



Assura Sustainable Finance Framework

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1. Introduction



1.1 Background

Assura (the “company”) was established in 2003 with an investment in our first 19 primary care buildings. Assura’s purpose is to create outstanding spaces for health services in their communities. Assura’s headquarters is situated in Warrington, United Kingdom. Our business activities involve designing, building, investing in and managing General Practitioner and primary care buildings in the UK.

The primary care estate accommodates a wide range of NHS services in communities, from general practice to diagnostic and treatment services including x-ray, renal dialysis and MSK physiotherapy; dentistry; acute consultant clinics and other community and social prescribing services. Assura provides strong real estate fundamentals: secure occupier covenants, minimal development risk, restricted supply with no speculative development and long leases without breaks. As at 31 March 2021, Assura’s portfolio stands at 609 properties currently serving 5.9 million people across the UK¹.

1.2 Assura’s commitment to sustainability

Our purpose is to create outstanding spaces for health services in our communities. We achieve these objectives by partnering with GPs, primary and community care organisations to facilitate the delivery of high quality patient care and services in the communities that we serve. We also continue to push the boundaries for both our existing primary care buildings and for our future NHS schemes – helping to meet the net zero carbon goals and to deliver on our role to future generations through vital community infrastructure. Our goal is to produce the first medical center in the UK that is net zero carbon for both construction and operation, and then make that a standard for all of our developments by 2026.

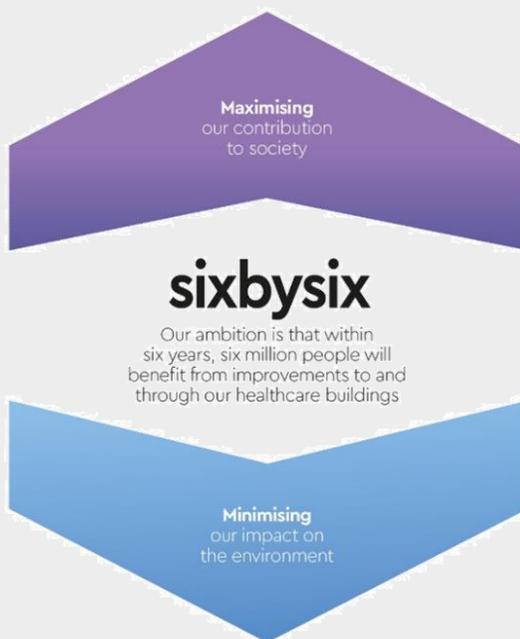
¹ Assura Annual Report May 2021: <https://www.assurapl.com/sites/assura/files/ResultsFY21/AnnualReport2021V1.pdf>

Assura is one of the 95 signatories to be part of the Net Zero Carbon Buildings Commitment (the Commitment), which aims to see 100 percent uptake of net zero carbon buildings by 2050, in line with the Paris Agreement. Assura is also among the new companies and organisations committed to ensuring that all buildings they own, occupy and/or develop will operate at net zero carbon by 2030, or earlier.

There is an unprecedented pressure on every NHS department, from general practice (GP) to hospital care. At the current time, GPs and their teams provide one of the most comprehensive, cost-effective, high-quality and widely respected generalist healthcare services in the world. Our purpose is to continue to partner with these GPs and contribute to reducing the burden on the NHS. GP surgery and primary care buildings are the gateway to wider NHS services, and are often held up as the locations where most patient contact in the NHS takes place, thereby alleviating pressure on hospitals. By offering property services to GPs and ensuring their buildings are fit for purpose now and in the future, we play an important role in helping the NHS to deliver the Long Term Plan.

Our work is about far more than return on financial investment. We want to make a real difference through the spaces we create and manage – for everyone who uses them, and for the communities they serve. The patients and communities living around our developments are our ultimate end users and understanding their views enables us, in collaboration with the GPs, to design developments that take into account their specific needs where appropriate. We proactively listen and communicate to patients through Patient Participation Groups, national and local charities, community groups, MPs, local councilors and academic partnerships. We also use public consultation events and meetings with local residents and online channels to gather feedback.

Assura's Social Impact Strategy²



Assura's purpose is to create outstanding spaces for health services in our communities. We aim to be the UK's number one listed property business for long-term social impact.

