



**Environmental, Social
and Governance Report
2020–2021**

choice-housing.org



INTRODUCTION

ESG reporting is a global initiative that helps investors, customers and wider stakeholders understand the impact a business has on the environment, how it benefits society, and how its governance structures ensure transparency about risks and opportunities.

For the social housing sector, ESG reporting has developed into a consistent set of measures laid out in the Sustainability and Reporting Standard (SRS). This voluntary reporting framework covers 48 criteria across ESG considerations, such as zero carbon targets, affordability, safety, and tenant voice.

This report represents a new chapter in Choice's commitment to enhance stakeholder awareness of our priority Environmental, Social and Governance (ESG) issues and demonstrates how our performance on non-financial metrics is contributing to long-term value creation and a sustainable, responsible and tenant-centric business model. The information contained in this report underscores our commitment to delivering breakthroughs that change tenants' lives through ethical decision-making and delivering on our core values of being Caring, Committed and Creative.

Using 2020/21 we have compiled a set of comparable results delivering the first ESG benchmark for the social housing sector in Northern Ireland.



01/Environmental - PAGE 4

Criteria include a company's energy use, waste, pollution, natural resource conservation, and treatment of animals. The criteria can also be used in evaluating any environmental risks a company might face and how the company is managing those risks. For example, are there issues related to its ownership of contaminated land, its disposal of hazardous waste, its management of toxic emissions, or its compliance with government environmental regulations?



02/Social Criteria - PAGE 8

This set of criteria look at the company's business relationships. Does it work with suppliers that hold the same values as it claims to hold? Does the company donate a percentage of its profits to the local community or encourage employees to perform volunteer work there? Do the company's working conditions show high regard for its employees' health and safety? Are other stakeholders' interests taken into account?



03/Governance - PAGE 12

Investors may want to know that a company uses accurate and transparent accounting methods and that stockholders are given an opportunity to vote on important issues. They may also want assurances that companies avoid conflicts of interest in their choice of board members, don't use political contributions to obtain unduly favourable treatment and, of course, don't engage in illegal practices.

FOREWORD

The past 24 months has reminded everyone in society of the fragility of our 'norms', as we witnessed the COVID-19 pandemic bring pain, loss and uncertainty to friends, families, colleagues and communities. Few around the world have been left untouched. At the same time, the steady deterioration of our natural environment and the particular risks presented by advancing climate change are now clear to all, and the urgent need for action is a key priority for Choice Group and our stakeholders.

In November 2020, the UK Prime Minister unveiled an ambitious ten-point plan to support the drive towards a Net Zero emissions position by 2050. The plan covered a range of measures from expanding offshore wind and hydrogen production capacity, to carbon capture, underground storage and tree planting. In April 2021, these plans were accelerated, with a further announcement that the UK would deliver a 78% cut in emissions by 2035, with a greater focus on electric cars, low carbon heating and renewable electricity.

So in 2022, Choice Group will launch our new Sustainability and Energy Strategy, setting out a 'roadmap' to support our transition to net-zero, and thereby help deliver the goals of Government and other partners. As one of the largest Housing Associations in Northern Ireland, we also accept that we have a responsibility to encourage and persuade others to adopt challenging goals, as it is only by acting in a coordinated way – across the sector, with policy-makers and others – that we can deliver the radical changes necessary to drive down emissions.

This year we will also publish and implement our Diversity and Inclusion Action Plan. Choice is determined to do more to tackle the issues of inclusion and accessibility, whether this relates to recruitment, recognition and advancement or just the ability for all colleagues to come to work knowing that they are valued for who they are and what and how they contribute to our social purpose. We know that we are making progress in this area and that there is more to do, but I am pleased that our Group Board and Committee profile is more diverse and representative of our communities than it has ever been.

