



The Housing Finance Corporation Limited

SUSTAINABILITY REPORT

2023



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The THFC team traveled to Liverpool in December 2022 to meet with Torus, a borrower of THFC. The THFC team took part in a stock tour and witnessed the inspiring regeneration work being achieved across the city.

Our sustainability snapshot

161



housing associations supported by THFC

£8.13bn



total funding provided to social housing sector by THFC

13



core risk measures set out under THFC ESG risk register

£1.47bn



bonds issued via THFC subsidiary bLEND

100%



bLEND bonds that are social bonds

9



UN Sustainable Development Goals THFC believes it contributes toward

1.17kg



of CO2 generated by THFC for every GBP 1m in loans made

Excellent



BREEAM rating: THFC offices

DEI



Diversity, Equity and Inclusion (DEI) strategy launched in 2023

88%



employees that would recommend THFC as a great place to work

67:33%



male to female board members

7.6:1



chief executive to employee median pay ratio

A Letter from the Chief Executive

At THFC, Environmental, Social and Governance (ESG) is at the heart of everything we do. As the largest mutual lender to the social housing sector, we have been delivering social impact from the very beginning, providing necessary funding for the development of affordable housing for over 35 years.

In addition to carrying out our core purpose of enabling housing associations to achieve their social objectives, we have invested heavily in our ESG reporting and activities in recent years.

In 2020, we signed up as an official adopter of the Sustainability Reporting Standard for Social Housing (SRS) and, in 2021, became the first and only funder to publish an aggregated SRS report of our own. 2021 also marked the launch of our Social Bond Framework, of which 100% of our bLEND bonds are accredited, and our Sustainable Bond Framework, through which we've issued £75m through bLEND. 2022 saw the fourth iteration of our Cambridge Symposia, which focussed on retrofit and sustainable investing, and 2023 has brought about our Cost of Living seminar and the unveiling of our Group-wide Diversity, Equity and Inclusion (DEI) Strategy and Action Plan.

Today marks the next chapter in our ESG journey. I am delighted to present THFC's inaugural Sustainability Report, which provides greater transparency regarding the internal ESG aspects of our business, as well



as painting a clearer picture of who we are and what we stand for as an organisation. While our annual SRS report highlights the ESG progress of our borrowers, this Sustainability Report turns the spotlight on ourselves, reflecting on where THFC stands today regarding our social and sustainability progress.

While we are proud to publish this inaugural Sustainability Report, this is just another step in THFC's ESG reporting journey. Our aim is for this report to improve and evolve each year, providing greater transparency for our stakeholders and holding ourselves accountable for our progress.

We are excited for the journey ahead and look forward to continued engagement with our stakeholders on these critical topics.

Piers Williamson
Chief Executive, THFC



About THFC

The Housing Finance Corporation (THFC) is the UK's leading affordable housing aggregator. Set up in 1987, THFC issues long-term bonds in the Sterling capital markets and on-lends the proceeds to Registered Providers of social housing. THFC lends to over 160 housing associations (HAs), with borrowers managing a wide range of between 450 to over 100,000 units.

Throughout its history, THFC has demonstrated its commitment to the social purpose of HAs by innovating new products to achieve the best possible terms of funding, allowing its borrowers to provide quality affordable housing to thousands of people across the UK. THFC has become a trusted name and achieved steady growth over the last 30+ years, with its Group loan book now totaling over £8bn.

THFC is a not-for-profit, meaning surpluses are not distributable but retained to enable the Group to continue to provide loans to the sector and provide other value-added services. This can involve hosting knowledge-sharing events and seminars and researching and developing new products, as well as mitigating any credit losses. Social purpose is therefore a foundational part of the Group's business.

THFC has been at the forefront of sustainable investing for over a decade, having provided loans in 2013 through the Joint European Support for Sustainable Investment in City Areas (JESSICA) initiative. Funds were provided to HAs in London specialising in energy efficient retrofitting as part of a wider ambition to promote sustainable investment and growth in urban areas across Europe. THFC has also on-lent funds from the European Investment Bank (EIB) to support HAs in retrofitting their existing stock and developing new energy efficient social homes.

Most recently, THFC launched THFC Sustainable Finance (TSF) earlier this year, which is a £2bn EMTN programme designed to help HAs deliver on their sustainability objectives across new and existing homes. TSF will enable THFC to take its commitment to ESG one step further, with key pillars from the Sustainability Reporting Standard for Social Housing (SRS) now being integrated into THFC issuance.

The loans THFC has written over its thirty-year history have contributed to the robust financing of the social housing sector and the building of thousands of quality, affordable, and energy efficient homes. In this way, THFC is doing its bit to help the sector tackle the UK's housing crisis and deliver sustainable homes that will stand the test of time for generations to come.

Sustainable Development Goals (SDGs)

This Sustainability Report is mapped against the United Nations' Sustainable Development Goals (SDGs), which are a collection of 17 broad objectives aimed at delivering peace and prosperity for people and the planet. The SDGs form part of the United Nation's 2030 Agenda for Sustainable Development, which can be explored in further detail [here](#). The SDGs that we believe THFC is contributing toward are interspersed throughout this report in the relevant sections.



ESG Risks






In order to gain a deeper understanding of THFC's exposure to ESG risks, THFC has undertaken a comprehensive risk mapping exercise that assigns a numerical risk level for each of THFC's ESG risks. This exercise was conducted by THFC's Credit and Risk Director and THFC's ESG Strategy and Communications Manager and followed the methodology below:






1. We first identified 13 specific ESG risks to which we believe THFC has an exposure. We categorised each of these risk factors under the labels of "E," "S," or "G" and assigned it a visual risk reference.
2. We then described the potential materialisation and impact of each risk factor within THFC.
3. Mitigating factors were identified for each risk, which demonstrates how THFC is managing each of its ESG risks.

