

VIVID HOUSING LIMITED SUSTAINABLE FINANCING FRAMEWORK 2022

DNV INDEPENDENT ASSESSMENT

Scope and Objectives

Vivid Housing Limited (henceforth referred to as “Vivid” or the “Group”) is one of the UK’s largest developers of affordable homes with a focus on promoting social equality and supporting the vulnerable in society, across the South-East of England (Berkshire, Hampshire, Surrey, and West Sussex), owning around 33,000 homes and serving approximately 72,000 people.

The Group has set the ambition to build an additional 17,000 homes by 2030¹. Its regional presence enables Vivid to foster strong relationships with key stakeholders, such as local authorities, contractors, and suppliers. These features enable the Group to provide the best services and support for its customers, and to deliver the right types of homes where they are needed the most.

Vivid also has a charitable arm, VIVID Plus, which provides additional long-term support to customers and communities through programmes, including, but not limited to, those that focus on promoting social equality and supporting the vulnerable (e.g. tackling homelessness, investing in secure and safe communities /neighbourhoods) and reducing stigma around social housing.

Vivid has advocated its commitment to adapt and address the most prevalent environmental and social challenges facing the Group – such as making its homes more energy efficient, becoming a net zero-carbon business, making all homes affordable and working to address the issue of homelessness given the impact of Covid-19. Vivid’s commitment to Sustainability can further be observed, as the Group was an early adopter of the Sustainability Reporting Standard for Social Housing (SRS) and has committed to reporting against this annually in its ESG report.

To achieve this DNV Business Assurance Services UK Limited (henceforth referred to as “DNV”) has been commissioned by Vivid to provide a review of the Sustainable Financing Framework, against the International Capital Market Association’s (“ICMA”) Green Bond Principles 2021 (“GBP”), Social Bond Principles 2021 (“SBP”) and Sustainability Bond Guidelines 2021 (“SBG”), and the Loan Market Association’s (“LMA”) Green Loan Principles 2021 (“GLP”) and Social Loan Principles 2021 (“SLP”).

Our methodology to achieve this is described under ‘Work Undertaken’ below. We were not commissioned to provide independent assurance or other audit activities. No assurance is provided regarding the financial performance of the Sustainable Financing Instruments as issued via the Company’s Framework, the value of any investments, or the long-term environmental or social benefits of the associated transactions. Our objective has been to provide an assessment that the Framework has met the criteria established on the basis set out below.

Responsibilities of the Management of VIVID and DNV

The management of Vivid has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform Vivid’s management and other interested stakeholders in the Framework, as to whether the Framework is aligned with the principles set out by the GBP, SBP, SBG, GLP and the SLP. DNV’s assessment is supplemented with international guidelines and standards, as well as DNV’s own technical expertise to assess sustainability eligibility.

In our work we have relied on the information and the facts presented to us by Vivid. DNV is not responsible for any aspect of the projects or assets referred to in this opinion, and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by Vivid used as a basis for this assessment were not correct or complete.

¹ VIVID homes | About us ([online](#))

Basis of DNV's opinion

We have adapted our eligibility assessment methodology to create a Vivid-specific Sustainable Finance Framework Eligibility Assessment Protocol (henceforth referred to as "Protocol"). Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion.

As per our Protocol, the criteria against which the Framework has been reviewed are grouped under the four Principles:

- **Principle One: Use of Proceeds.** The Use of Proceeds criteria are guided by the requirement that the Sustainable Financing Instruments must use the funds raised to finance eligible activities, that should produce clear green, social and sustainable benefits.
- **Principle Two: Process for Project Evaluation and Selection.** The Project Evaluation and Selection. Evaluation criteria are guided by the requirements that an issuer of a Sustainable Financing Instrument should outline the process it follows when determining the eligibility of an investment using the proceeds and outline any impact objectives it will consider.
- **Principle Three: Management of Proceeds.** The Management of Proceeds criteria are guided by the requirements that the Sustainable Financing Instruments should be tracked within the issuing organisation, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.
- **Principle Four: Reporting.** The Reporting criteria are guided by the recommendation that at least annual reporting should be provided on the use of proceeds until all have been allocated, and that quantitative and/or qualitative performance indicators should be used, where feasible.

