

Towards a greener future

SNG Environmental Sustainability Strategy
November 2024



Summary

This is SNG's first environmental sustainability strategy, designed to integrate consideration of the planet and nature into everything that everyone at SNG does.

This is fundamental to SNG's vision of thriving communities, over generations. Our customers and communities will not be able to thrive if they are affected by climate change.

To make a lasting positive difference, we need to build on our already strong track record of action to improve our environmental impact right away.

Each year there are an increasing number of extreme and destructive weather events driven by higher average annual temperatures. Heatwaves are silent killers. In addition, rising global temperatures are having a catastrophic impact on nature, bio-diversity, species-loss, soil-health and food and water security. We can and must take action.

Whilst much of the public debate focuses on the technical language of 'net zero' it is important for us to explain our environmental impact to customers and colleagues in simple ways that show the clear benefits of taking action, like lower costs, greener spaces, and healthier lives.

To make a positive impact over generations, we need to actively improve the planet (going carbon negative), not just aim for neutrality. Our actions and reporting under this strategy will be aligned to the relevant United Nation's Sustainability Development Goals (SDG) as they pertain to environmental sustainability. Our wider work on Environmental, Social and Governance reporting looks at the broader SDG framework.

This strategy sets out a framework for engagement with all parts of SNG in order to develop a detailed roadmap of activities, actions and associated targets. At present, most of our carbon emissions come from our homes. These emissions impact our customers the most, leading to higher heating bills in homes that are harder to heat and less healthy. Addressing this issue will be the most expensive part of our environmental sustainability strategy and hardest to fund, since the savings from lower energy bills don't go to the landlord under the current model. Fortunately, our Homes and Place standard has already made great progress and provides a funded plan to bring all SNG-owned homes up to a very good standard by 2050.

Although other areas of our operations have a smaller impact, we still have a lot of work to do there. This strategy will help speed up that work, building on the foundations of SNG's Corporate Plan and the energy and enthusiasm of our colleagues. We will regularly report to the Executive Board and the SNG Common Board on our progress and accomplishments.

To succeed, we need to build on our existing strengths, like the progress made through the Homes and Place Standard. Another strength is our Green Group, a team of passionate colleagues dedicated to improving SNG's environmental impact. This strategy was shaped by their enthusiasm, input and challenge and they'll play a key role in making it happen.

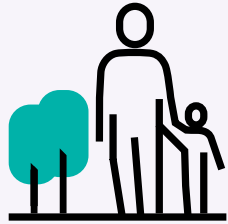
Our goal is to embed environmental sustainability—consideration for the planet and nature—into everything we do. It should be part of all of SNG's other supporting strategies. In particular there are direct links to the following strategies which should be read in conjunction with this strategy in order to understand the greater detail of the activity in those areas.





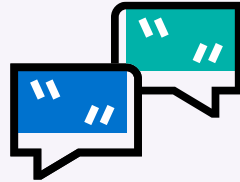
Investment

Focuses on the purpose and results of investing in new and existing homes.



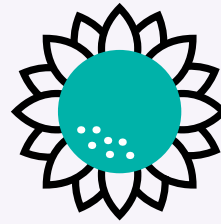
Customer experience

Involves working closely with our customers to maximize the positive impact.



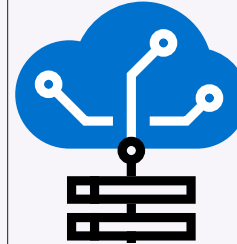
Community Foundation

Engages customers and their communities in activities with social and environmental benefits.



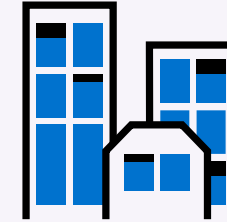
Equality, Diversity, and Inclusion

Should be part of everything we do. This strategy highlights that older people, those with health issues, the young, and disadvantaged groups are more vulnerable to the effects of climate change.



Data and technology

Our efforts to help the planet must be data-driven but we know that data storage is a major source of carbon emissions. The cloud has a larger carbon footprint than the airline industry, and a single data centre can use as much electricity as 50,000 homes.



