



Sustainable Finance Framework



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Section 1

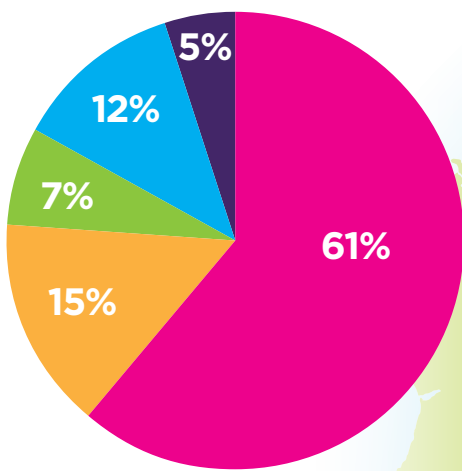
Introduction

1.1 About Platform Housing

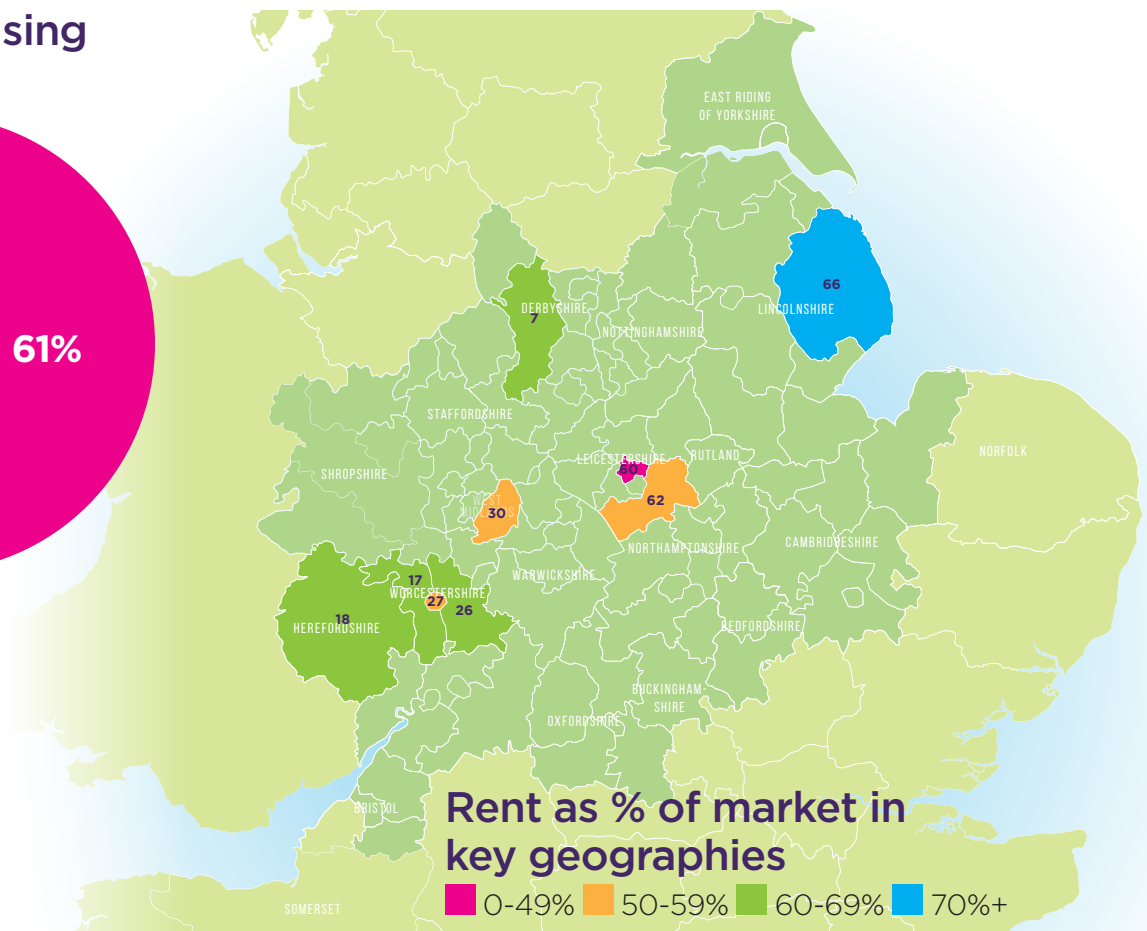
Platform Housing Group (“Platform” or “the Group”) was formed in October 2018 through the amalgamation of the Waterloo Housing and Fortis Living Groups, placing Platform in the 15 largest UK social housing providers in terms of number of homes under management. As at 31 March 2021, Platform had over **46,000 homes** under management and employed around 1,400 people. Platform is unique for a registered provider of its scale in having an exclusive focus on the Midlands region of England.

