



ESG REPORT

2023 – 2024



Contents

Introduction 3

Section 1 – ENVIROMENTAL

Climate Change 4

Ecology 7

Resource Management 8

Section 2 – SOCIAL

Affordability and Security 9

Building Safety and Quality 10

Customer Voice 12

Customer Support 14

Placemaking 16

Section 3 – GOVERNANCE

Structure and Governance 17

Board and Trustees 18

Employees and Wellbeing 19

Supply Chain 20

Introduction

Welcome to Hanover's first Environmental, Social and Governance (ESG) report for 2023-2024.

Hanover is a national, specialist housing association delivering services to mainly older people across many areas of Scotland. This first ESG Report was prepared following our adoption of the Sustainability Reporting Standard for social housing.

At Hanover our mission is to provide excellent services to meet the housing needs of Scotland's older people and to support our customers to live as independently as possible. 90% of our properties are therefore for older people and the remaining 10% of our properties are general needs properties for families.

We work closely with health and social care partnerships to ensure our tenants and their families receive the accessible housing and the care and support they need to allow them to live independently and to actively participate in their developments and wider communities.

As a charity we have a very clear social purpose to meet the current and future needs of older people through the provision of affordable homes and high-quality services. Linked to this is our Sustainability Plan which puts sustainability at the

heart of decision-making. The work in Year Two of this plan is being driven forward by our new Sustainability Coordinator who has brought a great deal of experience to the organisation.

The key objectives of this Sustainability plan are:

- To get a baseline year of data measuring our resources in 2024/25
- To report our first Scope 1, 2 and 3 greenhouse gas emissions
- To establish an internal group who will support Hanover's sustainability efforts
- To improve the energy efficiency of our homes with an EPC rating of D or below
- To continue mitigating flood risks
- Continue preventing damp and mould in our homes

This document sets out how sustainable and ethical practices are adopted across areas of our organisation using the three themes of Environmental, Social and Governance. We have set ambitious targets but want to make real strides forward in the next few years.

Environmental

Climate Change

Hanover Scotland is fully committed to reaching Net-Zero by 2040, 5 years before the Scottish Governments target. Last year we launched our Sustainability Plan that sets out how we plan to reach Net- Zero. Within the plan we have set the following targets:

2027

We can demonstrate a reduction in our carbon footprint

2030

Our corporate operations are net zero

2040

We are a net zero business



where possible, for our developments, using a carbon calculator provided by SmartCarbon. We will also use the Science Based Target (SBT) to set a target. What we have been able to do is consider our recently updated Stock Condition Survey that has allowed us to make healthy provisions in our Business Plan. Now that we have appointed an experienced Sustainability Coordinator, we aim to update the original calculations undertaken in 2019/20. We will collect baseline data for 2024/25 and will be using that to report our first Scope 1, 2 and 3 greenhouse gas (GHG) emissions data.

To support our carbon reduction plans within 2023/24 Hanover moved away from maintaining a corporate fleet of vehicles. Due to our geographical dispersion travel is a necessity to move between our developments but a planned approach to ensure travel is only undertaken where necessary and journeys are planned in the most efficient way. We have recently revised our Vehicles and Occupational Driving Policy to support our aims. In addition, free electric vehicle charging points are available at our offices to encourage employees to use energy efficient vehicles.

To date we have considered our carbon footprint based on our corporate emissions. In 2024/25 we plan to fully calculate our carbon footprint for our corporate offices and,



OUR EXISTING HOMES

Early 2023 saw the completion of our first Passivhaus development in conjunction with Crudens and ECD Architects. The award-winning development in Drymen is made up of 14 two-bedroom houses with sustainable features including optimal solar orientation, thermal comfort, excellent indoor air quality and a beautiful wildflower meadow for increased biodiversity. We will be undertaking a full evaluation of this model now we have a full year of data to work with. This will inform our strategy going forward regarding Passivhaus standards within our future new build programme. With the second Energy Efficiency Standard for Social Housing (EESHS2) being put on hold by the Scottish Government we look to reform our EPC targets in-line with the future Scottish Housing Net-Zero Strategy (SHNZS). More information in relation to our performance on SHQ is detailed in the Social section of this report. As we move forward, we will focus on a fabric first approach, increasing the energy efficiency of our homes, ensuring they are warm and affordable for our customers. The table below sets out our current EPC ratings.

