



# Sustainable Finance Framework

February 2025



# 1. Introduction

## 1.1. About Orbit



Orbit was established in 1967 by two people on a park bench contemplating how to tackle homelessness. The passion they felt about the inequality in the access, scale and quality of available housing was channeled into positive action, and Orbit was created.

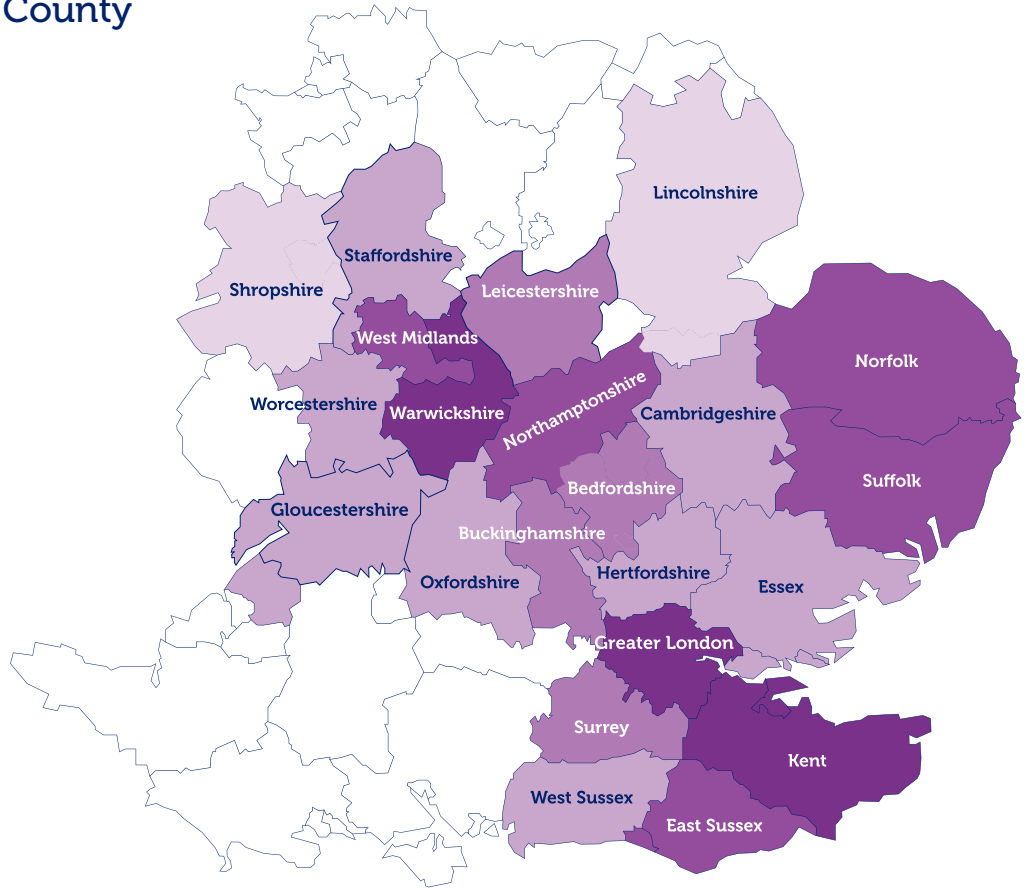
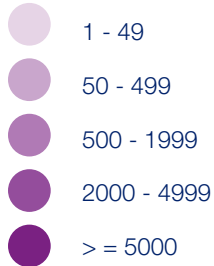
Socially driven and commercially minded, our purpose today is every bit as important as it was when Orbit was founded.

We now manage around 46,000 affordable homes in the Midlands, East and South East, and build around 1,000 new affordable homes every year. Our aim is to ensure the homes we provide and the places we create are good quality, affordable and safe, and we reinvest our surplus to improve the quality of our homes, services and our communities, and provide more much needed affordable housing.

