



 ANNINGTON

REFURBISH REPURPOSE REVIVE

ESG PERFORMANCE REPORT 2022/23





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CEO'S STATEMENT

It gives me great pleasure to introduce Annington's ESG report for 2022/23. This is our second year of reporting and covers a year which has seen us continue to take positive, tangible steps on our sustainability journey.

The need to do more is pressing. The cost-of-living crisis marked by high inflation and rising energy bills, Britain's response to the Russian invasion of Ukraine, a record-breaking 40-degree heatwave during the summer and the impact of resultant wildfires have been felt by all and brought the urgent need to address issues of sustainability into the mainstream.

KEY ACTIVITIES

This year we undertook our first Materiality Assessment. Through interviews and surveys with key stakeholders, including staff, investors, representatives of military families, customers, and the broader property sector, we sought to gather the opinions and views of everyone in our stakeholder universe.

The Materiality Assessment's findings identified where we can and should be most impactful and served as the starting point for formulating our ESG Strategy towards 2035. The ESG Strategy will focus on two main Objectives: **Climate Resilience** and **People and Communities**.

The first step in implementing our strategy will be to fully understand the entire 'carbon story' of the properties we refurbish and to ensure that their on-going energy usage is a key part of our refurbishment decisions.

At the end of the reporting period, 31st March 2023, we initiated a project aimed at improving our understanding around the typical heat-loss and thermal performance challenges inherent in former Ministry of Defence (MoD) properties. The outcomes will inform our future refurbishment plans and how we demonstrate progress against our Climate Resilience Objective.

Our People and Communities Objective has equal priority. As part of our continued commitment to being a great place to work and a socially responsible business, we took a critical look at our existing corporate values and created a Purpose which clearly articulates our culture. This important piece of work was carried out with contributions from and consultation with all staff and we are very proud of the new values, which we believe express what we stand for and sets the direction for the future.

OUR PURPOSE

“Creating high quality, sustainable family homes and communities where people want to live.”

CHALLENGES AND OPPORTUNITIES

The built environment is one of the most significant contributors to climate change, and there is no doubt that huge advances need to be made to ensure a bright future for all communities. The challenges are considerable but for a business operating in the refurbishment space, there are also opportunities.

Given that 80% of homes that will exist in 2050 have already been built, the importance of effective refurbishment and retrofitting is clear. Our annual refurbishment programme of c375 properties sees us working with homes that are largely representative of much of the UK's housing stock in terms of age and size. Clearly, dealing with the issues inherent in the UK's aging housing stock is key to helping the nation meet its Net Zero ambitions. Our current project, to understand the typical heat loss challenges of former MoD homes positions Annington to be an exemplar for retrofit in the UK. We hope to be able to share our findings and resulting best practice with the millions of UK homeowners looking to future proof their homes.

Finally, I would like to thank our people. They continue to embrace the challenge of helping us understand how we can become a more sustainable business and I thank each and every one of them for their continued efforts and enthusiasm for the journey ahead.

IAN RYLATT
CEO



ABOUT US

In 1996, we became one of the largest providers of privately rented housing in the UK when we purchased the MoD's Married Quarters Estate (MQE). The original portfolio numbered over 55,000 properties and are in England and Wales. Today, our portfolio numbers 39,542 homes with an asset value of £7.8 billion.

We are privately owned by two funds – Terra Firma Special Opportunities Fund I and Terra Firma Special Opportunities Fund II. Both are managed by General Partners that are ultimately owned by Terra Firma Holdings (Guernsey), the parent entity. Our headquarters are in London, and we have offices in Bath and Cranfield. Further details about us can be found at www.annington.co.uk

This report covers the reporting period 1st April 2022-31st March 2023, and aligns with our financial reporting. This report has been prepared using best practice guidance informed by the Global Reporting Initiative (GRI) standards. In future years, we will further expand our disclosures in accordance with best practice ESG frameworks. This report was published on 6th October 2023. Any questions or queries about reported information should be directed to: sustainability@annington.co.uk

WHAT WE DO

Our primary mission remains the refurbishment and return of affordable ex-MoD houses to the national housing stock - either for sale or for rent - quickly, efficiently and with keen regard to the minimisation of the impact of our activities. Our key focus is on the affordable segment of the property market. The work we do plays a part in addressing the UK's on-going housing shortage.

To date our refurbishment programme of former military homes has seen us repurpose and return over 17,000 properties to the UK housing market, often providing key workers, military personnel, and families with the opportunity to become homeowners for the first time.

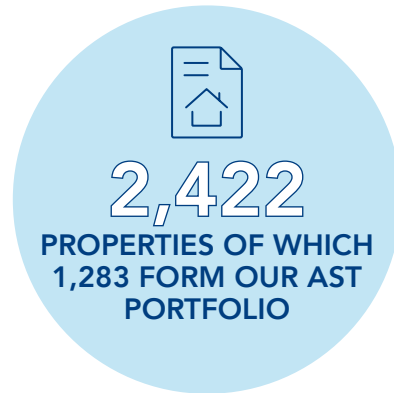
Read more in our [Annual Report](#).



ANNINGTON AT A GLANCE



Our business is unique. The MoD is our major customer - of the 39,542 properties in the portfolio, 37,100 form part of the MoD's Married Quarters Estate (MQE). Importantly, under the terms of the lease, all responsibility pertaining to the operation, maintenance, or repair of the MQE portfolio lies with the MoD. This report, therefore, covers of all our activity excluding operation and maintenance of the MQE which is the subject of the MoD's own reporting.



Our non-MQE portfolio comprises of 2,422 properties of which 1,283 form our Assured Shorthold Tenancy (AST) portfolio (2022/23). The remainder are rented to the MoD and local authorities.



Once refurbished, we return these properties to the national housing stock. We can sell them - either to private individuals or in bulk to Housing Associations or local authorities. Or we can retain them for our non-MQE rental portfolio and offer them to private tenants for rent.



REFURBISH, REPURPOSE, REVIVE

Our purpose is simple: to create high quality, sustainable family homes and communities where people want to live.

Whilst we have no influence or responsibility in how the homes rented from us by the MoD are maintained, it is the work we undertake when the MoD no longer needs these properties that forms a key part of our story. It is at this point, we can consider both the needs of homeowners, present and future. Indeed, this process is at the heart of our Refurbish, Repurpose, Revive ethos.

Our refurbishment programmes are often extensive in nature. Sadly, it is not uncommon for properties to be returned to us in very poor states of repair. However, the work we do allows us to breathe new life into these properties, repurposing and reviving homes that sometimes have been empty for months, if not years.

This frequently results in properties built in the 1970s, 1980s or even earlier being refurbished in line with current regulatory requirements. Whilst this is not without its challenges, particularly in regard to improving energy efficiency, we take great pride in returning these properties to the national housing stock, often in areas of the country where there is a shortage of affordable housing.



THE MOD IS COMMITTED TO
RETURNING A TARGET OF

375

PROPERTIES
A YEAR

OUR RELATIONSHIP WITH THE MOD

The MoD is committed to returning a target of **375 properties** to us every year. We have no influence as to the geographical location of these properties. The release schedule can see us take possession of just one property or a whole Estate at any one time.



WHERE WE WORK

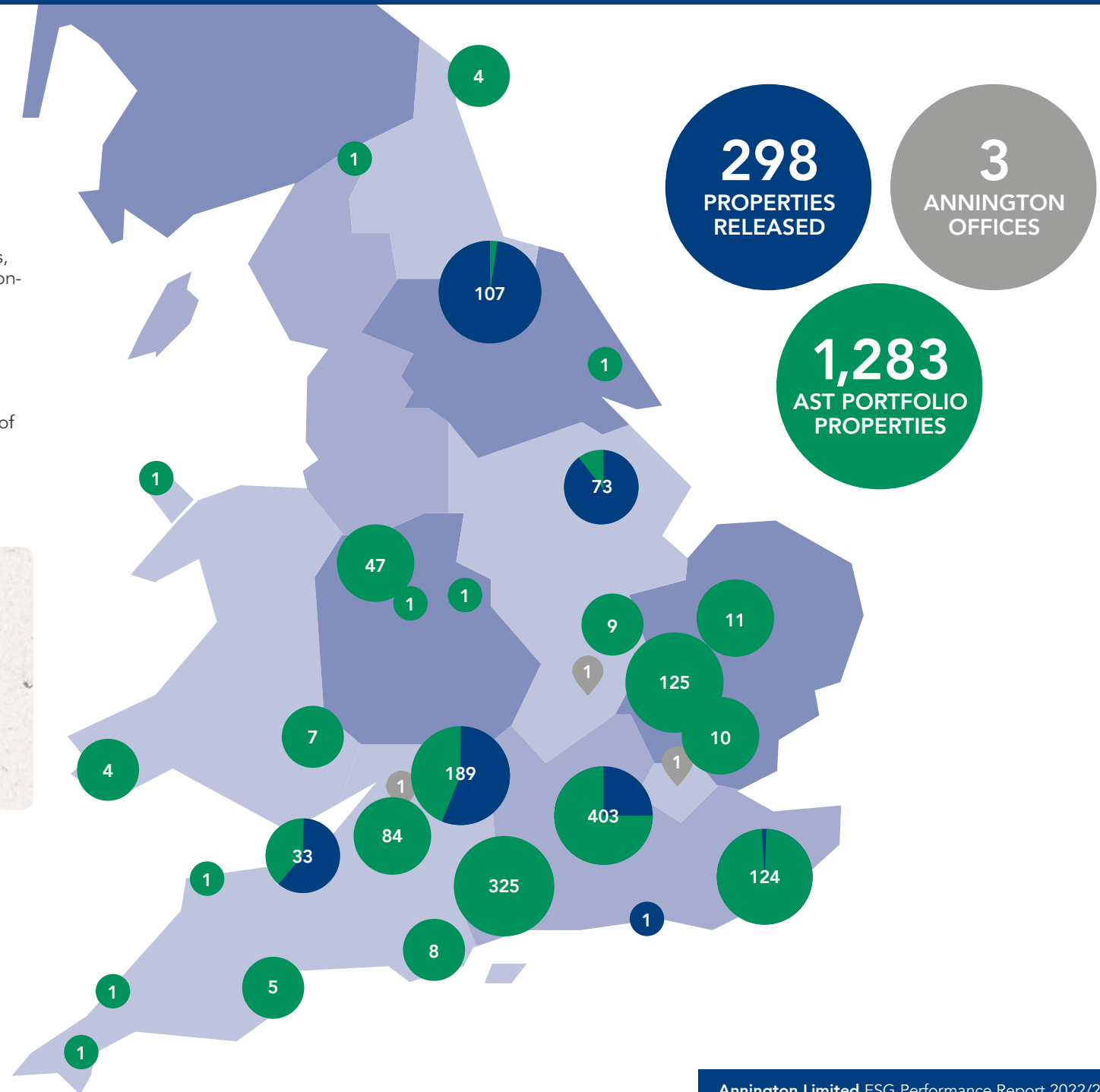
In the reporting period, the MoD released 298 units to us, across 13 sites. At the end of the reporting period, the non-MQE estate comprised on 2,442 units of which:

- 1,283 formed our AST portfolio
- 351 were bulk let to Housing Associations, local authorities or the MoD
- 808 were undergoing refurbishment or in the process of being sold on the open market or let as an AST.

ANNINGTON OFFICES

PROPERTIES RELEASED DURING 2022/23

AST PORTFOLIO PROPERTIES



WHAT DRIVES US

Our homes, whether offered for sale or rent, meet a national need. On average they have larger rooms, larger gardens, and more green space than equivalent new build properties. They also often benefit from good transport links and access to local amenities.

The refurbishment and repurposing of dilapidated housing provides us with the opportunity to:

- Provide modern, family-centric, energy efficient dwellings designed with both environmental and economic considerations in mind.
- Revitalise the immediate communities in which these properties sit.
- Revive neighbourhoods by investing in or develop assets or projects for the use of the wider community.

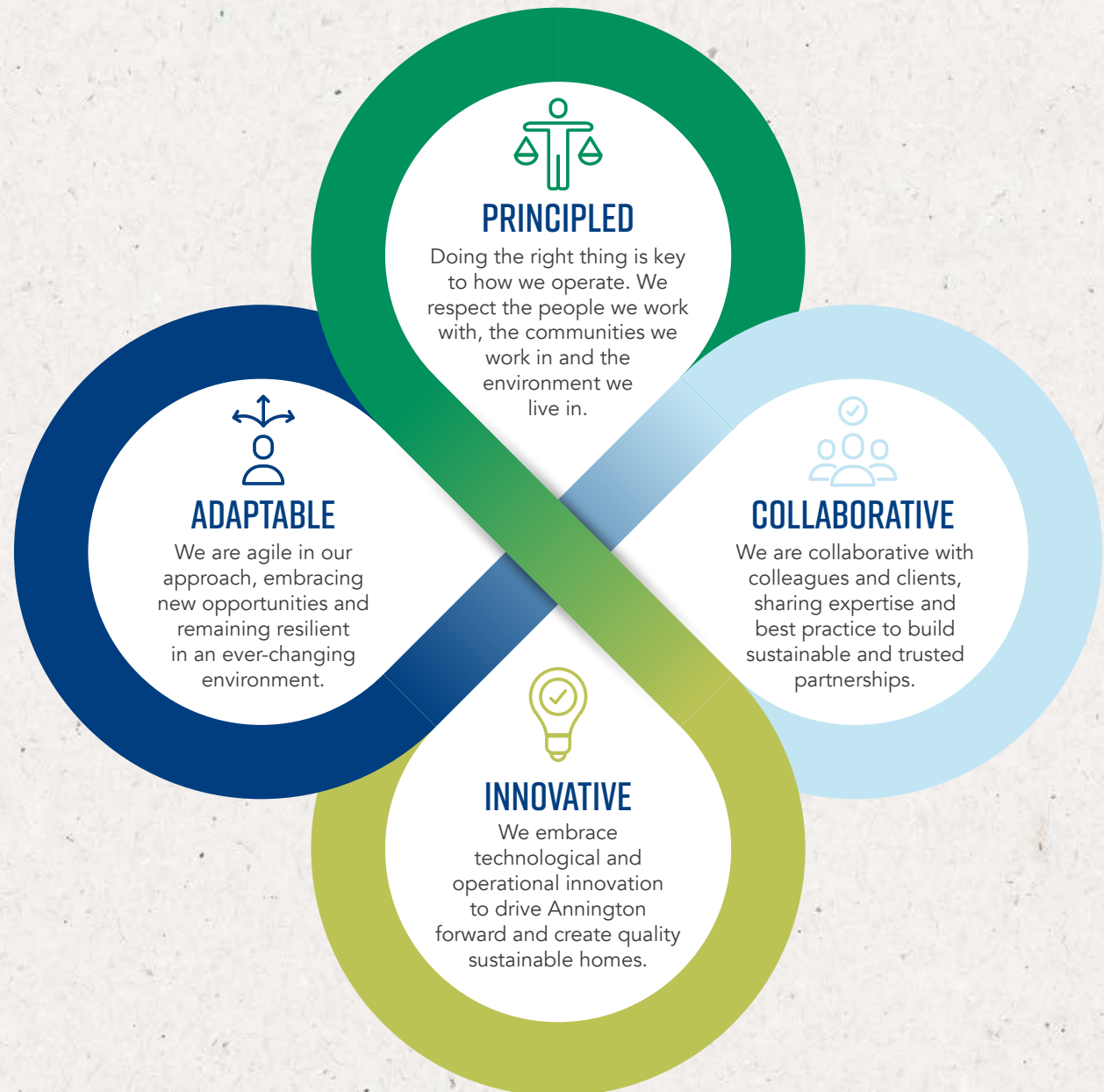
OUR COMPANY VALUES AND PURPOSE

Our primary purpose remains the refurbishment of former military family housing before they are returned to the UK housing stock. We aim to do this efficiently and with consideration to the minimisation of the environmental impact of our activities and with a focus on reviving communities in which they sit. Our key focus is to create high quality, sustainable family homes where people want to live.

This is encapsulated in our Purpose Statement:

“Creating high quality, sustainable family homes and communities where people want to live.”

As our sustainability journey continues it has been important to ensure that our staff remain as committed as ever to the work we do. We are only able to deliver against our purpose if our staff are fully engaged in supporting us. In ensuring that everyone is behind us, we felt it was important that they help us reflect on what we do as a business and together, we have revisited and redefined our Company Values.



OUR APPROACH TO ENVIRONMENT SOCIAL AND GOVERNANCE (ESG)

OUR APPROACH TO ESG

We strive to make a positive impact on the communities where we work, the customers we serve, the world we live in and people who work for us.

ESG has been a consideration within all aspects of our business since 2016. During the last 12 months, we have continued to review and evaluate our processes to fully understand our impact and to ensure that we continue to create benefits to the environment and society.

The ESG performance assessment completed by an external ESG consultancy in 2021 has played a key part in helping us understand our weaknesses and this is actively informing the development of our ESG programme. Our people are fully engaged in our ESG journey and continue to help us shape the future of ESG at Annington. Under the guidance of our Board, our staff both individually and collectively have responded to the challenge. Targets and objectives have been allocated internally and progress is reported to the Board on a quarterly basis.

OUR HEADLINE ACHIEVEMENTS FROM 2022



We conducted our first materiality assessment which has been included in our revised ESG Strategy.



We invested £1,220 (£1,245 in 2021) in training per employee.



We introduced a 'minimum standard' our welfare units used by contractors on our active redevelopment sites.



92% (88% in 2021) of our Assured Shorthold Tenancy (AST) portfolio have been upgraded to EPC rating C or above bringing them above UK regulatory requirements.



The first phase of our refurbishment project of 53 former military homes at Windsor were released for sale. The development is being refurbished in line with BREEAM 'Refurbishment of Domestic Dwellings' and seeking a 'Very Good' accreditation.



We diverted 98.4% of our waste away from landfill against our target of 95%.



We donated £400,000 (£527,000 in 2021) to charitable organisations and community programmes across the UK.



We have maintained 99% (99% in 2021) compliance with statutory regulations across our Assured Shorthold Tenancy (AST) rentals portfolio.



We embarked upon a project in Wiltshire which will see us refurbish five former military homes to EPC A.

