

Second-Party Opinion

Just Group plc Sustainability Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the Just Group plc Sustainability Bond Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021 and Social Bond Principles 2023. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Green Buildings, Renewable Energy, Clean Transportation, Affordable Housing and Access to Essential Services – are aligned with those recognized by the Green Bond Principles and Social Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 3, 4, 7, 8, 9 and 11.



PROJECT EVALUATION AND SELECTION Just's Sustainability Bond Forum will be responsible for the evaluation and selection of eligible projects in line with the Framework's eligibility criteria. Just has environmental and social risk policies in place, which apply to all allocation decisions made under the Framework. The Group will implement processes to ensure that eligible projects adhere to applicable laws and regulations. Sustainalytics considers the risk management process to be adequate and the project selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS Just's investment function will be responsible for the management of proceeds and will track their allocation using an internal tracker. Just intends to allocate all proceeds within 36 months of issuance. Pending allocation, Just will temporarily invest the proceeds in cash, cash equivalents or money market instruments in line with its treasury management guidelines. This is in line with market practice.



REPORTING Just commits to report on the allocation of proceeds and where available corresponding impacts on its website on an annual basis until full allocation. Allocation reporting will include the net proceeds allocated to each eligible category, a selection of brief project descriptions, the proportion of refinancing versus financing and the amount of unallocated proceeds at the end of the relevant reporting period. Sustainalytics views Just's allocation and impact reporting as aligned with market practice.

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Introduction

Just Group plc (“Just” or the “Group”) is a UK-based financial services group that provides products, advice and services to people approaching and in retirement. The Group specializes in four client groups: trustees and scheme sponsors, individuals, homeowners and corporate clients. Headquartered in London, Just was established in 2004 and as of December 2023, it managed GBP 24 billion (EUR 28.51 billion) in pension savings for more than 650,000 customers.¹

Just has developed the Just Group plc Sustainability Bond Framework dated August 2024 (the “Framework”), under which it intends to issue green, social and sustainability bonds and use the proceeds to finance or refinance, in whole or in part, existing and future projects that are expected to create positive environmental and social impacts.² The Framework defines eligibility criteria in five areas:

Green Categories:

1. Green Buildings
2. Renewable Energy
3. Clean Transportation

Social Categories:

1. Affordable Housing
2. Access to Essential Services

Just engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP) and Social Bond Principles 2023 (SBP).³ The Framework will be published in a separate document.⁴

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁵ opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2023, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds;
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.16, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with representatives of Just to understand the sustainability impact of its business processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. Just representatives have confirmed that: (1) they understand it is the sole responsibility of Just to ensure that the information provided is complete, accurate and up to date; (2) they have provided Sustainalytics with all relevant information; and (3) any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

¹ Just Group plc, “About us”, (2024), at: <https://www.justgroupplc.co.uk/about-us>

² Just has communicated to Sustainalytics that its existing asset portfolio is located in Europe, as well as the UK and the US. The Group may extend the financing to other countries and regions in the future.

³ The Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/>

⁴ The Just Group plc Sustainability Bond Framework is available at: <https://www.justgroupplc.co.uk/sustainability>

⁵ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Just.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Just has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Just Group plc Sustainability Bond Framework

Sustainalytics is of the opinion that the Just Group plc Sustainability Bond Framework is credible, impactful and aligned with the four core components of the GBP and SBP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories – Green Buildings, Renewable Energy, Clean Transportation, Affordable Housing and Access to Essential Services – are aligned with those recognized by the GBP and SBP.
 - Just has defined a look-back period of 24 months for its refinancing activities, which is in line with market practice.
 - Just has confirmed to Sustainalytics that the Group's existing eligible green asset portfolio is located in the UK, Europe and the USA. The Group has communicated that it may also finance eligible projects and assets in APAC, Australia and South America under the Framework.
 - Under the Green Buildings category, Just may finance or refinance the construction, acquisition and renovation of new and existing commercial and residential buildings that meet or are expected to meet the following minimum certification levels: i) BREEAM Excellent;⁶ ii) LEED Gold;⁷ iii) DGNB Gold;⁸ or iv) energy performance certificate A or B in the UK. Sustainalytics views these certification schemes as credible and considers the expenditures to be aligned with market practice.
 - Under the Renewable Energy category, Just may finance or refinance the construction, development, acquisition, maintenance and operations of renewable energy projects, facilities and companies, including:
 - Solar photovoltaic, concentrated solar heat and power (CSP) generation and other solar thermal projects. For CSP and other solar thermal projects, Just has confirmed that it will limit financing to those that generate at least 85% of the electricity from solar energy sources.
 - Run-of-river hydropower projects that: i) became operational before the end of 2019 and have a power density greater than 5 W/m² or an life cycle carbon intensity below 100 gCO₂e/kWh; or ii) became operational after 2019 and have a power density greater than 10 W/m² or an life cycle carbon intensity below 50 gCO₂e/kWh. Just has

