

Because Community Matters

# SUSTAINABLE FINANCE FRAMEWORK

# CONTENTS

<b>Background</b>	<b>04</b>
<b>Sustainable Finance Framework rationale</b>	<b>06</b>
<b>About Places for People</b>	<b>08</b>
<b>Sustainability commitment</b>	<b>12</b>
<b>Sustainable Finance Framework</b>	<b>16</b>
<b>External review</b>	<b>22</b>
<b>Disclaimer</b>	<b>23</b>



**Places for People is the UK's leading Social Enterprise. We develop, manage, and support sustainable Communities where everyone can thrive.**

With over 50 years' experience, we have a uniquely broad view of what it takes to create a sustainable Community.

We believe Community matters, that's why we take a commercial approach to deliver positive social outcomes that help our Customers achieve their aspirations.



# 1 Background

**Places for People consists of over 20 companies ranging from affordable housing, care and leisure providers to developers and property managers to deliver a range of products and services that enrich our Customers' lives.**



The Group develops, manages and supports Communities where everyone can thrive. Currently we own and manage more than 240,000 homes across the UK. Through strategic partnerships and joint ventures, Places for People also delivers large scale regeneration and development projects nationwide.

As one of the UK's leading Social Enterprises, the Group has a responsibility to ensure its products and services make a positive impact on its Customers, Communities, and the planet.



We have reported on our sustainability commitments extensively in recent years, with the Group Sustainable Finance Framework published in 2021, Environmental, Social and Governance (ESG) reports published in 2020, 2021, 2023 and 2024, and our Environmental Sustainability Strategy published in 2023. Places for People intend to publish an ESG Strategy, including a refresh of our Environmental Sustainability Strategy, later this financial year.

Unprecedented social, economic and environmental challenges globally mean it is more important than ever before to have the experience to respond. The Group is ideally placed to do this with a clear strategy focused on increasing capacity and capability, delivering commercial and social returns, and making a bigger difference to society. Places for People's approach to ESG is central to achieving these objectives and delivering places that work for everyone.



## 2 Sustainable Finance Framework rationale

**This Sustainable Finance Framework (the “Framework”) represents another important milestone in our ESG approach. We have always been a business with a social and commercial purpose. Our financing activity and profits are invested to make a difference to our Customers’ lives. The option to link proceeds raised from a debt instrument to tangible and trackable projects; is key to demonstrating our sustainability commitment.**

Places for People seeks to demonstrate its ESG credentials to a wide range of stakeholders, including investors, regulators, rating agencies, local authorities, and government.

We require regular access to capital to turn our growing challenges into feasible opportunities, including:

- the delivery of new social and affordable housing
- new building standards and fire safety
- a roadmap to net zero carbon
- urban regeneration



We are determined to balance the delivery of affordable housing and regeneration, our environmental commitments, and economic success in the years ahead. Attracting funding from ESG-focused sources will help us to achieve our aims. We hope to appeal to a diverse range of ESG investors globally by issuing Sustainable Debt Instruments, including Green, Social or Sustainability bonds, loans, or private placements.

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With a focus on integrating ESG into our long-term business strategy, this Framework follows several key milestones. These include the adoption of our 2023 Environmental Sustainability Strategy and the publication of our most recent ESG report in 2024, which is aligned with the Sustainability Reporting Standard (SRS) for Social Housing, of which the Group was an early adopter and continues to champion.

This Framework will actively support our fundraising efforts. In addition, we are aiming to improve the transparency of our ESG strategy and reporting to stakeholders. We will also continue to update our Framework as our understanding, and the broader market, evolves.



# 3 About Places for People

## Our profile

We are Places for People, the UK's leading Social Enterprise. We change lives by creating and supporting thriving Communities.

Our business consists of complementary companies that are market leaders in homes and Communities, regeneration and development, investment management, property management and leisure. Working together, we have the expertise and reach to create and manage entire Communities, providing homes, services support and infrastructure that enable our Customers and their Communities to thrive.

We own or manage more than 240,000 properties that are the homes to around 500,000 Customers right across the UK.

