

# Second-Party Opinion

## Just Group Sustainability Bond Framework



### Evaluation Summary

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



**USE OF PROCEEDS** The eligible categories for the use of proceeds, (i) Green Buildings, (ii) Renewable Energy, (iii) Clean Transportation, (iv) Affordable Housing and (v) Access to Essential Services, are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers that the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDG 3, 4, 7, 9 and 11.



**PROJECT EVALUATION / SELECTION** Just Group has established a Sustainability Bond Forum (the “Forum”), to oversee the project evaluation and selection process. The Forum ensures that the proposed pool of assets is aligned with the use of proceeds categories, review and approve allocation, and make updates to the Framework. Just Group has a dedicated environmental and social risk assessment and mitigation process that is applicable all allocation decisions made under the Framework. Sustainalytics considers this process to be adequate and the process for project evaluation and selection in line with market practice



**MANAGEMENT OF PROCEEDS** Just Groups processes for the management of proceeds are handled by Just Group Investments team (the “Investments team”). The Investments team will use an internal tracking system to monitor and account for the proceeds. Pending allocation, proceeds will be invested in cash or liquid securities, in alignment with the Just Group Sustainable Investment Framework. This is in line with market practice.



**REPORTING** Just Group intends to report allocation proceeds on its website on an annual basis until full allocation. Allocation reporting will include the net proceeds allocated to each asset category, a selection of brief project descriptions and the outstanding amount of net proceeds yet to be allocated. In addition, the Company intends to report on relevant impact metrics, where feasible. Sustainalytics views Just Group’s allocation and impact reporting as aligned with market practice.

**Evaluation date** August 23, 2021<sup>1</sup>

**Issuer Location** Reigate, United Kingdom

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<sup>1</sup> This document is an update of a Second-Party Opinion, originally published on September 29, 2020, to which Sustainalytics has made minor revisions.

## Introduction

Just Group plc (“Just Group”, or “Just”, or the “Company”) is a UK financial services group company focusing on retirement products and services. Its operations are underpinned by its automated underwriting, multi-channel distribution, variety of brands, and medical intellectual property. The Company was created in 2004 and is headquartered in Reigate, United Kingdom. As of 2021, the Company has a total of 1162 employees.

Just Group has developed the Just Group Sustainability Bond Framework (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, projects that support the transition towards a low-carbon economy and generate positive social outcomes. The Framework defines eligibility criteria in five areas:

1. Green Buildings
2. Renewable Energy
3. Clean Transportation
4. Affordable Housing
5. Access to Essential Services

Just engaged Sustainalytics to review the Just Group Sustainability Bond Framework, dated July 2021, and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG).<sup>2</sup> This Framework will be published in a separate document.<sup>3</sup>

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>4</sup> opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible categories are credible and impactful.

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

- The Framework’s alignment with the Green Bond Principles 2021, Social Bond Principles 2021, and Sustainability Bond Guidelines 2021, 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 1.9.2, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

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

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

<sup>2</sup> The Sustainability Bond Guidelines are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Sustainability-Bond-Guidelines-June-2021-140621.pdf>

<sup>3</sup> The Just Group Sustainability Bond Framework is available on Just’s website at: <https://www.justgroupplc.co.uk/investors/credit-investors>

<sup>4</sup> 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.

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 intended allocation of proceeds but does not guarantee the realised allocation of the bond 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 Sustainability Bond Framework

Sustainalytics is of the opinion that the Just Group Sustainability Bond Framework is credible, impactful and aligns with the four core components of the Green Bond Principles 2021 (GBP), the Social Bond Principles 2021 (SBP), and the Sustainability Bond Guidelines 2021. Sustainalytics highlights the following elements of Just Group's Sustainability Bond Framework:

- Use of Proceeds:
  - The eligible categories, (i) Green Buildings, (ii) Renewable Energy, (iii) Clean Transportation, (iv) Affordable Housing and (v) Access to Essential Services, are aligned with those recognized by the GBP and SBP. Sustainalytics is of the opinion that the expenditures under the Framework will contribute to the transition to a low-carbon economy and produce positive social impacts.
  - Just may finance or refinance the construction and renovation of Green Buildings that have achieved a minimum certification level of BREEAM "Excellent", LEED "Gold", or received Energy Performance Certificates ("EPC") labels A & B. Sustainalytics highlights that according to data from the UK government, non-residential buildings obtaining an Energy Performance Certificate ("EPC") grade of B or higher represent the top 9.6% of labelled non-domestic buildings in the UK, which is aligned with market practice. Sustainalytics recognizes these as credible building certification schemes and considers the minimum certification levels to be aligned with market practice. For Sustainalytics' assessment of these schemes, please refer to Appendix 1.
  - Just may finance or refinance the construction, development, acquisition, or operation of electricity generation from renewable energy sources, including solar and wind.
  - The Company may finance or refinance the construction, development, acquisition, maintenance, and operation of low-carbon transportation infrastructure, such as electric rail infrastructure and rolling stock, and electric vehicle charging stations. Sustainalytics positively notes that the carbon intensity of transportation is limited to <75 CO<sub>2</sub>e/passenger-km.
  - Just may finance or refinance investments in housing associations involved in the construction, maintenance, and refurbishment of affordable housing units. Affordable housing is defined according to relevant national definitions, in the UK,<sup>5</sup> France,<sup>6</sup> and the Netherlands.<sup>7</sup> Sustainalytics positively views the establishment of well-defined target populations for affordable housing and considers this category will create positive social impacts.
  - The Company may provide financing or refinancing to Local Authorities ("LA") engaged in the provision of essential services, including housing, health, education and vocational training and

<sup>5</sup> In the UK, affordable housing for rent must meet the following conditions: (i) the rent is set in accordance with the government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (ii) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (iii) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision.

<sup>6</sup> In France, affordable housing must assist households that have difficulties finding housing in good condition of size and comfort within the strict framework of market mechanisms. On average, rents in the social housing stock are half as high as those in the private stock.

<sup>7</sup> In the Netherlands, housing associations are responsible for social housing, defined as homes for which the initial monthly rent is under the rent limit for liberalized tenancy agreements (private sector). The current limit is €720.42 (in 2019).

financial services. In the majority of cases, Just will provide financing under general obligation loans, and the proceeds used as part of the Local Authorities' general budget. As such, Sustainalytics notes that Just Group has a limited ability to target population and to report on the positive impact generated by the projects.

- Local authorities may use bond proceeds to build, buy and lease dwelling to help prevent homelessness and to low-earning and unemployed individuals, and to finance loans for renovations and refurbishments for targeted individuals<sup>8</sup> as well as offer tax credits and grants to the elderly and disabled to make their homes suitable.
- Health-related services may include the provision of foster care for vulnerable children and adult social care for individuals with disability.
- Education activities seek to promote high standard and fair access to education, including by providing suitable home to school travel arrangements for children aged 5-16, and providing school meals for children from low-income backgrounds. These activities only apply to State schools and not private. Fair access to State schools is ensured to any children, if the school is not oversubscribed. In addition, local authorities may use bond proceeds to finance action plans for school that fail the Office for Standards in Education, Children's Services and Skills ("OFSTED") inspection.
- Community-related projects and activities may include providing financing to local authorities for the following:
  - The provision of facilities and services related to artistic, cultural, sports, recreational and leisure. Just Group has indicated that, for a project to be eligible for financing, it must be accessible to all residents and encourage diversity and inclusiveness, which Sustainalytics views positively.
  - Maintenance of public libraries and museums as well as improvements to local environment and protection of cultural heritage. Just Group has indicated to Sustainalytics that the general population is the target group for these activities. While Sustainalytics recognizes the importance of preservation of cultural heritage, the case for a clear positive social impact is uncertain.
  - The provision of public support for small business, advice on legal matters, human resourcing, and financing. Just Group has indicated to Sustainalytics that these resources can be accessible to all. Considering that small businesses may have barriers to access these services, Sustainalytics views the financing of such activities positively. However, Sustainalytics also encourages Just Group to further targeting SMEs and reporting on the impact achieved.
- Just has defined a look-back period of 24 months for refinancing activities.
- Project Evaluation and Selection:
  - Just has established a Sustainability Bonds Forum (the "Forum") in 2020, which oversees evaluating and selecting projects. The Forum is comprised of representatives from Investments, Enterprise Risk, and Investor Relations, as well as the Chief Risk Officer. The Forum is responsible for ensuring the pool of assets alignment with the use of proceeds categories, reviewing and approving allocation, and any proposed updates to the Framework. The Deputy CIO is responsible for final approvals regarding project selection. The Forum meets on a quarterly basis. Based on these elements, Sustainalytics considers this process to be in line with market practice. Just has in place an internal Responsible Investment Framework that integrates ESG factors into investment decisions and are applicable to all allocation decisions made under the Framework. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with market expectation. For additional detail see Section 2.
- Management of Proceeds:
  - Just's processes for management of proceeds are handled by Just Group Investments team (the "Investments team"). The Investments team will use an internal tracking system to monitor and account for the proceeds. Pending allocation, proceeds will be invested in cash or liquid

<sup>8</sup> According to the criteria set out by the local authority, such as income or savings limit.

security, in alignment with the Just Group Responsible Investment Policy. Just intends to allocate the proceeds within 3 years following issuance. Based on these elements, Sustainalytics considers this process to be in line with market practice.

