SECOND PARTY OPINION (SPO)

Verification of the Sustainability Quality of the Issuer and Social Bond Framework

Kensington Mortgage Company Limited
January 2021

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	• Social Bonds
Relevant standards	• Social Bond Principles 2020 edition
Scope of verification	• Kensington Social Bond Framework (as of November 2020)
Lifecycle	• Pre-issuance verification
Validity	• As long as no new assets or project categories are added to the framework

CONTENTS

SCOPE OF WORK

Kensington Mortgage Company Limited (Kensington) commissioned ISS ESG to assist with its Social Bond Framework by assessing three core elements to determine the sustainability quality of the framework:

1. Kensington's Social Bond Framework – benchmarked against the International Capital Market Association's (ICMA) Social Bond Principles (2020 edition).
2. The eligible categories – whether the projects contribute positively to the UN SDGs.
3. Kensington's indicative ESG performance[1], based on and considering ISS ESG Research methodology.

ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION[2]
Part 1: **Alignment with SBPs**	The issuer has defined a formal concept for its Social Bond Framework regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA SBPs (2020 version).	**Positive**
Part 2: **Sustainability quality of the eligible categories**	Under the Social Bond Framework, the issuer will (re-) finance owner-occupied home loans to an underserved population made up of applicants with complex income or who are self-employed, first-time buyers with limited credit history, contractors and later life or younger borrowers living in the UK. Those use of proceed categories have a limited contribution[3] to SDG 10 'Reduced Inequalities'.	**Positive**
Part 3 **Issuer sustainability performance**	Kensington operates as a non-bank specialist mortgage lender. The company is active in originating new mortgages, servicing also third-party assets, and issuing residential mortgage-backed securities (RMBS) in the UK. By targeting underserved clients, Kensington contributes to financial inclusion by providing access to banking services to that underserved population.	**Moderate indicative ESG performance**

[1] Please note that Kensington is not part of the ISS ESG Corporate Rating Universe. Thus, the sustainability profile is an assessment by the analyst in charge of the Financials/Mortgage and Public Sector Finance sector based on publicly available information exclusively. No direct communication between the issuer and the analyst has taken place during the process. The below is not based on an ISS ESG Corporate Rating but considers ISS ESG Research's methodology.
[2] ISS ESG's evaluation is based on Kensington's Social Bond Framework (December 2020 version), and on the ISS ESG Indicative Corporate Assessment applicable at the SPO delivery date.
[3] "Limited Contribution" stands just below the "Significant Contribution" level in the SDG Contribution assessment scale

ISS ESG SPO ASSESSMENT

PART I: ALIGNMENT WITH THE SOCIAL BOND PRINCIPLES

Rationale for issuance

Kensington sees environmental, social and governance (ESG) factors as key to its long-term performance and is integrating ESG initiatives into its business.

In August 2020, Kensington defined and publicly released its ESG targets for its current financial year for the first time - it was also a first for a specialist mortgage lender in the UK.

An ESG framework is becoming increasingly important to how a business operates and is perceived by investors, employees and customers. Kensington's framework brings together key initiatives from across the firm into one cohesive set of targets that will help ensure that the firm is creating a positive impact in both the workplace and the wider world.

As a business, Kensington will support these targets through the work every employee does each day, and Kensington will be monitoring and measuring them on an annual basis so that it can publicly report on the progress the firm is making in each area in 2021.

Kensington has designed a dedicated ESG section on its investor portal https://investors.kensingtonmortgages.co.uk/esg where content on each ESG target can be found.

Other measures related to ESG can be found in the issuer's framework.

Opinion: *ISS ESG considers the Rationale for Issuance description provided by Kensington as aligned with best market practices. The issuance of social bonds falls within the issuer's strategy to reinforce its sustainable mortgage offering. The issuer has also developed ESG targets at a corporate level which reinforce its commitment to sustainability.*

1. Use of Proceeds

The cornerstone of a Social Bond is the utilisation of the proceeds of the bond for Social Projects which should provide clear social benefits. Social Projects directly aim to address or mitigate a specific social issue and/or seek to achieve positive social outcomes especially but not exclusively for a target population(s).

