



ESG REPORT 2022

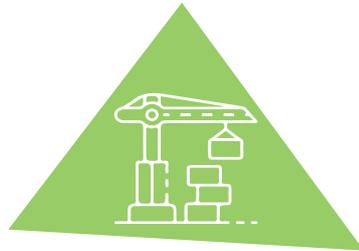
Environmental, Social and Governance

ESG (Environmental, Social and Governance) reporting helps investors, customers and wider stakeholders understand the impact a business has on the environment, how it benefits society, and how its governance structures ensure transparency about risks and opportunities. The Sustainability Reporting Standard for Social Housing (SRS) was launched in November 2020 as a method of providing the sector with a clear and consistent way of ESG reporting. The SRS is a voluntary reporting framework which covers 48 criteria across ESG considerations such as zero carbon targets, affordability, safety, and resident voice. During 2022/23 SLH will consider adopting The Sustainability and Reporting Standard for Social Housing to track progress against the sector's progress towards global emissions and zero carbon targets. This will also include participation within HouseMark's ESG benchmarking facility, the first ESG benchmark for the UK social housing sector.

SLH'S ESG IN NUMBERS



Number of Homes
3241



Number of homes built
in 2021/22
77



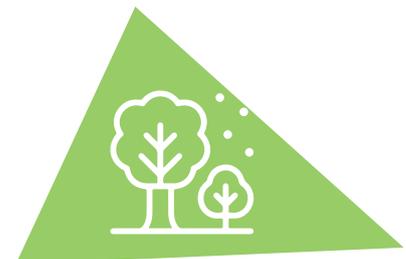
EPC C or better in
48%
of our existing homes



EPC C or better in
100%
of our new homes



South Lakes Housing
pays the
LIVING WAGE



Community Investment
£649K



Customer service
satisfaction
86%



Oversight of governance
by engaged tenants
2
Tenant Board Members



Highest rating of
governance and viability
G1/V1

ESG OBJECTIVES



All homes to be EPC Band
C by 2025



500 new homes
by 2025



Invest £5m on improving
estates



ENVIRONMENTAL

The SLH Business Strategy, 2020-25 has 'Greening' as one of three strategic objectives, with the top energy efficiency actions being the improvement of building fabric and components of existing homes.



Passivhaus housing scheme



48% of homes with EPC C



Corporate environmental strategy

New Supply

- On new supply, SLH will deliver high-eco new homes (over 50 per annum at Band A).
- During 2021/22 SLH completed a new build Band A scheme on the brownfield site consisting of dilapidated garages.
- The standout projects underway including the Passivhaus scheme at Halton, Lancaster and the regeneration of a former low demand sheltered scheme in Grange-over-Sands.

Existing Homes

- Ambitious target to deliver Energy Performance Certificate (EPC) band C or above, except for the hard-to-treat homes, by 2025, five years ahead of the national target.
- The Energy Efficiency Performance Certificate surveying programme has been completed and this robust data has been used to inform the Financial Plan and 5, 10 and 30 year planned maintenance and investment programmes. The percentage of homes with EPC band C and above rose by 8% to 48% in 2021/22.
- An external assessment is underway to inform our sustainability performance and corporate environmental strategy.



SHIFT Environmental Assessment- Silver Award

SLH have achieved the silver award in a recent environmental assessment. The assessment looked at data around existing properties, new build standards, our operations and supply chain, and leadership and strategy.

SLH continues to demonstrate social purpose and a well-established sense of corporate responsibility and social value.