People and Workplace

Encourages considering the planet and nature in SNG's culture and work practices, including how colleagues commute and travel for work.



Treasury and Corporate Finance

We are committed to transparently reporting our sustainability progress to investors as part of our sustainable finance framework. As expectations grow, delivering and reporting on sustainability will be essential for future financing.

Context

We face a generational challenge to tackle climate change by reducing carbon emissions from our homes and operations. Our goal is to use our long-term approach to help our customers live in warmer, safer, and more affordable homes, improving their health and wellbeing while reducing rising living costs.

The latest report by the Climate Change Committee¹ (CCC), laid before Parliament on 18 July 2024, noted the UK's successful track record, in meeting all targets to date and halving territorial emissions. Whilst this was cause for celebration it also noted that much more needs to be done and the new Government will need to act fast to hit future commitments. The CCC assessment is that only a third of the emissions reductions required to achieve the 2030 target are currently covered by credible plans.

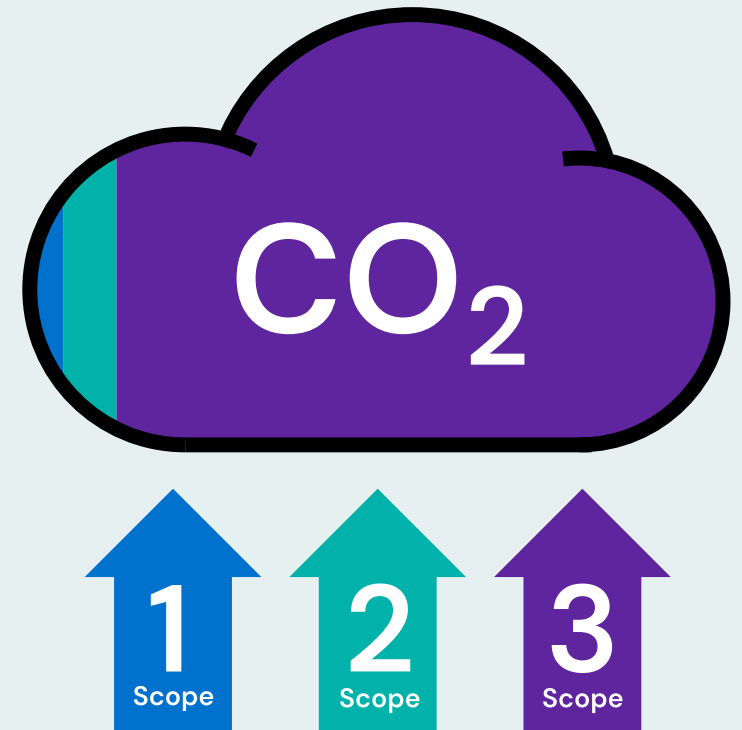
We want SNG to show leadership in this – without having to wait for government action.

SNG's total carbon emissions in 2023–24 were 422,396 tonnes, a slight reduction on 2022/23 (428,793), with the proportional decrease slightly higher when you consider the increase in the number of rented homes we manage over the period and the increase in our revenues. As shown in the chart the vast majority (96%) of our emissions come from scope 3 which are the emissions we are indirectly responsible for up and down our value chain. For SNG the vast majority of this will come from the operation of our 84,000 homes and is addressed by the plans set out in our Homes and Place standard.

Our scope 1 emissions, those which are directly caused by our operations and activities reduced by over 15 per cent from 2022/23 to 2023/24 but still stand at 10,863 tonnes. We want to use this strategy to help us reduce that much more significantly.