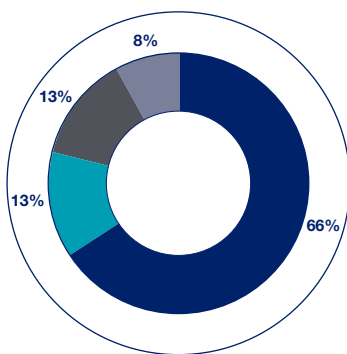


## Orbit Properties by County

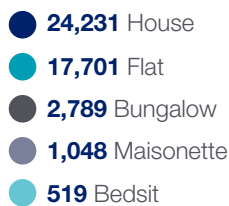
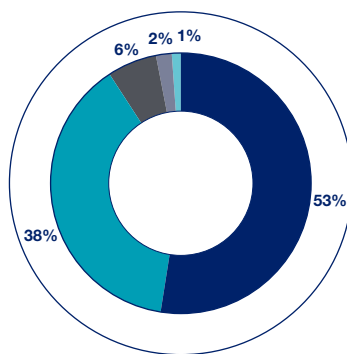
Number of Properties



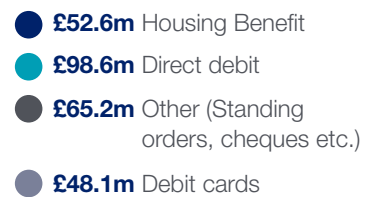
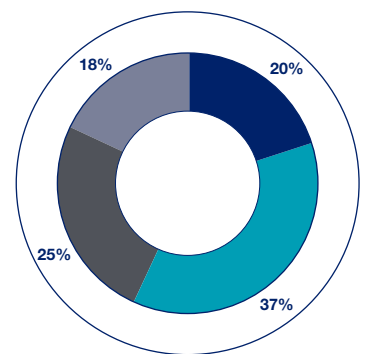
### Units by number



### Stock by type

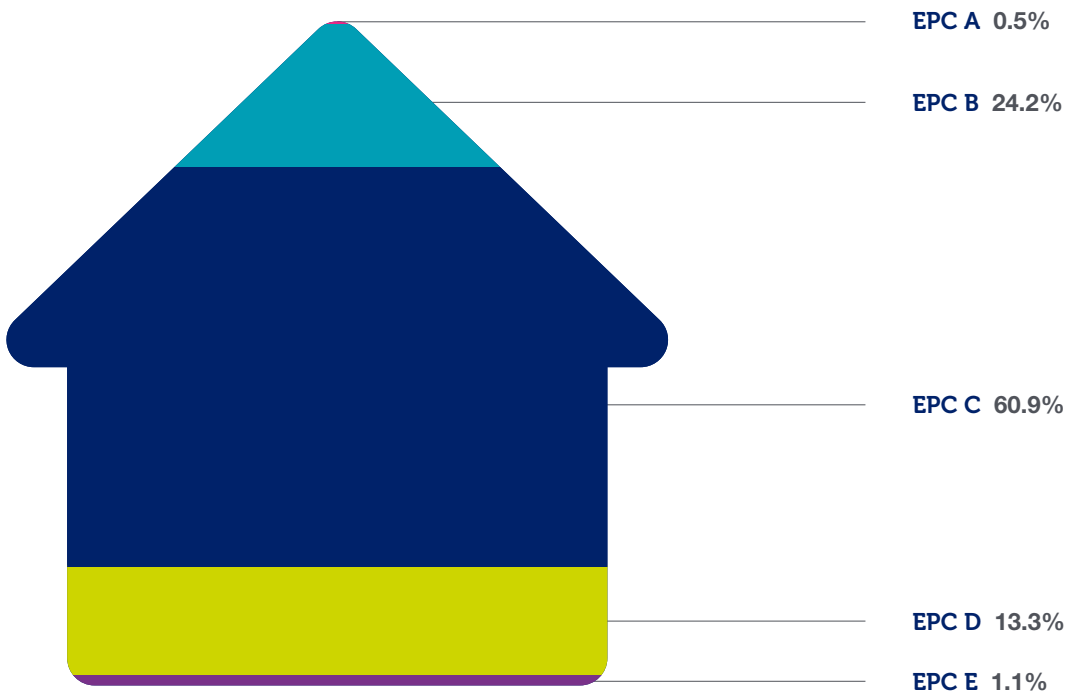


### Rental income



## EPC distribution

Our portfolio of properties exhibits strong sustainability credentials with 85.6% of our homes rated EPC C or above as at 31 March 2024. This high level not only underscores our 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

### Our purpose

We believe everyone is entitled to a good quality home that they can afford, in a place that they are proud to live.