Work undertaken

Our work constituted of a high-level review of the available information provided to us by Vivid in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us.

The work undertaken to form our opinion, included:

- Creation of a Vivid-specific Protocol, adapted to the purpose of the Framework, as described above;
- Assessment of documentary evidence provided by Vivid on the Framework and supplemented by high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Discussions with Vivid's management and a review of relevant documentation and evidence related to the criteria of the Protocol; and
- Documentation of findings against each element of the criteria as detailed in [Schedule 2](#) of this document.

Our opinion, as detailed below, is a summary of these findings.

Findings and DNV's opinion

DNV's findings are listed below, with further detail provided in [Schedule 2](#).

1. Principle One: Use of Proceeds.

DNV confirms that an amount equivalent to the net proceeds from the Sustainable Financing Instruments (including, but not limited to, loans, public bonds, private placements, and revolving credit facilities) as issued under the Framework, will be used to (re-)finance, in part or in full, the following eligible green and/or social projects (the "Eligible Projects"):

Eligible Green Project Categories:

- Green buildings.
- Energy efficiency.
- Clean Transportation.

Eligible Social Project Categories:

- Affordable Housing.
- Access to Essential Services.

The performance criteria for each of the eligible project under the associated categories as listed above, and within the Framework, are further defined in [Schedule 1](#) of this opinion.

For the eligible green projects, we can confirm that Vivid has specified the suitable eligibility criteria, such as green building certifications (EPC rating of A or B) to represent an improved or achieved level of energy performance. Vivid has also included criteria to increase investment into clean transportation, such as financing the procurement and deployment of low-emitting vehicles procured, and the number of electric charging points installed. DNV concludes that the eligible green categories and the associated projects as described above, and in Schedule 1 of this opinion, will positively contribute to the low carbon transition and are in line with the GBP and GLP.

For the eligible social project categories, Vivid has also outlined the appropriate criteria within the Framework and has confirmed that the proposed projects proposed will support the Group in addressing the growing cost of the living crisis, and the need for affordable housing. In addition, we can also confirm that the Group's definition of "affordable housing" aligns with that set out in the UK Government's Policy Statement on Rents for Social Housing (2008)². DNV concludes the eligible social categories as described above, and the associated projects as described in Schedule 1 of this opinion, are in line with the SBPs and SLPs.

Vivid has also mapped the eligible green and social projects to the stated United Nations (UN) Sustainable Development Goals (SDGs), specifically: Goal #1 (no poverty), Goal #2 (Zero Hunger), Goal 3 (Good Health and Well-Being), Goal #4 (Quality Education), Goal #7 (Affordable and Clean Energy), Goal #11 (sustainable cities and communities) and Goal #12 (Responsible Consumption and Production) - in which the eligible green and/or social projects are expected to contribute towards.

DNV concludes that the eligible green and social project categories as described within the Framework by Vivid, and the example projects provided to DNV, are consistent with those listed by the GBPs, GLPs, SBGs, SBPs and the SLPs, and that such projects will provide clear environmental and/or social benefits.

2. Principle Two: Process for Project Evaluation and Selection.

DNV can confirm that Vivid has specified the eligibility criteria for each type of eligible green and social project in the Use of Proceeds section of its Framework. There is a robust decision-making process behind the approval of the eligible green and social projects that fall within the respective categories, taking into account a comprehensive set of parameters, as outlined in the Framework.

Vivid has a "Projects Approvals Committee" (PAC) which is responsible for approving expenditure on major projects that will support the Group's Development Strategy, Corporate Plan and planned improvements programme.

The PAC oversee the following ICMA/LMA Green and Social Eligible Projects:

- Affordable Housing.
- Energy Efficiency.
- Green Buildings.
- Clean Transportation.