The Group has a core focus on affordable housing tenures and the majority of Platform’s stock comprises general needs housing (**61%**). Affordable rent (**15%**) and housing for older people (**7%**) are also key tenures in Platform’s operating areas. The Group has a strong track record of developing shared ownership properties which comprise **12%** of Platform’s housing portfolio.

Platform’s Housing Portfolio



- Social Rent
- Affordable Rent
- Housing for older people
- Shared Ownership
- Others
 - Supported housing
 - Intermediate rent
 - Freehold interest only



LOCAL AUTHORITY AREA

66	East Lindsey	62	Harborough
27	Worcester	30	Birmingham
17	Malvern Hills	18	County of Herefordshire
26	Wychavon	60	Leicester
7	Derbyshire Dales		

1.2 Vision and Mission

The Platform vision is to build an organisation that will be fit for the future needs of its customers and communities, whilst supporting existing residents. As a registered provider of social housing, its mission is to deliver this through the provision of truly affordable housing to those who need it most. Platform is committed to helping alleviate the Midlands housing shortage and provide enhanced life prospects for more local people in the coming years.



1.3 Strategic Priorities

The Group is in the early stages of rolling out its ambitious 2021-26 Corporate Strategy¹, which has a key focus on providing a market leading service to customers, whilst protecting the environment, developing its people and maintaining financial strength.



Our Customers

- Customers at the heart of everything
- Improved service & engagement



Economic Value Creation

- Invest in growth
- Safeguard financial strength and resilience



Culture of People and Continuous Improvement

- Living our values
- Developing and diversifying workforce



Digital and Intelligence

- Improve service through data and analytics
- Empower customers and colleagues



Sustainability, Environmental and Social Value Creation

- Investing in and improving community impacts
- Sustainable methods of working



Leader, Partner and Influencer

- Recognised as thought and sector leader
- Influence policy making

**Platform:
A Truly
Modern
Housing
Association**

¹ <https://www.platformhg.com/our-strategies>

1.4 Environmental, Social and Governance (ESG)

Many ESG themes are deeply embedded in the social housing sector and are the foundation of the role in providing affordable homes to those not served by the private rental sector. During the year Platform adopted the Sustainability Reporting Standard, which provides a common framework for social landlords to report on their environmental and social impact, and their governance arrangements. The Group's first report under the Standard is available on the Platform Housing Group website².

1.4.1 Our Social Impact

As a social landlord and developer of affordable housing, Platform's core activities have significant social benefits. The Group lets its homes at rents that are below the private rented sector ("PRS") to help those most in need to be able to afford a home. Rents are on average 63% of PRS rents. During the two years to March 2020 Platform developed more social and affordable homes in England than any other social housing provider.

As at March 2021, 99% of homes owned were let for a social purpose and all of those developed in the year were let at a social or affordable rent, or sold on a shared ownership basis.

