



Impact Report 2023



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Introduction

Welcome to Hometree's first Impact Report!

Hometree supports people in the transition to decarbonise their homes. This is an essential part of creating more sustainable cities and communities, and we will help our customers make a big impact on the amount of carbon they use. Sustainability is at the heart of what we do, and we are proud to introduce our first impact report that outlines the impact that we are helping our customers make, and how we are making sure that we manage our company in a sustainable and responsible way.

Hometree was set up in 2015, and initially helped customers keep their homes warm through installation of gas boilers, and later added maintenance and repair services.

Not very green?

Our ambition was always to help people transition to lower carbon energy in their homes. But we recognise this is a journey, and we believe the best way to help people on this journey is to go on it with them. We have built a deep understanding of what people need, demonstrated we can be there when our customers need us and created long-lasting trusted relationships. And in doing so we have helped people reduce their carbon emissions through increased efficiency and up to date technology.

We understand that for many people, transitioning to clean energy isn't straightforward: it can seem expensive and new technologies can feel complicated. So in 2023, we launched a Solar leasing product, which means our customers can install solar without a big upfront cost and with repair and maintenance services providing ongoing peace of mind. And they get all of this while reducing their electricity bills too, in some cases offsetting all of the cost.

With sustainability at the heart of our business, we naturally take an ethical and inclusive approach to managing the company. We are increasingly conscious of the impact our operations have on the environment, and are pleased to have reduced our scope 3 carbon emissions in 2023 while helping even more customers. The scope and scale of our positive impact will only increase, and we look forward to reflecting on our progress in the future.



Dave Maclean

Chief Financial Officer, Hometree



UN Sustainable Development Goals

At Hometree we believe that other than conducting business, we've a responsibility for the planet and society we all live in. Hometree should be a place where everyone feels welcomed, safe, comfortable and heard.

The United Nations Sustainable Development Goals (SDGs) were established in 2015 to help provide a path towards a more sustainable future for everyone. As a small business we need to focus on the areas we can truly make a difference. Therefore, the two Sustainable Development Goals we align to are:



07 Affordable and Clean Energy

Ensure access to affordable, reliable, sustainable and modern energy for all

11 Sustainable Cities and Communities

Make cities and human settlements inclusive, safe, resilient and sustainable

We are striving to build exemplary environmental, social and governance (ESG) performance across all our operations to help build sustainable, equitable, healthy and diverse communities. Our core commitment to ESG, to help decarbonise millions of homes by 2030, is core to our business operations and values.



HOMETREE'S MISSION

To help homeowners affordably decarbonise their homes and keep them running smoothly

Why? - Problem of UK home emissions

Space heating in homes accounts for 23% of the UK's carbon emissions, with 17% coming specifically from residential homes ([BEIS, 2021](#)). This presents a significant opportunity for our country to take action. The electrification of heat is now recognised as "the most cost-effective pathway to Net Zero." ([Energy Systems Catapult, 2024](#)). With advances in technology and government support through the [Boiler Upgrade Scheme](#) heat pumps are a viable alternative to a gas boiler.



Did you know?

Only 5% of UK homes currently use low carbon heating systems in 2024 ([Energy Systems Catapult](#))

Our electricity consumption also has a significant impact on UK emissions. With increasing needs not only for renewable electricity but also for energy independence, domestic solar presents a win-win opportunity; increase our independence with energy you can generate and use yourself. As we move towards a future where our power system is less centralised we can use batteries to help store either energy created by our homes, or surplus renewable electricity from the grid. With ageing UK infrastructure this distributed energy system will help reduce the increasing demand placed upon the grid infrastructure.



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Our Vision & Approach



A business in transition

While we all talk about the energy transition day in day out, our business is also in a transition from a home cover only business to a whole-home energy services provider. We believe that low-carbon homes mean more homeowner responsibility, in turn creating demand for new energy service providers who will install, maintain and finance these technologies. This is what Hometree has transitioned to in 2024.