⁶ BREEAM: <https://bregroup.com/products/breeam/>

⁷ LEED: <https://www.usgbc.org/leed>

⁸ DGNB: <https://www.dgnb.de/en/building-certification>

- confirmed to Sustainalytics that all new hydropower projects will undergo an environmental and social risk assessment to ensure that there are no significant risks, negative impacts or controversies.
- Geothermal projects with emissions intensity below 100 gCO₂e/kWh.
 - Just has communicated to Sustainalytics that it may finance pure play companies that derive more than 90% of the revenues from the renewable energy projects defined above.
 - Sustainalytics considers expenditures under this category to be aligned with market practice.
- Under the Clean Transportation category, Just may finance or refinance the development, construction, acquisition, maintenance and operation of the following clean transportation modes, related infrastructure and manufacturing facilities:
 - Electric rail infrastructure and electric rolling stock for passenger and freight transportation.
 - Passenger rail with an emissions intensity below 50 gCO₂e/pkm.
 - Freight rail with an emissions intensity below 25 gCO₂e/tkm. Freight rail used for transporting fossil fuels is excluded from the Framework.
 - Manufacturing facilities dedicated to the above clean transportation modes. Just has confirmed to Sustainalytics that manufacturing facilities will be limited to those that only manufactures specialized part for the above clean transportation modes. Example projects include electric vehicle battery manufacturing facilities.
 - Sustainalytics considers expenditures under this category to be aligned with market practice.
 - Under the Affordable Housing category, Just may finance or refinance registered housing associations in the UK,⁹ France, the Netherlands, and the Group has confirmed to Sustainalytics that it may also finance registered housing associations in Germany, Sweden, Denmark, Norway and Finland for the construction, maintenance and refurbishment of affordable homes. Just has confirmed that eligible affordable homes will follow national and regional social housing schemes on beneficiaries and affordability. Sustainalytics is of the opinion that the financing of registered housing associations is expected to enhance access to affordable housing in the countries mentioned above and therefore views the investments as socially impactful. Sustainalytics also notes that Just's role in affordable housing projects is limited to providing financing and that the Group does not have control over deciding the detailed criteria for low-income groups and affordability mechanisms. Sustainalytics encourages Just, where feasible, to provide further disclosure on the affordable housing programmes financed in the specific countries and relevant beneficiaries and to report on the social impacts achieved.
 - Under the Access to Essential Services category, Just may finance or refinance the following projects directly or through local authorities in the UK:
 - Healthcare and childcare:
 - Provision of foster care for vulnerable children.¹⁰
 - Provision of social care for adults and children with learning disabilities, mental health issues, complex needs and specialist care needs. Just has confirmed to Sustainalytics that the social care expenses will be fully covered by the local authorities or under the national health system and therefore will be accessible to all regardless of ability to pay.
 - Sustainalytics considers these activities to be socially impactful.
 - Education:
 - Provision of suitable home-to-school travel arrangements for children aged 5 to 16, such as school buses. Just has confirmed to Sustainalytics that home-to-school travel arrangements will be accessible to all children between 5 and 16.

⁹ Affordable housing projects in the UK include London social housing, Welsh social housing and Scottish social housing projects.

¹⁰ Public Health England defines vulnerable children as "any children at greater risk of experiencing physical or emotional harm and/or experiencing poor outcomes because of one or more factors in their lives".

