

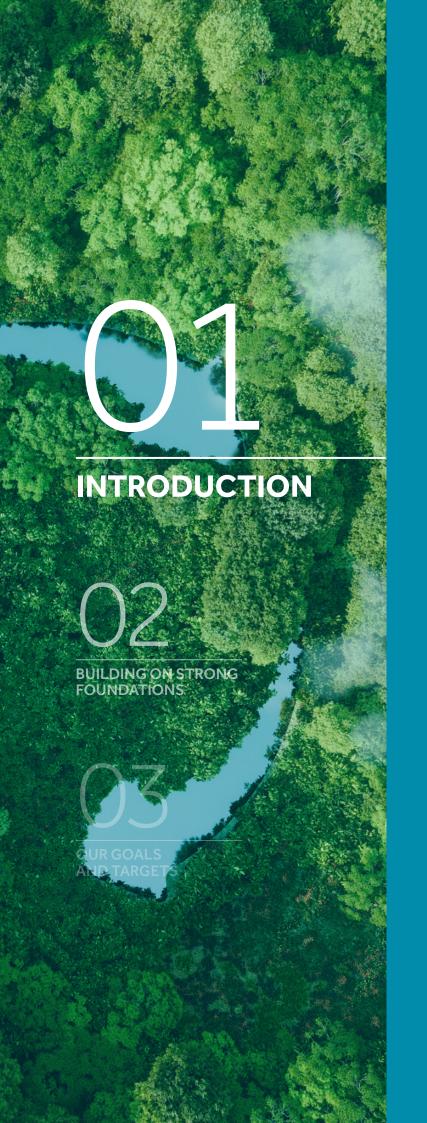
Environmental Sustainability Strategy 2023-26





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From Chief Executive

We've a responsibility to understand the impact our organisation has on the environment and ensure we contribute towards a sustainable world. Our residents, employees, investors and other key stakeholders rightly expect us to play an important role in dealing with environmental challenges. We're stepping up with an ambitious vision and plan.

Throughout this strategy, we're committed to providing sustainable and affordable homes, that residents can live, work and rest in. This strategy highlights the need for integrated solutions that balance the dimensions of sustainability, paving the way for a harmonious future for people and our planet, not only for the present but for generations to come.

Environmental focus remains strong for the country. ESG finance continues to drive improvements in the sector with banks requiring deeper environmental performance metrics for loans.

Following our merger, we're stronger together. This applies to our financial strength, our commitment to being a preferred employer and landlord, and better places us in a position to maximise access to funding opportunities.

We've made great progress so far towards improving the quality of our homes.

We'll continue to meet these challenges through measured improvements, co-creating with our residents and colleagues and collaborating with others inside and outside the housing sector to meet the sustainability challenges ahead.

Paul Hackett CBE

Pand Hake

Chief Executive Southern Housing



About this strategy

Southern Housing has a proud history, stretching back to the early 20th century. In 1901, we were established to provide homes for the working poor in London. Over120 years later, our social purpose remains. Today, we own and manage over 78,000 homes, serving 167,000 residents across London, the South East, the Midlands and the Isle of Wight.

Our merger in 2022 saw us expand and deepen ties in our communities. We've a denser footprint and we're a bigger strategic presence in more local authorities. With this growth, we're able to increase our social impact further, from developing new homes for those in housing need or investing in the health, wealth and wellbeing of our residents.

Our size also brings us greater responsibility with regard to climate change. This is the defining challenge of our generation and we have a duty to meet it.

The UK government has declared a climate emergency, recognising the urgent need to reduce greenhouse gas emissions and transition to a sustainable, low carbon economy. In 2019, the UK became the first major economy to legislate for net zero greenhouse gas emissions by 2050.

We believe that sustainability is the holistic link underpinning the connection of environmental, social, and economic wellbeing. Achieving true sustainability involves considering the long-term effects of our actions in everything we do. By adopting sustainable practices, we not only safeguard our residents, mitigate climate change, and preserve biodiversity but also promote social equity, health, and wellbeing while fostering economic resilience and innovation.

