L&Q Task Force on Climate-Related Financial Disclosures (TCFD) Report

2022/23

August 2023

Contents

Please click the numbers and letters on the left hand side to navigate this document »

Introduction

L&Q are committed to being a sustainable housing association, and we recognise the importance of mitigating and managing climate risks, particularly where they affect our residents and their homes. We are therefore using the Task Force on Climate-related Financial Disclosures (TCFD) framework to demonstrate that we are actively engaged in proactively managing climate-related risks, and transparently disclosing climate-related financial information to our stakeholders. In this statement, we outline the climate-related risks identified within our organisation and present our comprehensive approach to risk management, aligning with the recommendations set forth by the TCFD.

In line with the recommendations of TCFD dated June 2017, this report complies with all eleven TCFD recommendations and recommended disclosures.

Matthew Corbett, Director of L&Q Foundation

01

Governance

Back to start

1a. The Board's oversight of climate-related risks and opportunities

Board monitoring and oversight

The Board is ultimately responsible for the Group's approach to risk management and internal control process, including setting the Group's risk appetite relating to the Group's principal risks.

The Board also has fundamental responsibility over wider sustainability matters, including the Group's sustainability plan. The Board sets out and approves the Sustainability Report and inclusion of sustainability in Future Shape. Climate-related risks are key to the business and drive our sustainability strategy.

We plan to formalise the Board's oversight of climate-related issues and ensure that climate-related risks and opportunities are incorporated into the company's strategy, as well as climate-related goals and targets, for example the decarbonisation plan. We will do this by incorporating climate-related risks into Board considerations when guiding strategy, major actions, budgets, business plans and major expenditures or acquisitions.

The Board will be informed of L&Q's top climate-related risks at least annually and Audit and Risk Committee at least six monthly. Following the recommendations from the Climate Risk Review, we will be consulting with Board regarding moving towards oversight of climate risk and Net Zero Carbon portfolio sitting with an individual Board member, who will have overall responsibility for the oversight of climate risk and achieving a decarbonised portfolio.

Through a direct line of communication with the Sustainability Working Group, the Board will have oversight of the management of climate-related issues. We have a separate board committee that focuses on services to residents and involving residents in decision making. It does not have an explicit climate remit but this committee has been briefed and acknowledges that environment related risks will shape services to residents in the future. Reporting is conducted through L&Q's officer-led Governance & Assurance Group with any matters escalated to the Board where necessary. Group Strategy Days inform the Board of wider concerns, including sustainability.

Climate related risks is recognised as one of our key strategic risks and as such climate risk considerations will be central to decision making at a corporate and strategic level. The accountability for overseeing risks and associated controls rests with Executive Group members. The relationship between risk, appetite and tolerance will be something we will start to review and define more regularly (6 monthly). As part of our internal controls and assurance framework, the risks, their respective mitigations, and our assurance over these are reviewed by our Audit and Risk Committee on a quarterly basis. Our Group Board review these annually.

1b. Management's role in assessing and managing climate-related risks and opportunities

The Governance and Assurance Group, which also acts as the ESG Financing Panel, review and agree on requirements to the Sustainable Finance Framework, including associated KPIs and targets and reviewing progress against commitments made. The Governance and Assurance Group meet every month and ESG Financing Panel meets every six months.