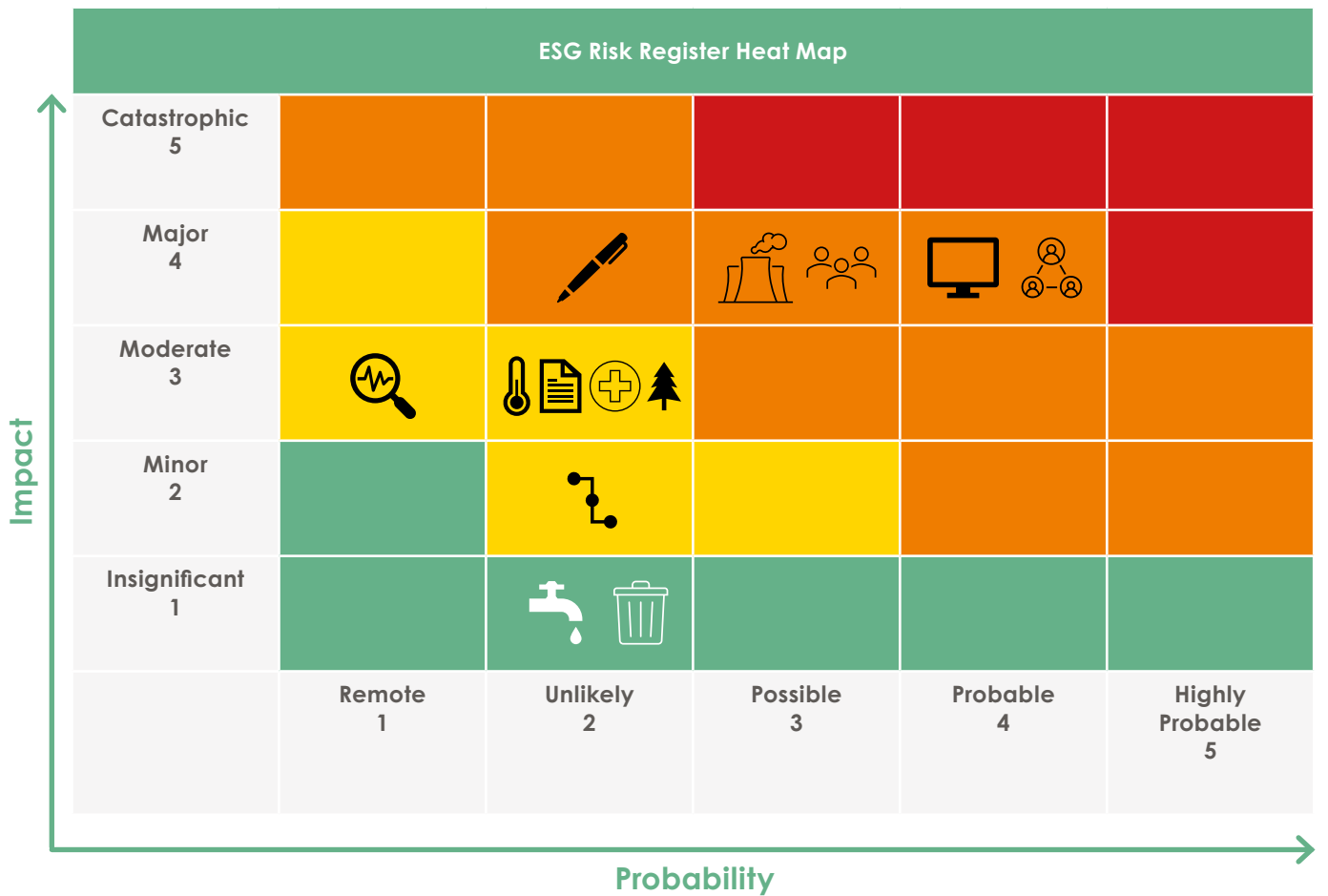
4. A numerical probability and impact score were assigned to each risk, according to the likelihood of the risk materialising and level of potential impact it could have on THFC's business. These scores were mapped onto the ESG Risk Register Heat Map, which visually displays the impact and probability of each of THFC's 13 ESG risk factors.
5. Finally, an overall risk score was calculated for each risk factor by utilising the following formula: X [probability] x Y [likelihood] + Y [likelihood] = overall risk score.

By identifying and thoroughly analysing the ESG risks facing our business, we believe THFC can ensure that it identifies issues quickly in order to remain resilient and capable of managing its identified non-financial risks.



ESG Category	Risk Reference	Risk	Potential Materialisation and Impact	Mitigating Factors	Probability	Impact	Overall risk score
Environment		Natural disasters and adverse weather conditions that are caused or exacerbated by climate change	Damage or decreased utility to offices or employees' home working environments, which could lead to lost productivity, smaller surpluses, credit downgrades, and/or lost business	Flexible hybrid working model, which would mitigate the effects of damage or decreased utility to THFC's office or employees' home working environments	2	3	9
Environment		Non-compliance or inadequate response to increasingly stringent climate-related laws, regulations, standards, and expectations	Legal costs, fines, and reputational damage, which could lead to smaller surpluses, lost business, and/or staff turnover	Operating from an office building with an "Excellent" BREEAM rating and an "A" EPC rating, regular communications with building landlord regarding energy usage	3	3	12
Environment		Inadequate water management	Fines or higher water costs, which could lead to smaller surpluses	Operating from an office building with plumbing designed to CIBSE demand standards	2	1	3
Environment		Inadequate waste management	Fines or higher waste management costs, which could lead to smaller surpluses	Operating from an office with building-wide efforts to reduce waste and recycle	2	1	3
Social		Low level of diversity across THFC's workforce	"Group think", reputational damage, weaker decision-making, lost business, low employee satisfaction, and/or staff turnover	Robust Group-wide DEI Strategy and Action Plan in place, with DEI training given to all staff and Board members within last 12 months	3	3	12
Social		Inadequate employee policies or practices	Lower employee satisfaction, fines and litigation costs, and reputational issues, which could lead to staff turnover, lost business, and/or smaller surpluses	Comprehensive suite of employee policies that are regularly benchmarked against peers, including a formal policy review conducted by an external party within last 12 months	2	3	9
Social		Inadequate health and safety management or inadequate pandemic response	Higher number of sick days taken, fines, and/or legal costs, staff turnover, lost productivity, and/or smaller surpluses	Competitive package of health benefits for all employees, "Appointed Persons" to fulfil various health, safety, and pandemic-related roles, and regular fire risk and health and safety assessments	2	3	9
Social		Inadequate employee data privacy controls	Breach of employee data and/or reputational damage, which could lead to litigation costs, lower employee satisfaction, staff turnover, and/or lost business	Significant investment in our IT systems and infrastructures, with comprehensive employee data privacy policies and procedures in place	1	3	6