The Committee meets on a monthly basis (except when breaking for major holiday seasons), and comprises a range of senior Vivid members and representatives from a broad selection of relevant industries. This is detailed further in Schedule 2.

The "Vivid Plus Board" evaluates and selects projects that fall under the remaining category, "Access to Essential Services". This Board is responsible for approving projects that supports Vivid's place making activity and its community investment strategy. The Vivid Plus Board meets at least quarterly and comprises of senior members of the business (the CEO, the Chief Operating Officer (COO), a non-executive director, and two Vivid customers).

Vivid also confirmed that both the Project Approvals Committee and the Vivid Plus Board report to the Group Board for Vivid Housing Ltd, who manages any potentially material ESG risks via the Group's risk management system.

DNV concludes the eligible green and/or social projects to be financed by future issuances will be appropriately evaluated, selected, managed, and reported on, as outlined within Vivid's Framework, and that they meet the requirements of the GBPs, GLPs, SBGs, SBPs and the SLPs.

3. Principle Three: Management of Proceeds.

DNV can confirm that Vivid has committed to ensuring the amounts represented by the eligible projects will at least be equal to, in full or in part, to the amount of finance raised under the Framework. We can confirm that the proceeds will be matched and tracked to debt at the identifiable cost centres, and on an internal register to prevent double counting of eligible projects.

For each eligible project, Vivid will track:

² https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/781746/Policy_Statement.pdf

- A brief description of the project financed.
- The amount of proceeds allocated to the project.
- The expected impact.

Vivid has a “Treasury Committee” that meets quarterly and is made up of members with ESG, financial and/or banking backgrounds, and is responsible for overseeing the Group’s treasury strategy and providing assurance on the funding decisions.

This Committee has overall responsibility for the following:

- Overseeing the allocation of expenditure on all eligible projects.
- Ensuring that the proceeds are appropriately utilised.
- Obtaining external verification of the eligible expenditure, where appropriate.
- Publishing an annual impact report or ESG report, that shows the eligible expenditure and the outcomes; and
- Reviewing the framework regularly and providing updates to reflect any changes in the business or investor expectations.

Vivid has reported in the Framework that it will hold any unallocated proceeds as issued under the Framework, as cash deposits or in sterling-denominated money market funds. We can confirm that this is in line with the Group’s Treasury Management Policy.

The Group has also committed to allocate the net proceeds (or an amount equivalent to those net proceeds) to eligible green and/or social projects within 24 months following receipt. For Capex and Opex spend, a lookback period of up to 36 months will be applied, prior to the receipt of the debt. In the case whereby an asset no longer is classified as “eligible” under the criteria set out in the Framework, that asset will be removed from the Eligible Project Portfolio and the Group will endeavour to replace the asset as soon as reasonably practicable.

We can confirm that the exclusion criterion has also been outlined in the Framework. Under the eligible green project category, the use of proceeds will not be used for properties with an EPC rating of C or below. Under the eligible social category, properties must not be developed for open market sale, or rent at market rates. A market sale property, for instance, could be classified under the ‘green building’ category if it had an EPC rating of A or B, but it would not be deemed eligible under the ‘affordable’ project category.

DNV concludes that there is a clear process in place for the management of proceeds as outlined within the Framework, and that this meets the requirements of the GBPs, GLPs, SBGs, SBPs and the SLPs.

4. Principle Four: Reporting.

Vivid has committed to providing information on both the allocation of its proceeds, and on the green and/or social impacts of the projects financed, in a statement as part of its annual ESG report until the proceeds have been fully allocated.

DNV can confirm that Vivid’s allocation report will include information on:

- A description of the outstanding Sustainable Financing debt Instruments.
- Net proceeds outstanding from the Sustainable Financing.
- Amount of proceeds allocated to Eligible Projects.
- Split between Social and Green allocation.
- Amount of unallocated proceeds (if any); and
- A complete list of Eligible Projects financed by the outstanding Sustainable Financing.