EPC Ratings	
% of Homes rated A	0.69%
% of Homes rated B	17.16%
% of Homes rated C	62.56%
% of Homes rated D	15.35%
% of Homes rated E or worse	4.23%
% of Homes without an EPC rating	0%
Average SAP rating of existing homes	73.40%

In 2023/24 Hanover deployed £2.8m of capital as part of our capital investment programme. All that investment was part of our retrofit programme; the investment will reduce the energy needed for our tenants to occupy that building. During 2023/24 a new investment plan was developed based on the updated stock condition survey undertaken also in 2023/24. The new investment plan, including a 2024/25 investment of up to £8.4m, highlights Hanover's approach to capital investment which is to adopt a fabric first approach. As part of this investment, for our properties with an EPC rating of D or below, in 2024/25 we are looking to increase the EPC rating making fabric energy efficiency changes.



Hanover Scotland Retrofit Activities 2023/24

Component	Number of properties	Value	Benefits
Window replacement and refurbishments	207	£950,000	Investment in replacing poor performing and old windows on our developments as part of Hanover's Fabric First approach to investment in line with PAS2035. Major refurbishment was carried out at developments where full replacement was not required.
Heating replacement	79	£670,000	Replacement of electric storage heating at three developments. Replaced older systems with modern Elnur heaters that can be interlined into solar panel arrays directly to provide energy saving and increased EPC ratings for individual properties.
CWI	118	£240,000	Undertaking surveys of cavity wall insulation highlighted several developments with slumped and poorly installed wool cavity fill. This was extracted and refilled with bonded bead EPS system with an estimated u-value of W/m ² k: 0.21 up from W/m ² k: 0.60-80. This investment aligns with PAS2035 fabric first approach to investment in our properties and will provide better thermal comfort and energy savings for these properties.
Roof replacement and increased loft insulation	97	£500,000	Roof replacement and insulation replacement on developments. Replacement of roof coverings that had met the end of their lifespan and loft insulation top up. Targeted in relation to fabric first approach to investment in line with PAS2035.
Remodelling works - New Scone development	25	£428,000	Roof replacement with the inclusion of solar, CWI and new heating system on development. Delivering an EPC uplift from a F36 – B85.
Feasibility works	63	£90,000	Feasibility studies on poor performing stock to develop retrofit programs to maximise the energy efficiency benefits that can be delivered. This includes a full building retrofit inclusive of EWI, solar, roof, heating system and windows.
TOTAL	589	£2,878,000	

MITIGATING CLIMATE RISK

Hanover's housing stock portfolio is currently insured via Zurich Municipal and introduced in 2023/24 is the flood and surface water alert software provided by Previsico. Key operational managers within our Business Continuity Group receive these alerts which advise the risk level and forecast water depth in meters per hour, therefore enabling Hanover to be proactive at instructing flood mitigation measures e.g. erective flood gates, putting sandbags/hydro-sacks into situ, relocating customers to a higher level within the development etc.

We work closely with relevant local authority emergency response teams and/or flood prevention teams to ensure we are being proactive within our communities when it comes to district flood prevention. This is particularly evident in those areas where flood risk is heightened and is a regular occurrence. Within the Aberdeen and Aberdeenshire local authority areas we worked with council floods teams to ensure that

community-wide flood defence measures were implemented such as the erection of flood gates and co-designed flood evacuation plan is in place and forms part of Business Continuity Plans. Similar work has been undertaken at both Veitch's Square and Roseburn Court in Edinburgh. In our Bridge of Dee development with the support and guidance of our insurers we installed a flood sensor in our plant room and raised the equipment within the plant room of the floor.

Regular meetings take place with the Zurich Risk and insurance Consultant to discuss any increased adverse weather risks, flood and/or storm risks and trends. The Risk, Governance and Assurance Manager also presents on Hanover's strategic risks at every meeting of the Audit Performance and Risk Committee (APR) to provide assurance to the Board on identified risks and the control measures in place for each. All risks are managed in line with our **Risk Management Framework**. We provide further information on this in our Governance section.

Ecology

GREEN SPACES

Each of our housing developments have generous landscaped garden areas. Many of these are already used by residents to grow vegetables and cultivate flowers that attract wildlife and provide immense wellbeing benefits to those living in our homes. An internal group at Hanover called SustainaForce will be helping our customers in 2024/25 to transform our gardens into biodiversity hotspots with bird feeders, wildflower plant pots/meadows, hedgehog beds and access through fences, planting of trees where possible and vegetable gardens.