We operate 100 leisure facilities that support the health and wellbeing of our Customers with an average of 1.9m visits a month.

Using the power of partnership and working collaboratively, around 11,300 colleagues in more than 20 specialist companies create Communities and provide people with opportunities and choice in a way that few organisations can match.



## Our approach

Where possible we take an infrastructure-led approach to development. We aim to deliver the services and products needed to create thriving Communities - whether those are new housing, schools, shops, leisure facilities, job opportunities or access to specialist support services. Where permanent facilities cannot be provided early enough, we utilise our resources to deliver temporary solutions for our Customers.

Our companies have the expertise to develop, manage, and support sustainable Communities of all forms and scale, including large scale developments and Estate Regeneration, either independently or within strategic partnerships and joint ventures with organisations such as Homes England and Countryside Partnerships.

Our Group works across the following markets:

- Affordable housing
- Development
- Property management
- Leisure management
- Fund management

We use our assets and investment capacity to achieve our goals. Each year, we assess how best to deploy our resources to develop, manage, and support thriving Communities.

This approach has shaped a corporate strategy focused on three priorities:

### Managing Communities

Looking after the quality and safety of homes and places – whether ours or our Partners'

### Developing Communities

Building and acquiring homes and places in the right location

### Helping Communities

Supporting education, health, wellbeing, employment, and inclusion

## Our governance

Places for People Group Limited is a company registered in England and Wales with company number 3777037. Our registered office is 305 Gray's Inn Road, London, WC1X 8QR.

As a registered provider with the Regulator of Social Housing (Registration number L4236), Places for People complies with a regulatory framework comprising:

- regulatory requirements, including the rent standard for social and affordable housing, and consumer standards for providing a housing service.
- codes of practice regarding compliance.
- regulatory guidance regarding how the regulator interfaces with Places for People.

We have a G1 status for governance, which is the highest possible rating to be awarded by the Regulator of Social Housing. We also hold a compliant V2 rating for financial viability. We are also compliant with the expectations of the Scottish Housing Regulator (operating as Castle Rock Edinvar Housing Association Ltd, registration number 106).

In accordance with the requirements of our regulators we report our corporate governance arrangements against the UK Corporate Governance Code (2018 version).

The Board is responsible for setting strategies and policies for the whole Group's activities, including; the approval of business and financial plans as well as the approval of the Group's strategy aimed at furthering its purpose and culture. The Board remains satisfied that its policies, practices, and behaviour throughout the business are aligned with providing a single and unifying purpose and vision for the Group, and a clarity to its aspiration — to be and be known as the UK's leading Social Enterprise, changing lives by creating, managing and supporting thriving Communities.

The Group has also published a slavery and human trafficking statement on its website, noting the requirements of the Modern Slavery Act 2015.

## Our social impact

Places for People is the UK's leading Social Enterprise, creating economically, socially and environmentally sustainable Communities where all can thrive. As one of the biggest housing associations in the UK, and one with a unique mixed economy business model, we have both the potential and the capability to drive forward meaningful and tangible social impact across our different businesses.

- Our social housing function is at the core of what we do, providing security and affordability for our Customers across England and Scotland.
- We are developing the homes and Communities that will help tackle the UK's housing crisis, and provide platforms for our Customers and their Communities to flourish and thrive.
- Further social value activities are delivered by Places Impact, a Group function that works with all our businesses to maximise the positive difference we make, such as in our procurement activity. This includes managing the Places Foundation, which is our independent charitable organisation.

## In 2023/24, we made the following social impact:

**£175,392,783**

social value generated by our regulated business

**£158,852,914**

social value generated by our Leisure business

**10,390**

people helped who were homeless or at risk of being homeless

**4,295**

people supported into education, employment or training

**14,697**

people supported with financial and digital inclusion including hardship funds

**23,855**

people supported through projects targeting health and wellbeing

**29,808**

people supported through projects targeting sustainable resilient Communities





# 4 Sustainability commitment

## Environmental sustainability strategy

Places for People is committed to a net-zero future and we have set out our contributions to this aim in our Environmental Sustainability Strategy.

