

Building a better future.

*Sustainability
Annual Statement
August 2023*



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A message from our Chief Executive Officer

The global climate and biodiversity emergency are edging ever closer to the point of no return. This places us unequivocally at the start of a necessary transition to become a sustainable global community. It's a period where businesses must rethink the new normal and redefine what industry leadership is. We must therefore act now, act together and act quickly.

Thinking differently isn't new to us. It's been the foundation of everything we've done since 1981 when we built the UK's first integrated retirement community in Cranleigh in Surrey.

We've sought to establish an approach that avoids the company from contributing further to this crisis whilst maximising the creation of value to our residents, staff, supply chain, investors and to wider society. We launched our sustainability strategy in 2022 and this year's statement details our progress and how our thinking has developed.

We're resolute in our intent to make a real and lasting positive difference. We're determined that this is not simply seen as rhetoric. Our words are being followed by very clear actions that will allow us to realise those ambitions.

In the last twelve months we've worked hard and achieved a lot. This work has helped us realise that we need to focus our efforts and carry out a lot of foundational work. We are measuring where we are now, so we can accurately report our progress and engage more with our stakeholders, to bring them along the sustainability journey with us. We're still determined to lead our market, and we want to inspire others to realise our ambitious vision for the future.

Will Bax
*Chief Executive Officer
Retirement Villages Group*



We are working to deliver a market leading strategy which we constantly aim to exceed.

**Systematic change.
A new standard for best practice.
Leveraging industry collaboration.
Maximising positive impact.**



Tim Seddon
Chief Property Officer

We have been working to be ahead of the game and make a serious contribution to reducing climate change.

Over the last year we have made a great start towards our ambition. We have embraced new technologies and learning and begun to deliver sustainable homes for later living. We have focussed our efforts, so that we can make a real difference on our key impacts and help ensure a positive future.

Our sustainability journey

The Climate Crisis continues to be a major threat to our future. To ensure we can manage the climate changes, such as flooding, heatwaves and stresses on natural environment we will have to make significant changes to how we live and work.

We are operating in a changing world and we need to be flexible in our approach to sustainability, as society's understanding of the climate crisis changes and efforts to reduce its effects are amended and develop.

Our largest impact is the carbon we generate and so this is our prime focus. We will also continue to work on other issues such as biodiversity, waste and community inclusion. However, if society does not reduce carbon, then climate change will become unmanageable and so carbon will be at the top of our sustainability agenda for some time.



Botanical Place, West Byfleet: The highlights

- Construction has continued throughout 2022 building the UK's first whole life net zero carbon retirement community.
- By working closely with our building contractors we are on track to reduce on-site CO2 Emissions by 60%
- When completed next year the development will meet the Building Research Establishment Environmental Assessment Method standard of "Very Good". And its operational CO2 emissions will be 20% less than other comparable buildings.

Our sustainability strategy

Our sustainability strategy aims to respond to the climate and ecological emergency faced by our planet. Beyond the financial case for our approach, there's a moral imperative. We want the actions we take when added together with those of the industry as a whole, to amount to meaningful change.

Our strategy is a blueprint to reshape us as a sustainability leader within our sector. The strategy enables us to take a holistic approach across three core pillars of sustainability: planet, circularity, and social. Under each pillar we've set long term objectives and annual targets to drive meaningful sustainable outcomes and systemic change for our business, residents, supply chain, investors, and wider society. We also see our sustainability activity as an opportunity to return economic, environmental, and social value.

We began our journey last year and whilst achieving much, have learned that progress on sustainability is hard and can be complicated. We have also learned much about our business and realised we need to focus our efforts in order to build strong foundations for future progress.

As we declared last year, our strategy will evolve to proactively respond to increasing demands for sustainable and responsible operations. This year we are focusing our efforts on the key issues of significance to us as a company and our interaction with the communities in which we work. This means we will focus on reducing our carbon footprint, increasing our biodiversity and reducing our waste.