To support this work, we will work closely with our many contractors to maximise the benefits of our Community Benefits clauses and explore corporate social responsibility schemes of the many companies that provide services to Hanover. More information on our Community Benefits is detailed in the Governance section.

Before we build any new homes going forward, we will have an ecology assessment carried out beforehand, including a Biodiversity Net Gain target. This year we will produce the final report that evaluates the success of our first Passivhaus development in Drymen.

POLLUTANTS

For asbestos we only use licenced contractors to remove any asbestos and have a robust management plan in place for managing this. We also have a robust framework for managing damp and mould cases. In respect of the handling and managing chemicals all our staff are COSHH trained so we can ensure we are compliant with COSHH Regulation 2002. We plan to develop a strategy that brings together the management of all relevant pollutants.

Resource Management

PROCUREMENT

As part of Hanover's existing procurement strategy our intent is to use or increase the use of responsibly sourced materials for all building and repairs works. We track and measure where possible the success of a responsible sourcing strategy by requesting information from our contractor and suppliers. This is a compulsory requirement within all our procurement documentation and tender's responses, to demonstrate that sustainable practices are embedded within their organisation. This is a key consideration when evaluating tenders.

Hanover Scotland currently requires all suppliers in their tender document to provide details on how their organisation will support sustainable considerations in their supply chain. We also require them to provide details of their environmental management policy, processes, and procedures to ensure that the environmental impacts of that organisation are properly managed and meet legal requirements. We further require our contractors to participate in joint initiatives with us and other service providers to establish supply chain agreements and, where appropriate, to suggest amendments where this may lead to an improvement in environmental performance or sustainability.

Where appropriate and relevant to the contract, we also ask suppliers to provide details on their waste management strategy.

WATER MANAGEMENT

We have water meters installed in our corporate offices to measure water usage, which enables us to see where we can reduce our use. While we do not have water meters in our developments and cannot measure usage through bills as they are paid through Council Tax, we are opting for water efficient products in when replacing kitchens and bathrooms. Plans are underway to develop a strategy for water management in the 2024/25 financial year that will encourage and support a corporate reduction as well as encouraging and supporting our tenants to reduce water usage where possible.



Social

Affordability and Security

At Hanover our mission is to provide excellent services to meet the housing needs of Scotland's older people and to support our customers to live as independently as possible. 90% of our properties are therefore for older people and the remaining 10% of our properties are general needs properties for families as set out in the table below. All our properties are for social rent and all tenants are provided with a Scottish Secure Tenancy (SST) which provides full security of tenure.

In 2023/24, we began a programme to dispose of several properties that prevented us meeting our ambition in terms of SHQS or the new SHNZS. This year we have initiated a project to review our Asset Stock Profile Matrix along with a group of national social housing landlords which reflects the SHR's new Integrated Asset Management Guidance. This work will allow organisation to consider their stock options within the wider context and develop a plan to address challenges in a joined-up way.

Units of Housing Stock – April 2024		
Existing Homes	Number	%
General needs	468	10%
Housing for older people:		
Sheltered	2676	56%
Amenity	924	20%
Very Sheltered	376	8%
Housing with care	296	6%



In comparison to our peers, our rent levels are broadly comparable. We use the SFHA's Rent Affordability calculator each year to assess levels of affordability. We report this assessment to Board as part of our rent setting exercise each year to ensure sound decision making. For 2024/25 a 6.7% increase was applied to most of Hanover's rents. This is due to rising inflation costs that are impacting on the costs of providing our services. Whilst this represents a sizable increase, over half of our tenants are in receipt of Housing Benefit or Universal Credit. For those who are not the triple lock guarantee meant pension increases of 8.5% were applied from April 2024.

Our rent is 57% compared to median private rental sector (PRS) rent across the relevant Local Authority and 67% compared to the Local Housing Allowance (LHA).