We affirm our commitment to the Sustainability Reporting Standard (SRS) criteria and the 3 themes outlined in this report. These themes in turn align with the UN Sustainable Development Goals (SDGs). Adopted by all United Nations Member States in 2015, the SDGs provide a shared 'blueprint' for peace and prosperity for people and the planet, now and into the future. The SDGs are also an urgent call for action by all countries - developed and developing - in a global partnership. We recognise that ending poverty and deprivation must go hand-in-hand with strategies to improve health and education, reduce inequality, and promote economic growth – whilst tackling climate change and working to preserve our natural resources.

With this our first Environmental, Social & Governance (ESG) Report, Choice Group signals an intent to be more transparent and accountable on these issues. I am pleased to say ESG is now 'mainstream' in our corporate planning and delivery and that we look forward to improving upon this inaugural report in future years. As Chairperson, I am immensely proud of the way the Choice Group has strengthened its capabilities and credibility as a responsible social enterprise, and I am confident that it is well placed to respond to the challenges and opportunities that lie ahead.

Ciaran McAreavey
Group Chair

01/ENVIRONMENTAL

Choice is preparing to publish our new Sustainability and Energy Strategy 2022-25. The central theme of this strategy is transforming Choice into a housing association that is ready to tackle the challenge of climate change. Further, the strategy has been designed to align closely with the UN Sustainable Development Goals in delivering a broader sustainability agenda.

To that end, Choice aim to build upon past energy efficiency successes at development and retrofit stages. Such work has reduced the amount of energy our tenants need to maintain a comfortable home, which reduces the threat of fuel poverty whilst reducing our collective carbon footprint.

As Choice look towards achieving Net Zero by 2050, we are dedicating resources to completing a full lifecycle carbon footprint so that we can establish decarbonisation pathways that ensure average global temperatures do not breach a 1.5 Celsius threshold.

Whilst Choice's development and assets management teams will play a significant role in how we approach such decarbonisation, it will be essential that our tenants are provided with the tools and knowledge to be agents for change. As such, a significant focus of the Sustainability and Energy Strategy will outline tenant engagement projects that raise awareness of the issues and everyday opportunities available to deliver a more sustainable future for all. Choice's sustainability priorities include: Climate Change, Affordability and Security, Ecology and Resource Management.

