



Sovini Group Carbon Reduction and Environmental Management Strategy

2025 - 2030

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Introduction and context

The evidence of the need to reduce harmful carbon emissions that contribute to global warming and the associated threats to our way of life is overpowering.

This has implications for every nation, every region or community, every household and even every individual. In the same way, every business regardless of their nature or sector has a role to play in reducing emissions and promoting better environmental management practices.

Previous iterations of this Strategy had provided detailed information on why the issue of carbon reduction is so important and viewed this through different lenses i.e. the global, national and regional positions, through to where we stand as a group of businesses.

Whilst it is important not to lose sight of the significance of this wider context, in some ways it is story that does not need to be repeated here. Everyone can see the impacts and potential threats of global warming in their everyday lives.

This iteration of the Strategy is, therefore, much more focused on what The Sovini Group's aims and objectives are and how we strive to deliver continuous year-on-year improvement, whilst recognising that some issues require longer term planning and technological innovation that will not transpire over shorter timeframes.

This Strategy is closely linked to wider Strategic aims and objectives across The Sovini Group and is aligned with the Group-wide vision, mission and values, as follows:

- Vision:** A Better Future
- Mission:** Creating Opportunities, Changing Lives
- Values:**
- Success – we will be the best
 - Passion – we love what we do
 - Authenticity – we do what we say
 - Courage – we dare to be different
 - Enterprise – we never stand still

As a Group of responsible businesses, Sovini has developed and keeps under review this Strategy to guide its actions linked to carbon reduction and to make best use of the collaborative ways of working / efficient use of shared resources to maximise our collective positive impact.

This is particularly important as the areas of construction, material supply, housing development, asset / housing management that are at the heart of what we do as are known to be key areas to target for carbon reduction measures.

“The buildings and construction sector is by far the largest emitter of greenhouse gases, accounting for a staggering 37% of global emissions” – (Building Materials and the Climate - United Nations Environment Programme, Sept 2023)

“17% of UK’s emissions (2019 levels) come from heat and buildings and the government expects a reduction of between 47 – 62% (from 1990 baseline levels) by 2035 for this sector” – (Net Zero – Build Back Greener, HM Government, Oct 2021)

This Strategy sets out how the individual entities in The Sovini Group working together in collaboration will take action to improve environmental management over the period 2025-2030 and ultimately reach ‘net zero’ carbon emissions.

What is ‘net zero’? - Although ‘net zero’ means different things to different players, put simply it is the point where the harmful greenhouse gasses that are produced (in particular Carbon Dioxide CO₂) are equal to those taken away by natural processes and Carbon capture technologies

Why is it important? - Reaching a global position of ‘net zero’ is widely agreed as being the fastest and most effective way of halting climate change and the effects of global warming

Like all Sovini Strategies, it will be subject to an annual review and will project forward in five-year periods to take account of medium-term priorities and prevailing thinking.

In keeping with the UK Government’s target to reach ‘net-zero’ carbon emissions by 2050, however, there is also recognition within the Strategy that some actions / targets will take a lot longer to implement / achieve and will be factored into longer term business planning.

This is a reflection of the huge amount of work to be done, the developing position of new technologies that have yet to achieve mass market take-up / financial viability and the lack of definitive legislative drivers for when certain measures impacting on our businesses are to be achieved.

Further uncertainty impacting medium term business planning for carbon reduction measures comes from unknown costs of measures that may become mandatory, the funding regime (in particular for Registered Providers), skills gaps in green technology trades and the wider economic environment.

What is certain is that we cannot afford to wait for these issues and ambiguities to be resolved. The Sovini Group approach will therefore concentrate on actions and measures in the medium term that we know are effective now and will continue to contribute to carbon reduction targets going forward.

In delivering so called ‘no regret’ measures all entities within The Sovini Group will look to achieve tangible carbon emission reductions in direct (i.e. those that are wholly controlled – Scope 1) and indirect business activities (i.e. not wholly controlled and subject to interaction with third parties / wider influencing factors – Scope 2 and 3).

In the same way that The Sovini Group business model is mutually beneficial for each of the individual entities working towards a common purpose, with pooled knowledge, expertise and value engineering opportunities, a Group-wide approach to carbon reduction provides the best route to rise to the challenges before us.

By working together, The Sovini Group entities are able to monitor and quantify carbon emissions at all points in the lifecycle of goods and services, in ways they could not as individual businesses and this means we can identify areas for action through whole processes.

It also creates possibilities to 'eat away' at internal supply chains and to develop skillsets for delivery of emerging technological solutions and to seek opportunities to sell these 'in demand services' external to the Group, creating efficiency gains and ultimately, increased financial capacity for social purpose.

Summary of aims and objectives

Sovini Group Carbon Reduction and Environmental Management Strategic Plan 2025-30					
Main Aim	To work towards becoming a net zero carbon emissions Group				
What we want to achieve (aims)	Sovini Registered Providers		Sovini Commercial Entities		
	Reduce Carbon emissions from existing stock	Reduce Carbon emission from new build developments	Reduce Carbon emissions associated with operational practices	Reduce Carbon emissions associated with the running of commercial premises	Reduce Carbon emissions associated with fleet and plant
What we will do (objectives)	- Obtain and maintain accurate baseline data of stock portfolio energy performance - Adopt a 'fabric first but not only fabric' approach to retrofitting - Maximise grant funding and industry expertise - Support and advise customers on positive environmental actions - Secure the best available energy tariffs and use	- Keep standard house type specification under review to incorporate prevailing environmental performance standards - Where possible, include 'future proofing' measures to reduce need for future retrofitting	- Maximise recycling opportunities to reduce trade / office waste - Procure and use materials with best environmental performance / least carbon output - Encourage whole life carbon capture through supply chain	- Secure the best available energy tariffs and use renewable suppliers only (in commercial business premises) - Install energy saving measures in premises and conduct feasibility studies for micro-generation technologies	- Secure best in class (lowest emissions vehicles when fleet arrangements come to an end) - Reduce fuel consumption through intelligent route planning and 'in cab' driver monitoring technology - Build infrastructure and capacity for greater use of electric vehicles

The Sovini Group Carbon Reduction and Environmental Management Strategic Plan 2025-30

	renewable suppliers only (landlord supplies for shared areas of domestic properties)				
Outcomes	• Clear understanding of position to enable forward business planning, funding requirements and bid preparations • Making best use of available technology • Engaged and satisfied customers • Meet all legislative and regulatory requirements	• Reduced need for future expenditure • Desirable product increasing demand for lettings and sales • Meet all legislative and regulatory requirements	• Reduce amount of waste sent to landfill • Create usable recycled products for supply in construction industry (internal and external to the Group) • Encourage good practice and drive-up standards throughout the construction sector	• Reduced running costs and lower energy demand from commercial premises (increased efficiency)	• Meet legislative requirements ahead of implementation dates • Develop sector best practice and attract new business • Drive technological innovation through demonstrated market demand
Monitoring and measuring	Board / Risk and Audit Committee / Executive Management Team assurance / performance reporting, Risk Register compliance, KPI and Service Delivery Plan Monitoring, full legal / regulatory compliance and zero enforcement measures, customer satisfaction measures, Environmental / Social / Governance reporting, benchmarking with similar sectors / providers.				

The Sovini Group Position – Where are we now?

As a Group incorporating varied different businesses, we have always shown a collective desire across our specialisms and combined areas of activity to manage our environmental impact and reduce our carbon emissions.

From 2012 onwards we have retained the ISO 14001 standard, incorporating a comprehensive 'Environmental Management System' and 'Impacts and Aspects Register' to capture all elements of business activity.

Analysis of the key metrics within the Impacts and Aspects Register at The Sovini Group level for direct (e.g. fuel emissions from vehicle use – known as Scope 1) and indirect emissions (e.g. through purchased energy use – Known as Scope 2 and 3) show that a 71.49% reduction in equivalent CO₂ tonnes (monthly comparison per full time employee) has been achieved from base year (2011) figures.

Impressive results have also been achieved across The Sovini Group in the overall indicator of 'maintaining the high volume of commercial waste which is diverted from landfill' (incorporating: confidential waste, general office waste, cardboard / packaging and construction waste).

