

SPRING 2025

Sustainable Housing Outlook **Special**

Quality of ESG data in UK SRS reports

measured by the RITTERWALD
External Assessment

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Introduction

ESG credentials represent the intrinsic value of a housing association. For stakeholders, particularly lenders and investors, this is important information to assess their growing ESG risks. Therefore, good quality reporting about ESG metrics drives transparency, accountability and comparability. And yes, we might notice some ESG fatigue, but no one said that this was going to be easy. We are all on a journey with unexpected events.

Lenders and investors around the globe keep driving the sustainability agenda regardless of some backlash because of political interference from the US. Climate change is happening, and the world must mitigate and adapt by reallocating capital. Social and affordable housing is well positioned in this space: housing associations work in a regulatory framework that makes investments low risk if well governed (G-rating by the RSH). Moreover, social housing has a well-received narrative among investors that want to contribute to a better world by creating attractive inclusive communities. However, from an environmental perspective, housing associations have a major task in retrofitting their seasoned stock.

The latter is regarded as an increasing risk by lenders and investors: the pace of the actual CO₂ reductions must be more aligned with the financed emissions in the loan book. If not, housing properties get stranded and (re)financing will get more expensive if not impossible. And don't be surprised that relationship banking turns into transactional banking. A good narrative will then not be enough.

This is the moment that the social housing sector, with over 130 adopters to date, can step forward by enhancing the data quality of the SRS. To remain an attractive asset class, one must be aware that investors need assured data to enable reliable benchmarking to allocate their resources in the best possible way.

Future ESG reports will become critical, as they will highlight data quality gaps. This is a manageable issue if addressed properly, also in preparing future -mandatory- annual non-financial reporting with audited statements. If not addressed in a timely manner, it will increase the cost of capital, the major expense in the profit and loss statement.

Against this background of the sustainable finance landscape, RITTERWALD decided to take the pulse by assessing the data quality of about 50% of the most recent published (FY2023/24) ESG reports.

We ranked 14 criteria on a scale from 1 (insufficient) to 4 (great). We concluded that the overall performance is sufficient (2). The performance of the environmental dimension scores just good (3), followed by sufficient scores (2) for the social and governance dimensions.

While size of a housing association impacts the performance in the environmental and governance dimensions positively, no such evidence is found for early adopters.

Best performing criterion is EPC rating (for existing and new stock). Worst performing criteria are ESG risks and professional development. There are noticeable improvement potentials for reporting on actions as outcome of tenant satisfaction.

It seems that after 4 years of reporting against the SRS, the adopters have set a solid baseline, but now it is time to start enhancing.

1 Towards non-financial reporting

To date, more than 130 housing associations in the UK are annually allocating resources to reporting their ESG performance against the Sustainability Reporting Standard for Social Housing, the SRS. This makes the SRS a unique industry-specific reporting standard.

The SRS prepares housing associations for non-financial reporting (IFRS S1 and IFRS S2) that will become mandatory within a few years in conjunction with annual financial reporting. By then both reports must be audited. IFRS S1 sets out general requirements for the disclosure of material information about all material sustainability-related financial risks and opportunities and other general reporting requirements. IFRS S2 sets out disclosures that are specific to climate-related matters.

For a thorough and timely preparation, the SRS needs a form of data assurance anticipating auditing and a benchmarking tool, that is currently being prepared by Housemark in partnership with Sustainability for Housing.

Data assurance will demonstrate the quality of the reporting, key for future positive auditing statements, which is expected to become part of credit (rating) reviews. And although the SRS is used for demonstrating ESG performance to the wider stakeholder community, timely alignment with the lenders' and investors' climate-related financial disclosures is essential.

Benchmarking will not only show each adopter's position in their ESG journey, but it will also show which ESG criteria will need more attention to enhance reporting quality.

In 2020 RITTERWALD contributed to the development of the SRS. Since then, RITTERWALD is formally an endorser and -critical- ambassador. We are concerned that the adopters of the SRS are overhauled by the financial service industry if adopters do not align better and faster with the fast-evolving non-financial reporting requirements. This is about access to sustainable finance either through bank loans, issuing bonds and in the future joint ventures with equity capital. In other words, it affects the much-needed recapitalization of UK housing associations. High quality externally verified data are key. And that is what the SRS is all about.

As critical ambassador we have opened the debate about the necessity of data assurance by introducing our external assessment of the SRS.

Because we want to find out about the quality of the ESG reports, we conducted an external benchmark assessment of close to 50% of the housing association adopter community (60 adopters). The outcome is reported in this paper, a special version of our Sustainable Housing Outlook. It shows similarities and differences in the ESG journey of the adopter community. We also see this as a wake-up call and a reminder to lender and investors that registration as an adopter of the SRS comes with duties to communicate transparently about ESG data.

2 External assessment – SRS Framework

The RITTERWALD External Assessment, with 14 material criteria, 4 evaluation and 3 ranking levels (find the overview in App. 1, p. 17), is designed to anticipate future non-financial reporting requirements, including the IFRS-compliant Sustainability Disclosure Requirements (SDR) in the UK and the Corporate Sustainability Reporting Directive (CSRD) in the EU. In the short term, the focus is on enhancing the quality of ESG data and reporting, enabling housing associations to confidently stand behind their data and set credible targets. This, in turn, can unlock new sustainable finance opportunities and help diversify their lender base.



Assessing data quality

In consultation with stakeholders, RITTERWALD selected 14 key SRS criteria, comprising 6 environmental, 4 social, and 4 governance indicators, based on their relevance to climate risk, social impact, and governance quality. These criteria were chosen in collaboration with lenders, disclosure frameworks, and insights from the Certified Sustainable Housing Label.