HIGH ENERGY COSTS

34% of households in Scotland are currently living in fuel poverty¹. The Scottish Government has set the target that no more than 5% of households in Scotland will be in fuel poverty. To ensure we help Scotland reach this target, and provide homes which are warm, affordable and help us reach Net-Zero targets, we have been mitigating the impact of high energy costs by:

- ✓ Offering hardship grants to customers with low EPC ratings, those with higher costs due to disability and those experiencing financial hardship due to energy costs
- ✓ Providing advice on welfare benefits and other sources of support via our website, newsletter, at in-person events and direct communications to customers (for example, Warm Home Discount)
- ✓ Provision of an Energy Advocacy and Advice Service delivered by Changeworks
- ✓ Providing energy-efficient goods and products to customers (for example, air fryers, draught excluders, and heated blankets)
- ✓ Using service equalisation fund balances to mitigate costs where appropriate
- ✓ Have a retrofit strategy to make our homes more energy efficient.

Building Safety and Quality

We prioritise and review the health and safety of our homes, ensuring our customers have a safe home to live in. The table below shows performance for 2023/24 for the big 6 areas of customer safety compliance. These are reported to Board and the Scottish Housing Regulator.

Note: Our Fire Risk Assessments and Asbestos Management Surveys are carried out to the common areas of our Developments, and not to all individual homes. Individual homes are only surveyed for asbestos if works are taking place, in this scenario we conduct Refurbishment/Demolition Surveys.

Customer Safety Compliance Data (% homes)	
% of homes for which all required gas safety checks have been carried out	100%
% of homes for which all required fire risk assessments have been carried out	100%
% of homes for which all required electrical safety checks have been carried out	100%
% of homes asbestos management surveys or re-inspections have been carried out where required	100%
% of homes for which all required legionella risk assessments have been carried out	100%
% of homes for which all required communal passenger lift safety checks have been carried out	100%

¹ These are Scottish Government estimates for January to March 2024. They are based on the price cap of £1,928 under the updated IDCV's of 11,500 Kwh Gas and 2,700 KWH electricity for the typical dual fuel household. They have been produced by uprating modelled fuel bills from the 2019 Scottish House Condition Survey (SHCS) in line with the price cap under the EPG and accounting for the other support available to households - [Key Facts - Fuel Poverty Scotland \(fuelpovertypanel.scot\)](#)



SCOTTISH HOUSING QUALITY STANDARD (SHQS)

We are working towards eliminating all fails within SHQS where this is possible. The energy efficiency fails element will tie in closely with our fabric efficiency works. All other fails will be programmed and addressed across the next 2 financial years. The tables below set out the information on our SHQS results.

Property fails addressed 2023/24	% of total properties	Outstanding Fails	% of total properties
293	6.18%	517	10.91%



SHQS fails addressed 2023/24	Number of properties	Works complete
Structural stability	3	Major flooring repairs
Wall structure	16	Repairs complete
Internal floor structure	1	Repairs complete
Principal roof covering	16	Repairs complete
Rainwater goods	16	Repairs complete
Central heating	4	Replaced system
Bathroom condition	29	Replacement works and repair works
Kitchen facilities: safe working arrangements	9	Repairs and replacement kitchens complete
Kitchen facilities: adequate electrical sockets	22	Additional sockets added
Kitchen facilities: adequate food storage space	22	Remodeling works and kitchen replacements complete
Safe Gas system	4	Flue repairs
Safe individual dwelling/ common pathway	134	Pathway repairs and common access path renewals at multiple sites
Energy efficiency	17	Retrofit works complete delivering EPC uplifts

Set out in the table below are the properties failing SHQS and our plans to address these in the current year.

SHQS fail reason	Number of properties	Proposed works
Bathroom condition	8	Bathroom upgrades in 2024/25
Structural stability	4	Planned retrofit works for building to address fail
Kitchen facilities: adequate electrical sockets	50	Survey for recommendations on rewire works and introduction of additional sockets
Kitchen facilities: adequate food storage space	61	Surveys to be carried out for a redesign to kitchens to improve storage space.
Kitchen facilities: safe working arrangements	4	Kitchen replacement planned into 2024/25
Energy Efficiency	389	Undertaking feasibility works on properties currently failing under energy efficiency to develop work packages to increase energy efficiency

DAMP AND MOULD

We have a robust framework in place to prevent and manage all cases of damp and mould, to provide our customers with a home that is safe to live in. Dampness cases at Hanover Scotland are all handled in line with the requirements outlined in the Scottish Housing Quality Standards (SHQS) and the recent SHR instruction on the issue. All relevant Hanover employees recently completed an e-learning course on damp and mould. Our Contract Officers completed a 3-day training course to increase our level of skills on this topic given the focus it has rightly had in the sector.

