

Climate change risks and opportunities

Climate change will affect our business from increased regulation to changing stakeholder expectations and physical impacts such as increased risks from flooding and overheating. Almost three-quarters of the UK's local authorities have now declared a climate emergency and we are increasingly subject to additional climate-related requirements through the planning process.

Our purpose is to build great homes and create thriving communities. Climate change and the biodiversity crisis are part of our operating context – they impact our ability to achieve our purpose and are threatening the future of today's young people and generations to come.

Our environment strategy, Building a Better World, is our response to the environmental crisis and the physical and transition risks posed by climate change. It sets out how we will play our part in creating a greener, healthier future for our customers, colleagues and communities, with ambitious targets up to 2030. It is summarised on pages 28 and 29.

Our climate focus areas

We are focusing on the following areas in relation to climate change, seeking both to mitigate our impact on climate change and to prepare for the future impacts of climate change on our business, supply chain and customers. We take a science-based approach and aim to continually review and improve performance.

Operations

Energy-efficiency and carbon reductions on our construction sites, car fleet and offices, supporting a sustainable business culture and business practices

Supply chain

Working with suppliers and others to address embodied carbon in the materials, services and products we use

Customer homes

Working towards zero carbon ready homes for customers and supporting sustainable lifestyles

Collaboration and engagement

Working with government, industry associations, investors, peer companies and others to address the climate crisis

Skills

Building our knowledge base and ensuring our colleagues and trade subcontractors have the skills needed for the transition to a low carbon economy

The Group is one of the first UK homebuilders to set science-based targets across our value chain, including a 1.5 degrees target for our operational emissions



Responding to the Task Force on Climate-related Financial Disclosures

The Task Force on Climate-related Financial Disclosures (TCFD) is a framework for Companies to report climate-related risks and opportunities. In 2020, The Financial Conduct Authority (FCA) introduced a requirement for UK premium listed companies to report against the TCFD framework, for periods beginning on or after 1 January 2021.

The framework consists of four themes – governance, risk management, strategy, and metrics and targets, and has 11 disclosure recommendations for reporting on the financial impact of climate change. We support the aims of the TCFD, disclose consistently with its recommendations, and aim to improve the quality of our disclosure year on year.

We have made progress on aligning our reporting to the TCFD recommendations as set out by the FCA in Listing Rule 9.8.6 and will further develop our approach during 2022. Our progress against the recommendations of TCFD can be found on page 50.