Our environmental sustainability strategy sets out our long-term vision to achieve net zero by 2050 as well as our more detailed plans over the next three years, aligned with s cience-based targets across carbon, water, waste, transport, materials, overheating, flooding, and biodiversity. It covers all areas of our business with specific ambitious plans to reduce our environmental impact for our residents, our staff, and our planet.

This aligns with our organisational Strategic Plan, recently approved by our Board, our Asset Management Strategy, and Social Impact Statement to ensure that all objectives interrelate and support one another.



Aligning with our corporate objectives

Our Strategic Plan 2023-2026 sets out our ambitions and vision to create communities where everyone has a safe home, in a place where they're proud to live.

Our Objectives 2023-26



Great customer experience

- Review our resident retrofit journey
- Upskill colleagues throughout the organisation to support strategy delivery



Listen and act on resident views

- Worked with residents to create sustainability strategy, and biodiversity action plan
- Continue to work with and encourage more resident sustainability champions



Safe sustainable homes in good repair

- ✓ Improve homes to EPC C by 2030¹
- Develop short, medium and long term retrofit plans



Neighbourhoods where residents are proud to live

- ✓ Involve residents in delivery of biodiversity action plan
- Work closely with the social impact team to alleviate fuel poverty and the cost of living challenge
- Provide sustainability training opportunities for residents



Build homes to meet housing need

- ✓ Build new homes to EPC B
- ✓ Agree target to build net zero carbon homes



Empower our people

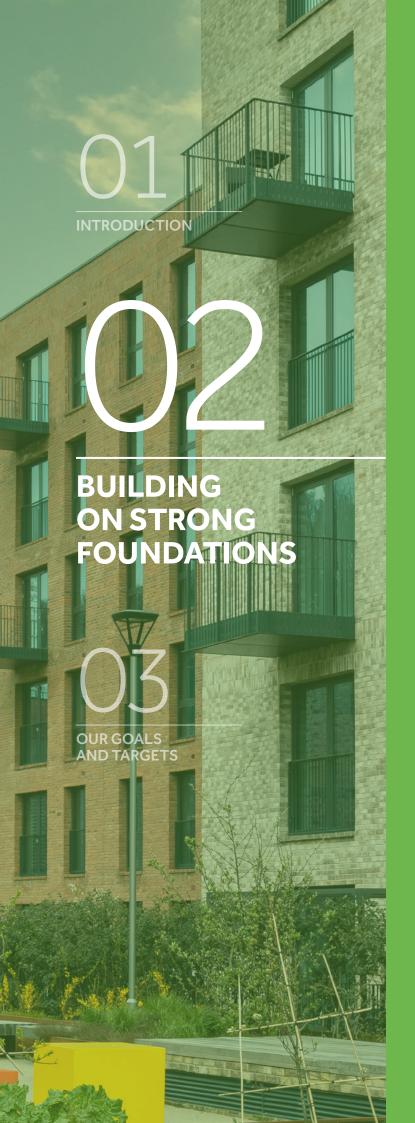
- ✓ Invest in staff learning and development
- Understand that wellbeing and sustainability go hand in hand



Deliver efficiency

- Improve value for money through consolidating commercial utility contracts
- Deliver energy and water efficiencies across our offices

¹Where cost effective and practical



Achievements to date



74% Homes at **EPC C and** above

97%



New homes at EPC B and above

85%

Maintenance contractors using eco-friendly products and agents



32%

Reduction in Scope 2 greenhous<u>e</u> gas emissions



Goals aligned with **United Nations** Sustainable Development Goals























3,500

£12.5m

Funding secured for decarbonisation since 2019

REDUCED Our scope 1, scope 2 and scope 3 greenhouse gas emissions

Homes improved with energy efficient measures last year



22,0

Communal lights surveyed across 400 of our most energy consuming sites to develop a carbon reduction plan



