

Catalyst Housing Ltd.

Sustainable Finance Framework – July 2021

imug | rating has been commissioned to provide an independent Second Party Opinion on the Sustainable Finance Framework of Catalyst Housing Limited. With the creation of this Framework the Issuer intends to (re)finance social projects that fall under the following categories: Affordable Housing, Socio-economic Advancement and Empowerment, as well

as Access to Essential Services. Additionally, the Issuer may (re)finance green projects: Green Buildings and Renewable Energy. This Second Party Opinion is based on our review of the Issuer and its Sustainable Finance Framework (dated July 2021) in accordance with the voluntary GBP 2021, SBP 2021, SBG 2021, GLP 2021 and SLP 2021.



imug | rating is of the opinion that Catalyst Housing Limited's Sustainable Finance Framework is in line with the GBP 2021, SBP 2021, SBG 2021, GLP 2021, and SLP 2021.

FRAMEWORK



- ✓ Use of proceeds
- ✓ Process for project evaluation and selection
- ✓ Management of proceeds
- ✓ Reporting

ISSUER



- ✓ Sustainability strategy
- ✓ Controversy check
- ✓ Certified Sustainable Housing Label

OPINION



Catalyst Housing Limited is an issuer with an overall positive sustainability performance. Its Sustainable Finance Framework, intended to support the issuer's financing activities, was thoroughly analysed and assessed to be appropriate for supporting the general issuance of sustainable debt instruments: bonds, private placements and loans. The framework is fully aligned to the Green Bond Principles (2021), the Social Bond Principles (2021) and the Sustainability Bond Guidelines (2021), as well as the Green Loan Principles (2021) and the Social Loan Principles (2021). The projects defined in the framework are expected to contribute to six Sustainable Development Goals (UN SDGs), namely Goals 1, 4, 7, 8, 9 and 11. On November 30th, 2020, Catalyst became the first housing association to be awarded with the Certified Sustainable Housing Label under the October 2020 refined criteria catalogue and has been ranked as a "frontrunner" in all of the three (ESG) dimensions.

imug | rating
Hanover, July 26th, 2021

www.imug-rating.de

1. SCOPE

imug | rating has been commissioned to provide an independent Second Party Opinion on the Sustainable Finance Framework of Catalyst Housing Limited (henceforth: “Catalyst” or “the Issuer”). The assessment of the Sustainable Finance Framework was conducted taking into consideration the International Capital Market Association’s the Green Bond Principles (GBP) 2021, the Social Bond Principles (SBP) 2021, and the Sustainability Bond Guidelines (SBG) 2021, as well as the Loan Market Association’s Green Loan Principles (GLP) 2021 and the Social Loan Principles (SLP) 2021.

The Issuer Catalyst Housing Limited

Catalyst, formerly known as Ealing Family Housing Association, is one of the leading UK housing associations with a current portfolio of over 37,000 homes and 70,000 customers in London and the Home Counties. The Organisation has been delivering homes and communities for more than 80 years. As a traditional housing association, Catalyst focuses primarily on the provision of social housing and is an experienced mixed tenure developer with a proven track record in estate regeneration.

As a not-for-profit organisation, Catalyst reinvests money raised from property sales into developing and maintaining more affordable homes, and has identified approx. 6,000 new homes for delivery over the next 10 years. The Organisation builds homes, including homes for market sale, then uses the surplus generated from these market sales to subsidise the development of homes for those in need.

Catalyst has a total of 15 subsidiaries, the majority are part of the Rosebery Housing Association and Connect Property Services. Catalyst and Aldwyck Housing Group have merged in 2019, with Aldwyck becoming a subsidiary of Catalyst. The property services include housing and tenancy management, repairs and maintenance as well as income collection.

Catalyst aims to generate a surplus on its core property activities and monitors this through the ‘Social Housing Operating Margin’, which is one of the key financial performance indicators. Catalyst works collaboratively with other associations, charities, clubs, schools, colleges and the government to support programmes to improve the life chances of adults and young people in need. These include assistance with finding jobs, furthering their education and skills, and reducing anti-social behaviour.

