



Orbit Group

Sustainable Finance Framework

January 2023



building
communities

orbitgroup.org.uk

1. Introduction

1.1 About Orbit

Orbit Group (“Orbit”), established in 1967, is a leading housing provider, with homes to rent and buy across the Midlands, East & South East, including London. Orbit provides a range of maintenance and support services to more than 100,000 residents that help enrich the lives of its customers.

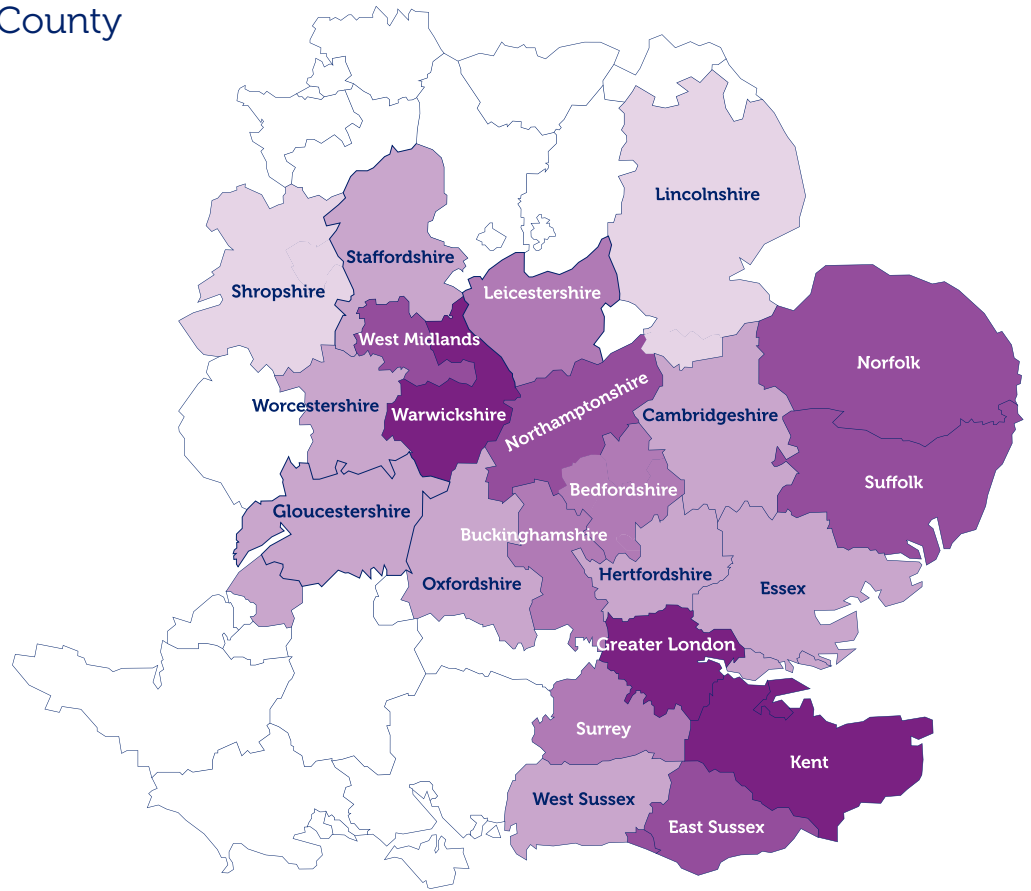
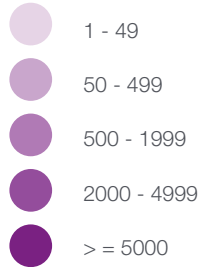
Combining a focused commercial outlook with a clear social purpose means that Orbit’s Registered Providers can re-invest the profit that we make to deliver our vision. We plan to increase our investment in the communities where we work, the homes that we build and manage, the services we offer and the careers of our people. All of this will be delivered in full recognition of the global environmental crisis and ensuring that Orbit reduces its impact across homes, services and offices.

Orbit manages a total portfolio of around 46,000 properties. 66% are general needs properties and offer the most vulnerable people in our society a home to live in. The majority of Orbit’s stock portfolio consists of houses, low rise flats and bungalows. Orbit continues to invest in the building safety of its stock, as it is our highest priority that our residents feel safe in their homes. As at March 31, 2022, Orbit was 100% in compliance with all regulatory safety checks and 99.9% of its homes were compliant with the Decent Homes Standard.

