

# Limited Assurance of Sustainability Reports as Step Towards Audited Non-Financial Reporting

Sustainability reporting is already well established among housing associations since the sector launched its bespoke framework in 2021 – the **Sustainability Reporting Standard for Social Housing (SRS)**. The SRS is today adopted by 135 housing providers and nearly 40 lenders and investors. Until now, most SRS reports are self-certified, with external assurance not yet common practice. However, assurance:

- Help housing associations identify risks and areas for improvement
- Improves the accuracy and reliability of ESG data
- Enhances access to sustainable finance

According to the International Auditing and Assurance Standards Board (IAASB), assurance is distinguished between two levels:

- **Limited assurance** – Reviews a company's internal processes and aggregated data, providing a conclusion that no material misstatements have been identified.
- **Reasonable assurance** – Involves a more detailed review and provides a conclusion confirming that the information is presented fairly.

Although assurance of sustainability reports is not (yet) mandatory in the UK, it is expected to become increasingly important as lender and investor (climate risk) scrutiny grows and new sustainability reporting standards by the UK Government are implemented ([UK Government, 25 February 2026](#)). Early adoption of assurance by housing associations will also provide a strategic advantage once audited non-financial reporting

becomes mandatory or strongly recommended: RITTERWALD's 6 years of client experience with the externally verified [Certified Sustainable Housing Label](#) shows that it takes housing associations several years to deliver consistently high-quality data demonstrating their corporate sustainability performance.

To address the impending need for demonstrating assured sustainability data, RITTERWALD has developed an External Assessment of SRS reports. This limited assurance anticipates future IFRS-aligned non-financial reporting requirements by providing a baseline to improve the quality of reporting.

The UK Government has now published the UK Sustainability Reporting Standards (UK SRS S1 and S2), which are based on the standards developed by the International Sustainability Standards Board (ISSB). The ISSB was established in 2021 by the IFRS Foundation to create consistent sustainability disclosure standards. The two standards – IFRS S1 and IFRS S2 – set out how organizations should disclose sustainability related risks and opportunities. IFRS S1 provides a general framework for sustainability disclosures across all ESG topics, while IFRS S2 focuses specifically on climate related information, including physical and transition risks.

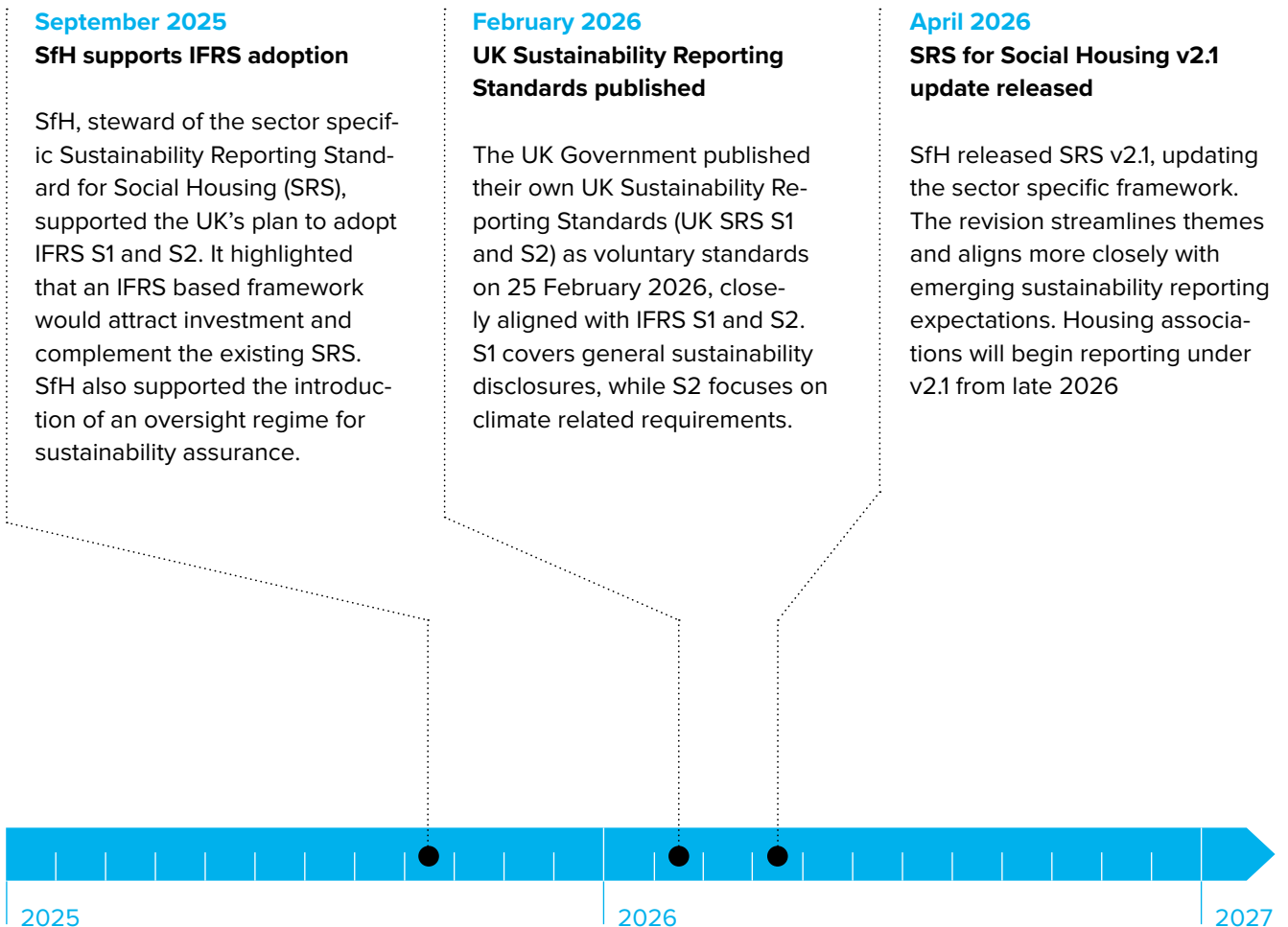
While IFRS S1 and IFRS S2 significantly improve the comparability of sustainability reports for investors, they do not by themselves ensure the credibility of reported data. The ISSB defines what should be reported, whereas assurance frameworks developed by bodies such as the IAASB are used to verify this information. To ensure that sustainability information is accurate, balanced and supported by robust governance processes, assurance