- Reporting:
  - Just intends to report allocation proceeds on its website on an annual basis until full allocation. Allocation reporting will include the net proceeds allocated to each project category, a selection of brief project descriptions and the outstanding amount of net proceeds yet to be allocated. In addition, Just intends to report on relevant impact metrics, where feasible. For an exhaustive list of impact metrics, please refer to Appendix 2. Based on these elements, Sustainalytics considers this process to be in line with market practice.

### **Alignment with Sustainability Bond Guidelines 2021**

Sustainalytics has determined that the Just Group Sustainability Bond Framework aligns to the four core components of the Green Bond Principles (2021) and Social Bond Principles (2021). For detailed information please refer to Appendix 2: Sustainability Bond/ Sustainability Bond Programme External Review Form.

## **Section 2: Sustainability Strategy of Just Group**

### **Contribution of Framework to Just Group’s sustainability strategy**

Just Group has implemented a Responsible Investment Strategy (the “Strategy”) to manage its investments according to ESG criteria.<sup>9</sup> The Strategy intends to assess and identify investment opportunities in priority areas, such as renewable energy and social housing that seek to enhance the positive impact of Just investment activities.<sup>9</sup>

Just demonstrates its commitment to sustainability by investing in renewable energy projects. As of 31 December 2020, Just has invested GBP 527 million (EUR 611 million) in renewable energy, the large majority of which, GBP 381 million (EUR 442 million) were invested in wind energy and GBP 146 million (EUR 169 million) in solar energy.<sup>3</sup> The projects funded under the Framework, such as renewable energy from solar and wind sources, could further strengthen the Company’s involvement in financing electricity generation from renewable sources. Furthermore, Company is targeting a reduction to net zero in its investment’s portfolio by 2050, with a 50% reduction milestone by 2030, in line with the Association of British Insurers climate change roadmap, published in July 2021<sup>10</sup>.

In addition, investments in socially impactful projects, mainly social housing and local authorities projects totalled GBP 532 million (EUR 617 million) in 2020.<sup>3</sup> These efforts will be further supported by Just’s Framework via which the Company intends to support affordable housing and increased access to essential services.

These dedicated green and social investments comprised 8.8% of the issuer’s GBP 13 bn (EUR 15 bn) bond portfolio. In 2020, Just issued a green bond resulting in gross issuance proceeds of GBP 250 million (EUR 290 million).<sup>11</sup> For 2021 Just intends to increase its exposure to renewable energy and social purpose investments such as social housing, student accommodations, local authority, and other areas that have positive social outcomes.<sup>2</sup>

Sustainalytics is of the opinion that the Just Group Sustainability Bond Framework is aligned with the company’s overall sustainability strategy and initiatives and will further the Company’s action on its key environmental priorities.

### **Well-positioned to address common environmental and social risks associated with the projects**

Sustainalytics acknowledges that the Framework will be directed towards eligible projects and activities that have positive environmental and social impact. However, Sustainalytics is aware that such eligible projects and activities could lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects could include occupational health and safety, land use change and biodiversity issues. Sustainalytics notes that the activities financed under this Framework will not be directly carried out by Just Group. Nonetheless, Sustainalytics is of the opinion that Just Group can manage and/or mitigate potential risks through implementation of the following:

<sup>9</sup> Just Group, “Just Annual Report and Accounts 2020”, at: <https://report.emperor.works/view/557805715/>

<sup>10</sup> Association of British Insurers, “Climate Change Roadmap”, at: <https://www.abi.org.uk/about-the-abi/sustainability/climate-change-roadmap/>

<sup>11</sup> Just Group, “ESG”, at: <https://www.justgroupplc.co.uk/investors/esg>