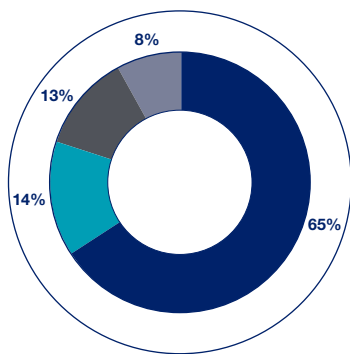


Orbit Properties by County

Number of Properties

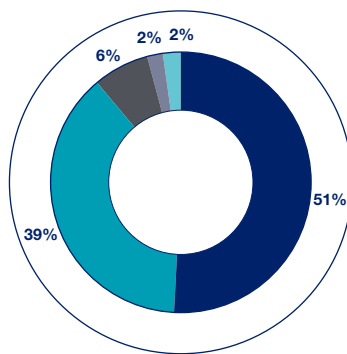


Units by number



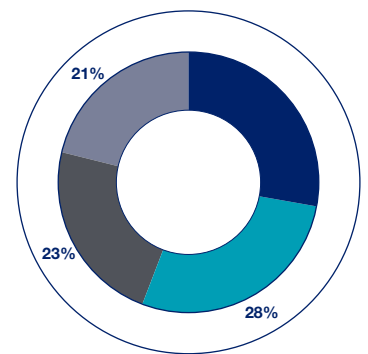
- 30,021 General Needs
- 6,721 Leasehold and Other
- 6,083 Shared Ownership
- 3,510 Supported Housing

Stock by type



- 23,559 House
- 18,098 Flats
- 2,976 Bungalow
- 957 Maisonette
- 915 Bedsit

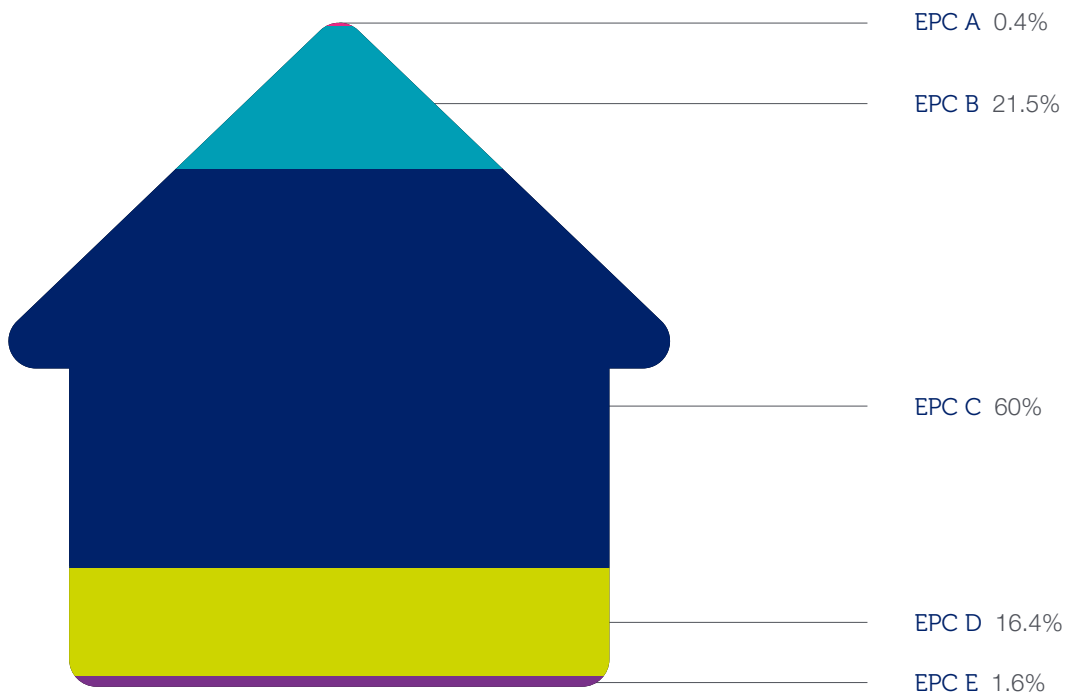
Rental income



- 28% Housing Benefit
- 28% Direct Debit
- 23% Other (Standing orders, cheques etc.)
- 21% Swipe Card

EPC distribution

Orbit's portfolio of properties exhibits strong sustainability credentials with 82.2% of Orbit's homes rated EPC C or above. This high level not only underscores Orbit's environmental objectives but also its social purpose, as sustainable homes help residents to save on fuel bills in turbulent financial times.



1.2 Orbit's values and vision

Vision

Orbit's vision is to "Lead in building thriving communities". Orbit believes everyone is entitled to a good quality home that they can afford, in a place that they are proud to live. Over 100,000 people live in Orbit homes and the aim is to ensure the homes provided are good quality, affordable and safe. Orbit plays an active part in its neighbourhoods, supporting local economies and social activity within communities.

Values

Orbit delivers its vision through a values-led, performance driven cultures. Orbit's values are: driven, innovative, responsible, invest and achieving together. Orbit's employees demonstrate these values every day when working with customers, colleagues and partners. It is Orbit's values-based culture that makes Orbit different and drives long term sustainability.



