

Aster Group

Type of Engagement: Allocation Review

Date: June 02, 2022

Engagement Team:

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Introduction

In January 2021, Aster Group (“Aster”) issued a sustainable bond aimed at financing and refinancing affordable housing and green building investments in the United Kingdom. In June 2022, Aster engaged Sustainalytics to review the projects funded through the sustainable bond issued in 2021 and to provide an assessment as to whether the projects met the Use of Proceeds criteria outlined in the Aster Group Framework for Sustainable Finance (the “Framework”).¹ Sustainalytics has calculated the estimated impact achieved by the sustainable bonds issued by the Aster Group in a separate report.²

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded in 2021 based on whether the projects and programmes met the Use of Proceeds and Eligibility Criteria outlined in the Aster Group Framework for Sustainable Finance

Table 1 lists the Use of Proceeds, Eligibility Criteria

Table 1: Use of Proceeds, Eligibility Criteria

Use of Proceeds	Eligibility Criteria
Affordable Housing-	<ul style="list-style-type: none">Construction and Refurbishment of Social Housing buildings located in the United Kingdom, and complying with the Government’s definition of affordable housing.
Green Buildings-	<ul style="list-style-type: none">Construction of Social Housing buildings with an EIR and an EPC B or above.

Issuing Entity’s Responsibility

Aster Group is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, amounts allocated.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of Aster Group’s Sustainability Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from Aster employees and review of documentation to confirm the conformance with the Aster Group Framework for Sustainable Finance.

Sustainalytics has relied on the information and the facts presented by Aster with respect to the Nominated Projects. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by Aster.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the review.

¹ Aster Group, “Aster Group Framework for Sustainable Finance”, at: <https://s3.eu-west-1.amazonaws.com/aster.co.uk/esg-20/Aster-Framework-for-Sustainable-Finance.pdf>

² Aster Group Impact Report for Bonds and Loans by Sustainalytics (June,2022)

Conclusion

Based on the limited assurance procedures conducted,³ nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of Aster Group’s Sustainability Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Aster Group Framework for Sustainable Finance. Aster Group has disclosed to Sustainalytics that the proceeds of the sustainability bond were fully allocated as of 2021.

Detailed Findings

Table 2: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the 60 projects funded by the sustainability bond in 2021 to determine if projects aligned with the Use of Proceeds Criteria outlined in the Aster Group Framework for Sustainable Finance and above in Table 1. For allocation to the individual use of proceeds categories, please refer to Appendix 1.	All the 60 projects reviewed complied with the Use of Proceeds criteria.	None

³ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendix

Appendix 1: Allocation Reporting by Eligibility Criteria

Use of Proceeds Category	Eligibility Criteria	Net Bond Proceeds Allocation (GBP million)
Affordable Housing	60 affordable housing projects, with 1,546 units.	197.86
Green Buildings	All units, except two, also meet the green building criteria. Details as below: <ul style="list-style-type: none"> • 61 units meet EPC A level criteria • 1,483 units meet EPC B level • 2 units meet EPC C level 	
Total Proceeds Allocated (GBP)	NA	197.86

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