Platform appreciates the importance of its role as a social landlord in supporting its customers beyond the provision of housing and in April 2021 the Group launched a £1.4 million Wellbeing Fund to offer fast and flexible support to individuals and families who are most acutely affected by hardship as a result of COVID-19 or other reasons. The Group also entered into a new partnership with social enterprise Stay Nimble. Stay Nimble offers customers access to an online career coaching service that provides access to skills assessments, confidence building tools, CV writing, job search tools, a coaching call and a suite of courses.

1.4.2 Our Environmental Impact

Delivering services whilst protecting the environment is a crucial part of the Platform strategy. The average age of its stock is 35 years and as a consequence the energy efficiency of homes is relatively high, with an average EPC of C in comparison to a national average EPC of D for England and Wales³. A distribution of Platform's Energy Performance Certificate ('EPC') ratings (as at 30 June 2021) is shown below:

EPC (SAP) Rating	Homes with certificate*	Percentage	Cumulative percentage
A (92+)	98	0%	0%
B (81-91)	10,757	35%	35%
C (69-80)	11,125	36%	71%
D (55-68)	6,887	23%	94%
E (39-54)	1,859	6%	100%
F (21-38)	104	0%	100%
G (1-20)	12	0%	100%
	30,842	100%	

*Platform is currently assessing homes without an EPC assessment (approximately 10,000) and will have full coverage by March 2022. Based on what we know about our homes and how the EPC's are scored, we expect the overall distribution of ratings to be in line with those shown above.

² <https://www.platformhg.com/our-reports-and-publications->

³ <https://www.ons.gov.uk>

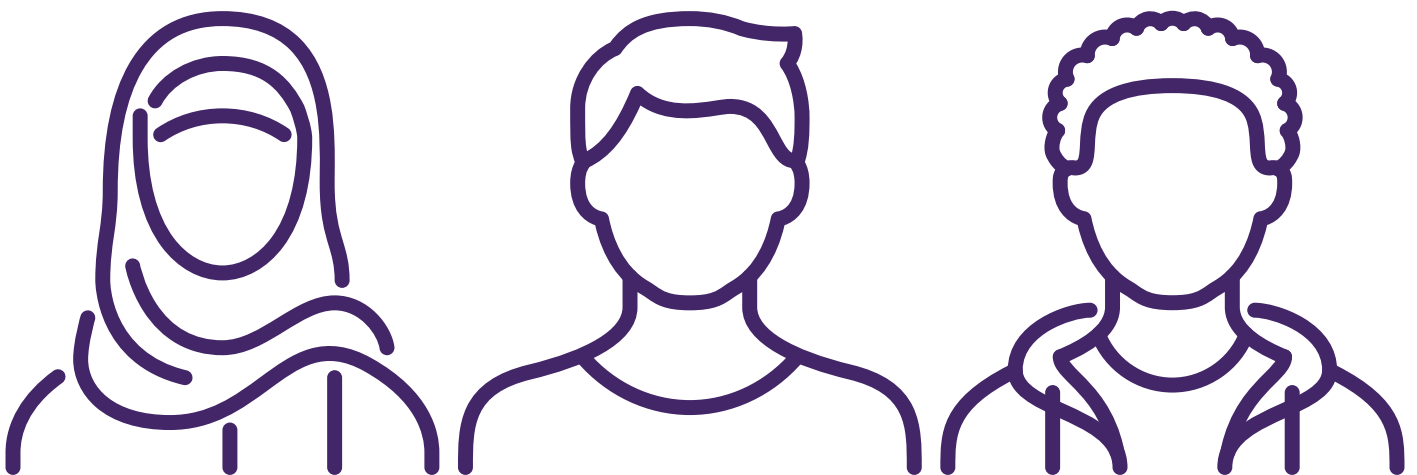
Platform has a number of initiatives underway to enhance the environmental performance of its homes, which will benefit residents through reduced energy bills. The Group recently committed to ensuring all of its homes have an EPC C rating or above by 2028, well in advance of the UK Government's target of 2030. All new developments will have an EPC A or B rating, in line with the EU Taxonomy Technical Screening Criteria⁴. This will cost approximately **£50m** over the period and is fully costed within its current Board approved business plan. In addition, Platform acknowledges the importance of understanding the Group's greenhouse gas ("GHG") emissions and is currently assessing its scope 1, 2 and 3 emissions.