is therefore required. By strengthening the integrity of sustainability reporting, assurance increases investor confidence and can help housing associations maintain access to sustainable finance, which is critical for delivering environmental and social objectives.

In its response to the UK Government consultation on sustainability reporting in September 2025, Sustainability for Housing (SfH), the governing body of the Sustainability Reporting Standard for Social Housing, welcomed the Government's adoption of IFRS aligned sustainability reporting standards. SfH emphasized that a stronger national sustainability reporting regime would help channel greater investment into the UK and lead to better sustainability outcomes, while complementing the SRS, with both frameworks working alongside each other to provide high quality ESG information for the social housing sector.

SfH has since highlighted the practical implications of these standards for the sector, underlining the importance of closer collaboration between sustainability and finance functions and the role of the SRS as a strategic tool to help housing associations align their ESG reporting with wider UK sustainability reporting requirements.

### UK SRS & IFRS Adoption Timeline



## RITTERWALD Limited Assurance: External Assessment

The External Assessment includes 14 material criteria, comprising 6 environmental, 4 social, and 4 governance indicators, and selected from the SRS in collaboration with lenders, disclosure frameworks, and insights from the Certified Sustainable Housing Label issued by RITTERWALD.

The 14 criteria are evaluated along 4 levels of evaluation: insufficient, sufficient, good, and great. The overall assessment of the sustainability report is then compiled over 3 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).

Only the publicly available version of the sustainability report is assessed. 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 the reporting quality.

Following the release of SRS v2.1 in April 2026, minor updates have been reviewed and incorporated into the External Assessment, with no material impact on the scope or methodology.

An overview of the external assessment can be found at [www.sustainable-housing.eu](http://www.sustainable-housing.eu)

### Data Quality Benchmark

RITTERWALD conducted a benchmark to assess the quality of sustainability reports (FY2023/24) produced by adopters of the SRS. The benchmark included nearly 50% of the SRS adopter community. To ensure a representative sample, the adopters were grouped and analysed by portfolio size, country of operation, and time of adoption. Each report was then assessed against the 14 SRS criteria of the External Assessment.

The performance of each criterion was evaluated on a 4-point scale. The average performance of housing associations was 2.75, with the environmental dimension scoring highest (3.12), followed by social (2.69) and governance (2.26). Significant variation was observed across dimensions and individual criteria. The best-performing criteria were the EPC rating of existing stock and new construction, while the lowest-performing criteria were ESG risk management and professional development.

The benchmark revealed several insights regarding performance and potential correlations:

Performance was correlated with the size of the housing association. Overall, larger housing associations tended to perform better than smaller ones. Average performance declined 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. Smaller providers struggled particularly with reporting environmental data, such as carbon emissions.

Furthermore, adopters that invested in sustainability early tended to perform better. Early adopters—those who adopted the SRS by 2021—achieved a slightly higher performance score (2.77) compared to their peers (2.72). Adopters that went a step further by obtaining external assurance, such as the Certified Sustainable Housing Label (CSHL), showed an even stronger advantage, with an overall score of 2.90 versus 2.74 for other providers.

For further insights about the benchmark please read the *Sustainable Housing Outlook Special: Quality of ESG data in UK SRS reports* (see QR-Code).



