

Sustainability report



L&Q



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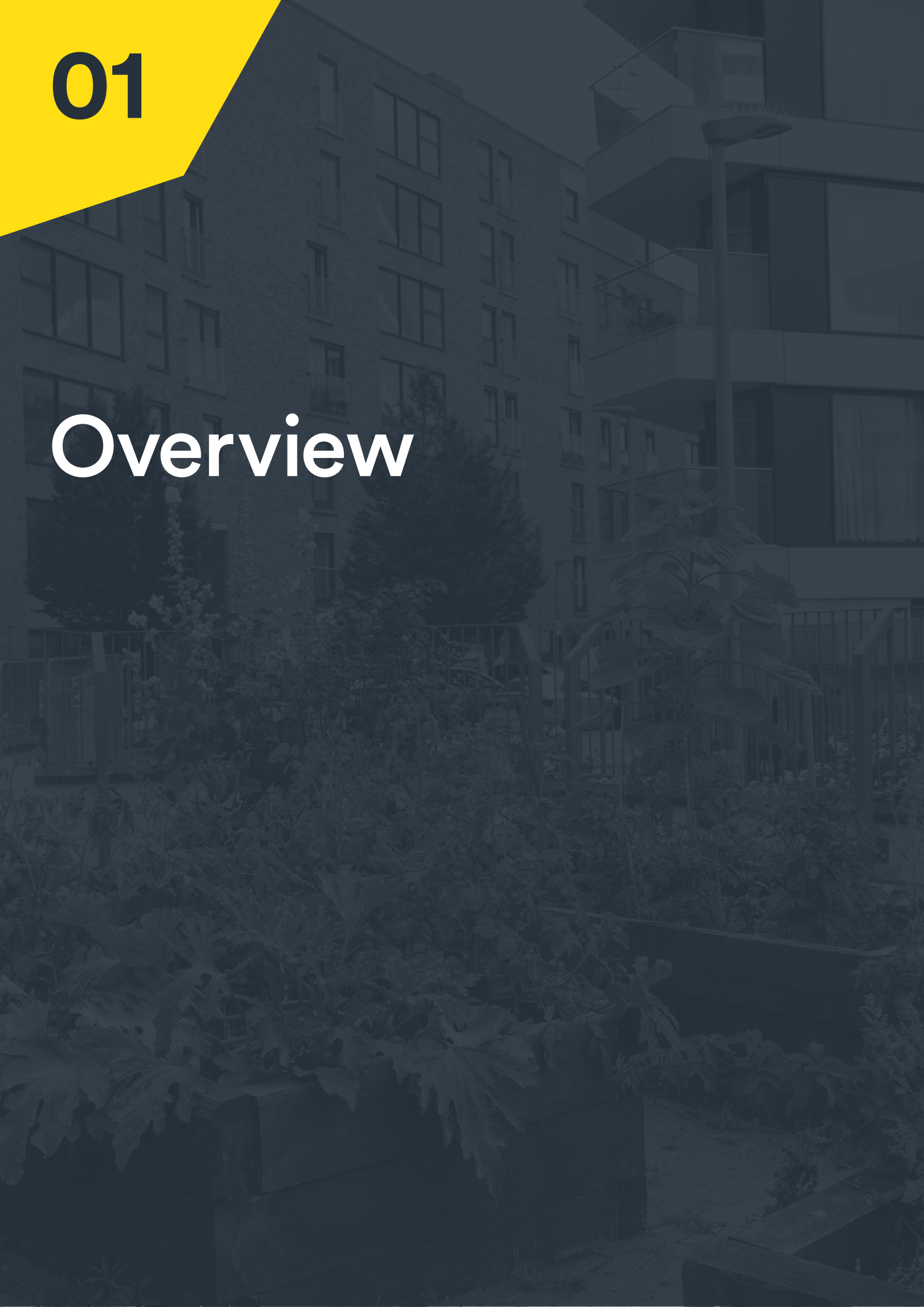
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01

Overview



1.1 Chief Executive introduction

This year has brought challenges for our sector, residents, and the wider economy. Financial pressures increased, driven by macroeconomic uncertainty and energy price volatility that directly impacted household budgets and running costs. At the same time, evolving regulatory requirements meant we had to work harder to meet the standards residents rightly expect from us.

Through all of this, we've focused on the most important things: meeting new building safety requirements and improving the quality of residents' homes – which have required significant investment and difficult decisions about where to allocate our resources. Residents need homes that are safe, decent and well-managed. In a year of competing pressures, this remained our top priority.

What gives me confidence is that, despite those headwinds, we continued to deliver against our key commitments. This year marked the end of our Future Shape Strategy (2021-26), during which we successfully achieved all three sustainability targets set out in our Sustainability Finance Framework.

Our teams continued to deliver for residents throughout the year. Our Foundation helped 3,400 residents manage debt and maximise their income, putting £15m back in their pockets. At a time when many households are feeling the pinch, this is proof of the difference we can make.

We also continued investing in residents' homes by delivering energy efficiency upgrades through our retrofit programme¹, focusing on harder-to-treat properties. We finished the year with an average Standard Assessment Procedure (SAP)² score of 73.65, exceeding our target of 72.8, and with 77% of homes at Energy Performance Certificate (EPC) C or above. While we remain slightly below the sector average of 78.8%, we've made real progress and recognise there is still work to do.

In 2025/26, we defined our next five-year strategy, engaging closely with colleagues, residents, and stakeholders to build a shared sense of direction. Launched in April, that strategy embeds climate and sustainability into decision-making, not as a standalone workstream, but fully woven into how we invest, build and work.

This summer's heatwaves were a wake-up call. Climate risks are already impacting our communities, particularly in cities like Manchester and London, and will only grow in the years to come. Meeting these challenges means joining up retrofit, nature-based solutions, and long-term planning, which is why we're strengthening our focus on all three.

There are reasons for optimism as well. Last year's Comprehensive Spending Review from the government restored confidence in the sector and delivered the long-term rent certainty we've been calling for. This, combined with the sale of Metra Living, our Private Rented Sector business, to Morgan Stanley Real Estate Investing (MSREI) in June, has placed us in an even stronger financial position. It gives us greater capacity to direct investment back into our core purpose as a social landlord, including improving the safety, quality and energy efficiency of residents' homes.

We enter next year in a better place. Our finances are stronger, our strategy is clear, and we're getting on with what matters, providing safe, quality homes for our residents.



Fiona Fletcher-Smith
L&Q Chief Executive

¹ Our retrofit programmes are Major Works Investment Programme (MWIP) and Social Housing Decarbonisation Fund (SHDF). See 2.2 for more details.

² Energy Performance Certificate (EPC) scores are calculated using the Standard Assessment Procedure (SAP) methodology, and EPCs a key indicator of energy efficiency, affordability, and resident wellbeing.

1.2 About L&Q

L&Q is one of the UK's largest housing associations, with its own development arm. We house around 250,000 people in more than 109,000 homes, primarily across Greater London and Greater Manchester.

Our purpose is simple – to provide social homes and landlord services that everyone can be proud of. This ensures we remain truly focused on what matters most to residents.



We believe passionately that people's health, security and happiness depend on where they live. That's why we're more than a registered charitable housing association.



As a community partner with an enduring stake in the places we build and manage, we have a duty to deliver wider benefits to society, above and beyond providing homes.



Barking Riverside

1.3 Embedding sustainability into our strategy

As we reach the end of our Future Shape Strategy (2021-2026), we're proud of the progress we've made. Over the past five years, we've strengthened how sustainability is managed across the organisation, improved our understanding of climate-related risks, expanded our reporting and disclosures, secured external funding to support energy efficiency improvements, and developed stronger partnerships across the sector to drive positive change. This work provides a strong foundation for the future, but we recognise there is still a long way to go. The challenges facing the housing sector are significant and evolving, from maintaining safe, high-quality homes and meeting increasingly complex regulatory requirements, to improving the environmental performance of existing homes and adapting to the impacts of climate change. Combined with ongoing pressures on household finances, addressing these issues will require long-term investment and collaboration across the sector.

Future Shape sustainability objectives



Carbon
emissions



Climate
resilience



Construction
impacts



Sustainable
placemaking



ESG
framework

Our 2026 cumulative sustainability key performance targets



Targets all met



72.8

Average calculated SAP score
of 72.8 by 31 March 2026



3,898

Homes built by
31 March 2026



£800k

Invested in financial support services
for residents by 31 March 2026

Having now entered a new five-year strategy period, this report looks back on the final year of the previous strategy and sets out our approach for the years ahead. In the strategy, we outlined how we would generate social value, safeguard the environment and operate our business in a transparent and ethical manner. We used the UN Sustainable Development Goals to shape our approach.

In the summer, we published nine detailed strategic plans setting out how we'll deliver our Future Shape 2026-2031 commitments. 'Environmental', 'Social', and 'Governance' activities run throughout these plans and are monitored through a range of performance indicators. Together, they provide a framework for delivering long-term value for residents, communities and the environment while ensuring we remain resilient in a rapidly changing world. These can be viewed on our website.

[Click here](#)

To view Our Future Shape 2026-2031

[Click here](#)

To view our strategic plans

1.4 Our approach to sustainability reporting

Sustainability Reporting Standard for social housing (SRS)



We remain adopters of the Sustainability Reporting Standard for social housing (SRS). This report is aligned to the latest version of the SRS 2.1 published in Spring 2026.

To date, our Sustainability Reports have highlighted progress against the SRS metrics across all ESG outcomes. For more information about the changes see the following page.

ESG Framework

Historically, our Sustainability Report has been organised around our ESG priorities, with progress reported to governance groups quarterly.

Environmental 	Social 	Governance 
Our impact on the environment We measure our impact on the environment in a number of areas, including: • Climate action • Healthy places • Resource efficiency.	Our residents and the communities they live in Our social impact focuses on our residents and the communities where they live, including: • Providing affordable and secure homes • Supporting our residents • Community investment.	How L&Q Operates L&Q's governance covers how we operate as a business, house builder and landlord, including: • Employee wellbeing • How we manage our supply chain • Representative governance.

We also collaborate sector-wide through the G15, finding areas to drive best practice and inform government and local policy, as well as being members of the Future Homes Hub, working in partnership to deliver better performance for new build homes.

Sustainability Report 2025/26

This year, we're changing the way we report on sustainability, reflecting our wider efforts to strengthen how we disclose performance against our commitments and provide stakeholders with clear, transparent information on our progress and risk management approach. This reflects a growing sector-wide focus on energy efficiency, electrification, climate resilience and biodiverse green spaces, alongside evolving expectations for transparency and accountability.

The sector is preparing for the Social Tenant Access to Information Requirements (STAIRs), which come into effect in October. These requirements will see Registered Providers publish specified housing management information through Publication Schemes on their websites, creating greater accessibility and consistency of information for residents and stakeholders. L&Q's Publication Scheme will provide a central, accessible source of information about our operations, making key information easier to find, understand and use.

To support these developments and ensure our reporting remains focused, relevant and accessible, the 2025/26 Sustainability Report includes the following updates:

- The Sustainability Report remains our primary document for reporting environmental performance
- While the environmental performance continues to be reported in full within the document, social and governance information is accessible through the signposted content on our website and in other corporate publications (with the exception of the Governance section, Sustainability Reporting Standard (SRS) criteria 29, which is included within this report)
- This year's report marks the final year of the Future Shape Strategy (2021-2026). During the period, we've enhanced Scope 3 reporting, incorporated the Future Homes Hub (FHH) core environmental metrics for new homes, and further aligned our reporting with the updated SRS criteria
- As in previous years, the report includes performance against our sustainability-linked KPIs, together with information on assurance
- Our Task Force on Climate-related Financial Disclosures (TCFD)-aligned report (now incorporated within IFRS Sustainability Disclosure Standards) is fully integrated into 2.2.4. This reflects the continued development of our approach to demonstrate good practice in publishing how we identify, assess and manage climate-related risks and opportunities, and our understanding of their implications for our business and stakeholders
- Lastly, see 6.3 for alignment between the SRS, FHH, and TCFD.

Look out for the SRS numbers and FHH boxes throughout this report →

C1

FHH:
Standards

As we continue to implement our new corporate strategy, we'll keep evolving our reporting approach to ensure it remains aligned with stakeholder needs, regulatory requirements and best practice.

Information for investors

Investors can find our performance results relative to the targets set in our Sustainability Finance Framework in section 6.1.

02

Environment





We are committed to reducing the carbon footprint of our business. Our Future Shape Strategy 2021-2026 prioritised improving the energy efficiency of existing homes and building energy efficient new homes. Energy use in our buildings has been our biggest source of Scope 1 & 2 emissions. Focusing on the sustainability of our homes is the best way that L&Q can contribute to tackling the climate crisis, while also reducing energy costs for residents.

During the Future Shape Strategy period, our activities have been focused on the following key areas:



Climate Action – decarbonising homes and activities, while futureproofing our business, residents and communities against the impacts of climate change.



Resource Efficiency – using resources more efficiently and minimising the amount of waste produced during construction, refurbishment and day-to-day operations.



Healthy Places – maximising shared value by creating places that are healthy for both people and planet.

Below, we outline progress in these areas over the last year.