KEY ■ **Moderate** Tracking ■ **High** Actively monitoring ■ **Very High** Needs active management

MATERIALITY ASSESSMENT

Understanding what matters most to our stakeholders

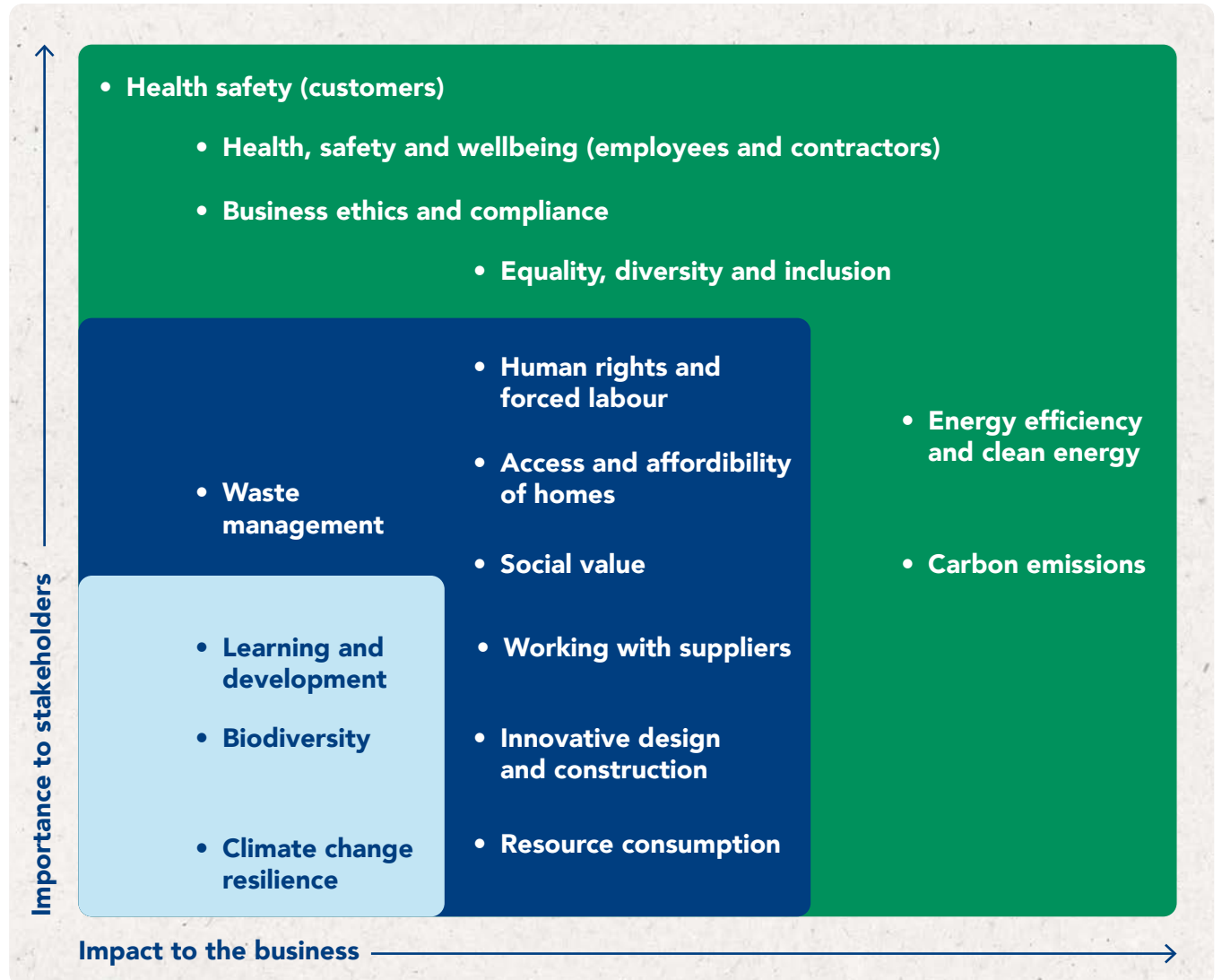
To inform the development of our ESG Strategy and to build on last year's UN SDG mapping exercise, this year we conducted our first materiality assessment. This has helped us to better understand the views of our stakeholders, what they value, and the impact of key ESG topics on the business.

We conducted a comprehensive analysis of the sustainability landscape and identified 16 ESG topics through analysis of relevant sustainability frameworks from UKGBC to GRI and GRESB.

Through in-depth interviews and surveys, we asked a series of questions to prioritise these ESG topics against their impact to the business. We gathered insights from 61 key internal and external stakeholders including suppliers, investors, and charity partners.

With this insight, a business impact assessment was conducted where a robust assessment of risks, impacts and opportunities was considered, and a significance rating was assigned for each topic.

The prioritisation exercise produced the most material topics for Annington to address and report on in the future.



Our 2022 Materiality Matrix supports the development of our ESG Strategy and ensures that it is relevant, appropriate and responds to the highest priority issues.

All stakeholders emphasised the importance of health, safety and wellbeing for customers and employees, business ethics and topics relating to human rights and equity, diversity and inclusion.

Our ESG Strategy will therefore ensure that our approach continues to focus on revitalising communities and neighbourhoods immediately around our properties.

The top priority issues were as follows:

1. Health, safety and wellbeing for customers and employees
2. Business ethics and compliance
3. Equity, diversity and inclusion
4. Energy efficiency and clean energy
5. Working with suppliers
6. Carbon emissions

We have committed to setting targets on each topic and will report against these going forward.

Whilst these six topics have been identified as our top priorities, we have already made significant progress on several of the other key topics and will continue to build on our work in these areas.



ESG GOVERNANCE

At Annington, we understand that the successful implementation of our strategy is dependent on robust, transparent governance. Having clear accountability drives our sustainability ambition to create high quality, sustainable family homes and communities where people want to live.

Therefore, our ESG strategy will focus on long-term sustainability of the homes we refurbish, the places where we operate and how we improve outcomes for people. Our focus will therefore be across:

GOVERNANCE TOPICS

The Materiality Assessment conducted in March 2023 highlighted those areas our stakeholders identified as being imperative for us to address. We have a range of policies and procedures in place to ensure good governance.

1. [Health, safety and wellbeing for customers and employees - ESG Strategy](#)
2. [Business ethics and compliance](#)
3. [Equity, diversion and inclusion](#)
4. [Energy efficiency and clean energy](#)
5. [Working with suppliers](#)
6. [Carbon emissions](#)

CLIMATE RESILIENCE

Related SDGs



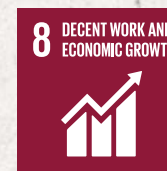
Carbon emissions are a key predictor of climate change and the issue that all businesses and industrialised nations must address to prevent a climate crisis which, left unchecked will impact not only the natural environment but also our communities. The homes we refurbish must be fit for purpose.

Priority topics

- Carbon emissions - Reducing carbon and other greenhouse gas emissions from our business operations and value chain. Understanding how Annington can contribute to the UK's goal to be net zero by 2050 in line with climate science.
- Energy efficiency and clean energy - Maximising energy efficiency at both our offices (through employee engagement and procurement of renewable energy), and in our homes (through retrofitting and prioritising clean energy technologies where possible).

PEOPLE AND COMMUNITIES

Related SDGs



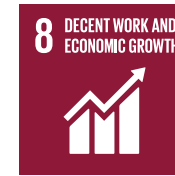
Our revised Culture Statement recognises that we are stewards of our communities whether those are our people or the families and individuals who live in the homes we refurbish. We recognise that where people live and the homes in which they live have a direct impact on their overall wellbeing. We also recognise that creating an engaging environment where people learn, grow and progress will result in a workforce that can develop as individuals, reflect our Values and help us deliver our business goals.


Priority topics


- Health, safety, and wellbeing (employees and contractors) - Ensuring high-quality health and safety throughout our operations and promoting good wellbeing across our workforce.
- Health, safety (customers) - Creating healthy homes by upholding high-quality health and safety standards.
- Equality, diversity, and inclusion - Ensuring equal treatment for all, supporting diverse talent, and promoting an inclusive culture across our workforce and industry.

ESG STRATEGY

Our ESG Strategy consists of two Objectives and the following targets.