Our performance in 2024/25 reached 100% compared with 68% in the baseline year (2011) – (Source: Environmental Social Governance –[ESG] Report 2024/25).

Whilst the above metrics indicate that we are in a strong and consistently improving position in environmental management / carbon reduction performance for our activities as an employer, there have also been significant strides made in improving the energy efficiency of the homes owned and managed by The Sovini Registered Providers.

For Example, in 2024/25 we completed various property improvement programmes and individual elements that have vastly enhanced energy performance across our property portfolio, including:

2024/25	OVH	PCHA	Total
Decarbonisation Wave Two	£1,856,262	£347,554	£2,203,817
Roof	£3,035,390	£317	£3,035,707
Secondary Roof	£86,152		£86,152
Windows	£384,177		£384,177
External Doors	£204,790	£11,557	£216,348
Boiler	£383,363	£22,268	£405,631
	£5,950,136	£381,698	£6,331,834

Despite the progress that has been made in improving the energy performance of our existing rental portfolio (all tenures) and new build properties we recognise that this represents our biggest challenge in our ambitions to become a collective net zero carbon business.

The cost of retrofitting existing Sovini Registered Provider rental stock to ensure it meets prevailing standards, and the possibility of more stretching future standards is estimated to require circa £186m investment between 2030 and 2040 (this is based on a 2022 comparative study 41 social landlords' median estimates with average spend of £14.3k per property).

The requirements for retrofitting expenditure will be kept under review and will be adjusted based on available data and validation.

This is in addition to the carbon reduction and energy efficiency improvement measures planned to be completed, as part of the ongoing Investment Programme.

This includes:

- Insulation measures (cavity infill, flat roof, loft, external wall)
- Installation of solar PV
- Improvement / replacement of heating systems and controls
- Door and window replacements and upgrades
- Draught proofing measures

The landscape for housing energy performance has changed significantly since the last iteration of this Strategy and will continue to evolve over coming years, including the introduction of RdSAP 10 methodology which was released in June 2025.

An initial calculation conducted in July 2025 for the housing portfolio indicated a reduction in SAP scores for OVH and PCHA properties. Additional validation is scheduled after the Promaster upgrade is completed, which is expected by the end of the calendar year.

In 2025, The Ministry for Housing Local Government and Communities launched a consultation on the updated Minimum Energy Efficiency Standards (MEES) which for the first time will include the social rented sector.

The proposal has four options with new metrics that will assess the energy performance of buildings based on fabric performance, smart readiness and the efficiency / emissions of the heating system.

If introduced, MEES would be included in the Decent Homes Standard (DHS) which is yet to be confirmed, although is likely to have a shorter timeframe for compliance of 2030, as opposed to 2035 or 2037 (for the wider DHS).

This will raise standards for tenants while allowing social housing landlords the flexibility to choose to install energy efficiency measures that are right for their properties, but it is not without it's challenges and uncertainties.

Some of this uncertainty is due to proposed changes in the way EPC's will be calculated going forward, and the links this has with the introduction of the 'Home Energy Model' (HEM), which

is new UK calculation methodology designed to replace SAP scoring, and where the minimum standard (i.e. 'the target') will be set on any new metrics (this is in addition to the changes to RdSAP calculations outlined above).

Although these measures are designed with good intentions in mind i.e. meeting objectives of both the Fuel Poverty Reduction Strategy and reducing carbon emissions, they could also have unintended consequences of being misunderstood by the social housing sectors lenders, putting them at risk of higher borrowing costs.

Through membership of a National Buying Group and the Constructing Excellence network, over the course of this Strategy, we will also be looking to gather benchmarking information on indicative spend for carbon reduction measures for the Sovini Commercial Companies to stay pace with the sector and demonstrate best practice to win new business.

To improve the approach to recording carbon reduction measurements and expenditure across the entire Sovini Group, a 'net carbon software system' has been procured and will be operational from 2025 onwards, with information available for each Sovini entity and their current position in regard to their carbon footprint / emissions.

This system will allow month by month comparisons of carbon output and will be used to drive future business planning based on assessment of the most effective and efficient measures.

The 'Systems Thinking' Approach

Just as the national and global efforts on tackling climate change requires coordination of policy initiatives, sectors, knowledge-sharing and joint responsibilities – we will need to pool our resources to rise to the challenges presented by the pathways to net zero carbon emissions.

As The Sovini Group is built around connected businesses in the areas of construction, property maintenance and property management, sharing common supply chains and central services, there is plenty of opportunity to develop joint solutions and collaborative ways of working, to inform our approach to net-zero.

The Sovini Group is built around common interests. The virtuous circle of the Group means success and growth in one area leads to increased capacity and opportunity in another, in a way that is mutually beneficial.

The same applies to the approach to problem identification and problem solving and non-more so than the area of carbon reduction measures.

Each entity with The Sovini Group will all have their own actions / targets to reduce carbon emissions and improve environmental performance particular to their area of specialism / trade, and these are detailed in **Sections 1 and 2**.

However, as previously mentioned, by far the biggest challenge for all the Group entities is the need to retrofit existing rental housing stock owned and managed by the Registered Providers

and ensuring properties that come on stream through the development programmes are future proofed.

There are many complex and inter-related aspects to this issue, which is why we are adopting a 'systems thinking' approach.

'Systems Thinking' - (holistic approach to analysis that focuses on the way that a system's constituent parts interrelate and how systems work over time and within the context of larger systems)

- **Figure 1** below gives an indication of the types of issues The Sovini Group will need to consider in its approach to improving the energy performance of the Registered Provider's housing stock (it does not intend to cover every aspect as these will evolve over time in what is a very fluid and dynamic context)
- **Figure 2** outlines key responsibilities or areas of expertise within The Sovini Group
- **Figure 3** outlines the benefits of a Group-wide and collaborative approach for addressing energy performance in the Registered Provider's housing stock

Figures 1 to 3 when overlayed, demonstrate how the systems thinking approach works in practice and how we will be best placed to rise to the challenges in retrofitting and new developments as a 'collaborative collective'.

This approach is applicable to wider issues that form part of our carbon reduction actions and aspirations and will also be applied to fleet management, waste reduction and intelligent energy use across The Sovini Group.

Throughout the Strategy we have included examples of how the systems thinking approach will be deployed, indicating connections and responsibilities of different teams / entities across The Sovini Group and also the advantages to be gained through this collaborative mindset.

