

# EXTERNAL REVIEW

## Assura Social Bond Reporting

Social Bond Reporting Assura

06 October 2022

### VERIFICATION PARAMETERS

<b>Type(s) of reporting</b>	Social bond allocation and impact reporting
<b>Relevant standard(s)</b>	Harmonized Framework for Impact Reporting for Social Bonds (HFIRSB), updated June 2022, administered by the International Capital Market Association (ICMA)
<b>Scope of verification</b>	Assura's Social Bond Reporting (as of 30.09.2022) Assura's Social Finance Framework (as of 04.09.2020)
<b>Lifecycle</b>	Post-issuance verification
<b>Validity</b>	As long as no material changes are undertaken by the issuer to its Social Bond Reporting as of 30.09.2022

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## SCOPE OF WORK

Assura (“the issuer”) commissioned ISS Corporate Solutions (ICS) to provide an External Review<sup>1</sup> on its social bond reporting by assessing:

1. The alignment of Assura’s Social Bond Reporting with the commitments set forth in Assura’s Social Finance Framework (04.09.2020 version).<sup>2</sup>
2. Assura’s Social Bond Reporting - benchmarked against the Harmonized Framework for Impact Reporting for Social Bonds (HFIRSB), updated as of June 2022.
3. The disclosure of the proceeds’ allocation and soundness of reporting indicators<sup>3</sup> – whether the impact metrics align with best market practices and are relevant to the social bonds issued.

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<sup>1</sup> We do not provide limited or reasonable assurance on the information presented in Assura’s Social Bond Reporting. We solely conducted a review of the Use of Proceeds’ allocation and impact reporting against ICMA’s core principles and recommendations where applicable, and the criteria outlined in the underlying framework. We base our assessment solely on the information provided in the allocation and impact reporting. Assura is responsible for the preparation of the report including the application of methods and internal control procedures designed to ensure that the subject matter information is free from material misstatement.

<sup>2</sup> The framework was assessed by us as aligned with the Social Bond Principles as of 04.09.2020.

## ASSESSMENT SUMMARY

REVIEW SECTION	SUMMARY	EVALUATION
<p><b>Part 1</b></p> <p><b>Alignment with the issuer's commitments set forth in the framework</b></p>	<p>Assura's Social Bond Reporting meets the issuer's commitments set forth in the Social Finance Framework. The proceeds have been used to finance access to essential services - healthcare in accordance with the eligibility criteria defined in the framework.</p>	
<p><b>Part 2</b></p> <p><b>Alignment with the Harmonized Framework for Impact Reporting for Social Bonds</b></p>	<p>We find that the Social Bond Reporting is in line with ICMA's Harmonised Framework for Impact Reporting for Social Bonds (HFIRSB). The issuer follows core principles and where applicable key recommendations.</p> <p>Assura reported one year after the issuance, allocated the proceeds in line with its commitment and applied relevant output indicators.</p>	<p><b>Aligned</b></p>
<p><b>Part 3</b></p> <p><b>Disclosure of the proceeds' allocation and soundness of reporting indicators</b></p>	<p>The allocation of the social bond's proceeds has been disclosed with a detailed breakdown across different eligible project categories as proposed in the framework.<sup>4</sup></p> <p>Assura's Social Finance Framework has adopted an appropriate methodology to report the impact generated by providing comprehensive disclosure on data sourcing, calculation methodologies and granularity, reflecting best market practices.</p>	<p><b>Positive</b></p>

<sup>4</sup> We base our assessment on the information provided in the allocation reporting. The issuer is responsible for the preparation of the report including the application of methods and procedures designed to ensure that the subject matter information is free from material misstatements.

## EXTERNAL REVIEW ASSESSMENT

### PART I: ALIGNMENT WITH COMMITMENTS SET FORTH IN THE SOCIAL FINANCE FRAMEWORK<sup>5</sup>

The following table evaluates the Social Bond Reporting against the commitments set forth in Assura's framework, which are based on the core requirements of the Social Bond Principles as well as best market practices.