2.1 Our progress at a glance



Energy efficiency of our existing homes

73.65

average calculated SAP score
Last year: 73.21



Scope 1 & 2 Carbon emissions

29,183.74

tonnes CO₂e
Last year: 31,529.53



Improving energy efficiency of our homes

174

homes improved
Last year: 675



In-house construction site environmental impacts

100%

of sites monitoring energy, water, waste
Last year: 100%



2.2

Climate change



C1 C2

FHH: Homes that are zero carbon in use



Sustainability
Performance
Target met



Average
SAP score

73.65

Almost 4%
reduction
in percentage
of homes below
EPC C



+2%

increase in homes
achieving EPC C or
above year on year

Energy efficiency of our homes

Energy Performance Certificates (EPCs) are a key indicator of energy efficiency, affordability, and resident wellbeing, and are fundamental to reducing carbon emissions and residents' energy costs.

This section outlines the distribution of our homes by EPC rating, including the proportion above and below EPC C. 77% of L&Q homes met EPC band C or above as of 31 March 2026 (under SAP 9.94), up from 75% of the previous year - or 71% under SAP 10 methodology.

For context, analysis for 2024/25 showed that L&Q's proportion of homes meeting EPC C was lower than that of most other large London-based landlords, slightly below the overall sector average, and below the wider benchmark of 78.8% reported in the 2025 SRS.

Whilst performance improved in 2025/26, we recognise that there is more work to do to bring the remaining homes up to standard.

The regulatory landscape continues to evolve, with the introduction of Minimum Energy Efficiency Standards (MEES) and proposed EPC reforms setting more stringent requirements for performance. We're actively working to understand how our portfolio aligns with these emerging requirements, and will start reporting on them in 2026/27.

Impact of RdSAP 10 and performance against target

Changes in SAP methodology have impacted our reported figures this year, with a knock on impact on our delivery programmes. EPC scores are calculated using the Standard Assessment Procedure (SAP) methodology. In June 2025, RdSAP 10 was launched to replace the 10-year-old RdSAP 9.94, with a greater-than-expected impact on SAP scores, especially for homes with district or communal heating. This resulted in a significant overall drop and had financial implications.

We've adopted the new version from April 2026, in line with evolving industry best practice and regulatory expectations. To keep calculations consistent within our Sustainability Finance Framework, we've reported against SAP 9.94 for 2025/26. Our target for the year was to achieve an average calculated SAP score of 72.8, equivalent to a low EPC C rating. We exceeded this target, achieving an average SAP score of 73.65. Contributing factors included the handover of new, high-performing homes at EPC B or above, stock rationalisation activity, improved data quality and collection processes, and energy efficiency upgrades through our Major Works Investment Programme (MWIP).

Energy efficiency of our homes as of March 2026

RdSAP 9.94		
EPC Rating	L&Q homes	L&Q %
A	191	0.25%
B	16,342	21.80%
C	41,023	54.73%
D	16,799	22.41%
E	545	0.73%
F	44	0.06%
G	6	0.01%
Total number of homes	74,950	100
Total number of homes under C	17,394	23.21%
SAP 9.94 Average	73.65	N/A

RdSAP 10		
EPC Rating	L&Q homes	L&Q %
A	172	0.23%
B	5,094	6.80%
C	48,091	64.16%
D	20,892	27.87%
E	651	0.87%
F	46	0.06%
G	4	0.01%
Total number of homes	74,950	100
Total number of homes under C	21,593	28.81%
SAP 10 Average	71.84	N/A

Note: Based on calculated SAP, this includes a mixture of data from lodged EPCs, L&Q asset data and some cloned data. These homes only include domestic homes where we have management responsibility.

Future Homes Hub (FHH)

Topics

Homes that are zero carbon in use

Core metric

Our average annual operational carbon intensity of completed homes for 2025/26

2025/26 progress

L&Q reports an average operational carbon intensity of 0.123 kgCO₂e/m²/year, calculated using SAP-derived data from Portfolio. The dataset covers Social Housing (General Needs) and Shared Ownership homes developed in-house, representing 225 of 2,055 total completions in FY2025/26. Coverage is limited due to EPC data availability and will be improved in future reporting cycles.

New homes and future standards

We remain committed to ensuring that all new homes achieve a minimum EPC rating of B or higher. In 2025/26, 99.6% of newly handed-over homes met this standard. A breakdown of schemes achieving EPC ratings A, B and C can be found below. Properties with EPC ratings of D or E are excluded from reporting, as there should not be any, and none were recorded in this period.

There are some data limitations to note. The baseline handover data included a number of homes delivered by L&Q as part of a joint venture. These homes were handed over to and sold by our joint venture partner (after which L&Q had no on-going interest in them) and have been excluded from the reported results.

In addition, a small number of homes have fallen short of attaining EPC B. This is generally due to legacy technical specifications or specific site-related factors such as orientation or positioning within a building, which can result in homes narrowly missing the EPC B threshold.



New build homes in Whalley Manor meeting the EPC standard



99.6%

new homes meeting our minimum EPC B standard

EPC breakdown of new builds in 2025/26

EPC Rating	L&Q new homes	As % of total
A	22	1.1
B	1477	73.1
C	60	3.0
N/A	461	22.8

In line with the Future Homes Standard and emerging local policies, we continue to explore fabric and energy efficiency measures to improve the performance of homes. For instance, we're on site delivering a pilot in Tamworth working towards Greater Manchester's Truly Affordable Net Zero (TANZ) initiative. The pilot will help us understand the costs, risks and opportunities of delivering carbon neutral social homes fit for the future.

Our net-zero strategy and targets, and retrofit progress. Improving the energy efficiency of residents' homes

Making our homes more energy efficient brings real benefits for residents. It can help reduce energy bills, improve comfort and wellbeing, and lower carbon emissions. It is also an important step towards meeting net zero and reducing the environmental impact of the homes we manage.



786

homes brought up to EPC C through insulation upgrades since 2024



£15.7m

government funding secured for energy efficiency improvements

In 2025/26 across both SHDF and Major Works (MWIP), L&Q has installed:



2,441

homes with 'A' rated double-glazed windows



68

homes with additional cavity wall insulation



119

homes with additional loft insulation



134

homes with improved ventilation



2,827

homes with 'A' rated insulated external doors



2,848

homes with upgraded boiler systems



27

efficiency improvements in 27 district heating schemes



105

homes with additional internal or external wall insulation

To help achieve this, we've used government funding through the Social Housing Decarbonisation Fund (SHDF) and, more recently, the Warm Homes Fund (WHF) Wave 3. Our SHDF Wave 2.1 programme came to an end in 2025/26. Launched in 2024, it aimed to improve more than 3,000 homes over two and a half years. In total, 786 homes were brought up to EPC Band C through insulation upgrades between 2024 and 2026, including 110 in 2025/26.

In 2025/26, we launched a new three-year £58.5 million programme to upgrade a further 1,500 homes to EPC B and C. This programme secured £15.7 million in government grant funding, with the remainder funded by L&Q, and focused on fabric first measures for our hardest-to-treat homes.

In January 2026, the programme was reduced to £40 million, with 1,350 homes now expected to reach EPC C by 2028. During 2025/26, 64 homes were brought up to EPC C, compared with a Year 1 target of 2035.



Through our Decent Homes programme, we invested in measures including double glazing and insulated external doors, helping an increasing number of properties reach EPC C

Challenges and future direction

Activity across both energy efficiency programmes depended on internal match funding. Against a challenging economic climate, difficult decisions were made to reduce in-year budgets for energy efficiency works, while protecting investment in building safety compliance and the upcoming Decent Homes standard. This reflects our priority to focus resources on residents' safety and essential services.

Although some match funding was retained for EPC improvement measures, resources were further stretched by our prioritisation of homes with the lowest energy performance, including difficult-to-treat properties, such as terraced homes with solid walls. The higher than anticipated costs and delivery challenges of deep retrofit measures like solid wall insulation required additional match funding and longer delivery times than planned.

Despite these challenges, we've made significant headway in improving the energy performance of homes. Through our Decent Homes programme, we invested in measures including double glazing and insulated external doors, helping an increasing number of properties reach EPC C.

As we prepare for full compliance with the Minimum Energy Efficiency Standards (MEES), our approach has been designed to maximise benefits for residents while balancing wider financial pressures and competing investment priorities.

We're continuing to review and refine our net zero strategy and develop a longer-term approach to decarbonisation, including our route to EPC C by 2030 and Net Zero by 2050. The refreshed approach is expected to include a stronger focus on transitioning to low-carbon heating, MEES compliance (which was not a consideration in the 2022 plan), and solar panel rollout.

Resident feedback

As part of the SHDF Wave 2.1 programme, we carried out a customer survey which indicated that the works were very well-received overall. Satisfaction levels were consistently high, typically ranging from 80–100%, with key strengths including the quality of workmanship, efficient delivery, and noticeable improvements in warmth.



Delivering warmer, cheaper and more comfortable homes

“

Upstairs is a lot warmer.

“

The house does seem warmer.

The Lewisham Park Towers programme demonstrates the benefits of retrofit upgrades.

While a typical improvement from EPC D to C is associated with moderate reductions in energy use, the scale and approach of this whole-building upgrade delivered significantly greater impact. Residents have reported energy bill reductions of over 50%, equating to an average saving of £199 per household per year, alongside carbon savings of over 1 tonne per home annually.

As part of our ongoing investment in our existing homes, residents who have received energy efficiency works were invited to share feedback. Many residents reported that their homes felt noticeably warmer, particularly in upstairs rooms. Several residents highlighted improved comfort levels throughout the home.

Residents also praised the quality of the completed works and the overall appearance of their homes. Feedback described the changes as “brilliant”, and “amazing”, with many residents reporting a positive experience from start to finish.

Several residents reported early signs of reduced fuel costs or anticipated savings in the future, and consistently linked the improvements to warmer living conditions.

Overall satisfaction was consistently strong. Residents provided scores ranging from 6 to 10 out of 10, with the majority awarding scores of 8, 9 or 10. Residents who experienced installation issues reported that these were typically resolved after further support from the project team.

The survey identified opportunities to improve future projects, including reducing draughts around windows and doors, completing follow-up works more quickly, and providing clearer information about when residents may begin to experience energy savings. Residents also highlighted the importance of continued support for homes affected by existing mould and damp issues.

By listening to residents and acting on their feedback, we can continue to improve the quality and performance of their homes.

Exploring the carbon impact of retrofit measures

We've already trialled low carbon materials through our refurbishment of Lewisham Park Towers

In 2026, we launched a project funded by the Mayor of London's Zero Carbon Accelerator to explore the carbon impact of different retrofit approaches. Using selected L&Q estates as case studies, the project aims to identify where the greatest carbon savings can be achieved while remaining within realistic cost ranges.

The study is assessing the whole-life carbon impact of retrofit interventions, taking into account both the emissions associated with materials and the long-term benefits from reduced energy use. It will also examine the cost and carbon implications of scaling up retrofit across affordable housing.

Drawing on the investment banding set out in our decarbonisation strategy, the project models a range of retrofit and redevelopment options across different housing types. This will help identify the most cost-effective and carbon-efficient routes to achieving EPC and SAP performance targets.

The findings will be used to develop recommendations for future investment decisions and could support the creation of a wider retrofit planning toolkit

in a future phase, subject to securing additional match funding.

In fact, we've already trialled low carbon materials through our refurbishment of Lewisham Park Towers.

We partnered with Bauder to install ECO FF insulation, which is manufactured using a biomass balance approach.

This incorporates renewable raw materials derived from agricultural and food industry waste, alongside recycled production materials.

This approach reflects our commitment to taking incremental steps towards sustainability-using innovative material solutions to reduce environmental impact while maintaining performance and practicality across both new build and retrofit housing projects.





£9m

government
funding secured
for a low-carbon
heat network at
Barking Riverside

Our energy use

Gas consumption accounts for 70% of our overall emissions reported in Streamlined Energy and Carbon Reporting (SECR) with heat networks a significant portion of this usage. These systems primarily run on gas boilers and we're reducing emissions by improving their operational efficiency. Decarbonising occupied buildings is expensive and technically complex, and disruption to residents must be kept to a minimum.

In 2025/26, we secured government funding through the Heat Network Efficiency Scheme (HNES) and Green Heat Network Fund (GHNF). The £9 million GHNF will help us deliver a low-carbon heat network at Barking Riverside, with a new energy centre at Dagenham Dock capturing waste heat to supply low-carbon heating to up to 18,500 new homes, plus commercial spaces, schools, offices and event venues across the development.



18,500

new homes could
receive low-carbon
heating through the
Barking Riverside
heat network

Existing homes nearby will also connect, replacing older systems and cutting emissions and residents' bills.

Energy efficiency projects upgrade a home's fabric or systems, while optimisation improves performance from existing systems rather than installing new ones.



70%

of our reported
SECR emissions
come from gas
consumption

Most heat network and communal heating projects this year focused on condition improvement and plant replacement, rather than optimisation. We completed three projects and have four remaining schemes focused on energy efficiency, plus five optimisation studies covering heat network upgrades, boiler replacements, Building Management System (BMS) enhancements, and Heating Interface Unit (HIU) replacements. We're seeing early signs of reduced gas use and will keep monitoring to draw firm conclusions.

Electricity in communal areas contributes only a small portion to our Scope 1 & 2 emissions. We continued to procure renewable electricity for office operations where feasible.

Following a review of the cost of Renewable Energy Guarantees of Origin (REGOs), we chose not to procure renewable electricity for communal supplies, to avoid passing costs onto residents. In 2025/26, a 2,102,607 kWh of green electricity was purchased - about 5.8% of total consumption.