An overview of the evaluation can be found at www.sustainable-housing.eu

CRITERIA	Measurement Unit	LEVELS FOR EVALUATION EXTERNAL ASSESSMENT ESG REPORT				Evidence (Example)
		Insufficient	Sufficient	Good	Great	
1 Energy performance existing stock Distribution of EPC ratings of existing homes	% of homes - rated A - rated B - rated C - rated D or worse - without EPC rating			75 – 95% of stock covered	>95% of stock covered	Graph EPC Distributions
2 Energy performance new construction Distribution of EPC ratings of new homes	%/No. Quantitative response			Scope 1, 2, AND Operational and embodied carbon emissions reported on	Scope 1 & 2, operational and embodied carbon emissions reported on	Distribution of the scope 1, 2 and 3 emissions
3 Carbon emissions Does the housing provider report on CO2 emissions? If so, what is it?	%/No. Quantitative response			Reporting including long-term targets only	Strategy with clear action plan including long and short-term targets with assigned responsibilities and KPIs	Our target is to reach net zero by 2028 and to reduce carbon by 70% by 2050
4 Net zero carbon Does the housing provider have a Net Zero target and strategy? If so, what is it?	%/No. Qualitative response			Provision of single case studies or general best practice	Reporting of overall EPC, such as % of all operational budget targeted to net zero, or % of stock that has undergone measures targeted at Net Zero for similar measures, including a plan for the upcoming years and comparison to best practice	Our target is to reach net zero by 2028 and to reduce carbon by 70% by 2050
5 Biodiversity Does the housing provider promote increasing Green Space and promoting Biodiversity on or near homes?	%/No. Qualitative response			Provision of single case studies or general best practice	Provision of plans for all stock (new build and existing) including percentage of coverage, etc. incl. KPIs	Strategy relative to create and/or planting trees to attract natural wildlife
6 Rent Level For properties that are subject to the rent regulation regime, does the Housing provider report against one or more Affordability Metrics. Have responses to resident queries under RSCG been shared with the relevant Local Authority. Have responses to the relevant Local Housing Allowance (LHA)?	% of FSG sites % of LHA sites			Just one of the best measures	For both measures	SAR between existing and new built and both measures per housing market region
7 General and special purpose housing in existing stock Share and number of existing homes (owned and/or managed) allocated to: - General needs (social rent) - Affordable rent - Supported housing - Housing for older people - Low cost home ownership	% properties Number of properties			Reported without differentiation	Reported with differentiation	Including plan for current development programme
8 General and special purpose housing in new construction Share and number of new homes (owned and/or managed) allocated to: - Social rent - Affordable rent - Supported housing - Housing for older people - Low cost home ownership	% properties Number of properties			Reported without differentiation	Reported with differentiation	Including plan for current development programme
9 Tenant satisfaction What are the results of the housing provider's most recent tenant satisfaction survey?	% of residents Satisfied			Reporting on tenant satisfaction survey	Results of survey provided in detail including measures, specifying which actions will be taken to enhance tenant satisfaction	Results of survey provided including tenant satisfaction measures, specifying which actions will be taken (including time frame and responsibilities) in order to enhance tenant satisfaction
10 ESG risks Does the housing provider's latest strategy, ESG risks, and ESG data include the housing provider's key regions?	Qualitative response			Provision of ESG risk register including measures, specifying which actions will be taken in order to mitigate risks	Provision of ESG risk register including measures, specifying which actions will be taken (including time frame and responsibilities) in order to mitigate risks	Validation of strategy to manage ESG risks
11 Environmental impact Have an environmental impact considered when procuring goods and services?	Qualitative response			Report on having sustainability requirement embedded in place and evidence on the specific policies in place incl. the main contents plus evidence a best practice or concrete measure	Report on having sustainability requirement embedded in place and evidence on the specific policies in place incl. the main contents plus evidence a best practice or concrete measure	Overview of sustainability requirement standards with a supplementary best practice case study
12 Professional development Does the housing provider support the professional development of its staff?	Qualitative response			Report % of overall employees with up-to-date training	Report % of employees and competence levels targeted plus by role or employee	Validation of training, short-term goals or long-term targets targeted and reached by them
13 Quality Diversity Inclusion (QDI) Does the housing provider ensure equality, diversity and inclusion (QDI) across its staff?	Qualitative response			Report on recruitment policies, incl. % of employees receiving awareness training	Report on recruitment policies, % of employees receiving awareness training and engagement to QDI promotion groups	Paragraph on QDI and respective programmes

Evaluation levels of each individual criterion

The assessment focuses on the data quality of the ESG report and distinguishes 4 levels of evaluation: insufficient, sufficient, good and great. RITTERWALD only assesses the publicly available version of the ESG reports: ESG is about transparency and if a housing association wants lenders and investors to accept their ESG Report for data assurance, this public version should be of high quality. The dashboard in figure 2 shows an example of a possible outcome of the evaluation.

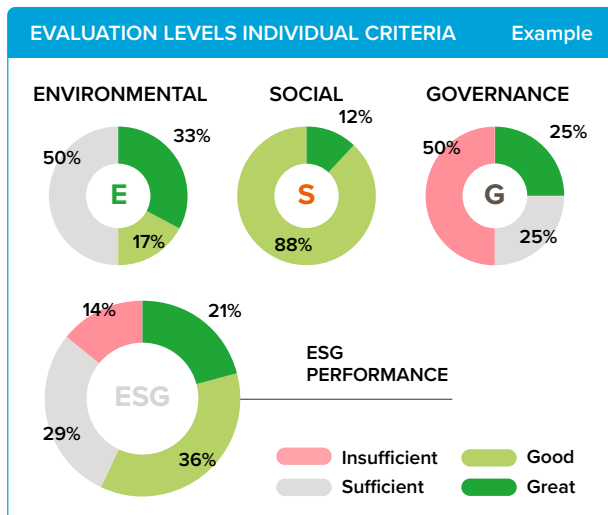


Figure 2: Evaluation levels individual criteria
Source: RITTERWALD

Ranking levels of total assessment

The external assessment also provides an overall ranking of the ESG report (figure 3), addressing the overall data quality of reporting. There are three ranking levels: poor (less than 40% of the criteria is ranked as good or great), satisfactory (between 40%–65% of the criteria is ranked as good or great) and exemplary (more than 65% of the criteria is ranked as good or great and no criterion is ranked as insufficient).

Assessment statement

The results of the individual and overall assessments are summarized in an Assessment Statement provided to the housing association. The statement also includes recommendations for improving ESG reporting quality (figure 4).

