Statement of Sustainability Policy v.1

Adopted: February 2021

Review Date: February 2022

1.0 INTRODUCTION

This statement is prepared on behalf of East Cambs Trading Company Ltd, a private company that is wholly owned by East Cambridgeshire District Council. The property activities of East Cambs Trading Company are undertaken under the trading name of Palace Green Homes.

The purpose of Palace Green Homes is to identify, promote and deliver opportunities that exist to build quality, well designed new build homes for local people in sustainable new developments across the District of East Cambridgeshire. We acknowledge that to be a successful company we must consider our impacts on the environment, economy and society and specifically to ensure that we help to create sustainable local communities.

This statement is intended to set out the guiding principles that shape our approach to sustainability and the key commitments that we are making in respect of our operational activities. It is intended to demonstrate our intention to 'do business' in an appropriate and sustainable way. By doing so, Palace Green Homes can help the District Council (our shareholder) to meet the obligations that it is making as part of its Environment and Climate Change Strategy and Action Plan (EnvPlan).

This statement should be reviewed annually by the Company to assess progress against the commitments made and address shifts in legislative criteria to ensure ongoing compliance with all responsibilities and obligations.

2.0 CONTEXT

The market in which the company operates is affected by national, regional and local policies that are changing quickly in response to the Climate Emergency. These are briefly summarised below to provide some context to the Company's Sustainability Policy.

National Policy

The National Planning Policy Framework states that planning should support the 'delivery of renewable and low carbon energy and associated infrastructure'. More specifically, local planning authorities are required to:

- Plan for new development in locations and ways which reduce greenhouse gas emissions
- Have a positive strategy to promote energy from renewable and low carbon sources
- Design policies to maximise renewable and low carbon energy development while ensuring that adverse impacts are addressed satisfactorily, including cumulative landscape and visual impacts
- Consider identifying suitable areas for renewable and low carbon energy sources, and supporting infrastructure, where this would help secure the development of such sources

Regional Policy

East Cambridgeshire District Council sets out its policy for Energy Efficiency and Sustainability in Section 6.5 of the Local Plan April 2015.

Policy ENV 4: Energy and water efficiency and renewable energy in construction. This policy expects all proposals for new development to aim for reduced or zero carbon development in accordance with the zero-carbon hierarchy: first maximising energy efficiency and then incorporating renewable or low carbon energy sources on-site as far as practicable.

Policy ENV 5: Carbon offsetting. This policy states that where allowable solutions are required for a development scheme, the Council will be prepared to accept alternative provision in line with the National Allowable Solutions Framework.

Climate Emergency

East Cambridgeshire District Council declared a Climate Emergency in October 2019, following the submission of a petition signed by local residents. Public pressure in 2019 has led to local authorities around the UK declaring a climate emergency and has prompted the UK government to produce policy to address these concerns, which commits to reaching net zero carbon by 2050.

Building Regulations

As part of the Government's proposed Future Homes Standards, existing Building Regulations are to be renewed with greater weighting on the energy efficiency of new homes. The Future Homes Standard will require new build homes to be future-proofed with low carbon heating and world-leading levels of energy efficiency; it will be introduced by 2025.

At the time of writing delivery of the updated Approved Documents have been delayed due to the COVID-19 pandemic. A release was due for mid-2020 and a new date for the updated Approved Documents is yet to be confirmed.

Energy Sector

The Energy Sector in the UK is currently going through a significant amount of change. The mix of sources from which our electricity is generated is rapidly changing to one with an ever increasing amount of Renewable and Low Carbon sources. These changes in power generation also affect the nature of power and how it is distributed. We are moving from traditional central generation of power with distribution to consumers through a National Grid, to a more dynamic energy landscape, with Distributed Energy Resources (DER) feeding power to the grid as well as consuming power at different times.

A key premise of this transition is how the future 'smart grid' is managed, including how new developments, being both power consumers and generators, are to be connected

to the smart grid, and the transition is delivered. We are moving from a traditional Distribution Network Operator (DNO) model to a Distribution System Operator (DSO) model.

With an energy step-change underway, greater emphasis will be placed on local energy generation. This shift in operational thinking will have a large bearing on the housing sector and will drive operational changes of housing developers nationally.