Governance for climate change

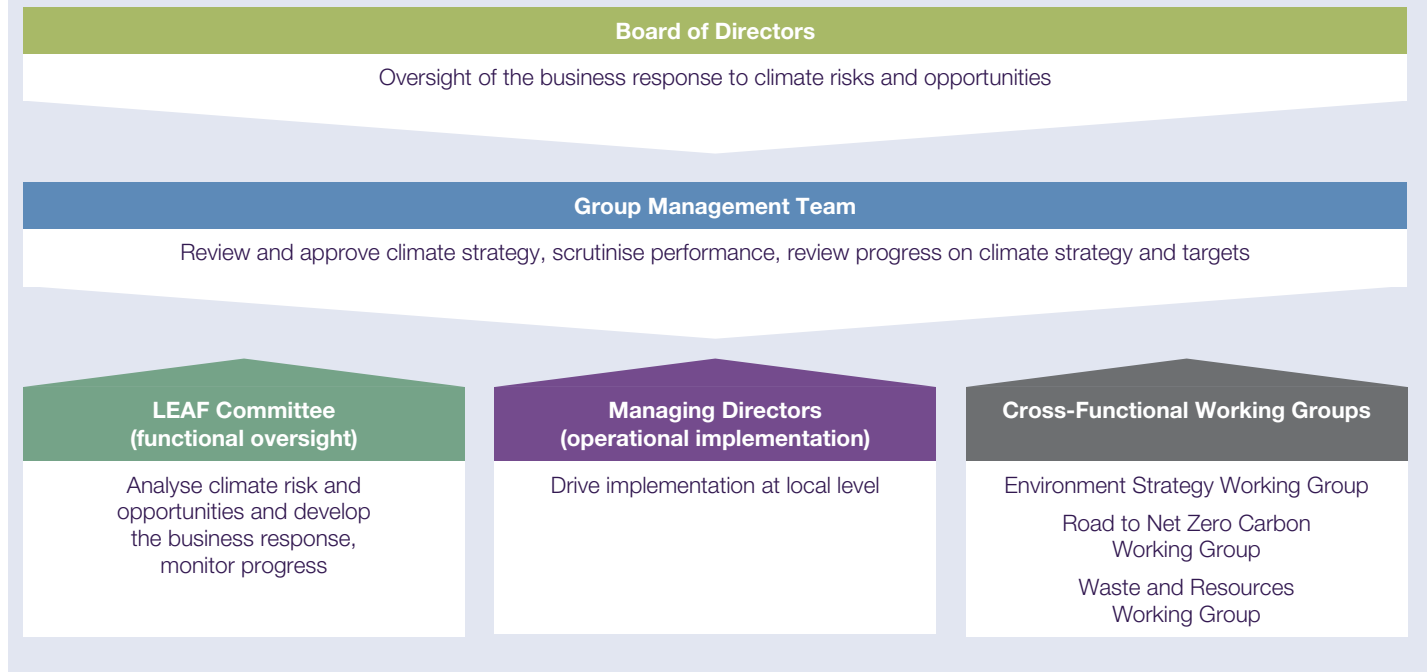
Board level: Our Board of Directors is responsible for oversight of our environmental, social, governance (ESG) initiatives and this includes climate-related risks and opportunities. From 2022, they will receive an ESG update twice a year, which will include updates on progress made towards climate change targets during the period. The Chair of the Legacy, Engagement and Action for the Future (LEAF) Committee and our Director of Sustainability will also attend the Board on at least one separate occasion during the year. Board ESG competencies are indicated on page 79. During 2021, the

Board reviewed and approved our environment strategy and climate targets and established 'Natural resources and climate change' as a new Principal Risk.

Executive level: Our CEO has ultimate responsibility for achieving our climate targets. Sustainability (including climate change) is a standing agenda item for GMT meetings and members receive a monthly update from the Director of Sustainability. The GMT members have received briefings on climate change risks and opportunities to deepen their understanding of this topic.

LEAF Committee: Ingrid Osborne, Divisional Chair for London and South East and a member of our GMT, oversees implementation of our climate change programme. Ingrid chairs our LEAF committee, which is responsible for reviewing climate strategy, risks and opportunities. It meets four times a year. LEAF members include the heads of our sustainability, technical, production, customer

Governance



and design functions and representatives from our regional businesses.

The Director of Sustainability is responsible for monitoring climate-related issues and updating our Climate Change and Sustainability Risk and Opportunity Register. He oversees our reporting and disclosures on climate change, and the assurance of our climate data and reports to our CEO.

Cross-functional working groups, including our Environment Strategy Working Group and our Road to Net Zero Carbon Working Group, support effective governance of climate change.

Operational level: The Managing Director in each regional business has responsibility for achieving our climate change targets at the local level. They have nominated a Sustainability Sponsor within their management team and a Sustainability Champion to assist with implementation and data collection. Each regional business receives a quarterly report on resource use (including energy use) and from 2022 will be set a resource use reduction target. They are kept updated about climate-related issues via workshops, masterclasses and briefings.

Stakeholder engagement

Our stakeholder engagement informs our approach to climate change. This includes customer research and collaborating with suppliers through the Supply Chain Sustainability School and our procurement processes. We work with others to tackle industry-wide challenges including through the HBF. During 2021, we contributed to the development of the Future Homes Delivery

Plan and input into the work of the Future Homes Hub. Read more about our stakeholder engagement on pages 34 and 35.

We participate in CDP Climate Change and publish our submission on our website. We received a score of A- for 2021 (2020: B). We were also included on the Financial Times European Climate Leaders list during 2021.