Low Carbon Exchange continues to manage and annually service our solar PV assets, improving generation capacity and safety.



**2.1m
kWh**

of green electricity
purchased in
2025/26



8.7%

of our Scope 1 emissions come from our operational fleet

Our fleet

8.7% of our Scope 1 emissions come from fuel used by our operational fleet - mainly maintenance, caretaking, and facilities services, running on petrol and diesel. Decarbonising this fleet is part of our wider sustainability ambitions, though we recognise it's a gradual transition requiring careful planning and infrastructure investment.

A key challenge is that many operatives aren't centrally based, limiting access to depot or home charging infrastructure. We're taking a phased, evidence-led approach to balance operational continuity with environmental progress.



EV pilot launched

testing three charging models to support our fleet transition

In 2025/26, we launched an electric vehicle pilot with volunteer drivers across selected Maintenance and Caretaking teams, testing three charging models to understand what a wider fleet transition would need.

- **Home charging:** chargers installed at participants' homes, with automated reimbursement software
- **Public charging:** flexibility where home or depot charging isn't practical
- **Workplace charging** is being explored across sites, including our CleanStart depot in the North West.

We also reviewed EV charging infrastructure across our estates, including a full asset survey and a long-term charger management strategy.



Electric vehicle charge points set up in CleanStart depot



2035

government target
for all new cars
and vans to be
zero emission



EV salary sacrifice

helping colleagues
access new
electric vehicles
at lower cost

Early insights into fleet suitability, driver behaviour and changing demand will directly inform our fleet decarbonisation roadmap.

In 2025/26, we switched from Shell to BP, introducing two new fuel suppliers, delivering cost savings and expanded access to the BP Pulse network.

We also arranged charging reimbursement and roaming access through Rightcharge, building a strong EV charging ecosystem for the future.

In 2026/27, we will use the evidence to guide future investment decisions and support a phased transition aligned with the government's Zero Emission Vehicle mandate, which requires all new car and van sales to be zero emission by 2035.

We also teamed up with Octopus Electric Vehicles to introduce a salary sacrifice scheme, enabling staff to access new electric vehicles with cost savings. We'll continue working with industry partners to support the wider transition to low-carbon fleet operations.



Our new fleet of electric vans have hit the road

C5

FHH: Production and construction that is low embodied carbon

Carbon emissions Scope 1, 2, and 3

Our energy consumption and associated carbon emissions are reported in line with the UK government's streamlined energy and carbon reporting (SECR) regulations, covering the Group's consumption of natural gas, electricity and transport fuel. Specifically, they include:

- Gas and electricity used in our offices
- Gas and electricity procured for use in our residential portfolio, eg for communal heating
- Temporary gas and electricity supplies to empty homes in our residential portfolio
- Mains electricity and fuel used on our construction sites
- Fuel used by our transport fleet
- Fuel used for business purposes by all employees within L&Q.

Scopes 1, 2 and 3 carbon emissions

Measure	2019/20 baseline	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	% change from baseline year
Scope 1 greenhouse gas emissions (total) as measured in tCO ₂ e	22,155.89 tCO ₂ e	23,282.93 tCO ₂ e	25,419.17 tCO ₂ e	26,263.54 tCO ₂ e	25,465.01 tCO ₂ e	24,804.69 tCO ₂ e	22,695.60 tCO ₂ e	2%
Scope 2 greenhouse gas emissions (total) as measured in tCO ₂ e	10,666.33 tCO ₂ e	9,984.81 tCO ₂ e	4,739.20 tCO ₂ e	5,548.35 tCO ₂ e	8,345.94 tCO ₂ e	6,724.84 tCO ₂ e	6,488.14 tCO ₂ e	-40%
Scope 1 and 2 greenhouse gas emissions (total) as measured in tCO ₂ e	32,822.22 tCO ₂ e	33,267.73 tCO ₂ e	30,158.37 tCO ₂ e	31,811.89 tCO ₂ e	33,810.95 tCO ₂ e	31,529.53 tCO ₂ e	29,183.74 tCO ₂ e	-11%
Scope 1 and 2 greenhouse gas emissions (intensity) as measured in tCO ₂ e/unit	0.2712 tCO ₂ e/unit	0.2574 tCO ₂ e/unit	0.2335 tCO ₂ e/unit	0.2426 tCO ₂ e/unit	0.2645 tCO ₂ e/unit	0.2652 tCO ₂ e/unit	0.2572 tCO ₂ e/unit	-5%
Scope 3 greenhouse gas emissions as measured in tCO ₂ e (employee mileage)	403.15 tCO ₂ e	202.89 tCO ₂ e	144.75 tCO ₂ e	508.52 tCO ₂ e	508.18 tCO ₂ e	388.88 tCO ₂ e	419.81 tCO ₂ e	4%
Housing stock information (homes managed or under construction)	125,086	129,244	129,140	131,108	121,262	118,901	113,451	-9.3%

Note: Scope 3 employee mileage figures in this table do not include 'well-to-tank' (the extraction of fuels) and upstream transport and distribution (losses in the grid).

Future Homes Hub (FHH)

Topics

Production and construction that is low embodied carbon

Core metric

Total emissions (Scope 1 & 2)

2025/26 progress

L&Q reports Scope 1 and 2 emissions of 29,183.74 tCO₂e. A permitted exception has been applied, as emissions are reported using the SECR organisational boundary rather than being limited to new homes delivery activities. During FY2026/27, L&Q will work to improve the granularity of emissions data and progress alignment with the Future Homes Hub C4 boundary.



7%

reduction in total carbon emissions against our baseline year

L&Q's total carbon emissions across Scopes 1, 2 and 3 decreased by 8% compared with last year. This includes all emissions reported within the scope of SECR. Compared to the baseline year, our Scope 1 emissions have increased by 2%. With the stock sizing remaining relatively similar, this can most likely be attributed to continued improvement of our previously estimated databases. Compared to last year – a 12% increase – this is a reduction and indicates ongoing progress on energy efficiency and decarbonisation initiatives. As part of the SECR, only employee mileage is included. This section covers the rest of the Scope 3. For a detailed breakdown of Scope 1 and 2, alongside employee mileage, see our SECR report in 6.2.

In our 2022/23 report, we published our indirect emissions (Scope 3) for the first time, covering three areas: the operational energy of our housing stock, purchased goods and services and investments.

In 2024/25, we expanded our disclosures to include additional categories where feasible

- Existing homes energy use (category 13 downstream leased assets)
- Electricity transmission and distribution losses (category 2 fuel-and energy-related activities)
- Construction waste (category 5 waste generated in operations)
- Business mileage (category 6 - business travel)
- Commuting data (category 7 - employee commuting)
- Embodied carbon of new homes (category 2 capital goods).

In 2025/26, we've built on this by including emissions from all our purchases (Category 1 purchased goods and services), for greater continuity and transparency in our Scope 3 reporting. We have delivered these calculations internally using a spend-based methodology, applying emissions factors through the Carbon Saver tool. While this enables broad coverage, we recognise its limitations around accuracy and granularity, and intend to move towards a hybrid methodology over time, drawing on more supplier-specific data where available. Movements in Scope 3 emissions compared to 2024/25 reflect a mix of increases and decreases, largely driven by improved data and activity levels. Emissions from existing homes energy use (Category 13: downstream leased assets) decreased by 27%, mainly due to 2,453 fewer homes within scope and 903 additional homes with communal heating excluded to avoid double counting with Scope 1. Emissions from embodied carbon in new homes (Category 2: capital goods) decreased by 11%, in line with 261 fewer homes being built year-on-year.

In contrast, electricity transmission and distribution losses (Category 3: fuel-and energy-related activities) increased by 16%, reflecting an 11% rise in electricity consumption (more detail in the SECR report). Emissions from construction waste including the MWIP and in-house new build activities (Category 5: waste generated in operations) increased significantly, driven by improved data coverage and stronger supply chain engagement, rising in proportion to the number of projects reported. Emissions from employee commuting (Category 7) increased by 15%, in line employee numbers (further detail on business travel (Category 6) is in the SECR report).

Improving the quality of our Scope 3 data depends significantly on our engagement with supply chain partners. We continue to work closely with suppliers to better understand emissions across the value chain and to support improvements in whole life-cycle emissions reporting.

Scope 1, 2 and 3: Breakdown of our emissions from 2025/26



Scope 1

Direct GHG emissions occur from sources that are owned or controlled by the company, for example, emissions from combustion in owned or controlled boilers, furnaces, vehicles, emissions from chemical production in owned or controlled process equipment.

Scope 2

GHG emissions from the generation of purchased electricity consumed by the company. Purchased electricity is defined as electricity that is purchased or otherwise brought into the organisational boundary of the company. Scope 2 emissions physically occur at the facility where electricity is generated.

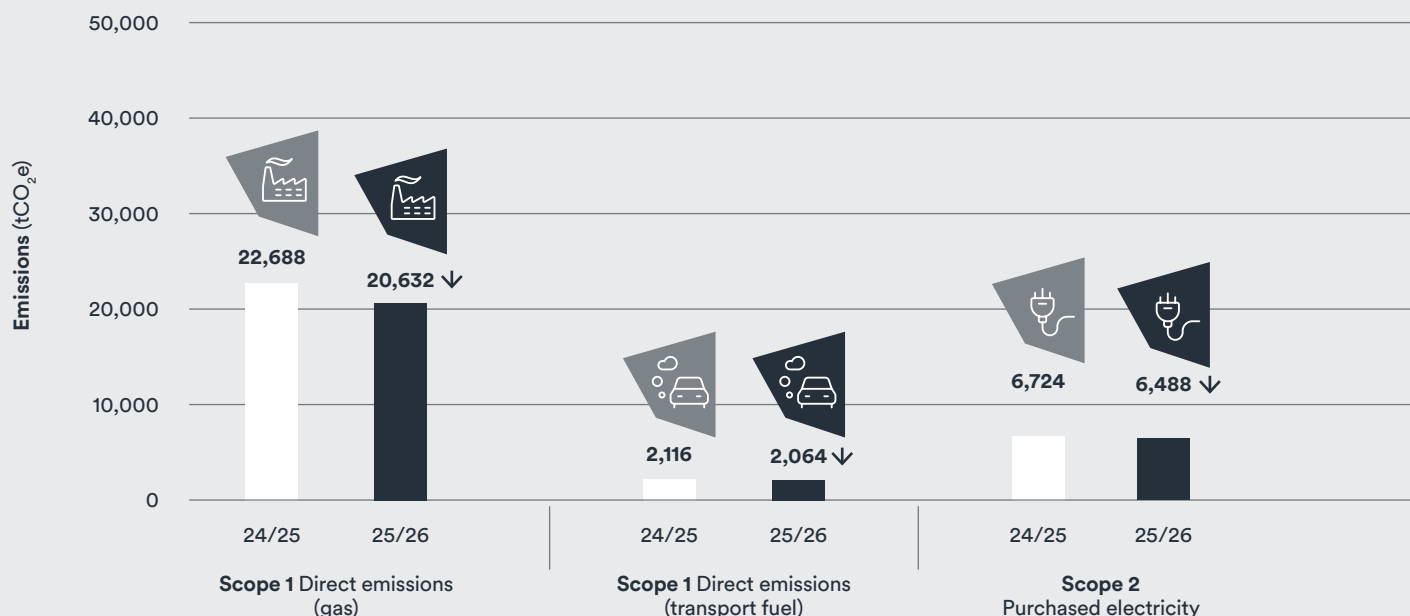
Scope 3

Scope 3 is an optional reporting category that allows for the treatment of all other indirect emissions. Scope 3 emissions are a consequence of the activities of the company, but occur from sources not owned or controlled by the company. Some examples of scope 3 activities are extraction and production of purchased materials; transportation of purchased fuels; and use of sold products and services.