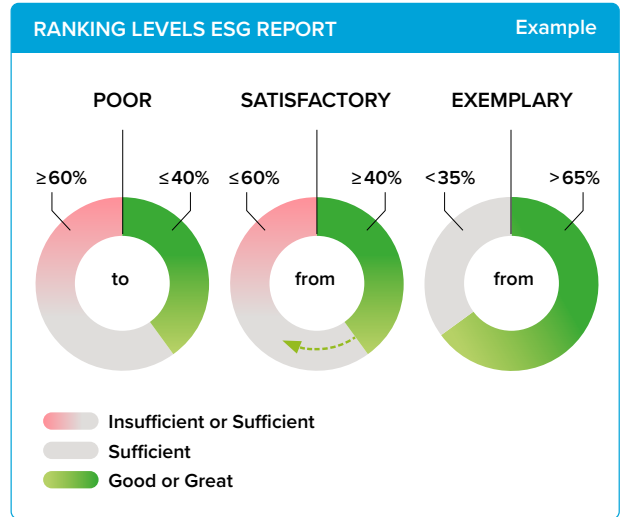


Figure 3: Ranking levels ESG Report
Source: RITTERWALD

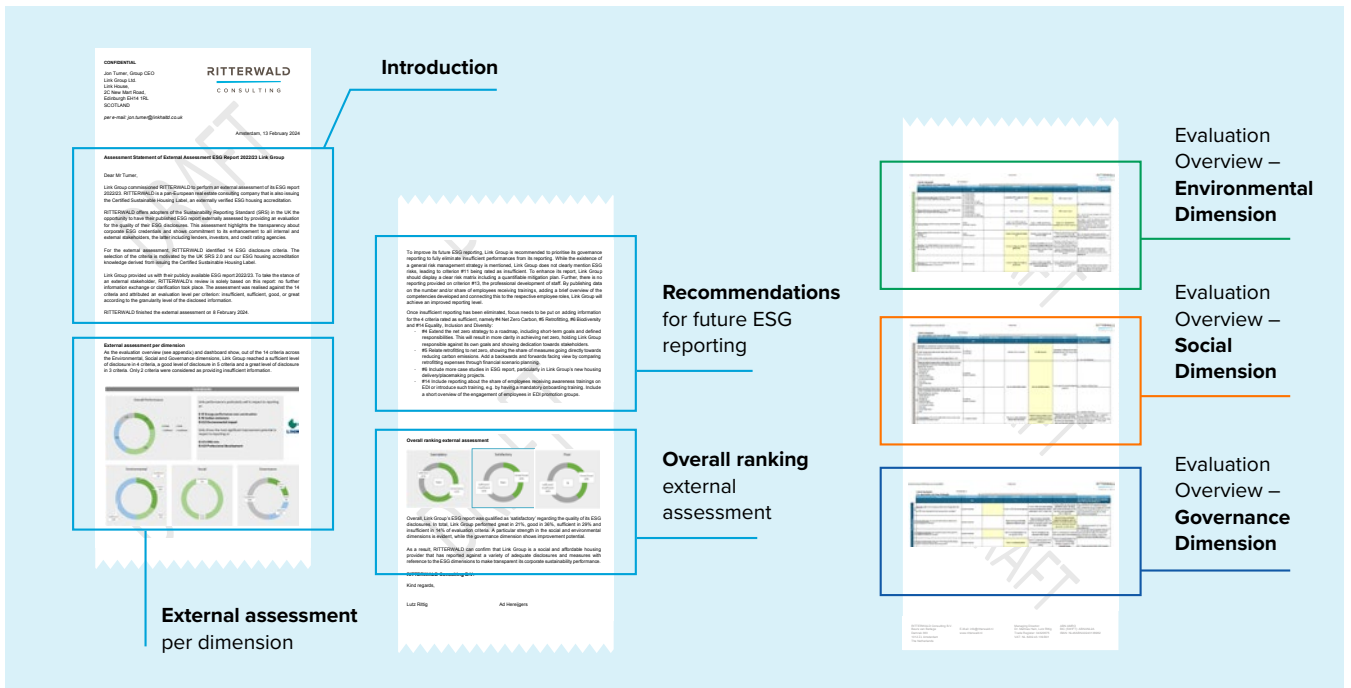


Figure 4: Overview Assessment Statement
Source: RITTERWALD

Managing administrative cost

Compliance with sustainability reporting requirements comes with associated costs. However, these costs can be managed effectively when reliable, verified ESG data is leveraged across multiple data requests. Today, it should not be necessary for housing associations to spend tens of thousands of pounds on assurance for a limited number of key performance indicators on a recurring basis. This might change when in the future annual non-financial reporting needs an audit.

An externally assessed 14 criteria ESG report can be a solid basis for assurance as is RITTERWALD’s externally verified Certified Sustainable Housing Label. Some housing lenders now, such as Lloyds Bank, Scottish Widows and Royal Bank of Scotland, acknowledge criteria of the CSHL for limited assurance when monitoring Sustainability Performance Targets of Sustainability-Linked Loans. RITTERWALD is working with more lenders to broaden adoption.

3 Data quality research

Methodology

Objective: the primary objective of this benchmark is to evaluate the quality of the ESG reports produced by the UK housing providers that have adopted the SRS, evaluating them against the SRS criteria.

Sample: the benchmark includes nearly half of the current 132 SRS adopter community that have published an ESG report according to the SRS. To ensure that the sample is representative, the housing providers were grouped along three characteristics:

Size of portfolio 	Country of operation 	Time of adoption 
Divided in 5 groups according to the number of homes owned/managed	England, Wales, Scotland, Northern Ireland With a more detailed regional look into England: London, South, East and Midlands, North, and National	Early adoption by 2021 versus later adoption

Figure 5: Sample criteria
Source: RITTERWALD

Exclusions from sample: When possible, the sample is proportional to the size of each group. Some housing providers were excluded from the sample for the following reasons:

- No ESG report uploaded on the company’s website: this happens particularly with smaller housing associations.
- Became adopter recently: no ESG report has been prepared in the last fiscal year.
- Characteristics of housing association that render certain criteria inapplicable, for instance with a housing stock predominantly shared ownership.

Benchmark criteria: the benchmark focuses on 14 of the 46 SRS criteria of which six are within the environmental, four in the social and four in the governance dimension:

	ENVIRONMENTAL	SOCIAL	GOVERNANCE
SRS criteria	C1, C2, C3, C4, C5, C7	C12, C13, C14, C20,	C29, C42, C44, C46
RW External assessment reference	E1, E2, E3, E4, E5, E6	S7, S8, S9, S10	G11, G12, G13, G14

Figure 6: Mapping of the SRS criteria to the ESG categories of the RITTERWALD Assessment Report
Source: RITTERWALD

These criteria were selected as they represent all ESG dimensions and overall provide a good idea of current reporting progress.

The benchmark will identify the dimensions and criteria where housing providers are performing well in their reporting, as well as highlight areas that require improvement. Additionally, it will offer a comprehensive assessment of the overall progress in ESG reporting.