- Just has a responsible investment framework (“RIF”) in place, that integrates ESG factors into investment decisions. ESG risks forms a part of ongoing credit analysis and formal due diligence process to assess the assets managed internally. New investment decisions are also assessed and filtered based on alignment of the projects with principles of ESG and sustainability. Moreover, Just develops internal policies and programmes to ensure the business operates in a safe, environmentally sound manner in accordance with relevant legislation and regulations.<sup>3</sup>
- Just has established an internal framework for restrictions and exclusions that assists the company to consistently integrate ESG in the investment process. This framework lists the areas and sectors that are under increasing pressure due to ESG considerations and formulates objectives and actions to avoid and mitigate risks of investments in such areas.<sup>3</sup>
- The Prudential Regulatory Authority (PRA), the regulatory body of financial services firms in England, requires the insurance companies to run impact testing based on different scenarios to identify and manage financial risks arising from climate change.<sup>12</sup> The PRA requires firms to have fully implemented these plans by the end of 2021. Just is in the process of aligning its climate risk approach as per the PRA’s standards and is working towards integrating climate change analysis and reporting in its portfolio, which would also act as a risk mitigating tool.<sup>3</sup>
- Just is a signatory of the United Nations Principles for Responsible Investment<sup>13</sup> by which it commits to implement the principles and embed sustainable investing within its processes.<sup>11</sup>
- Just is certified by the ISO 14001:2015<sup>14</sup> standard for its Environmental Management Systems.<sup>9</sup>

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. However, Sustainalytics encourages Just to make publicly available its environmental and social risk management policies.

### Section 3: Impact of Use of Proceeds

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

#### Decarbonizing Global Electricity Generation

Electricity and heat generation are the primary sources of GHG emissions, accounting for 31% of global emissions in 2017.<sup>15</sup> According to the U.S. Energy Information Agency absolute global electricity consumption is increasing.<sup>16</sup> As a consequence, fossil fuel use in power plants continues to rise in order to meet the growing global demand, accounting for more than half of the increased energy needs.<sup>17</sup> In 2018, renewable energy sources (mainly wind and solar) accounted for about 45% of the new electricity generation to meet the 3.7% increase in electricity demand.<sup>18</sup> In 2019, the growth of renewable energy for electricity generation in advanced economies delivered savings of 130 Mt of CO<sub>2</sub>.<sup>19</sup> Wind and solar are the main sources of the renewables’ growth, helping the share of renewables of electricity generation reach almost 28%.<sup>19</sup> Furthermore, in 2019, there has been a global average decrease in terms of CO<sub>2</sub> emissions intensity of electricity generation, reaching 340 gCO<sub>2</sub>/kWh, this is 6.5% decrease from the year before.<sup>19</sup>

The IPCC has identified electricity generation decarbonization as a key component of cost-effective CO<sub>2</sub> emissions mitigation strategies.<sup>20</sup> It is projected that the cost of electricity generated from renewables could decrease by 59% in solar photovoltaics, 35% for offshore wind, and 26% onshore wind by 2025 compared to

<sup>12</sup>Bank of England-Prudential Regulation Authority, “Enhancing banks’ and insurers’ approaches to managing the financial risks from climate change”, (2019), at: <https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/supervisory-statement/2019/ss319>

<sup>13</sup> UN PRI, “Principles for Responsible Investments”, at: <https://www.unpri.org/>

<sup>14</sup> ISO, “Environmental Management”, at: <https://www.iso.org/standard/60857.html>

<sup>15</sup> Center for Climate and Energy Solutions, “Global Emissions”, at: <https://www.c2es.org/content/international-emissions/>

<sup>16</sup> US EIA, “Global electricity consumption continues to rise faster than population”, (2020), at: <https://www.eia.gov/todayinenergy/detail.php?id=44095>

<sup>17</sup> NOAA Climate, “Climate Change: Atmospheric Carbon Dioxide”, (2020), at: <https://www.climate.gov/news-features/understanding-climate/climate-change-atmospheric-carbon-dioxide>

<sup>18</sup> PBL Netherlands Environmental Assessment Agency, “Trends in Global CO<sub>2</sub> and Total Greenhouse Gas Emissions. 2019 Report”, (2020), at: [https://www.pbl.nl/sites/default/files/downloads/pbl-2020-trends-in-global-co2-and-total-greenhouse-gas-emissions-2019-report\\_4068.pdf](https://www.pbl.nl/sites/default/files/downloads/pbl-2020-trends-in-global-co2-and-total-greenhouse-gas-emissions-2019-report_4068.pdf)

<sup>19</sup> IEA, “Global CO<sub>2</sub> emissions in 2019”, (2020), at: <https://www.iea.org/articles/global-co2-emissions-in-2019>