To demonstrate the ongoing environmental and social impact of the Group, Vivid has also committed to reporting on the green and/or social impacts of the Sustainable Financing Instruments financed (the eligible projects/assets), in addition to reporting on the broader initiatives and project delivery (particularly through VIVID Plus), in an Impact Report.

Relevant metrics may include, for instance:

Green Buildings:

- Number and cost of new homes built that achieved a minimum EPC rating of A or B.
- Number of existing homes refinanced that achieved a minimum EPC rating of A or B.

Energy Efficiency:

- Number and expenditure thereof to improve the EPC rating of on existing homes by at least two bands.
- Number and expenditure to improve a building's SAP/ Energy Efficiency score by at least 30%, or an improvement in the EPC rating to Band B.
- Number of new homes delivered using modern methods of construction (e.g. modular housing).

Clean transportation:

- Number and proportion of low emission fleet vehicles procured for employees and customers.
- Number of electric vehicle charging points installed.
- % of Vivid fleet that is electric / zero-emission.
- Amount invested in the construction, extension and/or improvement to core, sustainable transport infrastructure.

Affordable Housing:

- Number and cost of homes built, acquired or refinanced, in compliance with the Government definition of affordable housing.
- Number of homeless people, or people from local authority waiting lists, that have been provided with newly built affordable housing.

Access to Essential Services:

- Number of people granted access to food bank services.
- Number of jobs started from the training provision.
- Number of people granted specialist addition or mental health support, via the charity VIVID Plus.
- Number of people at risk of homelessness helped through mentoring.
- Amount of additional income secured for Vivid customers, through benefit advice.

DNV concludes that Vivid has made the appropriate plans to produce reporting on both the allocation and the impact of future Sustainable Financing Instruments issued, and this is aligned with the requirements as listed under the GBPs, SBPs, SBGs, GLPs and the SLPs.


On the basis of the information provided by Vivid and the work undertaken, it is DNV's opinion that the Framework meets the criteria established in the Protocol, and that it is aligned with the stated definitions of green bonds within the GBP 2021, social bonds within the SBP 2021, sustainability bonds as stated within the SBG 2021, green loans within the GLP 2021, and social loans within the SLP 2021.

for DNV Business Assurance Services UK Limited

London, 16 September 2022.

A handwritten signature in black ink, appearing to read "Niki Bowen".

Niki Bowen (PhD)
Senior Consultant and Project Manager
DNV – Business Assurance

A handwritten signature in black ink, appearing to read "Shaun Walden".







Shaun Walden
Head of Sustainable Finance and Reviewer
DNV – Business Assurance

About DNV



Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.


With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 12,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

Schedule 1: Description of activities to be financed under the framework

ICMA / LMA Eligible Project Categories	Description of projects to be financed / Proposed Impact metrics	Financial Line Item	SDG Alignment
Eligible Green Project Categories:			
Green buildings	<p>(Re-)Financing the development of new buildings, and modernisation of existing buildings in the UK, to meet national standards or certifications for environmental performance:</p> <p>New Homes:</p> <ul style="list-style-type: none"> Number and cost of new homes built which achieve a minimum rating of EPC rating of 'B³ or A'. <p>Existing Buildings:</p> <ul style="list-style-type: none"> Number and cost of existing homes refinanced with an EPC rating of 'B or A'. 	Capex, Asset Value	  
Energy efficiency	<p>Financing the improvement of energy efficiency across Vivid's housing stock, which includes a commitment to achieve:</p> <p>New Homes:</p> <ul style="list-style-type: none"> Number of new homes delivered using modern methods of construction, such as modular housing. <p>Existing homes:</p> <ul style="list-style-type: none"> Number and expenditure of uplifting the EPC rating of a building by at least two bands. Number and expenditure of uplifting the SAP/Energy efficiency score by at least 30%, or results in an expected minimum rating of 'EPC B'. 	Capex, Opex	  