Invest

We are passionate about making profit for a purpose. The things which change people's lives are the focus of our investments; and sharing our experience and knowledge with each other is the key to our success. This helps ensure Orbit delivers on its ambition to have fantastic people, quality homes and great communities and to make every day a better day.



Innovative

We always take the opportunity to improve and learn. We enjoy working together to solve problems. Being passionate about providing added value to our customers means we will naturally explore to understand what great looks like. We value the knowledge, skills, ideas and capabilities our people bring to Orbit, and together we will create inspirational teams committed to being the best.



Achieving Together

We value the talents of every person and work together with passion, energy and strength to overcome challenges and achieve together.



Driven

We are dynamic and performance focused, and fully committed to delivering Orbit's vision. We work together to achieve our goals and to improve products, services, and processes. We are prepared to be bold and try something new, and we celebrate our progress as we achieve success.



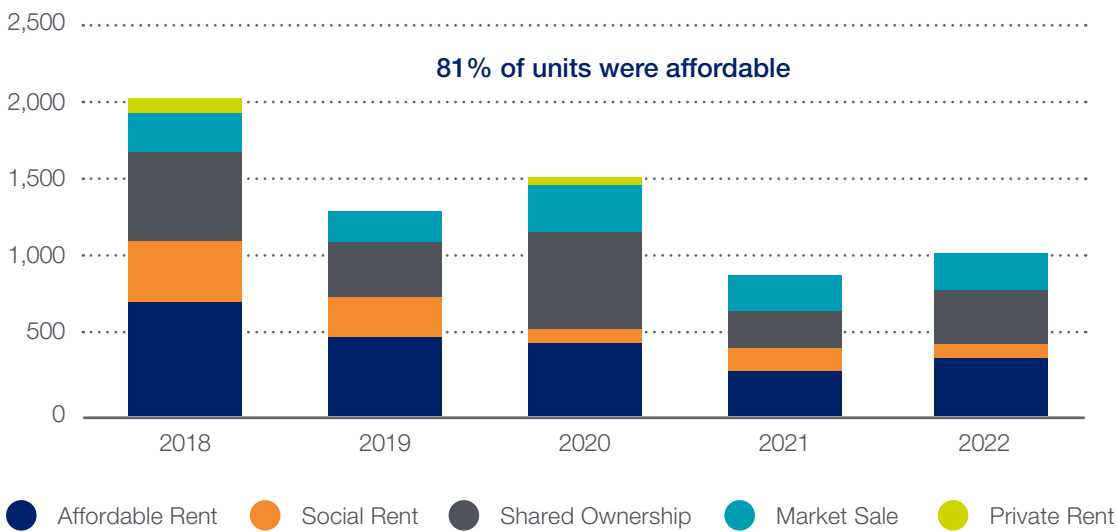
Responsible

We care about the safety, equality and prosperity of our people, communities and environment. Our employees are dedicated to our common purpose and take accountability for the delivery of their part in our overall mission. We evaluate the impact of our work, understand how to target our investments and think critically to improve, ensuring we make the right changes for the right reasons.

1.3 Addressing the housing crisis

In 2021, there were about 1.2 million households in England on the housing waiting list¹. Orbit is committed to help tackling the housing crisis by aiming to build over 1,000 new affordable homes every year. In the last 5 years, Orbit has delivered 6,677 new homes of which 81% were affordable.

New Homes Built by tenure



Maintaining and increasing the supply of affordable homes is core to Orbit’s purpose. To support the fight against the housing crisis, Orbit announced the **Orbit 2025 Strategy** in 2020, aiming to build 6,500 new homes over 5 years. The Orbit 2025 strategy is designed to reinforce its position as a sector leading organisation. It builds on the successful platform already established, investing in a better customer experience, more affordable homes, greater value for money and maintains Orbit’s position as a leading employer. All of this will be delivered with risk, compliance and the environment being integral to everything Orbit does.

Orbit increased its land-led development pipeline to further its placemaking ambition, whilst it continues to invest in its existing homes to ensure they meet the Orbit standard. At the same time, Orbit is committed to embracing modern methods of construction to drive productivity and reduce the impact on the environment.



¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1084738/LT600.ods

2. Orbit's sustainability strategy

2.1 ESG purpose and objectives

Orbit's activities are underpinned by its Group-wide Environment, Social and Governance (ESG) Strategy, working to create a better society, building affordable homes and doing business in more socially responsible and sustainable ways while lessening its impact on our environment.

Environmental and Social issues are considered throughout the organisation, to improve business performance consistent with Orbit's purpose and values. Orbit's ESG approach is focused

on taking actions on material ESG issues that are measured, monitored and benchmarked. Orbit's management teams and boards have ultimate oversight over these issues, with performance reported on a quarterly basis to the Group Board.