We work with the Carbon Trust on many aspects of climate change. Since 2017, we have held the Carbon Trust Standard for our overall approach to carbon management, including our policy, strategy and verification of our data and processes. We are the first homebuilder to achieve this.

Strategy

Climate change presents risks and opportunities for our business including those related to the transition to a lower carbon economy and those associated with the physical impacts of climate change. We assess climate risks and opportunities using short (0-2 years), medium (3-10 years) and long term (10+ years) horizons looking at their potential impacts on our business, strategy and financial planning. Our approach is informed by our materiality assessment and climate scenario analysis.

Climate scenario analysis

Our preliminary scenario analysis process was conducted in association with the Carbon Trust and reviewed by our GMT in 2020.

An initial review assessed the risks associated for the housebuilding sector from three scenarios:

- **Orderly transition:** Global action meets the requirements of the Paris Climate Change agreement and global warming is kept to well below 2 degrees celsius and preferably to 1.5 degrees celsius, compared to pre-industrial levels. This included significant regulatory change, and changes to interactions with customers, investors and planners, and some changes to how and what we build. However, the physical changes to the climate are limited and manageable.
- **Climate breakdown:** This is where there is insufficient action, or a failure to act, and global warming is significant, with heating at about 4-6 degrees compared to pre-industrial levels. In this scenario, physical changes to the climate dominate.
- **Disorderly transitions:** This is where the Paris goals are not met in time, but climate breakdown is avoided. Here there is significant regulatory change, changes to interactions with customers, investors and planners, and to how and what we build. The physical changes to the climate are significant and require future planning.

Follow up workshops looked in more detail at a 'disorderly transition' scenario which was considered the most likely scenario. The results of this analysis and other risk assessment are presented in the risks and opportunities table. Further scenario analysis will be undertaken in the future.

Task Force on Climate-related Financial Disclosures continued

Implementing the TCFD recommendations - progress to date

| | TCFD recommendation | Progress to date | Next steps |
|--|---|--|--|
| Governance Disclose the organisation's governance around climate-related risks and opportunities. | Describe the Board's oversight of climate-related risks and opportunities. | We have established and disclosed responsibility for climate risks at Board level. The Board has conducted an ESG mapping exercise to ensure that all ESG matters are considered by the Board or one of its Committees. | During 2022, the Board will be further developing its oversight of our ESG priorities and determining how ESG progress can be assessed more consistently. |
| | Describe management's role in assessing and managing climate-related risks and opportunities. | We have established and disclosed responsibility for climate risks at Executive, Director and operational level. Climate change has been added as a Principal Risk within 'Natural resources and climate change'. | An environmental measure has been included in the Executive Directors' annual bonus plan and the intention is to introduce an environmental measure in the wider annual bonus scheme for 2023 performance. See page 107. |
| Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material. | Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. | The table on pages 52 and 53 includes an initial assessment of the possible impact of climate risks and opportunities on the business over the short, medium and long term. | Further scenario analysis is planned to deepen our understanding of climate risk. |
| | Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. | We have used the findings of our scenario analysis to enhance our understanding of the impact of climate risks on financial planning and business strategy, see pages 52 and 53. | As part of future scenario analysis exercises we will be further exploring and aiming to quantify the potential impacts of climate change on the business, strategy and financial planning. |
| | Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. | We have conducted our first scenario analysis focusing on a disorderly transition scenario. | Further scenario analysis is planned to deepen our understanding of climate risk. |
| Risk management Disclose how the organisation identifies, assesses, and manages climate-related risks. | Describe the organisation's processes for identifying and assessing climate-related risks. | This process is outlined in Risk management on pages 59 and 60 and in Principal Risks on page 65. We have linked our climate targets to the risks and opportunities as set out by TCFD, on page 54. | Our planned further climate scenario analysis will consider the potential financial impacts of climate risks. |
| | Describe the organisation's processes for managing climate-related risks. | This process is outlined in Risk Management on pages 59 and 60 and in the section on Principal Risks on page 65. We have linked our climate targets to the risks and opportunities as set out by TCFD, on page 54. | During 2022 we will be updating our policies and processes to reflect climate change mitigation and adaptation risks and opportunities. |
| | Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management. | Climate change is fully integrated into our top down and bottom up risk management process and during 2021 has been added as a Principal Risk within 'Natural resources and climate change'. | The newly established Principal Risk will be monitored by the Audit Committee and senior management, assessing its impact on the Group's strategic objectives and ensuring appropriate mitigations are in place. |
| Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material. | Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. | We publish a range of performance data to support our environment strategy, see pages 28 and 29. | We will continue to keep our climate reporting under review and to develop additional metrics where needed to support disclosure to investors and other stakeholders. |
| | Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. | We disclose greenhouse gas emissions data for scopes 1, 2 and 3 on page 55. | We are committed to continuous improvement in our data processes and data quality. |
| | Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets. | Our ambitious science-based carbon reduction target has been approved by the Science Based Targets initiative (SBTi), see pages 28 and 29. | During 2022 we will be developing our net zero transition plan and target. |