SHIFT GOLD STATUS

Five years running

LANDLORD OF THE YEAR

At the 2022 Energy Efficiency Awards

£300m Spend is committed to social and

Issued as our first sustainable bond. sustainable projects 1,000+

Residents benefited from bespoke energy advice and winter warmer packs in the last five years

CASE STUDY

Project Renew

In recent years we've undertaken a number of pilot projects ahead of rolling out more ambitious retrofit programmes in line with our targets to upgrade all homes to EPC C by 2030. The combination of measures are designed for each home and for "project renew" which focused on 47 homes across Kent and Sussex a mixture of the following measures were delivered to the delight of our residents in these homes.

Measures installed

- ✓ Smart ventilation
- ✓ High perfomance windows
- Chimney balloons for draughtproofing
- ✓ High performance external doors
- ✓ Extractor fans
- ✓ Hot water tank insulation
- ✓ Hot water tank thermostat
- ✓ Door undercut ventilation
- ✓ LED lighting
- ✓ Loft insulation
- ✓ Roof insulation

Satisfaction survey results to date:

Average satisfaction with attitude of contractor

8.7/10

Average satisfaction with time to complete work

8.9/10

Average satisfaction on quality of work

9.1/10

Overall satisfaction

9.2/10

Comments from residents

"Very happy with the work which was carried out very professionally done" "Contractors couldn't be better absolutely brilliant" "Great communication throughout"

"Early on the day and was finished very promptly and completed all tidy and clean"

"Made sure everything was clean and tidy before leaving"

"Communication excellent"

Resident Involvement

At every level of the organisation, our residents work alongside us as one team, from strategic decision making to day-to-day services. They influence policies and strategies, monitor our performance, and help shape the services we deliver.

Our residents have been an important part of our sustainability journey, sharing their views and being recognised for the environmental work they do in our communities.

- Earth month online campaign focusing on carbon footprint, biodiversity, energy and waste
- Planted 500 trees in collaboration with residents and Swale Borough Council
- Contributed to a family fun day with Kent residents
- Seven resident sustainability champions
- Two residents recognised for their contribution to sustainable living at the 2023 Unlock Net Zero Awards
- Co-creating our direction with residents in person and online
- ✓ Multiple litter picks in various neighbourhoods





Our approach

This strategy has been co-created with residents and staff; we've undertaken surveys and workshops to gather insight which has informed this strategy.

Our approach considers the wider environmental sustainability topics spanning across the whole organisation. It also supports our social impact statement in making a positive social change and creating opportunities for residents and communities to fulfil their potential.

Together, through our environmental sustainability strategy and social impact statement, we'll improve our residents' finances, employment prospects and wellbeing.

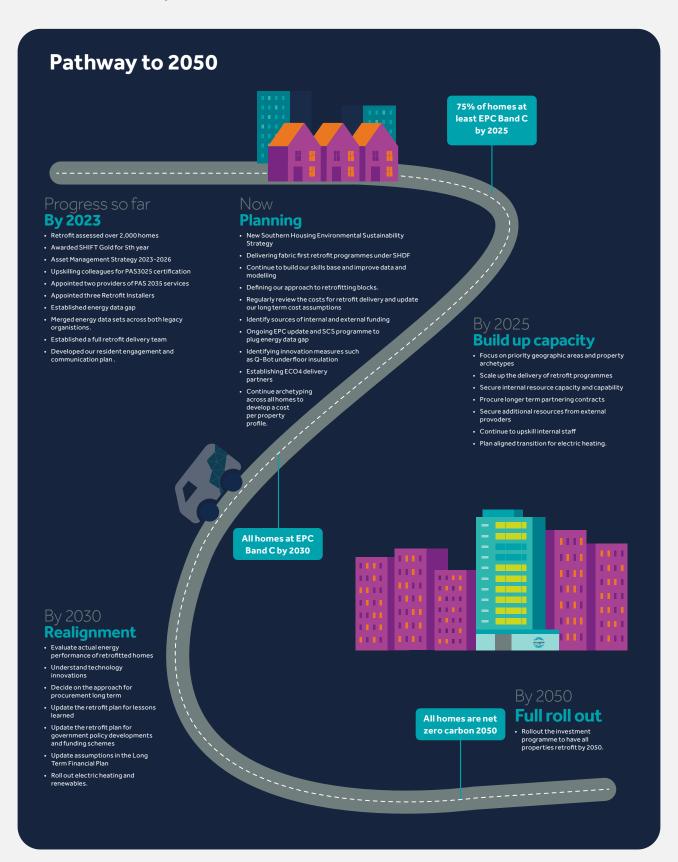
Our environmental sustainability strategy focuses on six key themes:

- Knowing our homes and our wider environmental impact
- Affordable warmth and carbon reduction
- Climate resilience and adaptation
- Nature and green spaces
- Energy and heat networks
- Awareness and reducing consumption.

These themes include our approach to meeting sustainability legislation. Targets within this strategy will be reviewed annually and revised in line with changes to regulations, innovations and science backed metrics.



The targets to 2026 are outlined in this strategy to provide focus for the next 3 years, whilst we also have a look ahead to 2050 regularly refreshing our longer term vision and roadmaps such as for retrofitting all of our homes to meet net zero carbon by 2050





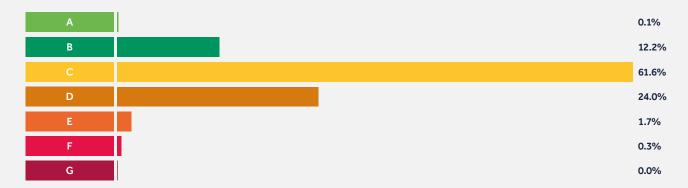
KNOWING OUR HOMES AND ENVIRONMENTAL IMPACT OF OUR WIDER ORGANISATION

It's important for us to understand the performance of our homes and our wider organisation, so we have a baseline and transparent methodology to measure improvements. We're undertaking regular stock condition surveys and for 71% of our homes we have recent surveys under 5 years old. As part of our preparations, we've already completed retrofit assessments on more than 2,000 homes to understand the measures we'll need to install, the cost and the impact of retrofit works. With this strategy we are outlining our plans to further improve the quality of our data. We'll continue to adopt the SHIFT methodology to measure our sustainability performance and benchmark against the sector. We'll publish our performance through multiple channels, for our residents and stakeholders, that are easy to read and jargon free.