For us, this means providing good quality, affordable and safe homes, and creating inclusive and sustainable neighbourhoods that prioritise the wellbeing and aspirations of residents. It also means helping our customers to sustain their tenancies and providing them with access to services and support to help them improve their opportunities and navigate the challenges that may throw them off course.

### Our Vision

Socially driven and commercially minded, we strive to provide amongst the best customer experience of any housing association in the country by building and maintaining safe, quality homes that our customers love, both sustainably and at scale, supported by excellent customer service. All delivered by happy colleagues who jump out of bed each day to make a social difference.

### Our Values and Commitments

Our customers are at the heart of everything we do and we believe that delivering an excellent experience is key to achieving to our vision. That's why we've defined our Customer Commitments, which reflect what our customers value most from our services.

Our Customer Commitments inform our Values. Developed by colleagues for colleagues, our values shape who we are, what makes us different, and reflect our inclusive culture.

We demonstrate these Values through our Colleague Commitments, the behaviours that shape what we say and do. These set the minimum expectations for all of us and are intended to encourage everyone to aim for positive actions, whatever their role.

Together, these form our Employer Promise, which showcases our pride in being a great place to work, where colleagues are empowered to make a real difference. At Orbit, we're more than just a business - we're a community of people who care.



## Our 2030 Strategy overview



## Our 2030 Strategy

Our ambition is to provide amongst the best customer experience of any housing association in the country, whilst reshaping our approach to create a more sustainable and resilient model for the future. Doing so will allow us to materially increase the positive impact we make now and in the future.

The 2030 Strategy will see us:



### Maintaining homes that our customers love

*Investing in the safety, quality, and energy efficiency of our homes, creating properties our customers love and are proud to live in.*

- Investing in and improving the quality of our existing homes and Independent Living schemes
- Working with our partners to deliver an efficient 'right first-time' repairs service and satisfied customers
- Improving the energy efficiency of our homes, supporting energy affordability and progress to net zero carbon
- Maintaining our neighbourhoods and communal spaces so they are safe places for people to enjoy



### Delivering new and regenerated homes to improve our portfolio and assist in tackling the housing crisis

*Creating new, high quality, affordable housing and regenerating our existing homes, so more people have a great place to call home.*

- Building and regenerating around 5,700 new homes sustainably by 2030
- Creating attractive multi-tenure developments that our customers love
- Improving the energy efficiency of our new homes, supporting energy affordability and progress to net zero carbon
- Pursuing land-led development opportunities to deliver our high quality, sector leading homes and specification
- Regenerating our homes and Independent Living schemes to create long-term, sustainable communities





## Delivering exceptional customer service

*Delivering excellent services to support our customers and ensure a laser-sharp focus on our customers' priorities, and which take account of additional needs.*

- Creating a seamless, omnichannel customer service experience, making it easy for customers to contact us in a way that suits them
- Collaborating with customers to shape our services and policies
- Adapting our services to understand and respond to differing needs
- Continuing to provide a range of services to help customers maximise their potential and maintain their tenancy
- Supporting customers to remain independent in their homes
- Championing and working in partnership with our customers to ensure their voices are heard



## Attracting, retaining, and developing engaged colleagues who share our purpose

*Investing in our people and culture, ensuring we have the right skills, tools, and commitment to deliver our purpose.*

- Increasing investment in training and development programmes, raising individual capability and providing career opportunities
- Ensuring our resources and capabilities drive performance and deliver on our ambitious goals
- Creating a high performance, customer-centric culture which puts the customer at the heart of our decision making