Planet



We'll become a regenerative business.

<p>We'll be net zero carbon on our operations by 2030.</p>	<p>We will support our operational supply chain and customers to be net zero carbon by 2035.</p>	<p>We'll regenerate biodiversity up to 20% across all communities by 2025.</p>	<p>We will develop all new communities to be fully net zero carbon from 2024.</p>
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Waste



We'll design out waste from our communities.

We'll operate within a circular economy by 2030.

Social



We'll support the social and economic vitality of our local communities.

<p>We'll champion quality employment and provide local learning and development opportunities for all our communities.</p>	<p>We'll partner with local business placing them at the centre of our procurement strategy by 2025.</p>	<p>We'll create cohesive communities and integrate with existing ones by harnessing the potential of our employees and customers.</p>
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Planet

We have ambitious decarbonisation objectives to halt our contributions to climate change across the operation of our existing and future communities. In parallel to this we are working to significantly regenerate biodiversity across our communities, going well beyond legal requirements, to amplify the multifaceted value nature provides.

Planet objective 1: We'll be net zero carbon on our operations by 2030.

We're integrating the latest thinking on carbon reduction strategies into our business as usual approach. This includes identifying all opportunities to reduce our carbon footprint while maintain and developing our buildings and developing plans to makes the changes needed.

We're also targeting whole of life net zero operational carbon on all new developments. Practically, this will mean taking measures such as not installing any fossil-fuel driven systems (e.g. gas hobs); using passive design measures that minimise energy demand; and offsetting annual residential emissions.

To tackle the carbon emissions associated with the physical structure of our communities, we'll offset all up front embodied carbon from the construction of our development at practical completion. By establishing a longer lead in time we can prioritise operational carbon reductions within the existing portfolio of communities.



Nature trail at Gradwell Park, East Sussex

Planet objective 2: We will support our operational supply chain and customers (scope 3) to be net zero carbon by 2035.

Reflecting the fact the climate emergency requires immense collaboration, we'll work with our supply chain and residents, encouraging their transition to net zero.

All new developments will use an internal carbon price aligned to industry best practice and Government recommendations. The fund created will then be used on our existing portfolio of assets from appropriate voluntary offset markets with the remainder used to fund decarbonisation initiatives elsewhere.

Planet objective 3: We will develop all new communities to be fully net zero carbon (scopes 1,2 & 3) from 2024.

The design of our new developments will incorporate a range of elements to reduce carbon, improve waste management and help our residents become active members in their community. Our design will incorporate such elements as solar panels to generate electricity for the development and all the apartments will be 50% more energy efficient than homes built today. The design will result in them generating 60% less carbon and costing 20% less to run than other similar developments being built.

Planet objective 4: We'll regenerate biodiversity up to 20% across all new communities by 2025.

We're responding to the biodiversity emergency by ensuring we not only mitigate our impact on the natural world but leave it in a better state than we found it. We're going beyond the Government's upcoming 10% biodiversity net gain requirement for new developments by targeting up to 20% biodiversity net gains across our entire portfolio of new developments and existing communities.

Additionally, we'll surpass the Government's mandatory 30-year maintenance period to cover the whole of the asset's lifecycle, retaining the biodiversity and its multifunctional benefits indefinitely.

2022 Key achievements

In 2022 we began work on site to build the UK's first whole life net zero carbon retirement community at West Byfleet

This year we also revised our design guide to ensure all new schemes will be designed to be operational net zero carbon and where viable net zero carbon in construction.

Our internal carbon tax has created a decarbonisation fund, to invest in our existing portfolio of 1,600 homes. In 2022 we completed studies of our seven largest villages to identify the action we need to take to achieve net zero.

The studies identified projects that could cut our existing carbon by an average of over 60% for each village. Some of these opportunities are large capital projects and we have started to develop plans to

implement these ideas, financed by the decarbonisation fund. The studies also identified improvements that were of relatively low cost and by cutting utility use save the cost of the work in less than 18 months. These smaller works are being planned and implemented as fast as possible.

