



Environmental Sustainability Strategy 2023-26

Providing sustainable places for residents

to flourish



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Foreword

The climate emergency is here. Extreme weather events are now commonplace. Sea levels are rising. Plants, animals and microorganisms are disappearing forever at an alarming rate. And we're all affected.

As a large organisation with over 225,000 residents, 4,000 colleagues and an annual turnover of more than £1bn, we know we can make a positive impact over the long-term for the benefit of people and the planet.

We'll increase the energy efficiency of our homes so they're better for the environment and cost residents less to heat. We'll improve many of our open spaces to encourage and cultivate plants and wildlife. And we'll reduce our carbon emissions throughout every area of our organisation. By working together to create a carbon neutral organisation, we can start to make our legacy for the next 160 years and make sure we leave a planet that is flourishing for future generations to enjoy.

We're planning our net zero journey to 2050 and beyond. We're assembling data, scenario testing, and putting our roadmap in place. We estimate that we'll need to spend over £1bn to get where we need to be. We're also making good progress on our journey to 2030 – now just six and a half years away.

But this strategy is intentionally not about 2050 and net zero. It's about the action we're taking now. We are setting out a clear plan for the next three years so everyone can be confident in our approach and join us in making it a reality.

In this report you'll be able to clearly see what we plan to deliver in the next three years. Our aim is for 82% of our homes to be EPC C or above by 2026. All our new homes will be at least EPC B standard and use the latest technology for heating and cooling. This will reduce emissions and save residents money. We'll be moving towards making our vehicles all electric, and boost colleague and resident engagement on sustainability every year. We'll have a robust measurement system in place to track our progress and drive improvement. And we'll report regularly.

This will be the foundation of the changes we need to make in the short, medium and long-term. It will be a huge challenge but together we can do it.

Ian McDermott
Chief Executive Officer



Our vision for a sustainable *future*

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

Sustainability is about more than simply reaching net zero. Sustainability adds social value. We want to create sustainable places and a sustainable business for the future. To do this, we'll ensure sustainability shapes our thinking and decision-making while providing value for money. We recognise our role to protect residents, communities, and the natural world as we move towards a low carbon future. We'll work with our residents, colleagues, partners and suppliers to meet this challenge.

Peabody's Landscape Activation Manager leading an outdoor education session at Tump 53



Where are we *now*?

In 2021/22 our baseline carbon emissions were 342,253 tCO₂e. That's roughly the same as the amount produced by 150,000 cars in a year.

Our residents' homes accounted for 43 percent of this. And our business operations from construction, refurbishment, maintenance, energy use and day-to-day activities made up the remaining 57 percent.

The UK government has set a target to achieve net zero greenhouse emissions by 2050 (a 78 percent reduction by 2035). We must play our part in achieving this target. But it's not just a legal duty; it's our moral duty to make sure our homes are fit for the future and that we leave a legacy to be proud of.

We're already taking steps to meet this challenge. We've refurbished our main office in Southwark to improve its environmental performance. This includes installing solar panels on the roof, which generate around 12,000 kWh of electricity and save 6,250 kg of CO₂ a year. This is the equivalent of travelling 23,400 miles in a car.

One of our priorities is improving the energy efficiency of people's homes. Seventy-eight percent of our homes are now EPC C and above, with an average SAP rating of almost 73.43. The higher the SAP rating, the lower the fuel costs and the lower the associated emissions of carbon dioxide.

We're upgrading 66 homes in Islington with the help of a grant from the Social Housing Decarbonisation Fund (SHDF). We've also improved 266 homes by installing solar panels and batteries. We're beginning work on Wave 2 of the SDHF which will improve the energy efficiency of thousands of homes.

What do we want to *achieve*?

- ✔ Net zero carbon in our day-to-day business operations by 2030.
- ✔ Minimum EPC C for all our rented homes by 2030.
- ✔ Net zero carbon within our rented homes by 2050.
- ✔ Greener, healthy and sustainable places where residents and nature can thrive together.
- ✔ A sustainability plan that provides value-for-money for both the business and residents.

At-a-glance.

What will we deliver 2023-26?

Greener homes and sustainable *places*



- All new homes built to EPC B standard as a minimum.
- Integrated greener homes programme to make our homes comfortable and cheaper to run.
- New energy management system to track our procurement and use of energy.
- New Homes Sustainability Framework to identify key areas for investment.
- Improved building fabric performance to minimise energy demand.