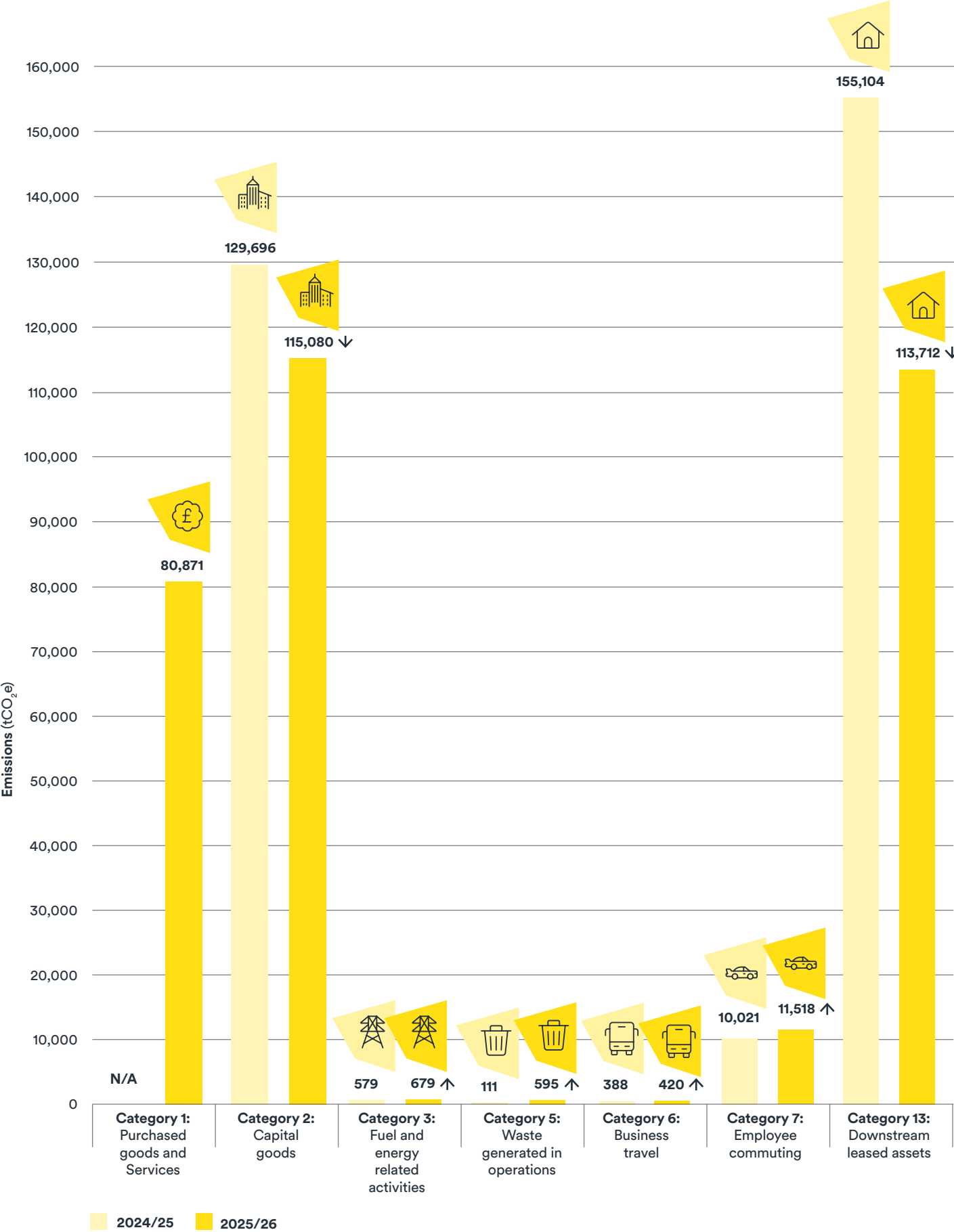
The above definitions are taken from this document:

[GHG Protocol at ghg-protocol-revised.pdf](#)

Scope 1 and 2 emissions comparison between 2024/25 and 2025/26



Scope 3 emissions comparison between 2024/25 and 2025/26



Our climate resilience

While TCFD-aligned reporting, now known as IFRS Sustainability Disclosure Standards, is not currently mandated for the sector, the impacts of climate change will inevitably affect residents' homes. We understand that our financial stakeholders in particular value alignment with their own risk reporting obligations. We have therefore found it valuable to identify, assess, and communicate our most material climate-related physical and transition risks in this report in line with recognised good practice. We continue to use TCFD/IFRS Framework's 'Governance, Strategy, Risk Management and Metrics' pillars to explain our approach to managing the risks that climate change poses to residents' homes and our operations.

[Click here](#)

To view the first TCFD report

Governance

Oversight of Environment and Climate Change sits with Group Board, delegated to our Development Committee. At officer level, Investment and Property Group (IPG) oversees delivery and investment decisions.

Sustainability performance is tracked via scorecards scrutinised by officer-led governance groups. From 2025, the IPG-led scorecard covers Environment and Climate Change only, with social and governance indicators reported to Customer

Group and Governance and People, and overall oversight remaining with Group Board.

ESG delivery is embedded in departmental business plans with quarterly reviews. Our Sustainability Finance Framework is overseen by the Senior Leadership Group (SLG). Climate-related risks are shared with IPG and the Audit & Risk Committee.

As we enter a new strategic period, this oversight structure is under review to further strengthen accountability and risk management.



108,000+ homes

assessed through our portfolio-wide climate impact analysis



Quarterly oversight

tracking Environment and Climate Change performance through our sustainability scorecard

Strategy

In 2024, we updated our Sustainability Finance Framework, refreshing our ESG metrics for the remainder of the corporate strategy period - with delivery supported by clearly defined risks and associated tolerances (see **Risk Management**).

In preparation for the new corporate strategy, we worked closely across the business to develop new plans and targets, drawing on existing research and internal materials alongside benchmarking against sector peers.

We held cross-functional workshops to agree outcomes and ensure alignment, with delivery supported by clearly defined risks and associated tolerances.

Clear targets and tolerances supporting delivery of our sustainability strategy

Risk management

Environment and Climate Change is one of L&Q's nine strategic risks, scrutinised through the Internal Controls and Assurance Framework (ICAF) quarterly status report shared with our Senior Leadership Group, Executive Group and Audit and Risk Committee.

The risk is defined as: "Failure to plan for and meet L&Q's net zero carbon emissions targets by 2050, and failure to plan for and take reasonable precautions to protect residents and assets from the effects of climate change - resulting in financial losses and increased costs, regulatory non-compliance, stranded assets, and disruption and negative outcomes for residents".

Underpinning this, our risk registers include two risks within the Governance and Transformation

Executive Portfolio:

- An absence of a clear and agreed plan results in an inability to meet Net Zero carbon targets
- An inability to manage or adapt to the consequences of climate change.

Relevant controls and actions sit beneath each of these, designed to mitigate risk in line with our risk tolerances.

You can read more about our new five-year Environment & Climate Change Strategic Plan in 'Next Steps' or on our website:

[Click here](#)

Metrics and targets

This year, progress has been tracked via our Sustainability Scorecard, presented to Investment Property Group (IPG) on a quarterly basis.

Environment and Climate-Related Metrics tracked in 2025/26 include:

- Existing Homes with an EPC Rating less than C
- Energy Efficiency of New Homes – EPC B or above
- Average Energy Rating
- Percentage of Suppliers with Construction Online Gold Accreditation
- CO₂ Emissions from Energy Use per £100k of Project Spend and per 100m²
- Water Use per £100k of Project Spend and per 100m²
- Construction Waste Per £100k of Project Spend and per 100m²
- Percentage of Waste Diverted from Landfill.

Quarterly tracking

climate and environmental performance reported to IPG



Physical Climate Risks

In 2025/26, we developed a portfolio-wide climate impact analysis, using our

internal GIS system to integrate data from over 106,000 homes with national flood datasets and internal asset information.



8.9%

of homes classified as medium flood risk



0.3%

of homes classified as high flood risk

Portfolio-wide mapping

to better understand overheating and flood risk

Solar shading pilot

testing ways to reduce overheating in existing homes

This marked a significant improvement in our understanding of physical climate exposure.

This L&Q-specific risk-scoring framework will help us identify where risk and vulnerability coincide, prioritise resilience and adaptation activities, and establish a baseline for ongoing monitoring.

Our analysis shows overall flood risk across the portfolio is low but geographically concentrated. Approximately 8.9% of homes are classified as medium risk, and 0.3% as high risk. Surface water flooding is the primary driver of both current and future exposure, reflecting increasingly frequent and intense rainfall. Climate projections suggest a shift from rare, severe events towards more frequent, lower-level disruptions.

While flooding remains our immediate focus, overheating and subsidence are emerging as additional risks. We're exploring how to expand our analytical approach to build a more comprehensive view of physical climate risks across the portfolio.

We consider overheating risks where required by planning policy and have begun a portfolio-wide mapping assessment continuing into 2026/27, informed by our flood risk assessment approach. We haven't yet comprehensively evaluated water stress risks across existing homes, though both may increasingly affect residents' health, wellbeing, and the long-term performance of our assets.

In response to water stress, we're working with our supply chain to improve data collection and encourage targets to reduce water use in construction activities (see Section 2.3.2). For overheating, building design, fabric performance and ventilation are being incorporated new developments where appropriate.

Alongside climate-related risks, we recognise growing regulatory and social focus on healthy homes, particularly damp, mould and indoor conditions, which overheating and poor ventilation can worsen. We're improving how we monitor and respond to these risks.

Our approach to overheating and water stress will continue to develop as our climate risk management matures.

Some types of homes are widely understood to be prone to overheating. While designed to reduce heating demand, earlier building regulations didn't adequately account for the associated risk of increased overheating.

In a pilot project launched this year, and funded by the Greater London Authority in collaboration with the London Legacy Development Corporation, we are testing the feasibility and impact of retrofitting solar shading devices to mitigate overheating in homes. We hope that this work will generate practical insights to inform retrofit strategies across existing housing stock and support long-term climate resilience.

2.3 Ecology

E

C9 C10

FHH: Places that are nature positive

Future Homes Hub (FHH)

Topics

Places that are nature positive

Core metric

Average project biodiversity net gain

2025/26 progress

We remain firmly committed to achieving the nationally mandated 10% Biodiversity Net Gain (BNG) for new development. We do not yet have projects with BNG data available to report for the 2025/26 period. We will start reporting on BNG based on commitments in 2026/27 and adjust our methodology with our data maturity over time.

5 pilot sites

launching to test and improve our approach to biodiversity



Green spaces around Regency Heights

Our biodiversity and green spaces

Green spaces nurture wellbeing, bring communities together, and create healthy environments to live in, while also supporting climate resilience through benefits such as improved air quality and reduced flood risk.

The Action Plan finalised in 2025/26 brings together expertise from across grounds maintenance, resident engagement and sustainability, alongside ongoing resident involvement. Resident feedback demonstrated strong support for enhancing biodiversity, while highlighting the importance of taking a practical, phased approach that balances environmental improvements with affordability and long-term maintenance requirements.

During 2025/26, the decision to roll out biodiversity pilots across five sites by 2026/27 was made. The goal is to gain insight into how we can successfully deliver nature-positive interventions across different settings. We recognise the importance of responding to local ecological conditions and designing interventions that are sustainable to maintain over time.

The pilots will hopefully establish a strong foundation for future delivery, including practical guidance, engagement approaches, training and monitoring processes that will help us scale improvements across our estate. We also continue to work with sector peers to share learning and develop best practice in creating greener and healthier places to live.

At present, we don't have a formal strategy in place to identify, manage, and reduce pollutants that could cause material harm (SRS 8). This is an area we recognise requires further development.

The building industry is a major user of natural resources. We're tackling the impact of our activities by first measuring them and then setting targets for improvements.



Hybrid excavator at Greenwich Peninsula

C11

Responsibly sourced materials

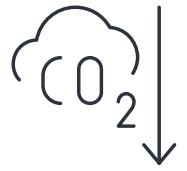
Working with our supply chain partners and Improving resource and reporting requirements

We're monitoring the materials we use and dispose of to reduce the whole life carbon of our homes and supply chains, and have set minimum standards for new-homes contracts to embed climate considerations when onboarding new contractors and suppliers.

Our minimum standards focus on high carbon areas such as key materials and components, pollution from machinery, and toxic substances. Sub-contractors must sign up to these requirements at the tender stage.

These cover energy and water efficiency, environmental management on site and the procurement of construction materials, ensuring the homes we build are high-quality, safe and sustainable.

This means better insulation, LED lighting, and automatic lighting and heating controls in our site cabins and facilities, and opting for electric or hybrid construction machines whenever we can. In 2025/26, we continued to use HVO, a renewable biofuel, as an alternative to diesel across several sites, with recurring use at Greenwich Peninsula, Walthamstow, and Kodak. However, white diesel remained prevalent elsewhere, so expanding the HVO adoption remains a key focus for reducing constructions further. In 25/26, we completed homes with timber frames across our Gallows Hill – West and Beaulieu in-house built site as well as on Darwin Green.



Reducing embodied carbon

The homes that we build are inherently resource-intensive, largely due to the materials used in construction.

This has a significant impact on our overall carbon footprint, particularly through embodied carbon associated with materials and construction processes. Recognising this challenge, we identified the need to better understand where emissions arise across the lifecycle of our homes in order to target effective reductions.

Our approach

In 2025, we carried out post-construction Whole Life Carbon Assessments (WLCA) on a sample of near-complete and completed residential developments delivered in-house. The purpose of this work was to establish a baseline for the carbon emissions of new-build homes and to identify opportunities for improving environmental performance.

The WLCA methodology assessed emissions across all stages of a building's lifecycle, enabling a comprehensive view of where carbon impacts are concentrated. This evidence-based approach supports more informed decision-making by revealing which stages and elements contribute most significantly to overall emissions.

Insights and findings

The assessments demonstrated how different lifecycle stages contribute to total carbon emissions, highlighting key areas for intervention. This insight allows teams to prioritise the actions that will have the greatest impact, such as design optimisation, material substitution, and improvements in construction and operational efficiencies.

The report also benchmarked our performance against Net Zero Carbon

Building Standards (NZCBS), providing a clear understanding of how typical developments compare with industry expectations. This comparison helped identify gaps and opportunities to align more closely with best practice in low-carbon design and construction.

Outcomes

Alongside establishing a whole life carbon baseline, the WLCA programme generated a set of actionable recommendations to support carbon reduction. These focused on refining the design process, reviewing specifications for structural elements, and optimising material choices, as well as improving data management practices to ensure more consistent carbon tracking and reporting. Recognising the different characteristics of housing typologies, the recommendations were tailored for towers and apartment blocks as well as low-rise homes. This ensures that guidance is practical, relevant, and directly applicable to the specific challenges and opportunities presented by each type of development.

