



NET ZERO PLAN

Sustainability Plan
2023 – 2030



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Introduction

This is Hanover's first Sustainability Plan. It sets out how we will develop a better understanding of our impact on the environment, the changes we will make to reduce our greenhouse gas emissions and actions to adapt to our changing climate.

As a country, as organisations and as individuals, we all have a role to play in helping to tackle the climate emergency.

Scotland has a target to be net zero by 2045, and we're part of helping to achieve that.

At Hanover, we recognise that environmental sustainability and the wellbeing of our people are directly connected.

By taking action to meet the climate challenge, cutting our emissions and adapting to changing weather, we can improve the health and wellbeing of our customers and become a more resilient organisation.

Rising energy costs are pushing more people into fuel poverty and we are seeing extreme hardship amongst people who have previously always managed financially.

These financial challenges apply to businesses like Hanover too, so it makes business sense to reduce our exposure to these costs – and we can do that by reducing the amount of energy we use to run our business.

Our approach will evolve as we develop our understanding of our carbon footprint and the challenges and opportunities we face.

However, we can't afford to wait. It's important that we set out clear principles and targets now to help us on our journey.

What is net zero?

'Net Zero' means the amount of greenhouse gas emissions we put into the atmosphere and the amount we're able to take out add up to zero.

To achieve this, we must reduce the emissions we produce to a minimum and capture any greenhouse gases we can't avoid emitting through initiatives like tree planting.

Reaching net zero is key to tackling the global climate emergency and being net zero will help make Scotland a healthier, cleaner, fairer place.



Understanding our impact

Measuring our carbon footprint

If we are to reduce our negative impact on the environment we need to understand where we are now.

The disruption arising from the pandemic and the lack of useable data since 2019/20 has made this challenging.

We recognise there are gaps in our knowledge and data, and as part of this plan, we are putting in place a framework to enable effective monitoring of energy consumption and resource use in the future.

We have undertaken an initial carbon footprint assessment, based on the GHG Protocol. Emissions are categorised into three 'scopes'. Scopes 1 and 2 cover our own operations and Scope 3 covers our housing and supply chain.

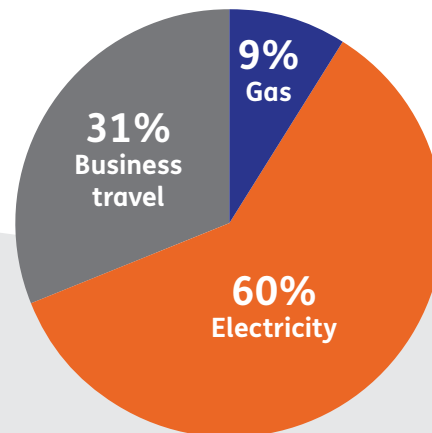
Our initial assessment focuses on Scopes 1 and 2, providing baseline emissions figures for our three main office buildings and business travel.

The footprinting process will be expanded to include Scope 3 and repeated annually to monitor performance, progress against baseline, and to inform investment activity.

Our biggest source of emissions by far will be our housing stock, and we are developing our understanding of that through our stock condition survey and Asset Management Strategy.

While corporate operations account for a much smaller proportion of our overall emissions, it is important that we minimise these. Our main source of emissions is from heating our three main offices. Secondly, electricity (from powering our IT, lighting and cooling) and thirdly employee business related travel.

2019/20 estimated CO2e Emissions for Corporate Operations



Our estimated emissions for corporate operations 2019/20 = 231 tonnes CO2e

What is carbon footprinting?

'Carbon footprinting' is a tool for showing the amount of greenhouse gases (carbon dioxide, methane, nitrous oxide, and F-gases) an organisation is responsible for generating.

It is calculated in 'tonnes of CO2e' (the 'e' standing for 'equivalents'), although it is usually referred to simply as 'carbon'.

It can help efforts to reduce emissions by providing a baseline against which future performance can be measured. It can help with setting targets, framing objectives, and setting long term goals.

Although it is not a requirement for social landlords, it demonstrates a commitment to supporting local and global efforts to tackle climate change.

Our approach

This Plan sets out the framework for achieving net zero, focusing on our homes, our people and our operations.

- **OUR HOMES** – To create desirable homes that are sector-leading in terms of sustainability, climate resilience, and are warm and comfortable to live in.
- **OUR OPERATIONS** – To minimise our negative impact on the environment by becoming a more sustainable and resource efficient business.
- **OUR PEOPLE** – To support and empower our employees and customers so that they can reduce their carbon footprints and benefit from our journey to net zero.