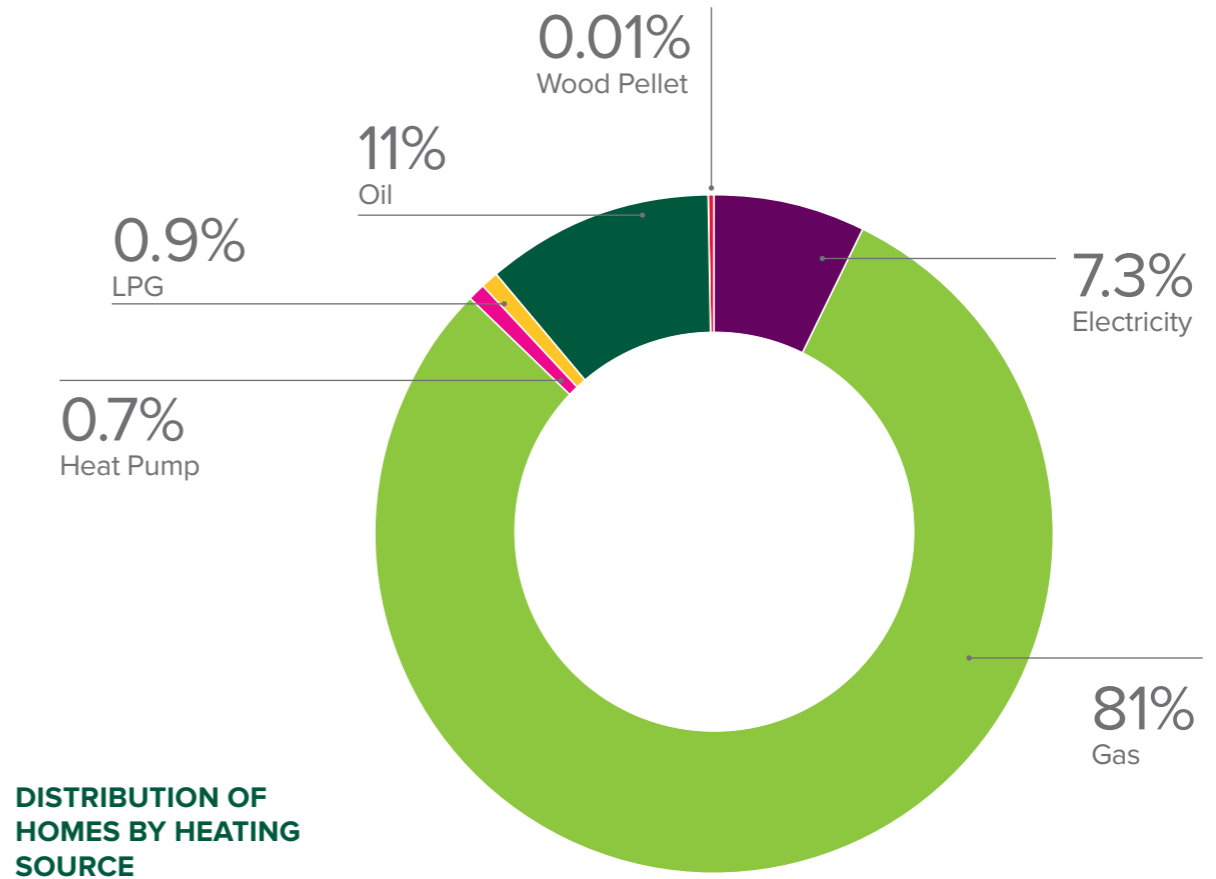
AVERAGE EPC RATING ALL HOMES

A	0.88%
B	36.72%
C	43.69%
D	15.91%
E or worse	2.80%



AVERAGE EPC RATING NEW HOMES

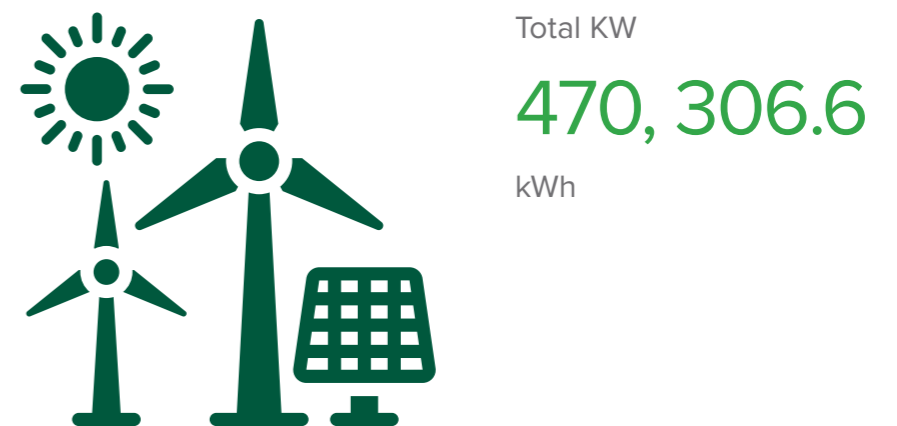
A	11.59%
B	85.99%
C	2.42%
D	0.00%
E or worse	0.00%



GREENHOUSE GAS EMISSIONS



RENEWABLE ENERGY PRODUCTION



01/ENVIRONMENTAL

TENANT INFORMATION AND EDUCATION

Energy saving week - Choice participate in an annual energy engagement week to raise awareness of ways to save money and help the environment. During this week Choice publish articles, videos and tips on our website and social media platforms to engage with tenants on saving energy.