³ EPC Ratings Guide | UK Government ([online](#))

<p>Clean transportation</p>	<p>Financing the procurement and delivery of clean transportation, and/or the construction, extension and/or improvement to core sustainable transport infrastructure:</p> <ul style="list-style-type: none"> • Number and proportion of low-emitting vehicles procured for employees or customers. • Number of electric vehicle charge points installed. • Percentage (%) of fleet that is electric or zero-emission. 	<p>Capex, Opex</p>	
<p>Eligible Social Project Categories:</p>			
<p>Affordable Housing</p>	<p>(Re-)financing the construction, refurbishment, modernisation and acquisition of affordable housing (including shared ownership) in the UK, in addition to expenditure relating to the prevention of homelessness, including:</p> <ul style="list-style-type: none"> • Number and cost of homes acquired in compliance with the government's definition for affordable housing. • Number of homeless people, or people from local authority waiting lists, provided with newly built affordable housing. <p>The population targeted identified, eligible for affordable homes as defined by Vivid, are those persons that fall within the following demographics:</p> <ul style="list-style-type: none"> • Living below the poverty line. • Excluded or marginalised. • Those with disabilities. • Migrants/displaced persons. • Underserved, owing to a lack of quality access to essential goods and services. • Undereducated. • Women and/or sexual and gender minorities. • Aging populations and vulnerable youth. <p><i>Note: Projects align with the definition for social housing as set out in the UK Government's Policy Statement on 'Rents for Social Housing'. Vivid has also aligned with the UK Government definition for affordable housing.</i></p>	<p>Capex, Asset Value</p>	

<p>Access to Essential Services</p>	<p>Expenditure relating to providing access to essential services, including health, education and vocational training, mentoring, healthcare, financing and financial services.</p> <p>Activities and projects related to this may include, for instance:</p> <ul style="list-style-type: none"> • Number of people granted access to food bank services. • Number of jobs started from the training provision. • Number of people granted specialist addition or mental health support, via the charity VIVID Plus. • Number of people at risk of homelessness helped through mentoring. • Amount of additional income secured for Vivid customers, through benefit advice. 	<p>Opex</p>	
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Schedule 2: Vivid-specific Sustainable Finance Framework Assessment Protocol

1. Use of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Types of Financing Framework	<p>The Green/Social/Sustainable Bond must fall in one of the following categories, as defined by the Green/Social/Sustainable Bond Principles:</p> <ul style="list-style-type: none"> • Use of Proceeds Bond • Use of Proceeds Revenue Bond • Project Bond • Securitised Bond <p>Green/Social/Sustainable Loans are defined as any type of loan instrument made available exclusively to finance or re-finance, in whole or in part, new and/or existing Eligible Sustainable Projects.</p>	<p>In addition to reviewing the evidence below, we had several detailed discussions with Vivid.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> • Vivid’s Sustainable Financing Framework 2022. 	<p>The Framework outlines the type of Use of Proceeds instruments expected to be issued under the Framework as various sustainable finance debt instruments (including but not limited to, loans, public bonds, private placements, and revolving credit facilities), through Green, Social and Sustainability Bonds, and Green and Social Loans (together known as “Sustainable Financing Instruments”). The specific type of Use of Proceeds Instruments will need to be further assessed on an individual basis.</p>