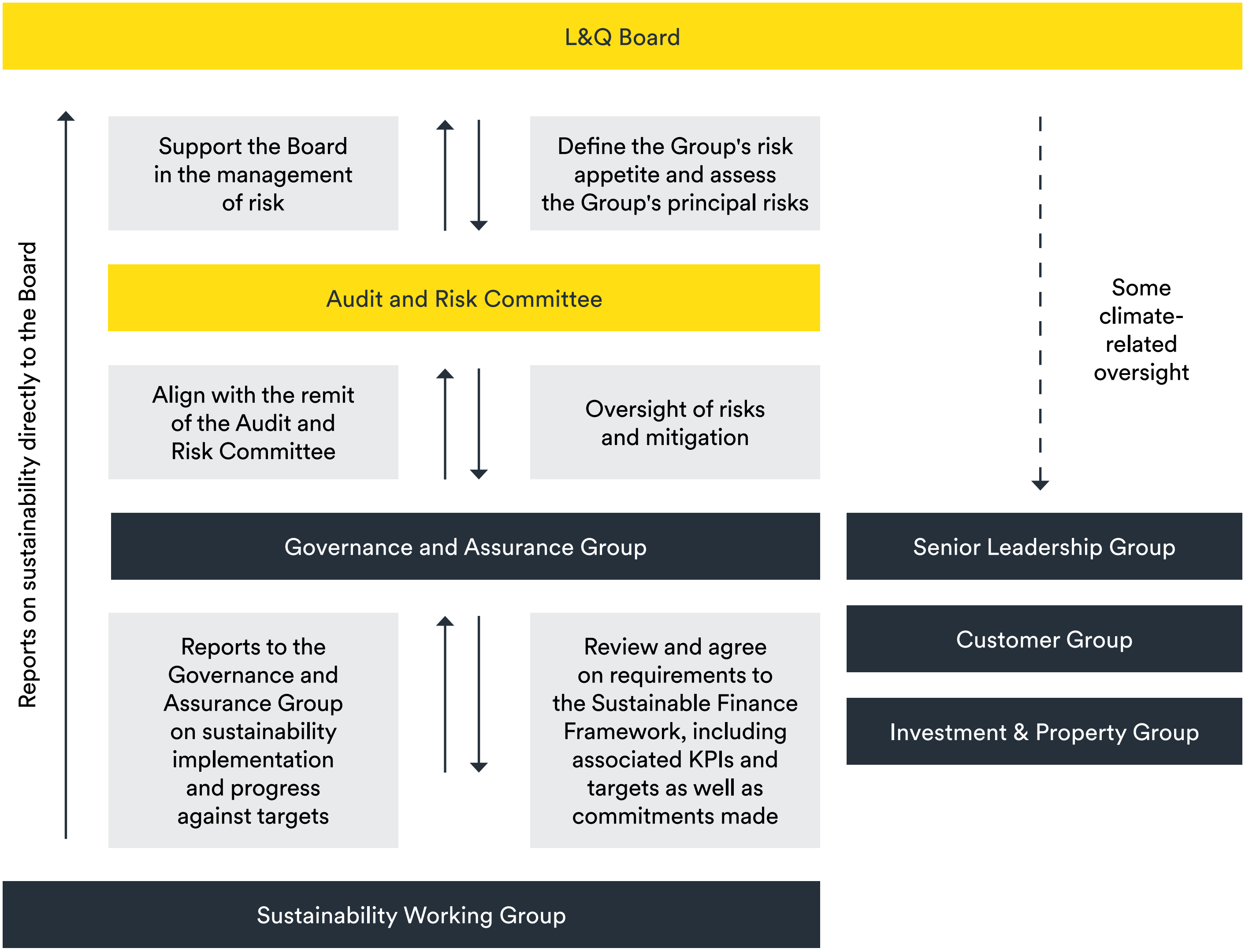
The Sustainability Working Group (SWG) meets monthly and reports to the Governance and Assurance Group on a quarterly basis. The SWG consists of business leads who are responsible for driving compliance with and delivering against L&Q's Sustainability priorities and Sustainability Masterplan. They ensure business reporting on sustainability is cohesive and aligned to Governance & Assurance Group requirements, and that external reporting such as the Sustainability Report are coordinated and delivered in line with set targets. They also ensure delivery of strategic projects such as the Climate Risk Review, and have ownership of the Sustainability Report.

Following the climate risk scenario modelling undertaken this year, the Sustainability Working Group have reviewed the Group's climate related risks and mitigation strategies. A clear line of communication between the Sustainability Working Group and the Board has been established, and the Sustainability Working Group provides a regular update to the Board on climate-related risks, issues and progress against targets.