Orbit's approach encompasses ESG objectives that both demonstrate the standards and ambitions of the organisation and are aligned to the United Nations' Sustainable Development Goals (UN SDGs):

Theme	Purpose	Objectives	UN SDGs
Environmental	Actively enhancing the environment, creating and improving places and spaces for communities to thrive	<ul style="list-style-type: none"> • Achieve net zero carbon in our homes • Enhance our green spaces to improve their quality and biodiversity • Transition to a circular economy where resources are sourced, produced, used and disposed of sustainably ✓ Zero avoidable waste in our operations ✓ Support supply chain on their net zero journey 	Goal 7 – Affordable and clean energy Goal 12 – Responsible consumption and production Goal 13 – Climate Action Goal 15 – Life on land
Social	Providing long term affordable homes with the support our customers' need to thrive	<ul style="list-style-type: none"> • Improve mental wellbeing of customers • Increase customers' household income • Increase social value delivery • Develop good quality affordable homes • Increase residents' engagement and involvement 	Goal 1 – No poverty Goal 3 – Good health and well-being Goal 10 – Reduced inequalities Goal 11 – Sustainable cities and communities Goal 16 – Peace, justice and strong institutions
Governance	To be a force for change, enabling our stakeholders to grow with us in a sustainable way through a transparent and inclusive approach	<ul style="list-style-type: none"> • Ensure full health & safety compliance across our homes, people and operations • Deliver a programme to reduce our pay gaps • Build partnerships with stakeholders to support positive change for society and the environment 	Goal 5 – Gender Equality Goal 8 – Decent work and economic growth Goal 9 – Industry, innovation, and infrastructure Goal 17 – Partnerships for the goals

Through this ESG-led approach, Orbit aims to be a more resilient, relevant and better business - one that is fit to lead in building thriving communities.

Orbit's commitment to the wider society and environment is central to its mission and vision. Operating responsibly is key to its ethos, as is enabling its contractors and suppliers to operate responsibly too.

Environmental Impact

Orbit constantly looks at all areas of the business to see where it can make positive changes to reduce its negative environmental impact. From construction to day-to-day maintenance of its properties, management of its offices as well as the partners it works with, it believes that protecting the environment is everyone's responsibility.

Orbit's approach to protecting the environment and embedding sustainability is set out under four themes:

Theme	Objective	Action
Climate action	To become net zero carbon in our own operations by 2030 and in our homes and supply chain before 2050	<p>We have set a target of becoming Net Zero Carbon in our own operations by 2030 (scope 1+2), consisting of a 50% reduction in greenhouse gas emissions and offsetting of the unavoidable emissions thereafter.</p> <p>We have made a commitment to ensure all our homes are rated EPC C or above by 2030.</p> <p>82% of our portfolio currently meets this measure (an increase of 2% on 2021) and we continue to invest in our homes to improve their energy performance as part of our annual portfolio investment programme alongside targeted decarbonisation projects.</p> <p>For more information, see https://orbitgroup.org.uk/media/2650/net-zero-carbon-roadmap.pdf</p>
Enhancement of green spaces	Improve quality of our outdoor spaces and enhance biodiversity	<p>We have committed to managing 30% of our outdoor spaces for nature's recovery by 2030. This is an innovative target with the underlying methodology developed in partnership with the Wildlife Trusts and pilot across four representative estates in 2021.</p> <p>Estates will be selected for enhancement each year through the commitment period with improvements ranging from changes in maintenance regime, to diverse native planting and habitat creation.</p>
Responsible partnerships	Develop and manage a sustainable supply chain	Supporting social enterprise partnerships, working with likeminded organisations, and supporting our supply partners in the pursuit of their ESG goals.
Waste generation	Avoidable waste generation in our operations to become zero	Orbit has recently developed a new waste management procedure and site waste management plan to better collate data and targeted suppliers and contractors for engagement on resource efficiency. We are also integrating this better into our environmental policy and Orbit Earth programme. Orbit has increased its work with the National Wood Project and Recycling Lives which has had positive impacts on our waste performance metrics and social value generation.

Orbit is committed to continually improving its environmental performance by setting environmental objectives and targets. Orbit constantly monitors and reports its progress both externally and internally and listens and engages with a wide range of stakeholders so that it can strengthen its environmental credentials and continue to make a positive impact on society.

Social Impact

As a leading developer of affordable homes, Orbit has contributed to tackling the housing shortage in the UK by constructing nearly 12,000 new homes since 2013. Orbit's original strategic partnership with Homes England in 2018 provided £129 million of grant funding to build an additional 2,762 new affordable homes by 2024. A further £104 million of grant funding was obtained in 2021 to provide an additional 1,500 homes by 2026. Moreover, since 2013, Orbit has invested £45.3 million (over £4 million per year) back into its communities.