Each bond issuance is backed by a segregated pool of home loans and is issued by a newly established Gemgarto SPV ("the Issuer"). Under Kensington's Social Bond Framework, the Issuer will finance the purchase of such a pool of loans through a term non-recourse securitisation of the underlying loan portfolio, involving the issuance of securitised Social Bonds to investors.

The net proceeds of each Social Bond issued by the Issuer under this Framework will be exclusively applied to refinance the Issuer's purchase of portfolios of loans originated by Kensington and to pay certain expenses incurred in connection with the issuance of the Social Bonds. The Issuer will raise finance for the purchase of these loans through a term non-recourse securitisation of the underlying loan portfolio, involving the issuance of securitised Social Bonds to investors.

Where a Social Bond takes the form of less than all of the tranches of a bond issuance, the social tranche(s) will be clearly designated, with proceeds of the social tranche(s) clearly earmarked and tracked against the Eligible Social Project.

Social objective

The loans form part of an Eligible Social Project related to the SBP Social Project categories of Access to Essential Services (Banking) and/or Socioeconomic Advancement and Empowerment (Equitable Access to and Control over Assets).

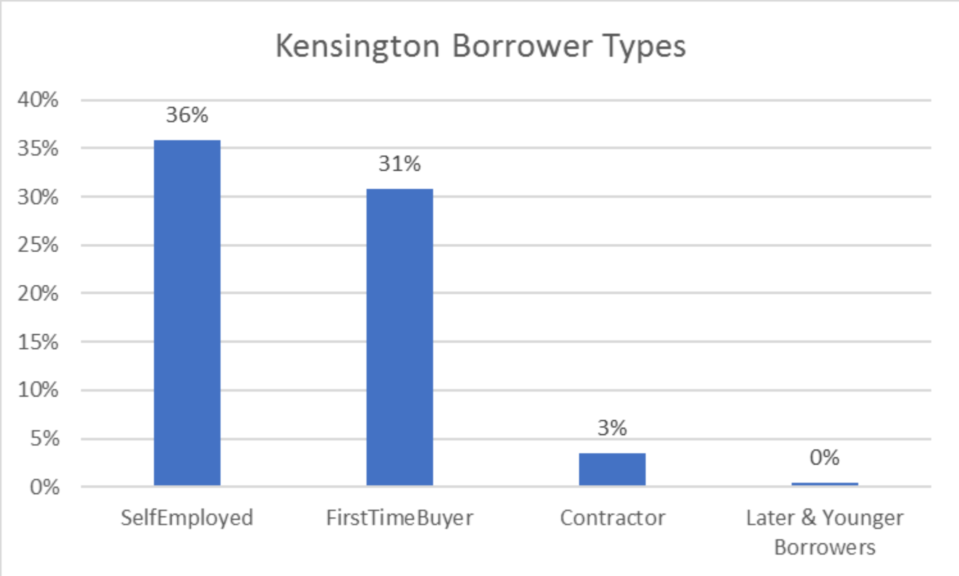
The positive social impact of the Eligible Social Project will derive from its direct contribution to improving access to banking services and socio-economic advancement and empowerment through equitable access to and control over assets, in each case by making home loan finance available to applicants who are underserved by high street lenders using automated scoring processes given some complexity and certain characteristics in their income streams.

Target population

The specific target population for which Kensington seeks to achieve positive social outcomes through the Eligible Social Project is a population of viable customers where the properties are located in England, Scotland, Wales and Northern Ireland which is underserved in the UK owing to a lack of quality access to the essential service of banking in relation to home financing. The Eligible Social Project directly aims to address or mitigate the lack of access to home loan finance and seeks to achieve the positive social outcome of home ownership for a target population comprising borrowers with one or more of the characteristics described below - applicants who have been unable to pass automated scoring processes of high street lenders despite their high quality profile as a result of some complexity in their income streams.

One reason why borrowers with complex income or self-employed borrowers are underserved is that for many lenders their income does not fall into a 'standard' bracket that can be assessed automatically by the automated process and credit score limits employed by high street lenders. Assessing variation in amount of income and when income is received without an instant decision-making process requires a more tailored and granular approach which Kensington is able to do given its manual underwriting and specialist lender experience. Kensington is not reliant on an automated underwriting process. Consequently, Kensington can lend to a broader range of customers than traditional banks by taking into account more different sources of income (or giving more credit to different sources of income in their affordability assessment). Kensington delivers property financing solutions across all customer's life stages.