The Group Head of Environmental Sustainability oversees the ESG Framework and the Sustainability Masterplan, and is responsible for enabling, coordinating and reporting progress group-wide. The Head of Sustainability within Development and Sales oversees climate and sustainability-related matters as they relate to new developments and will develop a roadmap to address climate impacts on construction.

Other groups are involved in climate-related matters as well. The Senior Leadership Group have oversight of large budgetary items or material variances impacting on Group balanced scorecard, which can include climate-related spending. The Investment & Property Group have oversight of development and sales, including sustainability and climate-related building standards within development and sales. The Customer Group have direct responsibility for delivery of and budget sign off for KPIs and commitments relating to Maintenance, Property Services and Social Value within the Sustainability Masterplan, including climate-related KPIs and targets.

Overview of roles and responsibilities



02

Strategy

Back to start

2a. Climate-related risks and opportunities identified over the short, medium, and long-term

As a housing association, we have conducted a comprehensive assessment of climate-related risks and opportunities that may impact our operations and the communities we serve over the short, medium, and long-term. These risks and opportunities encompass both physical and transitional factors associated with climate change.

- **Short-term:** To mitigate the largest impacts in the current decade, plans and resilience measures need to be put in place in the more immediate term. We plan to implement climate risk mitigation immediately, including addressing decarbonisation requirements through our 2030 decarbonisation plan.
- **Medium-term:** The medium-term time horizon of up to 2040 reflects the perception that businesses should be ahead of the UK government’s 2050 net zero carbon target. Aligning climate-related time horizons with net zero carbon milestones will support clear stakeholder communications and asset planning, as net zero carbon and climate resilience interventions can be executed in parallel. The medium-term time horizon also manages near-term reputational damage or reduced asset values, particularly as climate risk awareness matures in the coming years.
- **Long-term:** As our portfolio could experience high levels of physical risk exposure around mid-century, consideration of long-term climate-related risks is paramount. This aligns with our ambition to be Net Zero by 2050.

In terms of physical risk, our properties and residents are vulnerable to the increasing frequency and intensity of extreme weather events, such as storms, floods, heatwaves, and wildfires. These events can result in property damage, disruption of services, and harm to the well-being of our residents. Changing temperature patterns, including heatwaves, can impact the energy efficiency, comfort, and health of our residents.

As for transition risk, evolving regulations and policies related to climate change mitigation and energy efficiency may require us to invest in retrofitting our existing housing stock, transitioning to renewable energy sources, and adopting more sustainable building practices. We may need to respond to supply chain pressure and increased costs in the development process. Increasing societal awareness and expectations around environmental sustainability may influence our reputation, demand for our services, and relationships with stakeholders. Our residents could also experience energy price impacts.

Climate-related risks can also impact the larger economic environment we operate in.

Shifts in market dynamics, such as changes in insurance costs, energy prices, and access to financing, could impact our financial sustainability and ability to maintain affordable housing options.

We have identified opportunities as well. One way we have done so is by issuing a sustainability-linked bond. Starting in 2021, we commenced purchasing 100% renewable electricity so we can reduce our carbon footprint, and contribute to environmental sustainability goals. We also aim to support our residents in building community resilience. By integrating climate resilience into our operations, we can enhance the safety and well-being of our residents, ensuring their long-term housing security.

Through proactive risk management and seizing these opportunities, we aim to enhance the resilience of our housing portfolio and safeguard the well-being of our residents.

Climate risk modelling

We recognise that climate-related risks materialise over the medium to long term and that the homes we have now will still be here far in the future. Without appropriate risk management, these risks could have severe financial and reputational implications. In recognition of this, we conducted climate risk scenario modelling across a sample of our assets to assess the exposure of our portfolio to physical climate-related risks across two Intergovernmental Panel on Climate Change (IPCC) climate scenarios, RCP 2.6 and RCP 8.5, over the short, medium and long term from present day till 2080.

These time horizons align with the 2050 net zero carbon deadline set by the UK Climate Change act and the associated risks, as well as capture a range of climate-related risks that are expected to materialise near and long term.