Catalyst is fully committed to improve its sustainability performance and therefore retained its SHIFT (Sustainable Homes Index for Tomorrow) Gold accreditation obtained with an enhanced score in February 2020. Furthermore, the Organisation has adopted the principles and guidance of the government’s Streamlined Energy and Carbon Reporting (SECR) and has chosen to report in line with its recommendations.

This independent Second Party Opinion follows Catalyst Housing Limited’s receipt of a “Certified Sustainable Housing Label” awarded by Ritterwald Consulting and certified by imug | rating in November 2020. The “Certified Sustainable Housing Label” is the first tool used to measure the positive impact of affordable housing companies.

imug | rating conducted the assessment from March 30th to July 26th of 2021. **Catalyst's** management provided all the relevant documents. Additionally, imug | rating was in direct contact with the relevant employees. The information we received allowed us to provide a reasonable opinion on the framework's compliance with the above-mentioned principles.



2. FRAMEWORK

2.1. Use of Proceeds

The use of proceeds are aligned with the Green Bond Principles 2021, the Social Bond Principles 2021, the Sustainability Bond Guidelines 2021, the Green Loan Principles 2021 and the Social Loan Principles 2021.

Description of the eligible projects

PROJECT FINANCING

- ☐ No re-financing
- ☒ Re-financing
 - ☒ 36 Months
 - ☐ 24 Months
 - ☐ 12 Months
- ☒ Financing

The Issuer does not commit to a maximum share of refinancing for each issuance in its Sustainable Finance Framework.

The net proceeds of the sustainable debt instruments issued under this framework will be used to finance projects¹ (Capex), operational expenditures and, asset value in the following area:

GREEN PROJECTS

Green Buildings

- **Goals and benefits**
 - ▶ Financing the construction and modernisation of Green Buildings (Capex: e.g. construction costs, Opex: e.g. home loss and disturbance payments²)
 - ▶ Re-financing of existing Green Buildings (asset value)
 - ▶ GHG emissions reduction

Renewable Energy – On site solar PV, communal heating sites

- **Goals and benefits**
 - ▶ Projects aimed at integrating renewables into the energy system for buildings (Capex)
 - ▶ Production of renewable energy/GHG emissions reduction

¹ Further details on the eligibility criteria on p.7ff.

² <https://www.legislation.gov.uk/uksi/2020/739/made>

SOCIAL PROJECTS

Affordable Housing

■ Goals and benefits

- ▶ Financing the construction, modernisation and acquisition of affordable housing (Capex: e.g. construction costs, Opex: e.g. home loss and disturbance payments³)
- ▶ Re-financing of existing affordable housing (asset value)
- ▶ Increasing the number of affordable properties

■ Target group

- ▶ People in need of social housing due to economic insecurity, disability or other vulnerability

Note: Catalyst's Social homes under management make up 80% of their (Total) Homes under management and are either social rented, affordable rented, or shared ownership, with a further 10% either supported, care or intermediate rent. The definition of affordable housing according to the Greater London Authority⁴ is: "Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable)."

Socioeconomic Advancement and Empowerment – Internet access, psychological and physical support, training and development for employment purposes, financial education

■ Goals and benefits

- ▶ Support services aimed at customers and communities (Opex)
- ▶ Increasing the number of customer reached by resident support

■ Target group

- ▶ People in need of socioeconomic support due to economic insecurity, disability or other vulnerability

Access to Essential Services – Community centres, parks and open spaces

■ Goals and benefits

- ▶ Financing the construction, regeneration and redevelopment of public spaces (Capex, Opex)
- ▶ Increasing access to essential services for residents

■ Target group

- ▶ People in need of access to essential services due to economic insecurity, disability or other vulnerability

³ <https://www.legislation.gov.uk/ukxi/2020/739/made>

⁴ Greater London Authority; available at: <https://www.london.gov.uk/what-we-do/planning/london-plan/current-london-plan/london-plan-chapter-3/policy-310-definition>

Eligible assets or projects are likely to contribute to six United Nations' Sustainable Development Goals, namely **Goal 1 No Poverty**, **Goal 4 Quality Education**, **Goal 7 Affordable and Clean Energy**, **Goal 8 Decent Work and Economic Growth**, **Goal 9 Industry, Innovation and Infrastructure**, and **Goal 11 Sustainable Cities and Communities**.

