

Assura Social Finance Framework

September 2020



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 June 2020, Assura’s portfolio stands at 565 properties currently serving 5.8 million patients.

1.2 Assura’s commitment to sustainability¹

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.

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 councillors and academic partnerships. We also use public consultation events and meetings with local residents and online channels to gather feedback.

¹ <https://www.assurapl.com/sites/assura/files/annual%20report.pdf>

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



As an initial step in achieving this objective, in 2020 we launched the Assura Community Fund, with an initial funding of £2.5 million from our recent successful equity raise. 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.

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.

Assura's environmental strategy³

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.

² <https://www.assurapl.com/making-a-difference>

³ <https://assura.pid2-e1.investis.com/sites/assura/files/environmental disclosures.pdf>



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 are committed to minimising the environmental impact of our activities, preventing pollution and achieving continual improvement in our environmental performance by⁴:

- 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;
- 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.

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

Assura's environmental impact – developments

As a developer of buildings, we are focused on ensuring that our buildings are designed with sustainability in mind. In 2019-20, we completed four developments achieving an average EPC rating of A. Our developments at Knebworth and Stow on the Wold achieved BREEAM ratings of Excellent, with South Woodham Ferrers and Darley Dale achieving ratings of Very Good.



⁴ Assura's Environmental Policy 2020 – <https://assura.pid2-e1.investis.com/sites/assura/files/investor-relations/shareholder-information/sustainability-and-corporate-governance-policies/202083-environmental-policy-2020-new.pdf>

Assura's environmental impact – existing properties



For the majority of our portfolio, occupiers purchase energy directly from the utility companies. For these properties, our portfolio management team meets regularly with the occupiers to understand their needs and increasingly we are having conversations about ways in which Assura can help them to reduce their energy consumption.

In respect of 41 properties, we purchase utilities on behalf of the occupiers which are recharged, usually through a service charge. In these buildings, energy consumption is at the discretion of the occupier but Assura is generally in more frequent discussion with these occupiers, and we are currently looking at what more we can do to support these occupiers in further reducing the environmental impact of these buildings with a view to reducing the environmental impact of

our portfolio.

2. Assura Social Finance Framework

In order to meet the commitments described above, and finance projects that will deliver benefits to support Assura's business strategy and vision, Assura's has elected to create a Social Finance Framework (the "Framework"), under which it can issue Social Bond(s)/Loan(s) to finance 'eligible social projects' as defined in section 2.1 'Use of Proceeds'.

This Framework is in accordance with the Social Bond Principles (SBP) 2020⁵. In alignment with these Principles, for each Social Bond/Loan 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

2.1 Use of Proceeds

An amount equivalent to the net proceeds raised from any Assura's Social Bond/Loan issued under this Social 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:

⁵ Social Bond Principles (SBP) 2020 - <https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/>

Eligible social projects:

Alignment with SBP	Alignment with the UN SDGs	Eligibility criteria	Examples of potential projects/ investments
Access to essential services – healthcare		Acquisition, development and refurbishment of publicly accessible primary care and community healthcare centres	<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 social 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 of representatives from the below departments:

- Finance
- 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 Bond(s)/Loan(s) remain in alignment with the SBP
- To oversee the arrangements established to ensure Social 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 Bond(s)/Loan(s) Reports, in accordance with the Framework and the SBP

2.3 Management of Proceeds

An amount equivalent to the net proceeds of each Assura Social Bond(s)/Loan(s) will be earmarked towards eligible 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 Social Projects.

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

2.4 Reporting

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

2.4.1 Allocation Reporting

Assura will provide information on the Eligible 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 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 Social projects including:

- 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 access to our buildings by 2026. This includes improvements to disability access and design for conditions such as dementia and autism at existing buildings, as well as providing space for community projects in our buildings and funding health improving projects for the communities around our buildings. Our Social Bond/Loan reporting will 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 Social Finance Framework, and confirm its alignment with the ICMA SBP. 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 Bond/Loan. The review will verify:

- The compliance of assets financed by the Social Bond(s)/Loan(s) proceeds with eligibility criteria defined in the use of proceeds section in this Framework
- Allocated amount related to the eligible Social projects financed by the Social 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 SBP 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 ISS-ESG. 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.