The climate risk scenario modelling assessed the likelihood and impact of six physical and one transition climate-related hazards – covering heat stress, fluvial flooding, pluvial flooding, coastal flooding, subsidence and landslide, as well as the transition risk in terms of the cost to reach EPC C – across two climate scenarios. The assessment was based on trusted climate and natural hazard databases, such as from JBA Floodability Index, British Geological Survey and National Coastal Erosion Risk Mapping.

The portfolio's exposure to each modelled hazard was ranked as low, moderate or high, providing a clear overview of the level of risk to our sampled assets, in terms of impact and likelihood. Due to its size and geographic variance, our portfolio is exposed to most physical climate risks. As expected, the likelihood of these increases across emission scenarios and time horizons.

Our modelled sample provided a valuable insight into key physical risks facing the portfolio and will inform strategy and risk management across the portfolio. We plan to enhance our understanding further by conducting additional asset-level work.

A full table of physical and transition risks, along with whether they are material in the short-term (S) (before 2030), medium-term (M) (2030 – 2039) and long-term (L) (beyond 2040) time horizons, can be found below.

Physical risks

Physical Risk	Impact	S	M	L
Heat stress	• Hospitalisations due to heat impact on our residents • Supply chain, distribution and regional infrastructure disruption • Capex costs to install AC systems • Increased costs to rehouse residents during heat waves.	●	●	●
Fluvial flooding	• Asset and infrastructure damage • Business interruption • Capex costs to install flood mitigation measures • Litigation risk if inadequate measures are taken.	●	●	●
Coastal flooding	• Permanent loss of value • Migration away from flood-prone areas and regions • Stranded asset risk.	●	●	●
Pluvial flooding	• Asset and infrastructure damage • Business interruption • Capex costs to install flood mitigation measures • Litigation risk if inadequate measures are taken.	●	●	●
Storm damage	• Structural damage to buildings, with possible costs to rehouse residents • Safety impacts to residents.	●	●	●
Subsidence	• Structural damage to buildings, requiring costly repairs • Downtime or stranded asset risk • Capex costs for mitigation measures required to reinforce building design.	●	●	●
Landslides	• Structural damage to buildings • Permanent loss of value.	●	●	●

Transitional risks

Physical Risk	Impact	S	M	L
Increased policy and building standards	• Increased policy and EPC standards will increase in stringency, leading to increased costs of decarbonisation • Requirements to replace gas-fired heating systems with heat pumps or other forms of electric heating • Additional circular economy or biodiversity requirements.	●	●	●
Insurance challenges	• Insurance premiums rising as weather-related catastrophes become more intense and frequent • Risk of some homes being uninsurable.	●	●	●
Litigation risk	• Possible rise in litigation activity if L&Q is seen to not act on climate risk as ability to forecast risk becomes sharper.	●	●	●
Supply chain and resources	• Impacts to global supply chains • Cost of materials and energy impacted by the stability of key real estate development supply chains, including that of concrete and steel production.		●	●
Financial market impacts	• Impact on ability to raise financial capital, decrease asset values and impact resident ability to pay.		●	●

2b. Impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning

Understanding the impact of climate-related risks and opportunities on our business, strategy and financial planning is crucial for effective decision-making and long-term resilience. We have assessed how these factors specifically affect L&Q's operations, strategy and financial planning.

Operational Impact

Climate-related risks such as extreme weather events, rising sea levels, and changing temperatures can pose threats to the physical integrity of our housing stock. This may result in increased maintenance costs, property damage, and potential disruptions in service provision to residents. It is essential to prioritize resident safety and address climate risks to ensure their well-being and housing security.

Our residents are directly impacted by climate-related risks. Heatwaves, flooding, and other climate events can affect their health, safety, and overall quality of life. It is crucial to implement measures that mitigate these risks and provide support to residents during and after such events.

Climate-related risks and regulatory changes may affect the valuation of our housing assets. By managing and mitigating these risks, we can protect the long-term value of our properties, ensuring affordable and sustainable housing options for our residents.