Objective	Narrative	Targets	2022/23 Performance
 <p>Climate Resilience</p>	<p>Carbon is a key predictor of climate change and the issue that all businesses and industrialised nations must address to prevent a climate crisis which, left unchecked will impact not only the natural environment but also on communities. The homes we refurbish must be fit for purpose. We consider the environmental impact of our operations. We work closely with our partners on the sites we refurbish, the properties over which we retain control and our offices to minimise our environmental impact.</p>	<p>Rentals</p> <ul style="list-style-type: none"> • 100% of rentals portfolio to have EPC rating by C by summer 2024 • Approve 90% of tenants' requests, where feasible, for retrofitting of electric vehicle charging points by 2023 • 100% of boiler replacements to be Combi Boilers by 2023 • Service 100% of solar panels annually <p>Property</p> <ul style="list-style-type: none"> • 95% diversion-from-landfill target for waste resulting from our refurbishment programme • Convert 10% of communal space to re-wilding during refurbishment, where feasible 	<p>Rentals</p> <ul style="list-style-type: none"> • 92% at EPC C or above • 100% • 100% • 100% <p>Property</p> <ul style="list-style-type: none"> • 98.4% • No data available

Objective	Narrative	Targets	2022/23 Performance
 <p>People and Communities</p>	<p>We are stewards of our communities whether those are our people or the families and individuals who live in the homes we refurbish. We recognise that where people live and the homes in which they live have a direct impact on their overall wellbeing. We also recognise that creating an engaging environment where people learn, grow and progress will result in a workforce that can develop as individuals, reflect our Values and help us deliver our business goals.</p>	<ul style="list-style-type: none"> • 90% of staff complete training annually • We actively engage with and monitor staff views and opinions and seek a response rate of 90% to our Annual Staff Survey • We require recruitment consultants to present a diverse selection of candidates <p>Rentals</p> <ul style="list-style-type: none"> • Respond to 100% of complaints with 24 hours • Settle all tenants' complaints within 28 working days • Receive a minimum of 90% rating in our tenant-rated contractor performance reviews every quarter • No more than 3% of the portfolio to have outstanding maintenance requests exceeding 6 months in length • Achieve a minimum of 95% compliance against all statutory checks • Engage with 100% of AST tenants at move in and move out <p>Property</p> <ul style="list-style-type: none"> • Resolve 100% of customer service complaints within 28 days <p>General</p> <ul style="list-style-type: none"> • As a signatory to the Armed Forces Covenant, donate 90% of our corporate giving to support the UK's military community 	<ul style="list-style-type: none"> • 87% completed assigned on-line training courses. Additional continuing professional development courses, more tailored to their roles, were also undertaken by staff • 87% • No data available <p>Rentals</p> <ul style="list-style-type: none"> • Tracking implemented April 2023 • 94.8% (from October 2022 - March 2023) • 96.6% (Average rating 4.83) • Achieved - 1.5% • Achieved • 100% <p>General</p> <ul style="list-style-type: none"> • 80%

ESG GOVERNANCE

SENIOR LEADERSHIP TEAM

Members: CEO, CFO, COO, Director - Rentals, Director - Communication & Strategy, Head of Project Management – Property, Head of Legal

Meets: Weekly

Responsibilities: Overseeing ESG Strategy, assessing refurbishment strategies for annual release of properties by MoD, development of transition plan, development and updating of ESG policies and procedures.

BOARD

Members: Chair, Deputy-Chair, CEO, CFO, COO, Terra Firma Representatives

Meets: Quarterly

Responsibilities: Reviewing and guiding annual ESG budgets, overseeing major capital expenditure in particularly in regard to refurbishment projects, reviewing and guiding ESG strategy, overseeing and guiding the development of a transition plan, setting ESG targets and KPIs, assessing and managing ESG risks and opportunities, ratifying of all ESG policies.

ESG TASKFORCE

Members: CEO, CFO, COO, Director – Communications & Strategy, Head of Project Management – Property, Compliance and Property Manager – Rentals, Sustainability Manager, ESG Project Manager – Property, Director of Operations – ESG, Terra Firma

Meets: Quarterly

Responsibilities: Development of ESG Strategy, setting of ESG targets and KPIs, managing and reporting on various ESG workstreams including annual carbon footprint, SECR, CDP disclosure, archetype assessment, annual reporting of ESG performance.

HEALTH, SAFETY & WELLBEING COMMITTEE

Members: CEO, COO, Director – Communications & Strategy, Technical Manager, Head of Project Management – Property, Compliance and Property Manager – Rentals, Sustainability Manager, Head of Legal, HR Manager, H,S and W representative from three offices

Meets: Every two months

Responsibilities: Reporting on monthly H&S site inspections, development of policies and procedures including H&S, Asbestos and lone working, office risk assessments and accident reporting, staff training including first aid and development and measurement of wellbeing initiatives.

POLICY & LEGISLATION WORKING GROUP

Members: Director – Strategy & Communications, Head of Legal, Head of Property Services, Group Tax Manager, Head of Project Management – Property, Compliance and Property Manager - Rentals

Meets: Quarterly

Responsibilities: Ensuring compliance with current legislation, awareness of upcoming legislative changes particularly regarding the built environment and employment law, ensuring policies and procedures are updated regularly to reflect amendments or changes in legislation.

CHARITY COMMITTEE

Members: CEO, Director – Strategy & Communications, Sustainability Manager, representatives from each of our offices

Meets: Quarterly

Responsibilities: Development of Charitable Giving policy, development of partnerships in line with policy, annual distribution of funding, annual assessment of impact to ensure continued alignment with charitable giving policy, publication of annual charitable giving and community engagement report.

Communicating to Employees

- Job descriptions and Personal Development Plans have been amended to reflect ESG responsibilities for key staff.
- ESG matters are a standing item on the CEO's weekly briefing to staff.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGS)

We believe that business has an important role to play in helping to deliver the UN SDGs and the results of the materiality assessment has confirmed that our alignment to SDGs 4, 7, 8, 11 and 12 and this is where we can have the greatest impact.

SDG 4: QUALITY EDUCATION

How we are aligned:

- We have long championed the importance of education, as evidenced by our active support of organisations dedicated to improving the educational outcomes of military children, a group with a very particular set of challenges, not experienced by their non-military peers.
- We have a full and inclusive schedule of technical and non-technical training and Continuing Professional Development (CPD) for all staff and dedicate resources to ensure that the entire staff body continue their education, regardless of where they are in their careers.



SDG 7: AFFORDABLE AND CLEAN ENERGY

How we are aligned:

- Energy efficiency and affordability for future residents is a key consideration when we refurbish former military homes. A significant number require significant thermal upgrades and energy efficiency measures that meet both regulatory and end user expectations. But we know we can do more and we are undertaking further research into the current energy and thermal performance of typical MQE properties. This research will allow us to consider carefully the energy efficiency measures we implement as standard as part of our refurbishment programmes going forward.
- Greater focus is now being given to the integration of renewable energy across our refurbishment and rentals operations including, where feasible, full electrification of homes, installation of heat pumps, increasing the number of PV panels being fitted and increasing the number of EV charging points.



SDG 8: DECENT WORK AND ECONOMIC GROWTH

How we are aligned:

- We are committed to providing a safe working environment. Both our own and our contractors' safety management systems comply with UK Health and Safety legislation.
- We have instigated measures which go over and above legal requirements to ensure our contractors maintain our high H&S standards.



SDG 11: SUSTAINABLE CITIES AND COMMUNITIES

How we are aligned:

- The refurbishment of former military homes returns much needed property back into the UK housing stock and are often within the reach of first time buyers.
- The management of waste that results from our operations is a primary concern and we have taken active steps to understand our choices and impact and mitigate accordingly. Targets have been set and are reported on annually.
- The provision of green public space is a major consideration during planning stages of a project and we are advocates of the importance of reinstating these amenities for use by all.



SDG 12: RESPONSIBLE CONSUMPTION AND PRODUCTION

How we are aligned:

- We are taking active steps to understand and improve how we manage the sustainable and efficient use of natural resources.
- We have updated our [sustainable procurement policy](#) and also have stringent processes in place for the disposal of chemicals and hazardous waste which can sometimes be found on former MoD sites.



OBJECTIVE 1 – CLIMATE RESILIENCE

7 AFFORDABLE AND
CLEAN ENERGY



11 SUSTAINABLE CITIES
AND COMMUNITIES



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



RESPECTING OUR ENVIRONMENT

We are working to reduce our environmental impact and are continuing to develop our understanding of how we can contribute to the UK's goal to be net-zero by 2050. We acknowledge the importance of acting now to reduce the effects of climate change. When undertaking our refurbishment work, our priorities are:

REDUCING OUR
ENVIRONMENTAL
IMPACT

MAKING THE
MOST OF OUR
RESOURCES

ENHANCING
NATURE AND
IMPROVING
BIODIVERSITY,
WHERE
REQUIRED

This year, we undertook our second carbon foot printing exercise and expanded our Scope 3 emissions reporting to include employee commuting, use of sold goods, transportation and distribution and capital goods. We now have a clearer understanding of our carbon baseline. This is informing our approach to increasing operational efficiencies and driving positive change across the business.

MANAGEMENT APPROACH

We have taken positive steps to more fully understand our impact on the environment. Our policies help us manage our impact and cover a wide range of environmental responsibilities, from being transparent and open about energy use and carbon emissions to sourcing sustainable materials and products.

- Our **Environmental Policy** guides management and employees to reduce the consumption of utilities and materials, as well as minimising the amount of waste produced on our sites.
- Our **Sustainable Procurement Policy** guides our purchasing decisions to ensure we are sourcing low impact materials. As new development or dilapidation work is undertaken, we investigate opportunities for the use of recycled materials and products.

All staff are engaged in helping us deliver against our sustainability objectives. The CEO's Weekly Report which is disseminated to all staff includes ESG matters as a standing item.

OUR MEASURED CARBON FOOTPRINT FY 2022/23

OUR PERFORMANCE

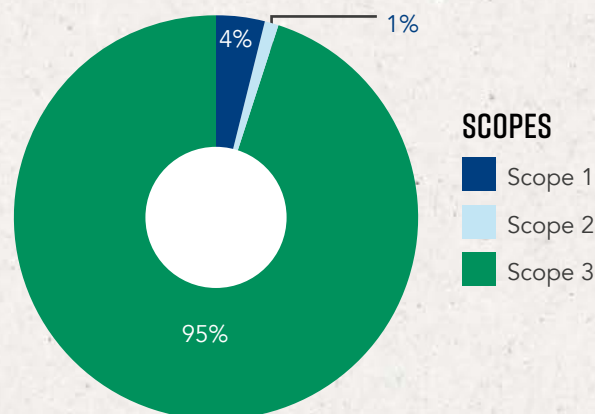
In 2022/23, we further expanded our reporting beyond the mandatory carbon reporting requirements set out in the Streamlined Energy and Carbon Reporting (SECR) regulations as well as the scope of our 2022 carbon footprint project. Using the best practice framework and methodology Greenhouse Gas Protocol, we have calculated our most detailed carbon footprint yet for our 2022/23 financial year. We captured more emissions categories, including emissions across our value chain relating to the use of sold properties.