ESG Category	Risk Reference	Risk	Potential Materialisation and Impact	Mitigating Factors	Probability	Impact	Overall risk score
Social		Inadequate vetting of 3rd party vendors/suppliers	Presence of weak social and/or environmental practices in our supply chain of which we are not aware, which could lead to reputational damage and/or lower employee satisfaction	Active and engaged communications with our limited list of 3rd party vendors/suppliers	2	2	6
Governance		Group-wide cybersecurity breach	Loss of company data, inability for THFC to trade, reputational damage, litigation costs, lost business, and/or lower surpluses	Significant investment in our IT systems and infrastructures, with comprehensive cybersecurity strategy, data security, and controls in place	4	3	15
Governance		Inadequate diversity among Board of Directors and Executive team	"Group think" among the Board, reputational damage, weaker decision-making, lost business, lower employee satisfaction, and/or staff turnover	Robust Group-wide DEI Strategy and Action Plan in place, with DEI training given to all staff and Board members within last 12 months	4	3	15
Governance		Poor corporate governance and/or corporate governance policy implementation	Perceived lack of organisational integrity or transparency, which could lead to reputational damage, weaker decision-making, lost business, lower employee satisfaction, and/or staff turnover	Comprehensive suite of corporate governance policies that are regularly benchmarked against peers, including a formal policy review conducted by an external party within last 12 months	2	4	12
Governance		Inadequate response to evolving ESG disclosure laws, regulations, standards, and expectations	Perceived lack of organisational integrity or transparency regarding ESG issues, which could lead to reputational damage, lower employee satisfaction, lost business, and/or staff turnover, as well as potential fines	Careful attention to evolving ESG regulatory landscape across the Group, with a focus on increasing quantity and quality of ESG reporting	2	3	9



- Major risk (24+)
- Medium risk (10-23)
- Low risk (6-9)
- Very low risk (1-5)

Environmental

THFC recognises that human-induced climate change represents an existential threat to our planet and society. As such, we are committed to minimising our negative impact on the environment as much as possible and helping generate the finance solutions needed for the low carbon economy that future generations will rely on. We firmly believe that what is good for the planet is also good for our borrowers and the thousands of social housing tenants they serve.

11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
15 LIFE ON LAND



UK Housing Climate Policy – An Overview

The residential housing sector accounts for around 20%¹ of the UK's total emissions, meaning the industry has a crucial role to play in the UK's transition to net zero. With social homes comprising around 17%² of the UK's housing stock, decarbonisation of the sector forms a critical element of meeting the government's climate targets.

According to a report by the Environmental Audit Committee, the UK has some of the oldest and least energy efficient housing stock in the world³. As part of the national decarbonisation effort, the UK government has set a target for "as many fuel-poor homes as is reasonably practicable achieve a minimum energy efficiency rating of Band 'C,' by 2030"⁴. Last year, it was estimated⁵ that around 34% of social homes in the UK fell under EPC band "C."

The retrofitting of the UK's social housing stock to achieve EPC band "C" or better will help cut carbon emissions and also lead to lower heating costs, warmer homes, improved health outcomes, and increased economic activity stemming from the growing retrofit industry.

The current Government made a manifesto commitment in 2019 to make £3.8bn available through the Social Housing Decarbonisation Fund (SHDF) over a 10-year period to decarbonise a significant amount of England's social housing stock. The November 2022 Autumn statement allocated an additional £6bn toward the sector's decarbonisation effort, with details regarding its dispersal to be provided. At the time of writing, approximately £957m of SHDF funding has been allocated to housing associations. The National Housing Federation (NHF) has called on Government to release the remaining SHDF funding imminently so that the sector can continue its vital decarbonisation work without delay.

While the grant funding that Government has allocated to decarbonise England's social housing sector is notable, research from the NHF and Savills estimated that the full cost of decarbonising England's social housing alone will amount to at least an additional £36bn, in addition to the £70bn the sector has already planned to invest⁶.

1 <https://www.cih.org/news/uk-housing-review-2022-shows-faster-progress-is-needed-to-tackle-poor-energy-efficiency-of-older-homes>

2 <https://www.statista.com/statistics/286509/england-number-of-social-rented-households/#:~:text=The%20proportion%20of%20households%20occupied,the%20period%20of%202021%20years.>

3 <https://committees.parliament.uk/publications/33366/documents/189093/default/>

4 <https://www.socialhousing.co.uk/news/mps-call-for-government-to-make-improvements-to-epc-gradings-a-national-priority-79588>

5 <https://www.socialhousing.co.uk/news/sector-has-come-a-long-way-on-net-zero-says-beis-official-but-efforts-must-be-accelerated-massively-79242>

6 <https://www.housing.org.uk/news-and-blogs/news/decarbonising-housing-associations-homes-cost-36bn/>

It is clear that the social housing sector faces a massive challenge in achieving full decarbonisation. While the journey will not be a cheap or simple one, it is critical that all players within the sector work together to drive the transformation needed to deliver a healthier planet and warmer, safer homes for future generations.

As the UK's leading social housing aggregator, THFC recognises that it has a significant role to play in the sector's net zero journey. We are firmly committed to driving the funding solutions needed to help make the sector's net zero aspirations a reality.

Retrofit

As part of its commitment to standing alongside the social housing sector through its decarbonisation journey, THFC has engaged extensively with the topic of retrofit funding.



Arun Poobalasingam, THFC's Funding and Marketing Director, speaks about funding retrofit at the 2023 Retrofit Challenge Summit in London.

In 2021, THFC published an in-depth quantitative report, entitled "[Retrofitting Social Housing: A Funding Roadmap](#)," alongside engineering consultancy Buro Happold. This research supports the financial viability of a Social Housing Retrofit Guarantee Scheme (SHRGS) on a national level. In addition to exploring the possibility of an SHRGS, the report also discusses the use of viable sustainable technologies, including solar PV panels, heat pumps, mechanical ventilation heat recovery units (MVHR), and battery storage devices. We are committed to building upon this work in the future, as we continue to seek finance solutions to support the sector's net zero aspirations.

THFC has also contributed significantly to retrofit thought leadership in the last year, with THFC's Funding and Marketing Director speaking on the subject at multiple events including the 2023 Retrofit Challenge Summit, the Northern Housing Consortium's Finance and Funding to Meet the Net Zero Challenge webinar, and Scotland's Green Heat Finance Taskforce Social Housing Workshop.

THFC is a strong proponent of an SHRGS to address the vast funding gap between what has been promised by Government and what is required to achieve the UK's net zero targets for social housing. This would build on the success of the Affordable Homes Guarantee Scheme and would incorporate a government guarantee for public debt, raised in the form of public sustainability bonds. An SHRGS would help social housing providers secure cost-effective debt, enabling them to take action on crucial retrofit initiatives.