Strategic Considerations:

As the need for decarbonisation and reaching EPC C across our portfolio by 2030 inform key plans, climate-related risks and opportunities sit under the Governance and Assurance pillar of our Future Shape strategy, which will deliver EPC C by 2030 and Net Zero by 2050. Our Decarbonisation Plan for Existing Homes, which commenced this year under our Major Works Investment Programme, highlights a clear path for improving the energy efficiency of the homes we manage.

Energy, water, and carbon efficiency opportunities are identified within our sustainability vision so we can reduce our footprint, support our occupiers and be a responsible business. We have continued to invest in improving the energy performance of our existing homes through the installation of double-glazed windows, insulated external doors, upgraded boiler systems, solar PV arrays and external wall insulation. We have trialled lower carbon construction methods for new builds and have employed a specialist to advise us on improving the sustainability of our new developments.

For new homes, we have committed to build all new homes so they achieve an energy performance certificate (EPC) rating of B or above. Climate risks will be part of assessing new land and new business, and all projects over a certain size employ specialist sustainability consultants to inform the design and delivery.

We monitor waste, energy and water usage on L&Q construction sites and will use this information to set improvement targets. We are currently developing our approach to the responsible sourcing of materials for building works. We are planning on integrating a broader range of climate-related risks into our development guidelines.

Integrating climate considerations into our strategic planning is vital for providing safe, sustainable and resilient housing for our residents. We recognise that residents are at the heart of our sustainability agenda, and as such resident engagement is part of L&Q's decarbonisation plan.

In 2022 we conducted a Climate Risk Review across their properties. We will use the results of this climate risk project to assess a breadth of climate-related risks and prioritise material issues, as well as embedding identified risks in our sustainability plan.

Financial Planning

To enable us to mitigate climate risks and harness opportunities, we have ensured that sustainability forms part of our existing business plan and informs our investment strategy. Our decarbonisation plan has involved modelling the costs for homes to meet EPC C by 2030 and net zero carbon by 2050 across the group and including in the group business plan (with the exception of newly acquired assets from the merger with Trafford Housing Trust).

Our Sustainability Finance Framework, which presents us with an opportunity to use our commitment to access future capital at potentially better rates, enabled us to successfully complete our first Sustainability-Linked Bond in January 2022.

Effective risk management involves identifying and mitigating climate-related risks, which can have financial implications. By integrating climate risk assessments into our financial planning processes, we can better anticipate and manage potential financial impacts, ensuring the long-term financial stability of the organization and minimizing any negative effects on residents. By comprehensively analysing the impact of climate-related risks and opportunities on our operations, strategy, and financial planning, we aim to enhance the resilience of our housing portfolio, prioritize resident well-being, and contribute to a sustainable future for all our residents.

2c. Resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

By considering different climate-related scenarios, including a 2°C or lower scenario, and integrating the findings into our strategy, we aim to enhance the resilience of our operations, adapt to changing climate conditions, and contribute to a sustainable future for our residents and communities.

Scenario Analysis

We consider various climate scenarios, including a 2°C or lower scenario aligned with the goals of the Paris Agreement. This scenario serves as a reference point for assessing our vulnerability to climate risks and the potential opportunities arising from a transition to a low-carbon economy. Through scenario analysis, we evaluate the physical and transitional risks associated with different climate scenarios. This includes assessing the impact on our property portfolio, tenant welfare, financial performance, and overall business resilience.

The climate scenarios RCP 2.6 and RCP 8.5 were selected for our assessment, as they cover a range of possible emissions scenarios that our residents could encounter. The RCP 2.6 climate scenario represents a pathway where greenhouse gas emissions are greatly reduced by immediate policy action and market forces, to decarbonise and meet the Paris Agreement. The RCP 8.5 scenario is characterised by a large increase in greenhouse emissions contributing to high temperature rises, significant changes in weather patterns and severe physical risks.

Having conducted a physical climate risk scenario modelling, we understand the exposure of our assets to selected climate risks in the UK across the low and high emissions climate scenarios. Due to the extensive nature of our portfolio, we have some level of exposure to most climate risks that occur in England.

