



ESG Report 2022/2023

karbon
homes

Providing a strong foundation for life.

Our sustainability summary

Corporate



31,771*
homes (with 30,588 at social or affordable rents)



529* new homes completed in 2022/23



Environmental



of our homes achieve EPC C or above



All new homes built at EPC rating B or above

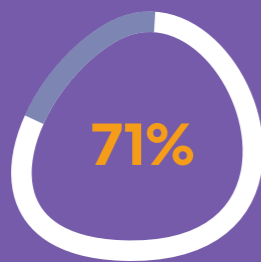
2,526

energy efficiency upgrades, saving an estimated 3,694 tCO2



Social

Our rents as an average of a typical market rented property across our region



4,659

customers helped through our Money Matters Team, with £4m generated for them in additional income



964 colleagues paid at living wage or above

Governance

Mean gender pay gap:

4.88%



Colleague Net Promoter Score in 22/23 of

+23

Top Governance and Viability Regulatory Rating

G1/V1

S&P rating

A

*Karbon Group figures.

About us

Karbon Homes builds, manages and looks after affordable homes for people across the North. The aim is to give all customers the stronger foundations they need to get on with life.

Since our formation in 2017, Karbon has focused on delivering our three strategic aims – to provide as many good quality homes as we can, to deliver excellent service to our customers, and to shape strong, sustainable places for our communities.

Our footprint covers the North East of England and Yorkshire, with around 32,000 homes across diverse communities, all facing different opportunities and challenges.

Some customers just need an affordable home, or a way onto the property ladder. Others might need more – financial advice, community services, sheltered accommodation or training that can lead to a new job. Whatever people need to feel more secure, confident and happy with their lives, we work hard to provide it.

We believe that by combining a sound business head with a strong social heart and staying true to our values, we can build strong foundations for even more people.



Foreword

Embedding sound environmental, social and governance practices is a key part of Karbon's strategy.

Welcome to our third Environmental, Social and Governance (ESG) Report. Sustainability is a fundamental part of our core purpose of providing affordable, safe and secure homes across our communities in the North East and Yorkshire. We welcome the opportunity that the Sustainability Reporting Standard (SRS) gives us to tell a clearer and more transparent story to you and to our wide range of stakeholders.

In this year's report, we want to show you the positive impact we are having in our communities, and on the lives of our customers, in what continues to be a very challenging time across the UK, with household budgets being put under pressure by the cost of living crisis.

The last couple of years have had their challenges for housing providers too but in 2022/23 we really started to push on with our development plans, starting on site with 762 new homes (against a target of 511).

And it's not just the development programme that's moving forward at pace. We launched our Fair Foundations Report in January, setting out our refreshed approach to supporting the left behind communities in which we work, by strengthening the foundational economy and tackling the roots of the challenges they face.

As power devolves North and new bodies become established, like the forthcoming North East Mayoral Combined Authority and the Tees Valley Combined Authority, we want to encourage more inclusive growth than we have maybe seen previously. It feels like under the emerging political and economic conditions, there's much more scope for us to not just deliver on big agendas like net zero, but to actually shape them too.

Our Fair Foundations approach shows how we can achieve this by following a set of common principles and making interventions that support customers and communities to thrive and prosper. So although the cost of living crisis continues to affect both Karbon as an organisation and our customers, we remain hopeful about what the future holds and we look forward to continuing to make a positive impact in the communities we work in.

Paul Fiddaman
Group Chief Executive



UN Sustainable Development Goals

Our work has a direct impact against the UN Sustainable Development Goals (SDGs), as illustrated below, with 'sustainable cities and communities' at the heart. These SDGs helped to form the Sustainability Reporting Standard and will be highlighted throughout:

Chart 5: How social housing contributes to the Sustainable Development Goals



Social

In the following section, we will demonstrate how we are making a positive and measurable social impact on our customers and communities.

Our relationship with our customers goes beyond landlord and tenant. It's a relationship we have fostered over many years, based on trust and insight into multiple aspects of customers' lives. This puts us in a strong position to provide them with the tailored support they need.

To make sure we're providing the right support, we launched a new approach to our placeshaping work in early 2023, called Fair Foundations. The Fair Foundations approach recognises that alleviating poverty and supporting people in crisis is vital. But ultimately, it's a sticking plaster that needs to be replaced time and again. Our response is to try and strengthen the foundations of peoples' lives.

For example, while we continue to issue food crisis vouchers to customers who need them, we are also offering place-based targeted support into employment and free holiday clubs for children which will give people the foundations to grow and ultimately strengthen their residual household income (RHI). RHI is the amount of income households have after tax and basics including housing, transport and utilities are deducted.

Using RHI as a baseline metric sits at the heart of the Fair Foundations approach as it provides context as to how well the local 'foundational economy' is serving those who need it. For example, transport or childcare costs can have disproportionate impacts on household budgets depending on where you live and the work you do.

The affordability checks conducted by our pre-tenancy teams tell us how much RHI customers will have after outgoings such as rent, travel, income tax, and TV licence, and in the coming year we will be carrying out further analysis on those who present with 'low RHI'. This analysis will help us develop more effective customer segmentation and customer journeys as well as providing insight into local economic trends and housing need.

We hope the following section will show the growing positive impact we have had on our customers and communities in 2022/23.



Affordability and security

C1. For properties that are subject to the rent regulation regime, report against one or more affordability metric:

1) Rent compared to median private rental sector (PRS) rent across the local authority

2) Rent compared to Local Housing Allowance (LHA)

Our homes are affordable with general needs rents on average at around 70.1% of market rate across our varied geography.

Local authority	No. of properties	Average Karbon weekly rent	Average LHA for local authority	Karbon discount to LHA	Median private rent per local authority	Karbon discount to private rent
City of York Council	85	£122.04	£172.11	29.1%	£217.80	44.0%
Darlington Borough Council	13	£92.95	£101.70	8.6%	£117.61	21.0%
Durham County Council	10,078	£78.30	£91.89	14.8%	£104.76	25.3%
Gateshead Council	544	£85.29	£110.36	22.7%	£117.33	27.3%
Hartlepool Borough Council	316	£90.91	£102.37	11.2%	£113.58	20.0%
Leeds City Council	15	£92.99	£141.76	34.4%	£182.31	49.0%
Middlesbrough Council	135	£99.35	£105.81	6.1%	£117.47	15.4%
Newcastle City Council	2,958	£82.22	£111.27	26.1%	£162.04	49.3%
North Tyneside Council	1,119	£88.37	£107.86	18.1%	£123.75	28.6%
Northumberland County Council	5,459	£81.60	£103.56	21.2%	£109.33	25.4%
Redcar and Cleveland Borough Council	111	£87.83	£102.35	14.2%	£111.27	21.1%
South Tyneside Council	868	£87.36	£113.31	22.9%	£112.60	22.4%
Stockton on Tees Borough Council	194	£102.55	£116.05	11.6%	£136.37	24.8%
Sunderland City Council	106	£82.45	£94.20	12.5%	£104.57	21.2%
Wakefield Metropolitan District Council	17	£108.05	£112.03	3.5%	£138.93	22.2%
Total	22,018	£81.49	£100.38	18.8%	£116.21	29.9%

Please note: The 'Average Karbon weekly rent' figure is based on our general needs homes (for properties under direct Karbon ownership). General needs homes are subject to social rent. It represents the classic definition of social housing available for rent at target rents, based on the Rent Influencing Regime Guidance. Sample sizes in the private rented sector were often small so can lead to varied results. The LHA average incorporates all categories (A to E).

