



Our Sustainability Action Plan 2023-2026

# Making choices today for a better *tomorrow*



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## Foreword

The effects of climate change are already with us. Without large-scale behavioural change, the future is going to bring more powerful and regular extreme weather events. It will also bring irreversible changes to ecosystems and biodiversity and existential challenges to infrastructure like transportation systems, buildings and utilities. Changes in weather patterns may also affect the availability of water in the UK in the not-too-distant future.

Achieving net zero carbon by 2050 requires a big change in the way everyone operates. No part of our organisation or wider society is exempt. The changes we need to make are for everyone to think about and get involved with – colleagues, residents, partners, suppliers and government. Everyone has a role.

To make the progress we need and create lasting positive change, we've already laid out tangible plans in our Environmental Sustainability Strategy 2023-26. But now, to coincide with the publication of our carbon emissions for 2022-23, we're building on that strategy with our Sustainability Action Plan. It sets out the scale of our challenge and lays out more detail about what we're actually doing now to meet our goal of becoming net zero in our operations by 2030.

We'll continually monitor and measure progress, reporting to several committees and the Peabody Board. Monthly performance indicators will keep us focused on progress and show us where we need to do more. And we're pleased to have been recredited with RITTERWALD's sustainable housing label for third time across all three ESG (economic, social and governance) dimensions.

In addition, we'll continue to report on our progress towards achieving our ESG objectives each year in our ESG report, annual report and other publications.

We're making choices today that will help us create a better tomorrow for future generations.

**Richard Ellis**  
Peabody Director of Sustainability





## 2 Our vision and *commitment*

Our vision is to provide sustainable places so that our residents, communities and the planet can flourish.

### Our commitment

We recognise our role in helping to protect residents, communities and the natural world as we move towards a low-carbon future. So we're making sure sustainability shapes our thinking and decision-making, while providing value for money throughout the organisation.

We're increasing the energy efficiency of residents' homes so they're better for the environment and cost less to heat. We're improving many of our open spaces to encourage and cultivate plants and wildlife. And we're doing what we can to reduce carbon emissions throughout every area of our organisation and our supply chain.

We're working with residents, colleagues, partners and suppliers so we can meet this challenge together. That's because sustainability is not just about reaching net zero. It adds social value, improves health and wellbeing, reduces fuel bills and promotes ethical practices. Our commitment will ensure all our operations work towards our goal of becoming a truly sustainable Peabody.



## 3 The scale of the *challenge*

### Our carbon footprint 2023

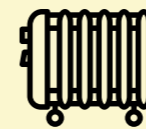
According to the Climate Change Committee, buildings are now the second-largest contributor to the UK's emissions. And as the owner of more than 108,000 homes and with progress in our sector known to be traditionally slower than in others, it's essential that we act now.

Decarbonisation presents an opportunity to re-evaluate business processes not only to reduce our carbon footprint, but also to be more efficient and achieve better outcomes for residents and partners.

The latest figures for 2023 show our overall emissions were 386,509 tonnes/CO<sub>2</sub>e, up 13.6 percent on the prior year. The increase can be attributed to the inclusion to Town & Country Housing (TCH) in the numbers for the first time. If we strip out the TCH numbers, our emissions fell by 2.1 percent.

The carbon intensity ratio per home has fallen from 2.06 tonnes/CO<sub>2</sub>e to 2.01 tonnes/CO<sub>2</sub>e, showing that we are improving, just not fast enough. This calculation is based on the emissions we have more control over, such as the energy we buy like gas, vehicle fuel and electricity and is divided by the number of homes. It helps provide context to the total emissions figure by relating it to a tangible unit such as a home.

### The key numbers



**Scope 1**  
↓ 8.2%

Direct emissions from our operations and activities, such as gas for our heat networks and offices.



**Scope 2**  
↓ 5.9%

Indirect emissions from our operations, such as electricity from our estates and offices.