Net Zero Carbon by 2050

With the established national policy, East Cambridgeshire District Council has committed to the UK legislation adopted in June 2019 for Net Zero Carbon emissions by 2050, as part of their policy to act on the Climate Emergency declaration. This national goal relies heavily on the decarbonisation of the National Grid.

All housebuilding operations across the UK will need to review how they can achieve this target.

3.0 OUR RESPONSE – ENERGY IN DEVELOPMENT

As part of the Company's commitment to building well designed new homes for local people in sustainable new developments, we have already taken note of anticipated changes in regulatory conditions, and have responded by constructing all of our new build dwellings as electrically heated homes. This helps to support the progressive decarbonisation of the National Grid and allows our customers to switch to renewable energy tariffs that will truly decarbonise the operation of their new home over its lifetime.

In addition to this, all of our new build homes are fitted with Smart meters to enable remote monitoring of energy consumption by both the homeowner and their energy provider.

Energy Consumption

We have made energy efficiency, consumption and generation a fundamental consideration for all of our schemes. Site location has a significant bearing on this and there are variable factors for every site.

For this reason, we take a bespoke approach to every new development. However, through all of our designs for new housing we do commit to:

1. 'Be lean' – Use less energy by taking a 'fabric first' approach to building design.
2. 'Be clean' - Maximise the energy efficiency of our new build homes.
3. 'Be green' – Use appropriate renewable technologies for low carbon energy generation.

Be lean: A 'fabric first' approach to buildings

Each new dwelling will demonstrate a compliant fabric first approach to building design. We maximise the performance of the components and materials that make up the building fabric itself, before considering the use of mechanical or electrical building services systems.

We recognise the significance of embodied carbon emissions within construction so as a developer of new build homes, wherever possible in our design, we will explore the selection of building materials that have a less carbon-intensive footprint in their manufacturing process, are recycled or can be re-used. We shall also explore the opportunity to reduce the carbon embodied in the materials that are delivered by our supply chain by seeking to work with suppliers that are signed up to similar environmental standards and targets as our own.

All of our new build housing projects exceed the minimum fabric parameters described within the current Building Regulations.

Our new build homes are assessed to be Energy Performance Certificate (EPC) 'B' rated. This exceeds the UK 'D' rated average. By 2025 the Company will construct all of its new build housing to achieve EPC 'A' ratings.

Be clean: Energy efficient homes

The selection of fixtures and fittings for our new build homes already considers the impact on the energy efficiency of the construction. Measures to improve energy efficiency include:

- Low energy lighting throughout
- Minimum 'A' rating for all fitted and/or integrated white goods
- Fully programmable central heating temperature controls for every room or zone
- Passive and/or mechanical ventilation to meet and exceed air permeability targets

The Company commits to pursue developing technologies that will further enhance the energy efficiency of our dwellings. By 2025 the Company will construct all new build housing to include Smart home technologies where they improve energy efficiency.

Be green: Renewable energy

After constructing our new build homes to be lean and clean, the Company commits to use appropriate renewable technologies for all of our new build developments.

For our electrically heated new build homes we already use Air Source Heat Pumps (ASHP) as the primary means of providing central heating and hot water to the dwellings. By 2025 the Company will introduce additional renewable technologies for

energy generation on our new build homes where appropriate. As a priority, we will focus on the use of:

- Solar photovoltaic (PV) panels, designed so they are relevant to the house type, plot orientation and available roof area
- Accompanying battery storage to retain the energy our new build homes generate for use during periods of peak energy demand
- Electrical Vehicle (EV) charging points that are accessible for every dwelling

By 2030 our new build homes will be carbon Net Zero which we will achieve by building 'A' rated homes with appropriate renewable technologies and car-charging points that help to support the switch to electric powered vehicles.

4.0 OUR RESPONSE – ENVIRONMENT IN DEVELOPMENT

With our new developments we consider the environmental impact of all aspects of our operations. We recognise our responsibility to protect, promote and enhance where possible, and minimise the impact of our activities upon the environment. Amenity is sought in everything we do to provide multiple benefits from our new developments.