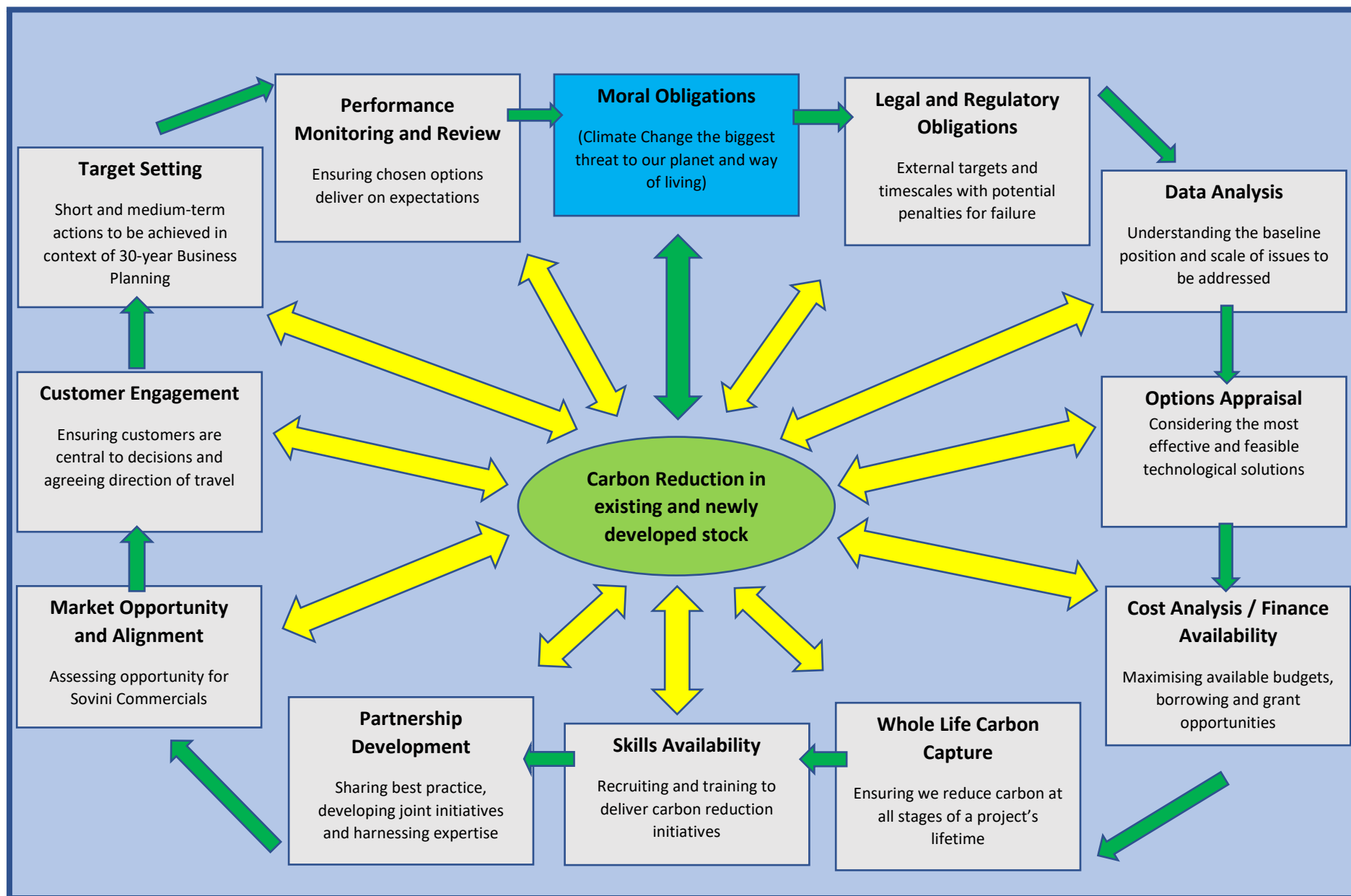


Figure 1 Issue consideration for carbon reduction activity in Sovini registered providers housing stock

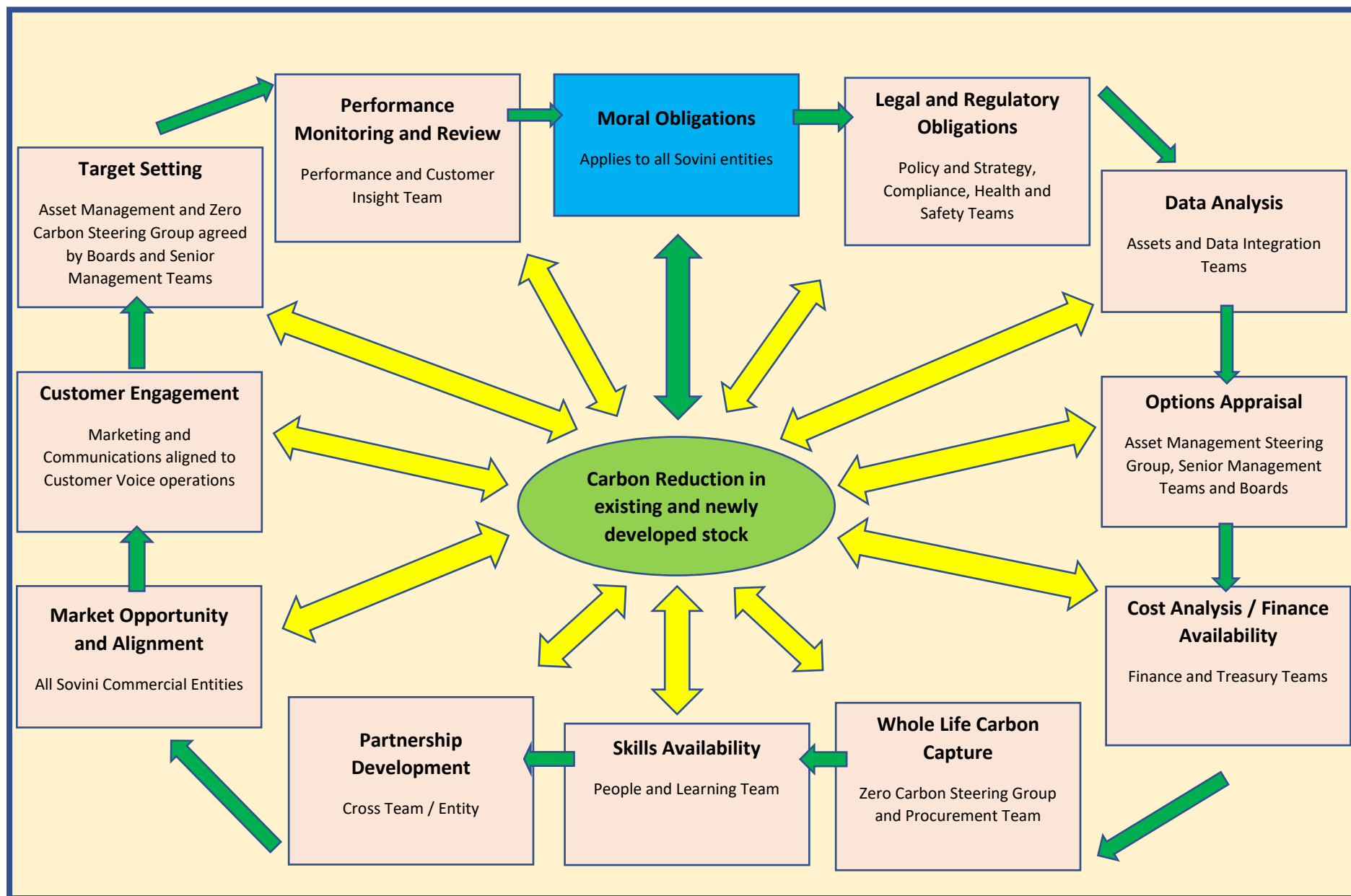
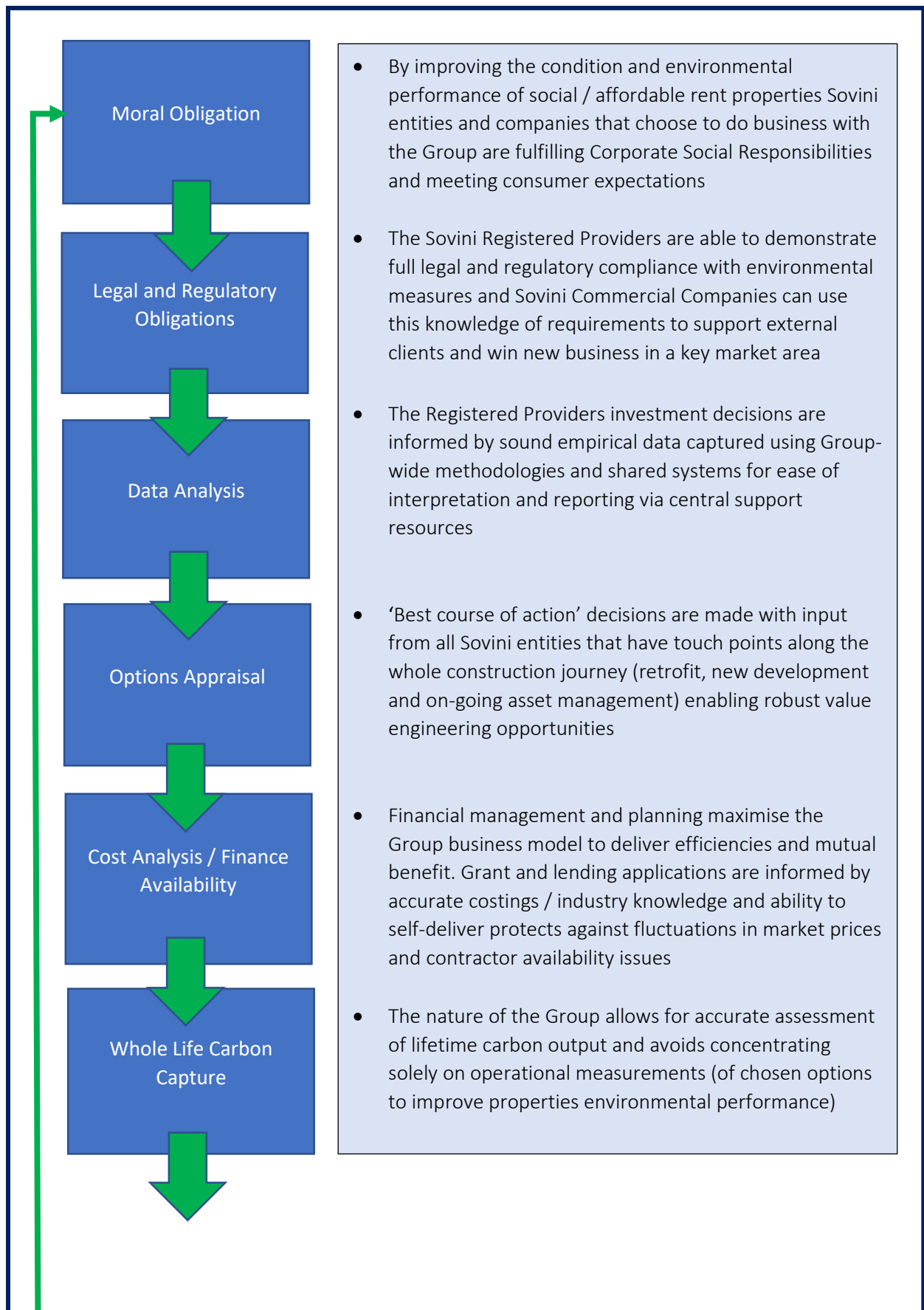
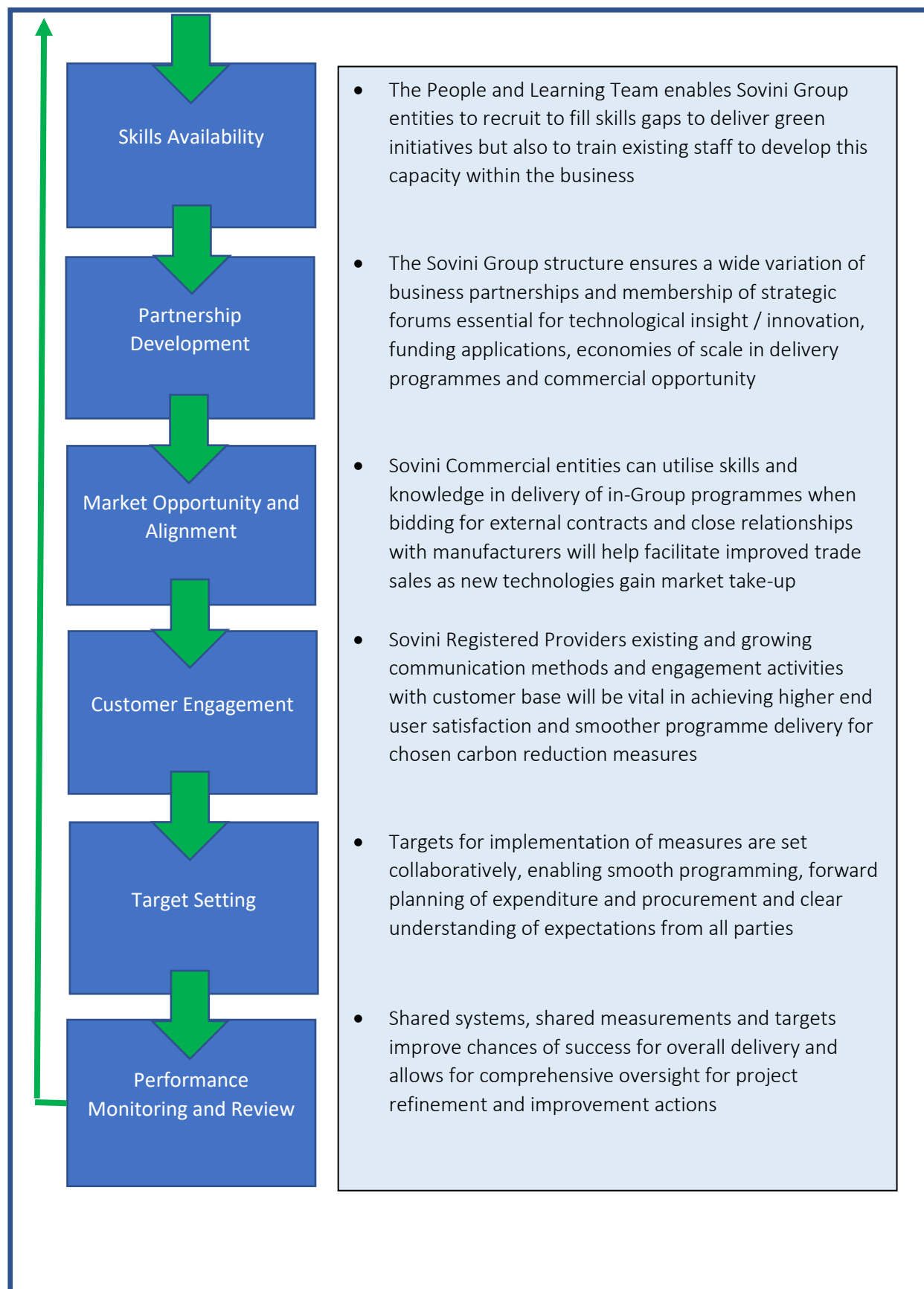