Throughout our risk review processes we have also identified transition risks associated with climate change and have developed risk mitigation measures in terms of minimum certification standards, compliance, and decarbonisation. While resilience is inherently integrated into our business plan we are currently in the process of integrating the results of the recently conducted climate risk assessment into our risk management framework and decision making, further improving our understanding of the business impacts of physical climate-related risks and mitigation actions to improve our resilience.

Climate scenarios:

Scenario	Average temperature rise	Transition	Impact
Scenario 1 Low emissions scenario: RCP 2.6	1.2 – 1.6°C by 2100	Low emissions scenario where there is immediate policy action to meet the Paris Agreement. Transition risks dominate	**Economic:** Immediate globally coordinated decarbonisation efforts achieving net zero achieved by 2050, associated with significant costs to meet these demands **Environmental:** Low physical risk
Scenario 2 High emissions scenario: RCP 8.5	3.2 – 5.4°C by 2100	High emissions, business-as-usual scenario where policy action is negligible and global warming rises drastically. Physical risks dominate	**Economic:** Permanently stunted GDP growth and severe economic and social shifts **Environmental:** Chronic changes to weather patterns and ecosystems causing severe impacts on a global scale

Strategic Alignment

The insights gained from scenario analysis inform the integration of climate considerations into our strategic planning process.

We align our goals and objectives with the identified risks and opportunities, ensuring that our strategy is adaptive, resilient, and sustainable. Resilience has been embedded in our Enterprise Risk Management framework, as well as our governance measures relating to climate change and net zero, with the ongoing process of reporting to TCFD supporting resilience to climate-related reputational or litigation risks.

Climate change is important to our future planning, and as such we perform horizon scanning to understand upcoming regulatory requirements.

The Strategic Research team annually undertakes a detailed process of annual horizon scanning on megatrends that inform the context of policy and regulatory changes, including ‘Environment’. Horizon scanning is undertaken formally as an annual review process to feed into the L&Q strategy day to support Board and the Executive team to make informed decisions.

We have extended our strategic planning horizon to account for climate-related uncertainties and potential impacts.

By adopting a long-term perspective, we can better anticipate and address climate risks and seize opportunities arising from the transition to a low-carbon economy.

03

Risk Management

Back to start

3a. Describe the organisation's processes for identifying and assessing climate-related risks

Within our organisation, we have established clear roles and responsibilities to oversee climate risk management. The Sustainability Working Group have oversight of the Sustainability Masterplan which tracks sustainability-related actions and KPIs across the business and identifies gaps in strategy and planning.

The Group Head of Environmental Sustainability oversees monitoring and review of regulatory requirements, and the Head of Development Sustainability will create a roadmap for climate mitigation and adaptation of our construction activities.

In assessing climate-related risks, we utilise both quantitative and qualitative analysis. Quantitative tools and models, including our climate scenario modelling and insurance data analysis, are employed to assess the likelihood and potential impact of climate-related risks. This involves using climate projections to quantify risk exposures across low and high emissions scenarios. Alongside quantitative assessments, we also conduct qualitative analyses to evaluate the broader impacts and implications of these risks, looking at social, economic and regulatory factors that impact our business operations and residents.

Our Enterprise Risk Management Approach establishes clear accountabilities for identifying, assessing and managing climate related risks right across the business. Accountability sits within our Customer Services directorate. In our new approach to risk management and assurance we see risk appetite and tolerance statements reviewed on a regular basis and informing decision making regarding risk mitigation and adaptation strategies.

All climate related risks will feed into our strategic risk on meeting our net zero carbon/ESG targets. This is one of our top 10 strategic risks which is reported on a six monthly basis to the Audit and Risk Committee.

Our Strategic Research team, which undertakes a detailed horizon scanning process on trends including environmental ones, tracks new policy announcements and changes in regulation regularly. Key trends are reported to the Board annually.

Reporting and communication play a crucial role as well to ensure transparency and facilitate informed decision-making around climate risk considerations. We report on climate-related risks to key stakeholders, including senior management, the board of directors and external partners. We have also committed to annually reporting against TCFD and regularly conducting climate risk assessments in line with TCFD best-practice recommendations, ensuring climate-related risks are consistently integrated into our risk management framework.