**Scope 3**  
↑ 15.4%

Emissions associated with our supply chain. Other people's scope 1 and 2 emissions, such as what's used in our homes or purchased goods and services.



**Scope 4**  
↑ 2.8%

Internal offsetting through things like open spaces, trees and our solar portfolio.

The figures show that we're making progress in scope 1, where we've reduced the amount of gas we use in our buildings and fuel in our vehicles. We've also cut the amount of carbon-generating electricity we use by switching to low-carbon energy sources, which has helped reduce our scope 2 emissions.

We know however that we have a lot of work to do to bring down our scope 3 emissions. These figures were negatively impacted by the addition of Town & Country Housing and the overall increase in the number of homes we own.

### YOY summary

The table below presents compares Peabody's FY22/23 GHG emissions to FY21/22.

| Scope   | FY21/22 (tCO <sub>2</sub> e) | FY22/23 (tCO <sub>2</sub> e) | YOY change   |
|---|------------------------------|------------------------------|--------------|
| <b>Scope 1</b>  |                              |                              |              |
| Property fuel (natural gas) (location-based)              | 17,668                       | 16,313                       | -7.7%        |
| Fuel for company vehicles                                 | 1,360                        | 1,161                        | -14.7%       |
| Refrigerant gases   | 21                           | 21                           | 0.0%         |
| <b>Total scope 1</b>                                      | <b>19,049</b>                | <b>17,495</b>                | <b>-8.2%</b> |
| <b>Scope 2</b>  |                              |                              |              |
| Electricity consumption (location-based)                  | 8,932                        | 8,402                        | -5.9%        |
| <b>Total scope 2</b>                                      | <b>8,932</b>                 | <b>8,402</b>                 | <b>-5.9%</b> |
| <b>Scope 3</b>  |                              |                              |              |
| Purchased goods and services                              | 107,546                      | 95,684                       | -11.0%       |
| Water consumption   | 10                           | 10                           | 0.0%         |
| Capital goods   | 54,459                       | 72,833                       | 33.7%        |
| Fuel and energy related activities                        | 6,744                        | 6,103                        | -9.5%        |
| Disposal and treatment of waste                           | 8                            | 11                           | 37.0%        |
| Business travel   | 441                          | 420                          | -4.8%        |
| Employee commuting  | 2,155                        | 2,029                        | -5.8%        |
| Upstream leased assets                                    | 462                          | n/a*                         | n/a          |
| Downstream leased   | 142,448                      | 185,562                      | 30.3%        |
| <b>Total scope 3</b>                                      | <b>314,272</b>               | <b>362,652</b>               | <b>15.4%</b> |
| <b>Total GHG emissions (location-based)</b>               | <b>342,253</b>               | <b>388,548</b>               | <b>13.5%</b> |
| <b>Scope 4</b>  |                              |                              |              |
| Carbon sequestration                                      | -1,594                       | -1,594                       | 0.0%         |
| Solar PV saving   | -390                         | -445                         | 14.3%        |
| <b>Total scope 4</b>                                      | <b>-1,984</b>                | <b>-2,040</b>                | <b>2.8%</b>  |
| <b>Total GHG emissions (location-based incl. scope 4)</b> | <b>340,269</b>               | <b>386,509</b>               | <b>13.6%</b> |

\*Leased office emissions have been included in scope 1 and scope 2 for FY22/23 due to the granularity of available data.