Orbit's "Thriving Communities" activities and outcomes are delivered through its Better Days programme. These work alongside Orbit's core operations, providing both community and business benefits. Examples of outcomes of the Better Days programme and how we support our customers throughout the year 2021/22 include

- £2.7 million of additional investment into communities through working with partners
- £8.6 million in social value created
- Invested a total of £5.4 million into our communities
- 1,400 customers evidenced an improvement in mental wellbeing
- 219 customers evidenced improved confidence with IT through digital support
- Total amount of customer debt managed is £760,000
- Total amount of additional income for customers is £495,000

Governance

Everything Orbit does is underpinned by its rigorous approach to governance and risk assurance and compliance. Orbit is proud of the high standards achieved in these areas. The Board is responsible for governing the affairs of Orbit Group and Orbit as a whole and meets formally at least five times a year for regular business and at other times to discuss strategic issues.

In their latest credit opinion of 3 November 2022, Moody's acknowledged Orbit's Governance as a credit strength by labelling it "adept" and stating that "Orbit's governance structure is straightforward and simple".

Orbit's governance arrangements continue to be robust and effective, confirmed by its G1 and V2 regulatory rating.

Our Tenancy Sustainment team has supported 6,737 customers to improve their lives by coaching and inspiring them to manage and take ownership of their tenancies in an ever changing and demanding world. Examples of outcomes of this programme in the year 2021/22 include

- 211 jobs secured in which customer were on average better off £536.98 per month
- £10.5 million in social value created





2.2 ESG commitments and targets

In order to support our commitment to sustainability and to drive our performance around the responsible business agenda, we have set out a range of ambitious commitments, targets and key performance indicators, aligned to the UN SDGs. To further underscore our commitment to sustainability, we have determined challenging timelines to achieve the ambitious targets.

ENVIRONMENT

Commitment 1 - Net zero Become Net Zero Carbon in our own operations (scope 1 & 2) by reducing 50% from our 2018/19 baseline and offsetting the remainder.

	20/21	21/22	22/23	23/24	24/25	25/26	26/27	7/28	28/29	29/30
NET ZERO CARBON IN OUR OWN OPERATIONS	21%	33%								50%
100% PROPERTIES AT EPC C AND ABOVE	79%	82%								100%

Legend: ■ Actual ■ Expected

Commitment 2 - Biodiversity 30% of our outdoor spaces are supporting nature's recovery by 2030.

	20/21	21/22	22/23	23/24	24/25	25/26	26/27	7/28	28/29	29/30
SUPPORTING NATURE'S RECOVERY	17%									30%

Legend: ■ Actual ■ Expected

SOCIAL

Commitment 1 - Customer Support Provide services that support our customers' quality of life

	20/21	1/22	22/23	3/24	24/25
NUMBER OF CUSTOMERS WITH IMPROVED MENTAL WELLBEING	1356	2756			6000
INCREASED HOUSEHOLD INCOME	£1.53m	£2.83m			£8.7m
SOCIAL IMPACT FROM OUR BETTER DAYS PROGRAMME	£8.2m	£16.9m			£40m

Legend: ■ Actual ■ Expected

Commitment 2 - Affordable Housing Maximise number of new homes that are affordable

	20/21	21/22	22/23	3/24	24/25
NUMBER OF AFFORDABLE HOMES BUILT	6581	394			4429

Legend: ■ Actual ■ Expected

Commitment 3 - Residents' Voice Involve our diverse customers in shaping our services

	20/21	1/22	22/23	3/24	24/25
NUMBER OF CUSTOMERS ENGAGED IN SHAPING OUR SERVICES	376	1458			3752
NUMBER OF YOUNGER CUSTOMERS ENGAGED IN SHAPING OUR SERVICES	80	203			1117

Legend: ■ Actual ■ Expected

GOVERNANCE

Commitment 1 - Health & Safety Compliance Lead in Health & Safety compliance in our homes, new builds, and for our colleagues

	20/21	21/22	22/23	3/24	24/25
KEEPING OUR EMPLOYEES SAFE AT ALL TIMES IN THEIR ENVIRONMENTS	■	■			
KEEPING OUR CUSTOMERS SAFE AT ALL TIMES IN THEIR HOMES	■	■			
ALL NEW DIRECT BUILD HOMES DEVELOPED TO ROSPA SAFETY STANDARDS	■	■			

Legend: ■ Actual ■ Expected

Orbit's commitments and targets are the latest culmination of its focus on sustainability, which already includes a number of important milestones. In 2020, Orbit signed up as an early adopter to the **Sustainability Reporting Standard (SRS)** for Social Housing in the UK. This standard was developed through a multi-stakeholder consultation including housing associations and the investor community. The Standard was developed to outline themes specifically relevant to the UK Housing Sector.