We are committed to becoming a **net zero business by 2040** – five years ahead of the Scottish Government’s target of net zero by 2045.

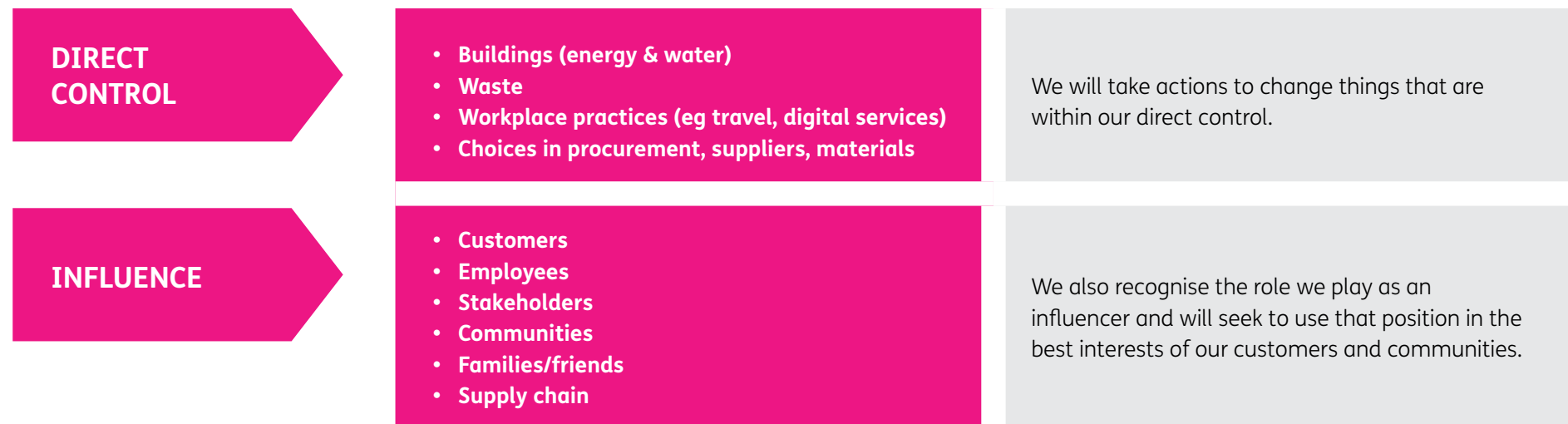
To achieve this, we will need to reduce our greenhouse gas emissions across all of our activities, and where possible remove them.

This will involve significant investment to improve the energy efficiency of our homes and offices. It will require changes in how we heat our existing homes and offices, changes to how we build new homes and a renewed focus on how we use resources across our operations.

Achieving net zero is going to be challenging and we must keep on top of developing technology, sharing our own learning and learning from others.

We will take a phased approach, with our initial focus on making changes that are both achievable and that will have a significant impact on our carbon footprint.

Our Asset Management Strategy will set out the detail of how we will make our homes net zero by 2040. But where we can act more quickly, we will do so. We will reduce emissions from our corporate estate and operations earlier – with our **corporate operations becoming net zero by 2030**.



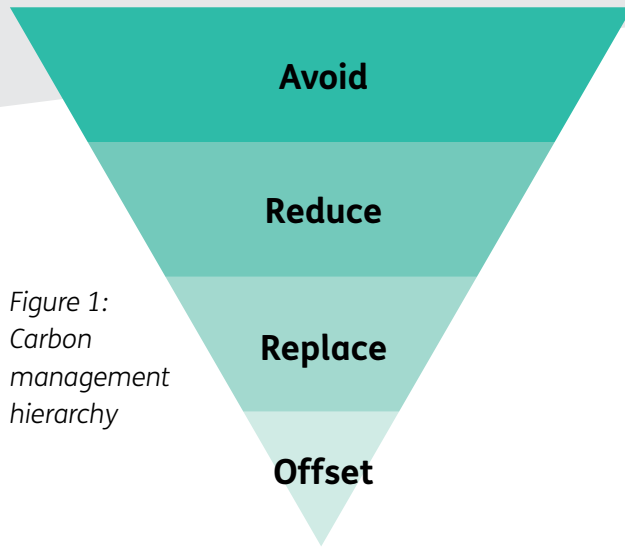


Figure 1:
Carbon
management
hierarchy

The carbon management hierarchy shows the principles we will adopt to reduce our greenhouse gas emissions.