- During the 2021 event Choice focused on five key areas:
- 1 energy efficiency
 - 2 fuel switch
 - 3 heating controls
 - 4 behavioural change tips
 - 5 Switch and Save

Choice's Energy Saving week is a central part of our efforts to combat fuel poverty throughout our tenant base. For example, our Switch and Save advice helps tenants understand how they can compare energy suppliers to get the best deal and our behavioural change tips allow our tenants to understand how they can reduce their bills. Further, this week affords Choice an opportunity to highlight how we have invested in our tenants' homes to make them more energy efficient and ultimately easier to afford.



energy efficiency



fuel switch



heating controls



behavioural change tips



Switch and Save

IMPACT ON ECOLOGY, ENVIRONMENT & BIODIVERSITY



Choice assets department operate an integrated management system which includes an ISO 14001 accreditation. This ISO 14001 accreditation forms the basis on environmental impact management for Choice. Through a standardised risk assessment of potential aspects and impacts, Choice assigns a score and has controls in place to manage the significant environmental impacts. This system covers water, resource consumption, air emissions, waste, nuisance and hazardous substances.

RESPONSIBLE SOURCING OF MATERIALS



Choice Services is part of the Choice Housing Group and provides response repairs and maintenance services. Choice Services currently source FSC graded wood for use. Further, working with our Procurement colleagues we are creating a supplier code of conduct to be provided as part of all tender packs to inform new potential suppliers of our organisational and group expectations. Our procurement process for tendering projects is that contractors must have an environmental accreditation, such as ISO14001 or at a minimum Enviro 'O' Cert.



WASTE MANAGEMENT STRATEGY



Choice Services procure a third party for waste management. The last report to Choice Services Board on recycle volume indicated recycle performance is currently 100% of waste.

100%

of waste is diverted from landfill

REDUCING POLLUTION



All Choice Services waste is segregated for example plasterboard, timber, rubble and mixed waste into separate skips and managed by a 3rd Party waste company to recycle.

Property Services manage the annual boiler servicing programme, this would be a control on air pollution.

In relation to lead pipes, if we come across them or are made aware from stock condition survey, we replace them.

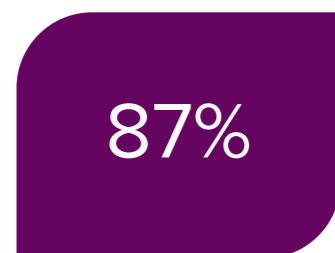
MECHANISMS FOR TENANT ENGAGEMENT

Choice provides a range of tenant engagement opportunities to enable tenants to participate with the organisation, helping to raise awareness of key issues which affect them and their communities.



Tenants can choose from a “**menu of involvement**” which outlines various options for engaging with Choice and the tenant can then decide what is the best fit for them. These options include joining the regional tenant forums, becoming a community champion, support for forming a tenant’s group, service improvement team, editorial team and estate walkabouts. Regional forum representatives also sit on the central forum at which they discuss various issues raised from the regional forums, discuss and contribute to Choice policy issues and engage with senior management providing feedback on key issues.

TENANT SATISFACTION INDICATOR



% Overall tenant satisfaction

COMPLAINT HANDLING INDICATOR



Average days for complaint response

COMMUNITY INVESTMENT (CI) STRATEGY

Choice is working on a Community Investment Proposal that could involve the establishment of a charitable trust. The proposal would focus on two main themes of well-being and economic resilience.

The main purpose of the trust would be to work with communities and expert partners to identify gaps in community investment activities and source match funding for such. The charitable trust would report annually on its social impact.



1

well-being



2

economic resilience



IMPACT OF TENANT & COMMUNITY SUPPORT

In 2020-21 there were seven initiatives for which we could clearly identify the costs of delivery, the impacted tenants and the appropriate impact measures. In the reporting year Choice spent £831,240 on the seven initiatives generating £17,305,615 of additional social value. The estimate Gross Value Added to the Northern Ireland economy through Choice’s business activity is (GVA) £65,490,998, sustaining an estimated 829 jobs throughout the supply chain. Examples of the initiatives include our investment in Building Futures and Promoting Integration.

Building Futures

Choice continues its partnership with Bryson Future Skills to deliver WorkChoice, a programme aimed at upskilling people to help them secure long-term employment. WorkChoice equips participants with practical training alongside OCN accreditations whilst enabling participants to earn a salary. The latest programme commenced in September 2021, offering participants work experience in a range of disciplines across the organisation.