The chart below shows an estimate of how Kensington's owner-occupied borrowers can be characterised, the main customer groups being borrowers that have income that is more complex than a standard monthly recurring salary, self-employed borrowers and first-time buyers.



Source: Kensington estimates
** Overlap between customer groups, percentages measured by origination volume over total origination volume from Jan-19 to Nov-2020*

Complex income and contractors

Unlike many high street lenders, Kensington considers applications from borrowers with complex income, taking into account up to 100% of overtime, up to 100% of second job income, income from part-time work, bonus payments, certain allowances and benefits, child benefit payments, and pension incomes.

Kensington also has the ability to assess the complexity associated with contract-based employment such as agency workers, zero-hour contracts and contractors with less than 12 months remaining on contract. The income assessment is calculated on current weekly contract over 46 weeks with only a 12-month minimum history, allowing for the evolving and asymmetrical nature of contracted employment.

Self-employed

The number of self-employed workers has increased by close to 30% over the past 10 years to over 4.5 million people as at December 2020[4]. With the lack of an adequate and consistent approach for self-employed applicants among traditional mortgage lenders, this group of customers is currently underserved. Research by Trussle shows approval rates for self-employed applicants are lower than for other applicants such as first-time buyers and those borrowing at a high loan-to-value ratio.

Kensington provides loans to self-employed borrowers with limited trading history and can look at cases with a 1-year trading history – they account for over 35% of its total new owner-occupied loans underwritten. Its manual underwriting process addresses the growing need to apply a more granular

[4] Office of National Statistics – Labour Force Survey (https://www.ons.gov.uk/surveys/informationforhouseholdsandindividuals/householdandindividualsurveys/labourforcesurvey)

approach to these borrowers to assess their affordability and not decline high quality borrowers because of a lack of resources (e.g. trained underwriters, time) to make a sound judgement on their income situation. Self-employed borrower assessment requires a manual underwriting approach whereby a dedicated human underwriter assesses the affordability of the borrower and understands the ownership of the company, its retained earnings, the company's industry and its future prospects. The assessment of all these elements cannot be done via an automated system which prevents self-employed borrowers from securing finance from high street lenders.

First-time buyers

Kensington supports the Help to Buy Equity Loan scheme, which is an affordable home ownership scheme launched by the UK Government in 2013. This scheme enables eligible customers to purchase a new build home with a deposit of at least 5%. Target borrowers are first-time buyers and home movers who have complex incomes.

Kensington originates about 15% of its owner-occupied loans to borrowers that are using the Help to Buy scheme, to help borrowers get on the property ladder, build a sufficient credit history and/or improve their credit performance so that they can attract a cheaper mortgage offer at the end of the initial fixed rate period with Kensington. This is reflected in the high prepayment rate of customers once they pass the interest rate reversion period.

Affordable Housing

Kensington has a range of products to support affordable housing e.g. Right to Buy, Help-to Buy & Shared Ownership (expected to be launched in 2021). Shared Ownership is a product Kensington will be launching soon which will enable borrowers to buy only a share of a property which will therefore require them to put a smaller deposit making it a more affordable route into home ownership than buying the full property at once. The Shared Ownership scheme expands the options available to certain viable first-time buyer borrowers who may otherwise not be able to secure a mortgage and get onto the property ladder without this scheme. The scheme will only be for households with a total gross income of less than £80,000 (or less than £90,000 in London). According to the National Sales Group, the typical shared ownership buyer earns approximately £33,000 a year.

Later Life & Younger Borrowers

House prices in the UK have increased faster than people's income and consequently housing affordability is an issue for a growing part of the population. Particularly affected are young adults whose home ownership has steadily declined over the years. Kensington is committed to helping borrowers at every career and life stage. This means providing tailored products for all stages of the customer lifecycle.