C2. Share, and number, of existing homes (homes completed before the last financial year) allocated to all tenures:

Please refer to the following definitions when considering the tables in C2 and C3:

Affordable rent:	Homes made available for rent at up to 80% of market rate.
Social rent:	Social housing available for rent at or close to target rents on the basis of the Rent Influencing Regime Guidance.
Intermediate rent:	Homes made available for reduced rent as an opportunity for the customer to save towards a deposit e.g. Rent to Buy.
Older people:	Accommodation specially designated for older people.
Low-cost home ownership (LHCO):	Includes shared ownership and shared equity homes.
Supported housing:	Accommodation enabling customers to live or adjust to living independently despite specific needs.
Care home:	Provides accommodation, meals and assistance with personal care but does not always employ nurses or medical staff.

The following figures represent stock balance at 31 March 2023 for Karbon Homes Association i.e. "homes completed before the last financial year":

Existing numbers of Karbon homes by tenure, as at 31 March 2023:

House type	Number	Percentage
Affordable - general needs	2,606	9.08%
Affordable - older people	286	1.00%
Affordable - supported	36	0.13%
Care home	14	0.05%
Intermediate rent	821	2.86%
LCHO (shared ownership)	836	2.91%
Non-social leasehold	41	0.14%
Non-social rental housing	192	0.67%
Social - general needs	22,018	76.69%
Social - older people	769	2.68%
Social - supported	482	1.68%
Social leasehold	610	2.12%
Grand total	28,711	100.00%

C3. Share, and number, of new homes (homes that were completed in the last financial year), allocated to all tenures:

Building on our £68m investment in 463 new homes in 21/22, we invested over £95m in delivering new homes in 22/23. This included the start on site of 762 new homes (against a target of 511) and the completion of 529 new homes.



We aim to build over 4,000 new homes across the North East and Yorkshire by 2028 drawing on £165m of Homes England grant funding for 2,200 of these homes. The funding allows us to provide a broad range of tenures including rural developments and supported housing allowing us to work more effectively with local authorities to provide more inclusive and sustainable places to live.

For example, we have begun work with South Tyneside Council where we were challenged not only to satisfy a housing need for extra care facilities but also to take the opportunity to reimagine a new and better model of living for older people. Our new plans move away from outdated designs, to refocus on providing a better quality of life and what that really means. We'll be building three extra care schemes in the borough in the lead up to 2030.

As part of our development programme, we will continue to significantly increase the number of homes we build across Yorkshire, which will be managed by our new subsidiary 54North Homes.

New homes built (by tenure) 22/23

Tenures	Number	Percentage
Affordable/intermediate rent	415	78.4%
Social rent	36	6.8%
Low-cost home ownership	78	14.8%
Total	529	100.0%

C4. How is the housing provider trying to reduce the effect of fuel poverty on its residents?

Our Money Matters Team provided energy crisis vouchers worth £8,278 to 220 customers who were struggling to pay their bills, due to the huge rise in energy costs. In terms of more structural interventions, the 2022/23 planned investment programme delivered around £5m of energy efficiency improvements to existing homes aimed at reducing customers' fuel bills.

We recognise that fuel poverty will continue to be a challenge for our customers going forward and our cost of living working group is looking at the impact of our current interventions and how they can be improved.

C5. What % of rental homes have a three-year fixed tenancy agreement (or longer)

None of our general needs homes has a three-year (or longer) fixed tenancy agreement. We believe that assured lifetime tenancies are essential to build the stronger foundations and stable communities that we value.



Building safety and quality

Karbon has embraced the most comprehensive overhaul of legislative requirements on building safety in over 40 years. This includes new regulations such as the Charter for Social Housing Residents, the Fire Safety Act 2021 and the Building Safety Act 2022. We spend over £10.5m on building and customer safety each year.

As well as monitoring indicators such as gas and electrical safety, asbestos, legionella, fire risk assessments and passenger lifts individually, we have collated each of these safety indicators into one single building safety score which has been added to our corporate performance scorecard. We currently achieve a score of 99.96%, only just short of a perfect score due to very rare occasions where we have been denied access by the customer.

Listening and responding to residents about their safety is a priority and this year the Karbon Residents Committee worked with us to complete our Building Safety Scrutiny Review which you can read about later in this section.

To ensure building safety and quality, we're currently carrying out a programme of full stock condition surveys on a five-year rolling cycle. We aim to have accessed all our homes by the end of this summer which will give us a complete picture of our housing stock.

This is important for future investment but it's also vital because our surveys incorporate the Housing Health and Safety Rating System (HHSRS), a risk-based evaluation tool often used by local authorities to identify domestic hazards. Rating the HHSRS's 29 hazards from 'none' through to 'severe', the survey data is fed into our asset management system and embedded algorithms produce reports identifying potential high-risk items such as lead piping, mould, asbestos and carbon monoxide.

Damp and mould:

To help protect our residents from the threats associated with damp and mould, we:

- undertake repeat visits to properties where damp and mould has been identified so that we are confident that it has been resolved
- invest in technology which can detect damp and mould
- have a working group to monitor the resolution of all damp and mould cases
- have refreshed our customer communications to ensure customers know how to report any concerns around damp and mould along with providing the latest advice on prevention
- have refreshed training for colleagues on spotting the signs of damp and mould, recording concerns and supporting customers.

C6. What % of homes with a gas appliance have an in-date, accredited gas safety check?

99.81% of our homes have an in-date accredited gas safety check. The remaining outstanding checks were due to customers not allowing us to access their homes. We are therefore fully compliant with gas safety regulations.

C7. What % of buildings have an in-date and compliant Fire Risk Assessment?

100% of our buildings have an in-date and compliant Fire Risk Assessment (FRA).

C8. What % of homes meet the Decent Homes Standard?

On 31 March 2023, 100% of our homes met the Decent Homes Standard.





Resident voice

C9. What arrangements are in place to enable the residents to hold management to account for provision of services?

We strive to ensure that the voice of the customer is at the forefront of our plans and that our Executive Team and the board have access to up-to-date customer feedback and data. The growing role of our Customer Committee is a good example of how we are strengthening customer voice in our organisation. The Committee

is made up of five board members and two involved customers (one chair and one vice chair). Their role is to analyse our complaints and assess any scrutiny reports which Karbon have conducted in a board-level forum.

We're pleased to say that 76.6% of our customers feel that their views are listened to and acted upon. This is particularly important in areas such as building safety and sheltered housing. This year, we hosted and arranged 573 volunteer hours of resident involvement, up from 314 hours last year.

'Iron grip' on customer safety

Housemark identified having an 'iron grip' on customer safety as one the key trends for this year. As well as having stringent standards, the Grenfell tragedy in 2017 showed the world how important it is for housing associations to listen to customers – an imperative set out in the recent Building Safety Bill.

The Karbon Residents Committee took part in a Building Safety Scrutiny Review this year as part of their annual programme of scrutiny reviews. We invited the group to scrutinise a range of resources including our Building Safety Matrix which gives risk ratings and insight on all our 637 blocks (11 of which are over 18m high).

As well as giving us a clear picture of where to invest in fire safety work, the matrix helps us to pinpoint where tailored engagement strategies may be required for the specific needs of any

higher risk residents or blocks. The Committee gave us feedback about the types of communications they thought Karbon should produce for residents in those locations, including tailored information pamphlets on fire safety which are currently being distributed.

