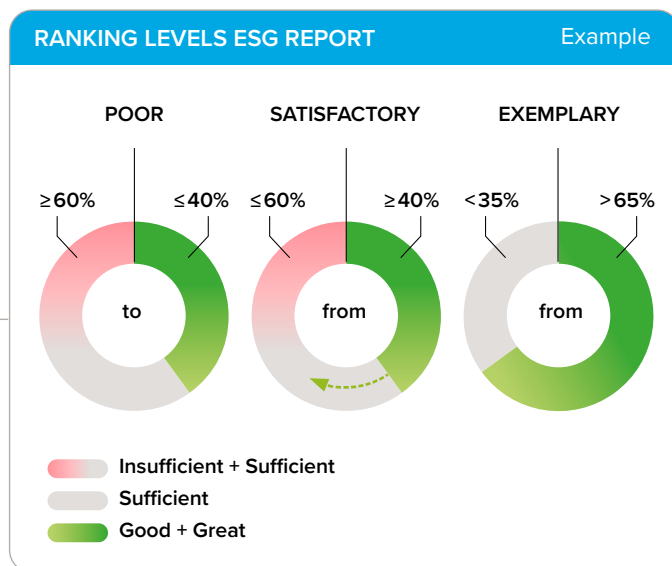
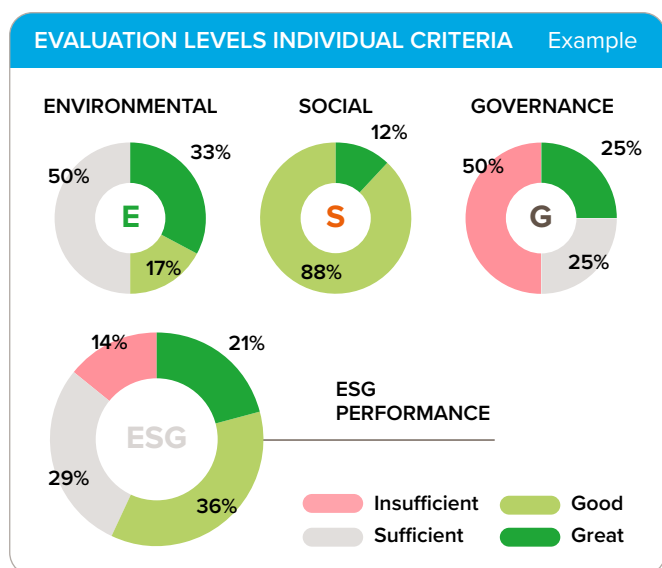


External assessment ESG Report of social housing providers

External assessment of publicly released ESG reports by housing providers does address the growing need for demonstrating verifiable ESG data, particularly from a lender’s perspective. An external assessment does anticipate non-financial reporting requirements, Sustainability Disclosure Requirements (SDR) in the UK and the Corporate Sustainability Reporting Directive (CSRD) in the EU.



Need for external assessment: evidence-based data

Lenders and investors must meet climate related disclosures that demonstrate their ESG performance. To maintain and strengthen their position as an investment grade risk-adjusted asset class, housing providers must produce and demonstrate high quality verifiable data. As a result, housing providers must switch from *marketing ESG* to *evidence ESG performance*. During the 2nd annual review of the UK Sustainability Reporting Standard (SRS), lenders and investors stated that they want to challenge housing providers to raise the quality of their reporting. Self-certification will no longer be sufficient. With the external assessment of the publicly released ESG report by housing providers, RITTERWALD aims to meet the growing need for demonstrating verifiable ESG data.

Assessing your ESG report

The external assessment will provide a baseline to improve the quality and subsequently the credibility of ESG reports of housing providers. This is not only relevant towards acceptance by lenders and investors but also to the wider stakeholder community. RITTERWALD estimates that an external assessment of the ESG Report takes approx. 2.5 days on average.

This service requires limited resources from housing providers and is thus addressing the control of administrative cost in the social housing sector.

Evaluation Overview

Assessing data quality

In the external assessment, RITTERWALD has selected 14 SRS criteria both quantitative and qualitative in nature, that show a relation to climate risk, social impact, and good governance. Most of these criteria are also part of the Certified Sustainable Housing Label, the externally verified ESG accreditation for housing providers, issued by RITTERWALD. This has resulted in the well-informed selection of 6 environmental, 4 social and 4 governance criteria as the evaluation overview shows.

Evaluation levels

Each criterion is expressed in the proper measurement unit. The assessment distinguishes 4 levels of evaluation: insufficient, sufficient, good, and great, the thresholds of which are shown in the evaluation overview. RITTERWALD only assesses the publicly available version of the ESG report.

Ranking levels

The external assessment also includes a total ranking of the ESG report with 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 evaluation of the individual criteria and the ranking of the total assessment are explained in the Assessment Statement issued by RITTERWALD to the housing provider. This statement also provides recommendations to the housing provider on how to improve the quality of the 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		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							
	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

Credentials

At the start in 2020, RITTERWALD has contributed to the UK Sustainability Reporting Standard (SRS) by providing environmental and social criteria from its Certified Sustainable Housing Label (CSHL). Until today this explains the strong alignment between SRS and CSHL. For the data compilation of the Label, we partner with London-based ESG data platform convene-esg, that also provides similar services to the UK SRS. For the external verification, we partner with Hannover-based imug sustainability rating firm, a wholly owned subsidiary of EthiFinance. imug rating is a recognised auditor of Green Bonds and Loans according to ICMA and LMA as well as Climate Bonds Approved Verifier.



RITTERWALD

ABOUT RITTERWALD

Since 2011, RITTERWALD is a German residential real estate consulting firm, with presence in Berlin, Frankfurt, London, and Amsterdam. Focusing on results with impact on business performance, RITTERWALD applies proven European business concepts in housing and energy management, develops sustainable strategies as part of corporate business planning, and engages in pan-european industry networks.

RITTERWALD's team with 35+ 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**. The sustainability related services complement RITTERWALD's wider business consulting services, business optimisation, organisational change, corporate growth, and restructuring. RITTERWALD's team combines extensive knowledge of residential real estate, business process re-engineering and corporate strategy.

Since the introduction of the Certified Sustainable Housing Label in 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.

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SUSTAINABILITY SERVICES

External assessment ESG Report

Enabling housing providers to demonstrate verifiable data in their publicly released ESG reports

Assurance provider services

For borrowers who must measure and report on sustainability performance targets towards their lenders

Climate Transition Planning

Create corporate pathways that show how to achieve reduction of energy consumption and carbon emissions through a variety of retrofitting measures where technically feasible and economic effective

Sustainability Strategy

(Double) materiality analysis to support priorities and corporate transitions to net zero

Sustainable Finance

Finance frameworks for preparing issuance of Green, Social and Sustainability (-Linked) bonds (ICMA compliant) or raising sustainability-linked loans (LMA compliant).