What does this mean for our impact? As we grow Hometree's Scope 1 emissions will likely increase as we grow our in-house, installation engineer fleet and rapidly increase the number of sites we operate from. This report exists to provide a benchmark for where we were in 2023 and what we can do to build from this point as we grow our business.



You can't manage what you don't measure; therefore, our primary efforts have been to accurately report on both our negative and positive environmental impacts. This report gives us an accurate starting point to build our sustainability strategy from, allowing us to accurately identify opportunities and risks.



Did you know?

December 2023 was the 15th month in a row where zero-carbon generation produced more than fossil fuel generation. ([National Grid](#))





Sustainability vision - the 'what'

“Every Hometree home is solar powered and electrically heated to minimise the impact for future generations”

We want to go beyond just making sure our customers' homes run smoothly. Our goal is to ensure homes are equipped to generate their own power. We want to help UK homeowners negate the need to rely on the supply from a dirty gas-fired power station at peak-times. Our mission is to help everyone to be able to heat and power their homes using clean, green electricity instead.

As a business we want to help customers solve problems like “What technology is right for my home?” and “How can I get this installed?” without impacting the environment ourselves.



What do we mean when we say "decarbonise"?

“To stop or reduce carbon gases, especially carbon dioxide, being released into the atmosphere as the result of a process”

(Cambridge Dictionary, 2024)



Strategic approach - the 'how'



For Hometree as a business this means:

Removing the use of fossil fuels in the home for heating

Hometree is providing insurance, installation and financing services to accelerate the decarbonisation of our customers' home heating systems, helping customers quickly and easily transition from fossil fuel-based heating systems to low-carbon heating systems like heat pumps.

1

2

Reducing the greenhouse gases related to home electricity use

Our insurance, installation and financing services are also accelerating customers' uptake of residential solar and batteries, enabling customers to invest in energy independence, cost-savings and environmental impact. Our strategy also includes the upstream sustainability of our supply chain and downstream waste management strategy.

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Keep the home running to optimal efficiency

A core principle in accelerating the energy transition is to ensure these assets run smoothly and that we have a safe and equitable environment for our employees. With the deficit in skilled workers in the UK to deliver the net-zero agenda, we will also need to play a role in creating and training the future renewable workforce.

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Planet



Hometree's Operational Impacts

A business's carbon emissions are measured in terms of scope 1, 2 and 3 emissions. This covers our direct emissions and indirect emissions.

Scope 1

are "direct emissions" from sources that are owned or controlled by the company. For Hometree this is made up of our transport emissions and the energy used to heat our sites.

Scope 2

covers our purchased energy, which is "indirect" as the actual emissions are generated at another facility such as a power station.

Scope 3

covers all other "indirect" emissions including but not limited to purchased goods, services, business travel, advertising and market research.

As we grow the main challenge is to understand our absolute impacts could increase but we will need to mitigate this as best we can. Therefore, it's likely that our scope 1 and 2 emissions will increase in 2024 due to the installer businesses acquired, the introduction of an installer vehicle fleet and moving from 2 sites to around 7 locations. Decarbonising our vehicle fleet, and reducing the operational greenhouse gas emissions associated with ensuring our offices are essential to minimise Scope 1 and 2 essential as we grow.