We will **avoid** creating carbon emissions by reducing consumption and waste.

Where we can't avoid creating emissions, we will seek to **reduce** them through improving efficiency. This will involve innovation and making use of new technologies. Alongside this, we need people to make choices and change behaviour.

We will **replace** energy intensive and high carbon activities with lower carbon alternatives.

Only where we are unable to eliminate emissions through the above activities, will we seek to **offset** our emissions.

Our people are the key to the success of this plan. We are working to create a culture where our customers and employees are empowered and enabled to engage in **climate conversations**. We want to harness the enthusiasm and imagination of our people, creating opportunities to find solutions and see them implemented.

Offsetting

Carbon offsetting is used by organisations to balance out their greenhouse gas emissions. This is usually achieved by removing emissions from the atmosphere through initiatives such as tree planting.

Offsetting will be a last resort, used only to balance any residual emissions that we have been unable to eliminate.

Where we are offsetting emissions, we will adopt best practice and prioritise local offset projects where possible.

Adaptation

Scotland is already experiencing the effects of climate change, such as warmer summers and wetter winters. Weather events such as floods and heatwaves are becoming more extreme. Projections suggest that these trends will continue and intensify over the next century.

So alongside taking actions to reduce our emissions, we must also make sure we are able to deal with the changes that are already "locked in".

We can adapt to and manage the impacts of climate change by making sure our homes and operations are able to deal with rising temperatures and more extreme weather events.

We are already working with councils across Scotland to ensure our developments can deal with environmental changes, including increased risk of flooding and severe weather events.

As part of our Asset Management Strategy, we will consider adaptation measures. This will include considering our green space in new and existing developments, maximising opportunities for sustainable urban drainage, tree and other planting which can also provide natural shade to protect buildings from overheating. This has the benefit of also helping local biodiversity.

As we review our office estate, we will make the necessary adaptations to improve our resilience, ensure our workplaces are able to deal with changing weather patterns.

We will continually review and update our Business Continuity Plan to ensure we are equipped and able to deal with the impact of severe weather events whilst delivering excellent services to our customers.

Our homes



Aim - To create desirable homes that are sector-leading in terms of sustainability and are warm and comfortable to live in.

Homes account for around 13% of Scotland's greenhouse gas emissions and around 30% of Scotland's total energy consumption. Our homes are by far the largest source of Hanover's emissions and reducing them must be a priority for our capital investment programmes.

The comfort and wellbeing of our customers is at the heart of everything we do, and this will shape how we approach upgrading our homes.

The most effective way to reduce emissions from homes is through making them more energy efficient. This minimises the amount of energy needed to heat a home, which not only reduces carbon emissions, but also reduces customers' bills.

Our Asset Management Strategy is being reviewed in 2023 and fabric first will be a core principle – reducing energy demand through creating highly energy efficient homes.

We are exploring ways to reduce our dependence on fossil fuels and are committed to not installing gas boilers in new developments. We will focus on zero emission systems like heat pumps and explore opportunities such as district heating schemes with local authorities and other partners.

Our approach to reducing carbon in our homes:

- **FABRIC FIRST**
Replace windows, improve insulation of walls, roofs and floors to reduce heat demand.
- **ZERO OR LOW EMISSION HEATING**
Install in all new/remodelled developments and carry out options appraisals at replacement.
- **RENEWABLE TECHNOLOGY**
Maximise low or zero carbon electricity generation through solar panels and battery storage.

Creating Desirable Net Zero Homes

By 2032 the majority of our homes will be achieving a high level of energy efficiency and by 2040 our homes will be net zero.

We are developing our understanding of the carbon emissions from our existing homes and identifying the works needed to improve energy efficiency and support decarbonisation.

We know that some of our older properties no longer meet current expectations, and we are

exploring options for remodelling these through our Asset Management Strategy. As we do so we will ensure they meet the current and future needs of our residents, as well as delivering the highest standards of home comfort and sustainability.

We will create a new Design Guide to help us deliver sector-leading sustainable homes and we will explore opportunities to attract additional resources to install zero emissions heating and improve energy efficiency, such as the Scottish Government's Social Housing Net Zero Heat Fund.