Impact on financial statements

Reported balance sheet, income statement and cash flow

We include known costs associated with regulation designed to affect the impact of climate change (e.g. building regulations Part L (conservation of fuel and power) and Part F (ventilation)) within the assessment of the value of inventory charged to cost of sales. Where a forecast site margin is affected by a change in estimated costs to complete, the impact is recognised across all plots completed on that site in the current and future years.

The carrying value of work in progress and land is assessed via a net realisable value exercise and any adjustments required are made within the financial statements. Specifically, relating to land and the possible impact from climate change, the Group uses the latest environmental reports to assess the impact from flooding on the viability of the land.

The Group does not have intangible assets, such as goodwill, that require an annual impairment assessment and thus the impact of climate change on the future cash flows required to perform this assessment are not required.

Going concern and viability

'Natural resources and climate change' have been added as a Principal Risk following a review of the Group's Principal Risks, and are therefore considered as part of the going concern and viability assessment. Given the timeframe over which both are considered (12 months and five years respectively) the future impact of climate change on the operating costs of the business and its supply chain, beyond those known costs already included within the Group's forecasts, are not considered material.

In addition, the Group's viability assessment considers a reduction in volumes which, although not explicitly linked, could come about through tighter planning requirements in response to addressing the impact of climate change or through the reduced availability or increased cost of materials due to restrictions in the supply chain due to climate change.



Risk management

The Board has overall responsibility for risk management and our approach to risk combines a top-down and bottom-up review. The assessment, mitigation and monitoring of sustainability and climate-related risks is included as part of our overall risk management process, the outcomes of which are formally reported once a year and reviewed at two other times during the year. As part of this process, the individual sustainability and climate-related risks are considered through functional and business unit risk registers, our climate change and sustainability risk and opportunity register and on a regular basis by senior management, assessing the impact they may have on the Group's strategy, looking at short, medium and in particular longer term emerging risks which may arise as the area continues to evolve. The Group's new Principal Risk 'Natural resources and climate change' (see page 65), recognises the increasing significance a transition to a low carbon economy has on both our operations and the world in which we live and conduct business.

Our Climate Change Register guides the climate change adaptation of our business practices and the homes we build. For each climate-related risk and opportunity the register identifies: risk driver, description of risk, potential impact, time frame, whether the risk or opportunity is direct or indirect, likelihood and magnitude of impact. This is a standing item on every LEAF Committee agenda. The Committee makes recommendations to the GMT on how to mitigate, transfer, accept, or control climate-related risks. We prioritise our climate change risks and opportunities based on their materiality to our business, measured in percentage of profit before tax (PBT). A percentage of PBT greater than 20% is considered a major impact. A large risk in terms of likelihood is a greater than 50% chance.

Transition to net zero carbon

We were one of the first UK developers to set Science Based Targets across our value chain, including a 1.5 degrees target for operational emissions. This is our first step on the road to net zero carbon.

During 2022 we will develop our net zero transition plan and net zero target. This will reduce regulatory, policy, taxation and stakeholder climate risks by aligning us with the UK's net zero commitment.

