

VIVID Housing Ltd.

Type of Engagement: Sustainability Bond Pre-Issuance Review

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Introduction

In 2022, VIVID Housing Ltd. (“VIVID” or the “Issuer”) developed the VIVID Sustainable Financing Framework 2022 (the “Framework”)^{1,2} under which it intends to issue sustainability debt instruments (including but not limited to loans, public bonds, private placements, and revolving credit facilities) aimed at refinancing projects or assets related to Green Buildings, Energy Efficiency, Clean Transportation, Affordable Housing and Access to Essential Services, such as education and vocational training, healthcare, and financial services (VIVID Plus).

In May 2025, VIVID engaged Sustainalytics to review the projects it intends to refinance through the sustainability debt instruments issued under the Euro Medium Term Note Programme in the UK (“the “Nominated Projects”) to provide an assessment on whether the Nominated Projects comply with the Use of Proceeds, Project Selection and Management of Proceeds criteria of the Framework.

Evaluation Criteria

Sustainalytics evaluated the Nominated Projects as to whether:

1. They meet the use of proceeds eligibility criteria in the Framework.
2. The commitments to select projects, manage proceeds and report on allocation and impact meet the ones described in the Framework.

Appendix 2 provides a summary of the Nominated Projects.

Issuing Entity’s Responsibility

VIVID is responsible for providing accurate information and documentation relating to the Nominated Projects, including a description of the projects. This information was provided to Sustainalytics to support its review. VIVID is also responsible for confirming to Sustainalytics that the processes for project selection and management of proceeds will remain aligned with the commitments in the Framework.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of the sustainability debt instruments. The work undertaken as part of this engagement included verification of the Nominated Projects and confirmation from representatives of VIVID that the use of proceeds, processes for project selection and management of proceeds for the sustainability debt instruments will remain aligned with the commitments described in the Framework.

Sustainalytics has relied on the information and the facts presented by VIVID with respect to the Nominated Projects. Sustainalytics is not responsible, nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by VIVID.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment.

Conclusion

¹ VIVID, “Sustainable Financing Framework”, (2022), at: <https://www.vividhomes.co.uk/media/3317/sustainable-financing-framework-2022.pdf>

² DNV Group AS provided a second-party opinion on the Framework in September 2022. “Sustainable Financing Framework, Second Party Opinion”, (2022), at: <https://www.vividhomes.co.uk/media/3316/sff-second-party-opinion-2022.pdf>

Based on the limited assurance procedures conducted,³ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the Nominated Projects are not aligned with the Framework.

³ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of projects and assets, including description, estimated and realized costs, and impact, as provided by the issuing entity, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendix 1: Use of Proceeds Eligibility Criteria of the Sustainable Financing Framework

ESG Theme	Use of Proceeds	Eligibility Criteria
Social	Affordable Housing	<p>Expenditure relating to the construction, refurbishment modernisation and acquisition of affordable housing (including 'shared ownership')</p> <p>Refinancing of existing social and affordable housing (including 'shared ownership')</p> <p>Expenditure relating to the prevention of homelessness.</p>
	Access to Essential Services	Expenditure relating to providing access to essential services, including health, education and vocational training, mentoring, healthcare, financing and financial services.
Environmental	Green Buildings	<p>Financing the development of buildings which achieve an EPC rating of 'B' or 'A'.</p> <p>Refinancing of existing buildings with an EPC rating of 'B' or 'A'</p>
	Energy Efficiency	Investing in the retrofit of existing homes in order to improve the EPC ratings by at least 2 EPC bands, or to uplift the Energy Efficiency score (or reducing consumption) of a building by at least 30%, or result in an expected minimum rating of EPC B
	Clean Transportation	<p>Financing the procurement or deployment of clean transportation</p> <p>Financing the construction, extension and/or improvement to core sustainable transport infrastructure.</p>

Appendix 2: Summary of the Nominated Projects

Use of Proceeds Category	Project Description	Projected Allocation (million GBP)		
		2022-23	2023-24	2024-25
Green buildings	New homes built that achieved a minimum EPC rating of A or B.	63.89	93.08	81.24
Energy Efficiency	Expenditure on homes with EPC rating improvement of any of: (a) at least two bands (b) minimum EPC B (c) SAP score improvement >30%.	-	0.35	0.13
Clean transportation	Amount invested in construction, extension and/or improvement to core, sustainable transport infrastructure.	0.19	0.02	-
	Amount invested in Electric/ Low Emission vehicles.	-	0.06	0.29
Affordable Housing	Cost of homes built or acquired, in compliance with the Government definition of affordable housing.	254.49	430.43	379.07
Access to Essential Services	Expenditure related to providing access to essential services, including health, education and vocational training, mentoring, healthcare, financing and financial services (VIVID Plus).	2.66	2.51	2.38
Total		321.22	526.45	463.11
		1,310.78		

Appendix 3: Impact from the Nominated Projects

Use of Proceeds Category	Key Performing Indicator	Actual Impact		
		2022-23	2023-24	2024-25
Green buildings ⁴	Number of new homes built that achieved a minimum EPC rating of A or B.	158	119	182
Energy Efficiency	Number of homes with EPC rating improvement of any of: (a) at least two bands (b) minimum EPC B (c) SAP score improvement >30%.	-	55	21
	Number of new homes delivered using modern methods of construction.	-	-	106
Clean transportation	Number of electric vehicles charging points installed.	12	29	-
	Number of low emission fleet vehicles procured for employees and customers.	28	1	-
	Percentage of VIVID fleet that is electric / zero-emission.	8	8	8
Affordable Housing	Number of homes built or acquired, in compliance with the Government definition of affordable housing.	1,229	1,402	1,217
	Number of homeless people, or people from local authority waiting lists, that have been provided with newly built affordable housing.	284	684	377
Access to Essential Services	Number of meals funded.	19,880	19,592	27,602
	Number of jobs started from the training provision.	288	329	141
	Number of people granted specialist addiction or mental health support, via the charity VIVID Plus.	127	185	125
	Number of customers supported by VIVID's Tenancy Support service.	-	2,835	2,667
	Amount of additional income secured for VIVID customers, through benefits advice (GBP Thousands)	5,785	10,316	14,350

⁴ The reported impact figures represent the outright sales units. Cumulatively, VIVID has delivered a total of 98% homes (including the reported figures for Green Buildings, Energy Efficiency, and Affordable Housing) over the last three years that have achieved EPC B or above. The corresponding figures for the total units that achieved EPC B or above for 2022-23, 2023-24, and 2024-25 are 1338, 1514, and 1478 units, respectively.

Appendix 3: Sustainalytics' Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the Nominated Projects to determine if they meet the use of proceeds eligibility criteria in the Framework.	All projects reviewed (Appendix 2) complied with the use of proceeds eligibility criteria.	None
Project Selection and Management of Proceeds Criteria	Verification of the Nominated Projects to determine if the processes for project selection and management of proceeds are consistent with the Framework.	VIVID has confirmed to Sustainalytics that the processes for project selection and management of proceeds for the sustainability debt instruments are consistent with the commitments described in the Framework.	None

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