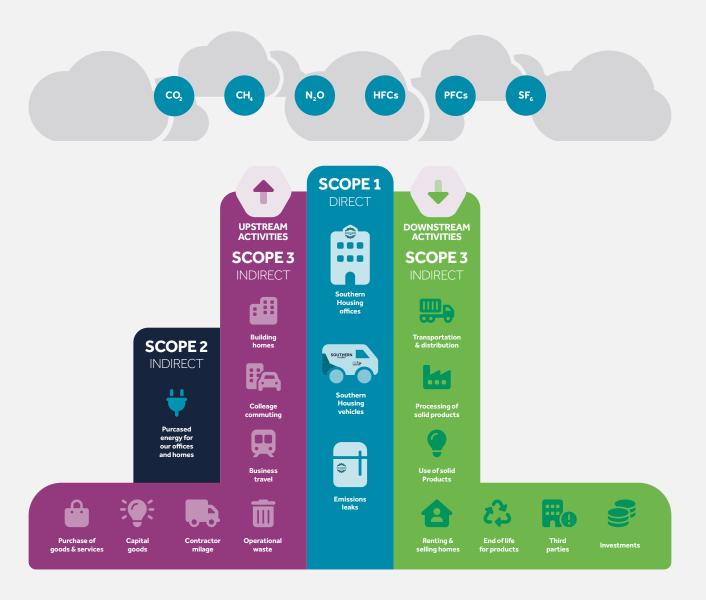


OBJECTIVE	WHAT WE'LL ACHIEVE	
We will know the energy performance of all our homes, offices and commercial accommodation.	 All our accessible homes will have a SAP score that is less than five years old by 2025 All office and commercial properties in our ownership will have up to date EPCs less than five years old by 2024 All key worker and student accommodation in our ownership will have energy data less than five years old by 2024 We'll model most effective and efficient measures to achieve best energy efficiency improvements in line with our wider investment programmes for all our homes. This includes a review of all our property archetypes across our homes to inform long term retrofit plans We'll continue to capture carbon emission data and conduct an energy efficient review of our student and key worker portfolio to devise carbon reduction plans by 2025 We'll update our energy data bi-annually to track our direction of travel, and implement our data improvement plan which tells us which of our assets need what level of energy data. 	
We'll measure our organisational environmental performance and reduce our carbon footprint.	 We'll include our environmental performance in our Annual Report as required by the mandatory Streamlined Energy and Carbon Reporting Regulations 2018 We'll carry out annual sustainability audits with biggest supply chain partners and demonstrate improvements We'll continue to strengthen our capture of scope 1, 2 and 3 emissions data, specifically that of our maintenance activities. 	
We'll achieve a GOLD standard as measured through the SHIFT methodology to ensure that we are on track with Science Based Targets.	 Alignment of methodology for measuring our environmental performance with the SHIFT standards, which also allows benchmarking with peers. The standardisation and amalgamation of datasets from our legacy organisations. 	
Evidence our commitments towards UNSDG through Environmental, Social and Governance reporting	 We'll produce an annual report evidencing our commitments and performance against environmental, social and governance goals We'll work with other key stakeholders and partners in the sector to strengthen the transparency and integrity of the ESG reporting through the Sustainability Reporting Standards. 	

EPC ratings of Southern Housing homes



Each year we're increasing and improving our emissions data, by focusing on the areas of highest risk/impact to Southern Housing and areas we can influence. We recognise the impact our supply chain has on the local and global environment, from the stationery we buy, to the homes we build. We carry out an annual Sustainability Audit with our top 100 suppliers to measure and monitor carbon emissions in our supply chain. By measuring our Scope 3 emissions, alongside Scope 1 and 2, we can target actions to influence the reduction of carbon emissions.



AFFORDABLE WARMTH AND CARBON REDUCTION

It's essential that our net zero vision by 2050 is reached through incremental and measured steppingstones. Energy consumed in our homes is a major contributor of our carbon emissions. Our retrofit roadmap serts out high level objectives that will help us gain incremental improvements, and our fabric-first approach ensures reduction of energy demand. Our office and commercial operations and fleet also contribute to our carbon emissions, and we're committed to reducing these to meet our 2050 goal.

OBJECTIVE	WHAT WE'LL ACHIEVE
We will continue to improve the energy performance of all our homes and offices	 All our homes will be EPC C by 2030, where practical, cost effective and affordable² All our offices and commercial properties will be EPC C by 2027 and EPC B by 2030 All our new homes will be built to SAP 85 or above (equivalent to EPC Band B) We're undertaking research to develop an ambitious strategy to start delivering net zero new build homes from 2030, as measured by London Energy Transformation Initiative standards We will update our Retrofit Roadmap on a regular basis We will maximise impact of our investment through aligning retrofit works with void and maintenance, planned investment and fire safety works We've been successful in applying for grant funding for feasibility studies, and works to our homes and heat networks in recent years. We will continue to maximise our total spend on energy efficiency measures via external grant funding.
We will plan for the transition to an all-electric fleet, used by our direct labour operatives, by 2030	 We'll pilot EV fleet and charging infrastructure across office locations by the end of 2025 in line with our office rationalisation and agile working plans We'll pilot EV fleet and charging infrastructure across our key worker, student accommodation and care homes by 2026 We'll develop plans to scale up EVCP infrastructure to support the transition to electric fleet by 2030.
Continue to reduce greenhouse gas emissions across all our operations	 We'll work with our supply chain to reduce emissions from our maintenance activity to CO₂ emissions/per homes managed by 2026 We'll reduce emissions from our offices by 2026 We'll require our maintenance suppliers to use responsibly sourced materials by 2026 We will increase responsibly sourced office goods by the end of 2026 We'll update Sustainable Procurement Principles and apply these to all our procurement activity We'll asses the viability and consider install options of PV, battery storage and LED lighting across our largest offices.
Evidence our commitments towards UNSDG through Environmental, Social and Governance reporting	 We'll produce an annual report evidencing our commitments and performance against environmental, social and governance goals We'll work with other key stakeholders and partners in the sector to strengthen the transparency and integrity of the ESG reporting through the Sustainability Reporting Standards.

