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London & Quadrant Housing Trust
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London & Quadrant Housing Trust sets out a financial framework to put environmental and social outcomes at the heart of its decision-making

London & Quadrant Housing Trust ('L&Q') today publishes its Sustainability Finance Framework (the 'Framework'), paving the way for the housing association to use a range of loans and bonds to boost environmental and social outcomes.

The Framework can be accessed via the following link:

<https://www.lqgroup.org.uk/en/investors/investor-information>

L&Q has four long-term targets relating to the environmental, social and governance ('ESG') agenda. These are to be a net-zero carbon business by 2050, to enable sustainable economic and housing growth, to safeguard the environment, and to collaborate with others to achieve significant improvement in social impact and social value.

The new Framework sets out how L&Q will work towards the spirit of the United Nations' Sustainable Development Goals. It will enable L&Q to issue both 'use of proceeds' green, social and sustainable instruments where the proceeds are earmarked to finance ESG projects defined under eligible categories, and sustainability-linked funding instruments whereby L&Q will be incentivised to improve its sustainability profile.

Eligible categories are defined as affordability and security, resident support, place-making, climate change, resource management and ecology.

For sustainability-linked instruments, L&Q will select one or several key performance indicators that target operational carbon emissions, energy efficiency of residents' homes, delivery of affordable homes and community investment.

A major catalyst for this has been the work of the L&Q Foundation, which in the previous financial year alone secured over £14 million in additional income for residents, and jobs for 300 people despite the restrictions of the pandemic. Where a structural incentive results in L&Q achieving an interest saving, that saving will be directly attributed to the L&Q Foundation.

Martin Watts, Director of Treasury said: "L&Q already has numerous social and economic programmes and services, delivered by the L&Q Foundation and L&Q Living, that increase opportunity and improve people's chances in life.

"We also recognise that decarbonising Britain's homes is not only an essential part of tackling climate change, but it saves residents money, helps combat fuel poverty, boosts the economy and creates jobs.

"Housing associations like L&Q want to be at the forefront of decarbonisation, but the sector is facing a huge challenge: how to finance net-zero ambitions whilst delivering a major

programme of safety remediation work, improving residents' existing homes, and building thousands of much-needed new homes.

He added: "L&Q has excellent relationships with our investor and lender partners, and we know that ESG credentials are an increasingly important part of their decision-making, so the potential economic benefit is clear.

"This new Framework sets out how the ESG agenda is integral to our vision, purpose and delivery of our corporate strategy. It outlines targets, our robust governance processes, and transparent reporting procedures."

The Framework will be governed by a new ESG Financing Panel. L&Q is committed to transparency through annual reporting covering, where applicable, both allocation and impact reporting.

The Framework has been reviewed by DNV Business Assurance Services UK Limited which has issued an independent second party opinion which can be accessed via the following link:

<https://www.lqgroup.org.uk/en/investors/investor-information>

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