Landlord health and safety has been a key theme of our Group Customer Committee making sure that customer voice is integrated with our formal governance structures. We will be adding a Safety Panel to our resident involvement framework in autumn 2023, following on from the guidance of the Building Safety Bill and its focus on resident involvement.

The panel will work alongside our internal project team for customer safety which is a cross-functional team led by the Assistant Director of Building and Customer Safety and including asset management colleagues, housing managers, communications colleagues and customers.

Resident involvement activity Total volunteer hours 22/23

Karbon Residents Committee	60
Scrutiny panels	75
Customer Environment Group	17.5
Stanley Area Forum	56
Chester le Street Area Forum	52.5
Tyne Valley Area Forum	24
Consett Area Forum	8
Sheltered Housing North	136
Sheltered Housing South	144
Total	573

Our resident involvement structure includes:

- The Karbon Residents Committee, our primary customer scrutiny group with 70 members.
- A Customer Committee made up of five board members and two involved customers. Their role is to analyse our complaints and assess our scrutiny reports in a board level forum.
- Area forums which provide local insight. First introduced in Stanley, they now include Chester le Street, Tyne Valley and Consett. These groups play a significant role in preventing anti-social behaviour and crime, allowing residents to air their concerns to local police who also attend. These groups also play a role in our placeshaping agenda.
- Sheltered housing groups which have been a huge success since their introduction as they enable residents to hold Karbon to account on issues such as service charges, communal facilities and shared outdoor spaces.
- Social media continues to play a huge role in resident engagement and corporate accountability with many residents using social media channels for complaints and observations. Across our three main media channels in 22/23, Facebook, LinkedIn and Twitter, we had a social media reach of 1.2 million.

We're also bringing our customers on our Net Zero journey with our Customer Environment Group. This gives customers the chance to have their say on our approach to the environment and climate change, and ensure we are focusing on environmental issues affecting them.

Phil Thornton is a member of the Customer Environment Group and has really seen the benefits it can bring:

"It gives the chance for customers to be involved and have a voice so we can offer our thoughts on what organisations like Karbon can do. We have to move forward together in order to make change so the more you get involved, the better."

Phil was also one of five Karbon customers sitting on the Social Housing Tenants' Climate Jury. The Climate Jury is considered the first of its kind, set up by five housing associations including Karbon Homes. It gave customers the opportunity to get together and talk about environmental issues, recommendations they want to make to housing associations and how they can move forward.

The Climate Jury recently won an award at the Northern Housing Awards for Best Resident Involvement initiative.



C10. How does the housing provider measure resident satisfaction and how has resident satisfaction changed over the last three years?

Customer Net Promoter Score (NPS) Target: +52.0 (22/23)

19/20	20/21	21/22	22/23
+45.5	+55.2	+49.9	+39.8

Overall satisfaction Target: 88% (22/23)

19/20	20/21	21/22	22/23
89.3%	90.7%	87.2%	80.7%

Average effort (lower is better) Target: 2.9 (22/23)

19/20	20/21	21/22	22/23
3.69	3.24	2.89	3.40

Average trust Target: 8.50 (22/23)

19/20	20/21	21/22	22/23
8.44	8.69	8.57	8.20

Right first-time Target: 88% (22/23)

19/20	20/21	21/22	22/23
84.5%	87.3%	87.2%	88.4%

% satisfied with quality of home (new homes) Target: 93% (22/23)

19/20	20/21	21/22	22/23
87.1%	92.0%	90.5%	92.7%

% satisfied with quality of home (all homes) Target: N/A

19/20	20/21	21/22	22/23
92.1%	92.6%	87.9%	87.9%

Neighbourhood satisfaction Target: 90% (22/23)

20/21	21/22	22/23
90.9%	87.0%	87.0%

The Institute of Customer Service (ICS), data and insight company Housemark and Acuity (Karbon's research provider) have all reported a sustained decline in satisfaction scores across the sector recently. However, our NPS (Net Promoter Score) is currently at +39.8 which compares well to an average score across the service industry of +25.9, and the average housing association, which stands at 0 (neither a negative nor positive score).

One reason for our NPS remaining high may be the successful introduction of customer friendly digital customer service channels. Around 30% of incoming customer enquiries are now made

online. In the financial year 22/23, enquiries which were fully automated, known as 'true self-serve', rose dramatically. The level of transactions in this category went from 11.3% in April 2022 to 15.2% by the end of Q1 2023.

Growth is partly due to the adoption of the MyKarbon customer portal, which now has 12,756 active users. That's a 16% increase in the last year alone. The ability to pay rent via our automated telephone service has also had an impact with growth in telephone payments rising by 800-1000 users per month.

Tenant Satisfaction Measures (TSMs)

In 2020 the Social Housing White Paper identified a need to improve how tenant satisfaction is measured. From December 2021 to March 2022 landlords were invited to give their views about the proposals. The initiative evolved into the Tenant Satisfaction Measures (TSMs) and in 2022 a formal set of TSMs were published. All registered housing providers must use the TSMs to collect resident feedback from April 2023 and report on them from summer 2024.

Establishing the measures well ahead of the game, we adopted a sample of TSMs into our customer satisfaction framework in April 2022 so we could get a year's worth of baseline data and experience ready for 'go live' in April 2023.

The mandatory element of TSMs only provides quantitative data via customer scoring, but there is also an option to add in questions where the customer can provide narrative responses. We took this option as we value hearing customer voice in the data. To help us analyse the written responses within the TSMs, we are trialling an innovative method using enhanced language analytics to identify positive and negative sentiment which will enable us to respond more quickly and effectively to our customers' views.



C11. In the last 12 months, how many complaints have been upheld by the Ombudsman. How have these complaints (or others) resulted in change of practice within the housing provider?

During 2022/23, four complaints were upheld by the Ombudsman regarding service failures, and there were no findings of maladministration. All cases were heard by Karbon in 2021 and the complaints were upheld due to the time period which elapsed to resolve the complaint. We have since focused on

supporting our colleagues to close cases within the specified timescales as set out in our complaints policy. Where the lifespan of the complaint does need to be extended, we have issued further guidance on how this should be managed.



Resident support

C12. What support services does the housing provider offer to its residents? How successful are these services in improving outcomes?

Mental and physical health

In 2022/23, we provided Karbon support packages to 382 vulnerable customers, many of whom have mental health or mobility needs, or learning disabilities. Our skilled support workers offer practical support tailored specifically to our customers' individual needs. This support can be life changing, as was the case for Darren (pictured below) who our supported housing team helped to overcome issues around confidence, social anxiety and bereavement. With the help of his Karbon support worker, Darren was able to rediscover his confidence and get out in the world again.



Community resilience

The work of our Community Investment Team helped us to win the Outstanding Charity Support by Large Companies Award at the annual North East Charity Awards, an accolade that recognises companies who go above and beyond to support charities or community groups in the region.

The team's mission is to strengthen the social infrastructure of our neighbourhoods. They administer our Community Grants Programme which supported over 176 local charities and organisations through £317,530 in grants over the last year alone. One of their proudest achievements is the ongoing support of the Holiday Activities and Food programme (HAF).



Holiday Squad

The Government invests over £200m a year in the Holiday Activities and Food programme (HAF), set up to provide healthy food and enriching activities during school holidays, all free of charge. Local authorities ask anchor organisations like Karbon to deliver the programme and, in the last two years, we have grown to become a mainstay in the HAF programme in Durham and Northumberland.