<sup>20</sup> IPCC, “Energy Systems. In: Climate Change 2014: Mitigation of Climate Change. Contribution of Working Group III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change”, (2014), at: [https://www.ipcc.ch/site/assets/uploads/2018/02/ipcc\\_wg3\\_ar5\\_chapter7.pdf](https://www.ipcc.ch/site/assets/uploads/2018/02/ipcc_wg3_ar5_chapter7.pdf)

2015. This is significant because cost has been a primary barrier for decarbonization.<sup>21</sup> This is compatible with the estimated global electricity potential from solar energy of 613 PWh/y<sup>22,23</sup> compared to current global output of 562 TWh/y.<sup>24</sup> A clean energy transition requires additional investments in low-carbon renewable energy generation.<sup>25</sup> IRENA, the International Renewable Energy Agency, estimates that global cumulative investments in renewable energy need to reach USD 27 trillion in the 2016-2050 period.<sup>25</sup> This requires at least doubling annual investments compared to the current levels, from almost USD 310 billion to over USD 660 billion.<sup>25</sup> However, global investment in renewable energy peaked in 2017 at USD 326.3 billion, and in 2018 fell by 11.5% to USD 288.9 billion.<sup>26</sup> Investments in renewable energy projects, such as those intended under this Framework contribute towards closing the financing gap, increase the share of renewable energy and accelerate the transition to low-carbon energy generation.

Sustainalytics is of the opinion that investments in renewable energy added capacities from solar and wind sources could increase the share of renewables in global power generation and reduce associated GHG emissions.

### Impact of Affordable Housing in Europe

According to the Council of Europe, scarcity of affordable housing is a serious and growing concern for European countries,<sup>27</sup> and the EU calls for action to address the housing crisis.<sup>28</sup> A supply-side constraint in the housing market, evidenced by construction slowdown compared to previous decades, coupled with increased demand, and rising rent and house prices are the main factors behind the housing issues in Europe.<sup>27</sup> Every year more people are pushed into housing insecurity, exacerbating existing inequalities, exclusion, and segregation.<sup>27</sup> In addition, the shortage of housing options disproportionately affects people living in poverty and those at risk of poverty.<sup>27</sup> For example, in the Netherlands, 63%<sup>27</sup> of young people living below poverty experience housing cost overburden<sup>29</sup>, while only 9.9% of the general population does.<sup>30</sup> The cost overburden varies across countries in the region. In France, which has a larger social housing sector,<sup>31</sup> the overburden rate low (4.7%) compared to the UK, which has the fourth highest rate (15.1%) in the continent.<sup>30</sup>

In the UK, homeowners represent 63% of households,<sup>32</sup> 19% of households were private renters in 2018,<sup>33</sup> and 18% of households live in social housing.<sup>34</sup> The gap between housing demand and supply is of more than one million homes.<sup>35</sup> As a result, private rents are rising faster than earnings<sup>36</sup> and the house price-to-earnings ratio is at record highs.<sup>33</sup> For example, between 2011 and 2019, London private rents grew by 22%, while earnings only grew by 15%.<sup>33</sup> Similarly, in 2018 median house prices were eight times higher than median earnings, following a steady increase from a 5:1 ratio in 2002.<sup>33</sup> Furthermore, the lack of supply of new social housing has made the private rental sector the main provider of rental units.<sup>33</sup> In turn, private rent levels have further increased as a response to increased demand in high pressure areas.<sup>33</sup> According to a study by the National Housing Federation it is estimated that 8.4 million people in England were living in an unaffordable, insecure or unsuitable home and 3.4 million people could afford decent living conditions only with social

<sup>21</sup> IRENA, "Average Costs for Solar and Wind Electricity Could Fall 59% by 2025", (2016), at:

<https://www.irena.org/newsroom/pressreleases/2016/Jun/Average-Costs-for-Solar-and-Wind-Electricity--Could-Fall-59-by-2025>

<sup>22</sup> 1 Petawatt = 1000 Terawatt

<sup>23</sup> Korfiati et al. (2016), "Estimation of the Global Solar Energy Potential and Photovoltaic Cost with the use of Open Data", International Journal of Sustainable Energy Planning and Management, at: <https://journals.aau.dk/index.php/sep/article/download/1218/1159/>

<sup>24</sup> IRENA, "Renewable energy highlights", (2020), at: [https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2020/Jul/Renewable\\_energy\\_highlights\\_July\\_2020.pdf?la=en&hash=75B114DB7A55F4260F41F64C4DFF793D](https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2020/Jul/Renewable_energy_highlights_July_2020.pdf?la=en&hash=75B114DB7A55F4260F41F64C4DFF793D)