1.4.3 Our Governance

Platform is committed to maintaining the highest standards of governance. The Group is delighted to have concluded the final phase of a focussed Board recruitment campaign in the year to March 2021, bringing in new members with specific expertise aligned with the deliverables of its corporate strategy. The Board is comprised of **40%** females and **10%** of members are Black, Asian or Minority Ethnic ("BAME"), which represents its customer base well. The Group estimates that as at March 2021 60% of its tenants were female and 9% BAME.

Platform has a gender neutral approach to reward and recognition as evidenced by its pay gap which is currently **2%** for both the median and mean difference. This is considerably lower than the national mean of **6.5%** and median of **15.9%**.

Governance has been further strengthened in the year to March 2021 through the tender of external and internal audit services, with KPMG (external) and Mazars (internal) appointed. The Group also has the highest ratings for governance and financial viability ("G1/V1"), as assessed by the Regulator of Social Housing and affirmed in April 2021. Platform has maintained strong A+ (stable) credit ratings from S&P and Fitch.



⁴ https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/200309-sustainable-finance-teg-final-report-taxonomy-annexes_en.pdf

⁵ The gap has been calculated based on pay as at April 2021, which incorporates the effect of recent restructuring.

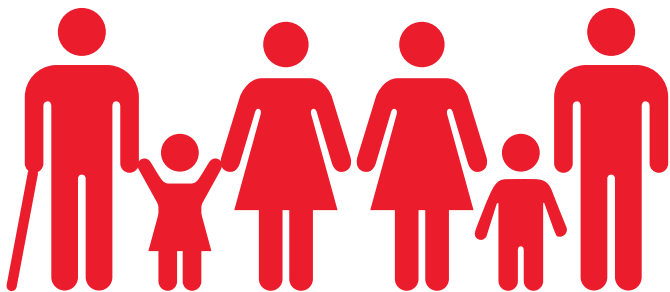
1.5 Alignment to the UN Sustainable Development Goals (“SDGs”)

The fulfilment of the Group’s strategy will support a number of the UN SDG’s:



1. No Poverty

Platform’s core mission is the provision of high quality, affordable and sustainable homes. To help customers access housing the Group provides a range of help and advice, linking customers with eligible welfare support and providing financial assistance for those most in need. In addition, increasing the energy efficiency of its homes will realise savings for tenants and help to tackle fuel poverty.



Case Study: Wellbeing Fund

As detailed above, Platform launched a **£1.4 million Wellbeing Fund** on 1st April 2021. This followed on from a similar fund that ran throughout the previous year, with the goal of providing financial assistance to those most in need. The £1.4 million fund is a 12-month project and results will be monitored daily. The Group will be using the HACT Social Value Model to monitor the impact that the fund has had on its customers and communities. The fund will help cover the cost of energy and utility costs, food and essential items such as school uniforms. Understanding how the fund is being used will help Platform to proactively mitigate customers experiencing crisis, hardship and disadvantage. The fund will also be utilised to identify where poor energy performing assets contribute to increased fuel costs and so help inform where to invest.

Wellbeing Fund
emerge better



7. Affordable and Clean Energy

Platform is committed to bringing all homes under management to a minimum EPC rating of C by 2028. This will be achieved through enhancing the structural efficiency of homes by fitting insulation to walls, roofs and replacing windows. Homes will also be retrofitted with air source heat pumps and solar panels to reduce and minimise the need for energy provided from non-sustainable sources. As part of its drive to find new and innovative ways of improving energy efficiency, the Group

is currently installing a combined hydrogen and gas heating system to a complex of flats that, together with solar panels and battery storage, should reduce energy consumption and costs to 272 homes by an estimated 30%.