Description of the SDG contribution

UN SDG 1: End poverty in all its forms everywhere



UN SDG 1 aims to eradicate poverty. By 2030, the goals are to:

- ▶ ensure access to basic services.
- ▶ reduce the number of men, women and children living in poverty.

Catalyst Housing Limited contributes to UN SDG 1 by using the proceeds from the sustainable debt instruments issued under the Sustainable Finance Framework to finance and re-finance Affordable Housing projects.

UN SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



UN SDG 4 aims to provide quality and easily accessible education. By 2030, the goals are to:

- ▶ increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.

Catalyst Housing Limited contributes to UN SDG 4 by using the proceeds from the sustainable debt instruments issued under the Sustainable Finance Framework to re-finance Socioeconomic Advancement and Empowerment projects.

UN SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all

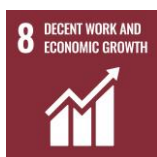


UN SDG 7 aims to facilitate access to and uptake of renewable energies. By 2030, the goals are to:

- ▶ increase the share of renewable energies in the global energy mix and promote investment in energy infrastructure and clean energy technology.
- ▶ double the global rate of increase in energy efficiency.

Catalyst Housing Limited contributes to UN SDG 7 by using the proceeds from the sustainable debt instruments issued under the Sustainable Finance Framework to finance and refinance Renewable Energy projects.

UN SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



UN SDG 8 aims to ensure the economic sector of every country to provide the necessary requirements for its citizens to have a good life irrespective of their background, race or culture. By 2020, the goals are to:

- ▶ substantially reduce the proportion of youth not in employment, education or training.

Catalyst Housing Limited contributes to UN SDG 8 by using the proceeds from the sustainable debt instruments issued under the Sustainable Finance Framework to refinance Socioeconomic Advancement and Empowerment projects.

UN SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

UN SDG 9 aims to implement sustainable industrialization. By 2030, the goals are to:

- ▶ develop qualitative, reliable, sustainable and resilient infrastructure to support economic development and human well-being, with a focus on affordable and equitable access for all.

Catalyst Housing Limited contributes to UN SDG 9 by using the proceeds from the sustainable debt instruments issued under the Sustainable Finance Framework to finance and refinance Renewable Energy and Affordable Housing projects.

UN SDG 11: Make cities and human settlements inclusive, safe, resilient and sustainable

UN SDG 11 aims to reduce the proportion of the global urban population living in slums. By 2030, the goals are to:

- ▶ provide access to safe, affordable, accessible and sustainable transport systems.
- ▶ ensure access to adequate, safe and affordable housing.

Catalyst Housing Limited contributes to UN SDG 11 by using the proceeds from the sustainable debt instruments issued under the Sustainable Finance Framework to finance and refinance Green Buildings, Affordable Housing and Access to Essential Services projects.



2.2. Process for Project Evaluation and Selection

The process for project evaluation and selection is aligned with the Green Bond Principles 2021, the Social Bond Principles 2021, the Sustainability Bond Guidelines 2021, the Green Loan Principles 2021 and the Social Loan Principles 2021.

EVALUATION AND SELECTION

Description of the evaluation process

In order to assure a structured process for project evaluation and selection, Catalyst has created a Sustainability Review Panel comprising the following representatives:

- ▶ Sustainability Manager
- ▶ Group Treasurer
- ▶ Head of Design and Innovation
- ▶ Head of Group Accounting

The issuer has a documented and structured process in place to determine how projects fit within the categories identified. Catalyst has defined the roles and responsibilities of the Sustainability Review Panel in its terms of reference.