Figure 2 Key team or Sovini entity responsibilities for carbon reduction activity in Sovini registered providers housing stock

Figure 3 Benefits of Systems Thinking approach





1. Key Priorities - Sovini Registered Providers

1.1 Understanding the changes in energy performance legislation

The legislative landscape is undergoing a huge overhaul to improve the energy efficiency of the UK housing stock and Government are trying to provide clear guidelines on how to deliver this effectively, including the following reforms and measures (many of which are yet to be finalised or there is uncertainty on the timetable for commencement):

- Social Rented Sector, Minimum Energy Efficiency Standards (SRS MEES)
- RdSAP 10 and RdSAP 10.3
- Energy Performance Certificate reform
- Home Energy Model (HEM): Future Homes and Buildings Standard
- Heat Network Technical Assurance Scheme (NHTAS)
- Energy Ombudsman and Ofgem for Heat Networks
- Phased introduction of Awaabs law (primarily concerned with property conditions that create damp and mould but will eventually cover all property hazards identified in the Housing Health and Safety Rating System)
- A revised Decent Homes Standard
- The Fuel Poverty Strategy

Whilst all of the above changes and initiatives will have an impact on the Sovini Registered Providers actions to make their rental properties more energy efficient / reduce carbon emissions, it is the proposed introduction of SRS MEES that is likely to have the biggest impact on future plans and delivery.

The Government's preferred option for SRS MEES (with a proposed target for compliance by 2030) is for providers to meet a standard for fabric performance first and then to choose to meet either the smart readiness or heating system standard (the dual metric approach). This is likely to include the following measures:

- Fabric Measures - include insulation and double glazing, to improve thermal comfort, reduce heating demand and enhance the efficiency of heating systems
- Heating System Standard - include the property hot water and heating systems and potentially cooking appliances based upon how efficient the system is and the emissions the system generates
- Smart – based on the optimisation of the property energy usage and its ability to integrate with a flexible energy system. Possible measures driven by this metric would include solar panels, batteries and other load shifting appliances and smart meters to enable tenants to access smart tariffs

1.2 Obtain additional data for existing housing stock under RdSAP 10

Ultimately, we know that if we are to achieve our long-term aim of being a net zero carbon business then we need to ensure our homes must be low-carbon, energy efficient, have safe moisture levels, excellent indoor environmental quality and be climate resilient.

To understand the levels of investment that will be required, the measures that will be most effective and efficient, the sequencing of actions and what 'net zero carbon' really looks like for the totality of our operations, we must continue to gather and use accurate data.