Following the launch of Karbon's first holiday programme in 21/22, the 'Holiday Squad', assembled from the Community Investment Team, have continued to develop an ever-more inventive range of activities to keep kids curious and entertained across the communities we work in.

We have had the privilege to work with a wide range of local children's activity providers to deliver a diverse programme of activities including sports, crafts, cooking, circus skills, forest schools and STEM activities.

When asked about the impact of our Holiday Squad, one local resident responded:

"It's been incredible having things to do with the kids over the summer. It can be really expensive to find

activities for everyone to take part in, plus eating out isn't cheap.

"With Holiday Squad there are so many different things to do, experiences to be had and memories to be made. Plus the kids get a free packed lunch so we have been able to save some money too.

"It's good that my children can get out and about, meet new people and take part in things that I never would have thought to do. It's great to see how much they enjoy it. I feel lucky and privileged that they can experience these events."

Since its inception in Durham, we have expanded our Holiday Squad offer into other areas, delivering sessions in West Northumberland and working closely with North Tyneside Council to fund activities where there were gaps in provision.

As well as helping to entertain and feed over 1,000 kids so far, the clubs also act as free childcare which supports parents who are either in work or looking for work, helping to promote social mobility. Having recently been awarded the summer contract in Durham, we'll be doing more of the same this summer.

Holiday period	Durham	Northumberland	North Tyneside	Total
Easter 2022: Children registered for activities	361	24	N/A	385
Summer 2022: Children registered for activities	461	189	22	672

Income and money management

This year, our Money Matters Team helped 4,659 customers seeking advice and support about money management, debt and finances. In total, they helped generate income gains worth just under £4million for our customers through increased benefits, or a decrease in debt owed. We have also provided:

- support for 120 customers through the Social Security Appeals process with a success rate of 78% - a 58% rise on last year
- 220 energy crisis vouchers worth £8,278 - a 50% increase on last year
- 160 food crisis vouchers worth £6,653 - a 53% rise on last year
- £199,261 of customer savings by working with Northumbrian Water to provide reduced bills for those struggling to pay
- £14,931 of grants distributed through the annual crisis fund.

Employability and skills

Our Foundations for Life Team delivers digital training and employability opportunities as well as facilitating our internal apprenticeship programme. This year, the team:

- supported 403 customers (a 61% increase on last year), with 59 moving into work
- supported 171 customers with £7,867 through our Foundations Support Fund - which pays for items that can help residents move into employment such as uniform, training certifications or travel costs.



Placemaking

C13. Provide examples or case studies of where the housing provider has been engaged in placemaking or placeshaping activities.

Our Fair Foundations Report is a blueprint for how we intend to work differently in communities that have experienced multiple challenges and where residents feel they have been 'left behind'.

We're piloting this approach in Stanley and Byker which we designated as two of our first 'Karbon Impact Areas' chosen because they both experience multiple economic and social challenges and we have a high concentration of stock in both areas.

One intervention, which is part of our Fair Foundations approach, is our New Start programme, a paid-placement scheme which is notable for:

- offering five-month placements, over a variety of flexible working patterns
- placement matching between the individual and the local employment market
- job start grants to help remove any barriers such as childcare costs
- an employment coach to help the candidate navigate any challenges such as changes to benefits and the transition to sustainable work.

Our Fair Foundations Report and recent bids to the UK Shared Prosperity Fund (People & Skills) for money to tackle economic inactivity, have highlighted a trend that emerging job markets in local economies can be out of sync with the local population. High skill industries often feature heavily in local strategies but introducing them into a well-balanced employment sector which benefits everyone instead of the few seems to be a growing challenge.

New Start can help upskill residents to work in roles that are in high demand from local employers and can provide a way out of unemployment and economic inactivity for people in areas where rates of both are high.

New Start is already making an impression on our Karbon Impact Areas, particularly the County Durham town of Stanley. Of this year's 15 New Start placements, nine were from Stanley (with six from the surrounding areas of Burnopfield, Consett and Ryton).

We were able to draw on the success of our Skills Hub in Stanley to recruit and support local residents on the scheme.



Shaun gets a new start

Shaun from Consett has struggled to find work due to health issues. But the New Start scheme was able to help him find employment with property development company Skidmore Properties.

"I've had severe health issues so there have not been many employers who've been keen to take me on over the last 10 years. It's really refreshing to get some help. It's rewarding to know people still care and the job role is one I think I'm capable of and will thrive."

Environmental

Our environmental work covers many areas but we're focussing on our work as a 'responsible landlord' and a 'progressive business'.

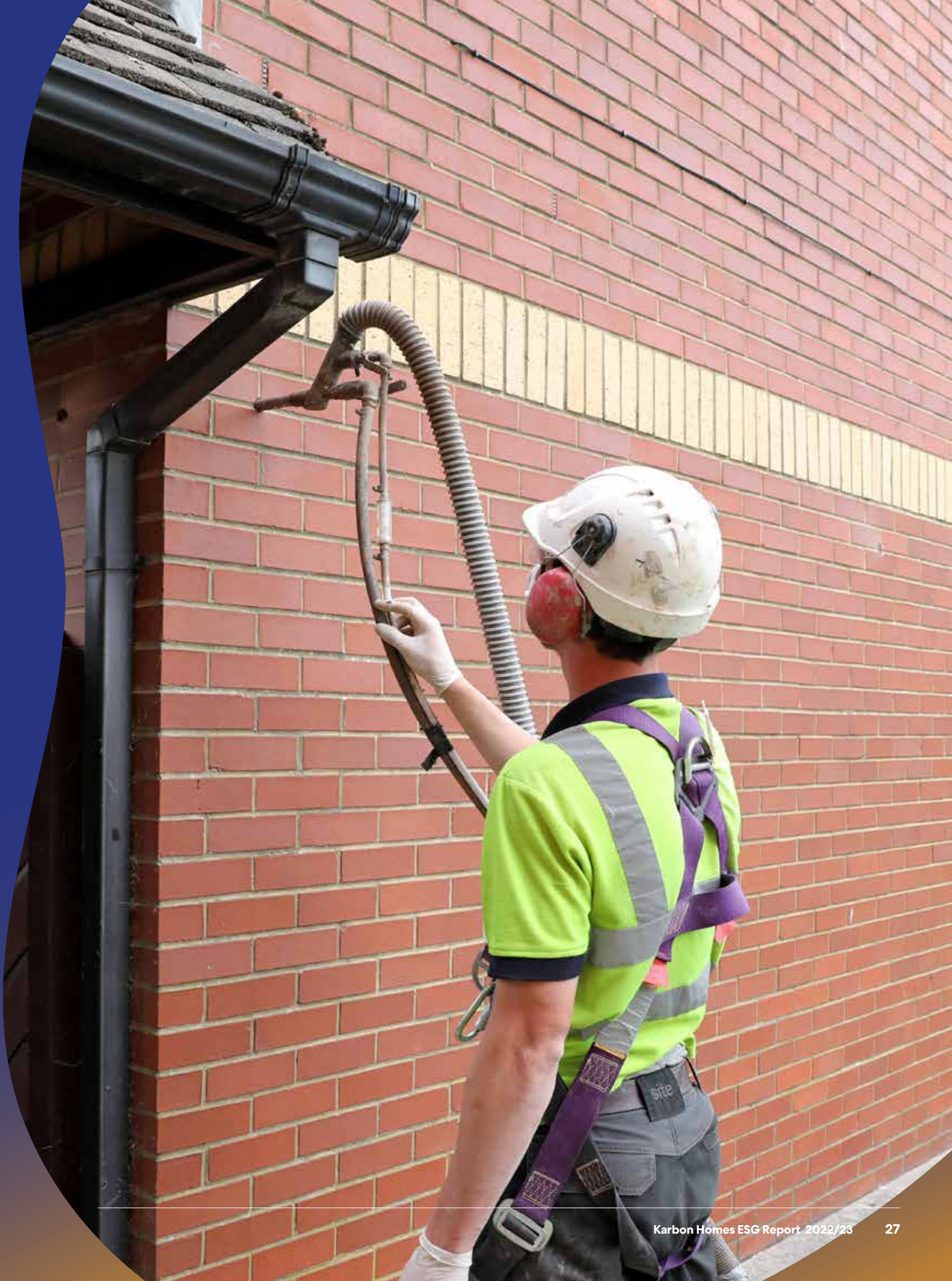
We are currently in the process of completing a full stock condition survey of all our existing homes by the end of summer 2023 and this, combined with sophisticated asset modelling software, means Karbon is in a great position to map our journey to attaining at least EPC C on all our homes by 2030, as well as looking towards net zero by 2050.