With an ageing population in the UK the number of older people living in housing that is no longer appropriate for their needs is growing. This is expected to contribute to the demand for mortgages that mature beyond retirement age. Kensington's Later Life mortgage range is aimed at helping access to housing finance for borrowers of age 55 years and older. The minimum age for this product is 55 at application, the maximum age is 90 at end of term.

Mortgage Prisoners

Following a market review from the FCA on legacy mortgage borrowers, Kensington is party to the voluntary agreement between lenders to address the issue of Mortgage Prisoners i.e. to provide re-mortgaging solutions to legacy borrowers with mortgages that were offered prior to the financial crisis and therefore paying a higher rate than current market rate for mortgage products. Kensington introduced a new product called Retention Plus to help a select group of Mortgage Prisoners to re-mortgage at lower rates; it aims to help some of those disadvantaged homeowners to resolve their position and save money by paying a mortgage with a cheaper rate than their current one. This group of people that Kensington supports tend to be older borrowers - given their mortgage was taken before the financial crisis – that suffer from a lack of mortgage products available to re-mortgage given their age group. In parallel to this activity Kensington continues to look at other ways to help.

Young Professionals

Data from the Institute for Fiscal Studies show that more than half (53%) of the UK population now wait until the age of 34 before owning their own home, up from 26 years old in 1997. Kensington's Young Professional mortgage product is designed for qualified young professionals such as qualified actuaries, barristers, chartered accountants, commercial pilots, dentists, doctors and solicitors whether they are already established or just embarking on their careers and offers enhanced affordability to reflect their more stable career prospects. The maximum age at application is 40, loan amounts can go up to 6 times the borrower's income (subject to affordability) and a Loan-to-Value (LTV) ratio is allowed up to 90%.

Exclusion criteria

Kensington's strategy and products are targeted towards home loan borrowers and therefore Kensington commits to not knowingly being involved in financing any of the following activities through the proceeds of any Social Bond: weapons, gambling, tobacco, predatory lending, or fossil fuel production.

Kensington's current lending criteria include a maximum loan principal of £2m, and it is anticipated that the maximum principal amount of loans sold to support the initial issuance of Social Bonds will be £1.1m. Further, Kensington will ensure that only loans advanced in relation to owner-occupied residential properties will be sold to support an issuance of Social Bonds, none will support Buy to Let. Consequently, all loans forming part of the Eligible Project will have been advanced in relation to owner-occupied residential properties and have a principal amount that is less than or equal to £2m (or £1.1m in the case of the initial issuance of Social Bonds).

Opinion: *ISS ESG finds that the Use of Proceeds description provided by Kensington aligns with the SBPs. The offering of home loan financing to an underserved population aligns with the "Socioeconomic Advancement and Empowerment" and "Access to Essential Services (financial services)" category of the SBPs. The issuer has identified an appropriate target population consisting of credit applicants with complex income or who are self-employed, first-time buyers with limited credit history, contractors and later life or younger borrowers. The project categories are aligned with the issuer's broader sustainability strategy and clear exclusion criteria are also defined.*

While the social benefits of the projects are clear, ISS ESG also observes that potential negative externalities from the project should be taken into consideration. One being the inequalities created from increased interest rates associated to loans to complex income people.

In fact, deploying a human underwriter for each case allows Kensington to offer a greater variety of products to customers, but incurs higher origination costs vs. automated underwriting platforms. These processing costs are passed onto customers through the interest rate charged. Kensington's product pricing is typically 0.5% - 1.5% higher than interest rates charged by high street lenders, but lower than non-conforming credit lenders offering a higher risk / higher APR proposition.

2. Process for Project Evaluation and Selection

The evaluation and selection process will ensure that the proceeds of the Social Bonds issued under the Framework will ultimately be used to originate owner-occupied mortgages aimed at the target population described above as part of the Kensington funding cycle. This is to ensure the use of proceeds will fulfil the social objectives of improving access to home loan finance and facilitating home ownership for a target population comprising borrowers in the UK who are underserved by high street lenders, despite their high quality profile, as a result of some complexity in their income streams.