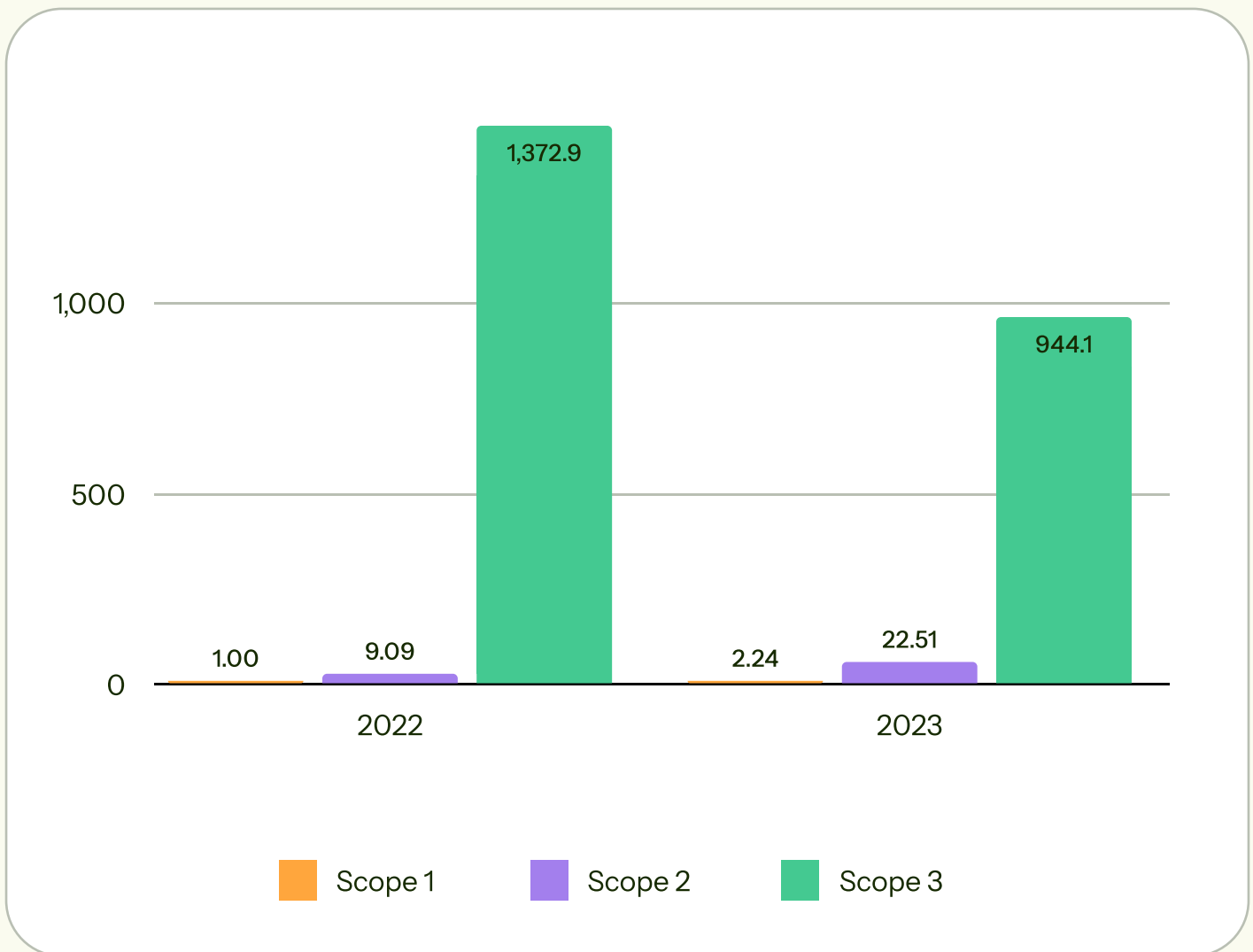
Hometree's Greenhouse Gas Emissions

We want to embed sustainability considerations in all aspects of our work, including tracking and managing our operational greenhouse gas (GHG) emissions. To support our emissions understanding, we use a carbon accounting platform to calculate our operational GHG emissions. Between 2022 and 2023, our operational emissions reduced from 1,383 tCO₂e in the year 2022 to 969 tCO₂e in 2023, a 31% year-on-year decrease despite increasing revenue.