## Making a positive difference to our customers and society

*Maximising the social value we deliver by optimising efficiencies and value for money, so we can do more for our customers and society and deliver more new affordable homes.*

- Demonstrating value for money and driving efficiencies in our operations, systems, and processes
- Making the best resource and person-centred decisions possible.
- Influencing policymakers and stakeholders
- Increasing our localised services and impact



## Creating a sustainable and resilient model for the future

*Creating a more impactful and sustainable organisation for the future by:*

- Optimising our geographical footprint and service delivery.
- Building on our strong relationship with government and Homes England to support future plans for affordable homes.
- Utilising traditional and innovative ways to raise finance to further the delivery of affordable new homes.
- Proactively identifying growth opportunities and partnerships to materially increase the positive impact we make and the number of people we directly support.
- Continuing our 2030 and 2050 decarbonisation plan and supporting customers in the transition to net zero

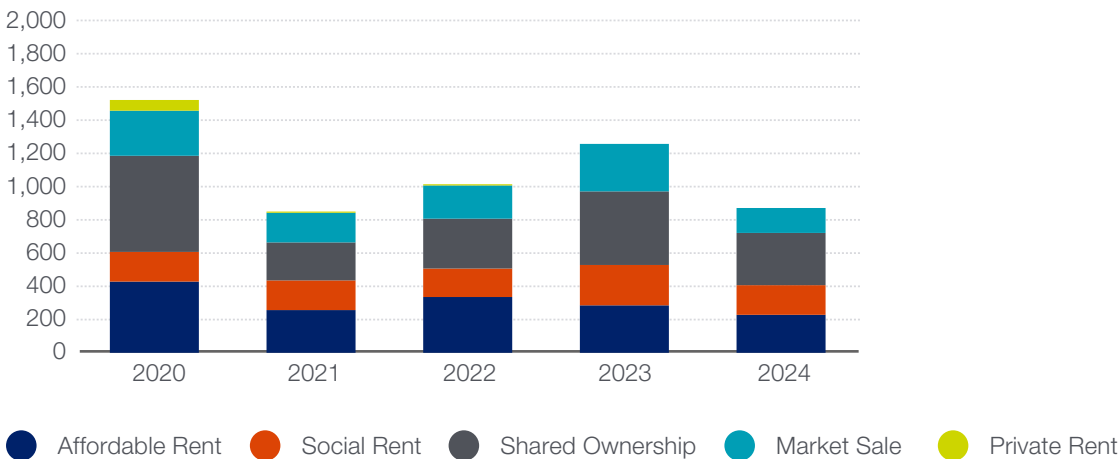


### 1.3. Addressing the housing crisis

With increasing fuel poverty, rising and unaffordable rents, and record numbers of people in temporary accommodation, demand for affordable homes has never been greater and, as of March 31, 2023, approximately 1.29 million households in England were on local authority housing waiting lists. This is the highest figure since 2014 [1].

In the last 5 years, we have delivered 5,508 new homes, of which 83% were affordable, and we remain fully committed to playing our part to help address this UK-wide issue.

#### New Homes Built by tenure



We aim to develop the right homes in the right places and to the right standards to support the needs of customers, and our 2030 Strategy sets out our commitment to build over 5,700 mixed tenure, new homes and regeneration properties between 2024 and 2030.

We will also work with communities to regenerate our poorest performing homes, and continue to invest in the safety, quality, and energy efficiency of our homes, creating properties our customers love and are proud to live in.



1. Ministry of Housing, Communities & Local Government: Social housing lettings in England, tenants: April 2022 to March 2023.

## 2. Orbit's Sustainability Strategy

### 2.1. Sustainability purpose and objectives

Our activities are underpinned by our Group-wide Sustainability Strategy, which sets out our ambition to create a better society, build more affordable homes and to do business in more socially responsible and sustainable ways while lessening our impact on our environment.