Customer Voice

We have a newly approved Customer Engagement Plan that sets out how much we want to increase our customer engagement in the next few years. Post-Covid our customer base has been less interested in more formal groups or taking part in surveys, but we have a plan to change that. For example, this year we are installing new interactive screens in our housing developments and have produced a calendar of events for our tenants to come along to share their views. We have also introduced lots of transactional surveys to help us gauge our tenant's voice at the point of a service transaction.



We undertook our last tenant satisfaction in Autumn 2023. It was a full-census survey, undertaken via post, online and over the phone and the response rate was 39.1%. Overall satisfaction was 76.69% and reflected an overall downward trend being seen both in the social housing sector and the wider service industry sector.

We have a well-established approach to hear our customer voices. We hold bi-annual focus groups, held regionally, as well as annual tenant's meetings in every housing development, where customers help shape the agenda and can hold us to account on a range of matters including rent and service charges.

In 2023/24 the Scottish Public Services Ombudsman (SPSO) have found there to have been zero complaints determining that maladministration took place. Seven complaints were made to SPSO in 2023/24 and they were either not upheld or SPSO decided not to take the complaint forward.

We report on customer satisfaction and complaint handling on a quarterly basis to our Audit, Performance and Risk Committee along with any actions for improvement.

Tenant Satisfaction Survey Comparison			
Question	2021	2023	Scottish Average
Taking everything into account, how satisfied are you with the overall service provided by Hanover Scotland?	81.5%	76.7%	86.7%
How good or poor do you feel Hanover Scotland is at keeping you informed about their services and decisions?	81.7%	77.1%	89.7%
How satisfied are you with the opportunities given to you to participate in Hanover Scotland's decision-making processes?	64.9%	51.8%	85.9%
Overall, how satisfied are you with the quality of your home?	85.1%	70.6%	85.0%
Thinking about the LAST time you had repairs or maintenance carried out, how satisfied were you with the repair service provided by Hanover Scotland?	85.0%	77.7%	88.0%
Overall, how satisfied are you with Hanover Scotland's contribution to the management of the neighbourhood you live in?	75.1%	63.0%	-
Taking into account the accommodation and the services Hanover Scotland provides, to what extent do you think that the rent for this property represents good or poor value for money?	83.7%	62.1%	82.0%

Customer Support

We support customers to live independently in many ways. One of the keyways we do this is by providing care and support services as part of our service offer. This provides our elderly tenants with a range of services that can be increased over time as their needs change. Providing much needed housing support and personal care is vital to keep people at home and reducing the need for health and social care services.

The funding for this type of essential support is at risk due to the difficult public sector funding situation. We are working with others in Scotland to raise awareness of the cost benefits to the public purse of continuing to fund these types of services and a copy of our recent report is linked below.

The diagram sets out the range of services we provide within our varying models of support.



TELECARE

One of the most valued services we provide is Telecare. Tenants living in sheltered housing models receive this service as part of their tenancy and it provides a vital link to emergency support when required.

VOLUNTEERING SERVICE

We set up a volunteering service in 2016 and it has become a vital part of what we offer. We have 64 volunteers working with us to support our tenants. That includes 28 volunteers spending time with our customers through social activities in their communal lounge (for example, hosting bingo or a coffee morning, or supporting people with digital skills). This helps develop a sense of community in our developments, and increase the development being part of the local community as it builds links between our tenants and their neighbours in the towns in which they live.

There are 34 volunteers actively spending time with individual customers in a befriending role. This enables customers who are less able (whether through frailty, disability, or lack of confidence) to spend time within their communities, with their neighbours, reducing loneliness and social isolation.

WELFARE RIGHTS SERVICE

Hanover's Welfare Rights Service is relatively new, starting in 2020, and customers' circumstances have changed significantly in that time, living through COVID and then the cost-of-living crisis. Over the last financial year, the service has supported customers 985 times, with a total of £273,500 in additional benefit entitlement, grants, goods, and vouchers. Specifically, our Welfare Rights Service has supported 880 customers directly in 2023/24, helping with benefits applications and support funding.