Public Health England, "Understanding and quantifying vulnerability", (2020), at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/913974/Understanding_and_quantifying_vulnerability_in_childhood.pdf

- Provision of free or subsidized school meals for children from lower-income families.^{11,12}
- Sustainalytics notes that Just may also finance improvements in schools to ensure that schools are of decent standard. Just has communicated to Sustainalytics that it has not yet identified such projects for inclusion in its portfolio, but the Group confirmed that the financed schools will be accessible to all regardless of ability to pay. Sustainalytics encourages Just to provide further disclosure on the projects financed and the social impact achieved.
- Sustainalytics considers these activities to be socially impactful.
- Community projects:
 - Maintenance of public libraries and museums that are accessible to all regardless of ability to pay.
 - Provision of legal, human resource and financing support directly or through local authorities to small businesses located in economically underperforming regions in the UK. Just has confirmed the following: i) the Group follows the definitions for MSMEs and SMEs of the IFC,¹³ OECD¹⁴ and the EU;¹⁵ and ii) economically underperforming regions are defined as local administrative units¹⁶ that rank in the bottom 30th percentile in terms of either gross value added per head¹⁷ or unemployment claimant percentage.¹⁸
 - Project-based financing to local authorities for the provision of public leisure, sports and recreational facilities that are accessible to all regardless of ability to pay.
 - Sustainalytics considers these activities to be socially impactful.
- Project Evaluation and Selection:
 - Just has established a Sustainability Bond Forum, which will be responsible for the evaluation and selection of projects in line with the Framework's eligibility criteria. The forum consists of representatives from the Group's Investment, Group Risk and Investor Relations departments, as well as the Group's Chief Risk Officer who is the Executive Sponsor for Sustainability, the Chief Investment Officer who has delegated responsibility for the final allocation of eligible assets in line with the eligibility criteria and representatives from other business areas where appropriate.
 - Just has environmental and social risk policies in place, which apply to all allocation decisions made under the Framework. The Group will also implement processes to ensure that eligible projects adhere to applicable laws and regulations. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with the requirements of the GBP and SBP. For additional details, please refer to Section 2.
 - Based on the establishment of a dedicated Sustainability Bond Forum and the presence of risk management systems, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - Just's investment function will be responsible for the management of proceeds and will track their allocation using an internal tracker.

¹¹ Lower-income families are defined as households with less than 60% of the median net disposal equivalized UK household income as per the UK government's definition.

¹² Government of UK, "People in low income households", (2023), at: <https://www.ethnicity-facts-figures.service.gov.uk/work-pay-and-benefits/pay-and-income/people-in-low-income-households/latest/>

¹³ IFC, "IFC's Definitions of Targeted Sectors", at: <https://www.ifc.org/en/what-we-do/sector-expertise/financial-institutions/definitions-of-targeted-sectors>

¹⁴ OECDiLibrary, "OECD SME and Entrepreneurship Outlook 2023: Annexe A. Sources and definitions", at: https://www.oecd-ilibrary.org/sites/342b8564-en/1/4/1/index.html?itemId=/content/publication/342b8564-en&csp_d0c19d680cc9683526328d239bb649db&itemIGO=oecd&itemContentType=book

¹⁵ European Union, "SME definition", at: https://single-market-economy.ec.europa.eu/smes/sme-definition_en

¹⁶ Office for National Statistics, "International, regional and city statistics: Territorial levels", at: <https://www.ons.gov.uk/aboutus/whatwedo/programmesandprojects/europeancitystatistics>

¹⁷ Office for National Statistics, "Gross Value Added (GVA)", at: <https://www.ons.gov.uk/economy/grossvalueaddedgva>

¹⁸ Office for National Statistics, "Labour market in the regions of the UK", (2024), at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/regionallabourmarket/latest>

- The Group intends to allocate all proceeds within 36 months of issuance. Pending full allocation, Just will temporarily invest the proceeds in cash, cash equivalents or money market instruments in line with its treasury management guidelines.
- Based on the use of an internal tracking system and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Just commits to report on the allocation of proceeds and corresponding impacts on its website on an annual basis until full allocation.
 - Allocation reporting will include: i) the net proceeds allocated to each eligible category; ii) a selection of brief project descriptions; iii) the proportion of financing versus refinancing; and iv) the amount of unallocated proceeds by the end of the relevant reporting period.
 - Where available, impact reporting will include metrics such as: i) emissions avoided (in tCO₂e); ii) energy consumption (in kWh/m² per year); iii) number of trains or locomotives electrified; iv) number of affordable housing units added to supply; and v) Ofsted rating of the childcare facilities.
 - Based on the commitment to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the Just Group plc Sustainability Bond Framework aligns with the four core components of the GBP and SBP.