Our scope 2 emissions, those coming from the production of the energy we purchase and use, are the lowest category and those

SNG carbon emissions 2023–24

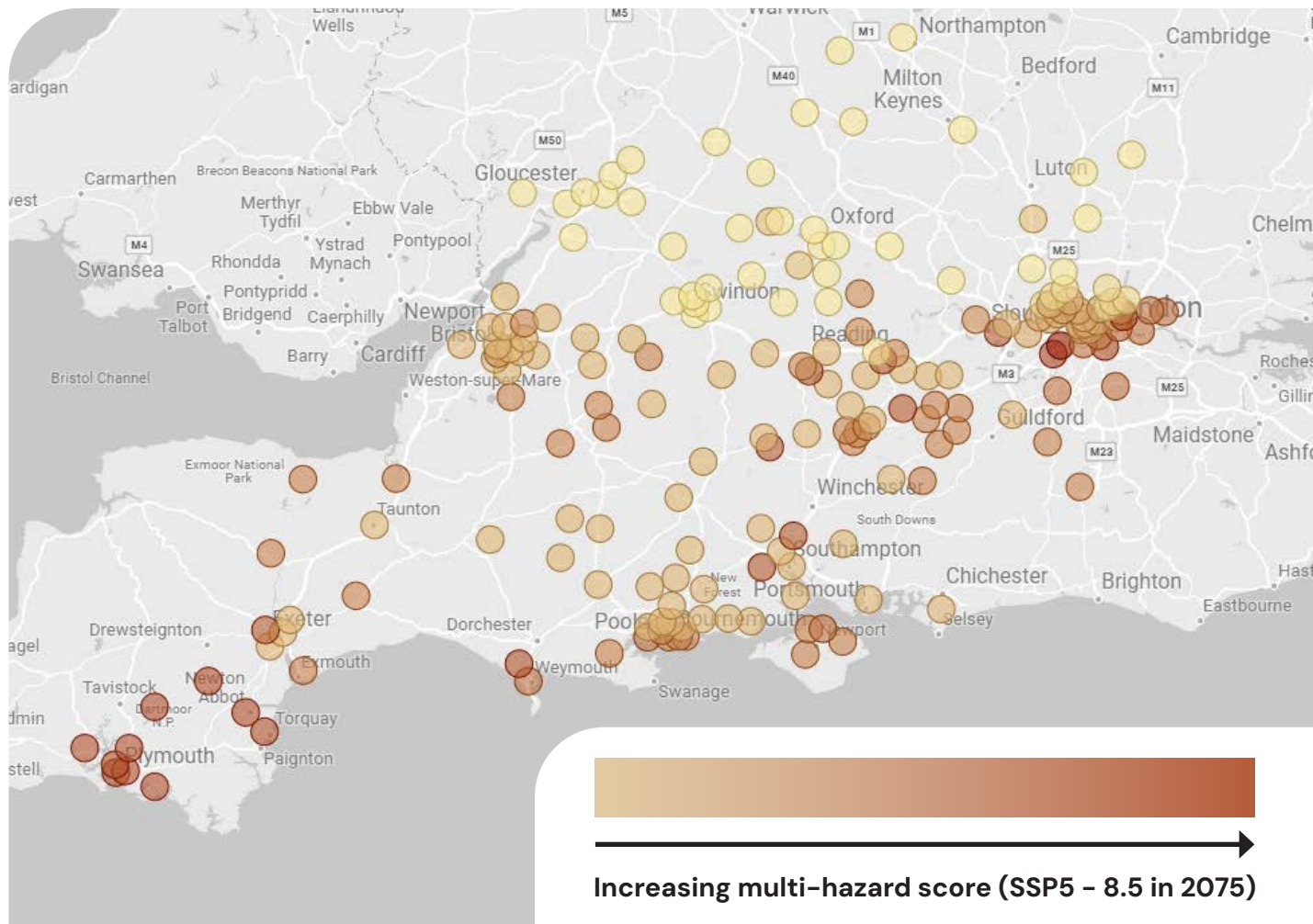


with the greatest potential to reduce quickly. In 2023/24 100% of the electricity we purchased for use outside of London and Hertfordshire was from renewable sources.