² We are aware of properties where upgrades will be very challenging particularity for homes in conservation areas. This is in line with government policy documents such as the Green Growth Strategy which recognises this:



Its important that we have a good understanding of the different architypes in our regions to plan the most efficient route to net zero carbon by 2050.

Over recent years we've carried out multiple pilot retrofit programmes to build up the knowledge of our homes and how they perform, along with suitable measures that are bespoke to those homes. Every home is different and therefore requires an in-depth energy assessment to identify what work is needed to improve their energy efficiency.



These solid wall homes (above, left and right) received external wall insulation, triple glazed windows, new roofing, loft insulation and solar panels.









These bungalows (above, far left and left) needed different measures and received cavity wall insulation, loft insulation, air source heat pumps and solar panels to improve their energy efficiency.

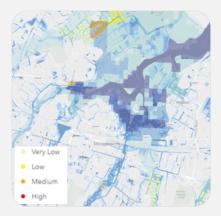
CLIMATE RESILIENCE AND ADAPTATION

Strengthening our resilience to climate change is not only important for the wellbeing of our residents, but also a critical step towards creating adaptive environments. As the impacts of climate change intensify, integrating flood and overheating resilience and adaptation measures not only safeguards our homes and communities, but also supports equitable solutions for a sustainable future.

The UKGBC divides climate related risk into two categories:

- Chronic hazards: slow to progress and cover long term changes to hazards such as changes to temperature, wind, precipitation, and soil erosion.
- Acute hazards: extreme in nature, occur quickly, and can include hazards such as heatwaves, storms and blizzards, droughts, floods and subsidence.

OBJECTIVE	WHAT WE'LL ACHIEVE
We will identify flood and overheating risk to understand mitigation measures	 We'll develop an updated flood risk assessment and apply it to our homes, offices and commercial portfolio by 2025 We'll develop an internal flood resilience standard and overheating adaptation standard by the end of 2026 We'll carry out risk assessments and mitigation planning for homes at high risk of flooding We'll carry out risk assessments and mitigation planning for homes at high risk of overheating We'll carry out overheating assessments for blocks of flats across our heat network portfolio to understand mitigation measures.
Our new homes will be built with climate resilience in mind	 All new homes will be built in low flood risk areas All new homes will address overheating risk factors in line with best practice guidance (CIBSE TM59 and TM52) New build designs will consider adaptation measures such as shutters, insulation and biodiversity.
Engage with our residents on flood and overheating topics	 We'll implement a flood alert system to inform residents when flooding may occur in their area We'll provide advice about staying cool during hot months, via our website We'll continue to build our in house services to respond to flood events that affect our residents We'll ensure that residents know what to do in the event of a flood and have incident management plans in place We'll continue to provide general advice and resources for our residents on our website.



We use our Geographical Information System (GIS) to assess flood risk of our homes by combining our property portfolio with flood risk maps from the Environment Agency.

These assess the risk of flooding from rivers and the sea and surface water, taking into account flood defences and their condition (see map, left).

