

Strategic Plan

Environment and Climate Change

March 26



L&Q

Contents

Introduction.....	2
Link to the new corporate strategy	3
Strategic Plan – Environment and Climate Change	4
Theme 1 – Warm and comfortable homes.....	4
Theme 2 – Reducing carbon emissions.....	5
Theme 3 – Reducing waste and increasing the use of sustainable resources (Circular Economy) ...	6
Theme 4 – Creating healthy, green places	7
Theme 5 – Adapting to be more resilient to climate change	7
Group Balanced Scorecard KPI	9
Strategic Risk: Environment and Climate Change	10

Introduction

L&Q's second corporate strategy, adopted from 2026, refreshes our purpose: *'to provide social homes that everyone can be proud of'*. It also sets out three strategic commitments:

1. We'll provide social homes to meet housing need
2. We'll provide good landlord services
3. We'll be efficient and maximise our impact

To support and deliver these commitments, we have developed nine strategic plans, each aligned to one of our strategic risks. These plans are grouped around themes and set out:

- The activities we plan to deliver over the next five years
- The key milestones by when we will deliver this activity
- The measures we will use to track progress
- The strategic risk definitions and statements that govern delivery

Each strategic plan covers the five-year period (2026-31) outlined in our corporate strategy and will be reviewed and updated annually to ensure alignment with our five-year budget, Long-Term Financial Plan, risk appetite and any legislative or regulatory changes, as well as to the other eight Strategic Plans. Each Strategic Plan links with one or more annual Run the Business (RTB) plans across the teams responsible for delivery, which translate the Strategic Plan into specific initiatives for each financial year. Figures used are correct at document cover date.

These Strategic Plans are the tools we will use to track progress against our new corporate strategy and to provide assurance to the Group Board through our governance framework. They set out consistent board-level planning and assurance across all directorates, giving the Group Board confidence that the delivery of our corporate strategy is aligned, realistic, affordable, compliant, and within agreed risk appetite.

This document is the Strategic Plan for Environment and Climate Change.

How to use this document:

The strategic activities set out in this Strategic Plan may involve specific resource requirements (i.e., training) and may be influenced by cross-functional activities, including those associated with our Transformation and Change Portfolio. Therefore, this document should be reviewed in conjunction with People and Talent, Organisational Governance and Control, and Data Control Strategic Plans.

The Executive Portfolio Accountability Owner for this plan is the Executive Group Director - Governance and Transformation. They hold the authority to set the direction, standards and parameters for their teams and associated activity, and agreement will be sought with those responsible for delivery, working collaboratively towards alignment wherever possible.

Accountable owners and delivery leads should use this plan as the single planning baseline for prioritisation, budgeting and delivery through the annual RTB planning and budgeting cycle. They should also report progress quarterly against the agreed RTB plans and Key Performance Indicators (KPIs), Performance Indicators (PIs) and Key Risk Indicators (KRIs), and escalate significant variances and risks through the established performance reporting and governance cycle.

Link to the new corporate strategy

Commitment 1: We'll provide social homes to meet housing need

Strategic Outcome: We'll provide **quality** homes that are safe, hardwearing, well-designed, easy-to-maintain and sustainable, providing a strong foundation for resident health and well-being.

Things that we'll do:

- We'll design new homes and deliver maintenance, retrofit and refurbishments that are hardwearing, and create a dry, warm and healthy home that can be more resilient to the impacts of climate change, as well as easy and cost-effective to maintain and upgrade.

Commitment 3: We'll be efficient and maximise our impact

Strategic Outcome: We'll focus our resources on the areas of **highest impact** connected to our **social purpose**

Things that we'll do:

- We'll respond to the impact of climate change in a way that ensures our plans, standards, and investment decisions are fair and proportionate to both us as an organisation and for residents.

Strategic Plan – Environment and Climate Change

The table below outlines the activity that will take place over the next five years relating to the following themes:

Theme 1 – Warm and comfortable homes

We will take action to ensure residents can afford to heat their homes, speed up the move away from fossil fuel heating, and expand access to renewable energy technologies across all homes.