Financial support	Amount	Number of applications
Tenant Support Fund	£49,500	321
Disability benefits	£58,000	10
Housing benefits	£75,000	11
Vouchers and goods	£75,000	538
Energy Advocacy & Advice	£16,000	105

ENERGY ADVOCACY SERVICE

Hanover was successful in obtaining £50k from the Scottish Federation of Housing Association (SFHA), providing tenants in low rated EPC properties with practical items to help them reduce their energy bills whilst keeping their homes warm. Demand for support was high and we were able to purchase 1,751 items as follows:

Energy Saving Items	Number
Slow cookers	110
Air Fryers	254
LED energy saving bulbs	826
Additional Warmth Items	Number
Heated body pads	71
Heated neck and shoulder pads	93
13.5 tog duvets	191
Heated throws	206

In addition to the SFHA's funding Hanover allocated £100k from its own resources to support tenants most in need due to the rising costs of fuel. From April 2024, for a period of two years, Hanover has managed to secure fuel contracts that represent a 58% reduction in price compared with those contracts previously in place.

Placemaking

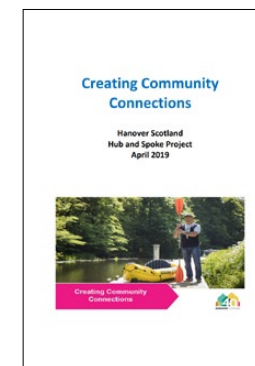
As a housing provider we create communities by building housing developments within existing communities. Our developments become a key part of the community, and this is evidenced by the engagement we have with those local communities.

We utilise communal lounge facilities to promote social activities and encourage tenants to come together as a group but also to be part of their wider community. Our onsite employees are proactive in engaging with tenants, neighbours, schools, and other voluntary groups to ensure that we support strong placemaking outcomes.

We have recently worked closely with tenants on two remodelling programmes in Giffnock and New Scone which, whilst involving some upheaval for tenants, is delivering significant positive benefits for them in improving energy efficiency and space standards. These projects have involved significant investment from Hanover. The success of our remodelling projects has been a direct result of working with tenants, agencies and partners and combining resources, skills, and knowledge to achieve our co-created vision.

We are also very committed to ensuring the design of our homes are not only suitable for tenants and communities, but that they are also environmentally friendly and our new passive house model at Drymen is an excellent example.

Additionally, our Housing with Care developments in Moray are the product of ongoing partnership working with the Local Authority, Health & Social Care Partnership and NHS to improve community care & healthcare facilities. Working closely with our tenants, commissioners and communities has supported us to deliver improved homes for tenants in the localities where we operate.



To support our thinking around placemaking we commissioned research to explore the community connections across our developments and it clearly revealed the benefits that are achieved from this model. A copy of the research can be accessed via [this link](#).

Governance

Structure and Governance

Hanover Scotland is a charitable, not-for-profit organisation and we are Registered with the Scottish Housing Regulator (SHR). Hanover is fully compliant with SHR's Regulatory Framework and its Standards of Governance and Financial Management.

Our Good Governance Framework contains a suite of Governance documents, such as our Scheme of Delegation, our Rules, Board Standing Orders and Committee Terms of Reference. This sits alongside our Financial Control Framework and Anti-Fraud Framework to ensure we meet the requirements of the SHR Regulatory Framework.

Our Assurance Framework also sets out how we demonstrate compliance with the Regulatory Framework, and in turn provides assurance to our Board which allows them to sign off on our Annual Assurance Statement.

All papers for Board, Committee and the Executive Team Meetings have a requirement on the front page to address how each topic links to our Delivery Plan, which part of the Regulatory Framework it addresses, and identifies how we are mitigating any risks identified – ensuring a tie in with our Strategic Risk Register.

ESG RISK MANAGEMENT

We have a Risk Framework which is a key element of our Good Governance Framework and sets out the process by which we manage our risks. We then have a Strategic Risk Register (SRR) which is aligned with our corporate goals and risk appetite, which is underpinned by our operational risk registers. Our registers are reviewed in line with our risk management framework and our scheme of delegation. We record and manage risks in relation to complying with regulatory and legislative requirements within our risk management information system along with risks around adverse weather, business continuity and pandemic risks. We additionally record and manage risks around compliance with Scottish Tolerable Standards. We also ensure health and safety training is suitable and sufficient across the business and therefore ensuring safe working conditions.