Impact

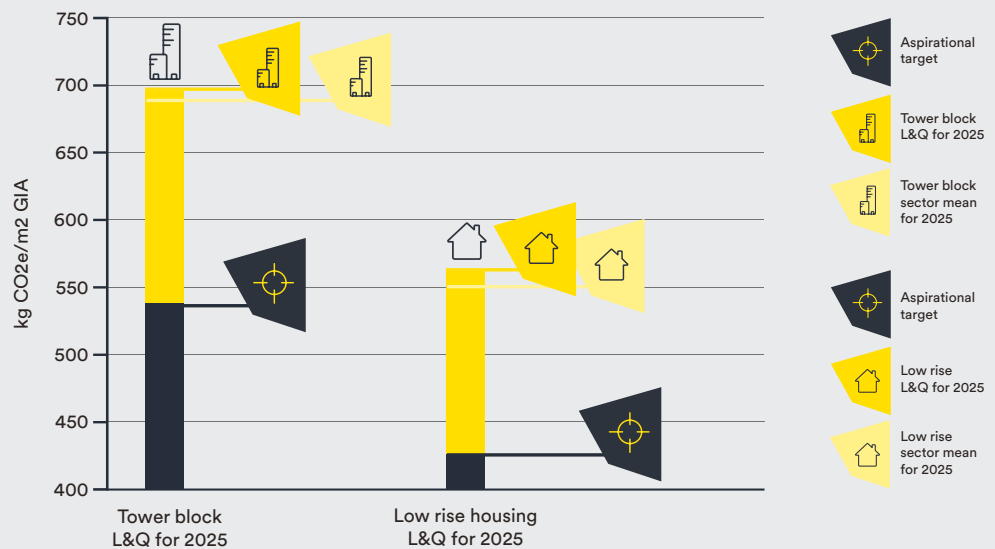
By embedding these insights into project planning and design, we're better equipped to reduce both carbon emissions and costs across future developments. The WLCA programme provides a strong foundation for integrating whole life carbon thinking into decision-making, enabling more sustainable homes to be delivered at scale.

Measuring upfront carbon baselines

To understand how to reduce carbon emissions across the whole lifecycle of the building to meet targets, we assessed the top ten materials and products that contribute to both our upfront and whole life carbon.

Upfront carbon (A1–A5) for apartment block and tower schemes averages between 650 and 750 kgCO₂e/m² GIA. This is broadly aligned with current UK average performance data but above emerging Net Zero Carbon Building Standard (NZCBS) limits for 2025 and beyond. Low-rise housing performs similarly against industry targets with lower overall results but more stringent targets. See the Results section for further detail.

L&Q Upfront Carbon (A1-A5) per m2 GIA

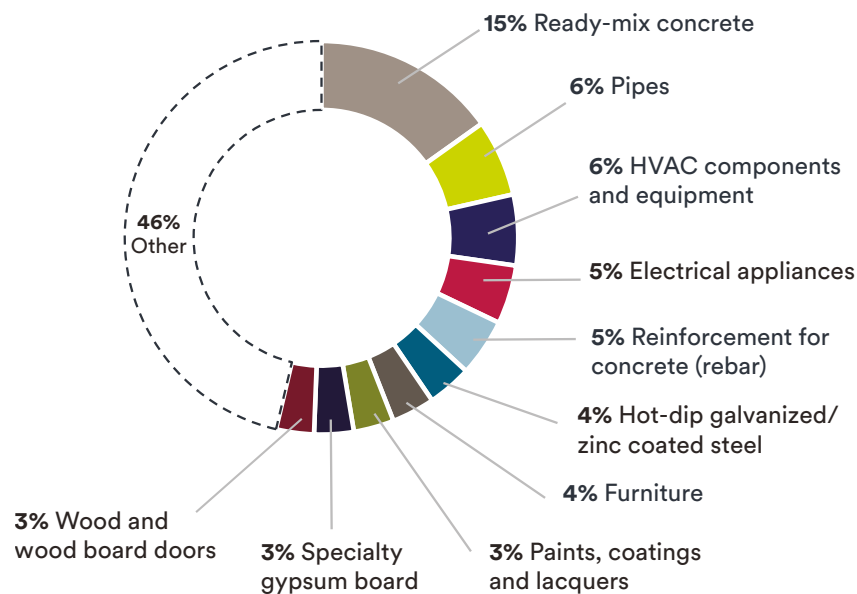


Our findings: Top 10 Contributing Resource Types A-C

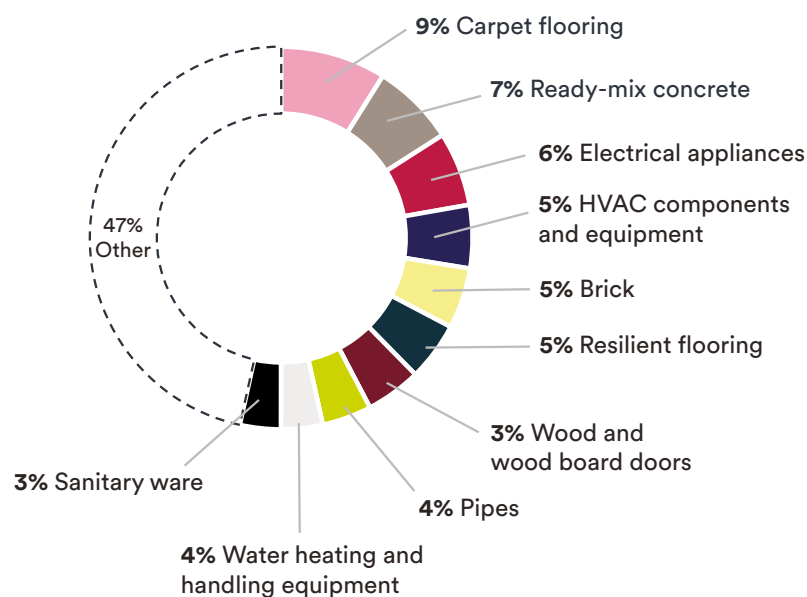
High impact materials and products with the largest carbon reduction opportunities include concrete, reinforcement and structural steel for tower and apartment blocks and carpets, concrete and electrical appliances for low-rise houses. It is important to consider the replacement lifecycle of these materials and products as well as warranties and robustness before exploring alternatives.

Where specific information could not be found for materials and products, an industry assumption was used. To reduce the use of data assumptions, we will continue to improve the accuracy of data collection and reporting.

A-C Average tower/Apartment block



A-C Average low rise



FHH: Homes that are water efficient

FHH: Production and construction sites that is resource and water efficient

Future Homes Hub (FHH)

Topics

Production and construction sites that is resource and water efficient

Homes that are water efficient

Core metric

Average internal water efficiency of completed homes in past year

Normalised waste generation for the latest reporting period

2025/26 progress

L&Q reports an average internal water efficiency of 103.5 lpppd for FY2025/26, based on available data for completed in-house new build homes. L&Q will continue to improve data collection and reporting coverage in future cycles.

L&Q reports a construction waste intensity of 5.1 tonnes/100m², based on SmartWaste data for 549 in-house new build homes. Floor area has been estimated using average GIA due to incomplete data. Coverage is currently limited to in-house new build homes and will be improved in future reporting cycles.

Waste and water strategy

We track water, waste, electricity and fuel consumption across our in-house construction sites, and require contractors to report monthly on waste generation and recycling rates across construction and major works sites via SmartWaste.

Targets for 2025/26

KPI	Target	Result
 Waste diverted from landfill (MWIP)	≥ 97%	99.99%
 Waste diverted from landfill	≥ 97%	98.91%
 Water consumption/ £100k project spend	≤ 9.9m ³	7.16m³
 Water consumption/ 100m ²	≤ 5m ³	3.97m³
 Construction waste/ £100k project spend	≤ 4.3 tonnes	2.77 tonnes
 Construction waste/ £100k project spend	≤ 2.2 tonnes	1.54 tonnes
 Carbon emissions £100k project spend	≤ 600kgCO ₂	283.38kgCO₂
 Carbon emissions 100m ²	≤ 330kgCO ₂	157.19kgCO₂

For waste, we implement site-specific waste management plans with contractors, with agreed waste reduction KPIs for both new build and major works, designed to improve year-on-year. On water, we comply with the water efficiency standards for new homes and have revised our Employer's Requirements so the enhanced standard of a maximum of 110 litres/person/day will apply to all future new homes.

When we set our targets, we try to ensure they stretch us while still being achievable. In 2025/26 we exceeded all targets, and we'll continue to enhance the accuracy, consistency, and completeness of our data, alongside setting more stretching targets over time to drive continued improvement.

These targets are currently based on a "per £100k project spend" as an interim measure, due to insufficient full lifecycle data for our projects. As we gather more data, we'll transition to the more standard "per £100k project value" metric, enabling us to benchmark against other developers.

We'll continue improving these requirements to ensure our construction sites are more energy- and water-efficient from the outset.

Sustainable procurement

Our procurement activities are conducted in line with the Procurement Act 2023, in addition to the minimum standards for sustainable materials procurement and environmental management of contractors as covered in 2.3.1.



78%

of suppliers held
Constructionline
Gold Accreditation

Our target for 2026 was for 100% of suppliers to hold Constructionline Gold Accreditation.

This demonstrates adherence to strict sustainability policies and standards in line with best practice. We achieved 78% by the end of March 2026. We have not yet achieved the 100% target because some legacy contracts were awarded under previous accreditation requirements, certain service categories are assessed against alternative industry standards where Constructionline Gold is not applicable, and in limited cases suppliers have been approved through an agreed risk-based exception process; however, Constructionline Gold is now being embedded as a mandatory requirement in future tenders and a programme is underway to align existing suppliers with the required standard.



100%

of Investment
suppliers
confirmed
compliance

In 2025/6, we introduced a sustainability toolkit for procurement and category management: prioritising carbon impacts across the lifecycle of products and services for key supply chain categories, and providing example clauses with model questions and answers for tender documents.

Sustainability is now a key signatory on L&Q's category and procurement plans, with sustainability considerations included in all tender questions such as kitchens, PPE, lintels, biometrics and small tools & plant hire.



Sustainability Skills Development

This year, L&Q began a formal partnership with the Supply Chain Sustainability School.

As well as providing resources to support the continued development of colleagues, and giving us opportunities to collaborate with others in the sector, this will enhance our ability to engage with and track performance of our supply chain partners, helping us support each other on our journeys to upskill and enhance collective expertise on sustainability topics.

03

Looking forward

3.0

Looking forward

As we move into our new Corporate Strategy period, our approach to sustainability will evolve, building on what's already in place.

Our new Environment & Climate Change (E&CC) Strategic Plan sets out five core themes for the years ahead, each with revised Performance Indicators for 2026/27. We'll develop additional indicators from 2027 as our data priorities mature.

[Click here](#)

To view our Environment & Climate Change (E&CC) Strategic Plan

Theme	KPI/PIs	Target for 2026/27
Theme 1 – Warm and comfortable homes: We will take decisive action to ensure our residents can afford to heat their homes, accelerate the transition away from fossil fuel heating, and expand access to renewable technologies across our housing stock.	• % of Homes with EPC Rating C or Above • Energy Efficiency - Average Energy Rating (SAP)% • New Homes with EPC Rating B	No target this year - new methodology and baselining in 2026/27. ≥ 72.15 ≥99%
Theme 2 – Reducing carbon emissions: We will tackle our direct energy consumption and related carbon emissions, playing our part in limiting human-induced climate change and working towards net zero by 2050.	• Total Carbon Emissions – Scope 1 & 2, and Carbon Emissions per home managed (annual) • Scope 3, and Carbon Emissions per home managed (annual)	Reduce Scope 1 & 2 emissions by 4.2% per year Reduce Scope 3 emissions by 2.5% per year
Theme 3 – Reducing waste and increasing the use of sustainable resources (Circular Economy): We will optimise materials and design to minimise embodied carbon in the construction of new homes, and the maintenance of existing ones.	• % New homes at preapplication stage meeting up front carbon intensity benchmark: monitoring only • % Construction sites meeting environmental targets (construction waste diversion from landfill, waste reduction, water and fuel efficiency):	Monitoring only ≥92.5%
Theme 4 – Creating healthy, green places: We will respond to the climate and ecological emergency and build community resilience through the delivery of biodiversity improvements and enhanced resident involvement opportunities.	• Number of Estates with Biodiversity Enhanced • Average % Biodiversity Net Gain met on site (annual):	≥5 ≥10% achieved and ≥65% on-site delivery
Theme 5 – Adapting to be more resilient to climate change: We will begin to actively manage climate-related risks by adapting our homes and buildings to withstand future environmental conditions, as well as working in partnership with others to maximise our impact.	While no performance indicators are set for 2026/27 due to capacity and financial constraints, the aim is to develop options for the following year to start measuring and monitoring performance on management of climate risks.	22.8

As Minimum Energy Efficiency Standard standards come into force and energy costs remain unpredictable, the challenges facing the sector are likely to increase. This makes it even more important to help residents manage cost-of-living pressures while preparing homes and communities for the future. It also points to the need for a new approach across L&Q and the wider sector to funding and delivering energy efficiency, decarbonisation, climate resilience and green spaces improvements.