1. By Q3 2030/31, we will bring as many homes as possible to EPC C, while working towards alignment of our investment programme in retrofit to the Domestic Minimum Energy Efficiency Standards, with an expectation that around 7,660 homes would need to be delivered to EPC C by the end of 2030/31. We will install energy efficiency measures to empty homes before they are re-let when viable, improving them to EPC C. From 2026/27, we will deliver whole house retrofit where possible and will explore the setting and use of heat demand targets.
2. From 2026/27, we will explore and publicly advocate for accelerating the installation of energy efficiency measures in residents' homes to meet regulatory requirements, while considering key dependencies and constraints. We will look at additional funding opportunities to maximise our ability to deliver homes to EPC C and go beyond, with an aspiration for 50% of EPC D homes to meet EPC B by 2030, in line with a net-zero pathway.
3. From 2026/27, we will aim to install low carbon heating to all homes meeting a suitable heat demand as standard when existing heating systems come to end of life, and we will ramp up low carbon heating installations from 2028/29 to achieve the rates required for widespread adoption of low carbon technologies in line with the Government's 2026 Warm Homes Plan. By 2030/31, we will further develop our approach to supporting residents through the transition, recognising both organisational funding limitations and the financial pressures faced by residents in meeting energy costs. We will test and refine financial and delivery models to address these challenges, alongside retrofitting solar PV and batteries to 1,000 homes. While we currently prioritise a fabric-first approach to retrofit, we recognise that we must begin transitioning away from gas, which is currently the dominant source of heating and hot water for residents. Our priority will be to ensure that residents see financial benefits, or at least no additional cost, from this transition process.
4. From 2026/27, in preparation for the implementation of the Future Homes Standard, we will avoid installing gas as the primary heat source for all new build homes subject to planning applications. Where practically and financially viable, we will aim to go beyond compliance and deliver in line with Passivhaus principles, Net Zero Carbon Buildings Standard, and BREEAM for commercial units.

5. By the end of 2026/27, we will develop a Fuel Poverty Policy, outlining our commitment to supporting residents through targeted initiatives aimed at improving energy affordability.

Theme 2 – Reducing carbon emissions

We will tackle our direct energy use and the carbon emissions we create, playing our part in limiting climate change and working towards net zero by 2050.

1. From 2026/27, we will update our carbon emissions roadmap to align to our 5-year strategic plan, and we will improve the accuracy and reliability of Scope 3 reporting to include supply chain emissions. From 2026/27, we aim to report against core Future Homes hub metrics publicly on an annual basis.
2. From 2026/27, we will aim for an annual reduction in our Scope 1 and 2 carbon emissions of 4.2% to 2031, and 2.5% per year for Scope 3, in line with our net zero modelling. We remain committed to achieving net zero by 2050 and will map our progress against a science-based trajectory.
3. By the end of 2030/31, we will address our direct energy consumption by improving the efficiency of 208 communal and district heating schemes, subject to funding availability, and decarbonising at least 8 networks to net zero.
4. From 2026/27, where cost-effective, we will purchase 100% renewable energy for communal areas of our estates, preferably through options that support additional renewable grid capacity. From 2026/27, we will investigate and then roll out methodologies for reducing communal energy bills by installing LEDs and more energy-efficient mechanical and electrical equipment as part of replacement programmes.
5. From 2026/27, following completion of a pilot, we will agree plans to transition our maintenance and caretaking fleets to electric vehicles in line with the phase-out of petrol and diesel by 2035. By the end of 2026/27, we will have tested the standardised provision of electric vehicle charging infrastructure across our estates, targeting 10 estates with existing infrastructure. By the end of 2027/28, we will have rolled this out across all estates with existing infrastructure, providing the ability to fully operationalise the existing network and to develop a policy to enable us to respond to requests from our residents where is not existing infrastructure.
6. From 2026/27, our offices will continue to be powered by renewable energy. By the end of 2030/31, we will work on our approach for transitioning to a fossil fuel-free heating, ventilation, and air-conditioning system at West Ham Lane, as well as exploring opportunities for decarbonisation at Nexus House.
7. From 2027/28, following an assessment of our current position, we aim to phase out fossil fuel generators, vehicles or mobile plant using fossil fuels on in-house construction sites and to ensure that electricity use on site is 100% renewable.