Section 2: Sustainability Strategy of Just

Contribution to Just's sustainability strategy

Just commits to creating positive impacts through its investment decisions with a focus on green and social assets including green buildings, renewable energy, clean transportation, projects that contribute to access to essential service and social housing. In 2023, Just invested GBP 325 million (EUR 386 million) in social housing, renewable energy and national health service projects, and the Group aims to increase its investment in green and social assets to GBP 825 million (EUR 981 million) by the end of 2025.¹⁹

Just became a member of the Net-Zero Asset Owner Alliance (NZAOA) in 2023, committing to transitioning its investment portfolio to net zero GHG emissions by 2050.²⁰ In line with its NZAOA commitment, in 2024, the Group established the following emission reduction targets for its scope 1, 2 and 3 emissions: i) reaching net zero for Just's internal operations by 2025, including scope 1 and 2 emissions and scope 3 business travel; ii) reducing the company's total emissions by 50% by 2030 compared to a 2019 baseline, including scope 1, 2 and 3 emissions categories as per the GHG Protocol; and iii) reaching net zero emissions by 2050.²¹ These targets are also aligned with the Association of British Insurers' Climate Change Roadmap.²² Additionally, Just has been committed to the Science Based Targets initiative (SBTi) since 2021 and aims to submit targets for validation by December 2024. The targets may be subject to changes based on any updates in the SBTi guidance.^{23,24} Just's strategy to transition its investment portfolio focuses on the allocation of new capital and the reallocation of existing capital towards companies with credible net zero targets and sustainability strategies.²⁵ Moreover, Just incorporates climate-related information into its credit research process with an accompanying scoring system. This is part of the Group's investment decision-making process which help assess and steer its portfolio to net zero. The Group has also implemented a stewardship strategy and begun engaging with 20 of the highest-emitting issuers in its portfolio regarding their approach to climate change, including their climate strategy and disclosure.²⁶

To enhance transparency on its emissions performance, the Group has been publishing information on its operational emissions and emissions reductions as part of its annual reporting since 2019.²⁷ Between 2019 and 2023, Just decreased its scope 3 emissions by 32.4%, from 491 tCO₂e/USD nominal invested to 377

¹⁹ Just, "Annual Report and Accounts 2023", (2024), at: <https://report.emperor.works/view/463975683/i/>

²⁰ Ibid.

²¹ Ibid.

²² Association of British Insurers, "Climate Change Roadmap", (2023), at:

<https://www.abi.org.uk/about-the-abi/sustainability/climate-change-roadmap/>

²³ Ibid.

²⁴ Science Based Targets, "About us", at: <https://sciencebasedtargets.org/about-us>

²⁵ Just, "Transition Plan", (2024), at: https://www.justgroupplc.co.uk/~/_media/Files/J/Just-Retirement-Corp/documents/just-group-transition-plan.pdf

²⁶ Just, "Transition Plan", (2024), at: https://www.justgroupplc.co.uk/~/_media/Files/J/Just-Retirement-Corp/documents/just-group-transition-plan.pdf

²⁷ Just, "Annual Report and Accounts 2023", (2024), at: <https://www.justgroupplc.co.uk/investors/results-reports-and-presentations>

tCO₂e/USD nominal invested.²⁸ The report also includes details on how Just complies with the non-financial reporting requirements of the Companies Act 2006 and the Task Force on Climate-Related Financial Disclosures Framework.^{29,30}

Sustainalytics is of the opinion that the Framework is aligned with Just's overall sustainability strategy and initiatives and will further the Group's action on its key environmental and social priorities. Nevertheless, Sustainalytics encourages Just to publicly report on the sector-specific investment targets to achieve the overall emissions reduction goals as part of its annual reporting.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental and social impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Sustainalytics acknowledges that Just has limited involvement in the development of specific assets financed under the Framework but notes that the Group could be exposed to environmental and social risks associated with its investment decisions. Some key environmental and social risks possibly associated with the eligible projects may include: i) emissions, effluents and waste generated in construction; ii) land use and biodiversity issues associated with infrastructure development; iii) community relations; iv) occupational health and safety; and v) business ethics.