Broomlee Court Living Well Project

The Living Well Project is a joint venture with Inch Architecture and Stirling University's Dementia Services.

We installed environmental sensors in eight tenants' flats to monitor living conditions inside the homes. We are carrying out energy efficiency improvements to the building and we will compare living conditions before and after the works.

Residents have been given iPads so they can monitor the data being collected from their homes. This project is helping us to research the effectiveness of a single environmental monitoring and care operations portal and will help inform our future planned works at other developments.

Drymen Passivhaus

Working with ECD Architects, we built our first Passivhaus development of 15 one- and two-bedroom homes in Drymen, Stirlingshire.

Features include optimal solar orientation, thermal comfort, excellent indoor air quality and wildflower meadow for increased biodiversity.

Passivhaus standard buildings use up to 90% less energy for heating and cooling, and up to 70% less energy than conventional buildings.

We will:

To achieve this, we will:

Invest in our existing homes to ensure they are warm and comfortable to live in, with carbon emissions minimised.

- Collaborate with peers to research and test appropriate solutions for our developments and customers.
- Incorporate a detailed Decarbonisation Plan for our homes as part of our Asset Management Strategy.
- Conclude stock condition survey, including validation of EPC certificates.
- Make sure our investment programmes are aligned to the reviewed Energy Efficiency Standard for Social Housing (ESSH2) requirements.

Build new homes that are sector-leading in terms of standards of safety, energy efficiency and sustainability and are designed to optimise future flexibility.

- Evaluate success of our Drymen Passivhaus development to inform review of our Design Guide.
- Build new homes that are ahead of emerging standards such as the Scottish Passivhaus equivalent.
- Explore opportunities to use modern methods of construction to improve build quality and reduce emissions from the construction process.
- Develop our approach to circular economy as we review our Asset Management Strategy and capital programmes.

Maximise use of zero and low carbon heating and power opportunities for our existing (where possible) and new homes.

- Install zero emissions heating in new developments.
- Carry out options appraisal to identify most appropriate system at replacement.
- Explore use of renewables on our developments, including installation of solar panels and battery storage.
- Explore opportunities to develop/connect to district heating systems.
- Consider where we can install electric vehicle charging points at our developments as a community resource and potential revenue opportunity to offset resident service charges.

Ensure our developments are resilient and equipped to deal with the 'locked in' impacts of climate change.

- Assess properties at high risk of flooding to ensure measures are in place to manage risk.
- Work with councils on flood defence projects.
- Consider how we use our green space to manage impacts of climate change, while maximising benefits for our customers.

Our operations



Aim - To minimise our negative impact on the environment by becoming a more sustainable and resource efficient business.

Becoming a more resource efficient organisation will not only reduce our carbon footprint, but it will also help to minimise operating costs, allowing us to invest more in our people and homes.

Through our initial carbon footprinting exercise, we know that the main sources of greenhouse gas emissions from our operations are energy use and transport.

We have already started to take actions to improve our efficiency and reduce our emissions, and there are lessons to be learned from some of the changes made during the pandemic.

Travel has reduced as a result of the increase in online meetings and energy consumption at our main offices has also reduced as more people are working from home.

However, at the same time as energy consumption in our offices has reduced, the amount of energy used in our employees' homes will have increased due to homeworking.

We have recently launched a new digital strategy which will have a significant impact on efficiency, including reducing our reliance on paper and printing.

Becoming a resilient, net zero organisation

By 2027 we will have achieved a demonstrable reduction in our carbon footprint and our corporate operations will be net zero by 2030.

Energy Use

Our three main offices in Edinburgh, Elgin and Glasgow are our biggest consumers of energy. We are carrying out a review of our office accommodation and communication tools to support more flexible and agile working. Following our review of our office estate, we will carry out an energy audit and create a carbon reduction plan for each of our main offices.

In addition to our main offices, a number of our housing developments contain office areas. Some of our housing developments also contain communal spaces (including hallways, lounges and kitchen facilities) and some have professional kitchens for provision of meal services.

We need to better understand our energy use at our developments and will roll out installation of smart meters for landlord supply. We will also develop a carbon reduction plans for each development.

Transport

Although travel has reduced in recent years as a result of changing working practices, travel for work purposes is the one of the principal sources of emissions. We will adopt a hierarchy for sustainable travel and support our employees to reduce emissions from work related travel.

