

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

Sustainability reporting is already well established among UK housing associations as the sector launched its bespoke framework in 2021 – **Sustainability Reporting Standard for Social Housing (SRS)**, today adopted by 140+ housing associations and 35+ lenders and investors. Until today most of the SRS reports are self-certifying. **Assurance** is not yet common practice. However, assurance:

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

Assurance is distinguished between two levels (according to IAASB):

- **Limited assurance** reviews a company's internal processes through aggregated data, providing a conclusion that no material misstatements exist.
- **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 investor scrutiny grows, and new reporting standards by UK Government are implemented. And early adoption of assurance by housing associations will also provide a strategic advantage once audited non-financial reporting becomes mandatory: our client experience with the -externally verified- Certified Sustainable Housing Label shows that it takes housing associations several years to provide quality data.

To address the impending need for demonstrating assured sustainability data, RITTERWALD has developed an **external assessment** of the Sustainability Reports for Social Housing. This limited assurance anticipates the non-financial IFRS reporting requirements by providing a baseline to improve the quality of reporting.

The UK Government is in the process of publishing the UK Sustainability Reporting Standards (UK SRS) which are based on the standards by the International Sustainability Standards Board (ISSB). The ISSB was established in 2021 by the IFRS Foundation to create globally consistent sustainability disclosure standards. The two standards—IFRS S1 and IFRS S2—set out how organisations should disclose sustainability-related risks and opportunities. IFRS S1 provides the general framework for all sustainability disclosures, while IFRS S2 focuses specifically on climate-related information, including physical and transition risks.

While IFRS S1 and IFRS S2 improve comparability of sustainability reports for investors, it does not automatically verify the credibility of data. To ensure that reported information is accurate, balanced, and supported by good governance, assurance is needed. By reinforcing the integrity of reporting, assurance increases investor confidence and can help housing associations retain access to sustainable finance, critical for meeting environmental goals.

Sustainability for Housing (SfH), the governing body of the Sustainability Reporting Standard for Social Housing, has responded to the UK Government consultation on sustainability reporting by supporting the Government to adopt the IFRS S1 and IFRS S2: "SfH believes

that a stronger national sustainability reporting regime will help channel greater investment into the UK and lead to better sustainability outcomes for people and the planet, and will complement the social housing sector’s SRS with both frameworks working alongside each other to provide high-quality ESG information throughout the UK” (SfH News 18 September 2025).

**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.

An overview of the external assessment can be found at 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.

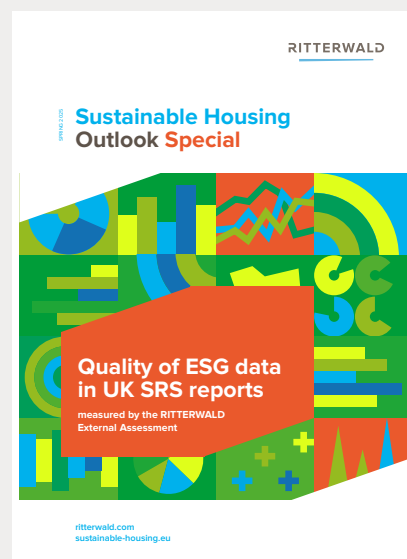
The performance of each criterion was evaluated on a 4-point scale. The average performance of housing associations was 2.75, with the environmental dimension scoring highest (3.12), followed by social (2.69) and governance (2.26). Significant variation was observed across dimensions and individual criteria. 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



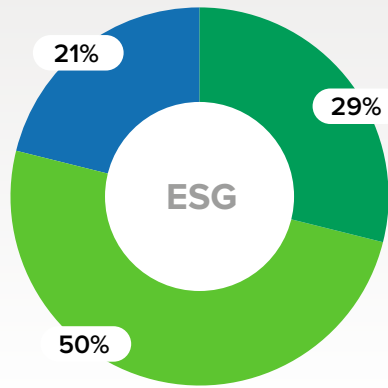
External assessment per dimension

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



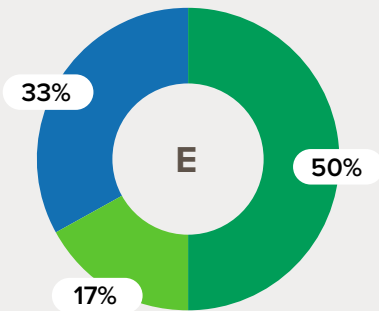
Hillcrest's performance is particularly well in respect to reporting on