11. Sustainable Cities and Communities

Platform is committed to being both a landlord and a developer of places where people want to live. During the year a new Director of Regeneration was employed with a brief to measure, monitor and improve the sustainability of homes and places. A range of socio-economic indicators will be used as the basis of identifying the areas in greatest need, which will enable Platform to invest in a way that makes the biggest impact.

As part of its regeneration of the Tolladine estate in Worcester, Platform will be working on more footpaths to improve parking provision and planting more trees. The Group will also be redesigning corner plots by removing walls and opening areas which have been used as a congregation point for anti-social behaviour.



Case Study: Chevenham Close in Colwall, Herefordshire



Previously a sheltered housing scheme, within a rural village in an Area of Outstanding Natural Beauty that was no longer fit for purpose. A rigorous design process involving the local community, Herefordshire planning authority and its conservation team resulted in a truly place shaping development being built by a local contractor. It was bespoke designed for the village and to help sustain the local economy and be affordable for customers. The scheme provides a variety of accommodation types and tenures with a focus on high quality design and living space. The scheme has electric car charging points, level access wet rooms and bird and bat boxes to support local wildlife.

13. Climate Action

Platform considers the impacts of climate change during the design and build phases of all new developments. Platform's Green Strategy, due to be completed during 2021, will lay out plans to specifically address some of the more significant impacts that are likely to affect its customers in the years to come, including energy efficiency and carbon reduction. The Group plans to transition to using modern methods of construction for developments and utilise green technologies to tackle fuel poverty through greater thermal efficiency and built-in cost reducing measures (such as solar-PV panels).

Platform acknowledges that green technology is an emergent field and is committed to ensuring it uses the most efficient and convenient technology to help minimise the effects of fuel poverty without adversely affecting customers' experiences of living in the property.



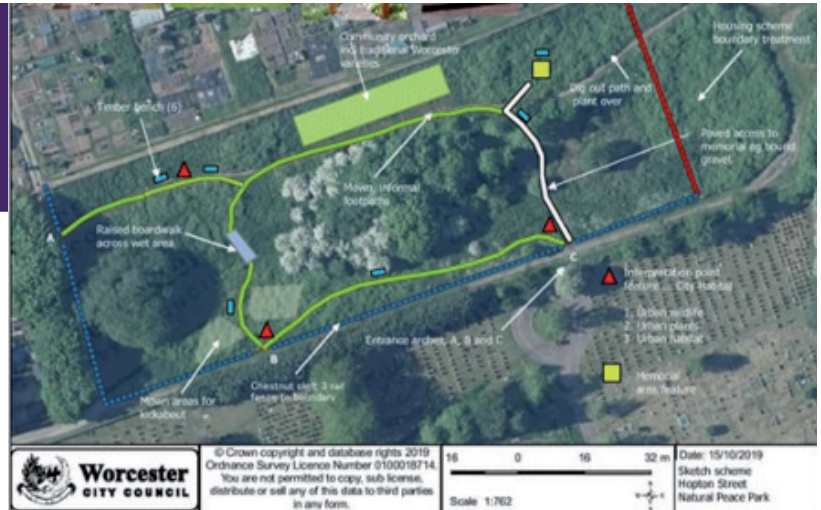
We are also leading the way in innovative ways of reducing our carbon footprint and reducing fuel poverty. In the next year we will complete the installation of a Combined Heat and Power (CHP) System at our DeMontfort House tower block in Leicester. This project is expected to reduce central heating costs for each flat by £200-£300 per annum while also generating around 30% less carbon emissions.

15. Life on Land

Being aware of its impact and influence on the areas in which Platform operates is central to its activities. Green space and local wildlife is always considered when undertaking developments and regeneration activities.