The activities included in our carbon footprint are:

The activities included in our carbon footprint are:

- **Scope 1:** Fuel, natural gas lose and refrigerants
- **Scope 2:** Electricity
- **Scope 3:** Purchased goods and services, Capital goods, Fuel and energy related activities, Upstream transportation and distribution, Waste generated in operations, Business travel, Employee commuting and Use of sold products.

2023 Emission reporting (tCO₂e)



Using an operational control approach, the Scope 3 categories have been selected as relevant to our operations and are reported based on their contribution to the overall footprint and data availability.

In 2022/23, our footprint totalled 12,048 tCO₂e for our Scope 1, 2 and 3 emissions. This is 292% higher than the 2021/22 reporting period and can be attributed to the considerable improvements in the scope of our reporting through the inclusion of the additional categories.

- **Use of sold products (Category 11)** – for the first time we calculated the emissions associated with the lifetime energy use of properties we refurbish. This increased our total overall emissions by 6,800 tCO₂e
- **Upstream transport and distribution (Category 4)** – through contractor engagement and improved data quality, we have been able to account for emissions associated with the delivery of building materials to our sites. This increased our overall emissions by 598 tCO₂e
- **Capital goods (Category 2)** – accurate reporting of build and refurbishment materials have been incorporated into our emissions reporting. This increased our overall emissions by 3,849 tCO₂e
- **Employee commuting and home working (Category 7)** – through employee surveys we captured this data set for the first time. This increased our emissions by 60.6 tCO₂e

Scope 1 = 426.6 tCO₂e

Scope 1 emissions account for 4% of our measured carbon footprint. These are direct emissions from natural gas used to heat our offices, homes undergoing refurbishment, by those under our direct control prior to being rented/sold to third parties and fuel consumed by company-owned vehicles. Emissions associated with leak of refrigerants has been excluded from our 2023 emissions reporting due to no refrigerant gas top-ups being recorded by engineers at Annington offices during the previous three reporting periods.

Scope 2 = 144.0 tCO₂e

Scope 2 emissions totals around 1% of our overall measured carbon footprint for 2022/23. This is from purchased grid electricity consumption for our offices, by homes undergoing refurbishment or those under our direct control prior to being rented/sold to third parties. Market-based emissions were not calculated in 2022 due to data availability and therefore the same assumptions have been made.

Scope 3 = 11,476.9 tCO₂e

Like most companies, our Scope 3 emissions account for the majority of our carbon footprint. These are also the most difficult to reduce as they fall outside our direct control.

Scope 3 emissions accounted for 95% of our total emissions. 59% were attributed to Use of sold products (Category 11), 34% to Capital goods (Category 2) which for us means all materials used during our refurbishment programme and 5% to Upstream transportation and distribution (Category 4) of those materials or capital goods. The remaining Scope 3 categories accounted for 2% (Categories 1, 3, 5, and 6).

FORWARD APPROACH

For us to align with climate science and to contribute effectively to the UK's net zero targets, we will continue to work on the following areas:



Improve data quality: Through supplier engagement we have improved the accuracy of data collected. We will be continuing to work with all relevant suppliers to ensure we are able to improve data accuracy across further emission categories.



Decarbonise: The planned building archetype assessment will allow us to further improve our understanding of the heat loss challenges and thermal performance of typical MoD properties. The knowledge gained will help us assess and introduce more sustainable retrofit options to help us significantly reduce our footprint.



Increase carbon disclosures: Expanding the scope of emissions coverage will enable us to make a net zero commitment aligned to science through a science-based target eg Science Based Targets Initiative (SBTi).



Embed carbon knowledge: We are continuing to integrate education and training on relevant climate topics and carbon emissions into current training courses and CPD for all employees.

CREATING SUSTAINABLE HOMES

The built environment is one of the most significant contributors to climate change, and whilst actions are in place to reach net zero by 2050 significant advances need to be made to ensure a bright future for all communities. It's estimated that 80% of the homes that will exist in 2050 have already been built¹ and the majority will require major upgrades to reach required energy efficiency standards. The importance of effective refurbishment and retrofitting is clear.

From the UK's perspective, the UK's 30 million homes account for more than 21% of the nation's total carbon emissions, with three-quarters of this coming from heating systems. 85% of UK homes are on the gas network, using fossil fuels and emitting large quantities of carbon. Retrofitting homes is a significant task, given they represent such a large proportion of building stock across the UK. Heat loss is a particular challenge - British homes lose heat up to three times faster than those across Europe².

HOMES WE SELL - ARCHETYPE ASSESSMENT

By the end of 2023/24, we will have completed a major project designed to help improve our understanding of the issues and challenges inherent in refurbishing typical MoD housing. We have engaged with an external consultancy who will be looking at the most common housing types returned to us by the MoD.

Two parallel assessments will look closely at wall, roof, floor, thermal bridging, airtightness, and ventilation inputs in both PHPP (Passivhaus Planning Package) and SAP (Standard Assessment Procedure). The SAP assessment will define the baseline EPC rating and a PHPP model will define the energy performance against EnerPHit/PassivHaus standards.

From this, we will be able to define effective retrofit interventions for each type of housing and have an assessment on energy performance of each intervention. The architectural and construction implications of each retrofit intervention will be analysed and advice provided regarding both PHPP and SAP.

The project will provide:

- Assessments of energy performance levels for each retrofit package for each housing type
- Estimates of the differences in operational utility costs for future occupiers
- An estimate of the embodied carbon emissions for each retrofit package for each typology.

Moving forward, this information will be key to helping us ensure that where appropriate, our ongoing refurbishment programme delivers homes that are less carbon intensive, utilise renewable energy sources wherever possible and ensure optimum performance both from a heating and cooling perspective.

^{1 & 2} Source: Energy Saving Trust – Retrofitting the UK's housing stock to reach net zero.



HOMES WE RENT – EPC PROJECT

As part of an aim to reduce carbon emissions from buildings, achieve net carbon zero and improve the energy efficiency of homes in the UK, there is currently a proposal to reduce the minimum EPC rating for rental properties. This could see the EPC minimum requirement move from E to C as soon as 2025. This change is being considered as part of the Minimum Energy Performance of Buildings Bill which is currently being considered by parliament.

The proposals would mean that for all new tenancies started after the end of December 2025 a property will need to have a minimum EPC rating of C. They also mean that all existing tenancies would need a minimum EPC rating of C.

We have 1,283 properties in our AST (Assured Shorthold Tenancy) portfolio. The map on page 8 shows their geographical location.

In 2021/22, we began a project to improve the EPC rating of the properties within the portfolio and set ourselves a target of completing this important work by summer 2024. At the beginning of the project, 17.9% of our AST portfolio were rated EPC C or below. At the end of the reporting period, this stood at 8% and we are on track to have upgraded all properties in our AST portfolio to EPC C or above by the end March 2024.

Unsurprisingly, it was the older properties in the portfolio that needed work, together with those built using non-standard construction methods or those with oil-fired central heating systems.

A summary of the remedial works included:

- Upgrading loft insulation to a minimum of 275mm
- Installation of cavity wall insulation
- Replacing lighting with more energy efficient options
- Upgrading heating controls – we install modern HIVE wireless controls which tenants can control from an App of their phone
- Installation of solar panels and air source heat pumps where appropriate
- Upgrading heating systems where required ie heat only boiler to a combi boiler
- Removal of existing fireplaces



CASE STUDY BREEAM

7 AFFORDABLE AND
CLEAN ENERGY



CASE STUDY - BREEAM, WINDSOR:

The age of MoD housing and its condition on return to us often presents us with a considerable refurbishment challenge,

particularly how to improve energy efficiency and comfort levels for future occupiers.

This was exactly the challenge we faced with the return of 53 houses at Cavalry Close, Windsor – the first site we are refurbishing in line with the BREEAM Refurbishment of Domestic Dwellings standard. Formerly home to the families of military personnel serving in the Household Cavalry, the site consists of two distinct housing types – 1940s red brick two-bedroom terraced homes and 1960s flat roofed two- and three-bedroom terraced properties.

The standard provides a methodology for certification for delivering sustainable domestic refurbishment projects. It is designed to help building owners and occupiers save operating costs, reduce the environmental impacts of refurbishments and to increase the sustainability of existing building stock.

Our goal is to achieve a rating of 'Very Good' which is dependent on us scoring 55% against a stringent set of [criteria](#).