This includes goals, targets, and timelines across 5 themes: reducing carbon emissions, climate resilience, improving ecology, sustainable resource management and Customer and Colleague engagement. These themes are reflected in our asset management programme, including a range of retrofit and energy efficiency measures to help us achieve net zero carbon by 2050.

Prioritising a fabric first and ‘no regrets’ approach to our investments, we are delivering clean energy systems to our Customers’ homes, including solar power, ground and air source heat pumps, distributed heating systems, and storage solutions that allow customers to benefit from local energy generation. We are also installing devices in our Customers’ homes to further reduce energy consumption, help them to understand their own energy use and also monitor the potential impacts of climate-related risks and mitigate against them.

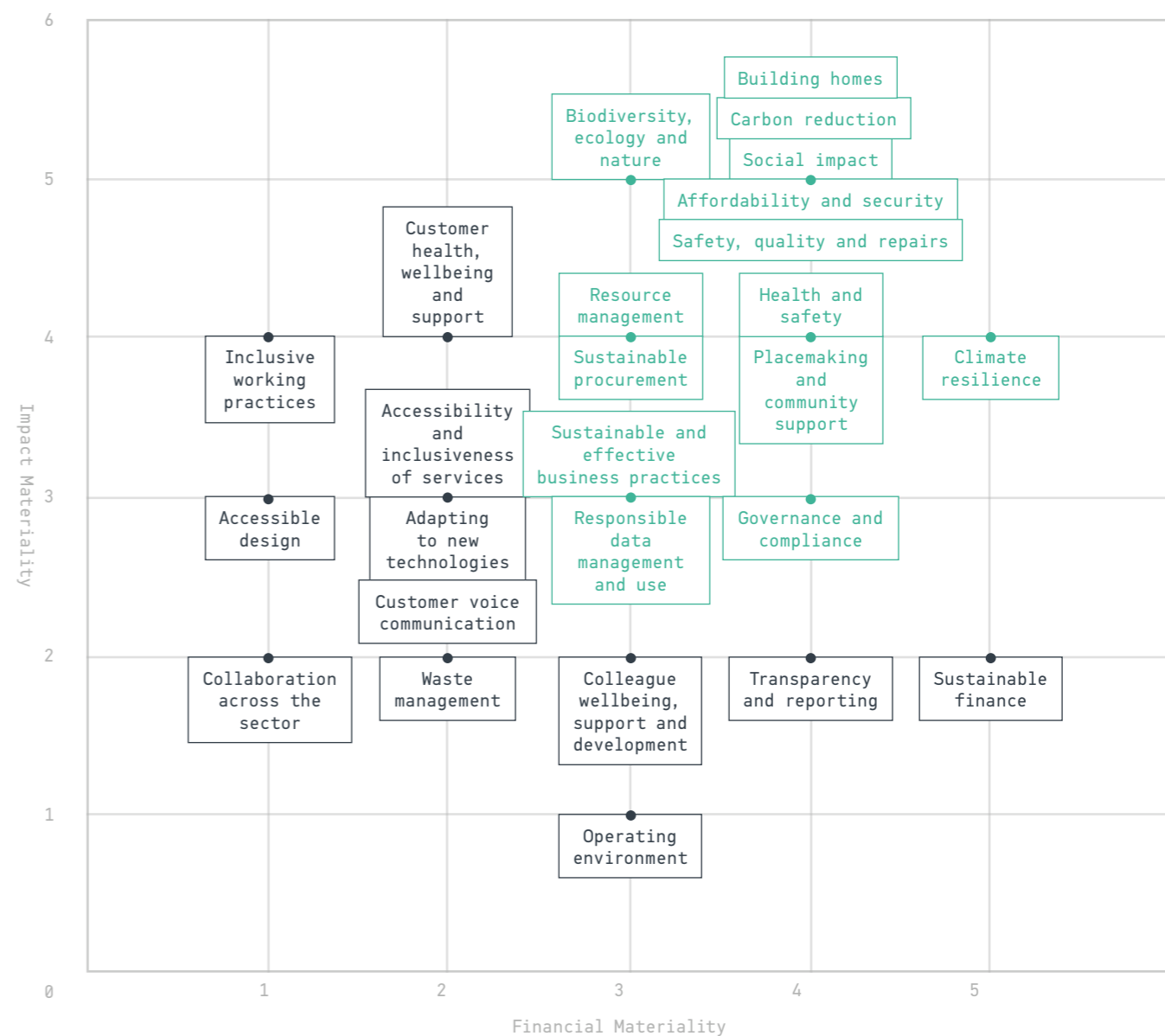
For our new builds we are minimising carbon emissions through design and selection of sustainable materials, including trialling low carbon heating such as Air Source Heat Pumps and photovoltaic panels at selected properties. We have also collaborated with the Future Homes Hub to develop a whole life carbon tool which will be available industry-wide from 2024, and will be utilised as we work towards understanding embodied and whole-life carbon of our schemes.