We create attractive new build homes and where we do so, we also improve the environmental value from the pre-development condition of the site. For each new project we consider:

Transport

Sustainable modes of transport are promoted and supported. Where we can affect and improve public transport, we incorporate these elements in conjunction with service providers. Public transport reduces individual carbon footprints by sharing journeys where we can.

Our developments seek to maximise the potential for sustainable modes of transport which includes improving pedestrian and cycle links. Where appropriate we introduce travel plans to residents to encourage and inform of sustainable modes of transport.

By 2025 we will provide Electric Vehicle (EV) charging points that are accessible to all of our new build homes to promote and support the roll out of electric vehicles.

Water efficiency

Water is a simple resource that having on tap, is often taken for granted. We recognise the importance of protecting this resource for future generations and commit to using it efficiently in the homes that we build.

Building regulations set a minimum target for water consumption of 125 litres per person per day. In all of our new build homes we exceed this by meeting the optional

lower target of 110 litres per person per day. We achieve this by careful selection of water efficient appliances and fixtures & fittings. By 2025 we aspire to exceed this again further by targeting a maximum water consumption of 100 litres per person per day.
We will endeavour to explore further opportunities in restrictive appliances that do not compromise on comfort or quality to our homeowners. We are already exploring forms of rainwater harvesting that could make this target achievable.

Landscaping and Sustainable Drainage

Landscaping is an important part of our developments and we ensure biodiversity and wildlife habitats are protected and enhanced by our activities. A mix of native and appropriately diverse planting is carefully selected for functional, hardy and engaging landscapes.

Sustainable drainage features are utilised throughout our developments to mitigate flood risk and provide tangible amenity facilities. Where above ground drainage features are provided they integrate to the planting scheme to support biodiversity and place make attractive spaces.

Biodiversity

The green areas around the homes that we build provide appropriately landscaped areas that create supporting and diversified environments for local flora & fauna. We take expert advice to create bespoke plans for each of our developments to ensure we support the local wildlife and ecology within our sites.

On each of our new build projects we demonstrate the net gain of biodiversity to do our bit to protect the natural environment through our operations. On our larger developments (over 100 homes) we use the Developing with Nature Toolkit produced by Natural Cambridgeshire[1] to demonstrate our commitment to achieving net biodiversity gain.

In our wider operations we:

Provide a healthy and safe working environment

The health and safety of our employees and those that come into contact with our activities is of utmost importance. We have a responsibility to provide a safe environment for our employees, subcontractors, customers and other people visiting our sites and premises. We already:

- Employ robust and practical health and safety policy, practice and procedures throughout our operations

[1] Natural Cambridgeshire 2018 https://naturalcambridgeshire.org.uk/wp-content/uploads/2018/10/nc-developing-with-nature-toolkit.pdf

- Monitor and review the implementation of our health and safety policy and procedures
- Provide health and safety training for our employees
- Always strive to minimise the risk of incidents occurring at our sites and offices
- Contribute to industry wide initiatives to promote health and safety awareness and standards

Promote skills within the housebuilding industry

We acknowledge that our success depends heavily on the skills and commitment of those we employ. We have a responsibility to promote and develop the skills of people within our business and those pursuing a career in the housebuilding industry. We already:

- Encourage employees to take up training initiatives to enhance their skills, particularly where it leads to a recognised qualification
- Educate our staff as to their obligations to minimise environmental impacts in their activities
- Provide equal access to training to enable our employees to develop themselves and their career
- Create a culture that rewards employees commensurate with their contribution to the business, to motivate them and retain skills within the business
- Support industry wide initiatives to address the shortage of skilled workers

Our Partners

We will continue to explore strategic partnerships with companies that can help make our housing developments more sustainable and energy efficient. We already engage widely with the industry to maximise opportunities that exist now or in the future.

Our Office

Our office accommodation at Fordham is a modern building that is electrically heated and benefits from solar PV panels. Our water and central heating systems are powered by air source heat pumps. We generate our own energy in the first instance, helping us to operate as energy efficiently as we can. Any additional electricity that we take from the grid is supplied through a renewable energy tariff, thus ensuring that our building operation is carbon neutral.