Overall, 93% of our homes are at low or no risk of fluvial or coastal flooding. And 91% of our homes are at low or no risk of surface water flooding. We've also signed up to a flood warning service, which provides tailored flood warning if any homes are at risk of surface water flooding in the next 24 hours.

All new homes undergo a CIBSE TM:59 overheating assessment at the planning stage and we make changes to the building fabric and layout where required. We undertake a full dynamic thermal model for each block including all communal areas, stair cores and entrance lobbies; plus a sample of rooms in homes.

NATURE AND GREEN SPACES

Biodiversity is the term given for variety of all life on Earth. This includes animals, plants, fungi, and bacteria. It's important that we recognise the balance between nature and green spaces and the wellbeing of our residents and staff, because all these living things work together to create healthy environments, clean air, and fresh water.

Since monitoring began in the 1970s, 56% of our wild plants and animals have declined (source: Wildlife Trust). This comes partly down to loss of habitat as our wildlife is losing its home and sources of food and water. Urban development has increased, meaning there's less space for nature. Climate change is damaging the habitats that are left. This is not only critical for wildlife, but for us too. As a housing provider, we need a green infrastructure to help reduce overheating, prevent flooding and trees to help to reduce air and noise pollution

We're committed to increasing and protecting animals, plants, and their homes within our land ownership to support healthy and happy futures for us all. We're co-creating a biodiversity action plan with our residents and staff to capture our priorities into the plan.

OBJECTIVE	WHAT WE'LL ACHIEVE
We'll develop and record our natural asset baseline	 We'll complete our natural asset audit by the end of 2025, using GIS and surveys to update our records of land and vegetation in our ownership
	We'll create and enhance habitats specific to regions to support local flora and fauna and use GIS to record habitat creation and enhancement measures
	 We'll review and update our estate services procedures in line with the action plan and baseline
	We'll publish and implement our biodiversity action plan
	 We'll review the use of chemicals in our services and operations that are detrimental to the environment and seek alternatives
	We'll ensure at least 10% of biodiversity net gains is applied to all new builds from 2024.
We'll raise skills and awareness across our organisation, and	 We'll develop a biodiversity working group across departments to ensure actions within the plan are delivered
supply chain	 We'll keep our leadership team and Board updated with progressions in the biodiversity landscape including our contribution as an organisation
	 We'll continue to partner with a supply chain who is committed to reducing their environmental impact
	 We'll ensure the link between wellbeing and biodiversity is understood across the organisation through planned activities and training opportunities
	We'll promote campaigns throughout the year highlighting seasonal topics.
We'll increase resident engagement and participation	We'll seek resident input when designing greens spaces in our new builds
on health and wellbeing topics related to nature and green	 We'll develop guidance for residents who don't have gardens so they are not excluded
spaces	 We'll continue to invite our residents to community initiatives such as tree planting
	We'll provide information on our internet and social media pages to keep our residents updated with local events and campaigns that they can join.

We're developing our Biodiversity Action Plan. The first step is to undertake a natural asset audit using data stored in Geographical Information Systems (GIS), which shows that 12% of the land we own is classified as natural by the Ordnance Survey.

Over half of our grounds maintenance responsibilities are also mapped in our GIS, specifying the specific ground cover from grass to shrubbery to woodland. We're undertaking a tree survey, and so far, have mapped nearly 17,500 trees, collecting information on tree species age, structure and condition. We know improving and increasing biodiversity and open spaces and having access to community space is also important for residents. To support housing providers and residents enhance open spaces, we developed a Biodiversity Toolkit with the UK Centre of Ecology and Hydrology. We're currently consulting residents and other stakeholders to gain their insight in developing our Biodiversity Action Plan.

Mandatory biodiversity net gain (BNG) as set out in the Environment Act 2021 applies in England only by amending the Town & Country Planning Act (TCPA) and is expected to become law in 2023, following a consultation in 2022. In preparation, we commissioned a research report to analyse two current developments and assess what changes we'd need to make in order to meet the target 10% net gain in biodiversity. It highlighted the need to undertake BNG assessment early in the design process.