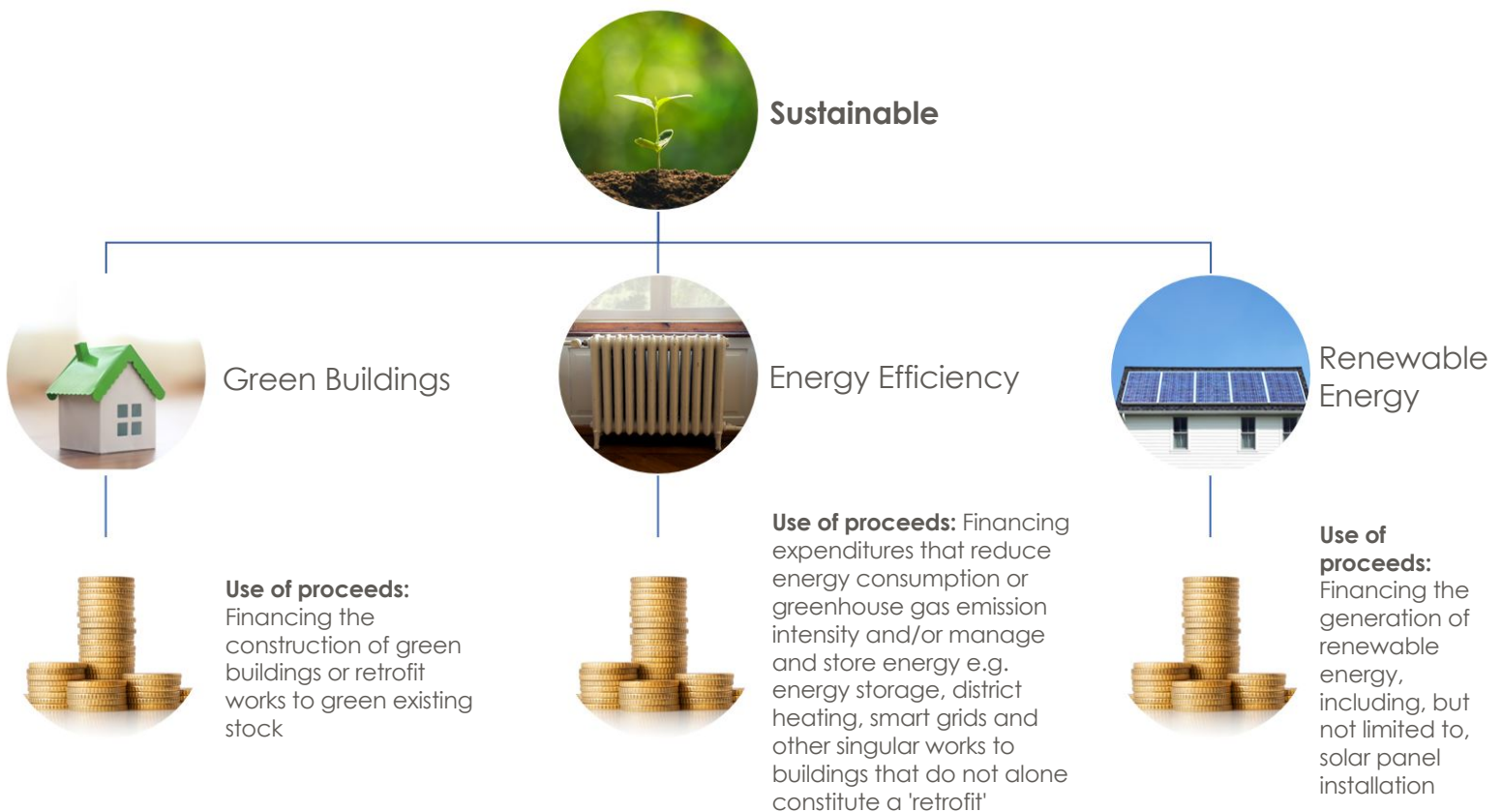
Sustainable Bonds

In keeping with our dedication to fostering social impact, THFC has been providing environmentally conscious funding for decades, including signing some of the sector's first green loans.

THFC published its own Sustainable Bond Framework in November 2021, following the launch of its Social Bond Framework earlier that year. This framework has enabled us to begin issuing bonds with a "Sustainable" label. The bonds issued through our Sustainable Bond Framework are "use of proceeds", meaning that the funding raised is channelled directly toward projects with a combination of positive social and environmental impact. This can include the

construction of energy efficient homes or the retrofitting of existing stock to improve energy performance. The below visual depicts the three project categories within our Sustainable Bond Framework, as well as the use of proceeds for each category. You can read our [Sustainable Bond Framework](#) document for more detailed information about THFC's sustainable bonds.

The reporting obligations set out in our Sustainable Bond Framework are fully aligned with the Sustainability Reporting Standard for Social Housing, the International Capital Market Association's (ICMA) Sustainability Bond Guidelines 2021, and the Green Bond Principles 2021. Vigeo Eiris provided the "Second Party Opinion" for both frameworks, rating THFC's contribution to sustainability with its highest 'Advanced' category. £75m of the bonds issued through bLEND are accredited as 'Sustainable' bonds and have gone on to fund critical retrofit projects.



Sustainability Reporting Standard for Social Housing (SRS)

THFC has been a firm advocate for ESG reporting ever since the launch of the Sustainability Reporting Standard for Social Housing (SRS) in 2020, which represented the official standardisation of ESG reporting within the social housing sector.

Having long ago recognised the need for the social housing sector to rally behind one consistent ESG standard, THFC's Chief Executive was a key member of the sector's ESG Social Working Group – the task force that drafted the initial set of SRS disclosures and advocated for its widespread adoption.

Created by the sector and for the sector, the SRS comprises 48 disclosure criteria across 12 key ESG themes. It is overseen by Sustainability for Housing (SfH) and, in the nearly three years since its launch, has grown to a community over 130 Adopters, including around 100 housing providers. THFC views the SRS as a powerful tool through which the social housing sector can tell its “ESG story” to its stakeholders in a consistent and comparable manner, as well as providing a means for housing associations to benchmark their progress on critical ESG issues.

THFC was one of the first organisations to sign up as an early adopter of the SRS and, as of the date of publishing, is the only funder to publish an annual SRS report. Our annual SRS report reflects the collective ESG progress of our bLEND portfolio, which comprises 31 Registered Providers of Social Housing (RPs). Preparing our annual SRS reports has provided the opportunity to revisit our bLEND borrowers' ESG credentials and house them centrally in one place, in addition to allowing us to highlight the positive impact of THFC's funding across the UK.

bLEND's most recent SRS report can be found on the “THFC Insights” section of our corporate website (thfcorp.com), or you can view it [here](#).