We have ring-fenced £20m in our business plans from April 2021-2030 for energy performance upgrades alone. As always, we're prioritising getting the fabric of our existing homes right, for example, through loft and wall insulation. But we continue to challenge ourselves with bigger and more ambitious projects. For example, we have added in the region of £3m to the business plan to 2030 for innovative pilot projects to help us reach net zero.

One area where we are increasingly taking a sector leading role is community energy. We are installing an ambient loop heating system at our new retirement living scheme, Athol House, in Ponteland based on the use of communal air

source heat pumps. We are also planning to use community energy sources in our new extra care schemes in South Tyneside and our large development at Seaham Garden Village. In both areas, our local authority partners are seeking to extract value from the abundance of abandoned mine workings to create mine water heating systems.

We've used the SHIFT environmental audit process to inform this section. SHIFT (Sustainable Homes Index for Tomorrow) is an independent assessment scheme which is prevalent in housing. It is designed specifically for social landlords to assess their environmental performance. Their annual assessment helps us to measure, identify and target improvements.





Climate change

C14. Distribution of EPC ratings of existing homes (those completed before the last financial year)

Our confidence in our EPC ratings data has improved significantly over the last three years now that we have almost completed our programme of full stock condition surveys and we're using specialist environmental modelling software. We are pleased to say that 72.16% of our homes are currently at our minimum target of EPC C or above.

EPC rating	Percentage of homes 22/23
A	0.1%
B	15%
C	57%
D	27%
E or less	1%

We are investing in building our own new homes that go over and above environmental requirements for new buildings. Where we buy new homes from housebuilders that they have constructed, we are negotiating enhancements to standards where we can. We are looking to move from building all new homes to minimum EPC B, to minimum EPC A.

C15. Distribution of EPC ratings of new homes (those completed in the last financial year)

EPC rating	Percentage of homes 22/23
A	11%
B	89%
C	0%
D	0%
E or less	0%



C16. Scope 1, Scope 2 and Scope 3 greenhouse gas emissions

The following analysis has been provided through our SHIFT assessment:

Scope ¹	Activity	Current analysis	CO2 tonnes (tCO2e)
1	Maintenance activities/fleet	Emissions include gas used across all maintenance activities and fuel for maintenance fleets. SHIFT calculates our Scope 1 maintenance emissions based on DEFRA conversion factors of petrol and diesel purchased converted into carbon dioxide equivalent emissions.	8,542
2	Office	Emissions include all our office activities.	574
3	Stock	Predominately housing stock emissions that have been estimated using SAP and heating system data. It is calculated by Karbon (based on 68% EPC data and 32% analytical data from our stock condition surveys), and SHIFT using our snapshot annual data return for its methodology.	74,786
Total			83,902

¹ We are working to improve the quality of our data and to capture data to meet the full scope of each classification, particularly in relation to Scope 3 emissions which cover a vast area of our work.

C17. What energy efficiency actions has the housing provider undertaken in the last 12 months

As well as raising the standards of our new homes, our mission to refurbish our existing stock to meet at least EPC C continues. We spent £5m on energy efficiency activities in 22/23. This includes the items listed below to show both their carbon savings and the impact on customers' bills.

For balance, in the table below, we've shown both bill savings based on 2022 costs, and from the standard 2012 costs which are still in regular use across the industry. This way we can assess how savings look both now and in less volatile times:

	Number of completions	Average cost per unit (£)	Total value (£)	* Total carbon saving per annum (TCO2)	* Bill saving per annum @ present day costs (£)	Total bill savings @ present day cost (£)
Boilers	1,768	2,320	4,101,760	778	240	1,375,504
Cavity wall insulation	179	605	108,295	402	227	71,958
External wall insulation	91	6,837	622,167	429	250	39,039
Windows and doors	164	4,903	804,092	123	25.45	20,172
Air source heat pumps **	27	8,637	233,199	1,719	166.11	46,413
Loft	297	420	124,740	243	87.65	72,286

*Carbon and bill savings have been calculated using Portfolio energy modelling software. Data sets to calculate average savings are as follows:

- Carbon saving calculated using BEIS 2017 conversion factors.
- Present day bill savings use the April 2022 price cap where applicable. Where not applicable, they use the most recent value in the SAP database, or SAP 10 where none is available.
- Historic bill savings use fuel costs from Table 12 of SAP 2012.

** Air source heat pumps replaced solid fuel systems and were accompanied by improved wall and loft insulation to mitigate potential increased fuel costs. By replacing solid fuel, we also improved customer safety, thermal comfort and air quality. Nevertheless, inflation in the electricity market has meant slight increases to bills, which will hopefully readjust as the market settles and provide even bigger gains as cheaper renewable electricity sources gain prevalence.



Making homes more energy efficient

Thanks to £2m funding from the Government's Social Housing Decarbonisation Fund (SHDF) Wave 1 and our own match funding, we undertook a programme to make 91 homes in Ouston, Durham and Otterburn in Northumberland more energy efficient and to lower customers' energy bills.

The work included installing loft, underfloor and external wall insulation, solar panels and air source heat pumps.

We have since secured a grant of over £580,0000 through SHDF Wave 2 funding. Added to the money we have already earmarked for retrofit, we will be investing £3.6m in improving the energy

efficiency of 218 homes in Northumberland and Durham over the next two years. We still have a long journey to reach net zero and we realise the need to balance new technologies with both environmental impact and customer savings.

The table below shows the investment we need to make to get our existing stock to SAP C, SAP B and net zero, and what this will mean for fuel bills. The 'mean realistic fuel bill' column provides an interesting insight into the benefits of raising our houses above SAP C for customers, as well as the need for further technological development to make ambitions like net zero truly affordable.

	Investment needed	Properties affected	Properties missing target	Mean SAP	Mean CO2	Mean realistic fuel bills (based on Oct 22 prices)
Current position	/	/	/	68.67	2,081	£1,605
SAP C	£17,639,000	7,061	7	74.15	2,044	£1,353
SAP B	£125,719,200	22,562	29	92.91	1,975	£763
Net zero	£442,828,403	25,345	23,991	93.73	0.025	£1,174

Colin feels the benefits in Ouston

He said: "I've lived in my Karbon bungalow for 10 years but my home must be about 70 years old. As it's getting old, it really needed modernising so it could be warmer and stronger.