Environmental and Social issues are considered throughout the organisation to improve business performance consistent with Orbit's purpose and values. Our sustainability approach is focused on taking actions on material sustainability issues that

are measured, monitored and benchmarked. Our management teams and boards have ultimate oversight over these issues, with performance reported on a quarterly basis to the Group Board.

Our approach encompasses Sustainability 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
<b>Environmental</b>	Actively enhancing the environment, creating and improving places and spaces for communities to thrive	<ul style="list-style-type: none"> <li>• Achieve net zero carbon in our homes</li> <li>• Enhance our green spaces to improve their quality and biodiversity</li> <li>• Transition to a circular economy where resources are sourced, produced, used and disposed of sustainably</li> <li>✓ Zero avoidable waste in our operations</li> <li>✓ Support supply chain on their net zero journey</li> </ul>	Goal 7 – Affordable and clean energy Goal 12 – Responsible consumption and production Goal 13 – Climate Action Goal 15 – Life on land
<b>Social</b>	Providing long term affordable homes with the support our customers' need to thrive	<ul style="list-style-type: none"> <li>• Improve mental wellbeing of customers</li> <li>• Increase customers' household income</li> <li>• Increase social value delivery</li> <li>• Develop good quality affordable homes</li> <li>• Increase residents' engagement and involvement</li> </ul>	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
<b>Governance</b>	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"> <li>• Ensure full health &amp; safety compliance across our homes, people and operations</li> <li>• Deliver a programme to reduce our pay gaps</li> <li>• Build partnerships with stakeholders to support positive change for society and the environment</li> </ul>	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 sustainability-led approach, we aim to be a more resilient, relevant and better business.

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

## Environmental Impact

We constantly look at all areas of the business to see where we can make positive changes to reduce Orbit's negative environmental impact. From construction to day-to-day maintenance of our homes, management of our offices as well as the partners we work with, we believe that protecting the environment is everyone's responsibility.

Our approach to protecting the environment and embedding sustainability is set out under four themes:

Theme	Objective	Action
<b>Climate action</b>	To become net zero carbon in our own operations by 2030 and in our homes and supply chain before 2050	<p><b>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.</b></p> <p>We have made a commitment to ensure all our homes are rated EPC C or above by 2030.</p> <p>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 <a href="https://orbitgroup.org.uk/media/2650/net-zero-carbon-roadmap.pdf">https://orbitgroup.org.uk/media/2650/net-zero-carbon-roadmap.pdf</a></p>
<b>Enhancement of green spaces</b>	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>
<b>Responsible partnerships</b>	Develop and manage a sustainable supply chain	Working with likeminded organisations, and supporting our supply partners in the pursuit of their sustainability goals.
<b>Waste generation</b>	Avoidable waste generation in our operations to become zero	We have 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.

We are committed to continually improving our environmental performance by setting environmental objectives and targets. We constantly monitor and report on our progress both externally and internally, and listen and engage with a wide range of stakeholders so that we can strengthen our environmental credentials and continue to make a positive impact on society.

## Social Impact

Our Social Value Framework has been developed to embed social value across our organisation, better capture our impact and support business decisions based on the impact we have. The framework provides a guide for our colleagues and partners on how we can:

- Create a more impactful and sustainable organisation
- Demonstrate value for money and drive efficiencies in our operations, systems and processes
- Make the best resource and person-centred decisions possible
- Influence policymakers and stakeholders
- Increase our localised services and impact
- Look for opportunities and partnerships to increase the positive impact we make and the number of people we directly support

Through our social value programme this year we have:

- Provided 1,592 people with jobs or training
- Supported 440 people with debt or budgeting support which has had a positive impact on their financial situation
- 543 customers have reported improved health following our support including mental health services
- Moved 598 people out of temporary accommodation and into secure housing
- 907 customers reported we had a positive impact on their neighbourhood following our support in reducing ASB, crime or vandalism
- 428 attended social and hobby groups within our Independent Living schemes