We are reviewing the SBTi Corporate Net Zero Standard published in 2021 and will use this to guide our approach. We will also take account of the 'Metrics, Targets, and Transition Plans' guidance issued by TCFD. We expect to publish our net zero target and plan in 2023.

Our new homes will be net zero ready from 2025 as we phase out gas boilers and switch to all electric homes.

Task Force on Climate-related Financial Disclosures continued

Our risks and opportunities

The table below builds on our disclosure from last year and includes an initial assessment of the possible impact of these risks and opportunities on the business and financial statements.

| Description | What are the risks? | What are the opportunities? | Our response |
|---|--|---|---|
| <p>Regulation, policy, taxation Regulatory changes and updates to building regulations (e.g. Future Homes Standard), variation in local planning requirements (e.g. in relation to flooding and biodiversity), expected net zero related policy changes and increases in tax and insurance premiums.</p> <p>Time frame: Short, medium and long term Materiality: High Risk type: Transition (policy and legal) Opportunity type: Products, markets</p> | <p>Changes to how sites and homes are designed affects land values and increases costs.</p> <p>Increased demand for new skills and products (e.g. air source heat pumps) impacts the supply chain resulting in increased build costs and shortages of materials, products and skills.</p> <p>Direct and indirect financial impacts from increased taxation and insurance costs.</p> <p>Risk of financial penalties from non-compliance with changing regulation.</p> | <p>As policy requirements around heating and insulation impact the second hand market, new build homes will become increasingly attractive.</p> <p>Meeting regulatory requirements in a more efficient way than our competitors makes us a better investment case.</p> <p>Meeting Local Planning Authority requirements in relation to climate change results could result in being more competitive in land acquisitions.</p> | <p>We prepare for regulatory changes through our research and development. Our R&D programme focuses on opportunities in green building (see page 39) and skills training (see page 40). Our Road to Net Zero Carbon working group is leading our response. We conducted energy-efficiency research to update our home specification in 2021 (see page 17).</p> <p>We share our views with the Government on proposed regulatory changes both directly and via industry organisations such as the HBF. We are supporting the Future Homes Delivery Plan – a sector wide plan to embed key environmental issues into home building up to 2050.</p> <p>We work closely with supply chain partners and use our scale to ensure reliable and cost appropriate access to the skills and materials we need today and in the future (see page 42). We have been recognised by the CDP as a Supplier Engagement Leader and received a Supplier Engagement score of A for our approach to engaging suppliers on climate change.</p> <p>We work closely with planning authorities to understand and integrate their requirements, and with land owners to ensure that constraints are reflected in land values.</p> |
| <p>Stakeholders Shifts in stakeholder preference and expectations in relation to the environment.</p> <p>Time frame: Medium term Materiality: Medium to high Risk type: Transition (market, reputation) Opportunity type: Products, markets</p> | <p>Not meeting changing customer and stakeholder expectations in relation to climate change reduces demand for our homes and impacts our reputation.</p> <p>Not meeting changing investor expectations results in reduced valuation impacting market capitalisation and access to capital.</p> | <p>Reputational benefits from meeting and exceeding customer expectations in relation to climate change and home energy efficiency makes homes more attractive to customers.</p> <p>Growth in green mortgages drives increased demand for new build homes.</p> <p>There may also be marketing opportunities to positively differentiate new build homes as climate regulation impacts the second hand homes market.</p> <p>Enhanced access to capital from meeting investor expectations and accessing new sources of green finance.</p> <p>Recruitment and retention of staff.</p> | <p>Our environment strategy has been established to help us meet and exceed changing stakeholder expectations, with a clear governance structure in place. This includes targets specifically related to enabling customers to live a more sustainable lifestyle. We regularly update our materiality assessment (see pages 30 and 31) and integrate sustainability into customer research. Climate change and sustainability are integrated into our marketing strategy.</p> <p>We regularly engage with investors on ESG matters and participate in a range of disclosure initiatives including CDP, TCFD, SASB and DJSI (see page 3).</p> |
| <p>Physical impacts Changing weather patterns and an increase in extreme weather events.</p> <p>Time frame: Medium and long term Materiality: Medium Risk type: Physical (acute and chronic) Opportunity type: Resilience</p> | <p>Changing weather patterns and extreme weather events cause production delays, materials shortages and increased costs, as well as increased overheating and poor indoor air quality risks in highly insulated homes.</p> <p>Increased flood risk and biodiversity concerns impact our land bank and/or restrict future land supplies which mean that the carrying value of land may need to be written down and land costs may increase.</p> | <p>Warmer, drier summers enable increased output.</p> <p>Integration of additional landscaping features to mitigate flood risk and other climate concerns enhance placemaking.</p> | <p>We are increasing the amount of sustainability related data we collect from suppliers and using this to develop our approach to mitigating material supply risks.</p> <p>Sustainability issues including flood risk are considered from the start of the land buying process. We take the risk of flooding on our developments extremely seriously and identify potential flood risk as part of our site selection process. We do not buy land unless we can mitigate flood risk. We use the Environment Agency's flood mapping tools and a digital platform for assessing and managing sustainability and technical risks associated with land, that draws on external environmental databases. We integrate sustainable drainage features on our sites to manage water run off and reduce flow rates. We are developing our approach to biodiversity net gain to enable us to manage biodiversity risks.</p> <p>We will be updating our policies and processes to reflect climate change mitigation and adaptation risks and opportunities during 2022 which will help us respond to physical climate risks.</p> |
| <p>Technology Increased use of technology including lower carbon technology and materials, off-site manufacturing, adaptation technologies.</p> <p>Time frame: Short and medium term Materiality: Low to medium Risk type: Transition (technology, reputation) Opportunity type: Resource efficiency, energy efficiency</p> | <p>Changes in home design to accommodate technology impacts procurement and skills strategies.</p> <p>Customers' understanding of the use and benefit of some sustainable solutions and technologies may be inconsistent with their performance resulting in complaints.</p> | <p>Efficiency improvements and cost savings for the business and customers.</p> | <p>Our R&D programme helps us to identify beneficial new technology and test its performance to ensure it meets our quality, safety and technical standards. We already integrate many lower carbon materials and off-site construction techniques and components into our homes, and will increase this. We prioritise customer communication with the introduction of new technology and will be training our sales and marketing teams to support customers.</p> |