The smaller works included changing how we refurbish properties that become available for resale. The improvements we make, depending on the age of the property have ensured an energy EPC rating of at least C and in some cases an A or B.

We have also begun to inform our residents about the changes we are making and what is planned. We need to carry our residents with us on our journey because our villages are their homes.



Improving biodiversity a Boughton Heath, Chester

Boughton Heath, Chester Highlights

- Bricks have been locally sourced which supports the local economy and reduces embodied carbon
- We are on track to increase site biodiversity by 21.5%

Science Based Target Initiative (SBTi)

- RV have collected the data to enable us to set science-based net zero targets to help limit global temperature rise above pre-industrial levels to 1.5°C.
- The SBTi is a collaboration of several organisations including the United Nations Global Compact and the World Wide Fund for Nature (WWF).
- The data collected covers our own operations and utility consumption (Scopes 1&2) and also the emissions the products and services we use.
- Science based targets allows us to track the reduction in our emissions, achieve our short-term milestones and deliver on our commitment of becoming net zero carbon by 2030.

Solar panels at Botanical Place, West Byfleet





Waste

To overcome the environmental impacts, lost value and embodied carbon associated with waste, our strategy aims at embedding circular economy principles into our operation of existing communities, within the construction of new communities and in collaboration with our residents. Through these principles, we'll decouple our day-to-day activities from the consumption of finite resources by designing out waste.

Waste objective 1: We'll operate within a circular economy by 2030.

We'll establish clear and robust recycling processes across our communities and eliminate the consumption of single use plastics in operations through strict procurement policies. To prevent materials depreciating, we'll maximise opportunities to buy and sell materials and products for reuse. This will ensure resource value is retained and lifespan extended, both contributing to revenue generation and cost savings.

Our approach to waste extends to new developments. We've set targets around the way we will construct and deconstruct schemes. To prevent construction waste going to landfill, we'll engage with waste management partners, ensuring the lifespan of resources continues after our use.

To increase our use of products and materials utilising circular economy principles in construction we'll set standards with our key suppliers, creating opportunities such as reuse and products as a service.

Additionally, as in operations, we'll maximise opportunities to buy and sell materials and products for reuse. This could extend to use of Building Information Modelling (BIM) to create material passports that plan for the second life of resources. This will encourage communities to be designed for disassembly at the outset, ensuring the value of resources are retained and accessible.

We also have an opportunity to collaborate with our residents, supporting them to embrace circular economy principles through the services we provide, the design of communities and the leases that they enter with us. Initially we'll work with waste providers to maximise recycling rates across all communities, diverting waste from landfill through more efficient use of resources.

We'll initiate the creation of waste free communities for our residents, providing onsite zero waste functions. By making waste free alternatives the easiest option for our residents we can maximise the likelihood of instigating behavioural change.