Create a sustainable *business*



- Reduce the environmental impact of our offices.
- Engage our colleagues in all areas of sustainability.
- Encourage sustainable travel.
- Switch to an all-electric fleet of vehicles by 2030.

Work with *residents*



- Involve residents at every stage, listening and learning together while building trust in new technologies, innovations and approaches.
- Design solutions jointly with residents across key environmental areas.

Equality, diversity and *inclusion*



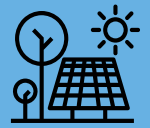
- Create sustainable solutions which are fair, accessible and affordable for all residents.

Making space for *nature*



- Map our ponds, lakes and green spaces to accurately measure all flora and fauna in areas we own and manage.
- Meet, and where possible exceed, the government's 10 percent biodiversity net gain requirement.
- Reduce the impact of our estate services on nature.
- Collaborate with external partners to develop and train colleagues in biodiversity and environmental stewardship.

Technology and *innovation*



- Explore nature-based solutions.
- Pilot new technologies as they become available to make demonstrable progress on energy efficiency and in tackling damp and mould.
- Continue to roll out our electric vehicle charging points.
- Work with local partners to deliver better waste management systems.

Risk, reporting, measurement and *governance*



- Commit to the United Nations Sustainable Development Goals.
- Report against the Sustainable Reporting Standard for Social Housing.
- Benchmark against the RITTERWALD Certified Sustainable Housing Label.
- Measure our progress on emissions and environmental improvement.

Value for *money*



- Align our greener homes programme with planned maintenance to ensure all homes are safe, decent and sustainable.
- Use internal and external funding efficiently.

Our journey to 2030

Greener homes programme

We have a diverse portfolio of homes at an average of EPC C or above, including a range of new energy efficient homes. But we also have 24,308 older homes which are still EPC D and below. Some of our homes are 160 years old, which poses unique challenges. Our greener homes programme will be looking at how we can improve our older homes and make them fit for the future, while retaining their character.

With the technology available today, many of our older buildings won't reach net zero. We will continue looking at new technology and sustainable developments to help us get closer to our goal.

Our target is for 82% of our homes to be EPC C or above by 2026. This will be achieved through investment and upgrades in our greener homes programme and new homes being built to EPC B standard as a minimum.

Residents tell us that they want their homes to be comfortable and as energy efficient as possible, with lower energy bills. Our greener homes programme will enable us to deliver on all of these, while also reducing the risk of damp, mould and condensation through better insulation and ventilation.

We will also align our energy performance work with our planned investment programme to deliver improvements more efficiently.

Minimising disruption to residents and ensuring every penny is spent effectively. By combining sustainability improvements with our other day-to-day improvements and repairs, we will make vital gains in both the energy efficiency and quality of our residents' homes.



New homes and sustainable places

We'll continue to create sustainable places to live; affordable, high quality homes that are designed to withstand changes in the climate and are fit for the future. Focusing on our purpose of helping people flourish, our homes will be well designed and well built. We'll create resilient neighbourhoods which nurture nature and can better adapt to the impacts of climate change.

We'll use our New Homes Sustainability Framework to identify key areas for investment. We'll use whole lifecycle carbon assessments and investment modelling to assess risks such as overheating and flooding. We'll carry out biodiversity net gain assessments to make sure our new developments protect and enhance local ecosystems. And we'll build homes where local services such as transport, education and healthcare are already in place, so we use existing infrastructure to provide benefits for residents and help to preserve green spaces.

Making our homes zero carbon ready will be a key priority for all developments. As we phase out gas, we'll adopt low carbon heating and hot water systems, and encourage the generation of local renewable energy. By improving the performance of our buildings' fabric, we will help to minimise energy demand and make our homes more affordable and comfortable for residents.

We supply over 15,000 homes with communal heating systems. Our new energy management system will help us track how we buy communal heat and use energy, highlighting areas of waste and inefficiency. We'll use the data to help us reduce energy use and costs to residents. This will help us buy energy as efficiently as possible and identify and improve poorly performing heat networks. We'll continue to use Renewable Energy Guarantees of Origin backed electricity.