Overall findings

The average performance of housing associations is 2.75 on a 4-point scale, with the environmental dimension scoring highest (3.12), followed by social (2.69) and governance (2.26). There is significant variation across dimensions and individual criteria. The best-performing criteria are the EPC rating of existing stock (E1) and new construction (E2). In contrast, the lowest-performing criteria are ESG risk management (G11) and professional development (G13). Further, there is noticeable potential for improvement in several areas: There is very limited evidence of current development programmes for share of stock per housing category (S8, S9). Additionally, tenant satisfaction (S10) is frequently reported without a clear link to specific actions taken in response to the feedback received.

The performance of housing associations also varies by size. Larger housing associations tend to perform better overall compared to smaller ones. The average performance declines with decreasing portfolio size, from 3.09 for associations with over 100,000 units to 2.55 for those with fewer than 5,000 units. A key challenge for smaller associations is the difficulty in reporting environmental data, particularly carbon emissions. In contrast, all portfolios with more than 5000 units report their strongest results in the environmental dimension, with performance improving as portfolio size increases.

While environmental performance varies significantly between small and large portfolios (from 2.65 to 3.50), social performance remains relatively consistent across sizes (ranging from 2.67 to 2.75). The most significant disparity appears in the governance dimension. Large portfolios (over 100,000 units) average a governance score of 2.81, whereas all other portfolio sizes fall between 2.19 and 2.23.

Early SRS adopters versus CSHL holders

Early adopters, defined as those who adopted the SRS by 2021, achieve an overall performance score of 2.77, slightly above their peers (2.72). Their strongest area is the environmental dimension, with a score of 3.17, driven by a strong performance in carbon emission reporting (E3), often providing clear action plans that include both long- and short-term targets for achieving net zero carbon (E4). However, their performance in the social (2.68) and governance (2.26) dimensions is more modest compared to their peers (2.78 for social and 2.26 for governance). Issues include no comprehensive reporting on rent levels (S7) in comparison to the Private Rented Sector (PRS) or Local Housing Allowance (LHA) as well as a lack of specificity when reporting on professional development of staff (G13).

Holders of the Certified Sustainable Housing Label (CSHL) outperform their peers more broadly, achieving an overall score of 2.90 compared to 2.74. They lead in both the environmental (3.33) and governance (2.42) dimensions, while performing on par in the social dimension (2.71). Their strengths include strong carbon emission reporting and the inclusion of comprehensive plans to promote biodiversity. However, issues remain in the social dimension: reporting on tenant satisfaction (S10) often lacks quantifiable measures and clear follow-up actions, while reporting on Equality, Diversity, and Inclusion (G14) frequently omits awareness training and engagement in EDI promotion groups.

While both early SRS adopters and CSHL holders demonstrate leadership in environmental reporting, CSHL holders show a more balanced performance, particularly in governance. However, both groups have room for improvement in re-

porting, especially in areas like tenant satisfaction, staff development, and EDI. These insights can guide future enhancements in ESG reporting practices across the sector.

Bond aggregators versus bond issuers

The external assessment of ESG reporting reveals that housing associations affiliated with different bond aggregators, MORhomes and THFC, as well as those active in sustainable finance, exhibit varying strengths and weaknesses across the environmental, social, and governance (ESG) dimensions.

MORhomes borrowers

MORhomes borrowers demonstrate the highest overall ESG performance, with a score of 2.93 compared to 2.74 for their peers. They outperform in all three ESG dimensions. Their strongest areas include the provision of comprehensive plans to promote biodiversity (E6) and manage ESG risks (G11), including specific actions, as well as strong reporting on professional development of staff (G13). However, they show weaker results in carbon emission reporting (E3) and provide limited consideration of environmental impact in procurement of goods and services (G12).

THFC (bLEND) borrowers

THFC borrowers have the lowest overall ESG score at 2.61, underperforming their peers (2.77). Their governance score is particularly low (1.96 vs. 2.30), while the environmental dimension trails slightly (2.98 vs. 3.13), and the social dimension is on par (2.71). Strengths include high availability of EPC ratings for new constructions (E2) and active development programmes for both general and special-purpose housing in existing stock (S8). However, they report low availability of EPC ratings for existing homes (E1) and show limited attention to environmental impact in procurement (G12).

Sustainable bonds/loans issuers

Housing associations that have issued sustainable bonds or raised loans perform well overall, with a score of 2.80 compared to 2.72 for their peers. They excel in the environmental dimension (3.20 vs. 3.03), perform decently in the social dimension (2.76 vs. 2.67), and trail slightly in governance (2.21 vs. 2.30). Their strengths lie in strong carbon emission reporting (E3) and clear net zero carbon action plans (E4). However, they show limited reporting on environmental impact in procurement (G12) and lack awareness training or engagement in EDI promotion groups in their Equality, Diversity, and Inclusion (EDI) reporting (G14).

4 Takeaways from leading experts

On April 9, 2025, we organised a meeting in London with holders of RITTERWALD's Certified Sustainable Housing Label (CSHL), who are also SRS adopters, selected SRS-adopting lenders, and the Secretariat and Chair of Sustainability for Housing (SfH), the governance body of the SRS. Lenders in attendance included NatWest, Lloyds, ABN AMRO UK, Barclays, MUFG, Santander, HSBC, THFC, and MORhomes. The meeting, attended by over 20 participants, was kindly hosted by Peabody. At this meeting, the label holders presented their best practices (see next paragraph), and RITTERWALD presented the results of the external assessment (see previous section).

Main feedback on the research findings: One would expect that Governance rank highest in reporting quality, because housing associations operate in a highly regulated environment. Followed by Social (the DNA of social housing sector), and then Environmental (addressing the –financial-challenge of improving the energy performance of the legacy housing stock. However, the research shows the opposite: the best criteria are in the E-dimension with EPC rating of existing stock and new construction.

SRS as disclosure framework: Among the attendees, the SRS is widely acknowledged as a valuable disclosure framework. It is seen not only as a practical tool but also as a discipline mechanism for ESG managers, helping to embed ESG performance across the organisation. Its scope covers the full breadth of the operations of housing associations, proving to be comprehensive. Looking ahead, there was support for the suggestion that the SRS could eventually be integrated within UK accounting and sustainability standards such as IFRS S1 and IFRS S2, creating a more unified and efficient reporting landscape.