Sustainalytics is of the opinion that Just is able to manage and mitigate potential risks through implementation of the following:

- In 2019, Just implemented a Responsible Investment Framework (RIF) which was last updated in 2024. In 2021, under the RIF, the Group introduced the Purple, Amber, Yellow, and Green classification system (PAYG) for assessing ESG risks associated with each of Just's potential investments.^{31,32} Just's Credit Research team is responsible for the implementation of the PAYG classification system as part of the Group's due diligence process. This includes assessing the ESG risks associated with Just's investments, such as biodiversity and land use, toxic emissions and electronic waste, renewable energy and climate change vulnerability, as well as social risks associated with labour management, health and safety, and community relations.³³ In addition, Just has been a signatory to the UN Principles for Responsible Investment since 2018, committing to implement the principles and embed sustainable investing within its processes.^{34,35}
- With respect to business ethics, Just has a Conduct and Operational Risk Policy which sets the Group's policies to prevent, detect, manage and mitigate risks associated with its product and services. The policy also requires that the Group's business conduct to adhere to applicable laws, regulations and administrative provisions.³⁶ Additionally, Just has a Procurement and Outsourcing Policy, which details minimum standards and guidance on Just's engagement with third-party suppliers. Supplier relationships are categorized into high, medium or low risk to the Group. The level of categorization determines the level of due diligence in the onboarding and continuous management of the supplier engagement. All suppliers are expected to comply with relevant legislation and regulations while acting ethically and with integrity.³⁷
- Just has a Modern Slavery Statement, which outlines the Group's policies on anti-corruption, anti-bribery and a safe and inclusive working environment for its key stakeholders.³⁸ In line with its zero tolerance approach to modern slavery, the Group reports on its progress, targets and human rights

²⁸ Just, "Transition Plan", (2024), at: <https://www.justgroupplc.co.uk/~media/Files/J/Just-Retirement-Corp/documents/just-group-transition-plan.pdf>

²⁹ Government of UK, "Companies Act 2006", (2006), at: <https://www.legislation.gov.uk/ukpga/2006/46/contents>

³⁰ Just, "Annual Report and Accounts 2023", (2024), at: <https://www.justgroupplc.co.uk/investors/results-reports-and-presentations>

³¹ Under the PAYG system, green signifies investments with a positive impact, while purple indicates divestment. Just has integrated negative screening, such as excluding controversial sectors and companies with weak governance, as well as positive screening criteria aligned with the Group's responsible objectives and values into this classification system.

³² Just, "Annual Report and Accounts 2023", (2024), at: <https://report.emperor.works/view/463975683/i/>

³³ Just, "Transition Plan", (2024), at: <https://www.justgroupplc.co.uk/~media/Files/J/Just-Retirement-Corp/documents/just-group-transition-plan.pdf>

³⁴ PRI, "Just Group Plc", at: https://www.unpri.org/signatory-directory/just-group-plc/3639_article

³⁵ PRI, "What are the Principles for Responsible Investment?", at: <https://www.unpri.org/about-us/what-are-the-principles-for-responsible-investment>

³⁶ Just shared its Conduct and Operational Risk Policy with Sustainalytics confidentially.

³⁷ Just shared its Procurement and Outsourcing Policy with Sustainalytics confidentially.

³⁸ Just, "Just Group plc Modern Slavery Statement for the Financial Year ended 31 December 2023", (2024), at:

<https://www.justgroupplc.co.uk/~media/Files/J/Just-Retirement-Corp/documents/footer/modern-slavery-statement-2024.pdf>

due diligence in its Annual Report and Accounts and makes its Modern Slavery Statement publicly available on its website.^{39,40}

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Just has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All five use of proceeds categories are aligned with those recognized by the GBP and SBP. Sustainalytics has focused on where the impact is specifically relevant in the global context.

Importance of decarbonizing global electricity generation

Since 1990, the global energy sector, including electricity, heat generation and end use, has been the primary source of global GHG emissions.⁴¹ Global energy-related CO₂ emissions increased by 410 million tonnes in 2023 from 2022, reaching a record high of 37.4 billion tonnes, with coal emissions contributing to over 65% of this increase.⁴² More specifically, GHG emissions from electricity generation grew by approximately 900 million tonnes between 2019 and 2023.⁴³ For the energy sector to meet the Paris Climate Agreement goal of limiting global warming to 1.5°C, by 2025 global GHG emissions need to reach net zero and the share of renewables in the global electricity output needs to increase from 29% in 2020 to 90%.^{44,45}