We regularly engage with our borrowers on the SRS and have encouraged many to become official adopters themselves. THFC also regularly engages with SfH to discuss the Standard, provide feedback from our clients, and offer suggestions as to how the SRS can maintain and enhance its standing as the sector's consistent ESG disclosure standard. As the SRS continues to evolve in alignment with the wider ESG landscape, THFC will continue to be a part of that evolution.

GHG Emissions Inventory

Under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, THFC Group is required to report on its annual energy use in kilowatt-hours (“kWh”) relating to purchased electricity and gas consumption, as well as the associated greenhouse gas emissions (GHG) in tonnes of carbon dioxide equivalent (“tCO₂e”). Considering our role as a financial services company, our direct GHG emissions are inherently minimal and wholly comprise of Scope 2 emissions stemming from purchased gas and electricity from our office premises on Floor 3 of 17 St Swithin's Lane, London. THFC acknowledges the importance of transparency surrounding our Group-wide GHG emissions and appreciates the opportunity to take stock of our annual emissions inventory. While we have limited control to reduce our energy usage due to the absence of floor level meters, we are committed to reducing our Scope 2 emissions as much as possible. As part of this commitment, THFC relocated to its current premises with top-of-the-line energy efficiency measures in 2017.

THFC is pleased to occupy an office building with the following energy efficiency credentials:

- EPC Rating of 'A'
- Excellent' BREEAM rating
- Motion sensor automated lighting system
- Established building-wide recycling programme

Methodology

The below table displays the Group's energy usage and GHG emissions, as prepared using the 'Greenhouse Gas Reporting Protocol - Corporate Standard'. The 2022 (2022: 2021) UK Government greenhouse gas conversion factors have been used to convert the kWh used into tCO₂e. Natural gas consumption has been calculated using the total annual invoiced consumption of 17 St Swithin's Lane, apportioned to the 3rd floor square footage, adjusted for shared space. This equates to 17.5%. Electricity consumption has been calculated based on metered data for lighting, small power, associated heating, ventilation, and air conditioning services for the building.

Emissions and energy usage for the period 1 April to 31 March	2023	2022
Total energy consumption used to calculate emissions (kWh)	51,398	45,473
Natural gas - fuel type brown (fossil fuel)	28,561	15,842
Electricity - fuel type green (renewable source)	22,837	29,631
Total emissions in metric tCO₂e	9,570	9,123
Natural gas - fuel type brown (fossil fuel)	5,203	2,896
Electricity - fuel type green (renewable source)	4,367	6,227

THFC has chosen to weigh the Group's tCO₂e emissions by its loan book size, this being an approximate measure of the size of the business and its growth between reporting periods. For every GBP 1m in loans made, the Group generates 1.1772kg of CO₂ (2022: 1.1099kg).

Cycle to Work Scheme

As part of our efforts to reduce our indirect GHG emissions from employee commuting, THFC has a Cycle to Work Scheme in place, which is available to all employees. Through the Scheme, employees can save up to 42% on the cost of a new bike (including electric bikes) and accessories for the purpose of cycling to work. Employees are not required to pay anything upfront, as payments are taken from their salaries. Spreading the cost also helps make employees' new bikes more affordable.



Social

At THFC, social value is at the heart of everything we do. We exist for the sole purpose of supporting housing associations in their ambition to provide affordable housing, meaning that every pound we fund goes toward making life better for people across the UK.

Britain's housing associations go above and beyond the provision of affordable housing, with many providing advice and support to their tenants and communities in relation to employment and training, homelessness, welfare services and financial inclusion.



Social Bonds

THFC has been issuing bonds with an inherent social purpose from the very beginning, with each pound of financing channeled directly to registered providers of social housing - organisations that work to improve the livelihoods of many of the UK's most vulnerable people. This social purpose was embedded into our loan structure in May 2021, when THFC established its official Social Bond Framework. This framework has enabled us to issue bonds with a "Social" label. The bonds issued through this framework are "use of proceeds", meaning that the funding raised is used to fund projects with a clear and direct social purpose. In our case, this primarily means the maintaining, improving, purchasing, or building of affordable housing. The visual below depicts the "Affordable" project category within our Social Bond Framework, as well as the use of proceeds. You can read our [Social Bond Framework document](#) for more detailed information about THFC's social bonds.

Our Social Bond Framework is aligned with the social housing sector's Sustainability Reporting Standard, the International Capital Market Association's (ICMA) Sustainability Bond Guidelines 2021, and the Social Bond Principles 2021. Vigeo Eiris provided the [Second Party Opinion](#) for this framework, rating THFC's contribution to sustainability with its highest 'Advanced' category. 100% of the bonds issued through bLEND, which total £1.47bn to date, are accredited as "Social' bonds."⁷



Social



Affordable



Use of Proceeds:
Financing construction, refurbishment and acquisition of social and affordable housing in the UK

⁷ All series of Notes issued under the Programme are Social Bonds, with the exception of the 2061 series, which was issued as a Social Bond and converted to a Sustainability Bond following publication of the Sustainable Bond Framework.

Diversity, Equity and Inclusion (DEI)

THFC recognises the value and power in having a diverse workforce, providing all staff with equitable opportunities to grow and develop and cultivating an inclusive organisational culture. Diversity, Equity and Inclusion (“DEI”) principles strengthen our organisation by supporting decision making, helping us to better understand our customers and stakeholders, and enabling us to attract and retain the very best talent.

To us, DEI means coming together, feeling empowered to be ourselves at work, and celebrating what makes us unique. We are therefore committed to achieving a diverse workforce, fostering an inclusive culture, and promoting these values so we better serve our customers and wider stakeholders.

THFC began an official programme of DEI work in autumn 2022. The programme commenced with all staff and Board members participating in DEI workshops hosted by an external organisation specialising in advancing inclusive organisational practices. Our DEI journey continued to progress over the last year, with in-depth focus groups, in addition to select individual interviews, being conducted in spring 2023 by the same external organisation.