Learning and knowledge sharing: A recurring theme throughout the meeting was the importance of learning and knowledge sharing. Attendees emphasised that industry-wide collaboration across the supply chain is essential. Lenders, housing associations, investors, and providers of disclosure frameworks all have valuable insights to offer, and mutual learning can accelerate progress. Effective communication, both within organisations and across the sector, was highlighted as a critical enabler. Attendees were encouraged to take these insights back to their boards to foster a culture of continuous improvement.

Key ESG principles: The conversation also returned to the core principles of ESG. Transparency was identified as fundamental. Organisations must be able to clearly articulate their current position and future direction, answering the questions “Where are we?” and “Where are we going?”. To support this, data must be consistent, reliable, and replicable.

Lenders' feedback: From a lender's perspective, Governance was noted as the least discussed ESG dimension, although Equality, Diversity, and Inclusion (EDI) is frequently referenced. Environmental metrics, on the other hand, were considered the most material, with carbon emissions and the monitoring of Scope 1–3 emissions identified as key criteria. The Energy Performance Certificate (EPC) emerged as the most material metric. ESG risk assessment was seen as essential, and participants agreed that reporting should reflect the issues most material to each housing association.

Carbon emissions and retrofit challenge: The challenge of reducing carbon emissions and retrofitting existing housing stock is a major focus. These are widely recognised as the sector’s most pressing issues. Every pound spent carries a carbon footprint, and smaller housing associations often face greater difficulties in addressing these challenges. When conducting peer group analysis, participants cautioned against relying solely on size. Factors such as geography, demographics, and the type of housing stock must also be considered.

SRS and the lenders: Finally, the discussion turned to planning and financial alignment. While long-term strategies are vital, short-term adaptations are equally important to ensure resilience and responsiveness. The SRS is already being used by most housing lenders and is gaining traction among investors. It is increasingly viewed as a “single source of truth” for ESG reporting. However, inconsistencies remain, as different lenders continue to apply varying ESG requirements. Many banks are now aligning their expectations with the Corporate Sustainability Reporting Directive (CSRD), signalling a shift toward more standardised and transparent ESG practices.

Latest insights from the 2025 SRS Annual Review by SfH

The latest 2025 Annual Review of the Sustainability Reporting Standard for Social Housing (SRS) reflects the sector’s growing commitment to ESG transparency and performance. Backed by 132 housing providers and 38 funders, the SRS now covers nearly 2.6 million homes across the UK. The review highlights notable environmental progress, with 76 percent of existing homes rated EPC C or higher and 99.7 percent of new homes meeting this benchmark. Socially, the sector continues to deliver affordability, with average rents at 59 percent of private market levels and a rising share of new homes allocated to social rent, increasing from 17 percent in 2022 to 28 percent in 2024. Governance indicators show that 87 percent of providers pay the real living wage, the average gender pay gap stands at 9 percent, and women now make up 44 percent of board members.

The SRS is also influencing strategic direction and stakeholder engagement. According to the 2025 Adopter Feedback Survey, 42 percent of housing providers reported that SRS reporting led to a change in strategy or culture, and 82 percent had their reports reviewed by their boards or audit committees. Funders increasingly recognise the value of the SRS, with 80 percent stating that it has improved the quality and comparability of ESG data, and over a third of housing providers reporting stronger relationships with funders as a result.

Looking ahead, SfH aims to expand the adopter community, maintain the relevance of the SRS criteria, and position itself as a knowledge hub for ESG in housing, supported by a new subscription model to ensure the standard’s long-term sustainability.

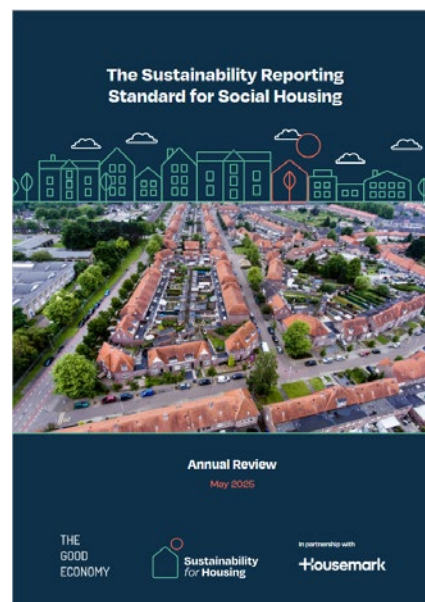


Figure 7: Cover of the SRS Annual Review by SfH
Source: Sustainability for Housing, sustainabilityforhousing.org.uk

5 Best practices

Peabody: Climate risk assessment

Peabody has integrated climate risk assessment into its broader sustainability strategy, recognising the exposure of their residents to climate-related hazards. They view climate risk not only as a threat, but also as an opportunity to future-proof its housing stock, align with long-term sustainability goals as well as driving innovation and investment, particularly in areas like energy efficiency, flood resilience, and tenant well-being.

The organisation is preparing for a 2.4°C temperature increase scenario, assessing both physical and financial risks. This includes evaluating the impact of climate change on its properties and residents and embedding climate considerations into operational and strategic decisions. Example: Mapping projected flood risks in London to identify high-risk properties, and in turn using this data to inform climate transition planning.

By integrating climate risk into its business processes, Peabody is showing its leadership in sustainable and resilient social housing.



Peabody is one of the oldest and largest housing associations in London. Founded in 1862, the housing association now manages over 107,000 homes.