KEY AREAS OF ASSESSMENT:



Health and Wellbeing

- Maintaining good daylighting: neutral impact on the property's daylighting levels
- Avoiding the use of VOCs
- Minimum background and extract ventilation requirements compliant with relevant Building Regulations
- Carbon dioxide and fire detection and alarm systems



Energy

- Measured improvements from pre to post refurbishment SAP (Standard Assessment Procedure) and determine the property's Primary Energy Demand post refurbishment
- Energy requirements minimised for internal and external lighting
- Provision of a compliant energy display device for electricity consumption



Water

- Measures implemented to provide a water consumption benchmark of 129-130 l/pp/pd (litres/person/day)



Materials

- Understand the impact of new materials according to their Green Guide rating and their impact on improving the thermal performance of the dwell for roof, external and internal walls, upper and ground floors and windows
- Responsible sourcing of materials including but not limited to bricks, external walls finishes, flooring finishes, doors and windows
- Responsible sourcing of all timber and timber-based products to be 'legally harvested and traded timber'
- Insulation materials to be responsibly sourced and assessed for type, thickness, and thermal conductivity



Pollution

- Low NOx space heating and water systems
- Impact on surface water
- Flood risk



Waste

- Resource efficiency and waste management plans including requirement that 65% of non-hazardous and 90% of demolition waste is diverted from landfill



WASTE

The built environment produces a third of the world's waste. Every year about 100 billion tonnes of raw materials are extracted for use across the buildings and construction sector (UK GBC 2022). We aim to respect our environment by using fewer resources, producing less waste and trying to design out waste by becoming a circular economy.

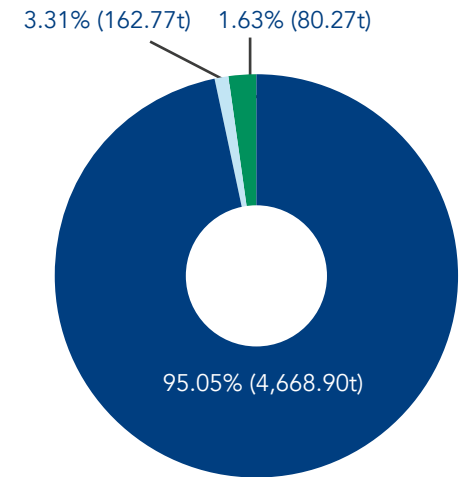
Refurbishing and redeveloping former MoD housing produces several different types – for instance our redevelopment work frequently requires the removal of significant quantities of old Unplasticised Polyvinyl Chloride (UPVC) window and doors. These are segregated on site and recycled into pellets for reuse.

Our national waste facilitator partner helps us choose the most suitable waste contractors for each of our sites and has also improved our understanding of waste streams, providing greater clarity on our waste data.

We set ourselves a diversion-from-landfill target of 95% annually and in the reporting period achieved 98.4%. In 2022/23, 3.31% of our waste generated was recovered.

Recovery is defined as turning waste into a fuel for manufacturing processes after the removal of all components that can be recycled. Recovery routes can be via RDF (Refuse Derived Fuel) or SRF (Solid Recovered Fuel).

The residual materials from our sites are recovered using SRF. SRF is a high-quality alternative to fossil fuel and is produced mainly from commercial waste, including paper, card, wood, textiles and plastics. SRF goes through additional processing to improve its quality and has a high calorific value. It is used in facilities such as cement kilns.



WASTE DATA APRIL 2022 - MARCH 2023

- Recycled
- Recovered
- Landfill

Total tonnes of waste removed: 4,911.93

OBJECTIVE 2 – PEOPLE AND COMMUNITIES





HEALTH, SAFETY AND WELLBEING

Why is health, safety and wellbeing important?

Caring for our people is at the heart of our business. Their welfare, experience and energy is central to our mission and ongoing success. Employees, regardless of whether they are working on site or not, are required to complete yearly basic health and safety training, including for those who wish, more comprehensive first aid training. All employees are also obliged to undertake Automated External Defibrillation training. This was reflected in our first Materiality Assessment where all stakeholders, both internally and externally, emphasised the importance of health, safety and wellbeing for customers and employees, along with business ethics and topics relating to human rights and equity, diversity and inclusion.

When the MoD returns properties to us, we undertake risk assessments which are designed to capture all areas of potential risks on site. These are shared with everyone visiting the site, staff, contractors, or other visitors. Office risk assessments are conducted annually and we have separate fire and evacuation plans in place.

	2023	2022
Contractor Incidents	7	1
Incidents reportable under Reporting of Injuries, Diseases and Dangerous Occurrences Regulations*	Nil	Nil
Employee work incidents	1	Nil

* [Reportable incidents - RIDDOR - HSE](#)

WELLBEING INITIATIVES

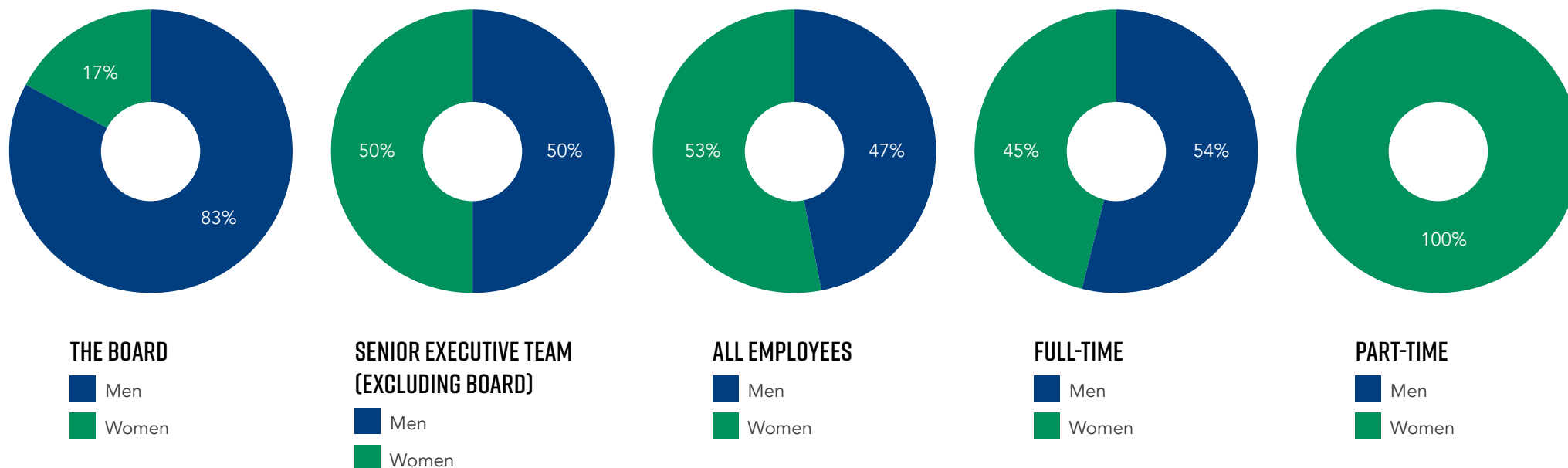
- We introduced advanced driving training for 'high mileage drivers'. The 1-2-1 training was led by a DVSA registered ADI (Approved Driving Instructor) who, having analysed their driving, their understanding of the vehicle's controls and their characteristics as drivers, provided further training to make improvements where necessary.
- We are now participating in the Cycle to Work scheme
- We continue to promote healthy eating habits by providing free fruit to all employees across the three offices.

PEOPLE – EQUALITY, DIVERSITY, AND INCLUSION

Why is EDI important?

We believe that a workforce needs to be representative of the wider population and we embrace diversity in all its forms. Our culture and working environment is consistently identified by our staff as key to our success as an employer and we price ourselves on nurturing an environment where everyone is treated equally. It helps us keep and attract talented people who bring fresh perspectives which are vital to helping us drive the business forward. We have a suite of [policies](#) in place and all staff receive training and refresher courses covering EDI.

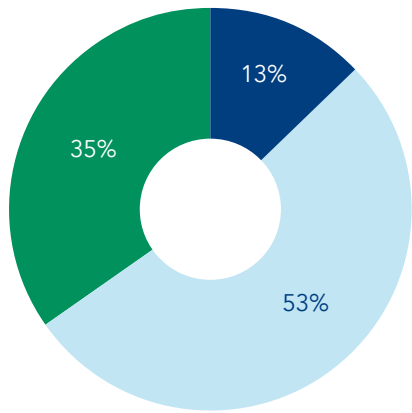
EDI Breakdown



For comparison against the previous reporting period, there has been an increase in the percentage of women across all employees from 51% to 53%. All other categories have remained the same.

EMPLOYEE GENDER AND DIVERSITY DATA

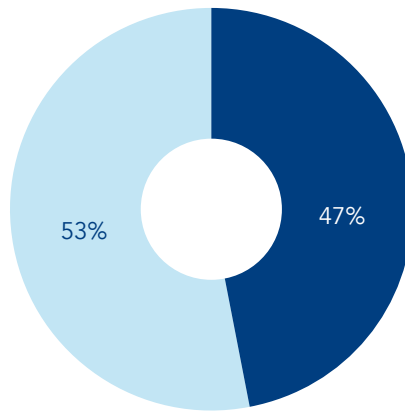
Equal Opportunities Reporting



AGE RANGE

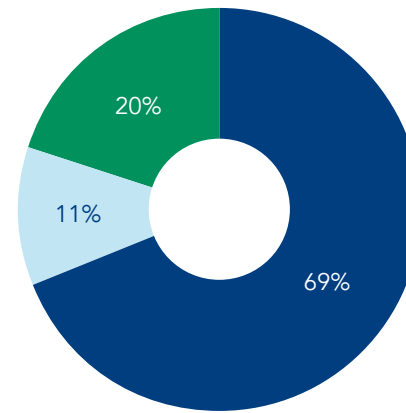
- Under 30
- 30-50
- Over 50

Average Age: 44



GENDER SPLIT

- Male
- Female



ETHNICITY

- White
- Asian/Black/Mixed
- Other or not disclosed

For comparison against the previous reporting period, there has been an increase in the percentage of employees under the age of 30 from 5% to 13%.