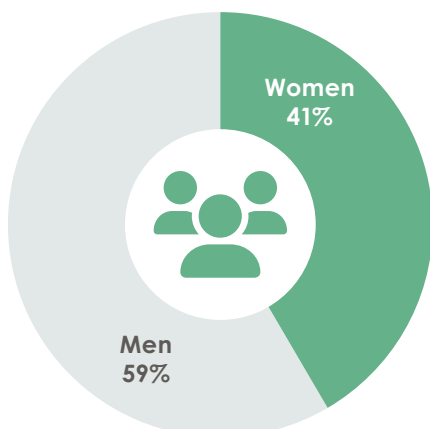
The insights gained from these sessions were used to create a bespoke DEI Strategy and Action Plan for our organisation, which was approved by the Board and published on our website in October 2023. Our DEI Strategy and Action Plan formalises our commitment to DEI, outlines the methodology used in the process of creating it, and highlights a list of actions that THFC is committed to undertaking in order to fulfil our DEI ambitions. It also details a range of DEI-related targets and commitments that our Board of Directors have voluntarily agreed to adopt.

THFC established a DEI Committee in spring 2023, which comprises four members of staff and one member of the Board and Executive team. The purpose of this Committee is to support the development of THFC’s DEI strategy, assist with the implementation of the strategy, and hold the organisation to account regarding its DEI objectives.

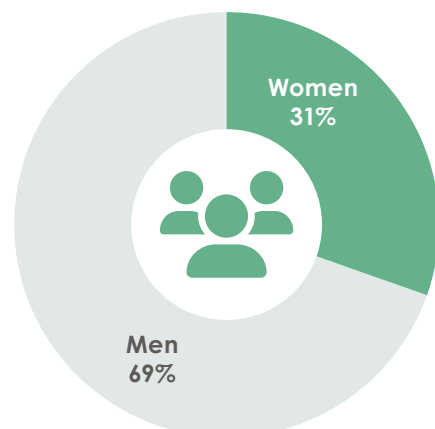
For more detail regarding our DEI Strategy and Action Plan, the document can be viewed in its entirety on THFC’s website [here](#).

THFC recognises that DEI is a continuous journey and is committed to investing the time, effort, and resources necessary to ensure that we are making continual, lasting progress in this vital area.

All staff



Staff reporting directly to the Executive Team



Employee Satisfaction

At THFC, our people are our most valuable resource. We have aligned our package of benefits to help our employees live healthy and fulfilling lives both inside and out of the workplace. This means offering industry competitive salaries, hybrid working arrangements, and access to private medical insurance.

THFC conducts regular, anonymous staff surveys to better understand and improve upon our employees' experience of working at THFC. This staff survey process is overseen by the Remuneration and Nominations Committee, with analysis of the results conducted by the Executive team and a voluntary Staff Survey Committee. The Committee is also responsible for working with the Executive team to create an action plan to address areas where opportunities for improvement exist. The results of the survey, as well as the approved plan of action, are shared with the entire THFC team. Employees are encouraged to share feedback with their managers at any time about how the employee experience at THFC could be improved.

A snapshot summary of the results from THFC's most recent Annual Staff Survey, which was conducted in December 2022, is shown below:



Physical and Mental Health Support

THFC recognises that employee health and wellbeing is nuanced. We want our employees to feel supported, safe, and well so they can continue to bring their best selves to work, which is why we offer a wide suite of tools that enable our employees to properly look after their physical and mental health.

THFC offers all employees membership to a health plan, which covers fees towards optical, dental, and other health and wellbeing therapies, in addition to 24/7 access to speak to a private GP or counsellor. The Group also offers full private medical insurance to all staff and their immediate family members.

THFC also provides a confidential Employee Assistance Programme (EAP) to support employees with both professional and personal issues that could be affecting their work life, personal life, or mental state. Through the EAP, employees have access to compassionate advice and support 24/7. The EAP also provides proactive and preventative support to ensure that smaller issues are dealt with before they become larger issues that significantly affect an employee's health and wellbeing.

Among its employees, THFC has dedicated "Appointed Persons" to fulfil various health and safety roles within the organisation, including a Health & Safety Lead, a First Aid Practitioner, an Emergency First Aid at Work, two acting Fire Marshalls, and two Mental Health First Aid Practitioners. Each of these "Appointed Persons" has been trained and certified with the relevant qualifications for their position.

Regular Fire Risk Assessments and Health and Safety Assessments are carried out annually, with the resulting reports submitted to the Audit Committee in February each year.

Progression & Development

THFC is committed to offering career growth and development opportunities for staff at all levels of the organisation. We recognise that providing growth and development opportunities promotes employee satisfaction and wellbeing.

THFC seeks to help each of its employees thrive in their careers and encourages employees to pursue professional qualifications when beneficial. All employees are eligible to apply for paid study time during normal office hours for approved courses of study, as well as to apply for company reimbursement of course fees for studies that are relevant and beneficial to their roles. In addition, each employee is eligible to have a professional subscription for membership with one relevant professional body paid for by THFC.

A "Lunch and Learn" programme was recently introduced to help facilitate knowledge across the various teams. This initiative allows for a team or individual to give a presentation to all staff on a topic relevant to their role and provides a free lunch for all staff to eat during the presentation.

THFC strives to foster an open and collaborative environment where everyone is encouraged to ask for support in their roles and careers. When one of us succeeds at THFC, we all succeed.

Governance

Good governance is the foundation of every successful organisation. At THFC, we know this well and have committed ourselves to upholding the highest standards of integrity regarding our business practices, corporate responsibility, board oversight, and risk management principles. Put simply, we strive to be accountable and transparent in everything we do.

To demonstrate our commitment to the highest standards of corporate governance, THFC has voluntarily chosen to comply with the Financial Reporting Council's (FRC) UK Corporate Governance Code (2018) ('the Code') where possible.

The following section provides an overview of THFC's corporate governance standards and policies. For a more detailed description of THFC's group-level governance, please reference our Corporate Governance Report on page 14 of our [Annual Report and Accounts](#) or visit the "[Corporate Governance](#)" section of our website.

16 PEACE, JUSTICE
AND STRONG
INSTITUTIONS



Our Board of Directors

Executive Directors



Piers Williamson
Chief Executive



Julie Coetzee
Finance Director



Arun Poobalasingam
Funding & Marketing Director



David Stokes
Credit & Risk Director

Non-Executive Directors



George Blunden BEM
Chair of the Board



Gail Teasdale
National Housing Federation
Nominee Director



Fiona MacGregor
Regulator of Social Housing
Nominee Director



Tony King
Chair of Remuneration &
Nominations Committee



Shirley Smith
Senior Independent Director



David Montague CBE



Scott Bottles
Chair of Credit Committee



Guy Thomas
Chair of Audit & Risk
Committee

Board Oversight

THFC is governed by a group-level Board of Directors, which oversees all activities within the Group and is responsible for ensuring that THFC achieves its objectives. The Board sets THFC's strategic objectives, determines investment policies, agrees performance criteria, oversees risk, and delegates the planning and implementation of these objectives to the Executive management team.