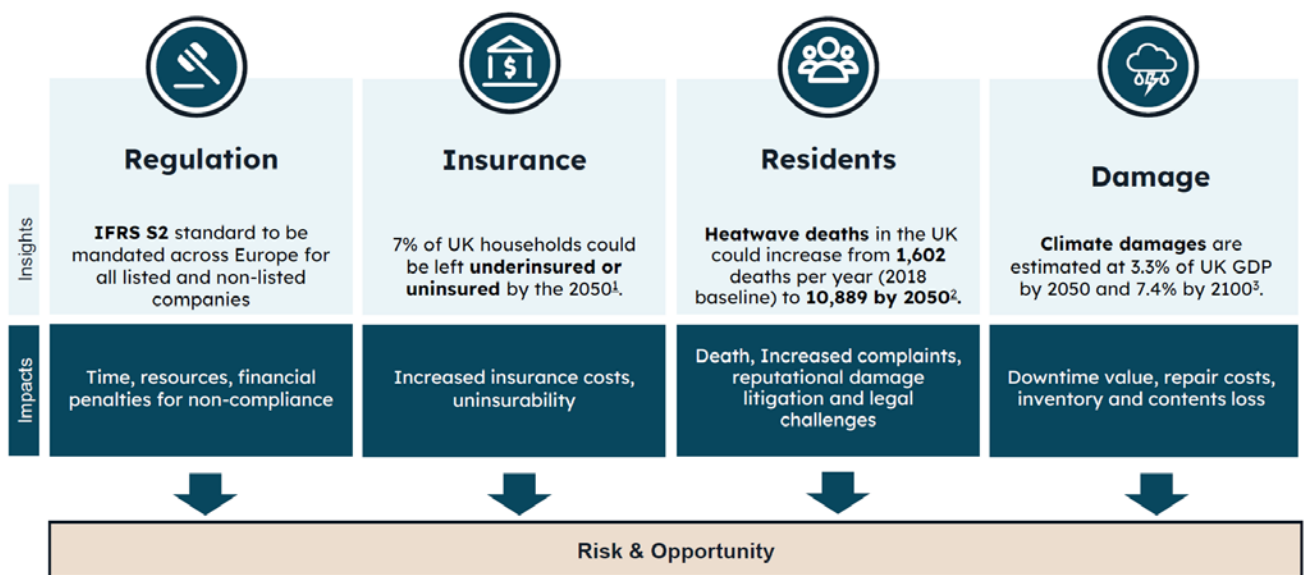


Figure 8: Climate risk assessment: Insights and impacts
Source: Peabody

Metropolitan Thames Valley: Clapham Park

Metropolitan Thames Valley Housing (MTVH) demonstrates its environmental impact by its ambitious decarbonisation of the Clapham Park District Heat Network (DHN). Originally designed with gas-powered energy centres, the DHN is being transformed to operate primarily on large air source heat pumps (ASHPs). This shift is expected to reduce carbon emissions by 70% compared to the original gas-based design.

The decision to switch to ASHPs followed a detailed feasibility study and a technical field trip to Denmark, where similar systems are already in use. The new energy centre will serve over 3,300 homes. As of May 2025, installation is progressing, with acoustic testing currently underway. The system is expected to be operational by end of June/ early July.

It includes 16 banks of roof-mounted fans, two large heat pumps with a combined capacity of 3.5 megawatts, a 5 MW boiler, and a 100 m³ thermal store. The existing gas-powered centre will serve as a backup.

Beyond environmental benefits, the project also delivers financial advantages to residents. Customers connected to the DHN receive a 10% discount on heat consumption costs compared to market rates. The long-term operation and maintenance of the system are managed by a dedicated Energy Service Company (ESCO), ensuring reliability and expertise. MTVH's project exemplifies how large-scale infrastructure can be aligned with low-carbon goals while delivering tangible benefits to residents.



Metropolitan Thames Valley Housing (MTVH) is one of the UK's leading housing associations, dedicated to providing affordable homes. MTVH has a portfolio of over 57,000 homes across London, the Southeast, the Midlands, and the East of England.



Figure 9: Part of heat pump installation Clapham Park
Source: Metropolitan Thames Valley

Link Group: Streamlining energy data

Link Group has taken a structured and collaborative approach to sustainable housing delivery and retrofitting. The organisation developed a standardized template for retrofit measures, which was distributed across its four housing associations. This template simplified the data collection process and ensured consistency, even though the associations use different internal systems. The initiative helped streamline reporting and made sustainability tracking a routine part of operations.

In terms of investment, Link Group allocated nearly half (48%) of its total spend across four partnerships to energy efficiency improvements. All 462 new homes were built to EPC B standards, in line with Scotland’s updated 2023 energy standards, improving the distribution of their EPC ratings (see Figure 10). To address delays in EPC data integration, Link Group worked directly with its development team to improve data collection and reporting processes, including setting up new reporting fields and timelines.

The group also tackled the challenge of estimating embodied carbon emissions by using floor area data and Low Energy Transformation Initiative (LETI) modelling in the absence of detailed contractor data. This proactive approach reflects a strong internal commitment to sustainability and continuous improvement. Link’s experience highlights the importance of early planning, cross-departmental collaboration, and standardization in achieving ESG goals.



LINKGROUP

Link Housing Group is one of the largest social landlords in Scotland serving more than 15,000 tenants.

www.leti.uk

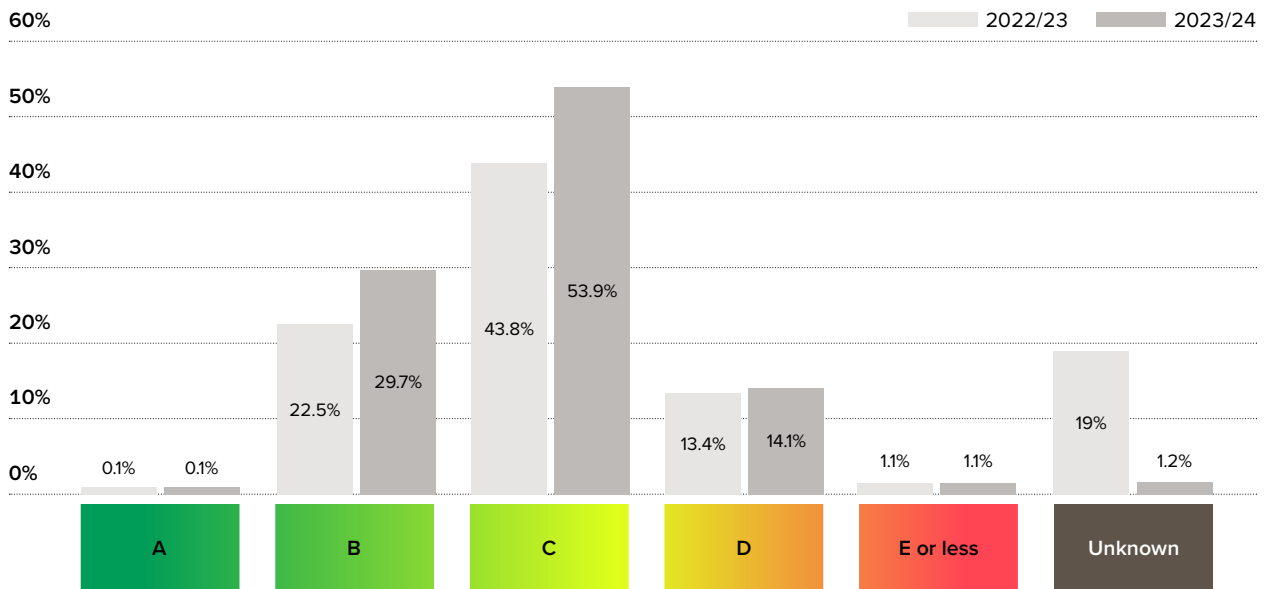


Figure 10: EPC rating distribution by percentage across financial years
Source: Link Group

Walsall Housing Group: Urban regeneration – Nightingale House

Walsall Housing Group (whg) demonstrates its environmental and social impact through creating a sustainable living environment by transforming the former Royal Hospital in Wolverhampton into energy-efficient housing using centralised air source heat pump technology. The project achieved a 10% improvement in thermal efficiency beyond current building regulations and exceeded the Future Homes Standard by 55%, with minimal retrofit needs projected through 2050.