Theme 3 – Reducing waste and increasing the use of sustainable resources (Circular Economy)

We will make sure that the materials and design of our buildings minimise embodied carbon, which is produced through the construction of new homes, and the maintenance of existing ones.

1. From 2026/26, we will look to carry out whole-life carbon assessments for all in-house new development schemes pre- and post-construction. By the end of 2029/30, we will extend this to all development schemes (including S106 and Joint Ventures). We will also embed sustainability into our scheme appraisal processes, ensuring that all opportunities to deliver enhanced environmental and climate resilience opportunities are considered.
2. From 2026/27, we will begin to embed process improvements and implementing measurement and reporting to reduce the embodied carbon of our new developments, aligning with the Net Zero Carbon Build Standard (NZCBS) sector mean. From 2027/28, we will set upfront carbon and whole life carbon reduction targets for our new developments to align with NZCBS industry benchmarks against our 2025 baseline. We will achieve this through design efficiency, optimised material use (using low-carbon materials and increasing material re-use), and aim for a 5% overall reduction in material demand. From 2026/27, we will take opportunities to reduce, reuse and recycle materials supported by the implementation of circular economy principles and tools, starting with the adoption of a digital materials re-use platform.
3. From 2027/28, we plan to require all waste (excluding toxic waste) from offices, construction, and major works sites to be diverted from landfill, embedding circular economy principles. By the end of 2027/28, we will extend this requirement to our wider development and maintenance providers.
4. From 2026/27, we will establish an approach for rolling out minimum requirements to all framework maintenance and construction suppliers, starting with steel, aluminium, cement and concrete, timber, and brick, as well as Single Homes Standard components. By the end of 2030/31, we will have established an L&Q Standard for lower-carbon construction products and processes to ensure uniform adoption across schemes and maintenance projects, including retrofit products and materials.

Theme 4 – Creating healthy, green places

We will contribute to healthy communities through the delivery of improvements to the natural environments around homes and related resident involvement opportunities.

1. From 2026/27, we will pilot our approach to biodiversity and deliver early benefits for residents by launching biodiversity initiatives in Greater London and Greater Manchester, funded through a mix of enhancement budgets and internal and external sources. By the end of 2026/27, we will work with contractors in London to deliver five pilots, scaling up to 15–20 schemes annually in subsequent years. By the end of 2026/27, where grounds maintenance is managed in-house in Greater Manchester, we will accelerate progress by targeting 25% of estates and establish a pathway to embed good biodiversity practices across all estates by the end of 2030/31. By the end of 2030/31, we will use the findings of these pilots to inform best practice and shape our approach to delivering biodiversity benefits across all estates.
2. By the end of 2026/27, we will publish a Resident Involvement Framework for green spaces and biodiversity, so that there is a clear offer for those who want to be involved across all our estates.
3. From 2026/27, we will achieve at least the regulatory minimum of 10% Biodiversity Net Gain (BNG) in all new eligible planning applications, delivering the target on-site wherever possible. By the end of 2026/27, we will develop best-practice guidance on embedding biodiversity and green space into new builds to align with maintenance needs, and to proactively identify opportunities to incorporate green infrastructure, to manage physical climate risks.

Theme 5 – Adapting to be more resilient to climate change

We will actively manage climate-related risks by adapting homes and buildings to withstand future environmental conditions, working in partnership with others to maximise our impact.

1. From 2026/27, we will model key physical climate risks to existing homes, including flooding, heat risk, extreme weather, subsidence, and water stress, within GIS. By the end of 2026/27, we will also conduct an assessment of the financial risk of climate change to our homes. From 2026/27, we will publish information on current and projected climate resilience indicators.
2. By the end of 2026/27, we will look to develop a climate risk design standard and incorporate it into the Design Guide. This will include consideration of risk beyond regulatory requirements, water efficiency in high stress areas, passive cooling measures including shading, flood

resilience, and nature protection or nature-based solutions. We will explore within this work how to ensure we design and build homes withstand at least two degrees global temperature rise by 2050.