THFC's Board has established three key committees: the Audit and Risk Committee, the Credit Committee, and the Remuneration and Nominations Committee. Each Board committee has specific written terms of reference, which are approved annually by the Board and committee. The composition of our Board of Directors is as follows:

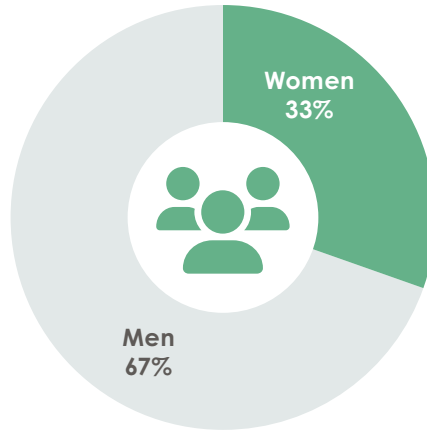
Name	Audit and Risk	Credit	Remuneration and Nominations
Arun Poobalasingam		✓	
David Montague	✓	✓	✓
David Stokes		✓	
Fiona MacGregor			
Gail Teasdale			
George Blunden		✓	✓
Guy Thomas	✓	✓	
Julie Coetzee			
Piers Williamson		✓	
Scott Bottles	✓	✓	
Shirley Smith		✓	✓
Tony King	✓	✓	✓

The Board holds six scheduled meetings each year, which cover both standard and ad hoc business. A rolling agenda is maintained to record emerging issues that will require Board consideration. Ad hoc meetings are convened where Board approval is required outside of the scheduled meetings.

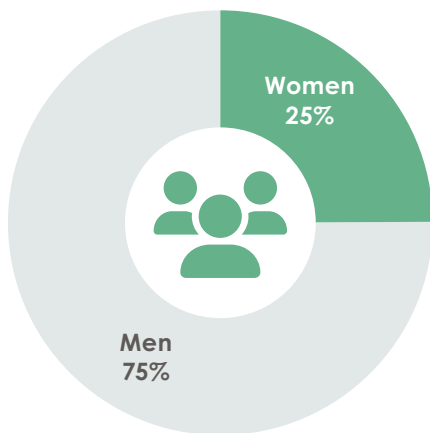
Board Effectiveness

The Board evaluates its own performance annually. Every three years, the Board commissions an independently facilitated Board Effectiveness Review – this last took place in 2021/2. The findings from the most recent Board evaluation are set out in the Corporate Governance Report in the Annual Report & Accounts.

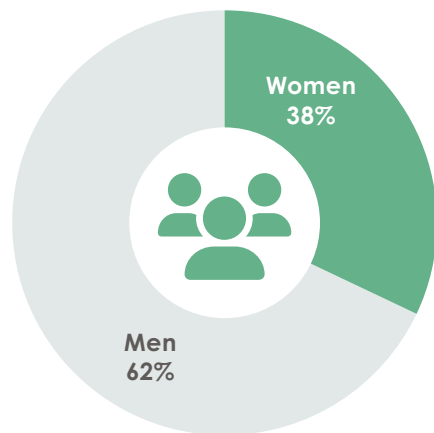
Board of Directors



Executive Director



Non-Executive Directors



Chief Executive to
median employee
pay ration for
2022/23

Corporate Structure

As a Community Benefit Society, THFC's shareholders are members of the Society. Each member owns one share with a nominal value of £1, which is held under a Declaration of Trust. THFC does not operate any share incentive schemes and our surpluses are non-distributable, meaning they are retained to enable us to continue to lend money to the sector.

All independent non-executive directors are issued with a share in THFC and entered into the register of members, except for the Regulator of Social Housing ("RSH") Nominated Director and the National Housing Federation ("NHF") Nominated Director, who are appointed to the Board by the RSH and NHF, respectively, on their organisation's behalf.

Policies and Procedures

THFC operates a robust set of policies and procedures that promote integrity, transparency, and the highest standards of business conduct. We strive to role model best practice with respect to our compliance obligations – meaning we not only comply with our legal obligations, but continually review and voluntarily comply with other standards or obligations that are relevant to the business.

THFC has in place the following policies and procedures:

- Donation and Sponsorship Policy
- Anti-Fraud Policy
- Modern Slavery Policy
- Whistle Blowing Policy
- Data Protection Policy
- Health & Safety Policy
- Anti-Money Laundering Policy
- Criminal Finances Act 2017 Policy
- Bribery Act 2010 Code of Conduct

We also publish the following documents on our website:

- Modern Slavery Statement
- Diversity and Inclusion Policy

All staff and Board members receive regular compliance training. THFC also maintains public indemnity, employers liability, and directors & officers insurance cover.

Risk Management

THFC's operations are underpinned by strong risk management disciplines. While it is impossible to fully eliminate risks from our organisation, THFC has robust mitigation measures in place to reduce our level of risk as much as possible. Our risk management strategy is overseen by THFC's Board of Directors and is managed by THFC's Credit and Risk Director.

THFC's core risks are carefully monitored and include but are not limited to the following key areas:



Cybersecurity

THFC takes cyber and information security risk very seriously and has implemented a range of controls and initiatives to increase our posture and reduce our vulnerability and attack surface. We have allocated substantial investment to our IT systems and infrastructure over the years, with a significant increase over the last couple of years as both the heightened risk landscape and the sector's awareness of cyber threats has developed.

THFC's IT team consists of an IT Director and IT Support Analyst, who each possess a wealth of experience. The IT Director closely oversees all our IT systems and led THFC's digital transformation to the resilient cloud-based environment we have in place today.

Internal capabilities are bolstered by carefully selected third-party Managed Service Providers (MSP's), which THFC partners with to achieve a broad, best-practice approach.

THFC has in place many IT and information security controls to mitigate cybersecurity risk. These include regular penetration (PEN) testing undertaken by specialist third parties in rotation to detect vulnerabilities and harden systems with verification of remediations a fully managed 24x7x365 Security Operations Center (SOC) and Managed Detection and Response (MDR) service in place with our Managed Security Service Provider (MSSP).

Our IT infrastructure and operating environment is fully Cloud-based and geo-resilient and there is the requirement of multi-factor authentication (MFA) for all mission critical systems.