[B2044306](https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2020/Jul/Renewable_energy_highlights_July_2020.pdf?la=en&hash=75B114DB7A55F4260F41F64C4DFF793D)

<sup>25</sup> IRENA, "Investment Needs", at: <https://www.irena.org/financeinvestment/Investment-Needs>

<sup>26</sup> WEF, "Investment in renewable energy is slowing down. Here's why", (2019), at: <https://www.weforum.org/agenda/2019/09/global-renewable-energy-investment-slowing-down-worry/>

<sup>27</sup> Council of Europe, "The right to affordable housing: Europe's neglected duty", (2020), at: <https://www.coe.int/en/web/commissioner/-/the-right-to-affordable-housing-europe-s-neglected-duty>

<sup>28</sup> EU, "We need an EU strategy in social and affordable housing, says EESC", (2019), at: <https://www.eesc.europa.eu/en/news-media/press-releases/we-need-eu-strategy-social-and-affordable-housing-says-eesc>

<sup>29</sup> Paying more than 40% of disposable income in housing

<sup>30</sup> European Commission, "Housing cost overburden rate, analyzed by tenure status, 2018 (%)", at: [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Housing\\_cost\\_overburden\\_rate\\_analysed\\_by\\_tenure\\_status\\_2018\\_\(%25\)\\_SILC20.png](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Housing_cost_overburden_rate_analysed_by_tenure_status_2018_(%25)_SILC20.png)

<sup>31</sup> OECD, "Housing cost over income", at: <https://www.oecd.org/els/family/HC1-2-Housing-costs-over-income.pdf>

<sup>32</sup> UK Government, "Home ownership", (2020), at: <https://www.ethnicity-facts-figures.service.gov.uk/housing/owning-and-renting/home-ownership/latest>

<sup>33</sup> UK Parliament, "What is affordable housing?", (2019), at: <http://researchbriefings.files.parliament.uk/documents/CBP-7747/CBP-7747.pdf>

<sup>34</sup> Shelter, "Housing Tenure", at: [https://england.shelter.org.uk/\\_data/assets/pdf\\_file/0005/166532/Factsheet\\_Housing\\_tenure.pdf](https://england.shelter.org.uk/_data/assets/pdf_file/0005/166532/Factsheet_Housing_tenure.pdf)

<sup>35</sup> BBC, "Housing shortage: Scale of UK's housing gap revealed", (2020), at: <https://www.bbc.com/news/business-51605912>

<sup>36</sup> IPPR, "What more can be done to build the homes we need?", (2017), at: <https://www.ippr.org/files/2017-06/lyons-edited-collection-june-2017.pdf>

housing access.<sup>37</sup> In 2017, the UK Government announced the Shared Ownership and Affordable Homes (SOAH) Programme to address these challenges. As of 2019, the annual supply of affordable homes was 57,500 of which 51% are designated for affordable rent, 34% for affordable home ownership, and 11% for social rent.<sup>33</sup> The SOAH Programme will have access to funding up to GBP 9.1 billion (EUR 10.1 billion) starting in 2021 to support the development of an additional 10,000 homes per year, including social rented housing.<sup>33</sup> The SOAH program is aligned with the government's global housing market program to build 300,000 homes annually by the mid-2020s.<sup>38</sup>

Based on the above Sustainalytics believes that Just Group's financing of affordable housing, which is supported by a well-defined target population will foster access to decent housing conditions by low-income households and help solve the supply-side constraint of the housing market in Europe.

#### Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bond(s) issued under the Just Group Sustainability Bond Framework advances 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.
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-health  4. Quality education	3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.  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.  4.a Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, nonviolent, inclusive and effective learning environments for all.  11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable

<sup>37</sup> BBC, "Housing crisis affects estimated 8.4 million in England - research", (2019), at: <https://www.bbc.com/news/uk-49787913#:~:text=Housing%20crisis%20affects%20estimated%208.4%20million%20in%20England%20%2D%20research,-23%20September%202019&text=An%20estimated%208.4%20million%20people,to%20the%20National%20Housing%20Federation.>

<sup>38</sup> McKinsey & Co., "Working together to tackle the UK housing crisis", (2019), at: <https://www.mckinsey.com/industries/capital-projects-and-infrastructure/our-insights/working-together-to-tackle-the-uk-housing-crisis>

	11. Sustainable cities and communities	human settlement planning and management in all countries
--	--	---

## Conclusion

Just has developed the Just Group Sustainability Bond Framework under which it may issue Green, Social or Sustainability Bonds and use the proceeds to finance projects that support the transition toward more sustainable, lower-carbon economies. Sustainalytics considers that the projects funded by the Green, Social or Sustainability Bonds proceeds has the potential to provide positive environmental and social impact.