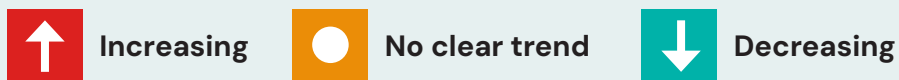
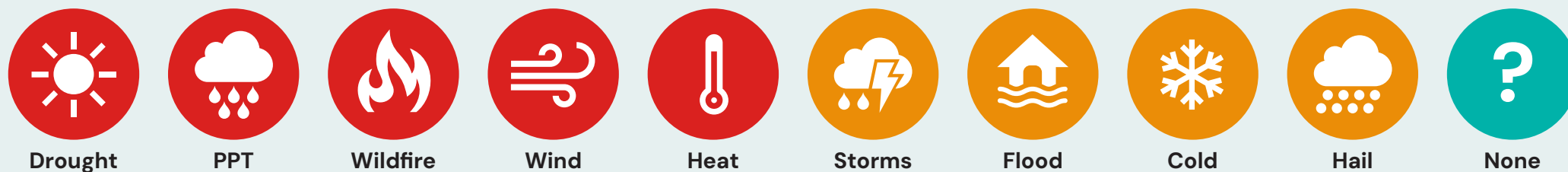
¹ The Climate Change Committee has a statutory duty to report to the United Kingdom's Parliament on progress made in reducing greenhouse gas emissions and preparing for and adapting to the impacts of climate change.

SNG commissioned Zurich Resilience Solutions to undertake a portfolio climate hazard assessment for the medium term, up to 2075.

This includes baseline and future hazard levels. A hazard refers to a natural event that can cause damage or disruption. Climate change can make these hazard events more or less likely depending on the weather conditions needed for them to happen. This report is the first phase in a holistic and comprehensive Climate Risk Assessment process and is designed to inform future work in identifying, quantifying and adapting to future climate change impacts. This is currently being reviewed across SNG and forms part of the data foundation for this strategy.



Hazard trend from baseline (2030) to 2075



Strategic framework

The vision for the SNG environmental sustainability strategy is to embed consideration of the planet and nature into everything, everyone at SNG does.

We see the rollout of this strategy's actions as a key step toward our vision, along with a communications plan that engages all colleagues and relates to their daily work. The Green Group will also be a valuable partner in promoting this vision and bringing it to life for all colleagues.



Priorities

Achieving this will require attention and effort in all parts of the organisation and cut across all activities.

The strategy therefore relates to all five of the SNG key goals from the Corporate Strategy. The relationship is briefly set out below.



Quality homes and places

Ensuring customers' homes are fit for the future

The most significant area of our environmental sustainability activity. A high-level monitoring plan will ensure reporting on this strategy covers the Homes and Place road map, without duplicating activity within the Investment strategy.



Improved environmental and social impact

Sustaining stronger and more adaptable communities

The focus of the strategy is reducing/turning positive our environmental impact. There will be opportunities to combine social impact with environmental impact.



A great place to work

Increasing colleague engagement, enabling a great customer experience

By creating a workplace that truly embeds consideration of the planet and nature in everything we do, we not only contribute positively to the planet but also enhance our reputation as an employer. This commitment to sustainability will strengthen our brand.



A great customer experience

Increasing customer satisfaction

Through supporting our customers to adapt to climate change, new technology and making the neighbourhoods they live in greener, we should improve customer experience.



Organisational resilience

Establishing strong foundations, delivering more value to customers

Mitigating the risks associated with climate change are key to the long-term resilience of SNG. Transparently reporting our sustainability journey to the investor community widens our pool of available credit and will be an increasing focus for access to financing generally.

Deliverables and outcomes

The actions and outcomes we will measure against each of the strands of the strategy are set out in the following tables.

The nature of this strategy is that detailed targets, plans and actions have not yet been identified for all areas but will instead form the first priority of work over the next six to nine months.

The outcomes are longer term and timelines, targets and measures will be developed through the planning activities.

As we have not yet determined appropriate levels of targets this will be a key part of implementing the strategy. It will be important that the targets are stretching – more than would have been

achieved anyway – but achievable on the basis of planned activity. Individual business areas will own the activities and targets with the environmental sustainability strategy team providing support and challenge to ensure that all opportunities to embed consideration of the planet and nature are taken.