Case Study: The Peace Park, Worcester



The **'Peace Park'** was designed after Platform worked with Worcester City Council to plant trees and a wildflower meadow as part of another scheme in the area. The park was established by creating more diverse green areas, encouraging wildlife to populate the area and making the area more accessible for the local community. Before work started the slow worm population was relocated from another development site with help and assistance from Worcester Wildlife. Platform also worked with the Council and the Allotment Association to provide a stoned up parking area, new gates and a raised entrance to help in winter.

1.6 Rationale for Sustainable Financing

The establishment of this Sustainable Finance Framework (**"the Framework"**) aligns sustainability objectives within the Group's Corporate Strategy to its Treasury Strategy. Platform has maintained selected eligible project categories that are central to its Corporate Strategy, and those in which the Group can have the most significant impact on the communities in which it operates.

Platform aims to develop quality, affordable and sustainable housing, as well as improve the energy efficiency of its existing homes.

Platform seeks to work with investors who are supportive of its investment objectives and over time intends to increase the proportion of sustainable finance within its overall funding base.

Section 2

Sustainable Finance Framework

This Framework will be used to govern all forms of green, social and sustainable finance including, but not limited to, Public Bonds, Private Placements, Revolving Credit Facilities and Bank Loans (together known as **“Sustainable Financing Instruments”**).

The Framework aligns to the Social Bond Principles – June 2021⁶ (**“SBP”**), the Sustainability Bond Guidelines – June 2021⁷ (**“SBG”**), the Green Bond Principles – June 2021⁸ (**“GBP”**), the Green Loan Principles – February 2021⁹ (**“GLP”**) and Social Loan Principles – April 2021¹⁰ (**“SLP”**) as published by the International Capital Markets Association (**“ICMA”**) and Loan Market Association (**“LMA”**) and uses the four core components of the principles as its basis, being:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting



⁶ Social-Bond-Principles-June-2021-140621.pdf (icmagroup.org)

⁷ Sustainability-Bond-Guidelines-June-2021-140621.pdf (icmagroup.org)

⁸ Green-Bond-Principles-June-2021-140621.pdf (icmagroup.org)

⁹ Green_Loan_Principles_Feb2021_V04.pdf (lma.eu.com)

¹⁰ Social_Loan_Principles.pdf (lma.eu.com)



2.1 Use of Proceeds

Platform's identified Eligible Projects, in line with ICMA and LMA principles, will comprise Affordable Housing and Green Buildings.

1) Affordable Housing

As a registered social housing provider and developer of affordable housing, Platform's activities are defined as being eligible social projects under the Social Bond Principles. Its target populations under the affordable housing project category include tenants living in social and general needs properties, shared ownership properties and supported housing, as defined below.

Social and Affordable General Needs

Social/affordable target populations and associated housing requirements are established by local planning authorities by identifying the needs of local communities to determine where and what quantity of affordable housing should be provided. Platform provides homes exclusively to target populations earning a low income, or in receipt of state benefits.

Shared Ownership

Platform serves customers who are unable to feasibly purchase properties in the open market through the provision of shared ownership housing. Under a shared ownership transaction, a purchaser buys a share of the property and pays rent on the remaining value. Eligibility criteria for shared ownership is determined by the government and precludes households where earnings are in excess of £80,000.

Supported Housing



Supported housing includes housing where property adaptations and support services help to ensure that older people remain independent and reduce, delay and prevent the need for residential care.

2) Green Buildings

New housing developed with an EPC of at least B, or investments by Platform in existing affordable housing to improve EPC rating by at least two bands or improve baseline energy output by 30% or more, are considered eligible projects under the Green Bond and Loan Principles.

An amount equal to the net proceeds raised under this Sustainable Finance Framework via Sustainable Financing Instruments, will be used to finance or refinance new or existing Eligible Projects subject to the ICMA and LMA principles. Where the net proceeds are utilised for the construction or renovation of Eligible Projects (capital expenditure ("capex") and operating expenditure ("opex")), these will be originated in the 24 months preceding, or 24 months following, the issuance date of a specific debt instrument.





