NHG 2022 Impact Report

Summary of the benefits

In June 2021, we issued our inaugural Sustainable Bond and Sustainable Finance Framework in line with International Capital Market Association (ICMA) and Loan Market Association (LMA") Social Bond Principles, June 2020 ("SBP"), the Sustainability Bond Guidelines, June 2018 ("SBG"), the Green Bond Principles, June 2018 ("GBP") and the Green Loan Principles, February 2021 ("GLP").

For the life of the debt issued under this Framework we have committed to giving investors information about the impact of the category of projects funded by our outstanding sustainable bonds, until the maturity of the debt.

We choose eligible Sustainable Bond projects based on their strategic, social and environmental importance. These projects help to deliver our core objectives of providing safe, warm and efficient homes to those who would otherwise not be able to afford them.

Proceeds from the sustainable bond issued in June 2021 have been allocated as shown below, together with the relevant indicative impact metrics selected for reporting on progress.

Eligible project category	**Description**	**Indicative impact metrics**
Affordable housing	Construction of new social rent, affordable rent, shared ownership and supported housing in the United Kingdom	• Number of new social, affordable and shared ownership homes built by tenure • Number of people housed from local authority waiting lists
	Re-financing of existing social rent, affordable rent, shared ownership and supported housing in the United Kingdom	• Existing number of social, affordable and shared ownership homes by tenure • Average weekly NHG rent charged relative to average private sector rent
Green buildings	Construction of new homes with a minimum EPC rating of B	• Number and % of new homes with an EPC rating of A or B
	Re-financing of existing homes, subject to a minimum EPC rating of B	• Change in distribution of EPC ratings of existing homes since prior year
	Renovation of existing homes that improve unit EPC ratings by at least two notches (to EPC C or above)	• Number of existing homes with an EPC rating of A or B

New developments projects:

Tenure Type	Scheme investment, £m	Bond proceeds invested, £m	Number of units	EPC ratings
Social/Affordable housing/London living	£217.6	£151.9	756	A – B
Shared ownership	£193.0	£98.1	563	B (1 at C)
Total	**£410.6**	**£250.0**	**1,319**	

EPC ratings for existing properties

2022	2022
EPC rating	**Percentage of homes, %**
A	-
B	21.9
C	55.6
D	19.9
≤E	2.6
	100.0

2021	2021
EPC rating	**Percentage of homes, %**
A	-
B	18.8
C	58.6
D	20.1
≤E	2.5
	100.0

EPC Ratings for existing properties: criteria and methodology

All unit types, excluding non-residential properties were included in the KPI. The energy performance data was produced using rdSAP methodology, which returns an EPC result. The results are produced through an energy performance model and validated against the EPC register to retain any recent EPC assessments.

The 2021 results exclude 1,686 units which are non-residential with no EPC data (such as garages/parking spaces). At the end of year position there were 428 units which we could not attain the EPC level.

The 2022 results exclude 1,701 units which are non-residential with no EPC data (such as garages/parking spaces). This reflects the EPC position as at 31 March 2022. 330 were units reviewed for their energy performance in July 2022, which were retrospectively reported as at 31 March 2022.

Allocating the proceeds

The total spend across these projects from to 31 March 2022 was £410.6m. We used the £250m proceeds from the debt issued under the sustainable Finance Framework to refinance existing debt and deliver the projects listed above between June 2019 and March 2022. 100% of the proceeds of the debt issue was used for capital expenditure.

To find out more about our sustainable performance:	Corporate Investor Page
	2021 Sustainable Finance Framework
	2022 Financial Statements
	2022 ESG Report