Over the next three years we will make sure that:

- All our new homes built from 2025 are at least EPC B (average SAP 86).
- We use low-carbon technology for all new homes from 2025, with most of the heat generated using electricity.
- We review development employer requirements, and those of other directorates, for climate and sustainability elements by December each year.
- We carry out overheating assessments for all new developments.
- We use "whole life-cycle carbon assessments" to provide a true picture of our new developments' impact on the environment. These will assess the materials, construction and the use of a building over its entire life.
- We prioritise development in areas where local services are already in place (e.g., transport, education, and healthcare). This will utilise existing infrastructure to benefit communities and help preserve the UK's green spaces.
- We carry out Biodiversity net gain (BNG) assessments in all our new developments.

EPC B

All our new homes built from 2025 will be at least EPC B

Creating a sustainable *business*

We've made good progress in reducing the environmental impact of our offices. Eleven of our offices recycle more than 80 percent of their waste and our head office has solar panels, electric vehicle charging points and increased insulation. All of these reduce energy demand. However, we need to do more to reach our target of net zero carbon across our offices and business practices by 2030.

This will need colleague support and changes in behaviour and working practices. To help achieve this, we're creating a culture that encourages colleagues share similar sustainability values. We're engaging them through training, expanding our colleague-led Eco Champion Network and promoting sustainability conversations across the organisation.

Good quality data on our offices and business practices is essential in monitoring our waste, water and energy use. This will help us reduce consumption and emissions by 2030. For transparency, we'll report quarterly on our organisational energy use and our contribution from renewable energy generation, which offsets some of our emissions. We'll encourage sustainable travel - walking, cycling, and public transport - to and between workplaces. And we'll provide more bike storage, establish electric vehicle charging points across all our offices and depots and move to an all-electric fleet by 2030.

We'll make our commercial properties more energy efficient, source low-carbon heating and cooling systems and implement green procurement policies. We will comply with Minimum Energy Efficiency Standards regulations for non-domestic properties.

Through sustainable procurement we'll generate social benefits, minimise our environmental impact and meet our business needs while achieving value-for-money. Following a successful pilot, we're applying a minimum 20 percent social value weighting to the scoring criteria for all tenders above the UK Procurement Threshold which is measured alongside quality and cost.

Sustainability Director Richard Ellis planting trees at Dagenham Green



Our Principles of Sustainable Procurement statement will ensure all new contracts include our sustainability requirements and that contractors monitor and report on their environmental footprint. As far as possible, we will procure our energy from sustainable sources. We'll continue to assess the sustainability of our offices to ensure we're using our buildings as efficiently as possible through our Office Footprint Project.

In the next three years we will:

- Develop a Carbon Reduction Road Map for how each office, and Peabody department, will reduce emissions by 2030.
- Convert 20 percent of our vehicle fleet to electric by 2026.
- Provide training on sustainability to all colleagues and pilot in-depth training.
- Engage colleagues across the organisation in sustainable practices and measure this through key performance indicators to increase engagement by at least 15 percent each year.
- Reduce the use of water and energy and the amount of waste by five percent across our four main offices each year from 2023/24.

- Collect data to benchmark all our office sites' environmental performance by April 2024 and set targets for improvement.
- Achieve the following average recycling targets in our offices:

	Minimum	Average
2023/24	50%	70%
2024/25	60%	75%
2025/26	70%	80%

We will also:

- Assess the environmental impact of our top 15 percent of suppliers by spend each year, completing 45 percent by year three. We'll also explore how we can reduce the environmental footprint of our supply chain.
- Ensure that 60 percent of our office supplies are sustainably sourced by the end of 2024.



Biodiversity - making space for *nature*

Green spaces have a positive impact on residents' health and wellbeing. Across Peabody, we have over 1,200 hectares of open space, including 101,000 trees, five hectares of grazing marsh, canals, lakes, woodlands and 14 sites of nature conservation interest.

Biodiversity helps to capture carbon and reduce the risk of flooding, overheating, air and noise pollution. Residents want more access to green spaces and there is a strong desire for more wildlife and plants, gardening and spaces to grow food. We will regenerate and improve local ecosystems with residents.

Our grounds maintenance programmes, new development design and Living in the Landscape blueprints are vital for landscape regeneration and enhancing resident engagement with nature. We'll support these plans with design guides and maintenance programmes that deliver improved open spaces for minimal cost. We're also mapping our blue and green spaces to establish a baseline biodiversity dataset that will help identify opportunities to not only improve places, but to capture carbon and protect against floods, wind and heat in the future.