The Global Renewables and Energy Efficiency Pledge, launched at the COP28 World Climate Action Summit December 2023, aims to triple the global installed capacity of renewable energy sources to at least 11 TW by 2030 and double the global rate of energy efficiency improvements from about 2% to over 4% by 2030. These goals are designed to create a political momentum at the global level, encouraging all countries to step up efforts and collaboration in rolling out the clean energy transition and improving energy efficiency.⁴⁶ In 2023, advanced economies' renewable and nuclear energy accounted for 50% of the total electricity generation, 34% belonging to renewables alone.⁴⁷ The share of electricity generated from coal in these economies decreased by 27% to 17%, while the renewable energy share more than doubled from 16% to 34% between 2007 and 2023.⁴⁸ In 2022, hydropower remained the main low-emission source of electricity and accounted for 15% of global energy generated, while solar PV and wind are expected to be the central technologies in the decarbonization of the energy sector in the future.⁴⁹ The International Energy Agency expects that wind and solar PV will account for approximately 30% of energy generation by 2030 compared with 12% in 2022.⁵⁰ The International Renewable Energy Agency estimates that global cumulative investments in renewable energy need to reach USD 150 trillion during the 2023-2050 period⁵¹ which will require global investments to exceed USD 5 trillion per year between 2023 and 2030.⁵²

Based on the above, Sustainalytics is of the opinion that Just's financing of renewable energy projects is expected to contribute to the global transition to a decarbonized economy.

³⁹ Ibid.

⁴⁰ Just, "Results. Reports. Presentations", at: <https://www.justgroupplc.co.uk/investors/results-reports-and-presentations>

⁴¹ Friedrich, J. et al. (2023), "This Interactive Chart Shows Changes in the World's Top 10 Emitters", World Resources Institute, at: <https://www.wri.org/insights/interactive-chart-shows-changes-worlds-top-10-emitters>

⁴² IEA, "CO₂ emissions in 2023", (2024), at: <https://www.iea.org/reports/co2-emissions-in-2023/executive-summary>

⁴³ Ibid.

⁴⁴ United Nations, "For a livable climate: Net-zero commitments must be backed by credible action", at: <https://www.un.org/en/climatechange/netzero-coalition>

⁴⁵ IEA, "Net Zero by 2050", (2021), at: https://iea.blob.core.windows.net/assets/deebef5d-0c34-4539-9d0c-10b13d840027/NetZeroBy2050-ARoadmapfortheGlobalEnergySector_CORR.pdf

⁴⁶ Global Renewables and Energy Efficiency Pledge: <https://www.cop28.com/en/global-renewables-and-energy-efficiency-pledge>

⁴⁷ Ibid.

⁴⁸ Ibid.

⁴⁹ International Energy Agency, "World Energy Outlook 2023", (2023), at:

<https://iea.blob.core.windows.net/assets/86ede39e-4436-42d7-ba2a-edf61467e070/WorldEnergyOutlook2023.pdf>

⁵⁰ Ibid.

⁵¹ IRENA, "Global landscape of Renewable Energy Finance" (2023), at:

https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2023/Feb/IRENA_CPI_Global_RE_finance_2023.pdf?rev=8668440314f34e588647d3994d94a785

⁵² Ibid.

Importance of social housing in the EU and the UK

The UN estimates that 83.7% of Europeans will live in urban areas by 2050.⁵³ In parallel with urbanization, housing prices are rising at a faster rate than income across EU member states.⁵⁴ Housing becomes unaffordable when housing costs account for more than 40% of disposable household income, according to Eurostat.⁵⁵ Across the EU, 10.4% of urban populations and 6.2% of the rural populations lived in such a household as of 2021.⁵⁶ In many EU countries, the lack of affordable housing is widely viewed as the most important national issue, partly due to factors such as disparity between the demand for and supply of social housing stock, increased housing prices and rents relative to incomes and the privatization of social housing units in recent years.^{57,58} In recognition of access to affordable housing as a fundamental human right, the European Parliament has called for stronger action to end homelessness in the EU by 2030 and ensure legal provisions to keep housing affordable.⁵⁹

The UK is experiencing a significant housing shortage, evidenced by the estimated 8.5 million people in England alone who had some form of housing need in 2021.⁶⁰ Although the UK had the highest share of social housing among OECD countries in 2022,⁶¹ more than 1 million households were on social housing waiting lists.⁶² In addition, the price-to-income ratio deteriorated from 2.9 to 6.7 in the UK between 1995 and 2021.⁶³ As a result, nearly half of the population spent more than 40% of their disposable income on rent in 2022.⁶⁴

Under its Affordable Homes Programme 2021-2026, the UK government has set targets of building 300,000 homes annually and announced it would provide GBP 11.5 billion (EUR 13.2 billion) in capital funding through the Affordable Homes Programme to construct 180,000 additional homes by 2026.^{65,66}