The project also incorporated local electricity generation, reducing reliance on the national grid and protecting residents from energy price volatility. Despite the challenges of working with a Grade II listed building, whg successfully preserved its historical value while achieving low-carbon emissions.

Beyond physical infrastructure, whg's Stronger Communities Team supports residents through a wide range of initiatives. These include children's champions with lived experience, well-being schemes for older adults, and partnerships with health services. The organisation uses platforms like VUIT and evidence-based tools to assess and respond to community health needs. Their approach emphasizes lived experience, strong partnerships, and removing barriers to access, though challenges remain in securing funding and building trust across sectors.



Walsall Housing Group (whg) is a housing association established through a large-scale transfer from Walsall Council, owning and managing 22,500 homes across the West Midlands.

www.vuitdatalabs.com



Figure 11: May 2024 site overview of The Nightingale, former Royal Hospital
Source: Express & Star

Places for People: Climate-related financial disclosures

Places for People has integrated climate-related financial disclosures into its ESG strategy, marking a significant step in aligning environmental risk with financial planning. In 2023/24, the organisation published its first disclosure, following a climate change risk and resilience assessment that identified key vulnerabilities across its housing stock and operations.

The disclosure process has informed a broader effort to quantify the financial impacts of climate-related risks, including flooding and overheating. These insights are being used to guide investment decisions and shape the organisation’s Planned Investment Programme. Places for People is also working to improve its modelling of long-term climate scenarios and their financial implications.

Looking ahead, the organisation will publish a full Climate Transition Plan by 2027, detailing its pathway to net zero across Scope 1, 2, and 3 emissions.



Places for People is one of the largest property management, development and regeneration companies in the UK. They manage more than 240,000 homes in England, Wales and Scotland



Figure 12: 2024 Annual and ESG Report featuring the climate-related financial disclosures
Source: Places for People

Clarion Housing Group: Climate transition plan

Clarion Housing Group has published a sector-first climate transition plan, setting out a roadmap to achieve net zero by 2050. The plan forms a key part of Clarion’s ESG strategy, aligning environmental goals with long-term asset management and resident well-being. The Plan includes the retrofit of 42,000 homes, electrification of heating in 70,000 properties, and the installation of 80,000 solar panels.

It is underpinned by robust modelling and scenario analysis. Clarion has identified a 15–20% gap in its current carbon reduction pathway, equivalent to around 65,000 tonnes of CO₂e, and is actively exploring solutions to close it. These include partnerships with Octopus Energy to pilot zero-bill homes and with Bell Phillips Architects to develop low-carbon housing typologies. The organisation is also engaging with national bodies such as the UK Green Building Council and Future Homes Hub to influence policy and funding frameworks.



Clarion Housing is the UK’s largest housing association with 125,000 homes across England.

Clarion’s strategy embeds climate considerations across procurement, development, and asset management. It balances ambition with transparency, acknowledging the scale of the challenge while committing to innovation and collaboration. By integrating climate risk into its core operations, Clarion is showing its leadership positioning in sustainable and resilient social housing.



Figure 13: Clarion Housing Group’s May 2025 publication regarding their climate transition plan

Source: Clarion Housing Group

Finance Sector: Reporting & green finance

The financial institutions supporting the social housing sector demonstrate a strong commitment to transparent ESG reporting. Each of these lenders, ranging from banks like NatWest, Lloyds, ABN Amro, HSBC, Barclays, MUFG and Santander to sector-specific funders like THFC and MORhomes, publishes detailed ESG or sustainability reports annually. These reports track progress on climate targets, social impact, and governance practices. They also disclose financed emissions, diversity metrics, and responsible investment strategies, while aligning with frameworks such as the Sustainability Reporting Standard for Social Housing (SRS).

In addition to reporting, banks and specialist lenders are aligning their lending strategies with ESG principles, offering green finance products, embedding climate risk into decision-making, and supporting the transition to a low-carbon economy. Their shared commitment to sustainable finance ensures that capital flows toward projects that deliver both environmental and social value, reinforcing the sector’s long-term resilience.

Lloyds Bank demonstrates how ESG reporting can be directly linked to access to sustainable finance. By tying loan conditions to measurable sustainability outcomes, Lloyds enables housing associations to qualify for Sustainability Linked Loans when they meet specific performance targets. For example, WHG secured such a loan by maintaining its status as a Certified Sustainable Housing Label ambassador, fulfilling an environmental target verified through limited assurance. This approach highlights how transparent, standards-based reporting can translate into concrete financial advantages.

Financial institutions play a pivotal role in advancing the housing sector’s sustainability journey, as true and lasting change can only occur when all stakeholders across the housing ecosystem actively contribute to driving sustainability forward.