Sustainable Housing Outlook Special, Spring 2025



# External assessment Example: Hillcrest



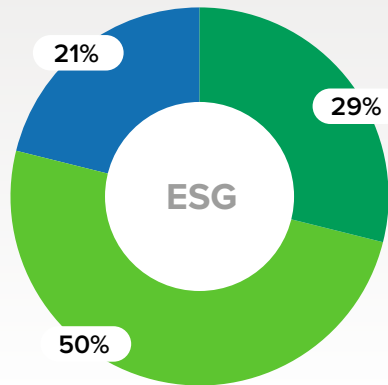
## External assessment per dimension

As shown in the evaluation dashboard, Hillcrest achieved varying levels of disclosure across the 14 ESG criteria. Specifically, Hillcrest reached a sufficient level of disclosure in 3 criteria, a good level in 7 criteria, and a great level in 4 criteria. No criterion was assessed as providing insufficient information.

Hillcrest is one of Scotland's largest housing associations, providing quality social and mid market housing, maintenance and repair services as well as care and support services.

### DASHBOARD Overall Performance 2024/25

- Great
- Good
- Sufficient
- Insufficient



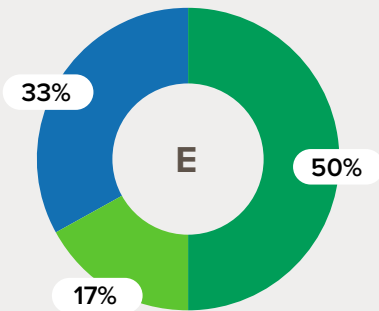
**Hillcrest's performance** is particularly well in respect to reporting on

- E #1 Energy performance existing stock
- E #2 Energy performance new construction
- E #5 Retrofitting
- G #14 Equality Diversity Inclusion (EDI)

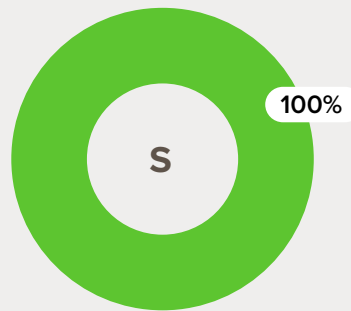
Hillcrest shows the most significant improvement potential in respect to reporting on

- E #3 CO2 emissions
- E #4 Net Zero target and strategy
- G #11 ESG risk

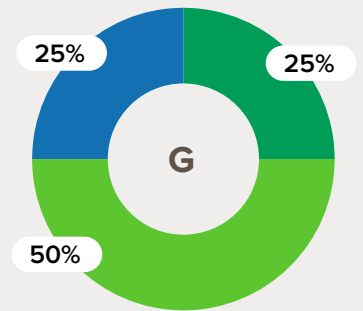
### Environmental



### Social



### Governance

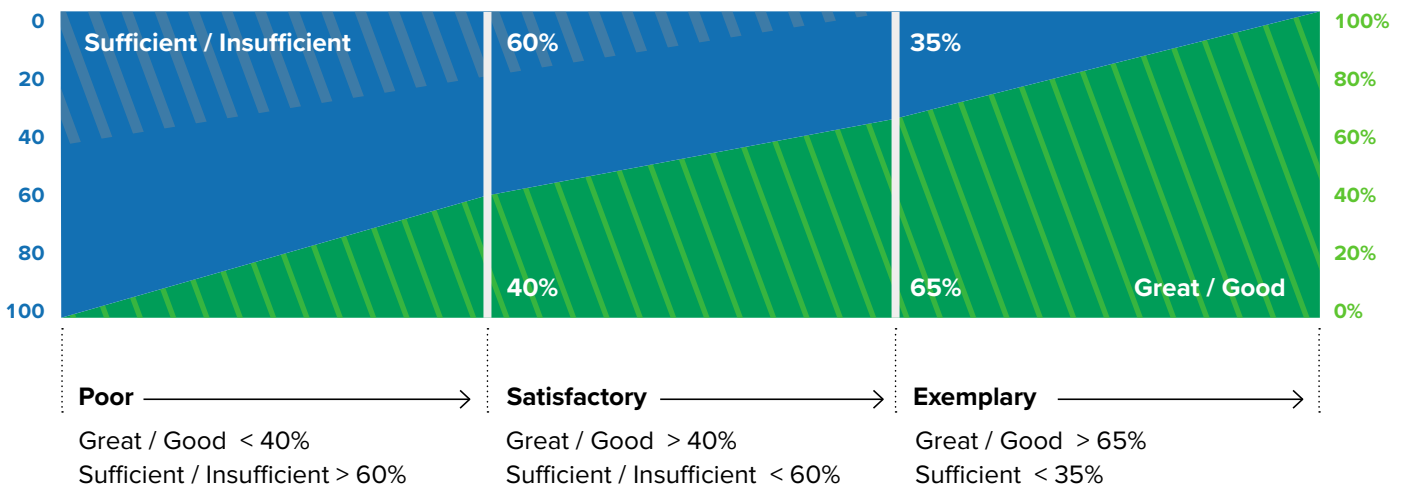


To improve its future ESG reporting, Hillcrest is recommended to prioritise its environmental and governance reporting, with the aim of eliminating all “sufficient” performance ratings. The following three criteria were rated as “sufficient” and require additional information to reach a “good” or “great” level:

- **#3 CO2 emissions:** Include additional Scope 3 categories – such as tenant energy use, business travel, and commuting – to provide a more complete picture of the organisation’s true carbon footprint. Furthermore, begin measuring embodied carbon in new builds, retrofits, and maintenance activities. While embodied carbon is referenced in the strategy, with plans to reduce it through design, materials, and replacement, no quantified data is currently provided.

- **#4 Net Zero target and strategy:** Extend the net zero strategy into a clear roadmap, including short-term goals and defined responsibilities. This will improve transparency, enhance accountability against internal goals, and demonstrate commitment to stakeholders.
- **#11 ESG risk:** Add direct ESG risks (e.g., environmental risks such as flooding) to the risk map. Include a quantifiable mitigation plan with specific measures outlining the actions that will be taken to address these risks.

**OVERALL RANKING EXTERNAL ASSESSMENT**



**RATING RESULTS**

	ESG report 2023/24	ESG report 2024/25
Insufficient criteria	7%	0%
Sufficient criteria	14%	21%
Good criteria	50%	50%
Great criteria	29%	29%
<b>Overall ranking</b>	Satisfactory	<b>Exemplary</b>

Overall, Hillcrest’s ESG report was rated as ‘Exemplary’ in terms of the quality of its ESG disclosures. In total, Hillcrest performed great in 29%, good in 50% and sufficient in 21% of evaluation criteria. A particular strength in the environmental and social dimensions is evident, while the governance dimension shows improvement potential.



Hillcrest ESG reports (2024/25 and 2023/24)



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## Why this matters for Boards

By design, IFRS S1 and S2 reposition sustainability as a core governance and reporting issue. Boards therefore need to recognize that retrofit costs, poor energy efficiency and non-compliant homes represent not only sustainability issues, but material financial and operational risks that affect long term resilience and access to funding. As noted in a [recent article by Lookthrough](#), lenders are moving towards asset level risk assessment, where incomplete or inconsistent data is priced conservatively, while robust, auditable data can actively improve financing terms (Lookthrough, 25 May 2026).

In this context, the key differentiator is data integrity. It is no longer sufficient to report ESG performance. Data must be clearly owned, consistently produced and capable of standing up to external scrutiny. This ensures a focus on consistent, comparable data over time. The Inside Housing Board Member Briefing underscores this point: “The greatest value of the data is showing your data change over time, not how you compare to others” (Inside Housing, 15 May 2026).

For Boards, this is also a question of accountability to residents, not only accountability to lenders and investors. Sustainability decisions increasingly affect tenants directly: retrofit works can reduce energy bills and improve comfort, but they can also create disruption, require access to homes and raise concerns if residents do not understand the purpose, timing or expected benefits of the work. The Regulator of [Social Housing's Transparency, Influence and Accountability Standard](#) requires landlords to be open with tenants, provide acces-

sible information, and enable tenants to influence decision-making and hold their landlord to account.

This makes resident engagement a Board-level issue in sustainability reporting. Boards need assurance that reported ESG progress is reflected in the lived experience of residents, particularly where investment programmes relate to damp and mould, heating performance, ventilation, overheating or fuel poverty. Strong sustainability governance should therefore demonstrate not only that data is robust, but that residents have been meaningfully involved in decisions that affect their homes, health and household costs.

**“The greatest value of the data is showing your data change over time, not how you compare to others”**

[Inside Housing, 15 May 2026](#)

External assessment is the most direct way to build readiness. It exposes data gaps, tests whether governance arrangements are working in practice and establishes an assurance-ready baseline. Just as importantly, it helps Boards understand whether reported sustainability performance is supported by evidence from the homes and communities affected by investment decisions. This prepares housing associations for a reporting environment in which sustainability information is expected to meet the same standards as financial data, while also strengthening accountability to residents, lenders and regulators..



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 Digitalisation 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:

- |   |   |
|---|---|
| <a href="#">Climate Transition Planning</a> | <a href="#">Assurance provider services / ESG Accreditation</a> |
| <a href="#">Sustainability Strategy</a>     | <a href="#">External assessment ESG Report</a>                  |
| <a href="#">Sustainable Finance</a>         | <a href="#">Sustainable (re)development</a>                     |

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*.