To enable this accurate data capture from the Registered Provider's stock, the Asset Management Team are utilising the Reduced Standard Assessment Procedure (RdSAP) as the prime methodology for calculating the energy efficiency of existing dwellings.

Version 10 of RdSAP was released in June 2025 and has provided several key changes regarding energy performance assessments of existing properties:

- **All windows within a property must be measured** – Previously it was acceptable to assume typical glazing areas based on the age of property
- **Additional roof room options** – Assessors will be required to take additional measurements to capture different construction types of any common wall and gable walls
- **New age band for properties built after 2023** – Introduced to reflect the improvements in property u-values (measurement of heat transfer) within new homes
- **PV diverters and battery storage** – Assessors will be able to account for PV diverters and battery storage when they are present in the property
- **Increased recommendations for Heat Pumps** – These are the government's preferred low carbon solution and will appear more frequently as a recommended improvement measure provided certain conditions are met, e.g. property insulation is at a suitable level

The decision to use RdSAP calculations and methodology, is in support of and not an alternative to the production of valid Energy Performance Certificates (EPC's) which are a legal requirement for all new lets, are vital in support of grant funding applications and also form part of our Environmental Social Governance (ESG) reporting format.

As the RdSAP methodology underpins the creation of EPC's (when they are required to be issued or reissued), there is no loss of the quality of data gathered and several advantages in using this approach, which include:

- The EPC is a snapshot or position in time (lasting for 10 years) and is not updated (unless re-certified, which incurs additional costs) when investment works are completed
- The RdSAP cross references with stock condition and asset management information and provides an updated score as and when new measures are completed (providing more accurate up-to-date data on a properties energy performance and overall position / investment needs of the stock)
- This comprehensive dataset ensures when EPCs are required to be produced or updated that they are more accurate i.e. all data fields will be complete
- When combined with the SAVA Intelligent Energy software the RdSAP data gives a clear indication of the measures that will be most effective at improving the energy performance of a property (increasing both RdSAP values and EPC bandings) – which assists in budgetary planning and bid preparation work

- The data input is subject to independent validation. Surveys are often audited and subject to quality assurance checks whereby discrepancies which can potentially lead to false recommendations being suggested are flagged up by the surveyor's accredited governing body

The Asset Management System upgrade which allows properties to be calculated on RdSAP 10, was completed in October 2025, with further functionality currently being tested. It is proposed the system will be fully functioning before the end of the calendar year.

Table 1 below outlines the position statement regarding RdSAP ratings as at 31st March 2025 for OVH and PCHA properties combined. Figures shown are the percentage of the total number of properties under consideration.

Table 1 also includes the EPC ratings for the commercial properties within The Sovini Group. RdSAP ratings are not currently calculated for these properties.

Following ongoing data validations, the figures show an increase in the numbers of RdSAP calculation of C or above for residential properties from 86% in October 2024 to 90% in March 2025. This reflects the recalculation of RdSAP following various investment works.

It is important to note the changes in RdSAP calculations, the above are based on 9.94 methodology, initial calculations based upon the recently released RdSAP 10, provides an overall decrease in the number of properties at Band C or above.

Over the course of this Strategic Plan, by prioritising the worst performing properties first (EPC Band D and below / RdSAP Score >68) and via the 'fabric first but not only fabric' approach (see Section 1.2 below) OVH and PCHA will aim to have all properties performing at a minimum of EPC Band C / RdSAP scores of 69-80 by 2030, excluding any exemptions.

Future revisions of this Strategy will consider the revised methodology for RdSAP calculations (version 10.3), alongside the Future Homes Standard and the other legislative changes noted above.

Table 1

Table 1 Comparison of Energy Performance Certificate (EPC) and Standard Assessment Procedure (SAP) ratings					
EPC/RdSAP Banding		Residential Properties		Commercial Properties	
		RdSAP 9.94 October 2024	RdSAP 9.94 March 2025	EPC – Shops October 2025	EPC – Offices October 2025
(92-100) A		0 (0%)	11 (0.08%)	0 (0%)	0 (0%)
(81-91) B		541 (4.1%)	1,868 (14.20%)	3 (6.98%)	1 (12.5%)
(69 - 80) C		10,832 (82.3%)	10,029 (76.23%)	20 (46.51%)	2 (25%)
(55 – 68) D		1,703 (12.9%)	1,192 (9.06%)	13 (30.23%)	1 (12.5%)
(39 -54) E		80 (0.6%)	57 (0.43%)	7 (16.28%)	1 (12.5%)
(21 -38) F		11 (0.09%)	0 (0%)	0 (0%)	0 (0%)
(1 – 20) G		1 (0.01%)	0 (0%)	0 (0%)	0 (0%)
Properties without a valid EPC / SAP rating		0 (0%)	0 (0%)	0 (0%)	3 (38%)
Total numbers of properties		13,168	13,157	43	8

The 'systems thinking approach' to energy assessment in Sovini Registered Providers Properties

- The People and Learning Team have sourced the appropriate training for a number of the Asset Management Team to achieve DEA's accreditation (and will keep records to ensure certification remains in date) and all recruitment requirements for the established 'Energy and Sustainability Team'
- The Asset Planning and Data Management Team will schedule appointments for assessments with customers where the EPC or RdSAP scores are known to be low or where there are data gaps, in addition to carrying out assessments on all void properties
- Utilising a combination of Sava Intelligent Energy software and Power BI reporting, the Asset Management Team will map property energy performance overlayed with full property attributes (to aid programme identification and bid development)
- The Asset Management Team will develop programmes for installation measures based on the 'fabric first but not only fabric' approach, internal budgets (approved by the Finance Team) and grant availability
- The Executive Management Team and Boards of Sovini Registered Providers will approve delivery plans

1.3. Our Approach

Fundamental to our approach to improving energy efficiency and reducing carbon emissions from our Registered Provider properties has been the establishment of an Energy and Sustainability Team within the Asset Management Team.

This Team has been established with grant funding from the Warm Homes Social Housing Fund (previously the Social Housing Decarbonisation Fund) and is supported by a Property Performance Analyst. The team has key responsibilities for:

- Improved approach to data collection and validation
- Working closely with the Head of Asset and Data Strategy (Asset Management Team) / Asset Management Steering Group to ensure all projects are aligned with wider asset management functions and business planning
- Using the Sustainability Index and Net Present Value to inform future investment decisions and to provide input into option appraisals
- Trialling remote environmental sensors to provide information on property conditions, particularly with regard to damp, mould and condensation
- Using property carbon emissions data to focus investment decisions for work required to achieve Net Carbon Zero

In line with the proposed introduction of MEES to the social housing sector (outlined in detail above on page 7 and page 16), the Sovini Registered Providers have adapted the preferred approach from being one of 'fabric first' to one that is 'fabric first but not only fabric'.

In essence, this still involves prioritising investment on maximising the performance of the components and materials that make up building itself but also, where feasible (based on

property type and value for money assessments), considering the introduction of additional measures, such as solar photovoltaics (Solar PV).

In 2025, the Asset Management Team engaged Davies Partnership to review and update the feasibility study originally conducted in 2020. The purpose of this review was to evaluate current property heating systems and propose alternative options, including renewable systems such as air source heat pumps (ASHP).

In conclusion, the review recommended the registered providers to continue to install gas central heating rather than wholesale introduction of ASHP systems in the short term. This approach will allow for industry improvements including:

- Improved reliability, reduced purchase and installation costs due to wider market take-up
- Greater public acceptance / education on the operation of systems relying on 'passive heating'
- Potential for wider infrastructure to support district heating systems and a national decision of hydrogen replacing natural gas

This approach also represents an opportunity for The Sovini Group Commercial companies both in the supply chain and in direct delivery of property maintenance / investment works to become accredited installers and suppliers.

This involves achieving Microgeneration Certification Scheme (MCS) and obtaining relevant Publicly Available Specification (PAS) standards e.g. PAS 2035 to deliver these types of works (both internally and external to The Sovini Group).