Relevant projects are outlined in the following table, alongside their alignment to UN SDG's (1: No Poverty, 7: Affordable & Clean Energy, 9: Industry, Innovation & Infrastructure, 11: Sustainable cities & Communities and 13: Climate Action) and Sustainability Reporting Standard ("SRS") criteria (Affordability & Security, Resident Security, Placemaking and Climate Change).

Eligible Project Category	Description ¹¹	Reference financial line item	UN SDG ¹² alignment	SRS criteria alignment ¹³
Affordable Housing	<p>Construction and acquisition of affordable housing in the United Kingdom</p> <p>Platform's target populations include all of the ten target populations described in the SBP, with a particular focus on those who are underserved, who are facing homelessness, aging populations, and vulnerable youth through our specialist and supported housing offering.</p> <p>Where no specific target population has been identified, we can conclude that these target populations do not exclude vulnerable or disadvantaged populations.</p>	Capex		<ul style="list-style-type: none"> ● Affordability and Security (T1: C1, C2, C3, C4, C5) ● Resident Support (T4: C12) ● Placemaking (T5: C13)
	<p>Re-financing of existing affordable housing in the United Kingdom</p> <p>Platform's target populations include all of the ten target populations described in the SBP, with a particular focus on those who are underserved, who are facing homelessness, aging populations, and vulnerable youth through our specialist and supported housing offering.</p> <p>Where no specific target population has been identified, we can conclude that these target populations do not exclude vulnerable or disadvantaged populations.</p>	Asset value		

¹¹ A single project can only fall into one category

¹² <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

¹³ https://esgsocialhousing.co.uk/wp-content/uploads/2020/11/SRS_final-report-2.pdf

Eligible Project Category	Description	Reference financial line item	UN SDG alignment	SRS criteria alignment
Green Buildings	Construction of new homes with a minimum EPC Rating of B.	Capex		<ul style="list-style-type: none"> Climate change (T6: C14, C15, C16, C17)
	Re-financing of existing homes, subject to a minimum EPC rating of B.	Asset value		
	Renovation of existing homes that improve unit EPC ratings by at least two bands or with an improvement to baseline energy output of 30% (measured by an improvement to EPC Standard Assessment Procedure ("SAP" ¹⁴) scores of 30% or more).	Opex Capex	 	



¹⁴A SAP score of 81-91 is equivalent to EPC B. A SAP score of 92-100 is equivalent to EPC A.

2.2 Process for Project Evaluation and Selection

Projects will be evaluated, selected and monitored by Platform's Investment Appraisal Panel ("IAP"), which meets at least once a month to consider proposals. All projects submitted for approval will identify and quantify the expected outputs and outcomes, in line with the table in section 2.1 of this Framework.

During project evaluation and selection the IAP will identify and manage any perceived social and environmental risks, associated with potential eligible projects, by taking mitigating actions, where possible. In circumstances where mitigating actions are not possible, the IAP will exclude the project from the eligible project pool.

Members of the IAP are as follows:

- Corporate Finance Director
- Director of New Customers and Specialist Housing, Neighbourhoods and Operations
- Procurement Director
- Director of Programme
- Director of Strategic Asset Management

The IAP, in addition to overseeing the evaluation and selection of projects is responsible for:

- Reviewing and approving eligible projects/expenditures
- Overseeing the overall eligible project portfolio and confirming its adherence to Platform's Sustainable Finance Framework
- Monitoring Platform's Sustainable Finance Framework and updating it to reflect changes in market standards (such as ICMA and LMA principles) and the Group's corporate strategy on a best-efforts basis
- Ensuring exclusion of any projects that no longer comply with the eligibility criteria or have been disposed of and replacing them with an eligible project as soon as reasonably practicable



2.3 Management of Proceeds

Platform recognises the importance of separately managing and monitoring the proceeds issued under the Framework. Eligible projects will be matched to proceeds issued under the Framework by Platform.