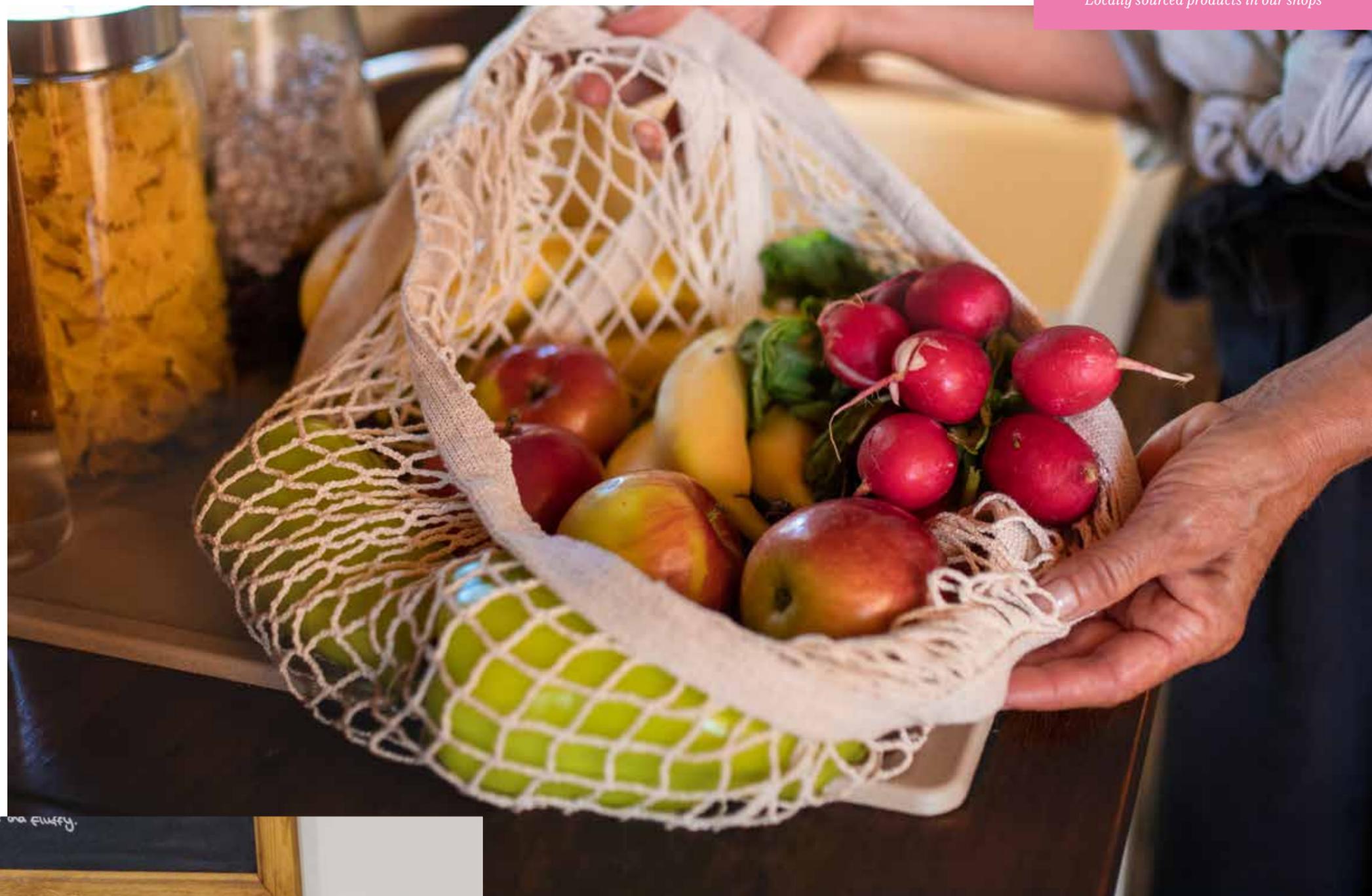
Green leases will be established with our future residents, acting as a mutual agreement to undertake specific responsibilities driving more sustainable occupation of properties; for instance, reducing waste generation and making water efficiency gains.

2022 key achievements

We worked hard to understand what ends up as waste both for our operations and our residents. We identified that a lot is packaging and that by changing what we buy and how it is transported we can reduce our waste considerably. Therefore, we drafted supplier sustainability charters covering both our consultants and contractors to make sure that who we work with, at our existing villages and designing and building new ones, are helping us to meet our sustainability objectives.

We also reviewed what we buy for our catering and Village shops. We have talked with some of our long term partners to find ways of reducing waste, especially packaging as well as to support local economies and offer sustainable menus. We will complete this work in 2023 and report on our new sustainable offer in next year's statement.

For our new developments at West Byfleet and Chester we are putting in place measures, so that there is zero waste to landfill produced.