Kensington has formed a Social Bond Working Group to carry out the evaluation and selection process. The Social Bond Working Group consists of representatives from each of the following teams:

- Capital Markets
- Analytics
- Legal

The term, non-recourse securitisation of loans originated by Kensington will be secured on a pool of loans purchased by the Issuer with proceeds raised from issuance of the securitised Social Bonds. Kensington is responsible for assessing applications, originating and underwriting the loans, and for servicing the loan portfolio on behalf of the Issuer.

Opinion: *ISS ESG finds that the Process for Evaluation and Project Selection description provided by Kensington aligns with the SBPs. Various departments are involved in the project evaluation and selection process thanks to the creation of a dedicated Social Bond Working Group.*

3. Management of Proceeds

Kensington is an established and reputable UK specialist residential mortgage lender and sponsor of residential mortgage backed securities; it is the most active UK RMBS issuer in the UK. Its in-house servicing/origination capabilities are designed to sort, analyse and extract reporting on the unique pool of home loan receivables sold to the Issuer.

Kensington's internal accounting and financial management and information systems will contain relevant information including:

- Key information relating to the Social Bond including Issuer, transaction date, principal amount of proceeds, settlement date, maturity date, and interest margin or coupon, ISIN number etc.
- Details of Use of Proceeds, including:
    - Aggregate amount of SBT proceeds
    - Specific loans sold to the Issuer
    - Estimated social impact as described in paragraph 4b. below (where available)
    - Other necessary information

Kensington has implemented internal accounting and financial management and information systems to track and report on the Eligible Social Project and verify whether the net proceeds of each SBT have been fully allocated.

On the issuance date of the Social Bonds, the Issuer will use the Social Bond proceeds to purchase a specific pool of loans originated by Kensington which has been identified ahead of the issue date ("Initial Loan Pool").

Depending on the structure of the specific Social Bond issuance, the Issuer may also be permitted to purchase further pools of loans from Kensington or an affiliate of Kensington, either:

- During an initial period as specified separately for each Social Bond (but expected to be no longer than two interest periods of the Social Bond), by using Social Bond issuance proceeds which were not used to purchase the Initial Loan Pool ("Prefunding Mechanism"); or
- During an initial period as specified separately for each Social Bond (but expected to be no longer than 5 years), by reinvesting principal collections received by the Issuer from the mortgage borrowers ("Revolving Period").

Any additional loan purchases through a Prefunding Mechanism or during a Revolving Period (as applicable) will be subject to the same eligibility criteria as the loans which formed part of the Initial Loan Pool.

Opinion: *ISS ESG finds that the Management of Proceeds description provided by Kensington aligns with the SBPs. Earmarking and tracking of proceeds is ensured through the issuer's IT system, while allocation mechanism and timeframe are also described.*

4. Reporting

On an annual basis while the Social Bonds are outstanding or in case of material changes, Kensington will prepare and publish a Social Bond Annual Report which will be made available on the Kensington website.

The Social Bond Annual Report will contain at least the following details:

Allocation Reporting

- Details of Social Bond(s) issued during the reporting period and outstanding at the reporting date, plus summary terms of SBTs.
- Aggregated reporting of loans financed by Social Bond proceeds at issuance date and as at the annual reporting date.

Impact Reporting

- Where possible, qualitative and/or quantitative reporting of the social impacts resulting from loans financed by the Social Bond proceeds including the following potential impact indicators:
    - # of loans included in portfolio
    - # of beneficiaries
    - aggregate principal balance of loans included in portfolio
    - average principal balance of loans included in portfolio
    - largest loan balance in portfolio
    - average property value securing loans included in portfolio
    - weighted average loan to value ratio in portfolio
    - weighted average interest rate in portfolio
    - average gross income of borrowers under loans included in portfolio
    - proportion of self-employed borrowers
    - confirmation that all loans are secured by owner-occupied residential properties (and none of the loans are Buy to Let)
    - Breakdown of loans in portfolio by age of borrower, gross income of borrower, location of property, loan to value ratio and principal outstanding at the reporting date

Subject to the availability of information, the Issuer will look to utilise the impact reporting guidelines as detailed within the ICMA Green, Social and Sustainability Bonds Principles Resource Centre.