Our social impact strategy, SixBySix, was launched alongside our March 2020 annual report. **By 2026, our goal is that six million people will have benefited from improvements to and through our buildings.**

To achieve this, we have formalised our social impact strategy, setting out the criteria for how we will measure our progress in improving the health care buildings that will serve six million people. In addition, we have laid out six pledges, aiming to maximise our contribution to society and minimise our impact on the environment. These pledges are actions that will be embedded throughout our business model, strategy and day-to-day activities:

- Building new, sustainable buildings
 - Extending or refurbishing existing buildings
 - Improving energy efficiency performance of existing buildings
 - Improving disability access and design for conditions such as dementia and autism at existing buildings
- Providing space for community projects in our buildings
 - Funding health improving projects for the communities around our buildings

² Assura Social Impact Strategy: <https://www.assurapl.com/making-a-difference>



As an initial step in achieving this objective, in 2020 we launched the Assura Community Fund, with an initial funding of £2.5 million. This will work to support the charities, voluntary organisations and community groups working across the UK around Assura's healthcare buildings, to support healthier communities for the public benefit. In the first year, we distributed £800,000 to health-improving projects around our buildings³. The intention to become the UK's leading listed property business for long-term social impact is both exciting and ambitious. It builds on the already strong foundations of the wider business and the impact our buildings can have on our communities.

The current pandemic has only re-emphasised to us the importance and clear relevance of our ambitions. As the COVID-19 pandemic raged, we continued to closely support our partners and patients through the crisis - utilising vacant space and adapting existing premises such as for longer-term social distancing and hybrid care for physical and virtual consultations. By the end of the year, close to one in ten of our buildings were designated vaccine hubs.

We also achieved a national first for a social bond in the real estate sector with the launch of our landmark 10-year £300 million Social Bond with coupon of 1.5% in September 2020.

Assura's Environmental Strategy⁴

Assura's environmental strategy is fundamental to our whole offering:

- Ensuring our developments meet the needs of our customers: the GPs, the NHS and the communities we serve;
- Helping our occupiers reduce their energy bills;
- Driving value in our portfolio through sustainability linked asset enhancements giving us extended leases or increased rent.

In 2021, we appointed a new Head of Sustainability, and we are also developing plans to ensure compliance with TCFD from March 2022.

Our SixBySix pledges include several targets relating to our existing portfolio by 2026 which will commence in the coming financial year:

- Work with our customers to reduce the energy consumed in our buildings – targeting an EPC rating of B or better across our portfolio
- Only purchase renewably sourced energy
- Driving innovative energy solutions for customers through the use of appropriate technology.

But we also want to go a lot further. **Our goal is to produce the first medical center in the UK that is net zero carbon for both construction and operation, and then make that a standard for all of our developments by 2026.**

Assura's Environmental Policy

We are aware that the activities of our organization have an impact on the environment and we are committed to seeking to manage our impacts through the operation of our Environmental Management System. We annually review our environmental policy and are committed to minimising the environmental impact of our activities, preventing pollution and achieving continual improvement in our environmental performance by:

- Openly addressing the environmental risks of the work we carry out and identifying and managing the environmental risks associated with our work on an ongoing basis;
- Setting and reviewing annual environmental objectives and targets, and monitoring performance;
- As a minimum complying with applicable environmental legislation and other requirements relevant to our operations;

³ Assura Annual Report May 2021: <https://www.assurapl.com/sites/assura/files/ResultsFY21/AnnualReport2021V1.pdf>

⁴ Assura Sustainability Disclosures May 2021: <https://www.assurapl.com/sites/assura/files/ResultsFY21/Mar21-Sustainability-Disclosures.pdf>

- Gaining certification to the ISO14001:2004 management standard and carrying out regular internal and external audits to ensure good performance and identify opportunities for improvement;
- Working with our partners, sub - contractors and suppliers to promote good environmental management and performance;
- Reducing the environmental impacts of our new developments by achieving a BREEAM Excellent rating;
- Reducing the environmental impacts of the owned and leased premises by adopting or promoting reasonable controls for preventing pollution, improving resource efficiency, reducing waste and reducing our carbon footprint;
- Training employees appropriately and promoting environmental awareness and commitment amongst our staff.

Assura’s Environmental Impact – developments



As a developer of buildings, we are focused on ensuring that our new buildings are designed to be right at the cutting edge of sustainability within our sector, and we pride ourselves on innovating to advance our environmental performance.

Our SixBySix pledge is to advance our developments to be Net Zero carbon for construction and operation and to measure the whole life carbon impact of the buildings we develop.

The environmental impact of a new building is something that we consider from the initial design phase and maintain focus on throughout the project. We measure this against the Building Research Establishment Environmental Assessment Method (“BREEAM”) for which we target a score of “Very Good” or “Excellent” on all our in-house developments.

In practice, this means that we need to select the materials in the right way (BRE produces a Green Guide to Specification from which materials are chosen), we commission environmental and ecological reports from which the actions are incorporated into our plans, and we work with the occupiers to ensure that the energy systems installed are both environmentally friendly and cost effective. All of this needs to be completed to a high standard and is independently assessed.