## Social value outcomes



- Homelessness £232,000
- Employment and training £5,149,000
- Social groups and hobbies £418,000
- Financial inclusion £5,037,000
- Health and wellbeing £8,335,000
- Neighbourhoods £3,209,000

## Social Impact Case Study



### Sensory space for Stoke Primary School

Our team at Orbit Homes teamed up with our partners and contractors to donate a colourful new sensory barn for pupils at Stoke Primary School in Coventry. Working together, the team built and furnished the new space, starting by knocking down an old existing garage to make way for a wooden-framed barn-style structure. Pupils were left to choose the colours and Orbit Homes colleagues brought their vision to life by volunteering to paint the barn. Students now have another place to play, and can enjoy a peaceful, calming environment to learn in when they feel overwhelmed.

“ We are extremely grateful for the generous donation of a barn, hand built on our school playground by Orbit Homes. This vibrant space has quickly become a sanctuary for our children, fostering creativity and meeting sensory needs daily. The personalised touch, by allowing our children to choose the paint colours has made it uniquely theirs. Thank you, Orbit Homes, for enriching our school community and providing a safe haven where imagination and friendships can thrive. ”

Rhiann McGarrity, Stoke Primary School

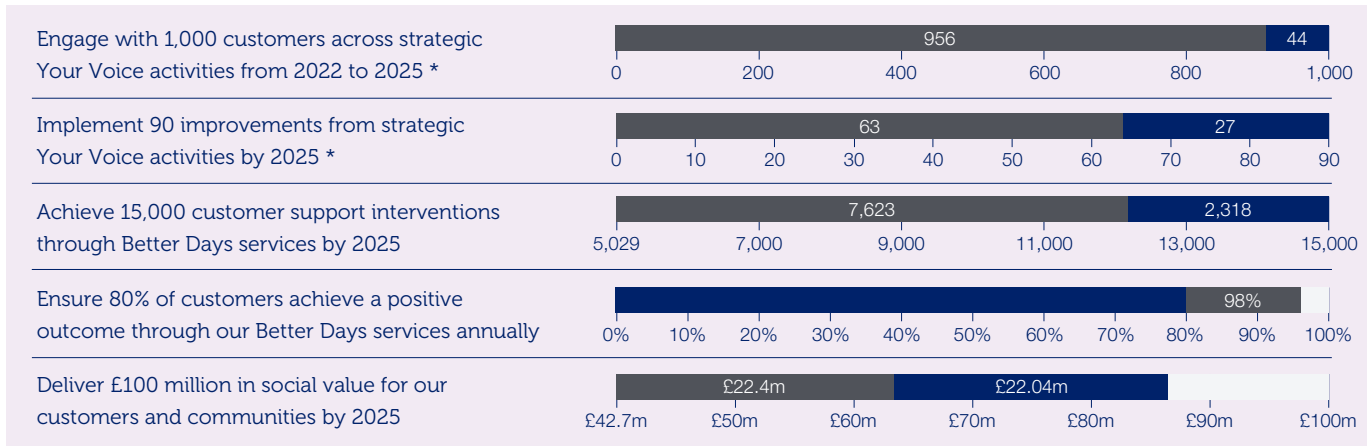
## 2.2. Sustainability commitments and targets

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.