Quality Homes and Places

Deliverable	Target	Accountable person	Outcome
Map of the key milestones in the Homes and Place route map for reporting as part of the environmental sustainability strategy.	March 2025	Investment & Asset Strategy Director/ Director of Built Environment	Improved environmental performance of our homes through disposal, regeneration, new build and retrofit Improved place score of the neighbourhoods in which the homes are based.
Plan to monitor and reduce the operational carbon involved in construction.	April 2025	Director of Built Environment	Reduced carbon emissions from our construction activity.



Improved environmental and social impact

Deliverable	Target completion	Accountable person	Outcome
Create a community programme around climate action and environmental sustainability.	April 2025	Managing Director–SNG Community Foundation	Increased community projects and improvements demonstrated in associated outcomes.
Establish and plan a research programme that supports the sustainability strategy.	March 2025	Impact & Sustainability Director	Enhanced SNG profile and brand reputation with regard to sustainability.
Develop and implement our ESG reporting approach.	March 2025	Impact & Sustainability Director	Transparent, measurable set of metrics that demonstrate progress in environmental sustainability.



A great place to work

Deliverable	Target completion	Accountable person	Outcomes
Collaborate with the Corporate Strategy and People (CS&P) teams to develop well-costed, time-bound milestones and outcomes that align environmental sustainability with our people and workplace strategy, as well as the employee value proposition. Ensuring these plans are integrated effectively within overall strategic and operational timelines.	September 2025	Corporate Strategy & People Director	<p>Mechanisms to measure and mature colleagues' environmental awareness, ensuring that future targets are accurately costed, approved, and aligned with the overall budget.</p> <p>Set realistic and viable targets for reducing colleague turnover, with a clear plan for approval and monitoring progress.</p>

A great place to work continues on next page



A great place to work (continued)

Deliverable	Target completion	Accountable person	Outcomes
Plan with milestones, targets and delivery for reducing the negative impact of our workplaces on the planet and nature with specific focus on energy consumption and carbon footprint.	March 2025	HSE Assurance & Workplace Director	Agree on and implement a costed and feasible target reduction in emissions from Workplace management activities, ensuring alignment with organisational priorities and gaining necessary approvals.
Partner with the CS&P, HSE, and Workplace teams to develop and implement cost-effective strategies that minimise the environmental impact of employee travel, while ensuring alignment with operational needs and integration into existing frameworks and policies.	June 2025	HSE Assurance & Workplace Director / Corporate Strategy & People Director	Establish and pursue a realistic, cost-effective target for reducing emissions from colleague travel, ensuring that this target is realistically aligned to operational activity, approved across all operational areas and integrated into broader sustainability efforts.
Plan with milestones, targets and delivery for reducing the negative impact of our waste and recycling practices on the planet and nature.	March 2025	HSE Assurance & Workplace Director	Improvement in the agreed measures for waste and recycling.
Plan with milestones, targets and delivery for managing and reducing our use of pollutants.	March 2025	HSE Assurance & Workplace Director	Improvement in the agreed measures for use of pollutants.
Evaluation of the benefits and costs of external accreditation for our environmental ambitions and decision to apply or not.	April 2025	Impact & Sustainability Director	Agreed external accreditation.
Working with teams across SNG, operationalise the environmental impact assessment tool for use in all areas of the organisation.	March 2025	Impact & Sustainability Director	ENVIAs carried out on 100% of relevant policy/change decisions.



A great customer experience

Deliverable	Target completion	Accountable person	Outcomes
Develop and implement a customer communications/education campaign.	Sept 2025	Impact & Sustainability Director	Improved scores on satisfaction with home/ neighbourhood through the TSM survey.
Develop an approach for evaluation of the biodiversity approach for existing and proposed green spaces in collaboration with accountable colleagues.	June 2025	Impact & Sustainability Director	Improved performance on agreed biodiversity metrics.
Develop and implement a framework and programme for supporting communities to manage local green spaces including identifying potential sites and community/ customer groups.	December 2025	Managing Director Property Services/ Customer & Place Director	Achieve target for green space management initiatives.