During the year, Choice also continued to work with Queens University and Ulster University to provide financial support to students facing financial, social or logistical barriers to furthering their education through its scholarship programme. The scheme, now in its third year, will run for 5 years with each awardee receiving £1,000 which helps to reduce the stress of financial pressures while studying, improve their self-confidence and give them an emotional boost.

Promoting Integration

Throughout 2020/21 Choice continued to deliver on its commitment to bringing communities together through projects such as the ‘Housing Associations’ Integration Project’ Peace IV and Together: Building United Communities (Housing for All) projects. These unique partnerships consisting of Northern Ireland Federation of Housing Associations (NIFHA), social housing providers, NIHE, and Department for Communities (DfC) aim to improve good relations, promote community integration and create shared housing.

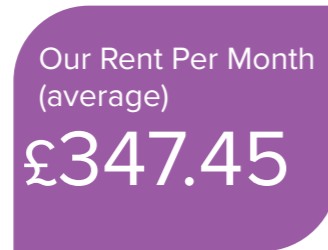
EXAMPLES OF PLACE-MAKING INITIATIVES



Orchard Court (40 properties) and Orchard Avenue (30 properties) is a small development of sheltered and general needs housing in Newtownards. The development was selected to participate in the Choice Peace IV project (HAIP). The project helped bring all tenants in this development together and build a sense of community spirit in that area. Participants helped plan and deliver community events, attend skills building workshops, and engaged on a wide range of cross community activities meeting with project participants from many other communities. Twenty participants received OCN accredited qualifications helping to build capacity and skills within the community.

Burrendale Park Close in Newcastle was a small general needs development of 15 properties. The tenants participated in the Peace IV project and actively contributed to the planning and delivery of community building activities to help bring the community together in the area and engage in skills training and cultural events with other participating communities on the project on a cross community basis. This included twinning with a neighbourhood in Downpatrick and jointly working on a project and taking part in joint visits to help build relations and understanding between beneficiaries.

AFFORDABILITY OF CHOICE SOCIAL PROPERTIES Monthly



Market Rent £669



Local Housing Allowance

AFFORDABILITY OF CHOICE SOCIAL PROPERTIES Weekly



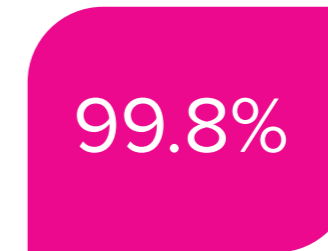
Housing Association

HOMES WITH VALID GAS SAFETY CHECK



% of homes with valid gas certificate

HOMES WITH A FIRE RISK ASSESSMENT



% of relevant homes with a FRA

PROPORTION OF EXISTING 'AFFORDABLE' HOUSING Social v Private Rental Sector



SOCIAL



PRS

PROPORTION OF NEW 'AFFORDABLE' HOUSING Social v non-social



SOCIAL



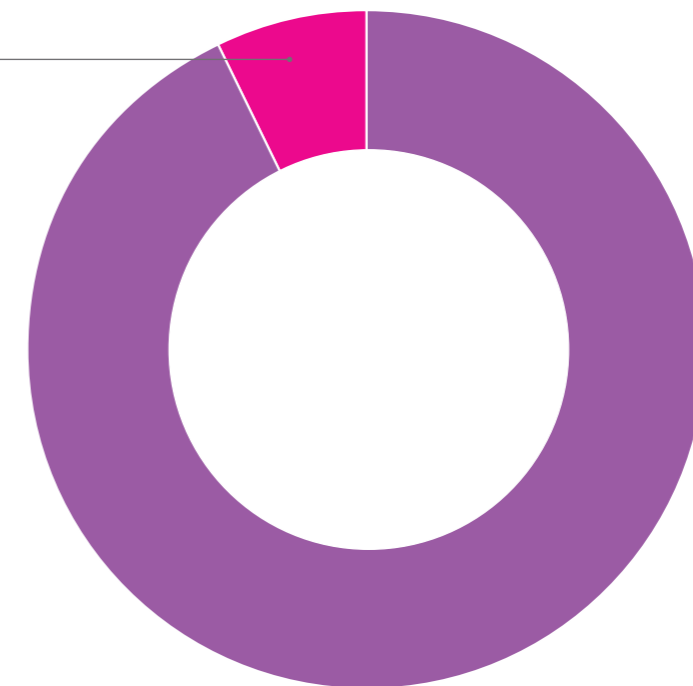
NON - SOCIAL

NB. Maple and May subsidiary still in early phase of growing its portfolio. Growth expected to reduce in future years.