Daily, weekly, and monthly full backups are taken by our managed service provider (MSP) and held in secure, geo-redundant datacenters. There is also an annual full failover and disaster recovery (DR) plan in place, with tested ability to restore systems quickly.

Below are a few more IT and information security controls that THFC has in place to mitigate cybersecurity risk:

- Cyber Essentials accreditation
- Use of up-to-date and fully managed Firewalls with appropriate restrictive traffic policies, which are periodically reviewed. Firewall logs are remotely monitored 24x7x365 for events and anomalies.
- Systems are maintained and patched with the latest security fixes and malware protections both via our Managed Service Provider (MSP) and in-house team. Critical or zero-day vulnerabilities are remediated as soon as patches are released.
- On-premise IT assets and physical network protected from misuse with Network access control (NAC)
- Internet traffic is protected by recognised security solutions and robust Firewalls, with content scanning and filtering controls (including encrypted traffic inspection).
- Email is filtered and protected by recognised security solutions and robust Firewalls, with content scanning and filtering controls (inspection of links, mail contents and attachments).
- We use the National Cyber Security Centre (NCSC) Active Cyber Defence (ACD) programme, including "Early Warning, Web Check and Mail Check" services.

- Data Loss Protection (DLP) strategies are in place with recognised security solutions. All key systems that THFC directly controls have controls that enforce password history, maximum password age, complexity requirements, and account lockout.
- Regular formal security awareness training by an external cybersecurity specialist to educate staff and Board members on current and new threats and remind them of their security obligations and mitigation techniques
- We also continuously update staff and Board members on cyber threats, specific threats and trends and what they should do to keep their devices and equipment updated and safe throughout the year.
- Cyber and Information Security Incident Response Plan (CISP) included in Information Security Governance
- Employee reporting process for personal data breaches

THFC has also exercised thought leadership on the topic of cybersecurity, publishing our analysis piece entitled '[The rising threat of cyber attacks](#)' on our [THFC Insights](#) site earlier this year.



Giving Back

More than Homes / The Trussell Trust

THFC is a proud sponsor of 'More than Homes' - the UK housing sector's campaign to raise £1m for the Trussell Trust. The Trussell Trust exists so we can all be free from hunger. People need food banks when they don't have enough money for the essentials. Together, the Trussell Trust has more than 1,300 local food bank centres across the UK, providing practical support for people facing hardship. It brings together data and evidence from food banks and the people who need them across the UK, gathering powerful information on the state of our society. The Trussell Trust's network of food banks is supported by almost 12,000 churches, as well as many community groups, local businesses, schools and more than 28,000 dedicated volunteers. Their research projects give the most in-depth picture of who needs a food bank and why, helping co-create and advocate for solutions that will ensure all of us have enough money to afford the essentials.

The 'More than Homes' campaign, led by Accent Housing, launched in 2020 as a response to the increased demand for foodbanks during the pandemic and was backed by the National Housing Federation, Chartered Institute of Housing, and the Northern Housing Consortium. Now, with the cost of living crisis, the campaign becomes more important than ever. To date, £400,000 has been raised to fight hunger across the UK, and that number continues to grow.

THFC has donated to the cause on multiple occasions, including a £6,200 donation to More than Homes / The Trussell Trust in February 2023 after the "Cost of Living: Ensuring No One Gets Left Behind" seminar we hosted in London.

More than homes.



Seminars

As a not-for-profit organisation, we strive to generate positive social impact however possible. One of the ways we do this is by using our convening power to host seminars on relevant social housing-related topics.

2022 saw the fourth iteration of our Cambridge Symposia, which focussed on retrofit and sustainable investing.

In February 2023, we hosted a seminar on the cost of living crisis, which sought to help housing associations find solutions to support

their tenants in the crisis. A summary of the key themes that emerged from this event can be explored [here](#).

At the time of writing, we are currently planning our next seminar, scheduled for November 2023, which will be on the subject of "Health and Housing." The event will bring together experts in both the health and housing sectors and will seek to explore the various links between the two subjects, in addition to reflecting on how housing associations can protect their tenants' wellbeing this winter.



Piers Williamson, THFC's Chief Executive, welcomes attendees to THFC's "Cost of Living: Ensuring No One Gets Left Behind" seminar, which took place in February 2023 in London.

Pathway to Board

THFC is an official supporter of the Pathway to Board initiative, a Welsh training and development programme aimed at increasing the number of Black, Asian, and minority ethnic individuals on boards inside and outside of the housing sector. The programme was initiated by Welsh housing associations Cardiff Community Housing Association (CCHA), Taff, Linc Cymru, Cadwyn, and Hafod and has recently added Newport City Homes, United Welsh, and Wales & West Housing as members.

Participants receive access to a full training programme that includes modules taught by industry experts, a one-on-one mentor, and opportunities to observe board meetings to gain wisdom and experience first-hand. The Pathway to Board partners hope that the programme will be instrumental in increasing the level of diversity across leadership positions in Wales.

Piers Williamson, THFC's Chief Executive, led one of the Pathway to Board training sessions in October 2023, lending his wisdom stemming from 20+ years of experience to the next generation of Welsh leaders. THFC looks forward to continuing its support of this inspiring programme in the months and years to come.



Conclusion

The wider marketplace, in addition to the general public, continue to demand more, and better, ESG information to enhance decision-making. This is not set to slow down anytime soon, and THFC is committed to continually improving its ESG reporting to meet this demand.

While our inaugural Sustainability Report represents a significant step forward in our ESG reporting journey, the work does not stop here. THFC intends to build and improve upon this report in the coming years, continuously evolving it to provide greater transparency and align more closely with wider ESG reporting standards and expectations.

As we look to the year ahead, we have identified a few key areas where we would like to focus our progress. While this inaugural report paints a picture of where THFC stands today, we intend to review our forwardlooking commitments and targets and provide greater clarity on these in future iterations. We also hope to provide more ESG-related information on the origins of our funding in the capital markets, in addition to reviewing our readiness to report against wider ESG reporting frameworks such as the International Sustainability Standards Board (ISSB) Standards.

We would like to thank our borrowers, investors, employees, and other stakeholders for their continued support as we work to enhance our sustainable reporting and practices.



The THFC team visited Swansea in March 2023 to meet with Pobl Group and visit two of their ground-breaking retrofit and sustainable development sites.

Contact us

If you have any questions about THFC's Sustainability Report, you can contact one of the individuals below.



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