Developing climate resilient Communities is an important theme of our strategy, and climate-related risks are considered and mitigated against throughout the design and planning process, including flood risk, overheating, air quality and water consumption. Additionally, we are creating more green spaces and promoting biodiversity through integrating nature-friendly design principles in our projects whilst fulfilling Biodiversity Net Gain regulatory requirements. Our stewardship and commitment to management and maintenance of sites that are designed and developed by the Group mean that we can take a long-term approach to looking after new habitats we create as part of the development process.

The environmental impacts of site operations are also considered within the strategy, and we are establishing energy and water consumption and waste production baselines in order to set reduction targets.

## Double Materiality analysis

Our double materiality analysis considers both the impact of Places for People on the environment and society, and the impact of the environment and society on our financial performance. In conducting our analysis of materiality, we considered internal and external sources of intelligence including Customer insights and upcoming regulation. The results of the analysis will inform our strategic direction and ensure that we continue to act in a responsible, proportionate and effective manner. The outcome of our assessment is presented below.





## ESG reporting

Our ESG reporting aligns with the SRS for Social Housing, where applicable across our operational activities. This serves to ensure consistency with our sector peers and a commitment to transparency for the benefit of all users of our ESG information. It also reflects our wider sustainability commitment, with clear alignment to the Sustainable Development Goals (SDGs) which were developed by the United Nations and came into effect in January 2016. The table below shows this alignment between the SRS themes and the SDGs:

SRS Theme	Description	SDG Goal
Climate Change	Prevents and mitigates the risk of climate change	13: Climate Action
Ecology	Promotes ecological sustainability	15: Life on Land
Resource Management	Sustainable management of natural resources	12: Responsible Consumption and Production
Affordability and Security	Provides affordable and secure housing	11: Sustainable Cities and Communities 10: Reduce Inequality
Building Safety and Quality	Resident safety and building quality are well managed	11: Sustainable Cities and Communities
Resident Voice	Listens to residents' voice	11: Sustainable Cities and Communities
Resident Support	Supports residents, and the local community	11: Sustainable Cities and Communities
Placemaking	Supports residents and the wider local community through placemaking	11: Sustainable Cities and Communities
Structure and Governance	Legal structure of the organisation and its approach to Governance	16: Peace, Justice and Strong Institutions
Board and Trustees	High quality board of trustees	16: Peace, Justice and Strong Institutions
Staff Wellbeing	Supports employees	8: Decent Work and Economic Growth
Supply Chain Management	Procures responsibly	12: Responsible Consumption and Production





# Sustainable Finance Framework

**The Sustainable Finance Framework demonstrates our ESG credentials and outlines our sustainability investment priorities for the benefit of investors.**



The Framework has four components and will be externally reviewed to promote integrity and transparency:

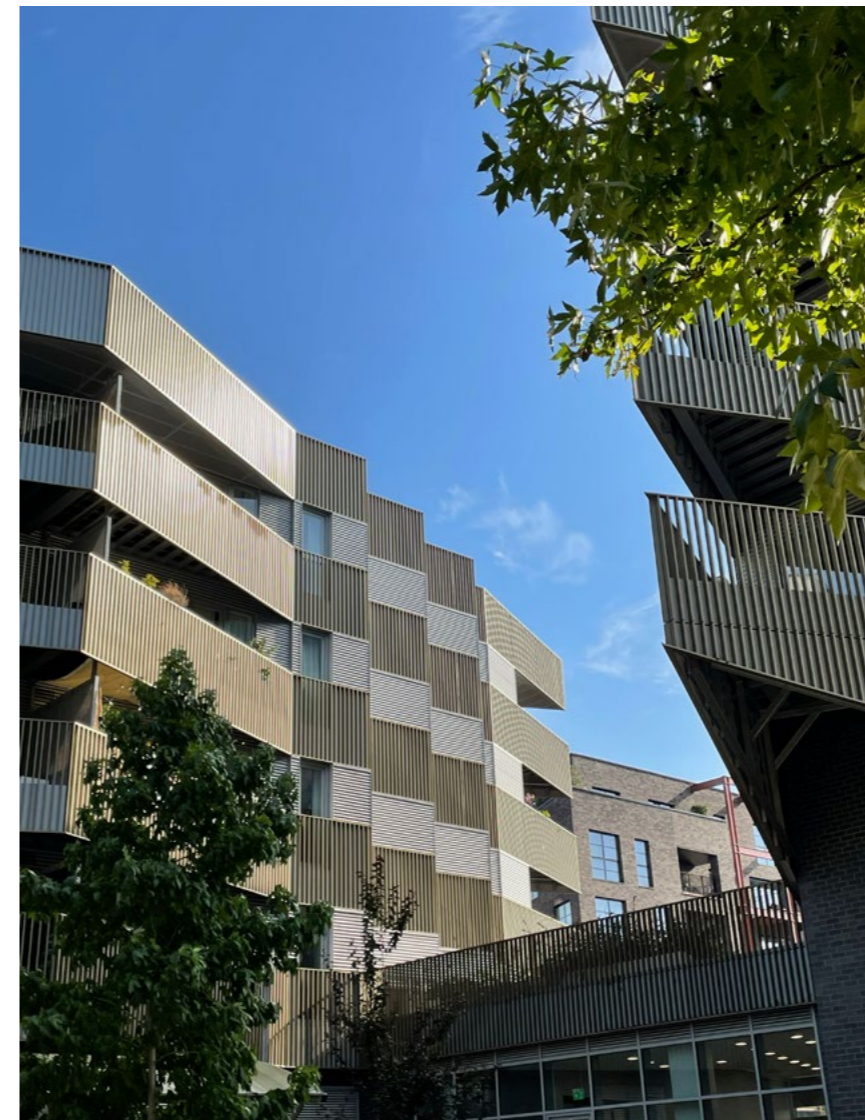
1. Use of proceeds
2. Process for project evaluation and selection
3. Management of Proceeds
4. Reporting

The Framework aligns with internationally recognised principles and guidelines issued by the International Capital Market Association (ICMA) and the Loan Markets Association (LMA). These industry bodies provide a set of voluntary guidelines and our Framework aligns with the following principles:

1. Green Bond Principles 2021 (GBP) (with June 2022 Appendix I)
2. Social Bond Principles 2023 (SBP)
3. Sustainable Bond Guidelines 2021 (SBG)
4. Green Loan Principles 2023 (GLP)
5. Social Loan Principles 2023 (SLP)

By aligning with both ICMA and LMA, we deepen our commitment and contribution to the SDGs. Combined with our ESG reporting and wider strategic approach, Places for People's activity works to directly support nine SDGs. This is outlined in the graphic on the right.