Opinion: *ISS ESG finds that the Reporting description of Kensington is aligned with the SBPs. The reporting is provided on both allocation and impact, and the frequency is in line with best market practices. The issuer also provides a list of impact indicators that provides qualitative information about the borrower, useful to understand impact on target population.*

External review

ISS ESG has been engaged to provide an external review in the form of a Second Party Opinion on the Framework, and to confirm alignment with the SBP and the UN SDGs.

The Second Party Opinion will be made publicly available on the Kensington website.

An appropriate external review provider will be engaged to review portfolio data summarised in the stratification tables of the Social Bond Annual Report. The Social Bond Annual Report will be made publicly available on the Kensington website.

PART II: CONTRIBUTION OF THE ELIGIBLE CATEGORIES TO THE UN SDGs

ISS ESG evaluated the association of owner-occupied home loans to an underserved target population with relevant UN SDGs. This evaluation differs from the ISS ESG proprietary methodology for assessing Use of Proceeds categories focusing on project finance and is based on the sub-targets of relevant UN SDGs.

This assessment is displayed on 5-point scale (see Annex 1 for methodology):

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution

Each of the Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Owner-occupied home loans to an underserved target population	Limited Contribution[5]	10 REDUCED INEQUALITIES

[5] This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an issuer's product and service portfolio on the SDGs.

PART III: INDICATIVE ASSESSMENT OF KENSINGTON'S ESG PERFORMANCE

***Methodological note**: Please note that Kensington is not part of the ISS ESG Corporate Rating Universe. Thus, the below sustainability profile is an assessment by the analyst in charge of the financials/mortgage and public finance sector based on publicly available information exclusively. No direct communication between the issuer and the analyst has taken place during the process. The below is not based on an ISS ESG Corporate Rating but considers ISS ESG Research's methodology.*

Industry classification

Financials/Mortgage and Public Sector Finance

Key Issues of the industry:

- Sustainability impacts of lending and other financial services/products
- Statutory ESG-standards linked to the geographical allocation of the lending portfolio
- Customer and product responsibility
- Employee relations and work environment

Indicative ESG risk and performance assessment

Kensington operates as a non-bank specialist mortgage lender. The company is active in originating new mortgages, servicing also third-party assets, and issuing residential mortgage-backed securities (RMBS) in the UK. By targeting underserved clients, Kensington contributes to financial inclusion, specifically "Access to Essential Services (Banking)" and "Socioeconomic Advancement and Empowerment (Equitable Access to and Control over Assets)". In February 2020, Kensington also launched a green mortgage product to improve energy efficiency of homes. As the company operates solely in the UK, it can be assumed that fairly good environmental and social minimum standards, either set by law or industry agreements, apply to the company's portfolio. However, there is no indication of additional guidelines that consider ESG criteria in the credit rating process.

In terms of customer and product responsibility, Kensington has taken initial steps to ensure responsible sales practices (e.g., through a complaint handling procedure). Regarding the treatment of clients with debt repayment problems, the company refers to external debt counselling and is committed to consider repossession as a last resort. In addition, the company's information security management system is certified to an internationally recognized standard.

Kensington complements the prevailing high labor standards in the UK (relating to e.g., health and safety, work-life balance, freedom of association) with some measures to strengthen diversity and inclusion.

Indicative Product portfolio assessment:

Social impact of the product portfolio: Kensington primarily offers property financing to underserved clients in the UK. The company aims to improve access to banking services and socio-economic advancement and empowerment through equitable access to and control over assets, in each case by making home loan finance available to applicants who are underserved by high street lenders using automated scoring processes given some complexity and certain characteristics in their income streams. More than 50% of its product portfolio consists of owner-occupied homes aimed at this underserved target population.

Environmental impact of the product portfolio: In February 2020, the company began offering green mortgages and thereby contributes to improving the energy efficiency of homes. Through its eKo Cashback Mortgage, Kensington rewards customers with a £1,000 cashback if they improve their energy efficiency EPC (Energy Performance Certificate) rating by 10 SAP (Standard Assessment Points) within 18 months of their mortgage completion date.