Alongside fabric-first solutions, we're increasingly focused on helping residents reduce their energy bills through solar PV and more efficient heat networks. We're also exploring new funding models, working with others in the sector on the Retrofit Society's Retrofit Playbook, and developing our own Fuel Poverty Policy. This will set out how we'll support residents through initiatives such as energy advice, affordability support and targeted interventions.

Many homes still need improvements to reach EPC C. Delivery is particularly complex in urban areas like London and Manchester, where higher climate risks, large numbers of flats and additional building safety requirements must be considered.

Climate risk remains a key focus in 2026/27. We'll develop our GIS-based modelling of flooding and overheating, assess financial risk, and introduce a climate risk design standard, a new build sustainability checklist, and the start of an adaptation plan for existing homes.

We'll also expand on our whole life carbon work to bring sustainability measures into new developments, prepare for the Future Homes Standard, and invest further in our Environmental Management approach.

We'll deliver five biodiversity pilot sites in 2026/27, testing our approach before scaling up. Nature-based solutions like tree canopy cover and climate-resilient planting will be central to our thinking, with residents involved throughout.

We'll keep working with the G15, the Sustainable Housing Strategy Group and other sector partners. For example, we're contributing to the Future Home Hub's new build sector's net zero pathway. We are developing a Resident Involvement Framework for how we work with residents on green space priorities in their local areas.

Our aim is to future-proof homes and communities, so residents can live well in a changing climate while we deliver long-term, sustainable value.

04

Social





Everything we do begins with social purpose. All our resources, and all our energy, are channelled towards providing better housing at a lower cost than can be provided in the private sector – and building more of it. We provide greater security of tenure and services people can rely on, and we are proud to invest in residents’ communities.

We focus on key social issues such as work and training, loneliness and wellbeing, digital skills and debt and financial exclusion. We provide care and support services for a wide range of needs, including older people, people with learning difficulties and mental health needs, and people affected by homelessness. Our bespoke services offer choice, involvement and control to help build independence.

During the Future Shape Strategy period, we prioritised the social impact we had on residents and the communities where they live, including:

- Providing affordable and secure homes – building new homes and managing homes that are a mix of tenures, meet Decent Homes Standards and are gas and fire safe
- Community investment – distributing funding and other in-kind support to build the capacity of voluntary and community sector organisations who work with residents and in the communities where they live
- Supporting residents – providing a range of services that help support residents, as well as making sure we actively listen and include them in our decision-making processes.

[Click here](#)

**To view L&Q's
Financial Statements.**

[Click here](#)

**Resident involvement
and accountability pages**

[Click here](#)

**To view Equality Diversity
and Inclusion page**

[Click here](#)

Code of conduct

[Click here](#)

Annual Complaints Report

4.1 Affordability

For properties that are subject to the rent regulation regime, report against one or more Affordability Metric:

1. Rent compared to median private rental sector (PRS) rent across the relevant Local Authority
2. Rent compared to the relevant Local Housing Allowance (LHA)

We currently do not disclose information on properties that are subject to rent regulation regimes, nor do we report against specific affordability metrics. This includes measures such as rent levels compared with the median private rented sector (PRS) rent within the relevant Local Authority area or rent levels compared with the applicable Local Housing Allowance (LHA).

Share, and number, of new and existing homes (owned and/or managed) completed before the last financial year allocated to:

- General needs (social rent)
- Affordable rent
- Supported Housing
- Housing for older people
- Low-cost home ownership
- Care homes
- Private Rented Sector
- Other.



L&Q Residents

Category	Description	2026	2025
Social rent - general needs and affordable rent	Primarily for low income residents eligible through local authority nominations	60,933	64,065
Shared Ownership and shared equity	Homeowners who own a proportion of their property and pay rent on the remaining share	13,649	13,686
Intermediate market rent and key worker accommodation	For residents who pay less than 80% of the market rent	4,625	4,235
Supported housing, housing for older people and care homes	For older people or those with higher support need	7,062	7,678
Market rent and student accommodation	For residents who pay the market rent for their homes	3,367	3,313
Leaseholders	Homeowners who are provided services	13,724	13,817
Other landlords and other social homes	Services provided to homes owned by other landlords and other social homes	2,946	2,856
Commercial	Combined live and work home, and retail	15	9
Total		106,321	106,659

We do not currently report performance separately for older and newer buildings due to the way our asset data is structured. However, improving the quality, consistency and granularity of our reporting is a key priority over the coming years as we continue to enhance our data and reporting systems.

C18

How is the housing provider trying to reduce the effect of high energy costs on its residents?

We are reducing the impact of high energy costs on residents by improving the energy efficiency of homes through insulation, double glazing, upgraded heating systems and decarbonisation programmes funded through the SHDF and Warm Homes Fund. We also provide energy advice, heating optimisation support, and fuel vouchers for residents in need.

Our new homes are built to high energy efficiency standards. Most new homes no longer rely on fossil fuels for heating and are designed to use less energy from the day residents move in.

Residents moving into a new home receive guidance on how to use their home's systems and technology, helping them get the best performance from their home.



Our new homes are built to high energy efficiency standards.

4.2 Building safety and quality

In 2025/26, we have carried out the following safety compliance measures:

Safety compliance measure	% of homes compliant
Gas safety checks completed	99.76%
Fire safety checks completed	99.66%
Asbestos management surveys/ re-inspections completed	99.99%
Legionella (water safety) risk assessments completed	99.54%
Communal passenger lift safety checks completed	99.43%

What % of homes meet the national housing quality standard?

Of those which fail, what is the housing provider doing to address these failings? In 2025/26, we have carried out the following safety compliance measures:

1.2% of our homes did not meet the Decent Homes Standard in 2025/26, which is an improvement from 1.58% in 2024/25 and 1.88% in 2023/24.

To address these failings, we continue to invest in repairs and maintenance services. During 2025/26, 97.5% of emergency repairs and 69.5% of non-emergency repairs were completed within the landlord's target timescales.

Resident satisfaction with repairs and maintenance also improved, with 60.8% of residents reporting that their home is well maintained.



97.5%

of emergency repairs were completed on time

How do you manage and mitigate the risk of emergency hazards including damp and mould hazards?

How do you reduce the likelihood of damp and mould hazards?

We've improved the energy efficiency of homes through our Major Works Investment Programme, and have started work on a proactive sensor project which allows us to focus on homes where we have installed an environmental sensor to use the data to identify properties at risk of damp and mould, then proactively contact the residents to review and assess. By taking a proactive approach to damp and mould management, we have been able to:

- Provide fuel vouchers to vulnerable residents where sensor data indicates that low temperatures are contributing to damp and mould risks

- Offer proactive advice and guidance to residents on how to effectively heat and ventilate their homes, helping to reduce condensation and mould growth
- Identify and raise repairs that had not previously been reported to L&Q, such as faulty extractor fans, and arrange mould treatment where required
- Monitor and follow up on outstanding repairs that may have become delayed due to involvement from multiple departments or contractors
- This proactive, data-led approach is enabling us to identify issues earlier, provide targeted support to residents, and address potential damp and mould concerns before they escalate into more significant problems.



Improving the quality of residents' homes

4.3 Residents and community

C22

What are the results of the housing provider's most recent tenant satisfaction survey?

How has the housing provider acted on these results?

L&Q's most recent Tenant Satisfaction Measures (TSM) survey for 2025/26 found that 57.1% of residents living in social and affordable rented homes were satisfied with the overall service provided by L&Q, an increase from 53.5% in 2024/25. In contrast, overall satisfaction amongst shared owners was 26.5%, down from 28.6% in the previous year. The results indicate that improvements in service reliability and repairs performance are contributing to higher satisfaction among social housing residents, while shared owners continue to experience challenges relating to service consistency, delays and communication.

L&Q is using these results to inform its ongoing service improvement, service design and transformation programmes. Over the last five years, the organisation has focused on improving repairs services, strengthening complaint handling, enhancing resident communications, investing in homes and increasing accountability of contractors and

managing agents. The latest survey results suggest these initiatives are beginning to have a positive impact, particularly where residents experience faster repairs and more reliable service delivery.

Recognising that sustained improvement requires long-term change, L&Q's transformation programme is focused on addressing the root causes of service failures and redesigning services around resident needs. Through its new corporate strategy, Our Future Shape 2026-31, L&Q is continuing to improve service consistency, communication and responsiveness, while focusing on the "moments that matter" most to residents: knowing what to expect, being kept informed, receiving timely resolutions and experiencing good-quality outcomes. Priority areas identified from resident feedback include improving services for shared owners, better supporting residents with additional needs and increasing transparency in communications. While the organisation acknowledges there is still more to do, the year-on-year improvement in satisfaction among social housing residents indicates that these service design and transformation activities are beginning to deliver measurable benefits for residents.



57.1%

of residents living in social and affordable rented homes were satisfied

What arrangements are in place to enable residents to hold management to account for the provision of services?

L&Q has established a range of formal arrangements to enable residents to hold management accountable for the provision of services.

Residents are empowered to influence service delivery through L&Q's resident involvement framework, A Partnership of Equals (2023), which embeds resident involvement at neighbourhood, service and strategic governance levels. Resident involvement activities are designed to be open, accessible, inclusive and focused on areas of greatest resident interest and impact. The effectiveness of the programme is reviewed annually through a published impact evaluation.

L&Q further supports accountability through its L&Q Assemblies, held twice annually. These assemblies bring together residents, senior executives,

Board members and REIC members to discuss strategic issues of importance to residents. Outputs from assemblies are formally fed into Board strategy discussions and decision-making processes, ensuring resident views directly influence organisational priorities and service improvements. Transparency is a key element of L&Q's accountability framework. Residents are provided with accessible information on organisational performance, decision-making and areas for improvement.

Feedback mechanisms ensure residents can see how their concerns, complaints, survey responses and involvement activities have influenced decisions and service improvements.

L&Q also supports resident scrutiny through its approach to the Social Tenants Access to Information Requirements (STAIRs) and through proactive publication of information to help residents understand performance, scrutinise decisions and hold the organisation to account.



L&Q Resident Conference 2025

How have reported complaints resulted in change of practice within the housing provider?

In 2025/26, we responded to 95.8% of Stage 1 complaints within 10 working days and 96.4% of Stage 2 complaints within 20 working days. Performance has improved significantly over the

last three years, particularly for Stage 2 complaints.

Feedback from complaints and resident engagement has led to strengthened complaint handling processes, improvements to resident communications, clearer service standards, and a greater organisational focus on resolving issues quickly and effectively.

In the last 12 months, what additional support have you provided to your tenants to support with:

- Employment and skills
- Wellbeing and mental health
- Vulnerable tenants.

During the last 12 months, we provided a range of support services through the L&Q Foundation and L&Q Living. Residents received employment advice, training opportunities and financial resilience support, with programmes focused on helping people into work and improving household incomes.

L&Q invested £8 million in community programmes and support during 2025/26, including:

- £15m gained for approx. 3,400 residents by helping to reduce debts and outgoings or through new income
- 434 of our most vulnerable residents supported to stabilise their tenancies

- Over 2,300 emergency support vouchers issued for residents in financial crisis
- 92 residents into paid work, with 215 supported to get closer to the labour market.

On wellbeing and mental health support, over 3,000 vulnerable residents participated in the L&Q Inclusion Programme, which aims to reduce loneliness and social isolation. Outcomes included 70% reporting improved wellbeing, 62% increased confidence and 72% reduced loneliness.

For vulnerable tenants, L&Q Living provides housing and support services to around 10,000 people, including residents affected by homelessness, mental health needs, learning disabilities, domestic abuse and other support needs. Additional support included tenancy sustainment, debt and money management advice, energy advice and benefits support to help residents maintain successful tenancies and remain independent.



2,300

emergency support vouchers issued for residents



215

supported to get closer to the labour market

In the last 12 months, what interventions have you made to foster stronger communities and places, considering both:

- Physical changes to shared spaces or public realm
- Events, activities and signposting.

Through the L&Q Foundation, we support stronger communities through both community investment and neighbourhood improvements. Our focus is on both people and place: helping residents sustain their tenancies and maximise their income, while increasing community

activity and investment in our core neighbourhoods. During 2025/26, L&Q invested £8 million in community programmes and support, funded 46 community organisations through the Community Fund programme with grants totalling £360,000, and engaged over 3,000 residents through wellbeing and inclusion programmes designed to reduce social isolation, strengthen community connections and improve overall wellbeing.

These initiatives help build more resilient communities and create places where residents are proud to live.

How is social value creation considered when procuring goods and services?

What measures are in place to monitor the delivery of this Social Value?

During 2025/26, we generated £60 million of social value through its supply chain, primarily linked to MWIP. Procurement activities are designed to deliver wider community benefits alongside core services, including local employment opportunities, apprenticeships, local spending, biodiversity initiatives and improvements to community spaces.

The delivery of social value is monitored using the Social Value Portal TOMs (Targets, Outcomes and Measures) framework.

Combined with community investment activity delivered through the L&Q Foundation, this resulted in a total of £81 million of social value generated during the year, demonstrating L&Q's commitment to maximising community outcomes through both procurement and operational activities.



£60m

of social value
through its supply
chain, primarily
linked to MWIP

05

Governance

5.0

Governance



At L&Q, we take our regulatory, statutory and legislative responsibilities seriously. Good governance is a key driver to delivering our mission, aims and values.

It is essential for us to achieve our objectives and drive improvement, as well as maintaining legal and ethical standing in the eyes of our stakeholders, regulators and the wider community.