The reduction in total emissions from 2022 to 2023 is due to two factors:

- 01** Greater accuracy in our reporting and carbon accounting
- 02** Ensuring we use less parts and time to maintain and repair our customers heating without compromising on comfort

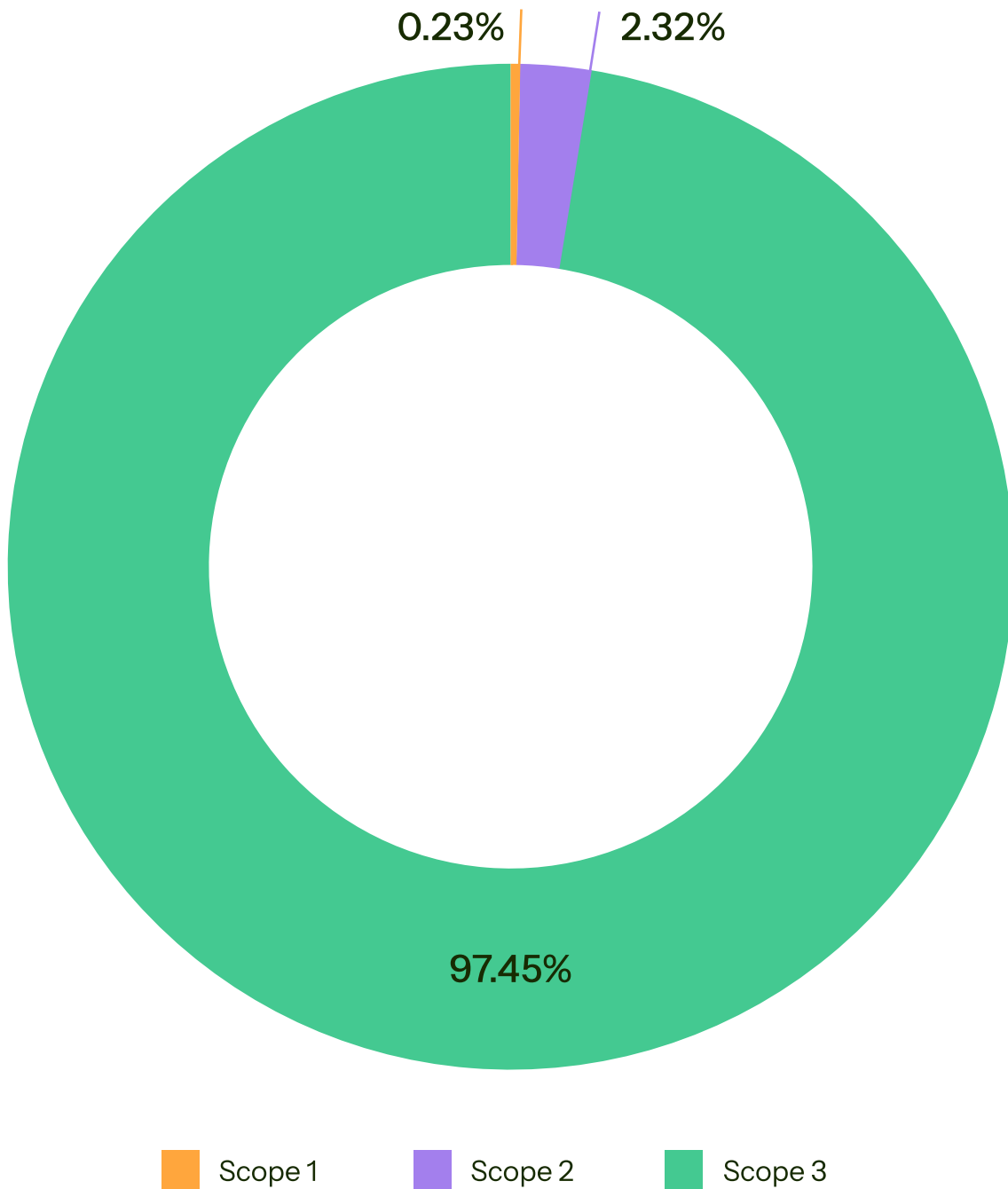
Total emissions (tCO₂e) breakdown by Year and Scope





In 2023, Hometree's Scope 1 emissions were 2.2 tCO₂e (0.23% of total emissions), Scope 2 emissions were 22.5 tCO₂e (2.32%) and Scope 3 emissions accounted for 97.45% of emissions (944.1 tCO₂e).