3. By the end of 2026/27, we will develop our first resilience plan that considers the need to protect residents' wellbeing and homes, and the buildings they live in. By the end of 2030/31, we will prioritise high-risk estates for asset resilience surveys and corresponding climate adaptation plans to mitigate significant damage to buildings. We also will find ways to work in partnership to pursue opportunities to reduce risk to our residents and their homes.
4. From 2027/28, we will embed adaptation and resilience measures into policies and procedures for planned and reactive maintenance, acquisitions, and divestment decisions, aligning with the UK Green Building Council (UKGBC) Climate Resilience Roadmap and other best-practice guides.
5. From 2026/27, we will build a programme of collaborative outcomes to advocate for enhanced support and innovative approaches to climate resilience and decarbonisation in our urban bases of Greater London and Greater Manchester, recognising the scale and specific challenges we face.
6. From 2026/27, we will use our plan for environment and climate change to strengthen our understanding of the diverse needs and interests of residents on this topic, ensure we proactively address inequality, deliver economic benefits and targeted support for residents and communities, and develop the skills and jobs needed right now and into the future.
7. By the end of 2030/31, we will have developed long-range decarbonisation and net-zero pathway plans through to 2050.

Group Balanced Scorecard KPI

The table below identifies the KPI on our Group Balanced Scorecard that will be used to measure the impact of activities over the life of this strategic plan. This is to enable the Group Board to assess the effectiveness of this strategic plan to deliver the associated strategic outcomes within our corporate strategy. This also enables them to assess the effectiveness of the controls we have implemented to mitigate our strategic risks.

KPI	Definition
% Homes with Current EPC Rating C or Above	Percentage of homes with a current EPC of Band C or better, where L&Q has operational control and maintenance responsibility for. Measured by the EPC bandings of standard assessment procedures ratings provided on EPCs

Strategic Risk: Environment and Climate Change

2026/27 Strategic risk description

- **Risk that:** we may be unprepared for extreme climates and conditions or to meet Net Zero targets
- **Caused by:** insufficient investment, preparation, or climate change action
- **Resulting in:** property damage/deterioration, customer exposure to unhealthy environment/property condition, rising repair needs and increasing investment costs.

Key Risk Indicators

% Homes with Current EPC Rating C or Above

Risk Appetite level

Our Strategic plan sets out our priorities to reduce the climate impact of our operations and climate impacts for our residents and homes. Financial constraints limit activity in this space, and we have a **high appetite** for risk in relation to climate change impacts.

2026/27 Risk appetite statement

We will accept

- A proportion of existing residents will live in homes that remain inefficient in their energy usage, subject to energy waste and missing out on benefits of renewable energy installation
- Some workplaces and communal areas will continue to emit higher carbon and have a wider carbon footprint than target.
- Not all 3rd party maintenance and construction suppliers will be able to meet our minimum requirements for lower carbon construction products and processes.
- Not all new and key suppliers will be able to commit to science-based targets, adopt the PAS 2080 Carbon Management in Infrastructure as a

We won't tolerate

- Failure to decrease homes below EPC C in line with the Minimum Energy Efficiency Standards (MEES) regulations
- Failure to take steps to improve efficiency of Heat Networks in line with Heat Network Technical Standards (HNTAS) regulations
- Failure to reduce carbon emissions across Scope 1 & 2 by more than 2.1% compared with the previous year
- Failure to assess whole life carbon of 100% new development schemes this year
- Environmental performance falling below 75% across all construction sites

<p>common standard, or proactively work towards electrifying their fleet and non-mobile machinery.</p> <ul style="list-style-type: none"> • Not all new planning applications will be able to achieve at least the regulatory minimum of 10% Biodiversity Net Gain (BNG) on site. • GIS data may not be accurate enough to identify all our properties to model them for flood risk, heat risk, subsidence, and water stress. • A Resilience Plan considering the need to protect residents' wellbeing and homes will not achieve 100% coverage or prevent property damage in its entirety. 	<ul style="list-style-type: none"> • Failure to deliver 10% biodiversity net gain on all schemes within regulatory requirement • Failure to deliver at least 5 biodiversity improvements across London and Manchester estates. • Failure to ensure 100% of all new homes to be planned and built to withstand at least 2 degrees global temperature rise.
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Expected risk status and proposed risk appetite level for 2026/27					
	Key		Current Risk Status	Risk Appetite	
	Very low	Low	Medium	High	Very High
Environment & Climate Change Strategic Risk			●	→ ●	