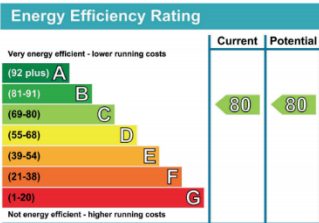
The Just Group Sustainability Bond Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that Just Group Sustainability Bond Framework is aligned with the overall sustainability strategy of the Company and that the use of proceeds category will contribute to the advancement of the UN Sustainable Development Goals 3, 4, 7, 9 and 11. Additionally, Sustainalytics is of the opinion that Just Group has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Just is well-positioned to issue Green, Social or Sustainability Bonds and that Just Group Sustainability Bond Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles (2021) and Social Bond Principles (2021).

## Appendices

### Appendix 1: Green Buildings Certification Schemes

	<b>BREEAM</b>	<b>LEED</b>	<b>EPC Label</b>
<b>Background</b>	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK. Used for new, refurbished and extension of existing buildings.	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.	Energy Performance Certificates (EPC) are instruments under the EU Energy Performance of Buildings Directive (EPBD), and are issued when a building is constructed, sold or let. EPCs contain a rating of the actual energy performance of a building and includes recommendations for cost-effective improvements.
<b>Certification levels</b>	Pass Good Very Good Excellent Outstanding	Certified Silver Gold Platinum	A (Very energy efficient) B C D E F G (Not energy efficient)
<b>Areas of Assessment: Environmental Project Management</b>	Management (Man) addresses various aspects: project management, deployment, minimal environmental disturbance worksite and stakeholder engagement.	Integrative process, which requires, from the beginning of the design process, the identification and creation of synergies between the various project stakeholders regarding the construction choices and the technical systems.	
<b>Areas of Assessment: Environmental Performance of the Building</b>	<ul style="list-style-type: none"> <li>- Energy</li> <li>- Land Use and Ecology</li> <li>- Pollution</li> <li>- Transport</li> <li>- Materials</li> <li>- Water</li> <li>- Waste</li> <li>- Health and Wellbeing</li> <li>- Innovation</li> </ul>	<ul style="list-style-type: none"> <li>- Energy and atmosphere</li> <li>- Sustainable Sites</li> <li>- Location and Transportation</li> <li>- Materials and resources</li> <li>- Water efficiency</li> <li>- Indoor environmental quality</li> <li>- Innovation in Design</li> <li>- Regional Priority</li> </ul>	<ul style="list-style-type: none"> <li>- Energy performance</li> <li>- Annual energy consumption</li> <li>- Share of renewable energy sources</li> <li>- Cost optimization</li> </ul>
<b>Requirements</b>	Prerequisites depending on the levels of certification + Credits with associated points  This number of points is then weighted by item <sup>7</sup> and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score.	Prerequisites (independent of level of certification) + Credits with associated points  These points are then added together to obtain the LEED level of certification  There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing	

	BREEAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.	Buildings: Operation and Maintenance).	
<b>Performance display</b>			
<b>Accreditation</b>	BREEAM International Assessor BREEAM AP BREEAM In Use Assessor	LEED AP BD+C LEED AP O+M	Each EU member state has different accreditation criteria.  For UK- Domestic Energy Assessor Non-domestic Energy Assessor
<b>Qualitative considerations</b>	Used in more than 70 countries: Good adaptation to the local normative context. Predominant environmental focus. BREEAM certification is less strict (less minimum thresholds) than HQE and LEED certifications.	Widely recognised internationally, and strong assurance of overall quality.	Used in EU member states and the UK. Under the EPBD, Member States must establish system for EPC issuance of buildings.  EPCs are a useful information tool for citizens, the real estate market and for policymaking.

## Appendix 2: Sustainability Bond / Sustainability Bond Programme - External Review Form

### Section 1. Basic Information

<b>Issuer name:</b>	Just Group
<b>Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:</b>	Just Group Sustainability Bond Framework
<b>Review provider's name:</b>	Sustainalytics
<b>Completion date of this form:</b>	July 30, 2021
<b>Publication date of review publication:</b>	Updated version of a Second Party Opinion provided on September, 2020

### Section 2. Review overview

#### SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP and SBP:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds        | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting                                    |

**ROLE(S) OF REVIEW PROVIDER**

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification   | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other ( <i>please specify</i> ):                       |  |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

**EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)**

Please refer to Evaluation Summary above.