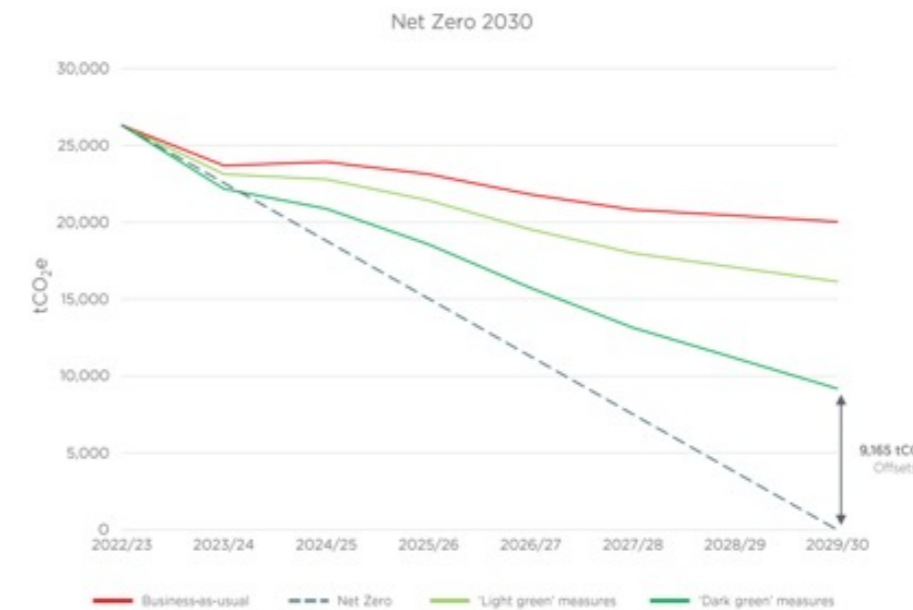
### Our carbon roadmap

We're already working hard to reduce our carbon footprint. We're investing heavily in our existing homes to make them more energy efficient and ensure they meet our EPC C target. We're continually looking for new funding sources to help us reach our decarbonisation goals. And we're committed to building new homes at average EPC B.

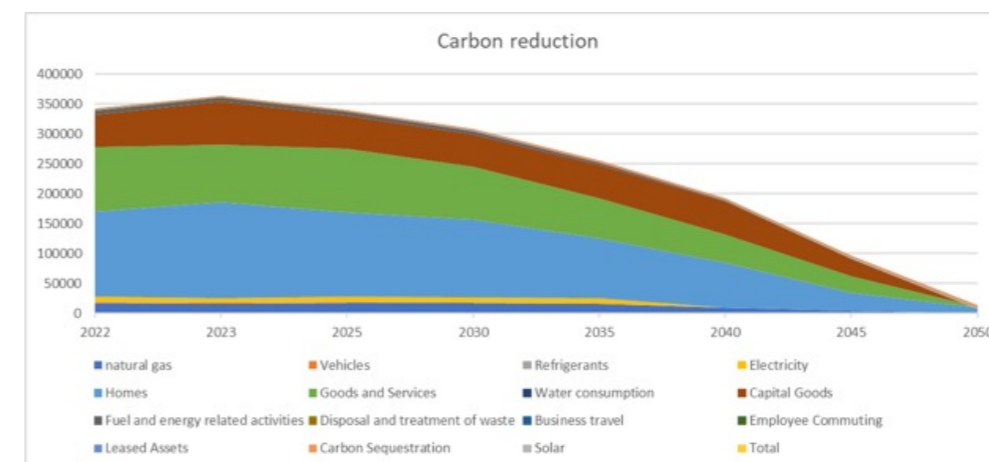
Following a major refurbishment, our head office now has solar panels that generate around 12,000 kWh and save 6,250 kg/CO<sub>2</sub>e a year. We're also

working to install EV charging points and have introduced an energy management system to monitor energy use. We're even helping residents to reduce the amount of energy they use with our energy advice service.

However, even with all the changes we're making and plan to make, we will not achieve our net-zero goal on our own. According to analysis of our carbon footprint carried out by Savills, we'll need to offset an estimated 9,365 tonnes/CO<sub>2</sub>e of emissions in 2030.



- Red** - business as usual trajectory
- Light green** - 'easy win' commitments which can be achieved without the need for wholesale changes and/or large investment.
- Dark green** - more ambitious commitments that are rewarded with greater emissions savings but may require structural changes and/or significant investment.



Carbon route map: This shows the extent of the carbon we need to reduce to get to net zero.