Waste Management

Although a relatively small contributor to our greenhouse gas emissions, we know that there is scope to improve how we manage waste. Our new Digital Strategy will see us become paperless by 2027 – a transformation that will have a significant impact on our waste.

We need better data to enable us to understand how we can improve our waste management. As waste contracts are reviewed, these should include a condition requiring provision of appropriate information that will enable effective monitoring.

Water

Water also constitutes a small part of the carbon footprint, but it is essential that it is used efficiently. Our water supply is not metered so we are not clear about our usage, but we will take measures to ensure we are using water efficiently and consider whether metering might offer any benefits.

Walking and wheeling



Cycling



Public transport



Taxis & shared transport



Private car



Figure 2:
Sustainable
Travel Hierarchy,
Climate Change
Plan Update
2018-32, Scottish
Government

Influencing our Supply Chain

We will use our influence through how we procure goods and services. Our Procurement Policy states that “We will strive to reduce our carbon footprint and support the Scottish Government’s ambition to be a net-zero society by 2045.”

We are already reducing travel and transportation by using local contractors and suppliers wherever possible. We have structured our repairs, voids and open space maintenance frameworks to encourage engagement with smaller SMEs, supporting the local economy and offering more localised opportunities.

We ask our suppliers to use energy efficient machinery and that materials come from sustainable sources where possible.

All contractors are asked to provide details of their ISO14001 environmental accreditation or have an environmental policy. We also consider contractors approaches to waste management.

Seasonal food from local suppliers in the North-East

Supporting local suppliers is a priority for us when it comes to buying food for our meals services.

All our food is prepared and cooked on site, using meat and fish from our local butchers and fishmongers, and buying fruit and veg from local growers and suppliers.

We have summer and winter menus, buying what’s in season from local producers.

We will:

Develop our understanding of our energy consumption and resource use.

To achieve this, we will:

Based on recommendations from our initial carbon footprinting, we will:

- Put in place a framework for capturing data required to monitor and report on our carbon emissions.
- Ensure sufficient internal knowledge to enable carbon footprinting to be carried out internally by Hanover employees.

Ensure carbon emissions from energy use at our office estate are minimised.

Following a review of our office estate we will:

- Carry out energy audits and prepare detailed carbon reduction plans for our main offices.
- Explore options for replacing heating systems with zero emissions alternatives.
- Ensure our heating systems are operating as efficiently as possible through use of smart controls and employee training.
- Explore options for installing renewables at our offices.

Minimise emissions from office and communal areas of our developments.

- Improve our understanding of how we use energy at our developments.
- Consider options for installing renewables at our developments.

Minimise emissions from work related travel.

- Undertake a comprehensive business travel review to identify actions to reduce emissions and cost.
- Consider how we incentivise and support our employees to reduce travel and use less carbon intensive modes of transport where possible.
- Encourage and enable car-sharing.
- No-fly policy

Review our approach to waste management and minimise the amount of waste going to landfill and incineration.

- Improve our understanding of waste management.
- Increase recycling opportunities across our main offices and developments.
- Become a paperless business by 2027.

Maximise influence on our supply chain through expanding sustainable procurement and investment.

- Review our procurement processes to ensure sustainability is prioritised in our procurement of goods and services.
- Roll out a “buy local” policy across our meal services.
- Place an even greater focus on use of sustainable products and materials as we review our planned and capital programmes.
- Consider how we can influence how our investments, such as pension funds, can support our sustainability objectives.

Our people



Aim - To support and empower our employees and customers so that they can reduce their carbon footprints and benefit from our journey to net zero.

Investing in new technologies is part of the solution but will only take us so far. It's our people that will make this happen.

We will support our Board, employees, and our customers so they have the information and tools they need to reduce their carbon footprint.

We will work to support our people to engage in **climate conversations**, encouraging customers and employees to identify ways Hanover can reduce its carbon footprint.

Employees

By 2025, 80% of our employees will believe that we spend the right amount of time reducing our carbon footprint to help us tackle climate change.

We need to build skills, capacity and knowledge amongst our employees and will invest what is needed so we can be at the forefront of sustainability in our sector.

We will equip our teams with the knowledge they need to have conversations about how they can reduce their carbon footprint, both at work and at home. And we will provide them with the tools they need to do their jobs in the most resource efficient way.