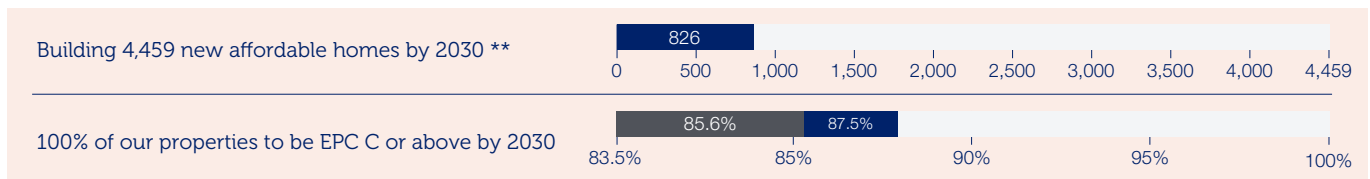
■ 2023/24 Actuals ■ 2024/25 Targets



### Our Customers



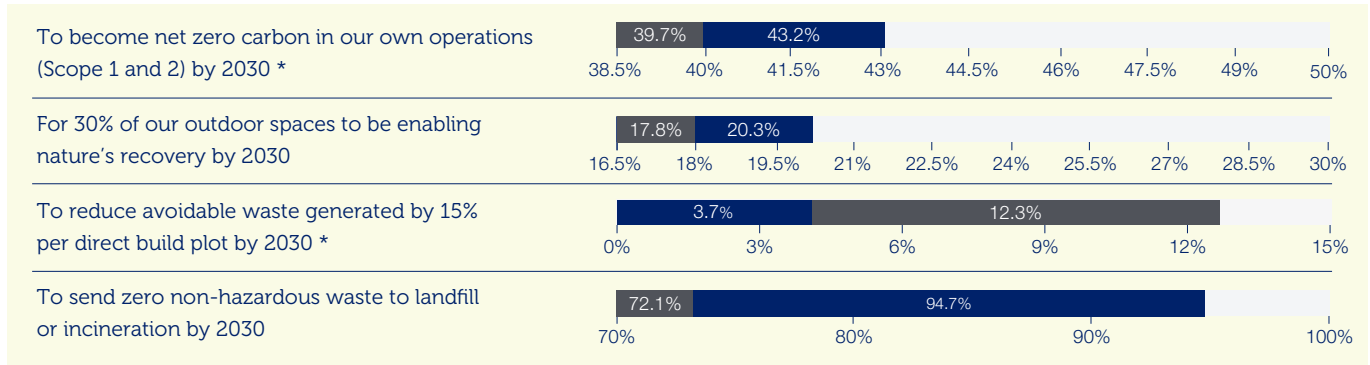
### Quality Homes and Places



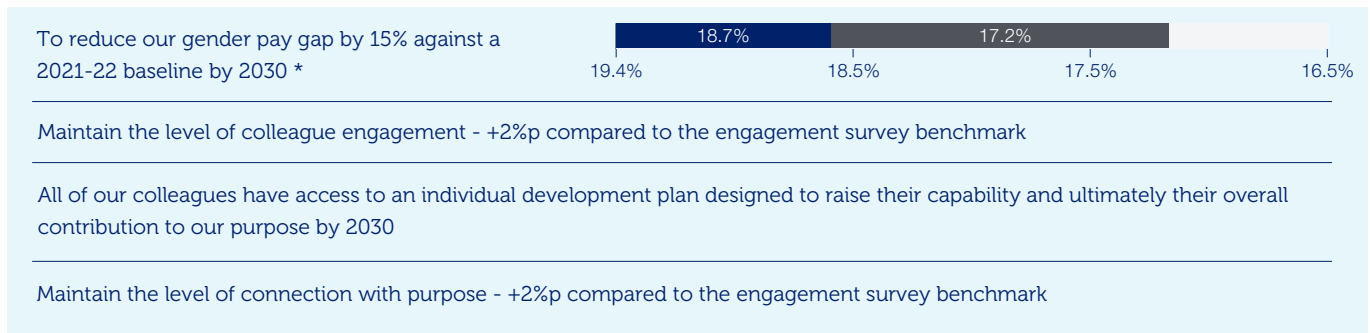
■ 2023/24 Actuals ■ 2024/25 Targets



### Our Planet



### Our People



\* Ahead of target

\*\* The original 2025 target has now been superseded by a new, more ambitious target, running from April 2024 until March 2030

In 2020, we 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, and developed to outline themes specifically relevant to the UK Housing Sector.

More details on our commitment to Sustainability can be found in our annual Sustainability Report, which is available on our website: [orbitgroup.org.uk/media/hlsnijmh/sustainability-report-2024.pdf](https://orbitgroup.org.uk/media/hlsnijmh/sustainability-report-2024.pdf)

We published our first annual **Sustainability Report** in September 2021 and are proud to be one of a small number of housing associations that publish information against all the core and the enhanced criteria, demonstrating our commitment to transparency.