Total emissions % break down per scope (1, 2, 3)



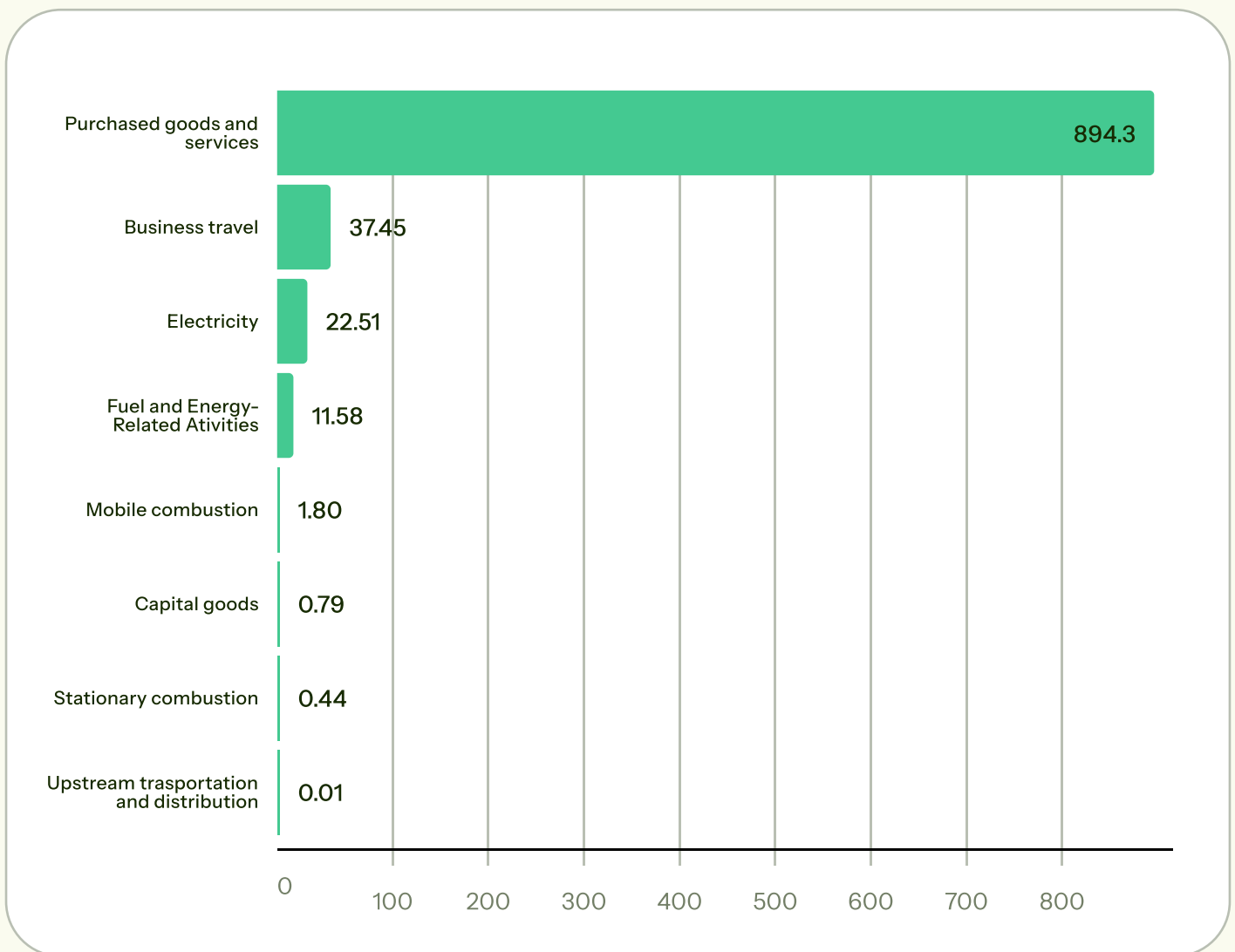


Understanding our emissions

The vast majority of our emissions originated from Scope 3, with the goods and services we purchase as a group accounting for the majority of Scope 3 emissions (894 tCO₂e), followed by business travel accounting for 37.5 tCO₂e of total emissions. Electricity from our Scope 2 emissions accounted for 22.5 tCO₂e.