We have set up a **Net Zero Hanover Team**, drawing people from across all of our activities. The Team will work across the business, gathering ideas and solutions, and making them happen. The Net Zero Hanover Team will receive training to ensure they can fulfil their roles as 'Green Champions' and will help to drive the changes needed to take us to net zero.

We have a responsibility to support our employees on the journey to net zero and can do this by providing a package that incentivises and rewards lower emissions behaviour. We will review our terms and conditions and develop a **Climate Friendly Package** that encourages low carbon travel and energy efficiency at home.

Customers

By 2027, 50% of our customers believe we spend the right amount of money on improving estates and improving existing homes.

Our customers will always be at the heart of everything we do, and we will work with them to maximise the benefits of our journey to net zero, keeping energy bills affordable.

We want to support our customers to reduce their environmental impact and live more sustainably. As a landlord, we can do this by ensuring that their homes are energy efficient and by moving towards zero emissions heating systems.

But we also need to support our customers to live well in their upgraded homes and to avoid fuel poverty. We will work with our customers to make sure they get the best from their heating systems, reducing their energy use and their bills. Alongside this, we will work with customers through our welfare rights service to maximise their incomes.

We also have an opportunity to consider how we use our green space in a way that not only mitigates some of the impacts of climate change, but also enhances the lives of our customers and supports greater community engagement.

We will engage with our customers on how to get the best from our green spaces, including exploring opportunities for orchards and growing produce.

And building on our Connecting Communities research, we will consider the role our green spaces can play in creating successful places and 20-minute neighbourhoods.

We will:

Enable and empower our employees to help our customers to reduce their carbon footprints.

Support our employees to reduce their carbon footprints through our Climate Friendly Package of terms and conditions.

Maximise the benefits for our customers of our journey to net zero.

To achieve this, we will:

- Train Net Zero Hanover Group to deliver awareness raising sessions across the business.
- Deliver a rolling programme of training and awareness raising across the organisation.
- Embed Climate Conversations into our employee development framework (appraisals etc).
- Ensure development-based employees are appropriately trained in efficient use of heating systems.
- Train customer facing employees so they can engage in climate conversations with our customers.

- Review our package of incentives to ensure we are supporting and rewarding climate friendly behaviour.
- Consider how we can support our employees to reduce their energy use at home, including when home working.
- Consider how we can support employees to make ethical decisions about investments such as pensions.

- Support our customers to reduce their environmental impact through awareness raising campaigns and supporting climate conversations.
- Provide a high level of post-installation support to help customers get the best from new heating systems.
- Explore opportunities to work with our customers to grow fresh produce on our green spaces.

Governance and Monitoring

Tackling climate change is everyone's responsibility and we all have a role to play in developing our plan and making it happen.

The Net Zero Hanover Team will produce an Action Plan to accompany this Sustainability Plan, which will identify departmental leads and be used for monitoring progress. The Team will be responsible for reporting progress to the Senior Management Team and Executive Leadership Team through Hanover's Performance Management Framework.

Hanover's Board is accountable for approval and delivery of this plan. The Net Zero Hanover Team will lead an annual Sustainability Workshop with the Board, which will include updates on progress and discussions on challenges and opportunities.

The Plan will be reviewed each year to ensure it reflects our latest understanding of our carbon emissions and can respond to developments in technology and experience.

NET ZERO HANOVER TEAM

- Promotes the Plan internally, acting as 'Green Champions'.
- Delivers climate awareness sessions across the business.
- Leads Climate Conversations at team meetings.
- Gathers ideas and solutions from across the organisation.
- Develops Net Zero Action Plan and leads on reporting progress.

SENIOR MANAGEMENT TEAM

- Monitors progress of projects monthly via Performance Management Framework.
- Provides strategic guidance to Net Zero Hanover Team.

EXECUTIVE LEADERSHIP TEAM

- Director of Asset Management and Sustainability is accountable director.
- Monitors progress of projects quarterly via Performance Management Framework.
- Provides strategic guidance to Net Zero Hanover Team.

BOARD

- Approves first Plan and subsequent updates.
- Considers progress via Performance Management Framework.
- Considers progress towards emissions reduction targets, challenges and opportunities at Annual Sustainability Workshop.