My home has had a total overhaul. It's incredible really! The difference it makes to the warmth of the house was immediate and really noticeable. I just pop the heating on for 20 minutes at a time because the house stays warm for so long."



C18. How is the housing provider mitigating the following climate risks:

- Increased flood risk

- Increased risk of homes overheating

SHIFT carries out an independent assessment of our flood risk data and its latest analysis shows that 94.79% of our homes are classified as being at 'low risk of flooding'.

SHIFT's analysis also tells us that 98.5% of homes are estimated to be at low risk of overheating. The overheating analysis includes baseline data such as build dates, property archetypes, presence of communal heating, population density and local climate. We also class supported housing and retirement living as potential risk factors due to older and sometimes vulnerable residents. As a mitigation, our extra care schemes are designed using the HAPPI (Housing our Ageing Population Panel for Innovation) principles, which advised us on the most effective ventilation for safety and added comfort.

C19. Does the housing provider give residents information about correct ventilation, heating, recycling etc. Please describe how this is done.

Our customer magazine regularly provides tips on how to reduce energy consumption, along with advice about ventilation, heating and recycling.

When customers move into a new build home, we provide them with a Home User Guide as well as a tenants' handbook. The guide explains how to use various equipment in the home including heating and ventilation along with information on recycling, public transport and cycling routes.

The recycling section of the guide includes bin collection dates and the impact of using internal recycling bins. The guide also encourages circular economies, recommending customers to pass on reusable waste such as unwanted furniture, providing contact details for a selection of charitable schemes.

We provide all customers with our tenants' handbook to help them with day-to-day living in their homes. The handbook includes sections on how to prevent condensation by reducing the amount of moisture in the air and maintaining good ventilation. We recently added a 'Being Green' section providing money saving tips on heating and energy usage and sharing National Energy Action's Home Energy Checklist.

We also offer useful advice at opportune moments. Our gas engineers offer advice to residents on energy efficiency during their annual checks and, during customer contact visits, our Housing Team will ask about any problems with heating management, condensation and damp and mould, and provide leaflets with further information.



Ecology

C20. How is the housing provider increasing green space and promoting biodiversity on or near homes?

Target for above ground biomass (AGB) by 2043	11.90 tonnes per hectare
Karbon AGB (21/22)	4.42 tonnes per hectare
Karbon AGB (22/23)	4.84 tonnes per hectare

We monitor green space and biodiversity using Master Map (Ordnance Survey) data and survey data from our Grounds Maintenance Team. This gives us an overall picture of our woodland, grassland and scrubland, all of which constitute Above Ground Biomass (AGB).

Our total AGB currently stands at 3,612 tonnes. That's 4.42 tonnes AGB per hectare owned. Research suggests that a target of 11.9 tonnes/ha should be set for housing associations, which is in line with the target of 10% biodiversity net gain for England.

C21. Does the housing provider have a strategy to actively manage and reduce all pollutants? If so, how does the housing provider target and measure performance?

Our repairs team use what is known as a distributed delivery model which uses sophisticated scheduling technology to carry out its work with the least travel possible. Our software manages a live schedule which is constantly updated based on the operative's skills and location ensuring that we cover every locality in the most efficient manner. A distributed delivery model and an in-house repairs team is not common to every housing association, but its advantages are clear. Not only is there more accountability of service, but also more control. We also recently leased five new electric and hybrid vehicles.



Resource management

C22. Does the housing provider have a strategy to use or increase the use of responsibly sourced materials for all building works? If so, how does the housing provider target and measure performance?

Using data from our repairs and maintenance suppliers, we are assured that 53.97% of materials they use are responsibly sourced.

All our tenders for building works ask the bidder to meet specific responsible sourcing requirements. The requirements are tailored to each tender but, as standard, we ask that all timber materials are supplied with a Chain of Custody Certificate confirming responsible sourcing with the Forest Stewardship Council (FSC) or a Programme for the Endorsement of Forest Certification (PEFC) accreditation. Non-timber materials must be supplied with ISO14001 or BES6001 (responsible sourcing of construction products) certificates of accreditation.

C23. Does the housing provider have a strategy for waste management incorporating building materials? If so, how does the housing provider target and measure performance?

We are working on producing a waste strategy document which should be ready by the end of the calendar year and all main sub-contractors who carry out our investment work are required to provide comprehensive waste reports.

Waste data is collated annually from our top contractors Reconomy and Travis Perkins. Our 2023 supply chain survey concluded 94.16% of refurbishment waste was diverted from landfill through recycling or incineration.

C24. Does the housing provider have a strategy for good water management? If so, how does the housing provider target and measure performance?

SHIFT's water efficiency calculator analysed what water efficiency measures we had installed in our homes to estimate water consumption across our stock as 152.1 litres per person per day. SHIFT recommends 130 litres per person per day by 2030.



Governance

With increasingly stringent regulation imposed on the sector, good governance, in all its forms, has never been so important.

This year, we are proud that Karbon has retained the highest regulatory rating available of G1/V1 from the Regulator of Social Housing. It was also a year where we received the coveted Better Health at Work Awards Gold level accreditation, a programme which recognises the achievements of employers in the North East in promoting the health and wellbeing of their employees.

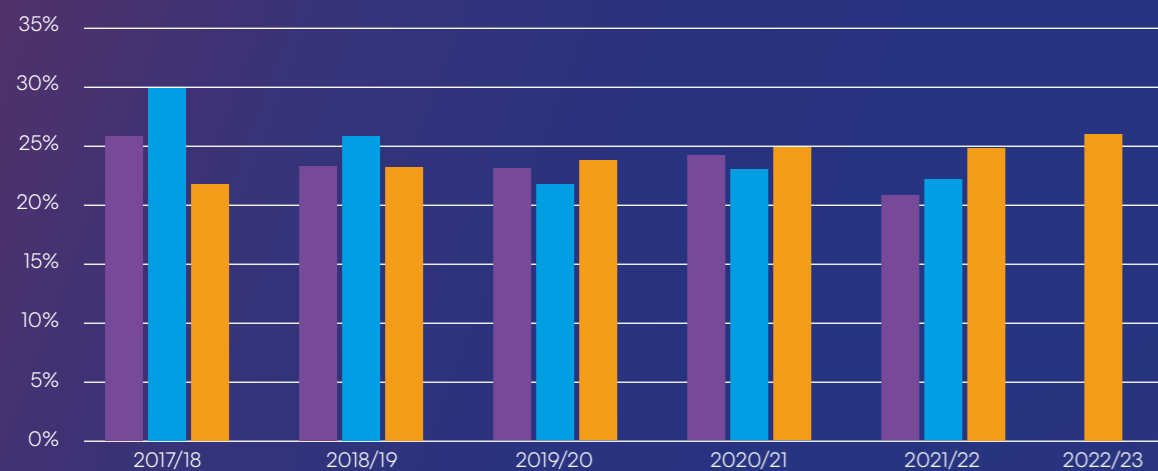
More recently, in May 2023, Standard & Poor's awarded Karbon with an uplift to our single A (stable) credit rating, moving our outlook to

'positive', recognising that Karbon continues to offer a quality social housing provision, has an experienced management team and is showing comparatively stronger performance than many of our peers in these challenging economic times.

We use Housemark benchmarking to assess the health of our operations and a few areas of real progress stand out, including the health of our operating margin since our inception in 2017, moving from below average to a sector leading position:

Operating margin

■ All national ■ Bespoke peers ■ Karbon Homes



One of our key enablers is Value for Money, with cost per unit of social housing used as a performance indicator. Keeping this figure healthy means finding ways to provide a better service in the face of a tough economic environment. One of the ways in which we have done this is by embracing new technology.