### 3. Orbit's Sustainable Finance Framework



As a registered provider of affordable housing, we are committed to our social purpose: that of providing good quality, safe and affordable homes for target populations underserved by the UK commercial housing market as designated by the UK Regulator of Social Housing (RSH). All our investments and expenditures are dedicated towards this purpose.

In alignment with our Sustainability Strategy, we have elected to create a Sustainable Finance Framework (the “Framework”), under which we 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 our customers, colleagues, 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, we are committed to adopting 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 our 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 Orbit's customer base (see section 3.1 Use of Proceeds).

This updated Framework reflects our sustainability journey and embeds the objectives and principles from our 2030 Strategy. We have specifically refreshed our sustainability commitments and targets as we continue to work towards ensuring everything we do maximises our positive social and environmental impacts, as set out by our Sustainability Strategy and new 2030 Strategy.

At this time we have sustainability linked loans in place with multiple lenders, which provide incentives for achieving sustainability linked KPIs and demonstrate alignment between our funding strategy and sustainability strategy.

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

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

<sup>4</sup> <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 we operate in and the customers we serve, who have been identified as being in need of housing.

We 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 SDGs<sup>5</sup> 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

<sup>5</sup> 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	<p>We have committed to enhancing its outdoor areas so 30% is available for wildlife, an approach which aligns with the Wildlife Trust's 30by30 campaign.</p> <p>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.</p>	Capex	Climate Change	 Target 15.5	% of outdoor space supporting nature's recovery and biodiversity, measured by the total land area(sqrm) where habitats have been classified as 'good' or 'excellent' by a biodiversity condition assessment
Social	SBP: Affordable Housing	Developments	<p>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</p> <p>Units must comply with Government definition of affordable housing<sup>6</sup></p> <p>Target population for affordable rent and Shared Ownership with relevant income threshold:<sup>7</sup></p> <p>Our target population for our affordable properties are persons</p> <ul style="list-style-type: none"> <li>• Living below the poverty line</li> <li>• Excluded and/or marginalised populations and/or communities</li> <li>• With disabilities</li> <li>• That are underserved in terms of affordable housing</li> <li>• That are ageing</li> </ul>	Capex	Affordability and security	 Target 11.1	Number of new affordable homes

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

<sup>7</sup> 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"> <li>• Customer support programmes for:</li> <li>• Well-being and mental health</li> <li>• Employment and career advice</li> <li>• Financial Wellbeing Advice</li> <li>• Digital and online skills</li> </ul> <p>Target population: Our target population for our customer support programmes are residents</p> <ul style="list-style-type: none"> <li>• Undereducated in terms of digital and financial skills</li> <li>• That are unemployed</li> <li>• That underserved in terms of assistance with well-being and mental health</li> </ul>	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"> <li>• Undereducated in terms of financial skills</li> <li>• Below the poverty line</li> <li>• Undereducated in terms of access to financial support and benefits</li> </ul>	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 we issue 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 our 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, we 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, if relevant, we will publish an allocation report and an impact report on our Eligible Project Portfolio as part of our annual Sustainability 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

We will provide information on the Eligible Project Portfolio in our Sustainability 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, we published Orbit's first Sustainability Annual report. We are one of 60 early adopters of SRS which builds upon the 17 UN SDGs for reporting purposes.

In addition, we 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

Sustainalytics has conducted an external review in the form of a Second Party Opinion of the Orbit Sustainability Finance Framework in January 2023, and our alignment with the Principles and Guidelines in Section 3. This Second Party Opinion is available at [orbitgroup.org.uk](https://orbitgroup.org.uk).

Minor changes have been made to this iteration of the Framework since the review. Sustainalytics will be re-engaged at the time of any future material updates being made.

## 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 our website and will replace this Framework.