SOCIAL BOND PRINCIPLES	OPINION	ALIGNMENT WITH COMMITMENT
1. Use of Proceeds	<p>Assura confirms to follow the Use of Proceeds' description provided by Assura's Social Finance Framework. The report is in line with the initial commitments set in Assura's framework: to (re)finance access to essential services - healthcare.</p> <p>The issuer's social category aligns with the project category and the eligibility criteria as proposed by Assura's Social Finance Framework. Social benefits are described and quantified at category level.</p> <p>The issuer is transparent that £273 million has been allocated to refinance properties and £27 million to newly financed projects. The look-back period is within three years preceding the bond's issuance in September 2020.</p>	✓
2. Process for project evaluation and selection	<p>Assura confirms to follow the process for project evaluation and selection description provided by Assura's Social Finance Framework. The report is in line with the initial commitments set in Assura's framework: to engage a Sustainable Finance Working Group (SFWG) during the project evaluation and selection process.</p> <p>The projects selected are defined and structured in a congruous manner. The issuer ensures compliance with the eligibility criteria by engaging the SFWG to assess the project list for eligibility for social financing.</p> <p>The issuer confirms that various stakeholders are involved in the process and the SFWG meets twice per year.</p>	✓
3. Management of proceeds	<p>Assura confirms to follow the process for the management of proceeds' description provided by Assura's Social Finance Framework. The report is in line with the initial commitments set in Assura's framework: to earmark an amount that is equivalent to the net proceeds towards eligible social projects originated no more than three years from the date of the bond's issuance.</p>	✓

<sup>5</sup> Assura's Social Finance Framework was assessed as aligned with the SBP (June 2020 version) as of 04.09.2020.

	<p>100% of the proceeds collected, i.e. £300m, have been allocated to eligible projects, with no exceptions. The proceeds are fully allocated to eligible social projects.</p> <p>The issuer confirms that no buildings have been added or removed from the eligible asset pool during the reporting period.</p>	
<p><b>4. Reporting</b></p>	<p>The Assura Social Bond Reporting is coherent with the reporting description provided by Assura’s Social Finance Framework. The report is in line with the initial commitments set in Assura’s framework: to publish an allocation report and an impact report on its social bonds/loans issued.</p> <p>The sections “allocation reporting” and “impact reporting” of the social bond reporting comply with the pre-issuance commitment expressed in the framework. The report is publicly available at the link: <a href="https://www.assurapl.com/investor-relations/shareholder-information/sustainability-and-corporate-governance-policies">https://www.assurapl.com/investor-relations/shareholder-information/sustainability-and-corporate-governance-policies</a>.</p> <p><i>Further analysis of this section is available in Part III of this report.</i></p>	<p style="text-align: center;"></p>
<p><b>5. Verification</b></p>	<p>We have provided a Second Party Opinion (SPO) on Assura’s Social Finance Framework.</p>	

## PART II: ASSESSMENT AGAINST ICMA'S HFIRSB

Reporting is a core component of the SBP and transparency is of particular value in communicating the expected and/or achieved impact of projects in the form of an annual reporting. Social bond issuers are required to report on both the use of social bond proceeds, as well as the social impacts at least on an annual basis until full allocation. The Harmonized Framework for Impact Reporting for Social Bonds (HFIRSB) has been chosen as a benchmark for this analysis as it represents the most widely adopted standard.

The table below evaluates Assura's Social Bond Reporting against the ICMA HFIRSB.

CORE PRINCIPLES		
ICMA HFIRSB	SOCIAL BOND REPORTING	ASSESSMENT
Formal internal process to track proceeds	Assura confirms project selection and management of proceeds to be in line with the criteria set forth in the underlying framework.	✓
Reporting on an annual basis	Assura has reported within one year from the issuance and all the proceeds of £300m have been fully allocated. The report will be available on Assura's website.	✓
Allocation of the proceeds to social project categories	In accordance with the criteria set in the framework, and in compliance with the Social Bond Principles issued by ICMA, Assura has allocated the net proceeds of the bond issued under its framework to new and/or existing eligible assets of the following category:  Access to essential services – primary care and healthcare centers	✓
Target population(s) identified	The issuer defines patients as its target population who are visiting the healthcare facilities it finances (excluding private patients).  Assura has also a target of benefitting six million people through improvements and access to its buildings by 2026.	✓
Output, outcome and/or impact of projects at project or portfolio level	The issuer provided information on the output at project level and at portfolio level.  It provided the total number of new and existing accessible primary care and community healthcare centers financed/refinanced with the bond's proceeds during the reporting period.  It also disclosed information on the combined registered patient list size of GPs.	✓

<p>Illustration of social impacts</p>	<p>The assessment and measurement of the impacts generated by Assura’s social bonds covered the following areas:</p> <ul style="list-style-type: none"> <li>- Number of healthcare facilities acquired, developed, or refurbished</li> <li>- Number of patients registered in financed GPs</li> </ul> <p>An an example Assura cites that it seeks to improve healthcare buildings to provide easy access to healthcare for disabled people, elderly and those suffering from conditions such as dementia and autism.</p>	<p style="text-align: right;">✓</p>
<p>The issuer uses output, outcome, and/or impact metrics relevant to the projects and referred to existing indicator lists and catalogues</p>	<p>The issuer referred to existing indicator lists and catalogs from annex III of the HFIRSB (i.e number of hospitals and other healthcare facilities built/upgraded, number of beneficiaries receiving access to healthcare facilities).</p> <p>A detailed analysis of the impact indicators is available in Part 3 of this report.</p>	<p style="text-align: right;">✓</p>