Where possible, we'll exceed the government's 10 percent biodiversity net gain requirements. We'll continue to reduce the impact of our estate services on nature by reducing water use, plastic consumption and transitioning to plant-based chemicals and cleaning products. We'll continue to work with the Green Spaces Advisory Board, a pioneering collaboration between housing associations, and others to seek partnerships and funding and develop training and skills programmes for colleagues and residents. We'll pilot new projects to help enhance the biodiversity in our shared outdoor spaces for the long-term.

We will:

- Create a Biodiversity Action Plan for Peabody Group by 2024.
- Deliver at least 10 percent biodiversity net gain for all new projects submitted for planning from November 2023.
- Complete two pilot biodiversity improvement projects with residents which are cost neutral each year.
- Complete our biodiversity baseline dataset (60 percent at current) by 2026. This includes improved land use and woodland data, such as species mix, density and age of trees. This will help us understand how much carbon our current biodiversity removes from the atmosphere and plan how to improve on this.

Tree planting in Thamesmead



Technology

New technologies are evolving and being developed all the time. We'll seek to understand and implement technological best practice wherever possible. We are exploring what technology we need to use to reach our target of minimum EPC C for all our rented homes by 2030.

We've already undertaken several pilot studies on batteries, retrofitting, whole life carbon assessments and Passivhaus standards. We'll explore how we can best use nature-based solutions. This will include restoring ecosystems to capture carbon, bringing ecological diversity to areas that are dominated by one species and improving the management of our green spaces.

We're also using technology that will reduce the risk of damp, mould and condensation in people's homes. We have a dedicated team in place with improved review and case management systems and a supply chain to help identify and eliminate damp and mould. Local pilots have made a positive difference, and we will roll these out more widely, using technology to help solve recurring problems of damp and mould in blocks.



Retrofit project of 66 homes after securing a grant from wave 1 of the SHDF fund.

Working with residents and *communities*

Getting to net zero and mitigating the impact of climate change is about choices and decisions. It's about the behaviours and attitudes of businesses and individuals, as well as a cultural shift. It's therefore essential that everyone has their say and is involved in work to improve the sustainability of their homes and neighbourhoods. We won't reach net zero carbon without the support and involvement of residents. We're already having sustainability conversations and finding better ways to engage and listen to what residents tell us. This is a shared journey.

As we move closer to net zero, we'll continue to support people with their energy use by improving their homes to make them more sustainable for the future. We will also be supporting residents to better understand the benefits of our greener homes programme and helping them become more efficient in managing their energy use. We'll rejuvenate the conversations we're having and properly communicate how our plans can benefit everyone.

We'll work in partnership to build trust in using new technologies and services. And we'll co-design solutions across key environmental areas such as waste, water use, gardening and food growing, biodiversity protection and travel.

Waste management

Residents have told us how important it is to them to recycle and dispose of waste responsibly. We're working with local councils to help create reliable waste collection systems and recycling facilities, making it easier for residents to recycle and increase recycling rates across all our estates.

Risk, reporting, measurement and *governance*

We're committed to the United Nations Sustainable Development Goals (UNSDGs). And our strategic commitment to various ESG accreditation schemes and other reporting standards are helping us to progress towards these.

'Access to adequate, safe and affordable housing' is a core target for SDG (Sustainable Development Goals) 11 Sustainable Cities and Communities. A decent affordable home can improve health and wellbeing (SDG 3), have a positive effect on children's education (SDG 4), help people into work (SDG 8), contribute to reducing inequalities (SDG 10), and can 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).



Reporting requirements are constantly changing. However along with our internal reporting, we also benchmarked with:

- The RITTERWALD's Certified Sustainable Housing Label in 2022 and 2023.
- Streamlined Energy and Carbon Reporting (SECR).
- We also undertook a full carbon footprint analysis.

This information has been used to inform this Sustainability Strategy and target improvements.

We were at the forefront of developing the Sustainable Reporting Standard for Social Housing in 2020 and will continue to produce annual ESG reports setting out our performance and impact.

Our reporting commitments will help us navigate the risk of climate change and its impact on our communities and to the business, including heatwaves, subsidence, and floods. These risks are integrated into our risk management process, helping to keep residents and the business safe in the long-term.