While we can reduce emissions associated with business travel and electricity purchasing across the Hometree group, reducing the goods and services we purchase will be harder. This will include any solar panels, batteries and heat pumps we purchase to help decarbonise UK homes. Therefore we will need to work closely with suppliers to ensure they are reducing the emissions associated with their products.

Total emissions (tCO₂e) breakdown by category





Hometree's Positive Impacts

How can we help decarbonise homes?

In 2023 Hometree began to make strides towards having a positive environmental impact. This is through the installation of more efficient boilers and solar installations. In 2024, our impact will also include the avoided GHG emissions through heat pump installations.

Solar installations: The saving of CO₂e impact is based on the solar energy generated being used within the home in the place of grid electricity. We assume electricity is not sold back to the grid since the vast majority of our solar installations include battery storage.

Heat pump installations: The impact of heat pumps is accounted for from the avoidance of gas consumption using a boiler to heat your home.

Improving boiler efficiency: There is also a small CO₂e avoidance from installing a new, more efficient gas boiler which is accounted for in the installations we have facilitated.

As a principle, all of our positive impacts use real world data where available and the most conservative assumptions where this is not available. It's vitally important to Hometree that we are being honest and transparent about our impacts. In the future we can look into increased positive impacts due to the installation of Ground Source Heat Pumps, whether the system replaces a gas or oil based heating system and the potential impact of standalone battery installation.

Scale of our impacts

Our in-house impact model has been developed and will continue to evolve to help account for our impact. This is based on the best available UK government data for domestic consumption figures, grid emission factors, efficiencies of heating systems and kWp of solar we installed.

In 2023 the positive impact Hometree can report was **53 tCO₂e**, which is greater than our Scope 1 & 2 emissions (although this does not count as an offset). For context this is up from 13tCO₂e in 2022 which was solely achieved through installing more efficient boilers.

This positive impact is critical not only for us as a business but also for our investors. Therefore, it's now reported quarterly at a board level.



Did you know?

Hometree Finance solar installations (from Nov 2023 - May 2024) will have offset 4100tCO₂e across the lifetime of those installations!



Setting a target

Alongside financial targets we have both short and long term positive impact targets which translate into actual number of installs we want to achieve. There is also a larger carbon impact for installing a heat pump than solar, due to the much greater amount of gas that is no longer used in the home.

Our internal targets will include an overall emissions intensity reduction target per employee as well as Scope 1 & 2 specific targets. Our ambition is to work towards a Paris Aligned net-zero target for our emissions in due course and we have an intention to publish a net-zero strategy aligned with recognised sustainability frameworks.





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People



Where we are today

Hometree is proud to create a place to work where everyone is treated with dignity and respect. As an equal opportunity employer, we don't tolerate any form of discrimination, bullying, intimidation or harassment.



In 2023 Hometree had 154 employees with 78 new hires and 50% of our workforce identified as women. When looking at managerial positions in Hometree the percentage of managers that are female was 11.7% in 2023.

The Hometree Board of Directors consists of six members (5 men, 1 woman; 16% female). This includes founders, Simon Phelan, along with our largest investors 2150, Legal and General, Energy Impact Partners and Inven.

Where we want to be

Our 2024 focus will be developing our employee value proposition across the group to unify Hometree's culture. Significant work will be needed to re-establish our values and behaviours to ensure they are aligned across the group we are operating in today.