In 2020-21, all development completions rated BREEAM Very Good or Excellent and also met EPC targets of B and above. All of the 16 on site developments at March 2021 are on track to achieve at least BREEAM Very Good with 85% on track for Excellent.

Assura’s Environmental Impact – existing properties



As a landlord of a large portfolio, or ability to influence the energy consumed in our buildings is through improving the fabric of the buildings and specifically more efficient heating, lighting and ventilation systems for our customers. That is why one of our SixBySix pledges is targeting an improvement to the EPC ratings of the portfolio – aiming for all properties to have a rating of ‘B’ by 2026.

One of our SixBySix pledges is to drive innovative energy solutions for customers through the use of the appropriate technology. For the majority of our portfolio, customers purchase energy directly from the utility companies. For these properties, our portfolio management team meets regularly with the customers to understand their needs, concerns around energy usage and working with them to identify energy saving opportunities.

In respect of 47 properties (7.7% of portfolio), we purchase utilities on behalf of the customers which are recharged, usually through a service charge. In these buildings, energy consumption is at the discretion of the customer but Assura is generally in more frequent discussion with these customers. We have recently tendered our energy purchase contract and mandated that energy bought is 100% renewably sourced.

2. Assura Sustainable Finance Framework



In order to meet the commitments described above, and finance eligible green and social projects (eligible sustainable projects) that will deliver benefits to support Assura’s business strategy and vision, Assura’s has elected to create a Sustainable Finance Framework (the “Framework”), under which it can issue Social/ Sustainability Bond/Loan(s). This Framework is in accordance with the ICMA Green Bond Principles (GBP) 2021⁵, Social Bond Principles (SBP) 2021⁶ and Sustainability Bond Guidelines (SBG) 2021⁷. In addition, Assura intends to align this framework document to the extent feasible with the draft EU’s classification of environmentally-sustainable economic activities (the EU ‘Taxonomy’), in order to be aligned with the European Commission’s recommendations.

- i. Social Bond/Loans(s) – bonds/ loans where proceeds are used to finance ‘eligible social projects’ as defined in section 2.1 ‘Use of Proceeds’; or
- ii. Sustainability Bond/Loans(s) – bonds/loans where proceeds are used to finance ‘eligible green and social projects (eligible sustainable projects)’ as defined in section 2.1 ‘Use of Proceeds’

⁵ ICMA Green Bond Principles 2021: <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

⁶ ICMA Social Bond Principles 2021: <https://www.icmagroup.org/sustainable-finance/the-principles/the-principles-guidelines-and-handbooks/social-bond-principles-sbp>

⁷ Sustainability Bond Guidelines 2021: <https://www.icmagroup.org/sustainable-finance/the-principles/the-principles-guidelines-and-handbooks/sustainability-bond-guidelines-sbg>

In alignment with these Principles, for each Social or Sustainable Bond/Loans(s) issued, Assura asserts that it will adopt the following, as set out in this Framework:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting
5. External Review

2.1 Use of Proceeds

An amount equivalent to the net proceeds raised from any Assura’s Social or Sustainable Bond/Loan issued under this Sustainable Finance Framework will (as further detailed in Section 2.3 below (Management of Proceeds)) be allocated, in part or in full, to finance or re-finance the following eligible projects:

Eligible Sustainable Projects

Eligible Green Projects:

Alignment with GBP/SBP	Green Buildings
Alignment with the UN SDGs	 
Eligibility criteria	<p>New developments or acquisitions of publicly accessible primary care and community healthcare centres that target and receive third-party verified green building certification and subsequently achieve the following based on its design, construction and operational plans:</p> <ul style="list-style-type: none"> • BREEAM “Very good” or Above; or • Minimum EPC B or higher <p>Refurbishments which result in a leading to a reduction of Primary Energy Demand of at least [30%] in comparison to the energy performance of the building before the Renovation OR a measurable improvement in the EPC rating of the existing building or spaces.</p> <p><i>Measurable improvement in the EPC rating is defined as an improvement to a rating of B or higher or at least two rating bands</i></p>
Examples of potential projects/ investments	<ul style="list-style-type: none"> • Improving healthcare buildings to reduce the energy consumed - targeting an EPC rating of B or better across the portfolio • Advance our development process to be creating only buildings with a net zero carbon rating for construction and operation

Eligible Social Projects:

Alignment with SBP	Access to essential services – healthcare
Alignment with the UN SDGs	
Eligibility criteria	Acquisition, development and refurbishment of publicly accessible primary care and community healthcare centres
Examples of potential projects/ investments	<ul style="list-style-type: none"> Improving healthcare buildings to provide easy access to healthcare for disabled, elderly and people suffering from conditions such as dementia and autism

2.2 Project Evaluation and Selection Process

The eligible green and social projects (eligible sustainable projects) will be subject to the following due diligence, which ensures that they meet the criteria set out above in section 2.1 ('Use of Proceeds').