Proposed changes included installing green roofs, replacing ornamental planting with native scrub and replacing some mown lawns with ponds. As part of our Biodiversity Action Plan, we'll establish how we'll measure and monitor BNG on new schemes, once quidance is published.

At a local level, we've set up a number of nature and gardening projects with residents leading the way, and contractors providing funds and the labour. All projects aim to have a wide impact on the whole community, as well as improving biodiversity.



OBJECTIVE	WHAT WE'LL ACHIEVE
Improving efficiencies of our heat networks in line with the Heat Network Metering and Billing Regulations 2014, and the incoming Heat Network Market Framework (due 2025)	 We'll carry out efficiency review of all heat networks including control settings, boilers, pumps and bypass valves We'll continue to deliver compliancy under Heat Metering and Billing regulations We'll conduct a regulation readiness review focusing on our service quality, performance and decarbonisation planning We'll capture the heat consumption of all our heat network residents on key metrics We'll explore zoning opportunities with strategic partners We'll ensure new heat networks support the incoming Future Homes Standard (due 2025) so that new buildings can run on lowcarbon heating.
Achieving Net Zero Carbon across our heat networks	 We'll develop a heat network decarbonisation roadmap detailing our targets between now and 2050 We'll regularly review and update our ER's to ensure system specification is correct at the outset We'll conduct net zero surveys across all our heat networks by 2025 to identify measures We'll develop a data improvement plan.
Reduce energy consumption across our property portfolio	 We'll collate energy usage and spend across our students and key worker accommodation, and develop reduction strategies We'll consolidate utility contracts and seek improved value for money We'll explore ISO50001 / 14001 to support in achieving reduction plans We'll implement an LED lighting programme across our communal areas We'll conduct solar feasibility surveys across our student and key worker sites We'll carry out a pilot solar PV install programme to homes where fabric first measures do not achieve EPC C results.

OBJECTIVE	WHAT WE'LL ACHIEVE
Reducing water use across our homes, offices and commercial portfolio through a water reduction plan	 We'll review the viability of water meters in our homes and offices to capture better consumption data We'll aim to help residents reduce their water consumption to 139.6 litres per person per day by 2026 We'll install a water meter and water saving devices in all our new builds We'll aim to reduce our water consumption to 15.65 cubic meters per employee per year by 2026 We'll continue to provide information on water efficiency across our internet and social media pages for residents, key workers and students.
Reducing waste in our homes, offices and commercial portfolio	 We'll aim to install smart meter technology in all voids from 2025. All new homes will have internal recycling facilities We'll divert 89% of our office waste from landfill by 2026 We'll run annual recycling campaigns to help residents, key workers and students reduce their waste We'll raise awareness of the consequences of fly-tipping through various campaigns We'll develop a re-use policy across our key worker and student accommodation portfolio to ensure furniture and white goods are re-used where appropriate during refurbishments.
Reducing energy usage in our homes, offices and commercial portfolio	 We'll install a smart meter in all voids so residents can track and manage their energy usage We'll provide an energy advice service available to all our residents We'll provide seasonal energy-saving guidance through our website, social media pages and through podcasts and live Q&A sessions to residents, key workers and students We'll continue to build our team of resident sustainability champions to help share their experience and encourage other residents We'll review usage and occupancy at our offices and develop energy reduction campaigns with staff.
Reducing pollutants in our homes, offices and commercial portfolio	 We'll provide cycle racks in all our new homes and provide address specific transport advice in all new tenancy packs We'll use our website, and social media platforms to promote sustainable transport options We'll develop an internal sustainable travel plan to reduce our business mileage to 4.5kg co2 emissions/per home managed by the end of 2026 We'll roll out carbon literacy training to all employees by 2026 By the end of 2024, we'll review cleaning supplies across our offices and operations to ensure that they are not causing harm to the environment We'll review our office plastic use and develop a reduction plan We'll signpost residents to available advice via our webpage and social media platforms.