Based on the above context, Sustainalytics is of the opinion that Just’s financing of affordable housing is expected to increase access to housing for targeted populations and communities in the EU and the UK.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Just Group plc Sustainability Bond Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

⁵³ UN Habitat, “World Cities Report”, (2022), at: https://unhabitat.org/sites/default/files/2022/06/wcr_2022.pdf

⁵⁴ Kálmán, A. (2022), “Europe strains under rising prices as renters bear brunt of housing crisis”, Investigate Europe, at: <https://www.investigate-europe.eu/posts/house-prices-and-rents-rising-across-europe>

⁵⁵ European Parliament, “Policies to Ensure Access to Affordable Housing”, (2020), at: [https://www.europarl.europa.eu/RegData/etudes/STUD/2020/652729/IPOL_STU\(2020\)652729_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2020/652729/IPOL_STU(2020)652729_EN.pdf)

⁵⁶ Eurostat, “Housing in Europe: Is housing affordable?”, (2022), at: <https://ec.europa.eu/eurostat/cache/digipub/housing/bloc-2b.html?lang=en>

⁵⁷ European Parliament, “Parliament calls for action to solve housing crisis”, (2021), at: <https://www.europarl.europa.eu/news/en/headlines/society/20210114ST095643/parliament-calls-for-action-to-solve-housing-crisis>

⁵⁸ Godson, A. (2020), “Housing affordability: A European crisis”, Euro Cities, at: <https://eurocities.eu/latest/housing-affordability-a-european-crisis/>

⁵⁹ European Parliament, “EU should set goal to end homelessness by 2030”, (2020), at: <https://www.europarl.europa.eu/news/en/press-room/20201120IPR92124/eu-should-set-goal-to-end-homelessness-by-2030>

⁶⁰ National Housing Federation, “People in housing need 2021”, at: <https://www.housing.org.uk/resources/people-in-housing-need-2021/>

⁶¹ OECD, “OECD Affordable Housing Database”, at: <http://www.oecd.org/housing/data/affordable-housing-database/>

⁶² Government of UK, “Social housing lettings in England, tenants: April 2021 to March 2022”, at: <https://www.gov.uk/government/statistics/social-housing-lettings-in-england-april-2021-to-march-2022/social-housing-lettings-in-england-tenants-april-2021-to-march-2022>

⁶³ Hilber, C. and Schöni, O. (2022), “Why is it so difficult to tackle the lack of affordable housing?”, London School of Economics and Political Science, at: <https://blogs.lse.ac.uk/politicsandpolicy/why-is-it-so-difficult-to-tackle-the-lack-of-affordable-housing/>

⁶⁴ Ibid.

⁶⁵ National Housing Federation, “Details on the next Affordable Homes Programme announced”, (2020), at: <https://www.housing.org.uk/link/9e36ccf90a0d4d05908067f27be3d1fa.aspx>

⁶⁶ UK Ministry of Housing, Communities & Local Government, “Jenrick unveils huge £12 billion boost for affordable homes”, (2020), at: <https://www.gov.uk/government/news/jenrick-unveils-huge-12-billion-boost-for-affordable-homes>

Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Affordable Housing	11. Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
Access to Essential Services	3. Good Health and Well-Being	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all
	4. Quality Education	4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and Goal-4 effective learning outcomes
	8. Decent Work and Economic Growth	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services
	9. Industry, Innovation and Infrastructure	9.1 Develop quality, reliable, sustainable, and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

Conclusion

Just has developed the Just Group plc Sustainability Bond Framework, under which it may issue green, social and sustainability bonds, and use the proceeds to finance or refinance green buildings, renewable energy, clean transportation, affordable housing and access to essential services projects. Sustainalytics considers that the projects funded by the bond proceeds are expected to provide positive environmental and social impacts.

The Framework outlines processes for the tracking, allocation and management of proceeds and makes commitments for reporting on allocation and impact. Sustainalytics considers that the Framework is aligned with the overall sustainability strategy of Just and that the use of proceeds will contribute to the advancement of UN Sustainable Development Goals 3, 4, 7, 8, 9 and 11. Additionally, Sustainalytics considers that Just has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that Just Group plc is well positioned to issue sustainability bonds and that the Just Group plc Sustainability Bond Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and Social Bond Principles 2023.

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