## 4 What we need to *achieve*

### Our environmental strategy has five broad objectives:

- ✓ To be net zero carbon within our day-to-day operations by 2030
- ✓ To reach a minimum EPC C rating for all our rented homes by 2030 (where practicable)
- ✓ To be net zero carbon within our rented housing by 2050
- ✓ To build green, healthy and sustainable places where residents and nature can thrive together
- ✓ To provide value-for-money for the organisation and our residents

### We've identified eight themes to help guide what we do between now and the end of 2026:



Create greener homes and sustainable places



Make space for nature



Engage colleagues to create a sustainable business



Make use of new technology and innovation



Involve residents at every stage



Keep track of progress with regular reporting, measurement and governance



Ensure sustainable solutions are fair, equitable, accessible and affordable for all residents



Ensure value for money

## 5 Our delivery plan

Our delivery plan sets out how we'll achieve our goals. It outlines how we plan to upgrade and improve people's homes, build new energy efficient homes and encourage residents and colleagues to work with us to create more sustainable places. By breaking down the things we need to do to reach our long-term net zero goal into smaller, tangible objectives we're making it real and easier to hold ourselves to account.



### Creating a sustainable organisation

#### Objective:

- Achieve net zero carbon across our offices and day-to-day practices by 2030.
- Make demonstrable progress each year.

#### How we'll achieve this:

- Electrify our vehicle fleet by 2030 and develop a sustainable travel policy.
- Build a colleague engagement plan that starts as soon as people join Peabody by introducing sustainability training and our Eco Champion Network in the new-starter induction programme. Offer additional sustainability training where appropriate.
- Assess our suppliers' carbon reduction plans and support them to reduce emissions.
- Roll-out an Energy Management System (EMS) to monitor and reduce the use of energy, water and waste in our main offices.
- Encourage colleagues, partners and suppliers to reduce consumption and improve recycling, supporting and promoting local solutions where possible.
- Set a minimum standard for the procurement of products, services and energy, and standardise heat and metering contracts and agreements.
- Use a climate risk review to help anticipate and manage potential threats, risks and opportunities associated with moving to more sustainable ways of working.



### Creating sustainable places – living in nature

#### Objective:

- Establish a long-term approach to improving the biodiversity of our open spaces, ensuring we have a positive ecological impact by protecting, creating or improving habitats.
- Bring our residents' lives closer to nature, improve our climate resilience and offset our carbon emissions.
- Integrate sustainability within our local approach and stewardship model.
- Increase output of renewable energy.

#### How we'll achieve this:

- Carry out two pilot studies to improve biodiversity in local areas, working with residents at Fish Island and on the Pembury Estate in Hackney.
- Improve grounds and tree maintenance to encourage biodiversity on our estates.
- Introduce a Biodiversity Action Plan across the Group by the end of 2024.
- Explore principles and projects for 'greening' historic estates.
- Engage residents and local communities in sustainable projects, including cultural and community initiatives.
- Develop a more detailed Climate Resilience Policy.
- Reduce the use of chemicals on our estates.
- Increase the biodiversity of new developments by 10 percent (net) from February 2024 and create processes to ensure biodiversity net gain is managed effectively for 30 years.
- Deliver on our Living in the Landscape Strategy.



### Existing homes

#### Objectives:

- Upgrade and improve the fabric of 6,000 residents' homes to reduce energy demand and achieve an EPC rating of at least C.
- Provide energy advice to 500 households a year.
- Improve the energy efficiency of heat networks.
- Roll out automatic metering to all our sites to help us accurately measure our usage.
- Explore new retrofit models.
- Retrofit 10 estates a year with EV charging points to support the growth of electric vehicles.

#### How we'll achieve these:

- Improve the quality of our energy efficiency data so we know where to prioritise investment.
- Align energy efficiency improvements with planned maintenance programmes to reduce disruption and costs.
- Find additional sources of finance to help improve value for money.
- Continue to provide our energy advice services to residents.
- Investigate new technologies and ways of working to help us achieve the necessary energy efficiency standards.