PROPORTION OF TENANCIES WHICH ARE LONG-TERM

% of stock by tenancy type
9580 directly managed tenancies, of these

7%
Introductory Tenancies



93%
Secure Tenancies

03/GOVERNANCE

RISK MANAGEMENT SYSTEMS & PROCESSES

We have introduced a best-in-class dynamic approach to risk management. It reflects best practice as set out in the HM Treasury publication – Management of Risk: Principles and Concepts “The Orange Book.”

The Board is responsible for setting the risk appetite on an annual basis (or more frequently in response to significant changes to the risk environment). The risk appetite is linked to a series of “heat maps” to assign a Red/Amber/Green (R/A/G) status for each risk. Green risks are within our risk appetite and no further actions are required unless the score changes.

For Amber and Red flagged risks, there is guidance for the Senior Management Team (SMT) to follow and updates are provided at each Board meeting (for red flagged) and the Audit and Risk Committee (ARC) (for Amber). This continues until the risk is rescored e.g., further mitigating controls have been introduced or a change in circumstances e.g., Brexit.

Risk Owners (members of the SMT) nominate Risk Partners from within their respective directorate to assist. Training on the new policy was given to all risk Owners and Partners. A Departmental Risk Register (DRR) template was agreed to ensure consistency across the company. Each Risk Owner is responsible for maintaining their respective DRR.

All the registers follow a standard template. Key internal controls which mitigate the impact of each risk are included. If the control is not considered to be operating effectively, action plans with dates are included on the register. Risk Owners are asked to list the evidence that is available to support the assertion that controls are operating effectively.

In addition to the DRRs, we also maintain a Strategic Risk Register (SRR). This lists the main Strategic Risks faced by Choice and will include higher ranked risks from the individual DRRs. Where possible, each risk on the SRR is linked to a Key Performance Indicator (KPI) (or multiple KPIs). Where a suitable KPI does not exist, other measures are identified known as Key Risk

Indicators (KRIs). The KPI/KRI performance is assigned a R/A/G status based on the appropriate risk appetite. If the R/A/G status of the risk and the KPI/KRI do not align for more than one month, the Risk Owner must either revisit the risk scoring or provide an explanation for the miss match.

There are bi-monthly meetings between Risk Owners/Partners and the Head of Enterprise Risk Management. The progress from these meetings is report to ARC. At these meetings we include a discussion of new and emerging risks and whether they should be added.

An annual risk workshop is held with Board and Committee members to discuss the current SRR and to consider new and emerging risks.