During the Future Shape Strategy period, our ESG framework focused on specific aspects of governance. These are:

- Representative governance
- Employee wellbeing
- How we manage our supply chain.

[Click here](#)

To view L&Q's Financial Statements.

[Click here](#)

To view Equality Diversity and Inclusion page

[Click here](#)

Annual Complaints Report

[Click here](#)

Resident involvement and Accountability pages

[Click here](#)

Code of conduct

5.1 Structure and board

C28

What is the housing provider's most recent regulatory grading/status?

- Governance grade **G2**
- Viability grade **V2**
- Customer **C2**.

C29

Explain how the housing provider's board manages ESG risks. Are ESG risks incorporated into the housing provider's risk register?

ESG risks are incorporated into our risk register. For information on how we manage ESG risks, see page 25 and our Financial Statements.

C30

Has the housing provider been subject to any adverse regulatory findings in the last 12 months (data protection breaches, bribery, money laundering, HSE breaches etc.) - that resulted in enforcement or other equivalent action?

We have not been subject to adverse regulatory findings resulting in enforcement or other equivalent action.

C31

How does the housing provider ensure it gets input from a diverse range of people into the governance processes?

LQHT has adopted the principles and provisions of the NHF Code of Governance.

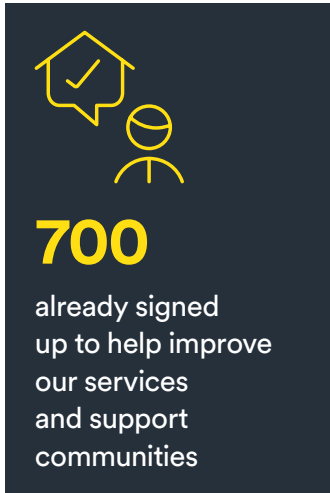
Our approach to embedding accountability and participation in governance and across the whole of L&Q focuses on:

1. Understanding who our residents are and their lived experiences Involving residents in formal governance structures
2. Directly involving residents in ways that meaningfully share power and influence

3. Being transparent so all residents can scrutinise our performance and hold us to account.

4. Being transparent so all residents can scrutinise our performance and hold us to account.

All four areas are grounded in the concept of "inclusive governance" and wider learning from non-profit and public service sectors which require Boards to demonstrate awareness of the communities they serve. Inclusive governance places emphasis on seeking information from multiple sources to build this awareness, as well as ensuring there are policies and structures in place and adhered to, that enable meaningful stakeholder involvement in governance processes.



In order to build our awareness of the communities we serve, we focus as much on what the Board does and what the Board asks of L&Q as we do on who sits on the Board and within governance structures. This is because we recognise that inclusive governance cannot be achieved through good intentions or Board representation alone, but through deliberate design in governance arrangements.

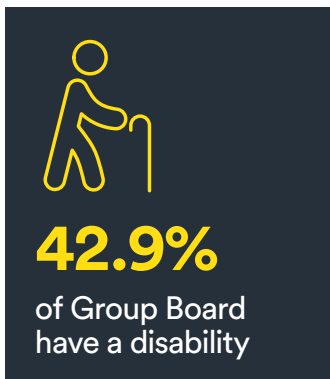
Our strategic approach to resident involvement, A Partnership of Equals (2023), sets out a long-term vision to strengthen the relationship between residents and their landlord, and to improve the overall resident experience. Our resident involvement programme provides a wide menu of flexible opportunities for any

interested resident to collaborate with our teams.

More than 700 residents have already signed up to help improve our services and support communities. In 2025/26, 20 opportunities engaged residents across service and strategic priorities, with high satisfaction and sustained engagement (with 72% likely to continue).

The involvement mailing list broadly reflects the diversity of L&Q's resident population. The mailing list is representative by ethnicity, tenure and geography; the varied menu of opportunities supports inclusive involvement practice as it caters to different interests, involvement preferences and availability.

C32



Does the housing provider have policies that incorporate Equality, Diversity and Inclusion (EDI) into the recruitment and selection of board members and senior management? How do they do this?

Our Group Board shows strong representation of disabled members (42.9%) and gender balance (57.1% female). Ethnic diversity is stable at 28.6%.

The Group Board has recently completed training to support scrutinising performance through an EDI lens.

Group Board is a small cohort, and small movements can have a big impact on the statistics. We are focussed on ensuring greater diversity in our succession planning and strengthening our approach, including recruitment

Advocates in Group Board recruitment panels and the introduction of Board development roles.

We are working on a skills framework for future Board recruitment to attract and develop a more diverse Board pipeline.

L&Q has signed the G15 Ethnic Diversity Pledge, committing to:

- Increase ethnic diversity at all levels of the organisation
- Collaborate to invest in and support ethnically diverse talent
- Celebrate the achievements of ethnically diverse colleagues.

Information relating to performance in 2025/26 can be found in our Annual Equality, Diversity and Inclusion (EDI) Report.



C33

What % of the housing provider's Board have turned over in the last two years? What % of the housing provider's Senior Management Team have turned over in the last two years?

In the last two years, Board turnover was 11.1%, and Executive Team turnover was 28.5%.

C34

Number of board members on the housing provider's Audit Committee with recent and relevant financial experience.

We have three Board members on the Audit Committee with recent and relevant financial experience.

C35

What % of the housing provider's board are non-executive directors?

As at 31 March 2026, 78% of board were non-executive directors.

C36

For how many years has the housing provider's current external audit partner been responsible for auditing the accounts?

KPMG were first appointed as auditor by the Board on 1 March 2013. The period of total uninterrupted engagement is for the 13 financial years ended 31 March 2026.

C37

When was the last independently-run, board-effectiveness review?

including its Board and committee structure, roles, responsibilities and decision-making arrangements.

Under the National Housing Federation Code of Governance, LQHT is required to undertake a formal governance review at least every three years.

LQHT's governance review was completed and was approved by the Group Board in March 2026. The review considered the effectiveness of LQHT's governance framework,

The review was informed by feedback received through the regulatory inspection process and identified a number of enhancements designed to strengthen governance effectiveness and support LQHT's ambition to return to a G1 governance rating. Implementation of the approved recommendations is now underway with direct oversight by Group Board.

How does the housing provider handle conflicts of interest at the board?

Conflicts of interest at the Board are governed by our Code of Conduct and Conflicts of Interest policy, based on the NHF Code of Conduct 2026. Up to date information is captured through a register of interests that is published on the L&Q website.

5.2 Our colleagues

Does the housing provider pay the Real Living Wage?

Yes. In 2025, we were formally accredited as a Living Wage Employer, reaffirming our commitment to ensuring that all employees, and those working on its behalf, earn a real Living Wage. L&Q has already paid the Living Wage Foundation's recommended rates to

all its directly employed colleagues for over 10 years.

As part of our formal accreditation, we are now committing that from 1 April 2028 it will only work with suppliers and contractors who also pay the real Living Wage. This step ensures that the commitment to fair pay extends through our supply chain.

What is the housing provider's median gender pay gap?

Our current median gender pay gap (1.70%) is at its lowest point since 2019. This reflects continued progress in addressing pay disparities across the organisation.

What is the housing provider's CEO:median-worker pay ratio?

L&Q's CEO:median worker pay ratio of 8.95:1 shows a year on year reduction and continues to compare favourably with that average ratio of FTSE 100/250 companies, which was 95:1 for those reporting in 2025 (comparing data available at the time of writing). L&Q's CEO pay ratio results are significantly below most publicly reported, and have reduced year on year.

How is the housing provider ensuring equality, diversity and inclusion (EDI) is promoted across its staff?

L&Q is dedicated to embedding equality, diversity, and inclusion into every aspect of our work. This commitment spans the entire colleague journey-from recruitment and onboarding through to training, development, appraisal, promotion, and retirement. Equally, we apply these principles to how we deliver services, ensuring fairness and respect for all.

We are committed to fostering an environment free from discrimination, harassment,

and victimisation – where dignity and mutual respect are the norm. Employment decisions are made objectively, without bias, and based solely on role requirements and individual merit. We remain responsive to the diverse needs of our colleagues, residents, and the wider community.

As a member of the G15 – London’s largest housing associations, which collectively provide homes to around one in ten Londoners – we continue to benchmark our progress against the wider sector. This enables us to better understand our position, challenge ourselves, and learn from peers to drive further improvement.



Staff meeting



iMatter

Wellbeing support
for all L&Q staff



300

Over 300
colleagues
have attended
wellbeing events
in 2026

What activity has the housing provider undertaken over the last 12 months to support the physical and mental health of its staff?

What impact has this had on staff and the wider organisation?

Over the last 12 months, L&Q has continued to invest in its iMatter wellbeing programme, which supports colleagues' mental, physical and financial wellbeing.

This includes a 24/7 Employee Assistance Programme providing confidential counselling and support, a network of Mental Health Champions, Menopause Champions and Men's Buddies, as well as a programme of wellbeing campaigns, awareness events, workshops and health initiatives.

Activities have included mental health awareness campaigns, men's health support, financial wellbeing sessions, nutrition webinars, flu vaccination vouchers, health checks and targeted support for frontline and operational colleagues.

The programme has helped create a positive wellbeing culture, increased access to support and encouraged open conversations about health and wellbeing. Wellbeing engagement remains strong, with iMatter satisfaction rates above target and active use of peer support networks. Over 300 colleagues attended wellbeing events during 2026, and Mental Health Champions continue to provide direct support to colleagues experiencing personal or work-related challenges. L&Q was also recognised as one of the UK's Best Workplaces for Wellbeing 2026, reflecting positive colleague feedback on work-life balance, job satisfaction and wellbeing support. Collectively, these initiatives help colleagues thrive, strengthen engagement and support L&Q's ability to attract, retain and support a healthy and high-performing workforce.

This year, we've also been officially recognised as a Disability Confident Leader (Level 3) and a Menopause Friendly Employer.

What activity has the housing provider undertaken over the last 12 months to support the professional development of its staff?

What impact has this had on staff and the wider organisation?

Our range of Talent Development initiatives provide a variety of programmes for people to achieve their potential and career aspirations within L&Q. Through these programmes, we support people to fulfil their potential and aspirations and in turn, secure the future analysts, surveyors, carpenters, managers, and leaders of L&Q. Key Achievements in the year include:

- We doubled investment in our Early Talent Programme with 43 new apprentice and graduate roles created, including 20 new trade apprentices as part of an ambitious 3-year programme to invest in our future maintenance services. We fund our 65 apprentices and graduates to gain recognised qualifications and support them through centrally delivered soft-skills and career confidence development
- We have invested over £650,000 of Apprenticeship Levy funds in developing our people in this year including apprentices and upskillers. With 41 new enrolments this year, we now have 91 of our people undertaking technical apprenticeships, building in-demand skills in areas such as data, surveying and housing management

- 60% of alumni from our Management and Leadership Pathway programmes have seen career progression within two years of completing the programme. Our internal Mentoring and Coaching programmes once again supported over 100 colleagues. Our recruitment advocates are colleagues employed at L&Q. They participate as full members of recruitment panels for senior roles (head of service level and above) on a voluntary basis
- Over the coming year, we will continue our increased investment in our Early Talent programme with at least 40 new apprentice and graduate roles across the business in hard to recruit areas such as construction, technology and finance and including 20 trade apprentice roles to support our workforce planning. We will also be launching a new leadership pathway programme to support a stronger and more diverse talent pool for future leadership roles. And launching an impactful and sustainable work experience programme to promote both housing as a sector and L&Q as an employer of choice.



43

new apprentice and graduate roles created, including 20 new trade apprentices



100

colleagues supported by our internal mentoring and coaching programme

06

Additional information (Annexes)

6.1

L&Q Sustainability Finance Framework

In August 2024, L&Q published its updated Sustainability Finance Framework. In this document we set interim KPIs for the years 2024/25 and 2025/26, covering the remaining period of the Future Shape Strategy. Our three metrics are energy efficiency, affordability, and investment in financial inclusion. This update demonstrated our ongoing commitment to key sustainability outcomes and ensured that our sustainability targets aligned with other strategic objectives. The targets that we set up to March 2026 can be viewed in our 2024 Sustainability Finance Framework.

As part of this framework, we committed to publishing an annual sustainability report to evidence performance against measures that can be used in any sustainability-linked investments.

The majority of our term and revolving credit facilities are linked to one or more of our Sustainability-linked KPIs. Where a structural incentive results in L&Q achieving an interest saving, that saving will be directly attributed to the L&Q Foundation.

We continue to engage an independent assurance provider, DNV Business Assurance Services UK Limited (DNV), to carry out assurance of two of the Sustainability Performance Targets within our Sustainability Finance Framework – average SAP score and funding invested in financial support services for residents. Their independent assurance statement provides more information. Assurance relating to new homes we've built is provided through KPMG's audit of our Financial Statements.

As part of our commitment to robust and transparent reporting, this year, we undertook independent assurance of our SECR Scope 1 and 2 emissions through SHIFT. The process strengthened the quality of our emissions data and identified further opportunities to improve data collection and reporting in future years.

[Click here](#)

To view L&Q's Sustainability Finance Framework.

[Click here](#)

To view L&Q's Financial Statements.

[Click here](#)

Independent Limited Assurance Statement.

[Click here](#)

To view L&Q's Key Performance Indicator (KPI) Definition Document.