Debden Grange, sustainable shop

Highlights

- All our key contractors have signed the charter. They are regular reporting regularly on the amounts of waste generated, diverted from landfill and the amounts of utilities consumed.
- At Boughton Heath Chester, our contractors ensured that construction waste materials generated by the project to date, are 100% recyclable.
- At Debden Grange, Essex, we've established a pop up eco refill service to reduce single use plastics.

Social

Residents at Elmbridge Village planting the community gardens



Many often use the word sustainability as an alternative to environment. However, sustainability has always included a concern for social and economic impacts as often there are many overlaps with improvements on one issue helping another. As constructors and operators of integrated retirement villages we've an important role to play. We don't take this role lightly; we'll ensure the provision of the highest standard of later living by enabling our residents, and the communities they join, to thrive. We'll also support the healthy growth of local economies. To do this, we're embedding a local approach, championing quality employment, creating opportunities and partnering with local businesses.

Social objective 1: We'll champion quality employment and provide local learning and development opportunities for our communities.

To drive the continual development of a committed and effective workforce, we're targeting an uplift in the quality of employment and local learning and development. For example, we'll ensure that all employees are paid the Real Living Wage as a minimum. Further, to ensure a continual stream of young talented employees we'll aim for 5% of our workforce to be either apprentices, trainees or graduates. This will support continual learning and development and promote the generation of new ideas and ways of working. Building on our commitment to diversity and inclusion, we'll close our gender pay gap, going beyond Government and market expectations. This ambition will progress women into more senior roles and establish a more diverse and effective leadership team.

Social objective 2: We'll partner with local business placing them at the centre of our procurement strategy by 2025.

Local business are the engines of economic growth and prosperity. We aim to maximise the impact we can have on local communities and economies by setting a strategy that will increase the number of local businesses we work with. The net result being that our communities and developments will boost local employment and economic activity, subsequently supporting the growth of more prosperous communities. We'll also work to reduce the distance food is being transported by working with local suppliers. This will have the added benefit of reducing the carbon emissions associated the food consumed on our communities. To ensure we direct our spend into local economies, we'll commit to working with local small and medium sized enterprises (SMEs).

Social objective 3: We'll create cohesive communities and integrate with existing ones.

We'll create cohesive interconnected communities. Creating a greater sense of communal and individual belonging adds value not only to our residents but to the lives of the local community. We'll work towards this objective by establishing community engagement plans, considering the local contexts and opportunities. This will be supported by encouraging employees to volunteer 1% of their contracted hours on community activities, enabling them to embed themselves within the community and provide support where it is needed.

To fully immerse our communities into the local area, we'll increase the year-on-year number of visitors to each community. To support the success of this and stimulate local interest, we'll host community events each quarter.

2022 key achievements

In a classic example of social and environmental benefits going hand in hand, we recruited residents at our villages to become sustainability champions. We know that those residents that live active lives and engage with others both inside and outside their villages have better physical and mental wellbeing and live longer healthier lives. Having sustainability champions in our villages helps us identify sustainability opportunities and get them implemented. We benefit enormously from using the wealth of skills, knowledge and experience that our residents have built over their lives.