We have also commissioned 'Resolve Net Zero' to complete a number of review studies including:

- Installation of Solar PV Review and Monitoring Software. This includes a full review of six solar PV sites, including two currently registered for Feed In Tariffs (FIT), to assess the efficiency and current / potential return on investment
- This piece of work will assess the benefits of registering all for FIT and additional installations. Resolve is also working with Complete Energy Solutions to install solar PV monitoring software at all schemes which will allow tracking of energy consumption and the overall effects that solar PV panels have on energy bills
- Sovini have commissioned a heat network consultant to ensure all sites with either communal heat or district heat networks are compliant with changes to regulations due to take effect in January 2026 (which includes registration with the Energy Ombudsman)
- By the end of 2025 Sovini will have completed a review of all metered and 'shipperless' addresses to ensure it can recoup all utility costs against usage via service charges (following appropriate consultation) and will instigate a prioritised meter installation programme, commencing in 2026

The 'systems thinking approach' to new heating technologies in Sovini Registered Providers Properties

- Sovini Property Services (SPS) have completed registration requirements with the Renewable Energy Consumer Code (RECC) – (The Code sets out the principles of effective customer service and protection. It goes above and beyond consumer law obligations and sets a higher standard, showing consumers – that Code members can be trusted)
- SPS have also completed a trial installation of an air source heat pump system and a solar photovoltaic battery storage system in Sovini Registered Provider properties and are now fully accredited installers (air source heat pumps / photovoltaic / solar thermal systems) with the accrediting bodies (NICEIC and MCS)
- This includes four engineers and two managers receiving appropriate technical training for the above systems and water regulations / electric vehicle charger installations (organised by the Sovini People and Learning Team)
- The Sovini Finance Team have ensured appropriate insurance cover is in place for the above systems
- The Sovini Procurement Team are working with Manufacturers and the supply chain to source appropriate low carbon heating equipment and systems
- SPS are also trialing installation of hybrid systems within Sovini Registered Provider properties (air source heat pump / traditional gas boiler) that allows for optimum co-efficiency for space heating i.e. only using gas when air source heat cannot meet demand in colder weather – lowering consumers bills as well as reducing emissions
- All of the above measures will be of huge benefit to The Sovini Group Registered Providers as these technologies become more viable with greater market take-up (given the limited number of accredited installers on a national scale) for works internal to The Sovini Group but also with potential to pursue external contracts

Table 2 below outlines our investment works that are planned over the period, 2025-31, to existing stock. These works are contained within the existing Sovini Registered Providers business plans and will go ahead without the need to secure any additional external funding.

As this strategic plan evolves and external funding streams are secured or we are required to comply with new legislation, additional measures will be introduced that improve energy efficiency of properties and will be included in future editions of this Strategic Plan.

Table 2 OVH planned 'fabric' investment works 2025-31

Windows	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Units	185	312	171	698	472	595
Rate	£3,977	£3,500	£3,500	£3,500	£3,500	£3,500
Total	£735,745	£1,092,000	£598,500	£2,443,000	£1,652,000	£2,082,500
Doors	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Units	215	38	13	156	41	407
Rate	£1,369	£1,241	£1,241	£1,241	£1,241	£1,241
Total	£294,335	£47,158	£16,133	£193,596	£50,881	£505,087
Electric Heating Systems	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Units	-	-	-	6	2	123
Rate	£6,232	£6,232	£6,232	£6,232	£6,232	£6,232
Total	-	-	-	£37,392	£12,464	£766,536
Roofing	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Units	280	261	243	245	252	669
Rate	£8,750	£8,750	£8,750	£8,750	£8,750	£8,750
Total	£2,450,000	£2,283,750	£2,126,250	£2,143,750	£2,205,000	£5,853,750
Secondary Roofing	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Units	71	24	22	67	49	91
Rate	£1,797	£1,797	£1,797	£1,797	£1,797	£1,797
Total	£127,587	£43,128	£39,534	£120,399	£88,053	£163,527

PCHA planned 'fabric-first' investment works 2025-31

The Sovini Group Carbon Reduction and Environmental Management Strategic Plan 2025-30

Windows	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Units	10	5	-	-	-	30
Rate	£3,711	£3,711	£3,711	£3,711	£3,711	£3,711
Total	£37,110	£18,555	-	-	-	£111,330

Doors	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Units	8	8	2	4	13	-
Rate	£1,337	£1,337	£1,337	£1,337	£1,337	£1,337
Total	£10,696	£10,696	£2,674	£5,348	£17,381	-

Electric Heating Systems	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Units	0	0	10	1	0	5
Rate	£6,232	£6,232	£6,232	£6,232	£6,232	£6,232
Total	-	-	£62,320	£6,232	-	£31,160

Roofing	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Units	-	-	-	-	-	-
Rate	£8,750	£8,750	£8,750	£8,750	£8,750	£8,750
Total	-	-	-	-	-	-

Secondary Roofing	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Units	-	-	-	-	-	-
Rate	£1,676	£1,676	£1,676	£1,676	£1,676	£1,676
Total	-	-	-	-	-	-

Note to Table 2

When the measures outlined are implemented the improved SAP scores and impacts on EPC bandings will be recalculated and recorded within the asset management system. This also includes how SAP scores will reduce due to depreciation of building components over time.

The expected outcomes will depend on the existing measures / condition / size of property. Through use of SAVA Intelligent Energy, it is possible to calculate and report on the equivalent tonnage of carbon saved from each / combination of measures and this will be reported in future revisions of this strategy, on an annual basis.

The information provided is from the Sovini Registered Providers Business Plans and is based on 2025 costings and the agreed programme. These may be subject to change and will be updated in future revisions of the Strategic Plan.

1.4. Keep under review the specification for standard house type for new builds in Sovini development programme

The 'fabric first but not only fabric' approach outlined above, will apply equally to our existing property portfolio and our new build properties in our development pipeline.

There is, however, an opportunity within our new build specification (standard house type) to go further and ensure our properties are fit for the future, today, building out expensive future retrofitting costs.

As part of this aim, the Sovini Development Steering Group confirmed its commitment (in September 2023) to installing air source heat pumps in new build properties, where possible, (this being the most effective / cost efficient means of low carbon heating technology currently available on the market) despite the government announcements to push back the ban on gas boilers in new build properties until 2035.

Through closer collaborative working across the business, the Asset Management Team have been able to improve the 'clients brief' into the Sovini Registered Providers development programmes from design / build / and user occupation phases. This includes discussions around the specification for 'standard house types'.

Note: the improvements to the 'standard house types' and 'specification' will not be applicable to properties acquired through Section 106 [or replacement developers contributions scheme] or other arrangements where OVH achieves ownership of already built properties via the 'Continuous Market Engagement Programme', in partnership with other housing providers.

Key changes that have already been adopted in the new build specification include compliance with revised Building Regulations, which have an overall aim of reducing carbon emissions by 31%, including:

- Changes to **Part L (Conservation of fuel and power)** - incorporating;
 - Improved fabric, air tightness and thermal bridging performance
 - Switch to alternative renewable systems
- Changes to **Part F (Ventilation)**
- New Regulation **Part O (Overheating)**
- New Regulation **Part S (Electric vehicle charging)**

This has involved not only changes to the initial design process but during building and completion phases, recording design decisions along the way, adoption of new testing / commissioning requirements and provision of improved information to end users (customers).