Although we are not required to report our gender and diversity pay gaps, we understand this is an important measure to show how we are addressing gender inequality in the workplace, and we will be measuring this in future reports.



PEOPLE – DEVELOPING EXPERTISE

Developing expertise and investing in the training of our employees is key to our on-going success and we are fortunate to employ and retain people who both appreciate the importance of the training we offer and value the opportunities we provide. Available training is both technical and soft skill focused and a number of training courses are mandatory, regardless of role. These include GDPR, Fire Safety and First Aid. We are proud to have supported a number of junior staff progress through a range of professional qualifications including Association of Accounting Technicians (AAT).

Employees are actively encouraged to identify courses and qualifications that they feel will help with their roles and can do so at any time of the year, not just during their annual Performance Development Review.



448

Training hours
(803 in 2021)



87%

of staff completed a suite
of online training courses, both
technical and soft skill based as
well as continuing professional
development (CPD)
(89% in 2021)



£1,220

average training investment
per employee
(£1,245 in 2021)

TRAINING CASE STUDY: HELEN TAYLOR SENIOR RENT REVIEW ANALYST



"I've worked for Annington since 2015 and my job primarily is to ensure that the business keeps up to date with rental trends.

Annington is very supportive of my long-term ambition which is to become a Chartered Member of the Royal Institute of Chartered Surveyors (RICS) and is funding my Real Estate (MSc) at University College of Estate Management. The course is highly regarded in the industry and is accredited by the Royal Institute of Chartered Surveyors (RICS) and enables fast track entry to RICS pathway, which is requirement to become a Chartered Member.

The degree will provide me with the essential up to date core skills, knowledge, and a wider understanding of Real Estate and has enhanced my role at Annington. I have been able to build upon my existing knowledge with regards to valuation and I am now aware of current best practices and procedure which valuer's must undertake.

Modules in Valuation Methodologies, Portfolio Management and Investment Appraisals have been especially useful as we undertake our annual rent reviews. Critical analysis of data and research has also formed part of the programme which is useful as the business looks to valuation models that benchmarks its performance in a wider context.

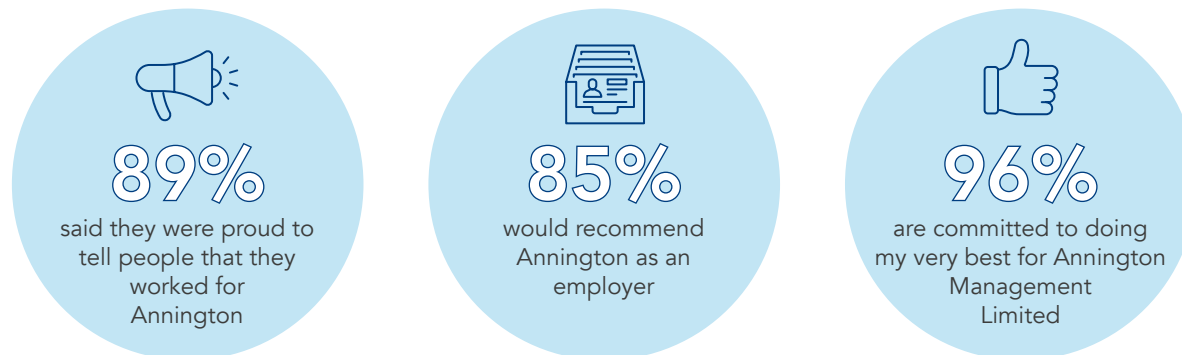
Studying has provided me with new skills and knowledge including residual and investments methods and an understanding of new legislation and frameworks. I have undertaken valuation exercises in the wider real estate sector including logistic and warehousing, commercial and retail properties. I've also learnt about current issues which the wider industry faces such as sustainability and biodiversity; areas that I would not have normally come across in my existing role. Consequently, I now have a deeper understanding of the challenges the business faces which is incredibly useful as we continue our sustainability journey."

PEOPLE – ENGAGING WITH EMPLOYEES

Understanding the importance of hearing from our employees and including them in our ESG journey, we now issue a staff survey annually which is administered by an external consultancy. The results of the survey are shared with staff by the CEO at a series of meetings across our three sites and issues raised during the survey are discussed at these forums.

The overall engagement score was 81 out of a possible 100 compared to the score of 95 in 2020. Whilst still an excellent score, it reflects significant changes, some uncertainty, and a high number of new joiners.

Headline take-outs for 2023:



PEOPLE - OUR CONTRACTORS

Prior to work beginning on site, we discuss the construction phase plan with our contractor partners. This process allows us to outline the considerations for the working environment and obtain assurances that works can be executed in a safe and considered manner. This document is reviewed and approved by our Principal Designer prior to commencement of works.

On active sites, we monitor and assess the implementation of our policies and systems through monthly independent health and safety checks, in addition to requiring contractors, as part of their contractual obligations, to undertake their own regular checks. We have implemented a league table whereby all contractors are assessed using a points system and if our H&S inspections highlight a breach, contractors are required to write to Annington to formally confirm the steps being taken to address the breach. Future contracts are only awarded to those with consistently high performance.

WELFARE UNITS

It is not always possible for our contractors to find suitably qualified construction staff living locally to our sites and so, where relevant, we provide on-site accommodation to contractors who may need accommodation Monday-Friday. During the reporting period, we introduced minimum standards for Welfare Units. In addition to providing new bedroom and living room furniture plus kitchen equipment, each site will be equipped with an AED defibrillator and training provided for its use.



CASE STUDY: CONTRACTOR ENGAGEMENT

Several of our contractors have worked with us for many years, and we value their skill and expertise. In November 2022 we held our first Contractor's Day attended by representatives of five of our main contractor partners.

The event gave key members of our ESG Taskforce the opportunity to present our wider ESG vision. We discussed our ambitions to expand our Scope 3 reporting and the input needed from our contractors to improve data collection and quality. In the reporting period, this project was refined further allowing for even greater transparency (see page 20). Their help with this cannot be over-estimated. Based on MSCI research (2021) the average margin for error in GHG emissions for the corporate sector is between 20%-40%. Overall, the quality of the data provided by us for each emissions category had an average potential margin of error calculated at 7%. This is 22% lower than the previous year's (29%) and can be attributed to the high levels of contractor engagement which contributed to a greater percentage of consumption data and, subsequently, high levels of data quality.

We presented several awards on the day including two for Health and Safety which went to ProjectWorx for their work on the refurbishment project at Bordon, Hampshire. One of the largest sites to be returned to us by the MoD in recent years, the site has presented several H&S challenges, including extensive working at height requirements. Our external H&S consultants only noted one Positive Intervention Recommendation in a 12-month period.

Our contractors, Oakleaf, also received a commendation for their consistently high H&S record on the refurbishment project at Swanton Morely, Norfolk.

PEOPLE – OUR INVESTORS

Our Board comprises independent Non-Executive Directors, Terra Firma Directors and Executive Directors which enables us to consult with shareholders in real time. Members of the Board are in regular contact with Terra Firma representatives through informal meetings and formal events such as conferences and scheduled management meetings.



COMMUNITIES

How we treat those that buy and rent from us

The MoD is our biggest customer, currently leasing 37,100 properties from us. Whilst the homes are operationally outside of our control, we regularly talk, meet and share information that is beneficial to both parties.

Buyers – for anyone buying a refurbished Annington property, we strive to make home buying as straight forward as possible.

- We manage the sales process through regular engagement with agents and solicitors, aiming to ensure all buyers receive a consistent, fair and timely process.
- Where appropriate, buyers are offered the Annington Seal of Approval. This provides reassurance that the electrical, heating and internal water systems have been professionally checked and serviced and that, should they fail within the 28-day period from legal completion, we will repair them free of charge.
- When we build new homes we abide by the Consumer Code for Home Builders to make the home buying process fairer and more transparent for buyers.

Tenants – our AST tenants are managed by a third party with whom we have a long-standing relationship. This relationship is closely monitored, and we measure customer satisfaction.

- Tenants are surveyed at the start of new tenancies and asked to rate their experience. Low scores are reviewed, and circumstances investigated. We keep a keen eye on any trends that may need addressing.
- At the end of a tenancy, tenants are surveyed again asking them to rate their overall experience including dealing with issues around maintenance and communication. Low scores are reviewed and investigated.
- Tenants' complaints are logged and reviewed weekly until resolved. In-person property visits are offered where we deem it necessary.





COMMUNITY INITIATIVES

We make funds available to support military communities at grass-roots level, and in the reporting period we continued to build on the success of the first #forcesplayday.

We funded a UK-wide naval community initiative for families living on the MQE delivered by Royal Navy Family and People Support (RNFPS). The RNFPS teams all over the UK organised picnics. The sessions featured lots of activities and games and utilised equipment provided by Annington in 2021. From Helensburgh in Scotland to Plymouth in Devon, more than 750 youngsters and their families across 18 naval bases took part.