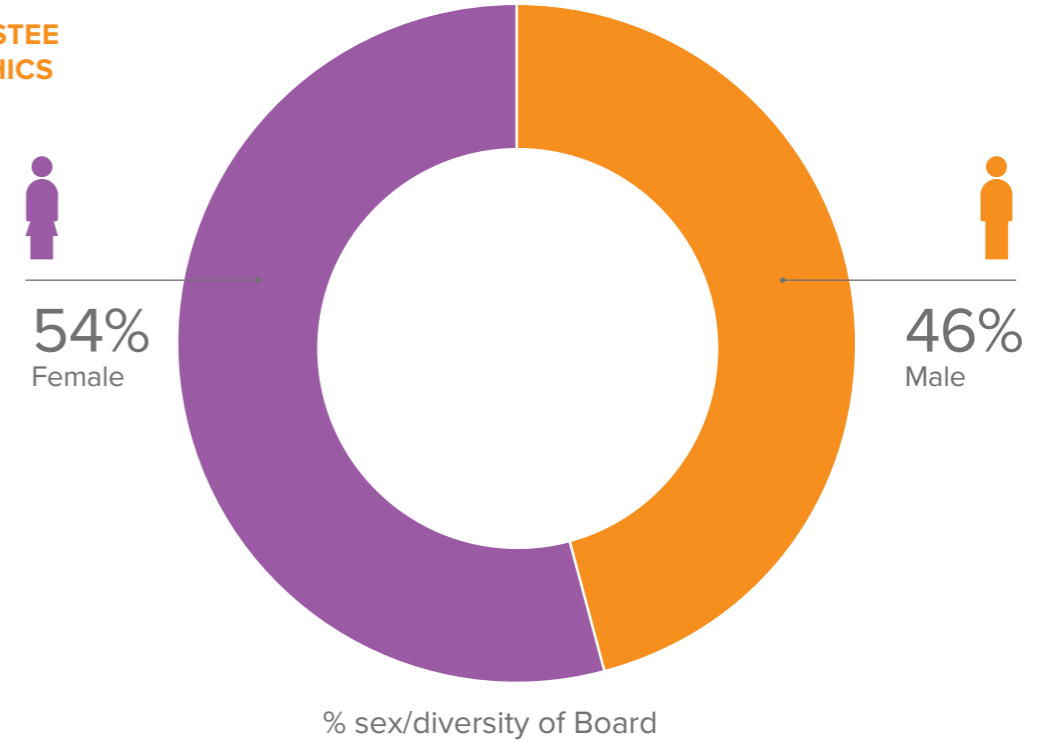
The SRR is updated on a monthly basis and discussed at the Group SMT meetings. Any changes to the SRR are reported to both the ARC and the Board. In addition, the ARC receives a report on the actions arising where there are miss matches in the R/A/G status of the risk and the KPI/KRI. It also provides an update on actions taken to close internal control gaps, and the impact on the risk scores.

On a bi-annual basis, each Risk Owner makes a declaration to ARC that:

- They have agreed the DRR with their Risk partners
- Controls considered effective are working correctly
- Actions where controls are ineffective (or to make improvements) will be monitored on a bi-monthly basis.

The declaration also shows trends from previous declarations including the number of actions needed to close control gaps.

BOARD/TRUSTEE DEMOGRAPHICS



54 years
Average age

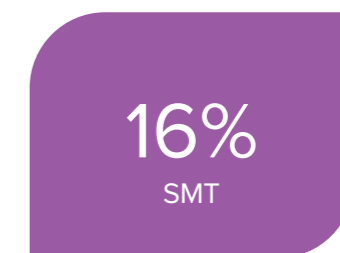
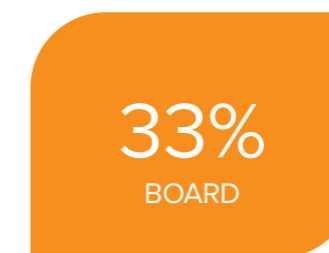
3.3 years
Average tenure

REGISTERED CHARITY STATUS

Charity No: 100095
Registered: 23/06/2014
13 volunteer trustees

Purpose: To provide and manage social housing and affordable housing. Choice also provide associated assistance, facilities, amenities and services to support or relieve those in poverty or in need by reason of age, ill-health, disability, financial hardship or another disadvantage.

LEADERSHIP 'CHURN'



% Board/SMT leavers in last 2 years (2019-2021)
33% Board/16% SMT left (4/1)

03/GOVERNANCE

BOARD/TRUSTEE TENURE

9 years

Maximum trustee tenure

RELEVANT & RECENT FINANCIAL EXPERTISE ON AUDIT AND RISK COMMITTEE (ARC)

43%

7 members of which 3 have financial expertise (43%)

REMUNERATION APPROVAL PROCESS



For all positions excluding the Group Chief Executive (GCEO) and Group Director Corporate Services (GDCS). A paper outlining pay recommendations is prepared by the GDCS for review and approval by the Governance and Nominations Committee. The Committee make a separate and independent recommendation for the GCEO and GDCS. All increases are finally approved by the Group Board in line with the annual operating budget. From time to time and at least every five years the Committee commission an independent Salary Benchmarking review.