Subject to further changes in Building Regulations, the publication of the Future Homes Standard, in 2025 (inclusive of associated legislative requirements) and any local stipulations in local planning conditions the specification (where it is feasible and practical to do so) will include the following range / combination of features:

- In line with the Future Homes Standard commitments – Where practical to do so new builds will have **low carbon heating systems**. Options to consider but not exclusive to include: ‘ground source heat pumps’, ‘air source heat pumps’, connection to ‘district’ or ‘heat networks’ (where included as part of overall scheme design) and hydrogen (provided modifications to the existing gas network are at an advanced stage for mass take-up)
- **Heating systems** with appropriately sized radiators
- **High levels of energy efficiency / thermal performance and air tightness**, consistent with a space heat demand of 15-20 kWh/m²/yr to be achieved through excellent build quality appropriate insulation measures and low carbon heating systems (depending on property type) and heating delivery methods
- **Smart meters installed** to enable real time monitoring of energy use
- **Water efficiency measures** to include dual flush WC’s, low flow taps and shower heads
- **Water metering** – working in conjunction with utilities providers at design and construction phases
- **Triple or high-performance double glazing with natural ventilation and shading / appropriate sizing** (where shading / sizing is an issue due to aspect of building location)
- **Low energy lighting and smart appliances** (where appliances are included in the specification)
- **Sustainable drainage systems (SuDS)** – built into overall scheme designs where feasible with site topography and limitations
- **Sustainable transport – smart charging points for electric vehicles** e.g. where charging is timed to take advantage of off-peak periods or where the power of a charge is altered to help balance the frequency of the electricity grid. In addition, where feasible, incorporate safe cycle / walking routes as part of master planning on overall scheme design (where Sovini are the sole developer and by encouraging this approach on schemes where we work in partnership with other providers / developers)
- **Whole-life carbon impacts and wood in construction** where possible using wood from sustainable sources to replace high carbon materials such as concrete and steel e.g. in timber frame construction properties

In revising our new homes build specification, our ultimate goal is to ensure the homes we build produce 75% lower CO₂ emissions before 2030 than is permissible under current energy efficiency requirements.

This will include taking account of the changes to the Building Regulations that have been subject to consultation and government response and including any transitional periods that will apply.

As this strategy evolves and new legislative requirements / target dates for implementation are introduced we will keep our specification for new build properties under review.

In reviewing this specification, we will always seek to strike the right balance between what is viable in terms of cost and practicality, utilising the latest technologies where possible, against meeting housing need and achieving our growth aspirations.

1.4 Partnership formulation and identifying funding streams

In a recent study (2020), 207 social landlords were asked to provide an estimate of the costs that would be required, per property, to decarbonise their stock. When the average is replicated across the circa 5m social homes in the UK, the total cost is estimated to be £104bn.

There are clearly wide-ranging disparities to arrive at this figure and many variables including the condition of the stock and the preferred measures to be introduced but however it is calculated, it is clear that the costs will be significant for the social housing sector.

‘Due to the relative low market value of properties in the northwest region, especially older stock the retrofitting costs could account for up to 30% of a property’s value (house type properties) and this increases up to 50% for flat type properties’
(Decarbonising UK Housing 2024 – JLL Partnership)

It is also clear that it is not an issue that can be addressed in isolation. If we are to achieve our ambition of becoming a net zero carbon business, it will be essential for The Sovini Group to form effective partnerships and maximise all external funding opportunities.

Over the course of this strategy The Sovini Group will look to build on existing partnerships to achieve the outcomes outlined below:

- **Liverpool City Region Housing Association (LRCHA) Group** - (made up of housing associations with stock in the Liverpool City Region (LCR) with several thematic subgroups). The group will work closely with the combined authority to identify which properties / areas would benefit most from carbon reduction measures (i.e. those in worst condition and / or with the highest prevalence of fuel poverty – it is estimated that 65% of homes in the region are EPC band D or worse). The involvement of registered providers, including OVH and PCHA, presents opportunity for strategic oversight and co-ordinated action on the decarbonisation agenda. This will include a unified front for ensuring:
 - The evidence base to support applications for central government funding is strong
 - There is cross organisational involvement in energy infrastructure projects e.g. district heat networks linked to new development plans
 - Efficiency is achieved through pooled budgets, achieving economies of scale and utilising shared resources

The group will also look to maximise the value in overall carbon reduction that can be achieved through joint working / application to funding that may be available at the combined authority level e.g. through revised devolution settlements from central government.

- **Low Carbon Homes** – (A national forum for information exchange and sharing of best practice on retrofit and decarbonisation measures). Our membership of this forum will

allow connection with regional stakeholders to take the actions needed to improve energy efficiency, reduce fuel poverty and tackle the carbon impact of existing homes, while stimulating local economic recovery

- **Vantage Zero Carbon Club** – (A peer network programme to drive forward the sector’s decarbonisation strategies, roadmaps and delivery plan). Our membership of this forum will help in the development of sustainability and asset management strategies, providing the opportunity to network and share knowledge with peers in the social housing sector

Over the course of this strategy, we will look to maximise all external funding that is available for decarbonisation measures including the following funding examples:

- **Social Housing Decarbonisation Fund (SHDF)** – OVH and PCHA have secured £1.85m and £184k respectively over a three-year period which will conclude in January 2026
- **Warm Homes: Social Housing Fund** – OVH and PCHA have successfully bid for £1.77m and £107k for Wave 3 respectively and works will be delivered over a three-year period, commencing 2025/26
- **Energy Company Obligation Scheme (ECO4) Funding** – We are exploring the possibility of securing funding through the ECO4 scheme which runs for installations until 2026

1.5 Working with and supporting our customers

Whilst we are hopeful that recent improvements in the national economic outlook may mean there are better times ahead for our customers, we know many are still struggling with household bills following the recent ‘cost of living’ crisis and the volatility of the energy price market.

Those living in the least energy efficient homes are likely to be spending a higher proportion of their household income on energy and are at increased risks of experiencing fuel poverty.

We know in the longer term that the best way we can assist and support our customers is to make our homes more efficient to run, reducing the need for expensive energy use, which we will look to achieve through a combination of the measures outlined in sections 1.1 – 1.4 above.

The delivery of this Strategy is, however, closely linked to our wider strategic planning framework and we know that we will need to provide more immediate and short-term support to help our customers where we can.

This will include:

- Maintaining close working relationships and providing bespoke advice to customers who may be experiencing financial difficulties
- Assisting customers to access Discretionary Housing Payments or Exceptional Hardship Fund Payments issued by local authorities and assistance with Council Tax support
- Establishing Alternative Payment Arrangements for payments of rent direct

- Access to internal Hardship Funds (where criteria is met)
- Signposting to advice and assistance with utilities payments

Taking our customers with us on our journey to becoming a net zero carbon business is also of paramount importance and included within the detailed Service Delivery Plans that support this Strategy are a number of actions to:

- Provide easily accessible information to customers and how they can make greener choices and take action to reduce energy usage
- Keep customers informed of any major programmed investment works (in line with the 'fabric first but not only fabric' approach) and support them through installation phases and post-installation with clear operating instructions (where measures require user interface)
- Seek user satisfaction and instigate 'behaviour change' initiatives when new measures are installed
- Take pragmatic decisions when reviewing annual rent, service charge increases and implementation of rent convergence measures to take account of affordability issues

To ensure that the priorities are aligned with those of our customers and to inform our on-going work in this area we carried out a customer consultation exercise with the Customer Strategy and Policy Group in the revision of this Strategy and will look to repeat the exercise for all future versions.

2 Key priorities - Sovini Commercial Companies (cross-cutting)

Since the last iteration of this Strategy the Sovini Commercial Companies individually and collectively have completed a number of actions that improve environmental performance and reduce carbon emissions. Listed below are illustrative examples of the work undertaken following recommendations from the Energy Savings Opportunity Scheme (ESOS) Report:

- Added a seven day timing device to electric radiators in hanger buildings (Sovini Waste Solutions)
- Identified and where possible, eliminated excess electricity use in early mornings (Sovini Trade Supplies)
- Identified and where possible, eliminated excess electricity consumption in winter months (Sovini Trade Supplies)
- Reset mechanical ventilation / heat recovery units and keeping windows closed during heating / cooling seasons (Sovini Trade Supplies)

2.1 Reducing emissions through vehicle use (fleet)

A key priority for the Sovini Commercial companies is to reduce the carbon outputs that are associated with transport including travel to work, business journeys and those made by the supply chain in the delivery of goods and services.

Domestic transport has the largest share of UK greenhouse gas emissions of any sector across the economy, at 23% in 2019. The majority (55%) of these emissions are from passenger cars, contributing 68 MtCO₂e. This is followed by heavy goods vehicles and light goods vehicles contributing (19%) MtCO₂e (16%) respectively. - (Net Zero – Build Back Greener, HM Government, Oct 2021)

The Zero Vehicle Emissions Mandate, which became law in January 2024, sets out revised targets for sale of new diesel and petrol vehicles and moves towards zero emissions vehicles, as follows

- 80% of new cars and 70% of new vans sold in Great Britain to be zero emission by 2030, increasing to 100% by 2035
- 2035 - All new cars and vans must be 100% zero emissions at the tailpipe
- 2040 - End the sale of all non-zero emission HGVs

As with the situation with zero carbon measures in homes, the position on reducing emissions from vehicles is currently being held back by high costs due to embryonic technologies and poor infrastructure.