- ☒ The process is clearly defined and documented/ appropriately structured
- ☒ The selection and evaluation of projects is based on clearly defined responsibilities
- ☒ There is a Sustainability Review Panel responsible for the process
- ☒ Audit and traceability of the projects is ensured

ELIGIBILITY CRITERIA

The issuer has identified the following eligibility criteria for the evaluation and selection of assets (Green Buildings & Affordable Housing):

- ▶ Assets must be located in the United Kingdom, within Catalyst's operating geography
- ▶ Assets/acquired units must meet the UK governments' definition of affordable housing (no more than 80% of the average local market rent)⁵
- ▶ A single asset can only fall in one of the project categories

Furthermore, the issuer has defined additional eligibility criteria for the selection and evaluation of projects for the respective project categories:

⁵ Reference: [Regulatory framework - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/regulatory-framework-for-green-social-and-sustainability-bonds)

ENVIRONMENTAL PROJECTS

PROJECT CATEGORY	PROJECT TYPE	ELIGIBILITY CRITERIA
Green Buildings	► Financing the construction and modernisation of Green Buildings	<ul style="list-style-type: none"> ► Located in the UK ► Units must comply with the Government definition of affordable housing ► EPC and EIR rating B or above (following refurbishment) ► Renovation of existing buildings that improve unit EPC ratings by two notches
	► Refinancing of existing Green Buildings	<ul style="list-style-type: none"> ► Located in the UK ► Units must comply with the Government definition of affordable housing ► EPC and EIR rating B or above (following refurbishment)
Renewable Energy	► Projects aimed at integrating renewables into the energy system for buildings	<ul style="list-style-type: none"> ► On site solar PV ► Communal heating sites

SOCIAL PROJECTS

PROJECT CATEGORY	PROJECT TYPE	ELIGIBILITY CRITERIA
Affordable Housing	Financing the construction, modernisation and acquisition of affordable housing	<ul style="list-style-type: none"> ► Located in the UK ► Compliance with the Government definition of affordable housing
	► Refinancing of existing affordable housing	<ul style="list-style-type: none"> ► Located in the UK ► Compliance with the Government definition of affordable housing
Socioeconomic Advancement and Empowerment	► Support services aimed at customers and communities	Projects focused on equitable participation and integration into the market and society, including reduction of income inequality: <ul style="list-style-type: none"> ► explaining and enabling access to internet ► training and development for employment purposes ► support with mental and physical health issues ► financial education
Access to Essential Services	► Financing the construction, regeneration and redevelopment of public spaces	Projects aligned to the Catalyst owned housing development focussing on socially sustainable improvement of residential areas: <ul style="list-style-type: none"> ► Community centres ► Parks and open spaces

EXCLUSION CRITERIA

Due to the nature of Catalyst's business model, there is no need to define exclusion criteria for the evaluation and selection of projects.

Other assessment aspects

- ☐ Evaluation criteria are subject to external review
- ☐ Internal evaluation

ESG RISK MANAGEMENT

imug | rating believes that Catalyst has adequate policies and processes in place to manage the significant ESG risks associated with its projects. Catalyst has implemented a risk management system to identify and manage potentially significant ESG criteria.

Description of the policies and processes to manage ESG risks

In addition to positive impacts, there are also certain potential ESG risks associated with the projects to be financed. The material risks include end user health, safety and security, human rights, as well as health and safety risks associated with the construction and modernisation of buildings, and the risks associated with biodiversity, waste management, and corruption.

Catalyst Housing Limited has implemented several measures to address its ESG risks:

- ▶ **End user health:** Through its in-house repair and maintenance services, Catalyst actively contributes to reducing end-user health risks, for example, by eliminating moisture.
- ▶ **Safety and security:** The Company addresses safety and security risks through routine compliance testing and the improvement of its fire plans and fire protection measures. Catalyst undertakes routine gas checks and advices on electrical safety.
- ▶ **Human rights:** Catalyst does not have a Human Rights Policy Statement; however, the company complies with legal requirements of the United Kingdom and publishes its statement on modern slavery and human trafficking annually.
- ▶ **Health and safety risks associated with the construction and modernisation of buildings:** The Company has implemented a Health and Safety Policy that covers all employees, contractors or other relevant persons in the Directorate.
- ▶ **Biodiversity:** Biodiversity aspects are not yet fully and systematically taken into account, however, an action plan for biodiversity and green spaces is in progress. Through SHIFT, of which the company is a member, Catalyst assesses the proportion of land protected for biodiversity and the proportion of new homes incorporating ecological enhancements.
- ▶ **Waste management:** Catalyst assesses the life cycle impacts from cradle to grave for its new builds.
- ▶ **Corruption:** The Company has implemented relevant policies and processes for the prevention of fraud and bribery. Catalyst has a broad set of KPIs that track operational performance, compliance, risk and satisfaction-related outcomes against yearly targets approved by the Board. The KPIs are reported in detailed performance scorecard reports and are regularly monitored by the Board and the Executive Committee.



2.3. Management of Proceeds

The management of proceeds is aligned with the Green Bond Principles 2021, the Social Bond Principles 2021, the Sustainability Bond Guidelines 2021, the Green Loan Principles 2021 and the Social Loan Principles 2021.

TRACKING THE PROCEEDS

Description of the allocation process

- ☐ Sub-account,
- ☒ Sub-portfolio,
- ☐ Otherwise tracked

Catalyst will ensure that sustainable assets financed, at all times, exceed net proceeds raised as Sustainable under the Sustainable Finance Framework, until maturity of the debt instruments.

- ☐ The issuer will periodically allocate the balance of the net revenues to the projects as long as the sustainable debt instruments are pending,

- ☒ The issuer will (periodically) disclose the intended placement to the investors.

Any unallocated funds will be used for either debt repayment and/ or other transactions in line with Catalyst's treasury policy – which can include deposits, money market funds and other similar products.

- ☒ The issuer undertakes to allocate revenues to projects within a specified time period
Catalyst undertakes to allocate the revenues directly, since the eligible project pool is always large enough.

- ☒ External verification

External verification of the tracking of the bond proceeds will be provided by an external auditor appointed by Catalyst, that will review and provide an opinion on all allocation reports issued throughout the tenor of financing and during the fund allocation process.



2.4. Reporting

The reporting is aligned with the Green Bond Principles 2021, the Social Bond Principles 2021, the Sustainability Bond Guidelines 2021, the Green Loan Principles 2021 and the Social Loan Principles 2021.

LEVEL OF REPORTING

- ☐ Project portfolio basis
- ☒ Project level

REPORTING INDICATORS

Allocation of funds

- ☒ Amount of the total proceeds of the issuance
- ☒ Amount allocated
- ☒ Share of refinancing
- ☒ Information on any unallocated proceeds of the issuance
- ☐ Project description

Sustainability information

- ☒ Demonstration of the sustainability benefits (quantitative)
- ☒ Demonstration of the sustainability benefits (qualitative)

Further information

- ☐ Reporting on risk management
- ☒ Reporting of material changes
- ☐ External verification of reporting (Impact Reporting)

REPORTING TAKES PLACE VIA...

- ☒ Website
- ☒ Annual report
- ☐ Internal channels (to investors only)

FREQUENCY

- ☒ Annually
- ☐ Semi-annually
- ☐ Other

REPORTING PERIOD

- ☒ Until proceeds are fully allocated
- ☐ As long as the Sustainable Bond(s) is/are outstanding

DATA COLLECTION AND CONSOLIDATION PROCESS

- ☐ The underlying process of data collection and consolidation is clearly structured.
- ☒ Disclosure of methodology and/or assumptions.
- ☐ Subject to external control

ENVIRONMENTAL REPORTING INDICATORS

The issuer will report on impacts in line with the ICMA with respect to the following indicators:

PROJECT TYPE	OUTPUT INDICATORS ⁶	IMPACT INDICATORS ⁷
Green Buildings <i>Construction and modernisation of Green Buildings</i>	<ul style="list-style-type: none"> ▶ Share of new homes with an EPC Rating of A or B ▶ Number of existing homes that have been renovated, achieving a 2-notch EPC rating uplift 	
Green Buildings <i>Refinancing of existing Green Buildings</i>	<ul style="list-style-type: none"> ▶ Number of existing homes with an EPC rating of A or B 	
Renewable Energy <i>Projects aimed at integrating renewables into the energy system for buildings</i>	<ul style="list-style-type: none"> ▶ Total kWp (kilowatt peak) for measuring the energy generation potential of solar arrays 	<ul style="list-style-type: none"> ▶ CO₂ emissions saved in tCO₂e (Scope 1, 2 and 3 GHG emissions)

⁶ Numerical counting of the activities or deliverables generated or delivered in a given project, the number of people helped and/or the number of activities or services supplied.

⁷ Quantitative data that are directly linked to the output. Impact indicators are the long-term or (in)direct effects of the output on the environment. The impact report should illustrate the expected environmental impact made possible as a result of projects. Further details on the impact reporting: <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Handbook-Harmonized-Framework-for-Impact-Reporting-December-2020-151220.pdf>

SOCIAL REPORTING INDICATORS

Description of the reporting indicators

The issuer will report on impacts in line with the ICMA with respect to the following indicators:

PROJECT TYPE	OUTPUT INDICATORS	IMPACT INDICATORS
Affordable Housing <i>Construction, modernisation and acquisition of affordable Housing</i>	<ul style="list-style-type: none"> ▶ Number of new affordable properties by category and average rents charged relative to private sector rents. ▶ Number of people provided with affordable housing 	▶ N/A
Affordable Housing <i>Refinancing of existing affordable Housing</i>	<ul style="list-style-type: none"> ▶ Existing number of affordable properties by category and average rents charged relative to private sector rents. 	▶ N/A
Socioeconomic Advancement and Empowerment <i>Support services aimed at customers and communities</i>	<ul style="list-style-type: none"> ▶ Number of customers reached by the programmes 	▶ Amount of societal benefits as calculated by the Housing Association Charitable Trust (HACT) social impact measurement tool
Access to Essential Services <i>Financing the construction, regeneration and redevelopment of public spaces</i>	<ul style="list-style-type: none"> ▶ Number of public spaces impacted ▶ Land area allocated to park and recreational spaces 	▶ N/A



3. ISSUER

SUSTAINABILITY STRATEGY

Sustainable debt instruments issued under Catalyst's Sustainable Finance Framework are in line with GBP 2021, SBP 2021, and SBG 2021 as well as GLP 2021 and SLP 2021 and contribute to the company's main business objective – providing affordable housing to people in need.

Catalyst is an actively developing G15¹ housing association, managing over 37,000 homes across London and the South East. Catalyst is a registered provider of social housing and an exempt charity and wants to increase its housing stock with approx. 5,000 new homes for delivery over the next 10 years. The issuer is an early adopter of the ESG Social Housing Working Group's new "Sustainability Reporting Standard for Social Housing".

Catalyst has formalised a sustainability strategy. The objectives for this strategy are focused around its homes, communities and business.

- ▶ Homes – creation of sustainable, resource-efficient, future-proof homes that are warm and affordable
- ▶ Communities – building of great places and strong communities where residents can lead happy, healthy and sustainable lives
- ▶ Business – becoming a more sustainable and resource-efficient business which minimises the impact of its operations on the environment

The company has also developed the following sustainability performance targets to be achieved by 2025:

- ▶ Reducing carbon footprint: Reducing scope 1 and 2 emissions by 15 percent
- ▶ Achieving 100 percent responsibly sourced materials for maintenance and refurbishment (as measured by SHIFT)
- ▶ Improving the overall efficiency ratings of the communal heating schemes by 15 percent
- ▶ Increasing the amount of renewable energy produced by solar panels by 20 percent
- ▶ Embedding sustainability into the corporate strategy and having the Sustainability Working Group meet three times a year
- ▶ Raising awareness of sustainable behaviours and sustainability issues among Catalyst staff as well as integrating sustainability training for all new starters

The Company is also actively reaching out to its communities. The Catalyst Housing Charitable Trust awarded more than £90,000 in grants to customers in need of financial support or training, and to community groups delivering projects in accessible neighbourhoods. The organisation has established a 'Covid-19 Emergency Support Fund' to assist charities and voluntary sector organisations to meet additional demand and adapt to new ways of delivering their essential services in communities. In recent months, Catalyst has awarded 30 grants ranging from £400 to £2,000 to support organisations such as food banks, befriending charities, employment and skills development.