Equipping our staff with the right training and development will be a key focus, ensuring our staff have the right skills to excel in their roles and enhance value. This will also benefit our employee retention, create a positive employee experience and create a high performance environment to achieve our stretching commercial goals.

We currently don't track the diversity of our workforce beyond gender and this is an area we're actively addressing this in 2024. Similarly we'll be looking at hiring targets and supporting diverse hiring processes. In future we'll look to report on diversity, inclusion and equality key performance indicators across Hometree group.





The future workforce

The future workforce for the installation of renewable energy technologies in the UK is a significant risk to all businesses in this space. We need to upskill and reskill people rapidly to be able to achieve our CO2 reduction targets.

According to the [Heat and Buildings Strategy](#) (BEIS, 2021) this will mean 240,000 skilled, green jobs by 2035. Research from [Bain](#) suggests 4 million workers will need to retrain by 2030 and up to 1 million new green jobs could be created to support the energy transition.

This may include but is not limited to initiatives such as recruitment into renewable jobs, reskilling programmes and improvements to health and safety across the Hometree group.



Did you know?

Up to 170,000 more heat pump installers are needed in the UK by 2030 to deliver the energy transition (Bain, 2024)



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Processes



Governance Structure

At Hometree we're committed to strong governance practices to provide oversight, transparency and accountability. Our approach to ESG is discussed regularly in our board discussions and is overseen by our Chief Financial Officer.

The Director of Sustainability has delegated responsibility to implement the ESG plan, set goals, budgets, plans, timelines and monitor progress and results. We'll regularly review and assess our ESG policy to ensure that it reflects our commitment to responsible business practices and continuously improve our performance across all these areas.



Business Ethics



We aim to ensure a culture of trust, responsibility and best practice around the way we operate as a business.



We have clear codes of conduct for both suppliers and employees to ensure they follow our ethical standards, legal requirements and core values.



We promote communication and training about anti-corruption, assess operations for risks to corruption and are committed to taking decisive action should we identify any potential incidents of corruption.