We launched a new initiative in the reporting period which saw us offer financial support to military bases up and down the UK planning to hold Family Days or Homecoming Events. We received over 60 applications and successful recipients included:

HMS Defender, which having recently returned from a 7.5-month deployment as part of the UK's Carrier Strike Group hosted 300 family members at sea as a way of thanking them for their continued support during an extremely challenging period of absence.

The Queen's Own Gurkha Logistic Regiment (10QOGLR) based in Aldershot received support to help with their 64th Regimental Birthday in July, an important event ahead of the regiment's six-month deployment on Op TOSCA in September/October.

RAF Leeming which has official Isolated Unit status and over 2000 personnel and a further 1000 dependents 'living behind the wire' in a rural setting in North Yorkshire.

THE WIDER MILITARY COMMUNITY

All, those who have ever called an Annington property home are important to us. Whilst maintenance and operation of the homes are outside of our control, we believe we have a role to play in supporting wellbeing of those that serve, or have served, and as a signatory to the Armed Forces Covenant, we have pledged our support to the UK's military.



In 2022, we formalised our Charitable Giving Statement of Purpose which acknowledged the commitments we have pledged in support of the UK's military, their families, and veterans.

Our charitable giving and community engagement strategy focuses on four key areas:

- **Military families** – we are proud to champion families of military personnel and to support projects and organisations that are working to best meet their needs. This includes programmes that reinforce and support the family unit and eradicate social isolation.
- **Veterans** – we help veterans in the most practical and urgent ways, through programmes that address mental health and welfare, employability, and rehabilitation.
- **Children and young people** – we support the children of military personnel through initiatives that create greater access to education, build self-confidence and resilience, and generally recognise the special circumstances associated with children of military personnel.
- **Community projects** – we provide funding for projects and initiatives that support life on the Married Quarters Estate and bring military communities together.

This year, we dedicated the entirety of our charitable giving to supporting projects and initiatives that are being delivered by credible third-party organisations and charities working with military families, military youngsters, and veterans. Whilst the spread of the MQE is such that our properties are based entirely in England and Wales, we recognise that frequent house moves to other areas of the UK are key aspect of military life and as such we include Scotland and Northern Ireland in our work, wherever possible.

In 2022/23, we supported the following organisations and charities with donations totalling over £400,000.



The Outward Bound Trust – our flagship project The Annington Challenge sees military youngsters apply for places on Outward Bound courses run through the summer holidays. The courses are designed to help those youngsters who would benefit from an experience proven to improve self-confidence, self-esteem, team-working and resilience. Summer 2022 saw us celebrate the 10th year of the Annington Challenge.



Reading Force – The tri-service shared reading charity founded by army wife, Dr Alison Baverstock, provides free books and scrapbooks to aid family cohesion through the power of shared reading. It has proven to be hugely effective at helping families feel connected, despite the absence of the serving parent.



Scotty's Little Soldiers – the only UK charity that supports bereaved military children. Our funding has enabled the charity to recruit a Bereavement Support Worker dedicated to supporting Scotty's Members and a Family Support Worker to provide support and guidance to the parents and carers of Scotty's members and to help them navigate how best to support their child with their bereavement.

WATERLOO UNCOVERED

Waterloo Uncovered – founded by a former Cold Stream Guardsman diagnosed with PTSD after a tour of Afghanistan, Waterloo Uncovered helps veterans achieve milestones in mental and physical recovery, health and wellbeing, transition to civilian life, education, and employment.





ssafa | the
Armed Forces
charity

SSAFA – the tri-Service military charity's Short Breaks programme provides weeklong holidays for military families with a child with an additional need or disability. It offers children a chance to play and grow, and families the opportunity to relax knowing their loved one is safe and enjoying themselves. Our donation has allowed the charity to add an extra week to this hugely oversubscribed programme.

LIFEWORKS

Royal British Legion Industries – LifeWorks is the RBLI's award-winning employability programme which provides vocational assessment and personal coaching aimed at getting veterans back to work.

Service Children's Progression ALLIANCE

Service Children's Progression Alliance (SCiP) – we are funding further research into the area of military children's educational attainment. The results will inform the way educationalists, Local Authorities, military charities, and the MoD consider the educational needs of the military child.



Lord Kitchener National Memorial Fund – established by Lord Kitchener in 1916 the charity provides scholarships to sons and daughters of Service personnel, currently serving or veteran. Our funding provided five undergraduates plus one post-graduate scholarship package.



Kings Camps run by The Kings Active Foundation – we launched Kings Camps for Army children at Tidworth Garrison. Kings Camps are the UK's leading sports and activities holiday camps for children aged 5-17 and provide invaluable Monday-Friday childcare during the school holidays.



LOOKING AHEAD WE WILL ALSO BE SUPPORTING:

Building Heroes – the largest military-to-work programme for veterans and Service leavers in the UK. The programme puts approximately 2000 participants through a variety of construction skills training courses each year and the courses are delivered in Building Heroes Academies, often sited on live construction sites.

CLOSING STATEMENT

The past 12 months have seen us take considerable strides to further understand our business. This greater understanding has helped us to begin to make the necessary changes and set a more focused course for the year ahead.

Our first Materiality Assessment was a significant and important step for us. By engaging with key stakeholders, we now have a clear understanding of what they feel are the imperative issues and topics that we as a business must address and report on. For the most part, it was a validation of the focus we had already given various areas but its value to us cannot be underestimated. We now have an unequivocal understanding of what matters to those that are most important to us and it is our responsibility to ensure that we continue to improve on and measure our performance.

The results of the Assessment have fed into the development of our ESG Strategy which will underpin all that we do over the coming year – and beyond. The planned archetype assessment will help us further understand the challenges inherent in typical MoD housing stock and how best to tackle their refurbishment, especially regarding heat-loss and on-going thermal performance. We are excited about the potential this project offers to revolutionize our approach to refurbishment and I look forward to sharing the results with you next year.

This year also saw us make huge gains in data availability which in turn allowed us to considerably expand our Scope 3 reporting. Thanks go to our contractors who have fully embraced their role in helping us understand more accurately the embedded carbon in the products used

during refurbishment. Their input has been invaluable, and this information fed directly into our second carbon footprint. Another huge milestone was the inclusion for the first time of Use of Sold Products. Again, improvements in data availability and accuracy allowed us to report on 20 years of future operational carbon of the properties we refurbished and released for sale or rent during the year.

Expanding our Scope 3 reporting saw us record a 292% increase in our carbon footprint, compared with last year. However, we believe by being more transparent and more willing to scrutinise our business, we are demonstrating our commitment to getting closer to fully understanding the extent of our carbon footprint. This can only be a good thing. Understanding our baseline will help us as we implement our ESG Strategy to develop targets and KPIs against our Climate Resilience objective.

Our second key objective covers People and Communities, and the next 12 months will see us roll-out our new Purpose and Values across the business. The new Values will underpin everything we do and will be reflected in our employee Personal Development Reviews. It is our intention that we ensure that Annington remains a great place to work.

Finally, I would like to express my thanks to our staff. Their ongoing commitment to our ESG ambitions has been hugely appreciated. The challenges of the next 12 months are not inconsiderable, but I know that I can count on them for their continued efforts as we look to improve our business and the homes we return to local communities.

IAN RYLATT
CEO

APPENDIX

EMISSIONS

Scope	2022 (tCO ₂ e)	2023 (tCO ₂ e)	Change (%)	Percentage 2023 (%)
1	324*	427	+32	4
2	116	144	+24	1
3	2,562	11,477	+347	95
TOTAL	3,002	12,048	+292	100

*Emissions associated with refrigerants have been excluded from Annington's 2023 reporting due to no top ups of refrigerant gases being added to air conditioning systems across the previous three reporting periods and has therefore been recalculated for the 2022 reporting period.

In 2022/23, our footprint totalled 12,048 tCO₂e for our Scope 1, 2 and 3 emissions. This is 292% higher than the 2021/22 reporting period and can be attributed to the considerable improvements in the scope of our reporting through the inclusion of additional categories. Please see [page 20](#) for further details.

WASTE

Disposal method	Nov – March 2022 (tonnes)*	Percentage 2022 (%)	2023 reporting period (tonnes)	Percentage 2023 (%)
Recycled	125.35	88.84	4,668.90	95.05
Recovered	14.35	10.18	162.77	3.31
Landfill	1.39	0.98	80.27	1.63
TOTAL	141	100	4,912	100

EDI BREAKDOWN

	2022	2023	2022 %	2023 %
All employees	55	55	49% men 51% women	47% men 53% women
The Board	6	6	83% men 17% women	83% men 17% women
Senior Executive Team (excluding Board)	4	4	50% men 50% women	50% men 50% women
Full-time	50	50	54% men 46% women	54% men 46% women
Part-time	5	5	100% women	100% women

EMPLOYEE GENDER AND DIVERSITY

	2022	2023	2022 %	2023 %
Age Range				
Under 30	3	7	5%	13%
30-50	31	29	56%	53%
Over 50	21	19	38%	35%
Gender Split	27 men 28 women	26 men 29 women	49% men 51% women	47% men 53% women
Ethnicity				
White	n/a	n/a	71%	69%
Asian/black/mixed			13%	11%
Other/not disclosed			16%	20%

DEVELOPING EXPERTISE

	2022	2023
Total number of training hours	803	448
Average training investment per employee	£1,245	£1,220
Percentage of staff completing training	89%	87%





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