Rents that are affordable



Resident voice heard



100% Decent homes standard achieved

Here's a snapshot of some of the activity and outputs:

- The South Lakeland Strategic Housing Market Assessment shows a requirement for over 150 affordable homes per year. The latest 2021 data also shows median affordability ratios at 10.12 so access to low cost home ownership is important for sustaining local communities and underpinning economic development within the Association's operating environments. During 2021/22 SLH added 66 'new supply' homes through Section 106 agreements with developers, including 23 affordable rented homes and 18 Shared Ownership homes within South Lakeland, with the remainder mostly within the Barrow-in-Furness area (Walney Island). New homes are being let at either affordable rent or social rent levels, and within the Local Housing Allowance so if tenants are eligible for welfare support then this covers the full amount.
- Resident voice is considered by the Board as part of its quarterly review of performance. Its Resident Engagement Strategy was approved in 2020. During 2021/22 there have been two tenant scrutiny reviews (customer care and grounds maintenance) and there has been a growth in digital engagement (increase of 231 tenants during the year) and learning from complaints.
- 648 tenants took part in a customer satisfaction survey at the end of 2021 (32% response rate). 86% of customers are satisfied with the overall service provided by SLH, which is above median of 85% for comparable peer group (source: HouseMark).
- SLH are developing Neighbourhood Plans and consultation mechanisms aimed at improving customer perceptions about their neighbourhood as part of SLH's placeshaping agenda.
- SLH is a 'PlaceShaper' and part of a national network of more than 100 community-focused housing associations. We re-invest 100% of our profits into our homes and communities.
- There is a package of support for tenants who are struggling to pay fuel bills, together with a person-centred approach to managing rent arrears or those at risk of tenancy failure. During the year ahead SLH will develop fuel poverty reporting measures and use this data to prioritise energy efficiency investments.
- 87% of homes have an up-to-date stock condition survey (with plans to address those that have not allowed access) and this is driving improvement programmes to enable 100% decent homes standard levels to be maintained. Customer satisfaction with the quality of the home is 82%, which is above median of 80% for comparable peer group (source: HouseMark).
- When it comes to building safety, 100% of homes have an up-to-date gas and electric safety check (99% of homes have an electric check within the last five years). For those properties that come under the relevant legislation; all have up-to-date fire risk assessments, asbestos safety, water safety and lift safety checks. All high and medium risk properties



GOVERNANCE

SLH is currently rated G1 for Governance by the Regulator of Social Housing. SLH conducted an external board effectiveness review in 2021 and has set out succession plans following a discussion on Board composition.



Commitment to
Equality, Diversity &
Inclusion



Annual survey of
tenants



Gender pay gap is
2.8%

- In summer 2022 we will be recruiting to four vacancies including up to two places available for residents, with a change in usual recruitment processes to increase diversity.
- SLH is also recruiting a Head of Governance & Risk who will take lead responsibility for the Governance Improvement Plan.
- The Board adopted the National Housing Federation 2020 Code of Governance in August 2022, committing to further work around Equality, Diversity & Inclusion as well as on environmental issues.
- SLH is a Real Living Wage employer and a member of the Disability Confident employer scheme.
- The Board has reviewed its key performance indicators, targets and delivery plans for the year ahead, with a firm commitment to commence the Tenant Satisfaction Measures immediately and commission an annual survey of tenants. The Board will also oversee the development of a new Customer Experience Strategy which is about improving customer experience and organisational culture, in line with the social housing white paper and our transformation objective.
- The Board has set challenging targets for growing the housing stock by 500 new homes between 2020 and 2025, with 114 added in the first two years.
- There are a range of pension options to ensure that there is choice for colleagues and consultation took place in 2021/22 to ensure that the balance of risk is better shared between employer and employees.
- The gender pay gap is 2.8% against a sector a gender pay gap median average of 7% (source: HouseMark).
- The focus for the year ahead will also be on culture, employee wellbeing and sickness management following the completion of the LEAP Beyond transformation programme in early 2022 and following the appointment of the new Head of People and Culture.
- The Internal Audit Plan is aligned to ESG which will provide the Board with additional assurance.

SLH has also reviewed supply chain links to Russian and Belarusian companies and is confident, through those due diligence checks, that there are no specific ties in relation to sanctioned companies, but this will be kept under review as the situation develops. New contracts and procurement activity will also be tested.