For example, we introduced 'On our way' text messages to give customers more visibility around their appointments, and this has improved our

access rate to customer homes to 97.66% and saved around £14,000 per month. Similarly, we have recently adopted Mobyssoft's 'Repair Sense', a technology which shows us where repeat repairs have occurred across our homes. This has helped identify the root causes for these repeat repairs saving us money in the longer term. So far, Repair Sense has reduced repeat visits by 36% which we forecast will reduce the number of repairs by 5,000 per annum.

We have increased customer voice within our core governance structure by establishing the Group Customer Committee, which is a combination of Karbon board members and customer representatives. This development is an example of how we continue to integrate the voice of residents at levels where they need to be heard, promoting a culture of listening and, importantly, acting on that insight.

Our approach to customer voice within our governance structures and our continued compliance with the Regulator's consumer and economic standards, underpinned by our proactive approach to the new Tenant Satisfaction Measures, will ensure that Karbon is in a good place to meet the requirements of forthcoming changes in consumer regulation. Our actions show we are ready and supportive.





Structure and governance

C25. Is the housing provider registered with a regulator of social housing?

Yes

C26. What is the most recent viability and governance regulatory grading?

G1/V1 grading granted on 29 June 2022. G1/V1 is the highest available grading, and the judgement was again confirmed in a January 2023 stability check.

C27. Which Code of Governance does the housing provider follow, if any?

The National Housing Federation Code of Governance 2020.

C28. Is the housing provider not-for-profit?

Yes

C29. Explain how the housing provider's board manages organisational risk

We reported last year that we had commissioned external consultants Campbell Tickell to carry out our three-yearly external governance review which informed our governance and risk action plan moving into 2022. The review found that we had a strong risk management framework, closely linked to our governance structures.

Our auditors have since looked at risk management as part of our 22/23 internal audit programme and returned a 'substantial' assurance rating which is the highest rating available.

Our Group Audit and Risk Committee (GARC) is an important part of our governance structure and a compulsory requirement of our bond financing regulation. GARC oversees the risk management framework, scrutinises the risk register, manages our internal audit programme and reports assurances to Group Board. Committee members have a range of skills which cover the varying elements of strategic risk and it's a requirement that:

- the majority of GARC members are independent
- at least one Audit Committee member has competence in accounting and/or auditing
- and members have competence in the social housing sector.

GARC and our board receive detailed strategic risk reports on a quarterly basis, including risks that may be escalating or need a 'closer watch'. Specialists' scrutiny is vital in ensuring that we identify, quantify, monitor and control risk. Our committees each have responsibility for overseeing specific risks:

- Group Customer Committee - oversees landlord health and safety and consumer regulation risks
- Group Development Committee - oversees risks associated with our development programme, decarbonisation and asset management
- Group Remuneration, Nomination and People Committee - oversees our people and organisational development risks as well as employee health and safety
- Byker Community Trust Committee - oversees risks associated with the Byker Estate and community

These Committees carry out deep dives into the nature of the risk before providing assurances to GARC and the board. In addition to the formal committees above we have also established a Treasury Task and Finish Group, made up of non-executive board members constituted on an 'as and when' basis to manage treasury and associated financial/refinancing risks.

We recently amended the group audit policy to enable us to commission specific pieces of individual assurance work, so for example, in 2021, we requested an assurance from Savills on rent compliance, providing added guarantees to the board, the Regulator of Social Housing and investors.

Our centralised risk management system, known as STORM (strategic, tactical and operational risk management), helps us to manage the diversity of risk associated with our business. All teams have access to STORM in order to maintain their

operational risk registers, while the Governance and Risk Team monitor and maintain the system and take a partnering approach to working with teams. STORM enables us to consolidate data and risk scores from across all our risk registers in one place and improve our response, seeing which risks are escalating and which are stable.

C30. Has the housing provider been subject to any adverse regulatory findings in the last 12 months (e.g. data protection breaches, bribery, money laundering, HSE breaches or notices) - that resulted in enforcement or other equivalent action?

No





Board and Trustees

C31. What are the demographics of the board? And how does this compare to the demographics of the housing provider's residents, and the area that they operate in?

In 22/23, the board held a dedicated development session on board diversity before embarking on recruitment for new members.

The 22/23 data found in this table is shared annually with the National Housing Federation for benchmarking:

Gender (%)	Board	Customers	Area served
Female	33.33	58.75	58.68
Male	66.67	41.11	41.32
Ethnicity (%)	Board	Customers	Area served
White	91.67	85.15	95.06
Mixed/multiple ethnic group: Total	-	0.98	0.52
Asian/Asian British: Total	8.33	0.55	3.02
Black/African/Caribbean/Black British: Total	-	1.07	0.70
Other ethnic group: Total	-	0.36	0.70
Prefer not to say ethnicity	-	0.77	-
Unknown	-	11.12	-
Disability (%)	Board	Customers	Area
Current disability or work-limiting disability	0.00	19.29	29.18
No disability/unknown	100	80.71	70.82

C32. What % of the board AND management team have turned over in the last two years?

Of the 12 members of the board, we had two leavers in the last two years. Of the two, one had reached the end of their tenure.

Our Leadership Management Team (LMT) consists of:

- 1 Chief Executive
- 4 Executive Directors
- 3 Directors
- 16 Assistant Directors
- 1 Managing Director and 4 Directors at 54North

One Executive Director, one Managing Director and one Assistant Director have left over the last two years, giving a total management turnover of 10%.

C33. Is there a maximum tenure for a board member? If so, what is it?

In line with the NHF 2020 Code of Governance, the maximum tenure for our board members is normally six years (comprising two three-year terms). Where a board member has served six years, in exceptional circumstances and where the board agrees that it is in Karbon's best interests, their tenure may be extended in one-year terms up to a maximum of nine years.

C34. What % of the board are non-executive directors?

91.7%. There are 12 members of the Karbon Homes Board, 11 are non-executive directors.

C35. Number of board members on the Audit Committee with recent and relevant financial experience

Five out of the current six board members on the Group Audit and Risk Committee have recent and relevant financial experience.

C36. Are there any current executives on the Remuneration Committee?

No

C37. Has a succession plan been provided to the board in the last 12 months?

Yes. Our code of governance requires that we have a formal succession and board development plan. We report compliance with the code of governance each July along with our financial statements and annual accounts.

C38. For how many years has the housing provider's current external audit partner been responsible for auditing the accounts?

Beever and Struthers has been our external audit firm/partner for nine years, although the specific Audit Partner (the individual who conducts the audit) changed in 2022.

C39. When was the last independently run board effectiveness review?

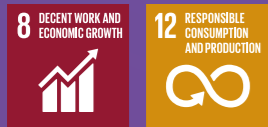
The last board effectiveness review was carried out by Campbell Tickell in December 2020. We also carry out internal effectiveness reviews of Boards and Committees every year and, in line with governance best practice, we are intending to carry out a new independent board effectiveness review in 23/24.

C40. Are the roles of the Chair of the board and CEO held by two different people?

Yes. Sir David Bell is the Chair and Paul Fiddaman is the CEO.

C41. How does the housing provider handle conflicts of interest at the board?

Board members complete an annual declaration of interests and inform us of any changes during the year in line with our Code of Conduct. At board and committee meetings, members raise any potential conflicts of interest for the business being discussed. The member may then be asked not to contribute to the decision or to leave while the business is discussed.