Orbit published its first annual **ESG Report** in September 2021 and its latest **ESG Report** was produced in October 2022. Orbit is one of a small number of Housing Associations that published information against all the core and the enhanced criteria, showing its commitment to transparency.

More details on Orbit's commitment to Sustainability can be found in our annual ESG report, which is available on our website (orbitgroup.org.uk/our-esg-strategy)

3. Orbit Sustainable Finance Framework

As a registered provider of affordable housing, Orbit is committed to its social purpose, and provides housing for target populations underserved by the UK commercial housing market as designated by the UK Regulator of Social Housing (RSH). All its investments and expenditures are dedicated towards this purpose.

In alignment with its ESG strategy, Orbit has elected to create a Sustainable Finance Framework (the “Framework”), under which it can undertake sustainable financing transactions (public bonds, debt Private Placements, term loans and revolving credit facilities), funding green, social or a combination of expenditures (respectively green, social or sustainability instruments; together “Sustainable Finance Instruments”). The strategy seeks to deliver improved performance for Orbit’s customers, employees, and suppliers, with specific programmes and objectives for each of these stakeholders.

This Framework is developed in accordance with the 2021 ICMA Green Bond Principles (GBP), 2021 ICMA Social Bond Principles (SBP), 2021 ICMA Sustainability Bond Guidelines (SBG), the Green Loan Principles (GLP) and Social Loan Principles (SLP), together the “Principles”. In alignment with these Principles, for each Sustainable Finance Instrument issued, Orbit asserts that it will adopt the following, as set out in this Framework:

- 1) Use of Proceeds
- 2) Process for Project Evaluation and Selection
- 3) Management of Proceeds
- 4) Reporting

This Framework may be updated and amended from time to time in the manner described in Section 4 (Amendments to this Framework) below. Any such updated and amended Framework will be published on Orbit’s website and will replace this Framework. Any Sustainable Finance Instrument subsequently issued will be subject to the updated and amended Framework. In accordance with the Principles, this framework has a target population, being the customer base of Orbit (see section 3.1 Use of Proceeds).



² <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

³ <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/social-bond-principles-sbp/>




⁴ <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-bond-guidelines-sbg/>

3.1 Use of Proceeds



An amount equivalent to the net proceeds raised from any Sustainable Finance Instrument issued under this Framework and excluding grant funding will be allocated, in part or in full, to finance new eligible environmental and social expenditures (“Eligible Projects”) and/or to refinance existing Eligible Projects. The Eligible Projects identified below target social and environmental benefits for the communities that Orbit operates in and the customers Orbit serves, who have been identified as being in need of housing.

Orbit will allocate the net proceeds to capital expenditure (Capex) and/or operating expenditure (Opex), whereby Eligible Projects will have originated no more than three financial years prior to the issuance date of the corresponding Sustainable Finance Instrument.

The table below outlines the eligibility criteria for these Eligible Projects and their alignment with the UN SDGs⁵ and the SRS.



Theme	ICMA Green/Social Bond Principles project category	Eligible Project Category	Eligibility Criteria	Financial Line Item	Alignment with the Sustainability Reporting Standard	Alignment with UNSDGs	Impact metric
Environmental	GBP: Energy Efficiency	Developments	Retrofit, renovation or modernisation of existing properties which achieve an uplift in energy efficiency with two notches to a minimum EPC of C, or a one notch uplift to a EPC A or B. This includes the replacement of gas boilers by green heating sources (such as heat pumps or electrical boilers) and retrofit of homes (insulation, windows, doors, air sealing and energy efficient lighting). Refinancing of green buildings in the UK (EPC B or above)	Capex / Opex	Climate Change	 Target 7.3  Target 9.4	Number of existing homes with an upgraded EPC rating to min. C, B or A
Environmental	GBP: Green Buildings	Developments	Development and construction of properties with a minimum EPC B rating	Capex / Opex	Climate Change	 Target 9.4	Number of new homes with EPC B or above

⁵ UN Sustainable Development Goals - <https://sustainabledevelopment.un.org/?menu=1300>

Theme	ICMA Green/ Social Bond Principles project category	Eligible Project Category	Eligibility Criteria	Financial Line Item	Alignment with the Sustainability Reporting Standard	Alignment with UNSDGs	Impact metric
Environmental	GBP: Environmentally sustainable management of living natural resources and land use	Promoting and supporting biodiversity	Orbit has committed to enhancing its outdoor areas so 30% is available for wildlife, an approach which aligns with the Wildlife Trust's 30by30 campaign. Expenditures may include the flora (trees, hedgerows, wildflower meadows), materials needed to construct raised beds, habitat and shelter for wildlife, installation of sustainable urban drainage features, replacement of hard to soft spaces and path and benches for residents to enhance access for and inclusion of residents.	Capex	Climate Change	 Target 15.5	% of outdoor space supporting nature's recovery and biodiversity, measured by the total land area(sqkm) where habitats have been classified as 'good' or 'excellent' by a biodiversity condition assessment
Social	SBP: Affordable Housing	Developments	Development and construction of affordable properties including both general needs and shared ownership developments, which are at either 20% below local market rents or 20% below market value Units must comply with Government definition of affordable housing ⁶ Target population for affordable rent and Shared Ownership with relevant income threshold: ⁷ Our target population for our affordable properties are persons <ul style="list-style-type: none"> • Living below the poverty line • Excluded and/or marginalised populations and/ or communities • With disabilities • That are underserved in terms of affordable housing • That are ageing 	Capex	Affordability and security	 Target 11.1	Number of new affordable homes