SUCCESSION PLANNING PROCESS

The Governance & Nominations Committee meet at least annually and consider succession planning for Members in the course of its work, considering the challenges and opportunities facing the company, and the skills and expertise needed on the Boards and Committees in the future. In addition, the Board annually review the Executive team succession plans.

EXTERNAL AUDIT RELATIONSHIP

KPMG is the appointed auditor and have been in place since 2014. A new external auditor is to be appointed for year ended 31st March 2022.

External auditor meets annually with Audit & Risk Committee members without the presence of SMT/CEO.

BOARD EFFECTIVENESS REVIEW

Reviews carried out:

- 2016 _ Deloitte
- 2018 – Deloitte
- 2022 – Currently ongoing with Baker Tilly Mooney Moore

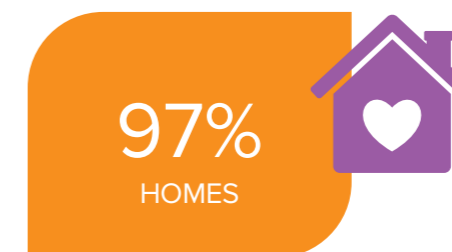
CHAIR & CEO INDEPENDENCE

These are separate roles. Board members are voluntary and not in executive positions.

CONFLICTS OF INTEREST

Declaration of interests are made annually through an online portal and signed off by the Chair and GCEO. Members Code of Conduct sets out how the process is managed - when a conflict is clear the member takes no part in discussion and should offer to leave the meeting. The Chair will determine if this is necessary.

DECENT HOMES STANDARD



% of homes meeting standard
97% (100% if you exclude Victoria Housing Estate (VHE) properties)

'GOOD EMPLOYER' STATUS

% Overall staff satisfaction
2019 overall satisfaction

73%

up from 67% in 2017

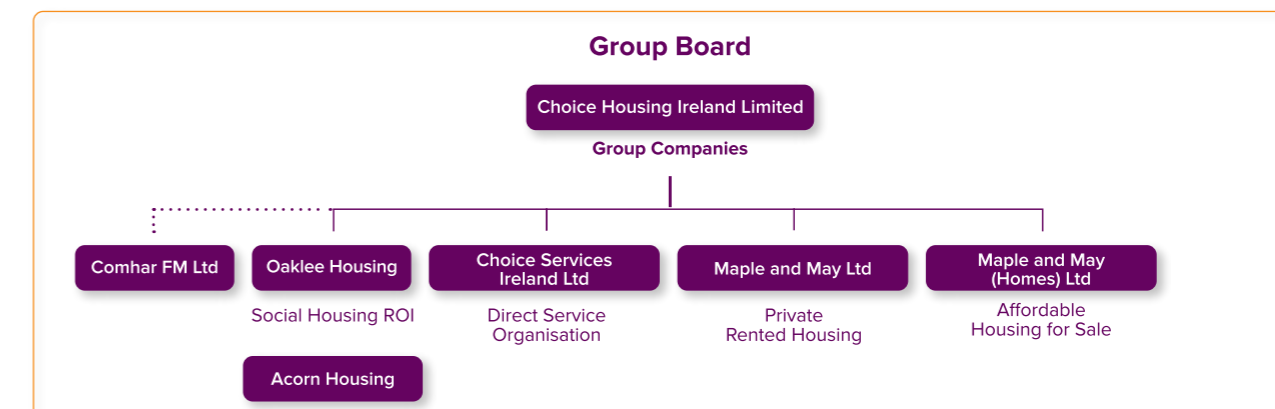
PAY EQUITY

CEO/Colleague pay ratio

1:7

Choice apply the Living Wage

CHOICE GROUP CORPORATE GOVERNANCE STRUCTURE



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