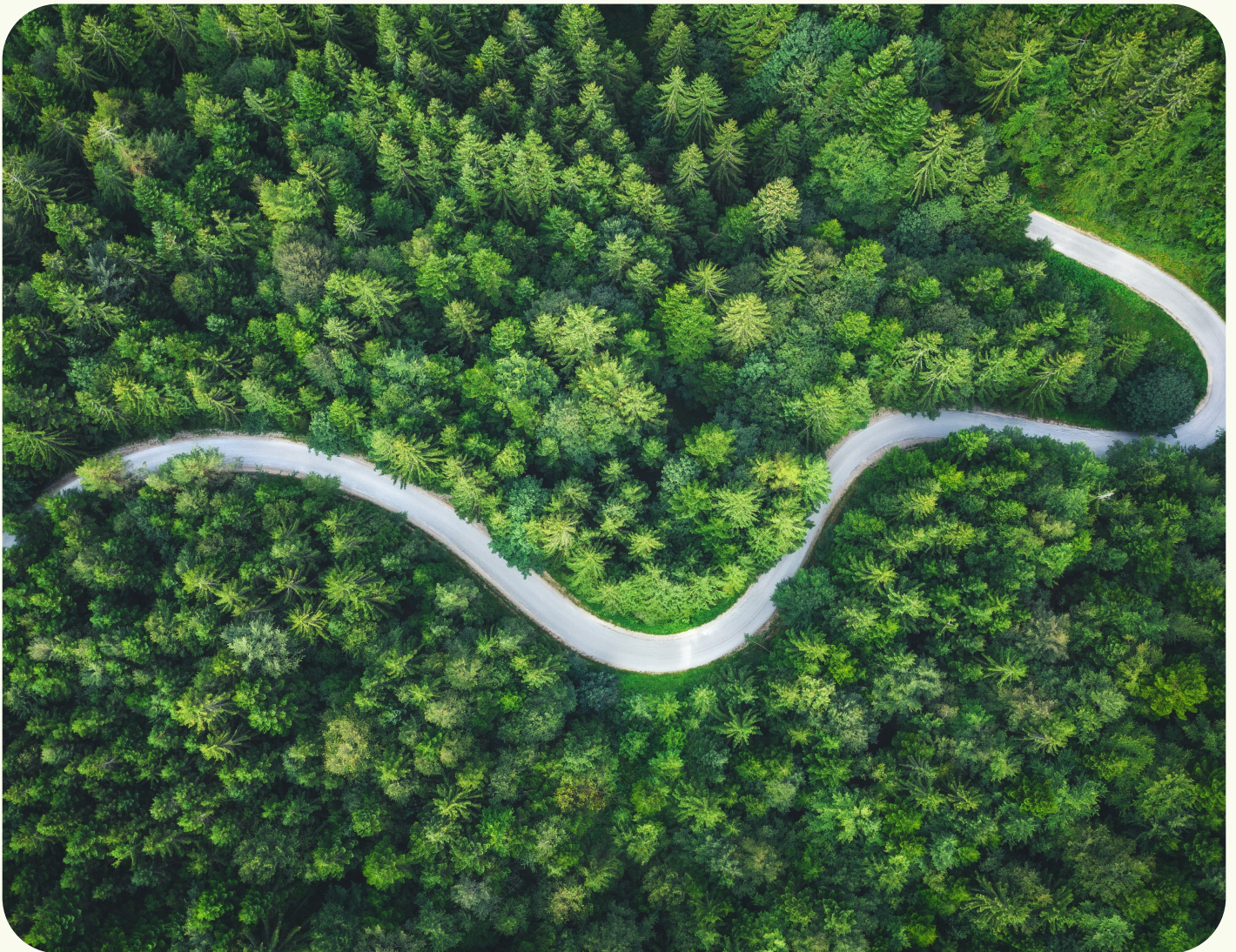
In terms of data security, we are aligned with relevant data protection regulations within the UK jurisdiction in which Hometree operates.



Our supply chain

In 2024 the dynamic of our Scope 3 emissions may change as we'll be purchasing goods to fulfil renewable energy installations. As our business is rapidly changing it may be better to wait until next year's results to get a more full understanding of the Scope 3 impacts before actioning any reduction strategy.

Further to this we'll need to have a greater understanding of our end-to-end supply chain to understand the opportunities for improvements here. We will need to develop effective processes to comply with regulations, to better understand supplier's negative impacts and then mitigate them.



This may include but is not limited to initiatives such as reducing our waste to landfill, repurposing parts and setting principles for the expectations we have for the companies we work with.



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Looking Ahead



We recognise we're in a climate emergency and we need to make a step change to ensure our business can have a positive impact on the world. This report strives to create a clear framework so we can hold ourselves to account on this journey. It provides a clear starting point from which we can build.

We have carefully and thoroughly audited our 2023 impact and can now focus on the areas where we can make the most change, both actual and potential. Where they're 'actual', we can manage and reduce those impacts - and where they are 'potential', we're able to proactively create policies to mitigate against any negative impacts. This ongoing process of auditing and adjusting our strategy will allow us to build a business we're all proud to be a part of.

2024 brings an exciting opportunity to help more people reduce carbon and energy spend in their homes. We have clear ambitions that we need to convert into targets. With my new role, the company is demonstrating its commitment to sustainability and setting a clear plan for how we achieve it. The most exciting part is how much support we have from both our investors and our senior leadership to progress our sustainability strategy.

Our business and sustainability plans go hand in hand and one can't be successful without the other. I have high hopes for the key initiatives planned for 2024 and the progress we are striving to make. But, there is no denying that this is only the start. We know it will take all our combined and focused efforts to ensure that together we deliver a clean, healthy and liveable planet for the next generation.

Thank you for joining and supporting us on this critical journey!

Nicola Battey

Director of Sustainability, Hometree

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