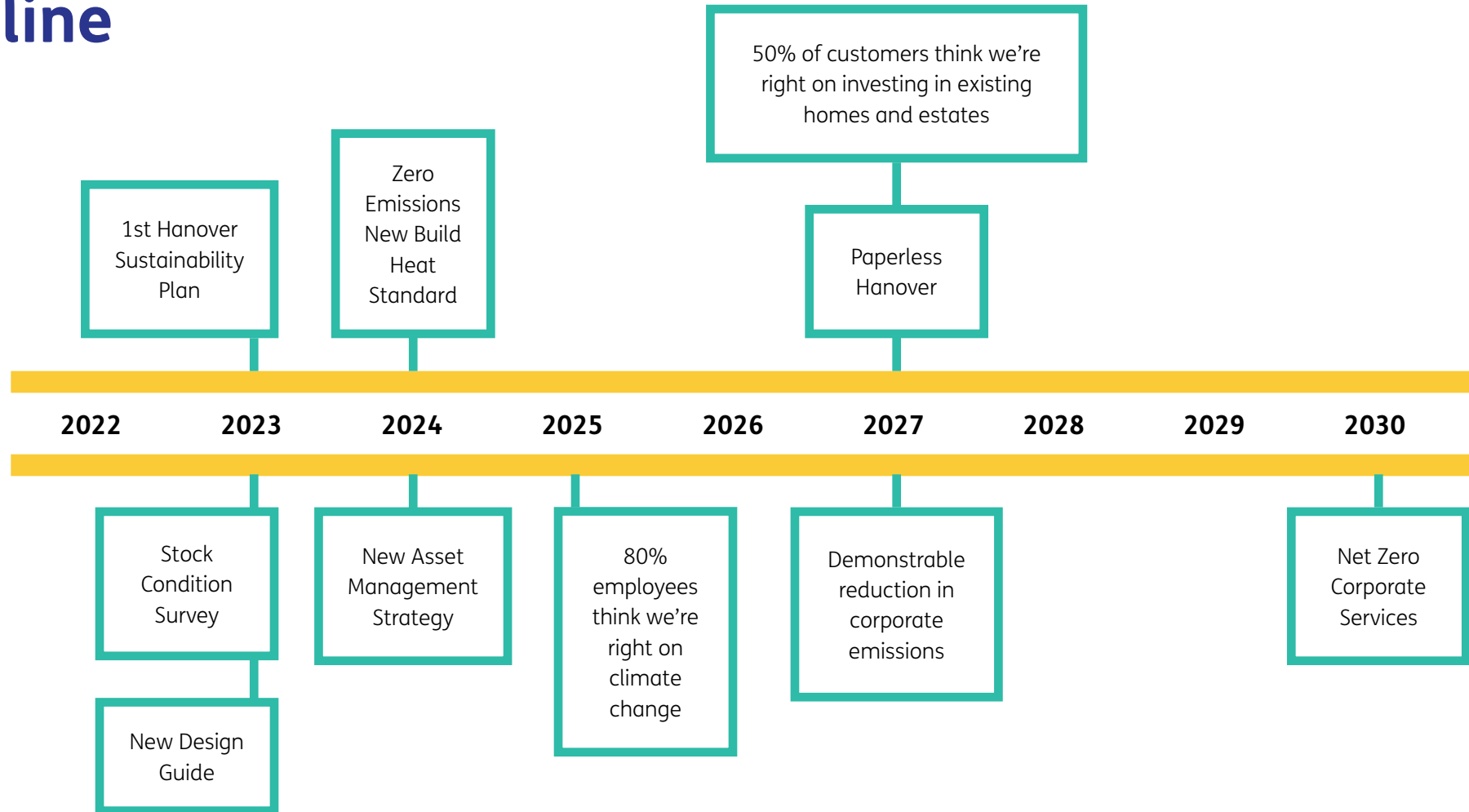
External reporting and benchmarking

As part of becoming a truly sustainable organisation, we will adopt the Environmental, Social and Governance (ESG) framework. This framework reflects the expectations placed on our business by our customers, employees, lenders and regulators to consider how our business impacts the world, our contributions to society and how we conduct ourselves.

We will also consider the merits of adopting other approaches that may support us on our journey, such as the Sustainability Reporting Standard for Social Housing.

We will include Key Performance Indicators for this Plan into our standard suite of KPIs and incorporate progress updates into our Report Card to customers and employees.

Net Zero Hanover Timeline



2031

2032

2033

2034

2035

2036

2037

2038

2039

2040

Majority of
Hanover's
homes
high level
of energy
efficiency

Net Zero
Hanover



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