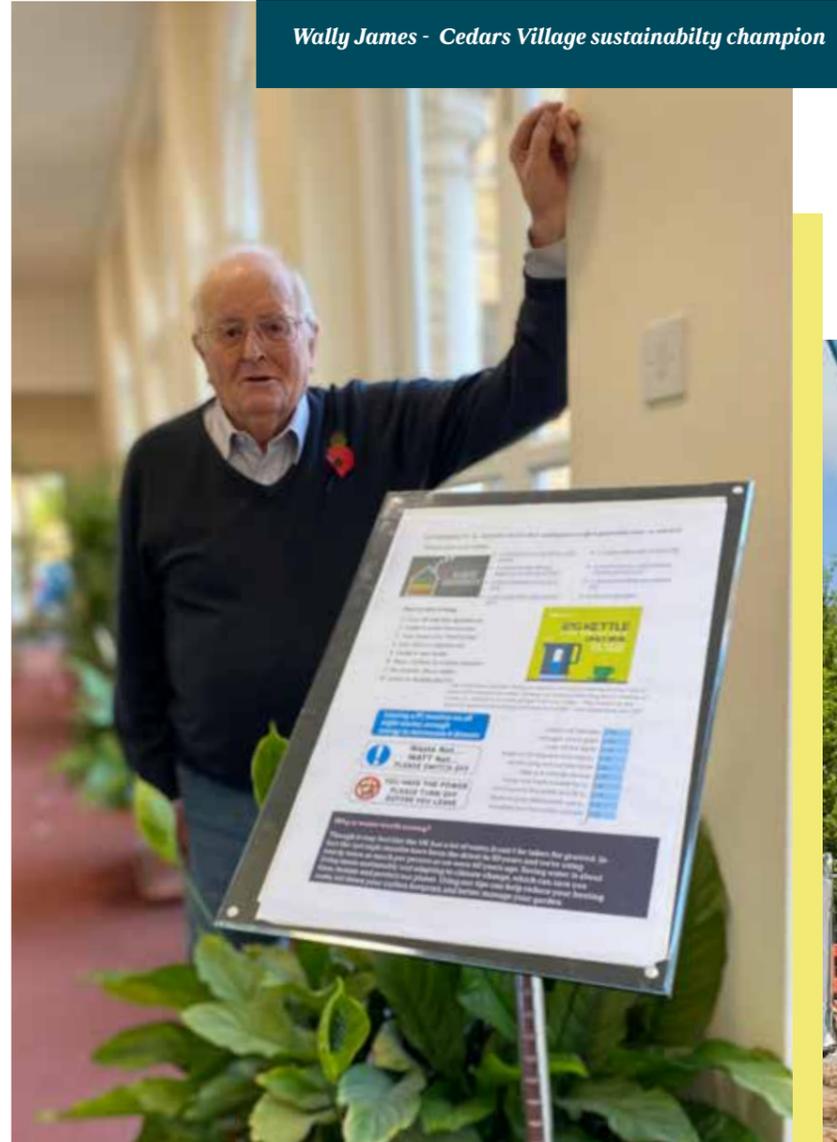
One such resident was Wally James from Cedars Village. Wally has lived in the community for the last 10 years and has a keen interest in sustainability, he believes everyone can have an impact. His focus has been on education and sharing ideas to help other residents make small changes to habits across the community that can deliver results to be proud of.

He's been working on four key topics and shares posters with top tips for the residents on each of them. The topics he's covered to date include waste, energy, transport, and, biodiversity. Waste is a particular favourite topic where Wally believes there are many small improvements to be made. He has also been campaigning for the local council to improve better waste facilities for the community more generally. He would like a shoes and clothing bin as well as medical waste collection service, to help people dispose of items correctly and reduce what goes to landfill.

On our site in Chester we involved local schools in the ground breaking activities, asking them to bury a time capsule to be opened in 2030. We also asked them what sustainability meant to them and published their poems on boards around the site.

For all our efforts in 2022 we were awarded Later Living Operator of the Year at the RESI Awards. This award recognises how we're creating positive life choices for older people – built on community, wellbeing, and flexibility.

Wally James - Cedars Village sustainability champion



Highlights

- 24 residents have volunteered to become sustainability champions
- Working with local community groups in Chester
- Awarded Later Living Operator of the Year in 2023



Ground breaking ceremony at Chester, where local school girls bury time capsule.

Holding ourselves accountable

We'll review and update our sustainability strategy to keep it relevant for our business and stakeholders, whilst proactively responding to changing trends and expectations for sustainable and responsible operations. As we attain the goals within our strategy, we'll set new ones to keep us at the forefront of leading industry action.

We're committed to transparency, and so aim to disclose our performance against all targets on an annual basis. We're establishing a clear and robust reporting process, which will enable us to keep track of our performance and communicate regularly to our stakeholders.