Moving forward, we aim to further integrate the findings of our climate risk scenario modelling into our risk management framework under the climate change principal risks, as well as developing mitigation strategies. It will be proposed that climate risk sits with a Board member, who hears directly from the Sustainability Working Group.

3b. Describe the organisation's processes for managing climate-related risks

To complement our efforts in identifying and assessing climate-related risks, we ensure robust processes to manage these risks that allow us to develop strategies, implement actions and monitor progress in responding to climate-related risks.

We prioritise energy efficiency initiatives across our properties to reduce carbon emissions and lower energy consumption. Efforts are underway to improve the energy efficiency of our homes, by using a fabric first approach which includes the installation of double-glazed windows, insulated external doors and loft insulation. We are also installing wall insulation which includes fitting external wall insulation to enhance the energy efficiency of hard-to-treat homes. We are also upgrading boiler systems and are exploring opportunities to integrate renewable energy sources into our operations.

We continually monitor climate-related risks and evaluate their effectiveness and impact on our operations. We do this through reviewing flood and subsidence risks logged in our ERM software, as well as through monitoring upcoming legislation. Through conducting a Climate Risk Assessment, we have assessed the vulnerability of our properties to climate-related risks, and we are looking to develop a Climate Adaptation Plan to enhance the overall resilience of our portfolio. To manage climate-related risks, we have considered how these risks and implications can be incorporated in our ERM, whereby they would be actively monitored and mitigated where required. We will continue to embed climate risk management and oversight within our Governance structures.

We establish key performance indicators (KPIs) and targets to monitor and evaluate the progress of our climate risk management initiatives, which also link to our Sustainability-Linked Bond. This helps us assess the effectiveness of our strategies, identify areas for improvement, and ensure ongoing alignment with our climate goals. For our new developments, some climate-related risks will be managed by future water and waste targets being developed.

Additionally, we engage with relevant stakeholders, to gather insights and perspectives on climate-related risks. Their input informs our risk identification process, ensuring a more comprehensive understanding of potential risks. We respond to key consultations so we have a say in legislation outcomes. We have responded on the Future Homes Standard consultation, the Net Zero call for evidence consultation, and National Housing Federation and G15 responses.

We participate in industry networks and initiatives focused on climate risk management to share experiences and stay up-to-date with emerging trends in climate-related risk management, including consultations.

This collaboration fosters shared responsibility, knowledge sharing, and collective action towards climate resilience.

3c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management

To create a comprehensive and cohesive strategy, climate-related risks are treated as an integral component of our broader risk management framework. Climate-related risks are addressed within our risk governance structure, including within our Risk Management Policy, Risk Register and Risk Appetite Statement.

Regular reporting processes capture climate-related risks, providing visibility to senior management, the board of directors, and other stakeholders. Risk is reviewed regularly by Audit & Risk Committee, and annually by the Group Board.

Our Enterprise Risk Management approach captures risk at all levels across the entire organisation, including climate-related risks. Climate-related risks are captured as part of the Environmental risk category in the ERM framework. Risk mitigation measures specific to climate-related risks are integrated with broader risk mitigation initiatives, ensuring a coordinated and efficient approach, which are then evaluated by the internal audit team.

To increase resilience in business processes, we ensure top climate-related risks as identified in the ERM framework are clearly identified and escalated to the Board and its committees. Details on the governance and oversight can be found in sections 1a. and 1b.

Climate risk considerations are integrated into decision-making processes, ensuring that climate-related risks are consistently evaluated and factored into strategic planning. Additionally, climate risk exposure assessment is a key part of ongoing engagement with insurers.

04

Metrics and Targets

Back to start

4a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process

We use a range of metrics to assess our resource consumption, energy, and carbon emissions and determine our exposure to climate-related risks and opportunities, and we are always aiming to improve our data collection and quality.