The Group has a documented and structured process to determine how projects fit within the categories identified, and how the proceeds will be matched to, and monitored in relation to, specific Eligible Projects.

Amounts equivalent to the net proceeds from Sustainable Financing Instruments issued under the Framework will be:

- Separately recorded, reconciled and reported
- Reported through the IAP

Unallocated proceeds issued under the Framework will be held as cash deposits or in sterling denominated money market funds in line with the Group's Treasury Management Policy, or used for short-term repayment of other debt facilities before allocation to eligible projects.

In alignment with ICMA and LMA principles, our IAP will ensure that **net expenditures associated with Eligible Projects financed, will meet or exceed** net proceeds raised under this Sustainable Finance Framework, for as long as the financing remains in place. If a project is no longer eligible under the criteria included in **Section 2.1**, it will be removed from the Eligible Project portfolio. In such a scenario, Platform will replace the project with another Eligible Project as soon as reasonably practicable.

The Group expects all proceeds received from a Sustainable Financing Instrument to be allocated within 24 months from the date of receipt of funds.



2.4 Reporting

Platform will annually and until full allocation of a Sustainable Financing instrument, publish the allocation of the net proceeds raised within its annual ESG Report on its website as part of its reporting under the SRS. The Group will also include impact reporting within this report.

Allocation Reporting

The allocation report will include the following:

- A description of outstanding Sustainable Financing Instruments
- Net proceeds outstanding from the Sustainable Financing Instruments
- Amount of proceeds allocated to Eligible Projects
- Amount allocated for refinancing and new financing
- Allocation split between asset value, opex and capex
- Amount of unallocated proceeds (if any)
- A complete list of Eligible Green and Social Projects financed by outstanding Sustainable Financing Instruments

Impact reporting

The following metrics will be included, where feasible, within Platform's annual ESG report, aligned with the SRS and demonstrate Platform's ongoing environmental and social impact. Whilst not exclusive, the below provide examples of indicative impact metrics:

Eligible Project Category	Description	Indicative impact metrics
Affordable Housing	Construction of affordable housing in the United Kingdom.	<ul style="list-style-type: none"> ● Number of new homes built for a social purpose, by tenure ● Number of people housed from local authority waiting lists
	Re-financing of eligible existing affordable housing in the United Kingdom.	<ul style="list-style-type: none"> ● Existing number of social, affordable and shared ownership homes by tenure ● Average weekly rent charged relative to average private sector rent
Green Buildings	Construction of new homes with a minimum EPC rating of B.	<ul style="list-style-type: none"> ● Number and % of new homes with an EPC rating of A or B
	Renovation of existing homes that improve unit EPC ratings by at least two bands or with an improvement to baseline energy output of 30% (measured by an improvement to EPC (SAP) score of 30% or more).	<ul style="list-style-type: none"> ● Change in distribution of EPC and SAP ratings of existing homes since prior year
	Re-financing of existing homes – subject to a minimum EPC rating of B.	<ul style="list-style-type: none"> ● Number of existing homes with an EPC rating of A or B

Platform will also publish updated information on its broader sustainable activities and include case study examples of eligible projects developed or invested in.



2.5 External Review

DNV GL Business Assurance Services UK Limited has been appointed to confirm the alignment of the Framework to the Social Bond Principles – June 2021, the Sustainability Bond Guidelines – June 2021, the Green Bond Principles – June 2021, the Green Loan Principles – February 2021 and the Social Loan Principles – April 2021, as published by ICMA and the LMA. DNV GL Business Assurance Services UK Limited has provided a Second Party Opinion (SPO) on the Group’s Sustainable Finance Framework.

A link to the Second Party Opinion is available at <https://www.platformhg.com/our-reports-and-publications->

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