero?	Housing Association Strategy & Targets compared to UK Government objective: -Carbon Neutral by 2050
	13.1 2050	
	13.2 before 2050	
14	The housing association has procurement policies to increase the sustainable use of resources for new constructions (e.g. water management policies, waste management policies, use of sustainable materials policies)	The focus is on ensuring long-term environmental benefits through ecofriendly construction methods and responsible supply chain practices.


Annex 2 – Example of Social and Environmental Projects




Introduction



The proceeds of MORhomes' sustainability bond will be on-lent to not for profit regulated UK Housing Associations that have been assessed via a sustainability questionnaire as described in the main part of the framework.

Until borrowers are committed to borrowing the proceeds of a MORhomes Sustainability Bond we cannot identify exactly which Housing Associations (and hence which projects) the funds will be applied to. However, the example projects in this Annex are planned or built by Housing Associations that are MORhomes shareholders that have expressed an interest in potentially borrowing the proceeds of a MORhomes Sustainability Bond and/or have already borrowed from MORhomes.

Example projects

Housing association	Project	Details/ Achievement of the Environmental SDGs
Newydd	Ultra-low energy homes to be built in Llangan 	<p>This £3.4 million redevelopment of ultra-low energy homes and commercial units in Llangan will comprise of a mix of thirteen homes adjacent to commercial units and will benefit the local rural community.</p> <p>The 4 one-bedroom apartments, 8 two and three bedroom houses and a two bedroom bungalow will be built using the Beattie Passive Build System. The resulting homes will offer much lower running costs for tenants due to the low energy required to heat and cool homes from high levels of insulation, high performance windows and a mechanical ventilation system.</p> <p>Newydd Housing Association, in partnership with the Vale of Glamorgan Council, will develop the highly sustainable affordable homes using private and Welsh Government Innovative Housing Programme funding. Cwrt Canna Ltd will develop and manage the adjacent commercial units to form a rural business hub in collaboration with Creative Rural Communities.</p> <p>The energy efficient homes will be manufactured and assembled by apprentices from a prisoner rehabilitation scheme run by HM Prison and Probation Service alongside contractors Cwrt Canna Ltd.</p>
Newydd	'The Croft', Dyffryn	Solcer Architects were appointed to design this sustainable new-build home after their

Housing association	Project	Details/ Achievement of the Environmental SDGs
	<p>Design principles</p> <ul style="list-style-type: none"> • Increased south-facing ROOF area to maximise solar gain. • Greater OPENINGS (windows) to increase solar gain in south elevation and reduce heat loss in the North elevation. • Use of stone and other MATERIALS to improve the construction quality. • Greater ACCESSIBILITY for pedestrians and cars with a widened entrance and carport. • Greater access to green space LANDING. 	<p>success in designing the Solcer Energy Positive House near Bridgend. The Solcer concept involves having an excellent contextual design using a low carbon approach, providing an affordable, viable and comfortable environment to live in. Newydd employed Kingfisher Developments (Wales) Limited to construct this adapted bungalow.</p>
Melin	<p>Tredegar Court, Newport</p> 	<p>Melin is working on its biggest single development and grant allocation building a brand new block at a sheltered housing complex in Pill, Newport. Tredegar Court will offer 47 new flats for older people. It is being constructed by Vistry using a timber frame which is put together off site. When completed in 2021 it will boast sustainable drainage systems (SuDs) and a dementia-friendly sensory garden, plus charging points for electric vehicles.</p> <p>Director of Development at Melin Gerrard Williams said: “We’re pleased to be bringing much-needed, affordable homes to the area which are also designed to boost the well-being of its older residents.”</p>
Local Space	<p>Cyprus Place, Beckton, Newham</p> 	<p>Cyprus Place is an exciting new development acquired by Local Space in January 2020. Local Space worked closely with the developer on four new homes made up of three two-bed flats and a one-bed flat. All homes acquired by Local Space are upgraded to a higher energy efficient standard.</p> <p>Local Space is committed in its ambition to deliver energy efficient homes through working with partners across the industry. Where needed, residents benefit from retrofit measures, for example cavity wall and loft insulation, boiler upgrades, solid wall insulation and renewable energy. Local Space achieves high energy efficiency ratings for its refurbished stock, with the highest number of properties</p>

Housing association	Project	Details/ Achievement of the Environmental SDGs
		<p>falling in Band C, compared with the national average EPC rating of D for homes in the UK.</p> <p>Three of the Cyprus Place homes were handed to Newham Council to assist families on their waiting list with the fourth property being allocated to a key worker.</p>
Pobl		<p>Work is set to get underway on the UK's largest ever energy retrofit project of its kind, that will see almost 650 homes in a Swansea community benefiting from the installation of state-of-the-art renewable energy generation, energy storage and smart energy management technology. The homes, in the Penderry Ward of the city, are owned and managed by Pobl, Wales' largest provider of affordable housing, who have partnered with renewable energy tech and service supplier, Sero. It is anticipated that the innovative scheme, supported by £3.5m EU funds from the European Regional Development Fund (ERDF) through the Welsh Government, will see the community generate as much as 60 per cent of their total electricity requirements, reducing bills as well as carbon emissions by as much 350 tonnes per year.</p>
Broadacres	<p>The Cresnet, Northallerton</p> 	<p>Funded with MORhomes original social bond, Broadacres deep retrofitting project was completed to develop existing homes to be zero-carbon. This project will reduce energy demand by up to 70% and carbon emissions by 100% once the National Grid is decarbonised.</p> <p>Work included installing source heat pumps, solar panels and other insulation. This pilot programme will inform planning and help future-proof properties. Broadacres will be using smart monitoring equipment to monitor temperature, air quality and electricity consumption.</p>