### New Homes

#### Objectives:

- Build all new homes to a minimum rating of SAP 81 (EPC B).
- Carry out whole life-cycle assessments to make sure homes currently in planning achieve a SAP rating of 86 by 2025.
- Ensure a 10 percent biodiversity net gain for sites submitted for planning from February 2024.
- Make sure climate resilience is considered at the development stage as set out in our New Homes Sustainability framework.

#### How we'll achieve these:

- Ensure all building aligns with our New Homes Sustainability Framework, which focuses on holistic-based planning and prioritises safe, sustainable and inclusive developments.
- Carry out whole-life carbon assessments on all developments.
- Create a heat network design guide to improve the energy performance and resilience of low carbon heat networks.
- Develop processes to ensure all new development enhances the biodiversity of the local area.
- Investigate new technologies and ways of working to help us improve energy efficiency and reduce embodied carbon.
- Improve the overall fabric of our buildings, including walls, roofs, plumbing and central heating systems, to ensure they're as energy efficient as possible.
- Phase out gas in favour of low-carbon energy systems.



## 6 Overseeing our plan

### Leadership and governance

Sustainability touches every part of our organisation and we need everyone to join us on our journey. It's governed by a range of different directorates who report their progress to the Board every six months. Reports are also presented to the Executive Committee and the Property and Asset Committee each quarter. The Audit and Risk Committee and Connect Property Services receive updates on request.

### ESG and reporting impact

We're committed to the United Nations Sustainable Development Goals (UNSDGs), an internationally agreed set of objectives designed to make the world a better place to live for all. Our strategic commitment to various environmental, social and governance (ESG) accreditation schemes and other reporting standards also help us progress towards the UNSDGs.

Access to adequate, safe and affordable housing is a core target for SDG 11, Sustainable Cities and Communities. But housing is not just about bricks and mortar, there is strong evidence that good housing contributes to other positive outcomes. A decent affordable home can improve health and wellbeing (SDG 3), have a positive effect on children's education (SDG 4) and help people into work (SDG 8). It can also help reduce inequalities (SDG 10) and provide a route out of poverty (SDG 1). Peabody's carbon footprint can also be reduced through the right energy efficiency and construction measures (SDGs 7 and 13). You can find out more about this in our latest [ESG Report 2023](#).



### Measuring performance

Reporting requirements are constantly changing. However, to measure and improve our sustainability performance, we engage with external reporting standards. These include the RITTERWALD Certified Sustainable Housing Label and Streamlined Energy and Carbon Reporting (SECR). A comprehensive carbon footprint analysis for the past two years has helped inform our Environmental Sustainability Strategy and Decarbonisation Roadmap.

Climate change is a risk which cuts across the business as set out in Group Risk 11, and we are undertaking a climate risk analysis using the Task Force on Climate-related Financial Disclosures (TCFD) framework. Our reporting commitments will help us navigate the risk of climate change and its impact on our communities, including heatwaves, subsidence, and floods and to the business. These risks are integrated into our organisation's Risk Management process, helping to keep our residents and business safe in the long-term.

In line with our Peabody mission of helping people flourish, we know that as well as providing great homes and creating a positive impact in communities, we need to prepare for the future. This is what we're doing here. So, join us on our journey to make sure the decisions we make today have a positive impact on the lives of those that live tomorrow.

## Reporting mechanisms

- Report performance against Sustainability Action Plan to Board every six months.
- Annual Report for ESG.
- Annual Streamlined Energy and Carbon Report.
- Annual Report for Certified Sustainable Reporting Standard.
- Update Climate Change Risk Map quarterly.
- Annual Carbon Footprint Assessment.
- Materiality Assessment every three years.
- KPI Reports monthly.
- Colleague Engagement Plan - feedback.
- Resident Engagement Plan - feedback.





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