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

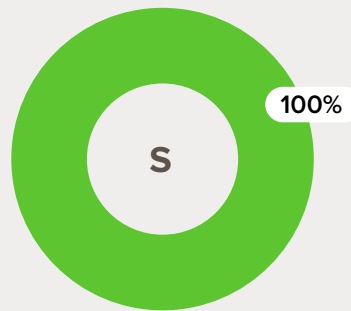
Hillcrest shows the most significant improvement potential in respect to reporting on

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

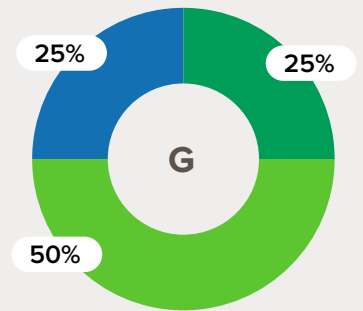
Environmental



Social



Governance

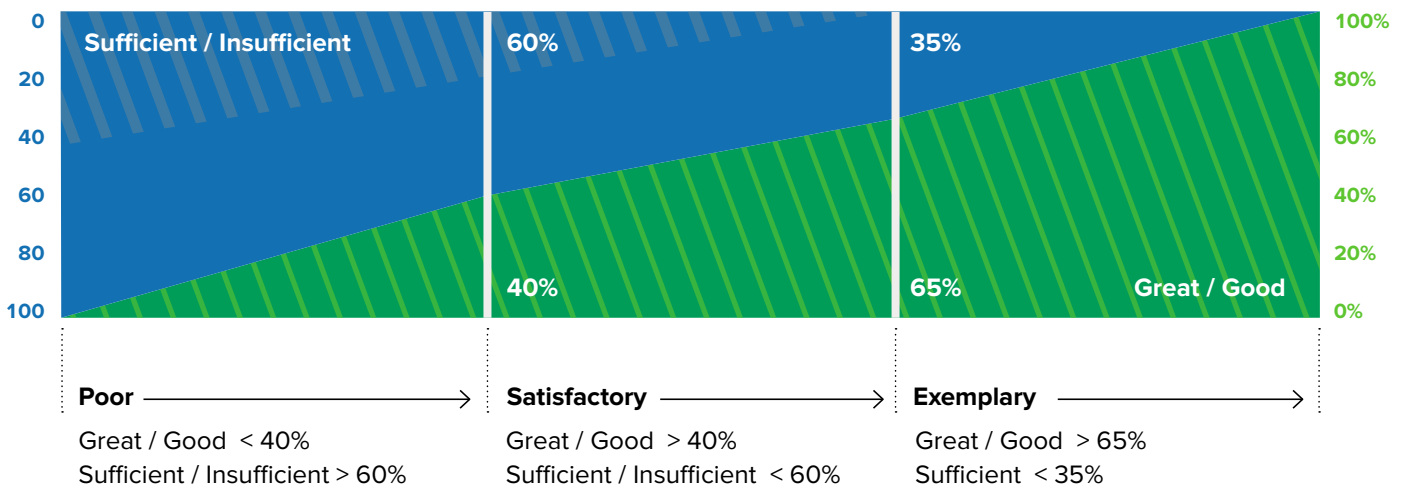


To improve its future ESG reporting, Hillcrest is recommended to prioritise its environmental and governance reporting, with the aim of eliminating all “sufficient” performance ratings. The following three criteria were rated as “sufficient” and require additional information to reach a “good” or “great”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

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)



For more insights into this case, please contact:
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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*.