Our metrics include:

- GHG emissions (Scope 1, 2 and 3)
- GHG emissions intensity (tCO_2e/unit)
- EPC data for existing and new homes
- Proportion of purchased electricity from renewable sources
- Number of heat networks or communal heating systems for which energy efficiency improvement projects completed
- Existence of long-term plan for electrification of in-house fleet
- Energy, water and waste data for L&Q construction sites.

Sustainability Finance Framework

KPIs are linked to L&Q's sustainability-linked bond.

For more information see our Sustainable Finance Framework.

Click here

4b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks

We have reported our Scope 1 and Scope 2 emissions since 2019-20. Scope 1, Scope 2 and Scope 3 emissions are reported using SECR methodology in line with the GHG Protocol Corporate Accounting and Reporting Standard.

DNV have carried out independent third-party limited assurance on select sustainability metrics and targets published in L&Q's Sustainability Report 2022/23.

Please refer to the DNV's Assurance Statement available here.

Click here

4c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

As a business we have set the target of reaching net zero carbon for our Scope 1 and 2 emissions by 2050, with targets also relating to Scope 3 covered by our Decarbonisation Plan.

Our Sustainability Performance Targets as set out in our Finance Framework are as follows:

- Reduce GHG emissions by 20% by 31 March 2024 with respect to the Baseline
- Average calculated SAP score of 72 or above (corresponds to low EPC band C rating)
- 8000 new homes built by 31 March 2024 (with at least 50% 'affordable' housing)
- £10m invested in communities driven by identified social need and measurable impact.

Additional Sustainability Performance Targets are:

- 20% reduction in carbon emissions intensity (scope 1 and 2) by 31 March 2024
- 100% of purchased electricity consumption generated from renewable sources by 31 March 2022*
- Develop a decarbonisation strategy for existing homes by 31 March 2022, setting out the roadmap to EPC band C by 2030 and Net Zero 2050, commencing implementation in 2022/23
- Establish a minimum energy rating of EPC band B for in house new build homes from 1 April 2022, and enhance this target by 31 March 2023 based on the development of a roadmap for improving new build efficiency standards to near net zero
- 3000 students engaged on energy and climate change by 31 March 2024
- Conduct a climate risk review of L&Q Group by 2022 and report in line with the Taskforce on Climate-Related Financial Disclosures (TCFD) in 2023/24
- Ensure that water usage data is being captured and reported for all new in house construction sites from 1 April 2022
- Ensure that waste data is being captured and reported for all new in house construction sites from 1 April 2022
- Establish environmental design guidelines for placemaking, for consideration at all new developments from 2022.

Our Sustainability Finance Framework goals and KPI's are:

Our long-term goals	Measure
Net zero carbon emissions by 2050. Over the next year, we will calculate science-based targets to set our 2030 target	Scope 1 and 2 greenhouse gas emissions as measured in tCO_2e
Average calculated SAP score of 92 or above (corresponds to EPC band A rating) by 2050. Average calculated SAP score of 74.5 or above (corresponds to EPC band C mid-band rating) by 2030	Average energy rating for properties where L&Q has operational control, measured by the average standard assessment procedure (SAP) ratings provided on EPC's
100,000 new homes built or enabled by 2050. 30,000 new homes built by 31 March 2030	Number of new homes built acquired and let, with at least 50% of these provided as 'affordable' housing (as defined by the Housing & Regeneration Act)
£170million invested in communities driven by identified social need and measurable impact by 2050 £40million invested in communities driven by identified social need and measurable impact by 2030	Funding invested in local community organisations to generate positive social impact on the communities where our residents live

For more details of our Sustainability Finance Framework and other sustainability actions, see our 2022 Sustainability Report.

Click here

We want to continuously increase our sustainability ambition. Future targets are:

- KPI to be added to new Major Works projects requiring a minimum level of diversion of waste to landfill
- Fleet decarbonisation metric
- Aim to move towards SBTi approved targets.

*Achieved. However from October 2022, due to a tenfold increase in REGO certificate costs, a decision was made to temporarily switch to a standard electricity tariff.

For more information

L&Q Group
T: 0300 456 9998
www.lqgroup.org.uk