Sustainable Development Goals	ICMA/LMA	SRS
SDG 1: No Poverty	✓	
SDG 7: Affordable and Clean Energy	✓	
SDG 8: Decent Work and Economic Growth		✓
SDG 10: Reduce Inequality		✓
SDG 11: Sustainable Cities and Communities	✓	✓
SDG 12: Responsible Consumption and Production		✓
SDG 13: Climate Action	✓	✓
SDG 15: Life on Land		✓
SDG 16: Peace, Justice and Strong Institutions		✓



## 1. USE OF PROCEEDS

As a registered provider working within a regulatory environment, we make a positive impact on Customers' lives by providing affordable, quality homes in vibrant Communities supported by a variety of social and Community services. We also pro-actively help to reduce carbon emissions in the built environment, ensuring our homes are sustainable for the long term.

As a result, the proceeds of this Framework meet the requirements of both Social, Green and Sustainability listed bonds, private placements or term loans. Where a term loan is multi-tranche, Places for People will identify and distinguish which tranches will be financing eligible projects.

In accordance with the ICMA and LMA principles, amounts equivalent to the net proceeds raised under this Framework will be used to finance or refinance, in whole or in part, assets according to the eligibility criteria in the table on the next page.



Primary Benefit	Eligible Projects (ICMA / LMA Category)	Use of Proceeds Eligibility Criteria	Reference Financial	Potential Impact Metrics	Applicable SDG	SRS Alignment <sup>3</sup>	EU Taxonomy
Social	Affordable Housing <sup>1</sup> (Target population: low income or homeless households including supported living)	Construction of new affordable homes	Capex <sup>2</sup>	Number of new homes acquired and delivered	<u>ICMA</u> SDG 1: No Poverty SDG 7: Affordable and Clean Energy SDG 11: Sustainable Cities and Communities SDG 13: Climate Action  <u>SRS</u> SDG 10: Reduce Inequality SDG 11: Sustainable Cities and Communities	Theme 4: Affordability and Security  Theme 7: Resident Support  Theme 8: Placemaking	-
		Acquisition of affordable homes		Number of existing affordable homes benefiting from renovation			
		Renovating of existing affordable homes	Asset value	The social enhancement of customers through retrofitting <sup>4</sup>			
		Refinancing of existing affordable homes		Number of customers positively impacted by the delivery of new homes			
Green	Green Buildings	Construction of new homes with an EPC rating of B or above	Capex	Number of new homes meeting EPC B or above	<u>ICMA</u> SDG 7: Affordable and Clean Energy SDG 13: Climate Action  <u>SRS</u> SDG 12: Responsible Consumption and Production SDG 13: Climate Action SDG 15: Life on Land	T1: Climate change  T2: Ecology  T3: Resource Management	Climate change mitigation
		Retrofitting of existing homes to improve the energy efficiency of the property	Capex	Avoided CO2 emissions (tCO2e)	<u>ICMA</u> SDG 7: Affordable and Clean Energy  <u>SRS</u> SDG 12: Responsible Consumption and Production SDG 13: Climate Action SDG 15: Life on Land	T1: Climate change  T2: Ecology  T3: Resource Management	



<sup>1</sup> Based on the definitions of "low cost rental accommodation" and "low cost home ownership accommodation" in the Housing and Regeneration Act 2008

<sup>2</sup> Capex includes all relevant capital expenditure including the cost of construction or refurbishment

<sup>3</sup> [sustainabilityforhousing.org.uk/latest-srs-criteria/](https://sustainabilityforhousing.org.uk/latest-srs-criteria/)

<sup>4</sup> Where retrofitting work performed on homes does not qualify for Energy Efficiency







## 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

The eligible projects outlined in this Framework have measurable social and environmental benefits to Places for People, our Customers and stakeholders. We are seeking to invest in, and grow, our portfolio nationally and across different local authority areas across the UK. The selected projects are also derived from our Environmental Sustainability Strategy.