⁶ UN Sustainable Development Goals - <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

⁷ UN Sustainable Development Goals - <https://www.gov.uk/shared-ownership-scheme/who-can-apply>

Theme	ICMA Green/ Social Bond Principles project category	Eligible Project Category	Eligibility Criteria	Financial Line Item	Alignment with the Sustainability Reporting Standard	Alignment with UNSDGs	Impact metric
Social	SBP: Access to essential services	Customer Support Programme	<ul style="list-style-type: none"> • Customer support programmes for: • Well-being and mental health • Employment and career advice • Financial Wellbeing Advice • Digital and online skills <p>Target population: Our target population for our customer support programmes are residents</p> <ul style="list-style-type: none"> • Undereducated in terms of digital and financial skills • That are unemployed • That underserved in terms of assistance with well-being and mental health 	Opex	Resident Support	 <p>Target 8.5</p>	<p>Number of customers who have evidenced an improvement in mental wellbeing, measured using the Warwick-Edinburgh Mental Wellbeing Scale</p> <p>Number of customers in a new employment (full-time, part-time, self-employed or apprenticeship) due to our support programmes</p>
Social	SBP: Socioeconomic Advancement and Empowerment	Tenancy Sustainment	<p>Coaching and support programmes for tenancy sustainment</p> <p>Target population: Our target population for our tenancy sustainment programmes are residents</p> <ul style="list-style-type: none"> • Undereducated in terms of financial skills • Below the poverty line • Undereducated in terms of access to financial support and benefits 	Opex	Resident Support	 <p>Target 10.2</p>	<p>Number of new 'House with support' customers who complete the coaching support programme are measure with number of sustained tenancies at 12 and 18 months</p> <p>Existing customers are measured on rent balance , impact being improved rent balance after 6 months</p>

Target population

Our affordable rented accommodation is primarily let to customers nominated by the relevant local authority. Customers who are deemed eligible for affordable rented homes will meet all eligibility criteria, including financial, and are identified as being in need of social housing

through a number of criteria e.g. homelessness, medical / welfare need, etc. All customers who are allocated social housing meet the criteria of new lettings allocated to low-income households, or lettings with regard to local authority allocation policies.

3.2 Project Evaluation and Selection Process

The Project Evaluation and Selection Process will ensure that the proceeds of any Sustainable Finance Instrument Orbit issues under this framework are allocated to new or existing expenditures that meet the criteria set out above in section 3.1 ('Use of Proceeds').

Orbit has established the Sustainable Finance Framework Steering Panel ("SFFSP") that will be responsible for the evaluation and selection process for Eligible Projects. This Panel is a cross departmental team existing of core members (the Director of Corporate Finance and Treasury, the Business Services Director, the Head of Strategy, the Head of Environmental Sustainability and the Development Finance Director) and ensures a cross-organisational approach when selecting projects that aligns with Orbit's corporate sustainability strategy. The core Panel can be complemented by other senior representatives of Orbit as and when it is deemed appropriate. The SFFSP will report to the Board of Orbit Treasury Ltd. on an annual basis.

The SFFSP will select Eligible Projects from new build development schemes that are approved by Orbit's Development Corporate Investment Group (CIG) or Orbit's Investment Committee (IC). These two committees have delegated authority from the Board to approve and monitor new development projects, which include new build for social and affordable rent, shared ownership and market sales. The Development Finance Director participates in both committees whilst the Director of Corporate Finance and Treasury sits in Development CIG as well as in Orbit's Sustainability Steering Group. This ensures a cross-over of these subcommittees with the SFFSP and guarantees that as part of the approval and ongoing monitoring process, the environmental and social risks and credentials of the new schemes as well as the adherence to Orbit's policies and any applicable laws and regulations are considered by both committees. New development proposals will include biodiversity considerations, environmental impacts of the building works and affordability of the schemes, for example.