Assura will establish a Sustainable Finance Working Group (SFWG), which will be made up as follows:

- CFO
- Head of Sustainability
- Representative from finance
- Representative from property management
- Representative from the Social Impact Committee

The SFWG will be chaired by the CFO and will meet on a semi-annual basis.

The missions of the SFWG are the following:

- To review the project list and assess project eligibility for social financing in accordance with the pre-determined Eligibility Criteria set out in Section 2.1 Use of Proceeds of this Framework;
- To oversee the arrangements established to ensure the Social/ Sustainability Bond(s)/Loan(s) remain in alignment with the GBP, SBP, and SBG;
- To oversee the arrangements established to ensure Social/ Sustainability Bond(s)/Loan(s) proceeds are utilised in accordance with the uses specified in the Framework; and,
- To oversee the introduction and operation of arrangements to generate the information required to produce periodic Social/ Sustainability Bond(s)/Loan(s) Reports, in accordance with the Framework and the GBP, SBP, and SBG.

2.3 Management of Proceeds

An amount equivalent to the net proceeds of each Assura Social/ Sustainability Bond(s)/Loan(s) will be earmarked towards eligible sustainable/social projects as stated in section 2.1 Use of Proceeds of this Framework. In the event that funds cannot be immediately and fully allocated, or in the event of any early repayment, proceeds will be held in cash, short term securities, or short-term repayments until allocation to eligible sustainable/social projects.

Assura intends to allocate an amount equivalent to the net proceeds of a given Social/ Sustainability Bond(s)/Loan(s) issuance to eligible sustainable/social projects originated no more than three years prior to the issuance. Assura aims to allocate the proceeds within three years from the date of issuance.

2.4 Reporting

Assura will publish an allocation report and an impact report on its Social/ Sustainability Bond(s)/Loan(s) issued, as detailed below. This reporting will be updated annually until full allocation of the net proceeds of any Social/ Sustainability Bond(s)/Loan(s) issued, or until the Assura Social/ Sustainability Bond(s)/Loan(s) is no longer outstanding, whichever is earlier.

2.4.1 Allocation Reporting

Assura will provide information on the eligible sustainable/social projects portfolio on the Assura’s website. The information will contain at least the following details on an aggregated basis:

- i. The total amount of proceeds allocated to the eligible sustainable/social projects
- ii. Regional distribution of projects
- iii. Refinancing versus new financing
- iv. The balance of unallocated proceeds

2.4.2 Impact Reporting

Where feasible, Assura will provide reporting on relevant potential impact metrics for eligible sustainable/social projects including:

Green Buildings	<ul style="list-style-type: none"> • BREEAM certification • EPC certification
Access to essential services – healthcare	<ul style="list-style-type: none"> • Number of patients enrolled • Number of healthcare facilities acquired, developed, or refurbished

Under our SixBySix strategy, we have developed a methodology for calculating the long term impact of our properties, with a target to benefit six million people through improvements and access to our buildings by 2026. This includes improvements not only to energy consumed in our buildings, disability access, design for conditions such as dementia and autism at existing buildings, but also to space provided for community projects in our buildings and health funding to improve projects for the communities around our buildings.

Where available and relevant, our Social/ Sustainability Bond/Loan reporting will also include the number of people benefited from buildings in the portfolio, case studies, and details on our calculation methodology.

3. External Review



3.1 Second-Party Opinion

Assura has appointed ISS-ESG to provide an external review on the Assura Sustainable Finance Framework, and confirm its alignment with the ICMA GBP, SBP, and SBG. This Second Party Opinion document will be made available on Assura's website.

3.2 Post issuance external verification

Assura's annual allocation reporting will also be subject to external verification by an independent third party. At minimum, this review will be carried out after the full allocation of an amount equal to the net proceeds from any Assura Social/ Sustainability Bond/Loan. The review will verify:

- The compliance of assets financed by the Social/ Sustainability Bond(s)/Loan(s) proceeds with eligibility criteria defined in the use of proceeds section in this Framework
- Allocated amount related to the eligible sustainable/social projects financed by the Social/ Sustainability Bond proceeds
- The management of proceeds and unallocated proceeds amount

The post-issuance external verification report will be published on Assura's website.

4. Amendments to this Framework



The SFWG will review this Framework on a regular basis, including its alignment to updated versions of the GBP, SBP, and SBG as and when they are released, with the aim of adhering to best practices in the market. Such review may result in this Framework being updated and amended. The updates, if not minor in nature, will be subject to the prior approval of Assura and an independent external reviewer. Any future updated version of this Framework that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an External Reviewer. The updated Framework, if any, will be published on Assura's website and will replace this Framework.