Other risks we manage are around ensuring fair pay and compliance with Fair Work First requirements. At a strategic level, stock investment, sustainability and attractive terms and conditions to recruit and retain staff. These are all recorded and managed in line with our Risk Management Framework.

As part of our Annual Assurance Statement, which is submitted to the regulator each year, we are required to confirm and evidence that we meet all our duties in relation to customer safety. This covers that we have obtained appropriate assurance about our compliance with all relevant safety requirements including Gas Safety, Electrical Safety, Water Safety, Fire Safety, Asbestos, Damp & Mould, and Lift Safety.



Board and Trustees

EQUALITY, DIVERSITY & INCLUSION (EDI)

To ensure our Board is a representation of our customers, we have an Equality, Diversity & Inclusion (EDI) Policy that sets out how we want to ensure EDI is embedded across all our activities. We have an EDI Working Group & Champions Group, that meets monthly to improve the collation & use of EDI data for employees, customers & Board Members. Our Champions Group focus on spotlighting different events and campaigns that are aligned to the protected characteristics and promoting inclusion. We are also working with others in the sector to glean best practice information from them.

Our Board Recruitment campaign is focussed on ensuring EDI was built into the recruitment process. We have introduced an Equality Impact Assessment process for changes in policy, systems and for including on our Board & Committee papers.

In terms of Customer Voice, we have a Board member who is also a tenant, and we encourage up to 3 tenants to be part of our board as per our rules and in line with our Board Recruitment and Succession Policy. We had approved at Board in March 2024 our Customer Engagement Plan which sets out how we ensure our customer's voice is heard and inputs to key aspects of our business.

OUR BOARD

Our Board members are: 50% women, 0% BAME, 8% customers, 0% with a disability. The average age of Board members is 57 and average tenure is 4 years.

33.3% of our Board Members have newly joined us in the last 2 years. 20% of the Executive Leadership Team have joined us in the last 2 years. 100% of our Board Members are non-executive directors - our Rules state that no Board Member can be an employee.

We have one Board member on our APR Committee with recent and relevant financial experience. That Board member is a chartered surveyor and chartered Banker, and currently works for a large banking institution, and has significant experience in finance, housing funding (development and investment) and pensions investment. The other members of the APR Committee have some relevant financial experience in their own professional backgrounds.

AAB have been our auditors for the last 3 years. They were procured on a 3+1+1 contract, which gave us the ability to extend. Their contract has been extended for Year 4, with likely re-procurement to take place next year.

Our last independently run, board-effectiveness review was carried out in April 2015 and was carried

out by Jan Polley, a recognised governance expert in the RSL sector.

BOARD SUCCESSION PLAN

We have provided a succession plan to our Board Members in 2023/24 and we do this as part of our Board Member Annual Appraisal process. We consider who is retiring and what vacancies we might need to fill. Each year as part of the Board Appraisal process we ask Board members to update a skills matrix so that we can see the overall skills availability on the Board. This is then used as part of our Board Recruitment and Succession Plan and our Learning & Development Plan. We also review this throughout the year if Board members leave part way through the year.



BOARDS CONFLICTS OF INTEREST

We have an Entitlements Payments and Benefits Policy in place which sets out how we manage conflicts of interest. Board members are asked on an annual basis to declare any conflicts of interest which are kept on a log. We liaise with Board Members ahead of each meeting if we think there is a conflict of interest, for example a tenant board member being part of a discussion about rent levels being set. We would normally notify the Board member and ask them to declare an interest at the beginning and we will agree with the Chair on how best to manage this. It can be done in several ways; we can ask them to leave the meeting for the item where there is a conflict, or they can remain in the meeting on the understanding they cannot take part in the discussion.

Employees and Wellbeing

PAY REPORTING

From May 2024, we pay Scottish Real Living Wage.

Our workforce is 84% female with 70% being 45 years old and over. Our CEO:median-worker pay ratio is 5.27:1. Hanover has a median pay gap of 7.63% which is a significant improvement from previous years, as set out in the table below and reflects the work done on our pay frameworks in 2023/24.

EMPLOYEE WELLBEING

At Hanover the physical and mental health of our employees is of utmost importance and we have built up our post-covid approach to employee Wellbeing over the last 2 years. We have used the Investors in People and Investors in Wellbeing (IIW) framework and achieved a Gold accreditation in April 2024. We have recently launched a new Employee Performance Management framework which ensures beneficial 1-2-1s and appraisals for employees, with the focus being on good conversations about progress, and there is a focus on questions to support the wellbeing of our employees.