Our performance against our Sustainability Finance Framework key performance indicators

Material SDG Alignment	7 Affordable and clean energy  13 Climate action 
Measure	Average energy rating for properties where L&Q has operational control, measured by the average of standard assessment procedures (SAP) ratings provided on EPCs.
2022/23 baseline performance	Average calculated SAP score of 72.08 at 31 March 2023*
2023/24 performance	Average calculated SAP score of 72.37 at 31 March 2024*
2024/25 performance	Average calculated SAP score of 73.21 at 31 March 2025*
2025/26 performance	Average calculated SAP score of 73.65 at 31 March 2026*
2026 Sustainability Performance Target	Average calculated SAP score of 72.8 by 2026 (corresponds to low EPC band C rating).

* Assured by DNV

Material SDG Alignment	1 No poverty  11 Sustainable cities and communities 
Measure	Number of new homes built or acquired, with at least 50% of these provided as affordable” housing (as defined by Housing & Regeneration Act)
2022/23 baseline performance	4,047 homes built in 2022/23, of which 71% were for affordable housing
2023/24 performance	2,955 homes built, of which 2,017 (68%) were affordable
2024/25 performance	2,316 homes built, of which 1,875 (81%) were affordable
2025/26 performance	2,055 homes built, of which 1,479 (72%) were affordable.
2026 Sustainability Performance Target	Cumulative 3,898 New Homes built (from 1st April 2024), of which 50% are affordable housing.

Material SDG Alignment	2 Good health and wellbeing 
	11 Sustainable cities and communities 
Measure	Funding invested in financial support services for residents (£)
2022/23 baseline performance	£998k invested in 2022/23
2023/24 performance	£1,000k invested in 2023/24
2024/25 performance	£907k invested in 2024/25*
2025/26 performance	£593k invested in 2025/26*
2026 Sustainability Performance Target	Cumulative £800k investment in financial support services (from 1st April 2024)

* Assured by DNV

6.2

Streamlined Energy Carbon Reporting (SECR)

L&Q's energy consumption and associated carbon emissions are reported below in line with the UK government's streamlined energy and carbon reporting (SECR) regulations. These figures represent the carbon emissions associated with the Group's consumption of natural gas, electricity and transport fuel.

Specifically, they include:

- Gas and electricity used in our offices
- Gas and electricity procured for use in our residential portfolio, eg for communal heating
- Temporary gas and electricity supplies to empty homes units in our residential portfolio
- Mains gas and electricity used on our construction sites
- Fuel used by our transport fleet, and
- Fuel used for business purposes by all employees within L&Q.

Energy use and carbon emissions for 2025/26

Energy use and Carbon Emissions	2024/25	2025/26	Unit	% Change
Total energy consumption (used to calculate) emissions):	164.9	161.4	GWh	-2%
Gas	122,024	112,767	MWh	-8%
Electricity	32,481	36,656	MWh	13%
Transport fuel	10,484	10,239	MWh	-2%
Business travel	1,618	1,739	MWh	7%
Emissions from combustion of gas (Scope 1)	22,689	20,632	tCO ₂ e	-9%
Emissions from purchased electricity (Scope 2, location-based)	6,725	6,488	tCO ₂ e	-4%
Emissions from combustion of fuel for transport purposes (Scope 1)	2,116	2,064	tCO ₂ e	-2%
Emissions from business travel in rental or employee-owned vehicles where L&Q is responsible for purchasing the fuel (Scope 3)	389	420	tCO ₂ e	8%
Total carbon emissions (excluding renewable energy)	31,919	29,603.55	tCO₂e	-7%
Total renewable electric	0	0	tCO ₂ e	-
Total renewable electric procured	2,224	2,103	tCO ₂ e	-5%
Total remaining brown electricity	30,257	34,553	MWh	14%
Total net carbon emissions (including renewable energy)	31,530	29,183.74	tCO₂e	-8%
Carbon emissions intensity ratio	0.27	0.26	tCO ₂ e / unit	-3%

* Consumption refers to the energy used, typically measured in kWh. By contrast, emissions represent the carbon impact of that energy use, calculated by applying conversion factors to the consumption data and expressed in tonnes of CO₂e.

2025/26 Performance

L&Q's total carbon emissions across scopes 1, 2 and 3 decreased by 8% in comparison to last year from 31,529.53 tCO₂e to 29,138.74 tCO₂e. Our carbon emissions intensity ratio also fell by 3% to 0.26tCO₂e per unit. Within our SECR calculations, only one category of Scope 3 emissions is included. To view the rest of our Scope 3 disclosure, see 2.2.3.

Within consumption, we saw an overall reduction of 2%, primarily driven by a reduction in corporate and communal gas consumption (8%), construction-related activity (both gas and electricity), and transport fuel. Increases in consumption were seen for electricity in particular, sitting at 13%, as well as in void properties (both gas and electricity) and employee mileage.

Emissions do not directly mirror consumption trends. While close correlation was observed for gas, void properties, construction-related activities, and fleet emissions, emissions from electricity decreased slightly by 4%, despite the increase.

A combination of factors contributed:

Key points:

- Our portfolio size remained broadly the same as 2024/25, with only minor changes. There were 180 fewer electricity supplies billed this year, and 40 fewer for gas, which were primarily smaller consuming supplies. These changes may contribute to some of the trends observed.
- For gas, there was an approximate 8% decrease in both consumption and emissions, across residential, community centre energy use, construction and voids. The parallel movement suggests portfolio-wide drivers influencing gas use. This reduction is believed to partially reflect improved energy efficiency from previous energy efficiency works rather than external climatic factors alone.
- For electricity, consumption increased by 13%, while emissions decreased by 4%. The UK electricity grid has continued to be decarbonised with emissions factor reducing by approximately 14.5% in 2025, resulting in lower reported emissions despite the consumption. However, there are also notable data quality issues affecting these trends. A large portion

of data for latter months, specifically March, are incomplete in both 2024/25 and 2025/26. Accuracy remains dependent on improving meter coverage and the frequency of meter reads.

- Across both gas and electricity, two consistent trends were observed: a reduction in construction-related emissions and an increase in emissions associated with void properties. Many of our construction projects were completed, and improvements in our voids management system were made, leading to enhanced data accuracy. Despite the overall reduction in fuel-related emissions, there has been a slight increase in emissions from the Facilities fleet. This is primarily attributable to several office closures and relocations during the year, which may have resulted in increased employee mileage.
- We continued to procure renewable electricity for office operations where feasible (more detail below).

Scope 1 – Gas

Consumption from our directly purchased Scope 1 Gas, which is mainly used in offices, development sites, the bulk gas suppliers feeding our communal boilers and heat networks, and construction sites, decreased by 8% from 122,024 MWh last year to 112,766 MWh this year. In associated emissions, this results in a roughly proportionate decrease (9%) from 22,688.47 tCO₂e to 20,631.81 tCO₂e.

The reduction likely reflects early indications of reduced gas use as a result of previous investment in heat networks. In addition, there was a slight reduction in the total number of homes included in supplier invoices during the year, which may contribute to the overall decrease.

Another driver of the reduction was lower construction-related consumption and associated emissions. This was primarily caused by a contraction in the in-house new build programme, as several large projects moved beyond the most resource-intensive phase of construction or were completed during the year. This trend is evident at key sites such as Greenwich Peninsula and Kodak.

Within the overall gas figures, a small portion relates to community centres data, where consumption increased slightly. However, this represents a relatively

minor share of total usage and therefore does not materially impact the overall picture. These patterns will continue to be monitored and verified in future reporting periods.

In contrast, there was a notable increase in consumption from void properties. While this remains a relatively small proportion of the overall portfolio, the increase is important to acknowledge. This is partly attributable to improvements in our internal data systems. Our void management software now provides a more accurate measure of average turnaround time, replacing the assumptions used in previous years. As a result, the reported average turnaround time has increased, despite a broadly similar volume of units, leading to a corresponding increase in estimated void-related energy consumption.

Obtaining timely consumption data for void properties from suppliers continues to be challenging, meaning that a degree of estimation remains within our void consumption calculations. We are working with suppliers to improve the availability and quality of this data going forward, which may lead to further refinements in reported figures in future years.

Scope 2 – Electricity

Overall, directly purchased electricity consumption has increased by 13% from 32,481 MWh to 36,656 MWh this year. For associated emissions, we saw a 4% decrease from 6,724.84 tCO₂e to 6,488.14 tCO₂e. However, there are notable data quality issues that may be influencing this trend.

A key issue is the increasing incompleteness of data towards the end of the financial year, particularly in March, across both 2024/25 and 2025/26. Supplier datasets show reduced coverage and a sharp increase in zero-consumption sites.

The unusually low consumption recorded in March 2024/25, followed by a peak in April 2025/26, suggests that some delayed or backfilled meter readings may have been recorded outside of the correct reporting period, rather than representing genuine changes in demand. This builds on an existing challenge around obtaining regular meter readings, largely due to limited meter coverage.

Further analysis indicates that 3,305 of 5,521 sites recorded increases in electricity consumption year-on-year; a further 207 sites that moved from zero to recorded usage, while 563 sites reported zero consumption in both years, highlighting persistent gaps in data coverage. A large proportion of recorded increases are also significant, with 2,156 sites showing increases of over 50%, highlighting a high degree of variability in the data year-on-year.

Challenges remain in obtaining regular meter reads and progressing meter upgrades, and therefore the accuracy and completeness of electricity data should be considered when interpreting these trends. This issue has been discussed with our supplier, and we have plans to work together in the coming months to increase number of exchanges to AMR or smart meter installations, supporting more accurate data driven invoicing.

The decrease in emissions despite higher consumption reflects a combination of factors, including:

- The continued decarbonisation of our electricity grid. There has been a ~14.5% decrease in UK's Scope 2 emissions factor from 2024 (0.20705 kg CO₂e) to 2025 (0.177 kg CO₂e)
- There is also a shift in the composition of the housing portfolio to lean more into electricity away from gas in our new builds.

We continued to procure renewable electricity for office operations where feasible. During 2025/26, a total of 2,102,607 kWh of green electricity was purchased, representing approximately 5% of our total electricity consumption. However, following a review of the cost of Renewable Energy Guarantees of Origin (REGOs), renewable electricity has not been procured for communal supplies. This is due to the service charge implications for residents as the costs would be passed through.

The same factors relating to void properties and construction sites described under Scope 1 – Gas are also applicable to electricity consumption.

Scope 1 – Transport fuel

This year, the highest increase emissions in this category came from Facilities fleet. The closure of some large regional offices including Cray House and Garratt Lane, and the relocation of our Slough office, led to higher vehicle usage.

Still, compared to last year, the overall difference was a downward trajectory in emissions of 2%. Within this, we saw 5% increase in Direct Maintenance fleet, and 18% in Facilities fleet, whereas there was a slight decrease in Caretaking fleet (-1%). Also, this year, we continued to use HVO, a renewable biofuel, across several construction sites as an alternative to diesel. A few sites including Greenwich Peninsula, Walthamstow, and Kodak showed recurring use of HVO during the year. However, the use of white diesel remained prevalent at other sites, too. This indicates that while progress has been made, expanding the adoption of HVO and renewable electricity remains a key focus to further reduce emissions from construction activities.

Scope 3 – Employee mileage

There was a slight increase of 8% in the employees' mileage, which may potentially be explained by office closures and relocations, as explained above.

However, there has been a positive shift towards electric and hybrid vehicles used by colleagues. In 2025, we teamed up with Octopus Electric Vehicles to introduce a salary sacrifice scheme, enabling staff to access new electric vehicles while benefiting from cost savings. This initiative is still relatively new, but the impact is likely going to increase over the years and represents an important step. We will continue to build on this approach over time.

Energy efficiency measures

Please see **Our net-zero strategy and targets, and retrofit progress (SRS C3 & C4)** of this report for information around our progress on retrofit and other energy efficiency projects in our communal spaces.

6.3

Alignment between SRS, FHH and TCFD

The table below contains the Environment and Social section of SRS, the core metrics of FHH, and TCFD.

SRS Theme: Environment and Social

SRS criteria	SRS Requirement	FHH Topic	FHH Metric (Core)	TCFD Pillar	Page #
Environment					
C1	EPC distribution – existing homes	Net zero homes	Average annual operational carbon intensity of completed homes	■ Metrics & Targets	EPC: p. 11-13 Carbon intensity: p. 21-22
C2	EPC distribution – new homes				
C3	Net zero target & strategy			■ Strategy	p. 14-20
C4	Progress on net zero + retrofit activity			■ Strategy	p. 14
C5	Scope 1, 2, 3 emissions	Low carbon construction	Total emissions (Scope 1 & 2)	■ Metrics & Targets	p. 21-24
C6 C6 – C8	Flood, drought, and overheating risk assessed & mitigated			■ Strategy ■ Risk	p. 27-28
C9	Biodiversity strategy & targets	Nature positive places	Total and average project biodiversity net gain	■ Metrics & Targets	p. 29
C10	Strategy to manage pollutants			■ Strategy	p. 29
C11	Use of responsibly sourced materials			■ Strategy	p. 30
C12	Construction waste strategy	Resource & water efficient construction	Normalised construction waste generation	■ Metrics & Targets	p. 34
C13	Water management strategy	Water efficient homes	Average internal water efficiency of completed homes	■ Metrics & Targets	
C14	Sustainable procurement approach			■ Strategy	p.35
Social					
C29	ESG governance			Governance	p.25



For more information

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