## RECOMMENDATIONS

ICMA HFIRSB	SOCIAL BOND REPORTING	ASSESSMENT
<p>Disclose the methodology and the assumptions used for the calculation of impact indicators</p>	<p>The issuer reports on actual absolute output and quantitative impact indicators.</p> <ul style="list-style-type: none"> <li>• Number of healthcare facilities acquired, developed, or refurbished</li> <li>• Number of registered patients at financed GPs</li> </ul> <p>The number of healthcare facilities is calculated by counting.</p> <p>The number of registered patients is taken from NHS records and represents the number of people that benefit from these healthcare buildings. Assura routinely updates this information in its own database of all medical centers in the UK.</p>	<p style="text-align: right;">✓</p>
<p>When the expected impacts of different project components may not be reported separately, issuers may use (and disclose) the attribution approach</p>	<p>The impact of Assura’s projects is reported separately per category and sub-category on an aggregated basis.</p>	<p style="text-align: right;">N/A</p>
<p>Disclose the methodology used to determine the share of eligible project financing being applied to impact calculation</p>	<p>The issuer discloses the eligible amount of project financing applied to output calculation as a whole, which makes disclosure of the share of eligible project financing unnecessary.</p>	<p style="text-align: right;">N/A</p>

Collaborating with experts if reporting on the estimated lifetime impacts and/or project economic life in years	No estimation on lifetime impacts or the project economic life in years will be provided.	N/A
Assumptions and ex-post verification	The issuer reports on actuals not using assumptions or projection estimates. No ex-post verification will be carried out.	✓
Reporting period	The entirety of proceeds has been allocated to social assets. No modification (removal or additional projects) of the portfolio has taken place.	✓
Disbursement reporting	The proceeds from the social bond issuance were used to finance new projects or refinance existing projects.  Refinanced properties were acquired or completed by Assura between November 2017 and August 2020. Newly financed properties were acquired or completed by Assura in September 2020 or later.	✓
Projects with partial eligibility	All projects are 100% eligible for financing.	N/A

## OPINION

*We find that Assura follows the Harmonized Framework for Impact Reporting for Social Bonds (HFIRSB)'s core principles and key recommendations. The issuer provides transparency on the level of expected reporting as well as on the frequency, scope and duration, aligned with best market practices. It reported one year after the issuance, allocated the proceeds in line with its commitment and applied relevant output indicators.*

## PART III: DISCLOSURE OF PROCEEDS ALLOCATION AND SOUNDNESS OF THE IMPACT REPORTING INDICATORS

### Use of Proceeds allocation

Use of Proceeds' allocation reporting is key to put the impacts into perspective with the number of investments allocated to the respective Use of Proceeds' projects.

The Use of Proceeds' allocation reporting occurred within one year from the issuance, after full allocation of the proceeds.

### Proceeds allocated to eligible projects/assets

The proceeds' allocation is broken down at portfolio level, the project category level, by type and name of a project and as a regional split. The issuer has provided details about the type of projects included in the portfolio.

The allocation report section of the Social Bond Reporting of Assura aligns with best market practices by providing information on:

- The total number of projects
- The total amount of proceeds allocated in million pounds (and broken down as newly financed and refinanced projects)
- The regional split of newly financed and refinanced projects

### Impact reporting indicators

The table below presents an independent assessment of the issuer's report and disclosure on the output, outcome, and/or impact of projects/assets using impact indicators.

ELEMENT	ASSESSMENT
<b>Relevance</b>	<p>The impact indicators chosen by the issuer for this bond are the following:</p> <ul style="list-style-type: none"> <li>a) Number of healthcare facilities acquired, developed, or refurbished</li> <li>b) Number of patients registered at financed GPs</li> </ul> <p>The output indicators are quantitative and material to the Use of Proceeds' categories financed with the bond and in line with the suggested impact reporting metrics for access to essential services by the ICMA HFIRSB. This aligns with best market practices.</p>
<b>Data sourcing and methodologies of quantitative assessment</b>	<ul style="list-style-type: none"> <li>a) Number of healthcare facilities acquired, developed, or refurbished The number is calculated by counting.</li> <li>b) Number of patients registered at financed GPs The number of registered patients is taken from NHS records and represents the number of people that benefit from these healthcare</li> </ul>

	buildings. Assura routinely updates this information in its own database of all medical centers in the UK.
<b>Baseline selection</b>	The issuer’s SixbySix strategy sets 2020 as a baseline year for its target of benefitting six million people through improvements and access to its buildings by 2026. The social impact indicators follow examples outlined in ICMA’s HFIRSB.
<b>Scale and granularity</b>	The impact data is presented at the Use of Proceeds’ category level for the indicators.