**To select the most suitable projects, members of the ESG Working Group on Finance will be responsible for:**

- overseeing the Framework's implementation and reviewing and updating the content to reflect changes in ICMA and LMA principles, guidelines and other regulatory frameworks and taxonomies
- selecting/reselecting and approving eligible projects under this Framework
- monitoring compliance of the eligible projects under the Framework
- overseeing any social and environmental risks associated with eligible projects
- development of mitigants should adverse material risks associated with selected projects transpire

**Members of this Group include:**

- Tax and Treasury Director
- Head of Treasury
- The Group ESG team
- Data and delivery leads in Assets and Investments
- Data and delivery leads in Developments
- Data and delivery leads in Places Impact

This Working Group reports directly into the ESG Management Group chaired by the Group's Chief Commercial Officer. It reports quarterly into the Executive and the Board.

Finance has overall responsibility for the Framework. With delegation to the Tax and Treasury Director, the Group Executive Director – Finance is responsible for managing the funds raised, refinancing existing assets and reporting to the Group ESG groups. The Group has appropriate accounting and financial management systems to track and report on eligible projects and to verify whether net proceeds have been fully allocated.

The ESG Working Group for Finance is also responsible for the oversight of any social or environmental risks associated with the eligible projects. Where relevant, mitigants will be developed to address any possible materially adverse social and/or environmental risks associated with the selected projects.

Developments is responsible for identifying and delivering new affordable housing schemes that meet the Framework's eligibility criteria and can therefore be funded using the proceeds. The definition of affordable housing is as per the Housing and Regeneration Act 2008. They are also responsible for identifying whether the construction of new homes meets the eligibility criteria of Green Buildings.

The Assets and Investments team is responsible for establishing whether the acquisition and/or retrofitting of affordable housing meets the Framework's eligibility criteria.

Assets or acquired homes must meet the UK Government's definition of affordable housing. They are also responsible for identifying whether the renovation of existing homes enables them to avoid and reduce carbon emissions, as per the eligibility criteria.

## 3. MANAGEMENT OF PROCEEDS

Places for People intends to allocate amounts equivalent to the proceeds from any sustainable debt instruments to an eligible project portfolio, selected in accordance with the Framework's use of proceeds criteria. The Group has appropriate accounting and financial management systems to monitor the allocation of proceeds. This is the responsibility of the Treasury team.

The ESG Working Group for Finance will seek to ensure the eligible project portfolio exceeds, or is at least equal to, the sustainable proceeds raised under this Framework.

Eligible projects will be reviewed annually to ensure continued eligibility, and projects will be substituted if they no longer meet the use of proceeds criteria or have been disposed of in the normal course of business. It is expected that an amount equal to the net proceeds will be allocated within 24 months following the receipt of proceeds.

Although we intend to raise finance for new projects, we may need to use the proceeds for refinancing activity and the Framework supports this. Additionally, should we seek to assign proceeds to existing eligible projects related to Opex, these will be no more than 36 months old.

Unallocated funds will be either held as cash, placed on deposit (in compliance with Places for People's treasury policy) or used to optimise our overall debt position, pending the allocation to eligible projects.

## 4. REPORTING

We intend to produce an allocation report and an impact report, providing an annual update on the anticipated social and environmental impact, where feasible, of the eligible projects which have been financed in accordance with the sustainable debt instrument.

The allocation report will be produced annually, within 12 months from when the sustainable debt instrument is issued, until full allocation of the net proceeds. Any modifications of the allocation portfolio will be reported in a timely manner.

**The allocation report will state:**

- the amount of total proceeds from issuance
- the total amount of proceeds allocated to each project and the type of financial reference
- the amount and/or percentage of new and existing projects (new financing or refinancing)
- a description of each project
- the balance of unallocated proceeds.

As stated above, Places for People has an established mechanism to disclose and report on ESG performance annually, all of which is published on the Group's website.



## 6 External review

Sustainalytics has been commissioned by Places for People as Second Party Opinion (SPO) to confirm the Framework aligns with:

- the principles and guidelines of ICMA and LMA
- Places for People's sustainability strategy

This SPO is available on the Group's website.

Where the Framework is used for a transaction, Sustainalytics will also independently review the allocation report to ensure net proceeds have been allocated in accordance with the Framework.



## 7 Disclaimer

This section sets out the basis on which this Sustainable Finance Framework (the Document) is provided.

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