Figure 14: Cover of Lloyds’ sustainability report

Source: Lloyds Banking Group

RITTERWALD External Assessment ESG Report

Evaluation overview

A Appendix

Evaluation overview
External Assessment
ESG Report

LEVELS FOR EVALUATION EXTERNAL ASSESSMENT ESG REPORT

	CRITERIA	Measurement Unit	Insufficient	Sufficient	Good	Great	Evidence (Example)	
ENVIRONMENTAL	1 Energy performance existing stock ① Distribution of EPC ratings of existing homes	% of Homes • rated A • rated B • rated C		Availability of EPC ratings for >75% of stock	75 – 95% of stock covered	>95% of stock covered	Graph EPC Distributions	
	2 Energy performance new construction ② Distribution of EPC ratings of new homes	• rated D • rated E or worse • without EPC rating						
	3 Carbon emissions Does the housing provider report on CO2 emissions?	Yes/No Quantitative response		Scope 1 and 2 OR embodied and operational carbon emissions reported on	Scope 1, 2, AND Operational and embodied carbon emissions reported on	Scope 1, 2, 3, operational and embodied carbon emissions reported on	Breakdown of the scope 1,2 and 3 emissions	
	4 Net zero carbon Does the housing provider have a Net Zero target and strategy? If so, what is it?	Yes/No Qualitative response		Strategy including long-term targets only	Strategies including long-term and short-term targets	Strategy with clear action plan including long and short-term targets with assigned responsibilities and/or KPIs	Our target is to reach net zero by 2035 and to reduce carbon by 70% by 2030.	
	5 Retrofitting What retrofit activities has the housing provider undertaken in the last 12 months, and how do these align with the housing provider's Net Zero strategy?	Qualitative response		Provision of single case studies or general text	Reporting of overall KPIs such as % of all maintenance budget targeted to net zero or % of stock that has undergone measures targeted at Net Zero or similar measures	Reporting of overall KPIs such as % of all maintenance budget targeted to net zero or % of stock that has undergone measures targeted at Net Zero (or similar measures) including a plan for the upcoming years and comparison to past year	Retrofitting measures and their respective impact on emissions	
	6 Biodiversity How is the housing provider increasing Green Space and promoting Biodiversity on or near homes?	Qualitative response		Provision of single case studies or general text	Provision of various case studies supported by design guidelines and/or internal specifications	Provision of plan for all stock (new build and existing) including percentage of coverage etc. incl. KPI	Backyard initiative to renature unused parking lots to attract natural wildlife	
SOCIAL	7 Rent Level For properties that are subject to the rent regulation regime, does the housing provider report against one or more Affordability Metrics: • Rent compared to median private rental sector (PRS) rent across the relevant Local Authority • Rent compared to the relevant Local Housing Allowance (LHA)	% of PRS rent % of LHA rent		Just one of the two measures	For both measures	Split between existing and new built and both measures, per housing market region	Table on rent levels	
	8 General and special purpose housing in existing stock ① Share, and number, of existing homes (owned and/or managed) allocated to:	• General needs (social rent) • Intermediate rent • Affordable rent • Supported Housing • Housing for older people	% properties Number of properties		Reported without differentiation	Reported with differentiation	Including plan for current development programme	Overview of housing stock
	9 General and special purpose housing in new construction ② Share, and number, of new homes (owned and/or managed) allocated to:	• Low-cost home ownership • Care homes • Private Rented Sector • Other						Overview of housing stock, explaining the rationale behind the types of new constructions realised
	10 Tenant satisfaction What are the results of the housing provider's most recent tenant satisfaction survey?	% of residents satisfied		Reporting on tenant satisfaction without further information	Results of survey provided including measures specifying which actions will be taken in order to enhance tenant satisfaction	Results of survey provided including quantifiable measures specifying which actions will be taken (including time frame and responsibilities) in order to enhance tenant satisfaction	Reference to tenant surveys	
GOVERNANCE	11 ESG risks Explain how the housing provider's board manages ESG risks. Are ESG risks incorporated into the housing provider's risk register?	Qualitative response		Provision of ESG risk list and approach	Provision of ESG risk matrix including measures specifying which actions will be taken in order to mitigate risks	Provision of ESG risk matrix including quantifiable measures specifying which actions will be taken (including time frame and responsibilities) in order to mitigate risks	Visualisation of strategy to manage ESG risks	
	12 Environmental impact How is environmental impact considered when procuring goods and services?	Qualitative response		Report on having sustainability requirement standards in place	Report on having sustainability requirement standards in place and elaborate on the specific policies in place incl. the main contents	Report on having sustainability requirement standards in place and elaborate on the specific policies in place incl. the main contents plus introduce a best practice / concrete measure	Overview of sustainability requirement standards with a supplementary best practise case study	
	13 Professional development How does the housing provider support the professional development of its staff?	Qualitative response		Report % of overall employees with significant training	Report % of employees and competence fields targeted	Report % of employees and competence fields targeted plus by role of employee	Visualisation of training groups incl. share of employees targeted and reached by those	
	14 Equality Diversity Inclusion (EDI) How is the housing provider ensuring equality, diversity and inclusion (EDI) across its staff?	Qualitative response		Report on recruitment policies	Report on recruitment policies and % of employees receiving awareness training	Report on recruitment policies, % of employees receiving awareness training and engagement in EDI promotion groups	Paragraph on EDI and respective programmes	

① Completed before the last financial year ② Completed in the last financial year

RITTERWALD is a pan-European real estate consultancy, incorporated 13 years ago in Germany. We are committed to supporting the social and affordable housing industry. RITTERWALD is a dedicated member of the European Federation for Living (EFL) and actively participating in the Finance and Investment Group and the European Digitisation Group.

RITTERWALD's team with 40+ consultants are providing sustainability related services to housing providers across Europe, of which an important one is ESG accreditation through the Certified Sustainable Housing Label (CSHL). The sustainability related services complement RITTERWALD's wider business consulting services, corporate sustainability strategies, business optimisation, organisational change, corporate growth, and restructuring. RITTERWALD's team combines extensive knowledge of residential real estate and housing, business process re-engineering and corporate strategy.

Since the issuance of the Certified Sustainable Housing Label late 2019, the focus on ESG has grown steadily creating a rising demand for sustainability related services among clients across Europe. In all cases RITTERWALD enables its clients to demonstrate and enhance their ESG credentials.

Our sustainability services include:

- | | |
|------------------------------------|--|
| Climate Transition Planning | Assurance provider services / ESG Accreditation |
| Sustainability Strategy | External assessment ESG Report |
| Sustainable Finance | Sustainable (re)development |

Early 2023 RITTERWALD co-founded HYSTAKE Investment Partners, a pan European investment boutique. HYSTAKE focuses primarily on balance sheet (re)structuring by:

HYSTAKE
INVESTMENT PARTNERS

- **Advising** on tailor-made and long-term capital allocations
- **Advising** businesses and investors on corporate, portfolio and investment strategy issues as well as increasing ESG requirements
- **Accompanying** transactions M&A, restructurings, and refinancing measures.



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In 2024, for the second time in a row, RITTERWALD has been awarded Best Consultants in the Real Estate Sector by German largest business and financial newspaper *Handelsblatt*.