**Section 3. Detailed review**

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

**1. USE OF PROCEEDS**

Overall comment on section (*if applicable*):

The eligible categories for the use of proceeds (i) Green Buildings, (ii) Renewable Energy, (iii) Clean Transportation, (iv) Affordable Housing and, (v) Access to Essential Services, are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers that the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDG 3, 4, 7, 9 and 11.

**Use of proceeds categories as per GBP:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy   | <input type="checkbox"/> Energy efficiency   |
| <input type="checkbox"/> Pollution prevention and control  | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation   | <input type="checkbox"/> Clean transportation  |
| <input type="checkbox"/> Sustainable water and wastewater management   | <input type="checkbox"/> Climate change adaptation   |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings  |

- Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs
  Other (please specify):

If applicable please specify the environmental taxonomy, if other than GBPs:

**Use of proceeds categories as per SBP:**

- Affordable basic infrastructure
  Access to essential services
- Affordable housing
  Employment generation (through SME financing and microfinance)
- Food security
  Socioeconomic advancement and empowerment
- Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP
  Other (please specify):

If applicable please specify the social taxonomy, if other than SBP:

**2. PROCESS FOR PROJECT EVALUATION AND SELECTION**

Overall comment on section (if applicable):

Just has established a Sustainability Bonds Forum (the "Forum"), in charge of evaluating and selecting projects. The Forum will ensure that the proposed pool of assets is aligned with the use of proceeds categories, review and approve allocation, and any updates to the Framework. The Working Group will meet on a quarterly basis. Just has in place a responsible investment framework that integrates ESG factors into investment decisions, and are applicable to all allocation decisions made under the Framework. Sustainalytics considers these environmental and social risk management systems and project selection process to be adequate and aligned with market expectation.

**Evaluation and selection**

- Credentials on the issuer's social and green objectives
  Documented process to determine that projects fit within defined categories
- Defined and transparent criteria for projects eligible for Sustainability Bond proceeds
  Documented process to identify and manage potential ESG risks associated with the project
- Summary criteria for project evaluation and selection publicly available
  Other (please specify):

**Information on Responsibilities and Accountability**

- Evaluation / Selection criteria subject to external advice or verification
  In-house assessment
- Other (please specify):

### 3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

Just's processes for management of proceeds are handled by Just Group Investments team (the "Investments team"). The Investments team will use an internal tracking system to monitor and account for the proceeds. Pending allocation, proceeds will be invested in cash or liquid security, in alignment with the Just Group Responsible Investment Policy. This is in line with market practice.

#### Tracking of proceeds:

- Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

#### Additional disclosure:

- Allocations to future investments only
- Allocations to both existing and future investments
- Allocation to individual disbursements
- Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds
- Other (please specify):

### 4. REPORTING

Overall comment on section (if applicable):

Just intends to report allocation proceeds on its website on an annual basis until full allocation. Allocation reporting will include the net proceeds allocated to each project category, a selection of brief project descriptions and the outstanding amount of net proceeds yet to be allocated. In addition, Just intends to report on relevant impact metrics, where feasible. Sustainalytics views Just's allocation and impact reporting as aligned with market practice.

#### Use of proceeds reporting:

- Project-by-project
- On a project portfolio basis
- Linkage to individual bond(s)
- Other (please specify):

#### Information reported:

- Allocated amounts
- Sustainability Bond financed share of total investment
- Other (please specify):

**Frequency:**

- Annual  Semi-annual  
 Other (please specify):

**Impact reporting:**

- Project-by-project  On a project portfolio basis  
 Linkage to individual bond(s)  Other (please specify):

**Information reported (expected or ex-post):**

- GHG Emissions / Savings  Energy Savings  
 Decrease in water use  Number of beneficiaries  
 Target populations  Other ESG indicators (please specify):

**Frequency:**

- Annual  Semi-annual  
 Other (please specify):

**Means of Disclosure**

- Information published in financial report  Information published in sustainability report  
 Information published in ad hoc documents  Other (please specify):  
 Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

**USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)**

**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**

**Type(s) of Review provided:**

- Consultancy (incl. 2<sup>nd</sup> opinion)  Certification  
 Verification / Audit  Rating  
 Other (please specify):

**Review provider(s):****Date of publication:****ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP**

- i. **Second-Party Opinion:** An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability Bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. **Certification:** An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green, Social and Sustainability Bond Scoring/Rating:** An issuer can have its Sustainability Bond, associated Sustainability Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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