To ensure timely and accurate disclosures we'll seek independent third-party verification for future reporting.

Throughout this process, we recognise that it's fundamental to keep awareness among our key stakeholders, enabling a systematic change to achieve our objectives and targets by 2030. We aim to continue engaging and strengthening collaboration with our partners.

Focussing our efforts

As 2022 progressed we realised that to achieve our ambitions and create a business that took the correct sustainability action, now and in the future, we needed to focus our efforts on building firm foundations for future action. We therefore reviewed our targets and for 2023 we have 15 targets to be completed within this year, These are detailed in the table below and we will report on progress against each one in 2024.



Our ground staff will be working with Surrey Wildlife Trust to improve biodiversity across our communities.

Planet

We'll become a regenerative business

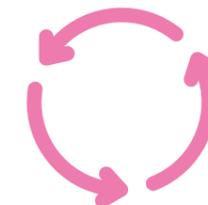


Long Term Objectives	In Year Targets for 2023-2024
We will be net zero carbon on our operations (scope 1 and 2) by 2030.	Complete NZC data baselining and agree action plan for RVG group overall, and 75% of active villages
	Achieve 5% reduction in energy consumption (measured in reduction in carbon) across all villages through the implementation of low-cost improvements (service charge funded)
	Achieve 7% reduction in carbon footprint across all villages through the implementation of capital improvements, such as the removal of gas & installation of PV (decarbonisation funded)
We will support our operational supply chain and customers (scope 3) to be net zero carbon by 2035.	All key partners to have signed the supply chain charter and to be reporting against agreed KPIs within the year.
	100% of unit refurbishments commenced within from 1st April will be done to a low carbon home standard (minimum EPC C).
We will develop all new communities to be fully net zero carbon (scopes 1,2 & 3) from 2024.	100% of new development appraisals and ongoing operational budgets include full costs of achieving NZC in scopes 1,2 & 3
We will regenerate biodiversity up to 20% across all villages by 2025.	Complete biodiversity data baselining and agree action plan for 75% of existing villages
	Achieve 5% improvement in biodiversity net gain across all villages through the implementation of low-cost improvements (service charge funded)



Waste

We'll design out waste from our communities



Long Term Objectives	In Year Targets for 2023-2024
<p>Operate within a circular economy by 2030.</p>	<p>Every village is to have a waste management strategy and to have implemented the standardisation programme to drive a reduction in waste, where practicable.</p>
	<p>Create a zero avoidable waste strategy for Botanical Place, as a template for all future villages.</p>
	<p>Create specifications for key supply chain partners (inc. refurb and development) to promote circularity principles and commence reporting in conjunction with the supply chain charter.</p>
	<p>We will include sustainability clauses in all new leases and Village Charters to drive behaviours that support our sustainability ambitions across waste, water and energy by the end of 2023.</p>

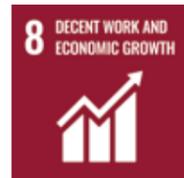


Social

Supporting the social & economic vitality of our local communities



Long Term Objectives	In Year Targets for 2023-2024
<p>We will champion quality employment and provide local learning and development opportunities for all our communities.</p>	<p>We will work towards closing the gender pay gap and having at least 5% of our workforce in earn and learn positions by 2025.</p>
<p>We will partner with local business placing them at the centre of our procurement strategy by 2025.</p>	<p>25% of operational businesses at each villages will be "local" small and medium sized enterprises (SMEs)</p>
<p>We will create cohesive communities and integrate with existing ones by harnessing the potential of our employees and customers.</p>	<p>By 2025, improve the resilience of at least 50% of our resident population, by 10%. By 2025, at least 80% of our residents are "never" or "hardly ever" lonely. By 2025, 10% of residents are volunteers and villages are supported at least 20% of the staffing base by external volunteers.</p>





For more information on our sustainability strategy and community activity, please get in touch with your contact at RVG or email:

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RETIREMENT
VILLAGES



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