SUSTAINABLE HOUSING LABEL

This independent Expert Opinion follows Catalyst Housing Limited's receipt of a "Certified Sustainable Housing Label" awarded by RITTERWALD Consulting B.V. (see Appendix). The "Certified Sustainable Housing Label" is the first tool used to measure the positive impact of affordable housing companies. imug | rating has been commissioned as an independent party to examine and certify the legitimacy of the Certified Sustainable Housing Label awards (see Appendix). The initial evaluation used more than 30 individual criteria in the categories Green and Social to ensure a thorough assessment of the sustainability profile and strategy of a housing company. In late 2020, Ritterwald added a governance dimension as well as a status ranking for each dimension, ranging from "frontrunner", "ambassador" to "advocate".



The social criteria reflect the tenants' living conditions and the residential structure of the housing company, e.g. affordable housing with a rent level below the local market average and social activities for the tenants. In addition, environmental criteria should be integrated into the lifecycle of the building. This is done, for example, by installing renewable or alternative energy sources and increasing tenants' awareness of energy consumption and reduction measures.

Catalyst is the first housing association to be awarded with the Certified Sustainable Housing Label under the October 2020 refined criteria catalogue and has been ranked as a "frontrunner" in all of the three (ESG) dimensions.

Catalyst's "Sustainable Finance Framework" serves as the basis for this Second Party Opinion, which seeks to assess the company's suitability in terms of placing financial instruments on the wider sustainable capital markets in accordance with the respective international standards such as the Green Bond Principles and Social Bond Principles.

CONTROVERSIAL BUSINESS AREAS

There is no evidence of any involvement on the part of Catalyst in any controversial business areas.

CONTROVERSIES

As of July 26th, 2021, there are no controversies on record.



4. OPINION

Catalyst Housing Limited is an Issuer that pursues both social and environmental objectives and has an overall positive sustainability performance. The company has recently been awarded the “Certified Sustainable Housing Label”, demonstrating the impact of its activities as an affordable housing company.

Catalyst’s Sustainable Finance Framework, intended to support the Issuer’s financing activities, was thoroughly analysed and assessed to be appropriate to support the Issuance of sustainable debt instruments in general. Under this framework, Catalyst Housing Limited can finance and/or refinance eligible projects that are fully in line with the SBP and the SLP. Catalyst Housing Group can finance and/or refinance eligible projects in line with the GBP and the GLP for parts of its projects, namely construction of new homes and refinancing existing homes.

Catalyst commits to clearly highlight the corresponding proportion of these projects, which aligns with the GBP and GLP in its respective reporting.

The following structure provides an overview of the above:

PROJECT TYPE	SBP/SLP	GBP/GLP
Green Buildings – Construction of new homes	✓	✓
Green Buildings – Re-financing of existing homes	✓	✓
Renewable Energy		✓
Affordable Housing – Construction of new homes	✓	
Affordable Housing – Re-financing of existing homes	✓	
Socioeconomic Advancement and Empowerment	✓	
Access to Essential Services	✓	

Aforementioned projects are likely to contribute to six United Nations’ Sustainable Development Goals, namely Goal 1 No Poverty, Goal 4 Quality Education, Goal 7 Affordable and Clean Energy, Goal 8 Decent Work and Economic Growth, Goal 9 Industry, Innovation and Infrastructure, and Goal 11 Sustainable Cities and Communities.

imug | rating confirms that Catalyst Housing Limited’s strategy is in line with the issuance of the sustainability bond. The company is neither involved in any controversies nor active in any controversial areas of business.