Staff wellbeing

C42. Does the housing provider pay the Real Living Wage?

No colleague is paid less than the Real Living Wage. Salaries are independently benchmarked every three years using the market rates of 15 comparable (mostly local) roles from which we pay the median rate. We also have an annual pay review process with any increases taking place on 1 April each year.

C43. What is the gender pay gap?

We were crowned 'Employer of the Year' at the 2022 North East Women in Business Awards (WIN Awards), recognising our progress towards gender equality in the workplace.

	Mean	Gap	Median	Gap
Men	£18.96	4.88%	£18.24	1.07%
Women	£18.43		£18.04	

C44. What is the CEO-worker pay ratio?

Our CEO-worker pay ratio is 1:10.3

Year	25th percentile pay ratio	50th median percentile pay ratio	75th percentile pay ratio
2022/23	8.28:1	6.34:1	5.76:1

C45. How does the housing provider support the physical and mental health of their staff?

Wellbeing is hard to capture in one metric but in the workplace, we choose to use the Employer Net Promoter Score (eNPS) as our main indicator. Our staff surveys use the Hive platform to track how much our employees would advocate Karbon as 'a great place to work' which is then converted into an eNPS score.

Year	eNPS
2019/20	-9
2020/21	+29
2021/22	+27
2022/23	+23

HIVE guidance indicates that our eNPS score of +23 is 'very good':

- +40 = outstanding
- +20 to +40 = very good
- -10 to +20 = average
- -10 or less = below average

Our strong eNPS result is influenced by a range of factors, not least the wide range of benefits and flexibilities we offer our colleagues, as outlined in the table opposite:

Excellence in health

We recently won the 'Excellence in Health and Wellness' trophy at the North East HR&D Awards, in recognition of our commitment to helping colleagues look after their physical and mental health.



Key Karbon benefits

Flexible pot	Helping colleagues invest in their physical, mental and financial wellbeing.
BHSF cash health plan	Bronze level membership of the health plan, subsidised by Karbon with various options to upgrade and add family members up to £18.99 (platinum level).
Salary exchange	Salary exchange (often called 'salary sacrifice') is offered on all pension schemes. The arrangement is designed to make pension contributions more efficient by reducing the amount of National Insurance payable.
Time away from work	26 days' annual leave on commencement rising to 31 days after three years' service, accompanied by birthday leave, moving home day, volunteering day, a career break option, and a buy and sell annual leave scheme.
Cycle to work mileage scheme	Colleagues can claim 20p a mile for miles cycled to work.

We believe that our approach to staff wellbeing is reflected in our staff turnover figures, which, for the previous three years, have shown employee loyalty well above that among our peers in the sector, particularly during Covid. This year, our overall staff turnover stands at 11.86%.

Having recently achieved the Gold standard in the Better Health at Work scheme, we are now embarking on the next phase known as

'continuing excellence'. This includes mentoring smaller organisations on how to become a more thoughtful employer.

C46. Average number of sick days taken per employee

2022/23: 11.09 days (2021/22: 11.26)

Karbon launches colleague mental health allies programme

Helping colleagues and customers look after their mental health has always been very important for Karbon, and last year we launched an initiative to help make mental health support even more accessible.

We created the Mental Health Allies programme where colleague volunteers from across the organisation are trained in how to support their fellow colleagues, as well as customers they come into contact with, with their mental wellbeing.

Our mental health allies attended sessions delivered by Mental Health in Business where they learned about the fundamentals of mental health, and how to listen without judgment, recommend the right resources and provide a safe space where people can be heard.

The programme was designed to help make conversations about mental health an everyday part of what colleagues do, cultivating environments, both in-person and remote, where they can be open with one another about how they're feeling.

Chris Claytor-Scott is one of the colleague volunteers who completed the mental health allies training.

Chris said: "Having benefitted from counselling and therapy in the past, I wanted to be able to support others who may be struggling themselves and hopefully help them through difficult times. I think having mental health allies at Karbon will be a great way to give staff a positive work environment where they know there is always someone to turn to if they need help."



Supply chain management

C47. How is social value creation considered when procuring goods and services?

Our social value policy and procedures are undergoing full review this year so that we can harness a more strategic approach to delivery, which is aligned with our Fair Foundations approach and can channel the substantial value we create into lasting social change.

The case study below demonstrates our desire to channel our social value contributions towards strategic place-based investments which have a long-term positive impact on communities.



A new partnership brings affordable food hubs to the North East

Karbon Homes worked in partnership with social housing provider Gentoo Group and North Tyneside Council to help award-winning mobile food club The Bread and Butter Thing to launch a number of new hubs across the North East.

The hubs offer regular, affordable provisions of food and toiletries for people in low-income households, in five new locations across the region.

The first of the new hubs, funded with £25,000 from Karbon's Unlocking Social Value pot, opened at Stobhill Community Centre in Morpeth, giving local residents the opportunity to sign up and gain access to an average of £35 worth of items, including fresh fruit and veg, fridge favourites and cupboard staples, for £7.50 a week.

The Bread and Butter Thing, which was founded in Manchester in 2016, works with manufacturers, retailers and the hospitality industry to redistribute food surplus to people who need it the most. Its

community vans regularly redistribute over 100 tonnes of food a week to almost 80 community locations.

Mark Game, The Bread and Butter Thing Chief Executive said:

"I'm delighted to be able to bring our affordable food clubs to new areas in the region – especially now when rising costs of living are forcing people on low incomes to make stark choices between heating and eating. Our members tell us that over 80% of them have previously had to skip meals to feed their families. By using The Bread and Butter Thing, most save at least £25 a week on their food budgets with the added benefits of better quality and a bigger variety of food. This leads to healthier lifestyles and puts money back in people's pockets. When visiting our hubs, they can also access other support services and get a warm welcome."

C48. How is environmental impact considered when procuring goods and services?

Each contract we procure is subject to an Environmental Impact Assessment and during the tendering process, we ask suppliers to provide their Environmental Policy, along with answering a dedicated environmental question:

“Demonstrate your organisation’s approach to environmental sustainability. Include measures taken by your organisation to achieve environmental sustainability, and compliance with relevant regulations, legislation and standards.”

We adapt the weighting of this question depending on the tender, using higher weightings for environmentally associated work.

We aim to maintain an inventory of the least environmentally impactful housing components, captured in our House Design Specification (HDS), which will establish a formal catalogue of the most

efficient components and house types. The HDS is supported by an integrated system of data analytics incorporating each of our asset, finance and repairs and maintenance systems which work together to track the lifecycle costs and performance of all housing components. As well as cost and longevity, all components are assessed in terms of:

- origination from sustainable resources
- ozone depletion characteristics
- energy efficiency.

We also recognise the opportunity to deliver environmental impact as a means of social value and have recently adopted the TOMs (Themes and Outcome Measures) social value framework, which gives suppliers the option to commit: “time, funds and in-kind contributions for environmental conservation and sustainable ecosystem management.”

We hope that you have gained some insight into our organisation from this report and that the evidence we present shows that we meet our aim of being a responsible and progressive landlord. By producing an ESG report, we aim to provide transparency on the challenges we face to any potential partners knowing that progress will not be achieved by working alone. This includes our institutional investors, local authorities, charities, public and charitable funders, and the kinds of innovators that can help us reach ambitious challenges like net zero.

For investor queries please contact **andrew.thompson@karbonhomes.co.uk**

For customer queries please contact **info@karbonhomes.co.uk**



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