Despite this background, The Sovini Group commercials have made massive strides in this area in recent times, and the position is showing year-on-year improvement.

As part of continued attainment of the ISO 14001:2015 standard (Environmental Management Systems) a detailed 'aspects and impacts' register is maintained for all Sovini entities.

This includes recording all fuel usage from the Commercial company's fleet vehicles so that emissions can be calculated and targets set for annual improvement

Achievements in reducing annual fuel consumption / emissions and therefore carbon output have been achieved through:

- Renewing the lease agreement for the entire fleet of vans in Sovini Property Services (Circa 220 vehicles) to 'Euro 6 Emission Standard' (which sets a legal requirement of average CO₂ emissions below 98g/Km. The Euro 6 Standard particularly focuses on restricting diesel NO_x emissions, which along with particulate matter (PM), are considered some of the most hazardous emissions and are exempt from Ultra Low Emission Zone charges)
- Introduced use of 'Lightfoot in-van driver behaviour monitoring', promoting efficient fuel use for all Sovini Commercial Fleet Vehicles (leading to an annual reduction in CO₂ emissions of circa 40-50 metric tonnes - MtCO₂e)
- Job Schedulers deploying 'intelligent route planning' to ensure business journeys are as short as possible and deploying the nearest staff resource when issuing work

- We have also introduced 12 petrol-hybrid vehicles to the fleet for Sovini Property Services (this will rise to 20 over 2025/26) and an all-electric vehicle for Sovini Waste in 2025 (calculations on the reduced emissions from these measures will be included in the next iteration of this Strategy)

The 'Systems Thinking Approach' to future reductions of emissions from Sovini Commercial fleet

- The Sovini Fleet Manager, working as part of the Sovini Procurement Team will liaise with manufacturers / vehicle lease providers to ensure renewals of all commercial fleet vehicles are 'best in class' to match business requirements and available infrastructure (taking into consideration latest technological advances, legislative requirements and prevailing business needs in line with growth aspirations)
- Sovini have commissioned external consultants to provide expert advice on infrastructure requirements for all Sovini commercial premises e.g. provision of suitable wattage electric charge points to meet future demand as more trade electric vehicles are introduced. This arrangement will also ensure value for money in purchase of infrastructure equipment
- Sovini Commercials and Sovini People and Learning Team are investigating future options for staff recompense for home electric charge points (where this will be feasible) for overnight charging of vehicles in line with current operational practice i.e. efficient job scheduling from home start point rather than central location
- Sovini Commercials, Sovini Procurement and IT teams investigating options for integrated / automated route planner technology to reduce fuel emissions / optimise charge from electric vehicles

2.2 Improving energy performance of commercial buildings

All Sovini commercial entities will over the course of this Strategy and beyond look to improve the energy performance of the varied buildings portfolio that exists in the Group, from office locations, stores and warehouses, through to a specialist waste transfer station.

In simple terms this will involve capturing accurate base line data and all points of energy consumption, assessing where improvements can be made and implementing measures for targeted reductions, over time.

Across the Group, significant strides have already been made in this area with a programme to replace all traditional forms of lighting on Sovini commercial properties (internal and external) with LED lighting (using on average 85% less energy) and ensuring all utility supply contracts use renewable energy sources.

In 2023, Sovini Trade Supplies, Sovini Waste Solutions and Teal Scaffolding underwent an independent end-to-end energy audit as qualifying companies in the government's Energy Saving Opportunity Scheme (ESOS) – Phase Three.

As indicated above a number of recommendations from this audit have already been implemented. Over the course of this strategy the following remaining recommendations and wider carbon reduction actions will be instigated:

- Ongoing supplier engagement to review new build innovation and design improvements to reduce material usage and improve energy efficiency in Sovini registered providers development programmes
- Appraise installation of solar PV panels on Sovini Waste Solutions and Sovini Trade Supplies warehouse locations
- Review van stocks in line with contract requirements (repairs / maintenance for Sovini Registered Providers) to reduce number of journeys for materials replenishment
- Work with Sovini Group Partners and on external contracts to improve levels of on-site waste sorting (reducing the need for mechanical sorting at the waste processing facility and lowering energy usage) - through provision of dedicated skips for separate materials
- Explore options for longer term site expansion / relocation for Sovini Waste Solutions in line with wider Sovini Group growth aspirations including capacity / procurement of additional waste processing machinery e.g. crusher / screener (increasing the percentage of usable material for sale / reuse within the Group development programme e.g. compactable hardcore)

The 'Systems Thinking Approach' to improving energy performance in Sovini Commercial buildings

- The Sovini Procurement / Finance Teams will manage utilities contracts at the Group-wide level ensuring the most advantageous tariffs are secured and all supplies are from renewable sources for commercial premises
- The Asset Management Team will work with expert external consultants / utilise in-house resources to assess energy efficiency measures that may be feasible including options for micro generation and any funding opportunities for infrastructure improvements. This will include developing an implementation plan for all feasible recommendations to come out of the ESOS audit
- The Value for Money and ESG Officer will work closely with each of the Sovini Commercial lead officers to monitor energy use, maintain the 'Impacts and Aspects Register' (essential for continued attainment of ISO1 4001 Environmental Management Standard) and set year-on-year targets for improvement

3. Monitoring and Reporting

As with all Sovini Group Strategies the high-level actions and objectives that are outlined throughout this document will be used as basis for the formulation of more detailed actions that will sit in Service Delivery Plans, at the entity and individual team level.

Progress against the actions and any targets that are agreed will be monitored in the Group-wide performance monitoring system.

Although actions will be assigned to individual teams and employees across multiple Sovini entities, the system will allow collated reporting and progress-checking via a 'scorecard mechanism'.

The Registered Provider Boards will receive an annual 'Asset Management Investment Outturn & Sustainability Report' which will include details of all major projects that include a carbon reduction element.

Internally via the 'Impacts and Aspects' register records will be kept of a wide range of environmental performance indicators e.g. percentages of trade waste recycled, energy consumption from Sovini business premises and fleet fuel use etc.

This information will also be used to set targets for continuous improvement across the Group and feed into both the collated action plan but also the Environmental Social Governance (ESG) reporting for The Sovini Group Registered Providers.

Further assurance on the validity of Registered Provider's data, the design / operation of systems and the control mechanisms for managing risks for all aspects of work associated with carbon reduction, is also subject to periodic independent assessment by Internal Auditors.

An internal audit completed in May 2023 indicated the assurance levels for the design of controls to be 'reasonable' and the 'operation' of controls to be 'substantial' for the Sovini Registered Providers. All recommendations from this report were subsequently enacted.

We will also ensure that we provide regular updates on our progress with our carbon reduction targets through our internal communication methods and to the public via Websites, Newsletters, Annual Reports and individual communications to customers impacted by projects we will look to introduce.

Risk Management

This Strategy is supported by a robust and comprehensive risk management framework that ensures the Sovini Boards have ultimate accountability for the control and management of risks.

The process for identifying risks that impact on the delivery of effective carbon reduction and positive environmental management is dynamic as Sovini recognise risks are often multi-faceted and can crystallise at any time. This allows for the inclusion of risks that are reasonably foreseeable as well as emerging risks that occur without warning.

Risks are reviewed regularly and are independently audited and tested. The Executive Management Team, Risk Assurance Committee and Boards receive regular risk update reports which capture the key actions and interventions put in place to manage and mitigate risks and the impacts to the Group.

Within the Risk Register, Sovini have identified the following high-level risks that are specific to the successful delivery of this Strategy:

- Failure to adapt and respond to ESG monitoring and reporting obligations (including a breach of Environmental Legislation)
- Failure to respond appropriately and evidence progress in meeting the requirements of the Net Zero Carbon agenda