5. METHODOLOGY

The present report was prepared by qualified imug | rating analysts. Our sustainability research is carried out exclusively in accordance with recognised and methodically secured procedures. We have defined strict quality standards for all research activities and customer processes. As early as 2002, imug | rating adopted a Code of Conduct which guarantees the independence, traceability and quality of sustainability assessments. In order to align its research and work processes even more closely with recognized standards, imug | rating underwent an external audit in June 2019 and received certification in accordance with the quality management standard ISO 9001:2015. The initial certifications are reviewed in regular monitoring audits, the last of which took place in June 2021.

Following a detailed examination of the framework, imug | rating confirms whether an issuance complies with the Social Bond Principles (SBP) 2021 and the Green Bond Principles (GBP) 2021, the Sustainability Bond Guidelines (SBG) 2021, as well as the Green Loan Principles (SLP) 2021 and the Social Loan Principles (GLP) 2021.

For a positive assessment, the issuer must report on the following points transparently and implement them in a comprehensible manner: (1) Use of the proceeds, (2) process selection and evaluation, (3) management of the proceeds and (4) reporting. In addition to the framework, discussions with relevant employees of the issuer and publicly available information form the information basis for the present expert opinion. These sources were only used if the information is comprehensible and documented. In addition, imug | rating sends a questionnaire to the issuer in order to thoroughly examine the issuer's ESG risk management in the areas of environmental, social and governance issues.

Moreover, imug | rating examines whether an issue is in line with the issuer's corporate strategy or whether appropriate environmental measures have already been implemented in the absence of a strategy.

imug | rating analyses the activities of the issuer in the following controversial business areas: Fossil fuels (including thermal coal or unconventional oil and gas production), production of nuclear energy and strategic products/services for the operation of nuclear power plants, production of conventional and controversial weapons and armaments, factory farms/animal testing, green genetic engineering, gambling, tobacco, alcohol, pornography, and hazardous chemicals. All controversial business activities are listed regardless of a sales threshold.

imug | rating also screens every issuer for other controversial business activities. This includes potential controversies such as violations of internationally recognized sustainability standards, such as the UN Global Compact or the ILO core labor standards. Only those controversial business activities are listed that can be verified by reliable and resilient public sources. The analysis covers the following areas: Environmental damage (loss of biodiversity, etc.), society (human rights, social standards, occupational safety, health protection, etc.) and corporate governance (corruption, tax evasion, cartels, money laundering, fraud, etc.). imug | rating categorizes controversies according to their degree of severity (insignificant, significant and critical). In addition to the severity of a controversy, the frequency of its occurrence is also taken into account.

6. APPENDIX

6.1. Certified Sustainable Housing Label



6.2. imug | rating Certificate

imug | rating

CERTIFICATE

CATALYST HOUSING LTD.



**CERTIFIED ✓
SUSTAINABLE
HOUSING**

imug | rating confirms that CATALYST HOUSING LTD. has met in full the requirements for attaining the *Sustainable Housing Label 2020*, and that the certification process was carried out in accordance with proper procedure.

imug | rating has been commissioned as an independent party to examine and certify the legitimacy of the *Sustainable Housing Label* certification awarded by RITTERWALD Consulting B.V.

- imug | rating has conducted a review of the available documents, the documentation used and the company responses. This review has also included random sampling.
- imug | rating has checked that the certification process and the assessment comply with the underlying methodology.

RESULTS OF
THE REVIEW

- ✓ The documentation is complete and conclusive.
- ✓ The test process used by RITTERWALD Consulting B.V. is in full transparent, well-defined and coherent.
- ✓ The assessment by RITTERWALD Consulting B.V. is in full compliant with the Sustainable Housing Label methodology.
- ✓ The findings are in full verifiable.



Axel Wilhem
Head of imug | rating
Hanover, November 26th, 2020

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**ASSESSMENT
SCALES**

✓ Requirements met in full
(✓) Requirements met for the most part

(x) Requirements sufficiently met
× Requirements not met

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