Controversy risk assessment:

Based on a review of controversies logged from 1 January 2019, the greatest risk reported against companies operating in the Finance/Rental/Leasing industry relate to activities that may have adverse impacts on consumers' rights and the environment. This is closely followed by the failure to prevent business malpractice. The top three issues that have been reported against companies within the industry are as follows: alleged failure to assess environmental impacts, deceptive, misleading and fraudulent practices targeting consumers, and failure to prevent bribery. This is closely followed by the alleged failure to respect the right to an adequate standard of living, failure to prevent money laundering and failure to mitigate climate change impacts.

There is no indication of Kensington being involved in any of the above-mentioned controversies.

DISCLAIMER

1. Validity of the SPO: This SPO is valid as long as no new assets or project categories are added to the framework.
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
3. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of ISS ESG in connection with the use of these SPO, 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 se- lection criteria is based solely on random samples and documents submitted by the issuer.
4. All statements of opinion and value judgements given by us do not in any way constitute purchase or investment recommendations. In particular, the SPO is no assessment of the economic profitability and credit worthiness of a bond but refers exclusively to the social and environmental criteria mentioned above.
5. We would point out that this SPO, in particular the images, text and graphics contained therein, and the layout and company logo of ISS ESG and ISS-ESG are protected under copyright and trademark law. Any use thereof shall require the express prior written consent of ISS. Use shall be deemed to refer in particular to the copying or duplication of the SPO wholly or in part, the distribution of the SPO, either free of charge or against payment, or the exploitation of this SPO in any other conceivable manner.

The issuer that is the subject of this report may have purchased self-assessment tools and publications from ISS Corporate Solutions, Inc. ("ICS"), a wholly-owned subsidiary of ISS, or ICS may have provided advisory or analytical services to the issuer. No employee of ICS played a role in the preparation of this report. If you are an ISS institutional client, you may inquire about any issuer's use of products and services from ICS by emailing disclosure@issgovernance.com.

This report has not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body. While ISS exercised due care in compiling this report, it makes no warranty, express or implied, regarding the accuracy, completeness or usefulness of this information and assumes no liability with respect to the consequences of relying on this information for investment or other purposes. In particular, the research and scores provided are not intended to constitute an offer, solicitation or advice to buy or sell securities nor are they intended to solicit votes or proxies.

ISS is an independent company owned by entities affiliated with Genstar Capital ("Genstar"). ISS and Genstar have established policies and procedures to restrict the involvement of Genstar and any of Genstar's employees in the content of ISS' reports. Neither Genstar nor their employees are informed of the contents of any of ISS' analyses or reports prior to their publication or dissemination. The issuer that is the subject of this report may be a client of ISS or ICS, or the parent of, or affiliated with, a client of ISS or ICS.

ANNEX 1: Methodology

Assessment of the contribution and association 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, ISS ESG identifies the extent to which Kensington's Social Bond Framework contributes to related SDGs.

ANNEX 2: Quality management processes

SCOPE

Kensington commissioned ISS ESG to compile a Framework SPO. The Second Party Opinion process includes verifying whether the Social Bond Framework aligns with the ICMA's Social Bond Principles and to assess the sustainability strategy of the issuer.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA Social Bond Principles (2020 version)

ISSUER'S RESPONSIBILITY

Kensington's responsibility was to provide information and documentation on the concept of its framework, eligibility criteria applied to the selection and evaluation of eligible projects and on loan programmes (re)financed under the framework.

ISS ESG's VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS ESG has conducted this independent Second Party Opinion of the Social Bond Framework to be issued by Kensington based on ISS ESG methodology and in line with the ICMA SBPs.

The engagement with Kensington took place in November/December 2020.

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 SPO

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 / Social Bond Principles), 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 SPO 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 about SPO services, contact:

Federico Pezzolato
SPO Business Manager EMEA/APAC
Federico.Pezzolato@isscorporatesolutions.com
+44.20.3192.5760

Miguel Cunha
SPO Business Manager Americas
Miguel.Cunha@isscorporatesolutions.com
+1.917.689.8272

For Information about this SPO, contact: SPOOperations@iss-esg.com

Project team

Project lead	Project support	Project supervision
Damaso Zagaglia Associate ESG Consultant	Maximilian Intrau Analyst ESG Consultant	Viola Lutz Associate Director Deputy Head of Climate Services