We recognise the importance of having an accurate baseline to measure our carbon footprint. We carried out our first Streamlined Energy and Carbon Reporting (SECR) guidance in 2022 to measure and report on our carbon footprint undertaken by Savills. We'll be continuing to develop more robust measurement across scope 1, 2 and 3, better understanding what we need to change and where.

We'll carry out a carbon footprint assessment every year alongside risk mapping and scenario testing to identify the most effective ways of reducing our emissions.

Peabody receiving the RITTERWALD certification



Value for *money*

We'll assess the most efficient way to finance the investment in energy efficiency improvements, making use of any available government and external funding. We'll continue to align our greener homes programme with our planned maintenance programme and use internal and external funding efficiently. This will ensure our money goes further, maximising benefits for residents and the business.

Over the last two years, we have secured external funding to complement our own for a range of projects. Recent funding includes:

- £1.68m from the GLA, to fund the installation of insulation, solar panels and batteries to 266 homes in 2022.
- £662,000 from the GLA Warmer Homes Fund for 170 solar panel installations.
- £735,000 through the Social Housing Decarbonisation Fund Wave 1, with 50 percent match funding from Peabody, to improve the energy efficiency of 66 homes in Islington. This is in progress and will be delivered by November 2023.
- £25m from the Social Housing Decarbonisation Fund Wave 2, with 50 percent match funding for delivery in 2023/24 to 2025/6.

We'll ensure our sustainability investments not only reduce our environmental impact but add to our service offer. We'll base decisions on the whole life costs, future sustainability and safety of our homes, driving long-term efficiency, good practice, and improved resident satisfaction.

We'll aim to get things right first time and maximise efficiency in delivery and operation. To integrate sustainability into our business, we'll connect our purpose and our colleagues' values to sustainability, proactively engaging with environmental problem solving and beginning a culture change.

£50_m

to improve the energy efficiency of thousands of homes by 2026.

Environmental Sustainability at a *glance*

What do we mean by environmental sustainability?

We mean the positive actions we can take to reduce harm to the environment, conserve resources, and promote the wellbeing of both people and the planet.

What is net zero?

The balance between the greenhouse gases emitted into the atmosphere and the carbon removed from it. We're joining with the UK government in aiming to be net zero by 2050.

What is carbon neutral?

Releasing the same amount of carbon dioxide into the atmosphere as we remove from the atmosphere. For example, we can reduce how much we use and release by adding solar panels to our homes or switching to electric vehicles or by planting trees.

What is a carbon footprint?

The amount of greenhouse gas, including carbon dioxide, produced. For example, the amount of gas our homes produce is their carbon footprint.

What is a greenhouse gas?

Gas that traps heat and raises the surface temperature of the planet. The most common greenhouse gases are carbon dioxide and methane.

What do we mean by energy efficiency?

Doing things in a way that uses less energy. For example, energy efficient homes use less energy to heat and run appliances.

How are we improving the energy efficiency of our homes?

By adding insulation into walls and roofs and changing some windows and doors to prevent heat being lost. In some homes we're installing solar panels and installing energy efficient heat pumps.

How do we measure the energy efficiency of our homes?

SAP and EPC ratings.

The Standard Assessment Procedure (SAP) is how the government assesses and compares the energy and environmental performance of buildings, including homes.

The higher the SAP rating, the lower your fuel costs and associated emissions of CO₂. The rating will usually be between 1 and 100, with 100 meaning zero energy cost. Above this means you have energy to spare.

This rating feeds into the Energy Performance Certificate (EPC).

The EPC will show a grade between A (very efficient) and G (inefficient). A high rating means lower energy bills, a warmer and more comfortable home and a lower carbon footprint. It will also increase the value of the property.

What is a greener home?

A home that's designed to be environmentally sustainable by using energy, water and building materials efficiently.

What is biodiversity?

It's the name we give to the variety of life in the communities we live in and across our planet. This includes the quality of our natural environment and range of trees, plants and animals that flourish together.

Why does it matter?

We rely on a wide range of life to survive and have a healthy place to live.

Not only do we need fresh water, clean air and healthy food, but biodiversity in our communities also helps capture carbon and reduces the risk of flooding, overheating and air and noise pollution. Without it, our future, our children's future and the future of the planet will look very different.



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