### High-level mapping of the impact indicators with the UN Sustainable Development Goals

Based on the project categories financed and refinanced by the bonds as disclosed in the issuer’s social bond reporting, the impact indicators adopted by Assura for its social bond can be mapped to the following SDGs, according to ICMA’s report “A High-Level Mapping to the Sustainable Development Goals”.<sup>6</sup>

IMPACT INDICATORS	SUSTAINABLE DEVELOPMENT GOALS
<b>Number of healthcare facilities acquired, developed, or refurbished</b>	
<b>Number of patients registered at GPs</b>	

### OPINION

*We find that the allocation of the social bond’s proceeds has been disclosed with a detailed breakdown across different eligible project categories. As proposed in Assura’s Social Finance Framework, the issuer has adopted an appropriate methodology to report on the impacts generated by providing comprehensive disclosure on data sourcing, calculation methodologies and granularity, reflecting best market practices. Besides, we find that the impact indicators used align with best market practices using ICMA’s recommended metrics from the HFIRSB.*

<sup>6</sup> ICMA, June 2020, Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals, <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Mapping-SDGs-to-Green-Social-and-Sustainability-Bonds-2020-June-2020-090620.pdf>

## DISCLAIMER

1. Validity of the External Review: As long as no material changes are undertaken by the issuer to its Social Bond Reporting as of 30.09.2022.
2. ISS ESG uses a proprietary methodology to assess the post-issuance reports. In doing so, we adhere to standardized procedures to ensure consistent quality of responsibility research worldwide. In addition, we conduct External Reviews solely based on data provided by the issuer.
3. We would, however, point out that we do not warrant that the information presented in this External Review is complete, accurate, or up to date. Any liability on the part of ISS ESG in connection with the use of this External Review, the information provided in them, and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.
4. All statements of opinion and value judgments given by us do not in any way constitute purchase or investment recommendations. In particular, the External Review is no assessment of the economic profitability and creditworthiness of a bond but refers exclusively to the social and environmental criteria mentioned above.
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## ANNEX 1: Methodology

### ISS ESG Review of the post-issuance Reports

The external review of post-issuance reports provides the Issuer with an independent opinion on the soundness of its post-issuance report and of its alignment with recognized market guidelines and it provides investors with independent information regarding the reliability of the report produced. On the basis of the information provided by the Issuer, ISS ESG assesses the alignment of the report with recognized market guidelines, the metrics chosen by the Issuer and the soundness of process and methodology of reporting. The analysis of the metrics adopted is based on specific sets of indicators developed by ISS ESG referring to common market guidelines.

### High-level mapping to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method based on ICMA's Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals, ISS ESG identifies the extent to which the issuers reporting and project categories contribute to related SDGs.

## ANNEX 2: Quality management processes

### SCOPE

Assura commissioned ISS ESG to compile an External Review on its Bond Report. The External Review process includes verifying whether the Bond Report aligns with the Issuer's Green, Social and Sustainability Bond Framework and the respective market standards, i.e. the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines and to assess the robustness and completeness of the reporting methodologies.

### CRITERIA

Relevant Standards for this External Review:

- ICMA Social Bond Principles
- ICMA Harmonized Framework for Impact Report for Social Bonds
- ICMA A High -Level Mapping to the Sustainable Development Goals

### ISSUER'S RESPONSIBILITY

Issuer's responsibility was to provide information and documentation on:

- Social Bond Reporting
- Social Finance Framework
- Proceeds allocation
- Reporting impact indicators
- Methodologies, and assumptions for data gathering and calculation
- ESG risk management

### ISS ESG'S VERIFICATION PROCESS

ISS ESG has conducted this independent External Review by following the ICMA Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews, and its methodology, considering, when relevant, the ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

The engagement with Assura took place from September to October 2022.

### ISS ESG'S BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

## About ISS ESG External Review

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Green Bond Principles, Social Bond Principles and Sustainable Bond Guidelines), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent External Review so that investors are as well informed as possible about the quality of the bond/loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For information on External Review services, contact: [SPOsales@isscorporatesolutions.com](mailto:SPOsales@isscorporatesolutions.com)

For more information on this specific Social Bond Reporting External Review, please contact: [SPOOperations@iss-esg.com](mailto:SPOOperations@iss-esg.com)

### Project team

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