1b	Green/Social Project Categories	The cornerstone of a Green/Social/Sustainability Bond/Loan is the utilisation of the proceeds which should be appropriately described in the legal documentation for the security.	<p>Evidence reviewed:</p> <ul style="list-style-type: none"> • Vivid Sustainable Financing Framework 2022. • Vivid Sustainability Reporting Standard (SRS) for Social Housing. • Vivid “Our Plan 2020-2023” 	<p>Vivid intends to use the proceeds from future issuances, to finance or re-finance, the following eligible categories, and green/social projects:</p> <p>Green Categories:</p> <ul style="list-style-type: none"> • Green Buildings. • Renewable Energy. • Clean Transportation. <p>Social Categories:</p> <ul style="list-style-type: none"> • Affordable Housing. • Access to Essential Services. <p>DNV confirms that the eligible green/social categories and projects, and relevant target populations as stated in the Framework and in <u>Schedule 1</u> of this opinion, are consistent with the GBP, SBP, SBG, GLP and SLP guidelines.</p> <p>We can conclude that the specific type of sustainable financing instruments will need to be further assessed on an individual basis. All issuances will be reviewed annually for impact and allocation reporting.</p>
1c	Green/Social/Sustainable benefits	All designated Green and/or Social Project category should provide clear environmentally sustainable or social benefits, which, where feasible, will be quantified or assessed by the issuer.	<p>Evidence reviewed:</p> <ul style="list-style-type: none"> • Vivid Sustainable Financing Framework 2022. • Vivid Sustainability Reporting Standard (SRS) for Social Housing. • Vivid “Our Plan 2020-2023” • Vivid ESG Report 2021-22 (online) 	<p>Vivid has provided a description of the types of eligible green and/or social projects that it intends to (re-)finance under the Framework. Vivid has also stated that it will prioritise the projects that it feels will best support its progress towards delivering on the UN SDGs, as well as the corresponding ICMA/LMA-eligible project categories.</p> <p>To make the benefits quantifiable, Vivid has provided a detailed list of potential impact metrics.</p> <p>We can confirm Vivid has clearly outlined how it intends to support the performance and assessment of eligible projects by following the vision and focus points. The Framework also recognises the need for compliance with the applicable</p>



				<p>environmental and social laws and regulations, which are evolving.</p> <p>The evidence reviewed gives us the opinion that future issuances to be issued under the Framework will deliver clear social and/or environmental benefits.</p>
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2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Investment-decision process	The issuer of a Green/Social/Sustainability Bond/Loan should outline the decision-making process it follows to determine the eligibility of projects using Bond/Loan proceeds	<p>Evidence reviewed:</p> <ul style="list-style-type: none"> Vivid Sustainable Financing Framework 2022. Case Studies included in the Framework. Vivid Sustainability Reporting Standard (SRS) for Social Housing. Vivid “Our Plan 2020-2023” Vivid Treasury Management Policy 2022. Vivid ESG Report 2021-22 (online). 	<p>DNV can confirm Vivid has specified the eligibility criteria for each type of green/social projects in the Use of Proceeds table of its Framework.</p> <p>All projects submitted for approval must quantify the expected outcomes in line with the Use of Proceeds criteria. Eligible projects will be assessed by either:</p> <ol style="list-style-type: none"> “Project Approvals Committee” (PAC): evaluate and select projects that fall under the relevant categories for - Affordable Housing, Energy Efficiency, Green Buildings, Clean Transportation. “Vivid Plus Board”: evaluate and select projects that fall under the relevant category for - “Access to Essential Services.” <p>The PAC meets on a monthly basis, and comprises of the following persons:</p> <ul style="list-style-type: none"> The Chief Executive Officer (CEO). The Chief Financial Officer (CFO).



Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<ul style="list-style-type: none"> • A Non-Executive Director. • A range of representatives from across the business may also be drawn on from time to time, including: <ul style="list-style-type: none"> ○ Development. ○ Asset Management. ○ Sales. ○ Sustainability. ○ Treasury. <p>The Vivid Plus Board meets quarterly and comprises of the following persons:</p> <ul style="list-style-type: none"> • The Chief Executive Officer (CEO). • The Chief Operating Officer (COO). • A Non-Executive Director. • Two Vivid customers. <p>Both the PAC and the Vivid Plus Board follow the same governance process, and report into the Group Board for Vivid Housing who is responsible for managing potential material ESG risks, via the Group’s risk management system.</p> <p>We can conclude that the process managed by both the PAC and the Vivid Plus Board will support Vivid in assessing all potential eligible projects and identifying any potential risks and opportunities early on.</p> <p>DNV concludes that the activities to be financed by future issuances will be appropriately evaluated, selected, managed, and reported on as outlined within Vivid’s Framework, and that they have met the requirements under the GBP, SBP, SBG, GLP and the SLP.</p>



Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2b	Issuer's environmental and social governance framework	In addition to information disclosed by an issuer on its Green/Social/Sustainability Bond/Loan process, criteria and assurances, investors may also take into consideration the quality of the issuer's overall framework and performance regarding environmental sustainability.	<p>In addition to reviewing the evidence below, we had several detailed discussions with Vivid.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> • Vivid Sustainable Financing Framework 2022. • Vivid Sustainability Reporting Standard (SRS) for Social Housing. • Vivid "Our Plan 2020-2023" • Vivid ESG Report 2021/22 (online). 	<p>DNV has reviewed the evidence showing Vivid's process will be supported by a robust governance framework, and aligns with the Group's wider commitment towards the environment and society through its long-term ESG commitments, as outlined within its ESG report.</p> <p>We can also confirm that the Framework aligns with two core ESG areas, as highlighted by Vivid's strategic priorities:</p> <ol style="list-style-type: none"> 1. Create thriving communities: Commitment to investing in customers and communities, building social cohesion in the community through partnerships that improve employment, empowerment, and health and well-being outcomes. 2. Climate Crises – creating a sustainable future: Commitment to recognising and reducing carbon emissions. Vivid's Roadmap to Net Zero outlines the organisation's ambition to achieve net-zero emissions in their operations by 2030, and net-zero emissions across its supply chains and homes by 2050. <p>Based on the evidence provided it gives DNV the opinion that the Framework is in line with Vivid's wider approach to managing environmental and social sustainability.</p>



3. Management of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure	The net proceeds of a Green/Social/Sustainability Bond/Loan should be credited to a sub-account, moved to a sub- portfolio, or otherwise tracked by the issuer in an appropriate manner and attested to by a formal internal process that will be linked to the issuer’s lending and investment operations for Green/Social Projects.	<p>Evidence reviewed:</p> <ul style="list-style-type: none"> Vivid Sustainable Financing Framework 2022. Vivid Treasury Management Policy 2022. 	<p>DNV concludes that the Framework commits Vivid to the tracking of the proceeds in an appropriate manner, and that this is attested to by a formal process.</p> <p>Vivid has confirmed in the Framework there is a Treasury Committee in place who will be responsible for:</p> <ul style="list-style-type: none"> The selection and approval of eligible projects, and general oversight of the eligible project’s portfolio within their respective ICMA/LMA eligible categories. Exclusion of eligible projects which no longer comply with the Framework criteria or have been disposed of and replaced on a best-efforts basis. Tracking and reporting of net proceeds. Ongoing monitoring of the Framework criteria, updating this to align with market and regulatory developments. <p>In the Framework, Vivid has also reported how projects fit within the categories identified and how the proceeds will be matched and monitored, in relation to specific eligible projects.</p>
3b	Tracking procedure	So long as the Green/Social/Sustainability Bonds/Loans are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible Green/Social/Sustainability investments	<p>Evidence reviewed:</p> <ul style="list-style-type: none"> Vivid Sustainable Financing Framework 2022. Vivid Treasury Management Policy 2022. 	<p>We can confirm that Vivid has a clear process in place for tracking the balance of the net proceeds, accounting for any disbursements. Vivid has also laid out its intention to allocate an amount equivalent to the net proceeds from its eligible projects within 24 months of issuance. A look-back period of up to 36 months prior to the time of debt issuance will also be applied.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		or loan disbursements made during that period.		
3c	Temporary holdings	Pending such investments or disbursements to Eligible Projects, the issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	<p>Evidence reviewed:</p> <ul style="list-style-type: none"> • Vivid Sustainable Financing Framework 2022. • Vivid Treasury Management Policy 2022. 	<p>DNV concludes that Vivid has appropriately disclosed how it will manage any unallocated proceeds within its portfolio. Vivid has confirmed that any unallocated funds will be held as cash deposits or in sterling-denominated money market funds, or used for short-term repayment of other debt facilities, until the allocation of the proceeds can be made to an eligible project. This in line with the Company's Treasury Management Policy.</p> <p>If an asset is no longer eligible under the criteria, Vivid has confirmed that it will be removed from the eligible project Portfolio, and that the Group will endeavour to replace the asset, as soon as reasonably and practicable to do so.</p> <p>We can also confirm that Vivid has specified the applicable exclusion criterion within the Framework, and has stated that the use of proceeds will not be used for:</p> <ul style="list-style-type: none"> • Green Buildings Category - properties with an EPC rating of C or below. • Social Project Categories - properties developed for open market sale or rent at market rates.

4. Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Periodical reporting	In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, issuers should provide at least annually a list of projects to which Bond, and where appropriate Loan proceeds, have been allocated including - when possible, with regards to confidentiality and/or competitive considerations - a brief description of the projects and the amounts disbursed, as well as the expected environmentally sustainable impact.	<p>Evidence reviewed:</p> <ul style="list-style-type: none"> • Vivid Sustainable Financing Framework 2022. • Case Studies provided in the Framework. • Vivid Sustainability Reporting Standard (SRS) for Social Housing. • Vivid “Our Plan 2020-2023” • Vivid ESG Report 2021-22 (online). 	<p>We can confirm that Vivid has committed to both annual reporting on the allocation of the net proceeds, and the impact of the sustainable, green and social projects, to be financed. This will be included as a statement in Vivid’s annual ESG report, providing investors (and alike) with the relevant information on the selected projects, including impact information on the environmental and/or social benefits of the selected projects financed.</p> <p>Allocation reporting will include:</p> <ul style="list-style-type: none"> • Net proceeds outstanding from the Sustainable Financing. • The amount of proceeds allocated to Eligible Projects. • The split between Social and Green allocation. • The amount of unallocated proceeds (if any). • A complete list of Eligible Projects financed. <p>Impact reporting will include:</p> <p>Green Buildings:</p> <ul style="list-style-type: none"> ○ Number and cost of new homes built that achieved a minimum EPC rating of B or A. ○ Number and cost of existing homes refinanced that achieved a minimum EPC rating of B or A. <p>Energy Efficiency:</p> <ul style="list-style-type: none"> ○ Number and expenditure to improve the EPC rating of existing homes by at least two bands. ○ Number and expenditure to improve a building’s SAP/ Energy Efficiency score by at least 30% or



Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>by two bands to obtain a minimum EPC rating of B.</p> <ul style="list-style-type: none"> ○ Number of new homes delivered using modern methods of construction (e.g. modular housing). <p>Clean transportation:</p> <ul style="list-style-type: none"> ○ Number and proportion of low emission fleet vehicles procured for employees or customers. ○ Number of electric charging points installed. ○ % of fleet that is electric/ zero-emission. <p>Affordable Housing:</p> <ul style="list-style-type: none"> ○ Number and cost of homes built, refinanced, or acquired, that comply with the Government definition of affordable housing. ○ Number of homeless people, or people from local authority waiting lists, that have been provided with newly built affordable housing. <p>Access to Essential Services:</p> <ul style="list-style-type: none"> ○ Number of people granted access to food bank services. ○ Number of jobs started from the training provision. ○ Number of people granted specialist addition, or mental health support, via the charity VIVID Plus. ○ Number of people at risk of homelessness helped through mentoring. ○ Amount of additional income secured for Vivid customers through benefit advice.



Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>In addition, as part of its Annual ESG reporting and to bring to life the impact of the projects financed, as part of its impact reporting, case studies may also be provided.</p> <p>DNV can confirm Vivid's intent to provide information on the impact and data reporting methodologies applied by the Issuer. In addition, Vivid's approach to impact reporting may be updated over time to align with emerging reporting standards and methodologies.</p>