Retrofitting of existing properties falls under the responsibility of the Asset Management Corporate Investment Group (AMCIG) and the SFFSP will select projects that have been approved by AMCIG. To identify a decarbonisation project that is both a strategic fit and deliverable, the Strategic Asset Management Team apply a number of filters including fit with agreed strategy and business plan, geographic location, portfolio strategy, alignment to capital investment plan, eligibility with funding criteria (where appropriate), energy performance outcomes, local employment opportunities and established Local Authority relationships. Modelling software is used to inform the selection of properties and calculate current and expected performance outcomes. Projects are governed through formal boards in line with contractual and BEIS requirements and AMCIG retains internal oversight of the project.

The Terms of Reference for the SFFSP include:

- 1) To oversee the establishment of the Sustainable Finance Framework and review the Framework from time to time as seen fit (for example when updated Principles are published) and at least once every 2 years.
- 2) To select and approve the Eligible Projects
- 3) To allocate the net proceeds to the Eligible Projects
- 4) To oversee the Eligible Project portfolio and confirm its continued compliance with Orbit's Sustainable Finance Framework
- 5) Oversight of any social and environmental risks associated with Eligible Projects
- 6) To exclude Projects or investments that no longer comply with the eligibility criteria or have been disposed of and replacing them on a best-efforts basis
- 7) To oversee the implementation and operation of information reporting structures to comply with the reporting requirements under the Framework

The SFFSP will meet on a quarterly basis, or more frequently if required, to review all proposed Eligible Use of Proceeds and to confirm their compliance with Orbit's Sustainable Finance Framework in order to approve the allocation of proceeds.

3.3 Management of Proceeds

The net proceeds will be allocated by the SFFSP to the Eligible Projects identified under the use of proceeds section above. To manage the proceeds of Orbit's Sustainable Finance Instrument, Orbit will establish a Sustainability Financing Register.

The proceeds of each instrument will be earmarked against the pool of Eligible Projects and expenditures identified in the Sustainability Financing Register. At the end of each financial year the net proceeds will be reduced by the amounts invested in Eligible Projects (excluding grants received attached to the projects) within the annual period.

The Sustainability Financing Register will be reviewed annually by Orbit's SFFSP to account for any re-allocation, repayments or drawings on the Eligible Projects and expenditures within the pool. The Sustainability Financing Register will contain relevant information including:

- (1) Details of the Sustainable Finance Instrument: ISIN, pricing date, maturity date, etc.
- (2) Details of Eligible Use of Proceeds, including:
 - Summary detail of Eligible Projects/expenditures to which the proceeds of the Sustainable Finance Instrument have been earmarked in accordance with this Framework;
 - Any unallocated Sustainable Finance Instrument proceeds yet to be earmarked against Eligible Projects/expenditures;
 - Estimated environmental and social impact, where available;
 - Other necessary information

In the event that funds cannot be immediately and fully allocated, or in the event of any early repayment, proceeds will be used in accordance with Orbit's Treasury Management Policy until allocation to Eligible Projects. These uses may include cash deposits, investment in sterling denominated Money Market Funds as well as redemption of short-term debt.



3.4 Reporting

On an annual basis, Orbit will publish an allocation report and an impact report on its Eligible Project Portfolio as part of its annual ESG report. This reporting will be updated annually until the earlier of the date on which the full allocation of the net proceeds of any Sustainable Finance Instrument issued is achieved, or until any relevant Orbit Sustainable Finance Instrument is no longer outstanding.

3.4.1 Allocation Reporting

Orbit will provide information on the Eligible Project Portfolio in its ESG Report. The information will contain at least the following details:

- I.** The total amount of proceeds allocated to each Eligible Project and Eligibility Criteria
- II.** The amount of proceeds allocated by ICMA Project Category and per Sustainable Financing Instrument
- III.** The balance of unallocated proceeds
- IV.** Allocations by refinancing versus new financing

3.4.2 Impact Reporting

In September 2021, Orbit published its first ESG Annual report. Orbit is one of 60 early adopters of SRS which builds upon the 17 UN SDGs for reporting purposes.

In addition, Orbit will provide impact reporting for any Sustainable Financing Instrument under this framework. This will leverage metrics from the SRS, as well as include additional metrics, relevant to the Use of Proceeds, to monitor our performance under the Sustainable Finance Framework. Examples metrics may include, but are not limited to, the metrics tabled in Section 3.1 Use of Proceeds.

4. External Review

Orbit has engaged Sustainalytics to provide an external review in the form of a Second Party Opinion on the Orbit Sustainability Finance Framework and confirm our alignment with the Principles and Guidelines in Section 3.

This Second Party Opinion will be made public at orbitgroup.org.uk.

5. Amendments to this Framework

The SFFSP will review this Framework on a minimum two-year basis, including its alignment to updated versions of the Principles and Guidelines as and when they are released, with the aim of adhering to best practices in the market. Such review may result in this Framework being updated and amended. The updates, if not minor in nature, will be subject to the prior approval of Orbit and Sustainalytics. The updated Framework, if any, will be published on Orbit's website and will replace this Framework.



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