Organisational resilience

Deliverable	Target completion	Accountable person	Outcomes
Integrated risk management of climate-related risks.	March 2025	Risk & Assurance Director	Compliance with Task for Climate Related Disclosures, or other good practice, in risk management and climate change.
Upon expiry of SNH utilities contracts, transition SNG's energy usage to fully sustainable sources.	October 2025	Financial Planning, Procurement & Tax Director	Reduce scope 2 emissions to zero by agreed target date.
Plan with milestones, targets and delivery for embedding consideration of the planet into SNG's procurement practices and processes through the ESG procurement framework.	March 2025	Financial Planning, Procurement & Tax Director	Achieve agreed target reduction in emissions from procurement activity.
Plan with milestones, targets and delivery for embedding consideration of the planet into SNG's contract management practices and processes through the contract management policy review.	March 2025	Financial Planning, Procurement & Tax Director	Achieve agreed target reduction in emissions from contract management activity.
Plan with milestones, targets and delivery for reducing the negative impact of our technology, including impacts arising from the cloud and our supply chain partners on the planet and nature.	March 2025	IT Change Director	Achieve agreed target reduction in emissions from Technology management activity.
Plan with milestones, targets and delivery for increasing the transparency with which we report our sustainability journey to the investor community.	June 2025	Director of Treasury	Evidence of wider pool of investors accessed by virtue of our environmental ambitions.

Impact assessments

Equality, diversity and inclusion

We are dedicated to providing accessible services, eliminating barriers and delivering equitable outcomes for our customers and colleagues.

This strategy aims to reduce the impact of climate change which has been shown to have a disproportionate impact² on poorer households, many of whom live in our homes. Research in London³ indicates that Black, Asian and Minority Ethnic people are more likely to be affected by the impact of the climate crisis because of where they live, including flooding, heat risk, exposure to toxic air and limited access to green space. Older people and those with disabilities are more likely to be vulnerable to the impacts of extreme climate impacts. This could be due to mobility difficulties, vulnerability to extreme heat or cold, long-term impacts from flooding such as the spread of disease or heightened possibilities of mental illness in

challenging circumstances. Poverty, deprivation and health inequalities reduce people's ability to prepare for, respond and recover from overheating and flooding incidents.

Overall, we expect the equality impact from the strategy to be positive for our customers and communities – from the wider perspective of contributing to reducing our impact on nature and the planet through to more specific and localised improvements such as improved thermal efficiency in homes leading to warmer, healthier homes and reduced heating and cooling bills. Improved bio-diversity in neighbourhoods can also reduce flood risk, control pest populations and contribute to better mental health.

However, as specific initiatives are implemented as a result of the strategy we will complete more detailed Equality Impact Assessments to ensure that those positive outcomes and impacts are achieved and that we mitigate any potential negative results.

² Climate shocks and wealth inequality in the UK

³ BAME Londoners more likely to be affected by climate emergency



Value for money

Ensuring value for money by making the best use of our resources to deliver our objectives is increasingly important in the context of a challenging economic environment.

One of the central planks of our approach to sustainability is to reduce first – reduce our consumption, our waste and our negative impact through operations, therefore reducing the cost of those activities. However, value is not just defined in financial terms and we know that investment in sustainability has a much wider value creation and positive impact on our customers, colleagues and business resilience.

This strategy aims to deliver value for money by ensuring that consideration of the planet is built into existing or planned initiatives and programmes. Assessment of value for money will be built into our planned development of a meaningful, measurable and holistic approach to environmental, social and governance (ESG) issues that delivers quantifiable results and engages customers in the process.

Reporting and progress updates

Items that have been prioritised for delivery in 2024/25 will be reviewed and reported to SNG's Executive Board each quarter. Items that are planned for delivery in later periods will be incorporated into those planning reporting processes.

A full progress report with measurable outcomes, updating and refining this strategy will be presented to the Board in September 2025.





For more information please contact
Justine Thompson
Impact & Sustainability Director
Sovereign Network Group
The Hive
22 Wembley Park Boulevard
London
HA9 0HP
Justine.Thompson@sng.org.uk

Visit our website at www.sng.org.uk