Median Pay Gap Comparison							
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Median Pay Gap %	26.5	25.6	15.6	15.6	15.6	15.36	7.63

We have in the past year launched a new employee Health Cash Plan, allowing employees to claim back money on treatments for optical, dental, therapy etc. We have also launched a new employee counselling service and a new Occupational Health provider also does pre-employment medical checks, so that we can best support our new employees as they join us. We have fully trained Mental Health First Aiders across the organisation, and our Wellbeing Group runs a calendar of events on wellbeing activities, such as Time To Talk (allowing employees a safe space to talk about their mental health).

EMPLOYEE PROFESSIONAL DEVELOPMENT

During 2023-24, 29.7% of all employees achieved a qualification to support their personal professional development. We support a wide range of employees to access formal qualifications as well as support people to develop their skills and knowledge within their role. For example, this year we launched a major leadership development programme. Our Care team is supported to achieve different levels of SVQ, depending on their job role. This year 179 employees completed their SVQ.

Supply Chain

SOCIAL VALUE: HANOVER'S COMMUNITY BENEFITS FRAMEWORK

Hanover Scotland is committed to maximising social value from contracts for works, goods and services in which it has an interest. Hanover's Social Values aim to improve the economic, social, or environmental wellbeing of the area. Under the Hanover supply chain, the successful supplier will be requested to support Hanover's economic, environmental, and social regeneration objectives to achieve wider benefits.

We recently introduced a Community Benefits Framework, which outlines the community Benefit clause and explains the contribution requirements contained within the frameworks that suppliers are expected to operate within. Based on the estimated value of the contract, any successful supplier will be required to meet a minimum number of community benefits points.

Our Community Benefits Agreement provides a range of outcomes, and it is up to each Tenderer to decide what community benefit outcomes they wish to choose. There is no limit to the community benefits that a Tenderer may offer, and the total community benefits points may exceed the

stated expectation. Once the framework has been operational for a year, we will be able to measure the success based on the outputs.

PROCUREMENT

Sustainability is considered in Hanover procurement by evaluating the environmental, social, and economic impacts of goods and services. This includes factors like resource usage, carbon footprint, labour practices, and product lifespan.

In Hanover Scotland we set criteria and standards for suppliers to meet regarding sustainability practices, such as using renewable materials, reducing waste, and adhering to fair work standards.



Additionally, procurement processes prioritise suppliers with certifications like Fair Work First or ISO 14001 for environmental management. When procuring goods and services, measures to monitor the sustainability of the supply chain include Supplier Assessments which are regular evaluations of suppliers' environmental, social, and ethical practices. These include:

- **Audits and inspections:** Conducting on-site visits to ensure compliance with sustainability standards.
- **Certification requirements:** Mandating suppliers to obtain certifications such as ISO 14001 (environmental management).

- **Collaboration and partnerships:** Working with suppliers to improve sustainability practices and performance.
- **Performance metrics:** Establishing key performance indicators (KPIs) to track and measure sustainability performance throughout the supply chain.
- **Continuous improvement:** Encouraging suppliers to continuously improve their sustainability practices through feedback and support.
- **Transparency and reporting:** Requiring suppliers to provide transparent information on their sustainability efforts and progress through regular reporting.

What Next

We hope you find our first ESG report interesting and insightful and that it clearly demonstrates our commitment to improving our ESG performance and reporting on it in a transparent and accessible format.

We will continue to focus our time delivering on our Sustainability Plan commitments and targets. The process of developing this report has identified several additional actions that are now being incorporated in the main Sustainability Action Plan. In future versions of this report, we will include updates on the Action Plan success.

If you are a stakeholder and have any questions or feedback at all, please get in touch with us at hello@hanover.scot or contact Zoe Lindsay, Sustainability Coordinator on zlindsay@hanover.scot.

Please don't print me unless you need to!





ONLINE

www.hanover.scot

[facebook.com/hanoverscotland](https://www.facebook.com/hanoverscotland)

PHONE

0800 111 4646

EMAIL

hello@hanover.scot

[@hanoverscotland](https://twitter.com/hanoverscotland)

Hanover (Scotland) Housing Association Ltd - a Scottish charity no. SC014738 and Registered Property Factor no. PF000140