Task Force on Climate-related Financial Disclosures continued

Metrics and targets

We have established metrics and targets to enable us to manage and mitigate our identified climate risks and ensure we capitalise on opportunities relating to the transition to a low carbon economy.

We have published a science-based carbon reduction target which has been approved by the Science Based Targets initiative (SBTi). This covers emissions from our operations (1% of total), supply chain (59% of total) and homes in use (40% of total). The SBTi

has confirmed that our operational target is consistent with reductions required to keep warming to 1.5°C, the most ambitious goal of the Paris Agreement. Our scope 3 goal meets the SBTi's criteria for ambitious value chain reductions, in line with current best practice.

Our carbon and energy use data is externally assured by the Carbon Trust to a limited assurance level.

More detail on our performance in 2021 is included in our Sustainability Supplement.

Our climate targets

Our targets on nature, waste and resource efficiency are included on pages 28 and 29.

| Targets - climate | Progress | Link to TCFD risk |
|---|---|--|
| Achieve our science-based carbon reduction target: – Reduce operational carbon emissions intensity by 36% by 2025 from a 2019 baseline – Reduce carbon emissions intensity from our supply chain and customer homes by 24% by 2030 from a 2019 baseline | Our operational emissions intensity (scope 1 and 2), has decreased by 13% against our 2019 baseline with absolute operational emissions falling by 20% over the same period. We are improving our data to enable us to accurately report progress on our scope 3 target. | – Regulation, policy, taxation – Stakeholders – Physical impacts – Technology |
| Reduce operational energy intensity by 32% for UK building sites by 2025. | There was a 1% increase in UK energy intensity on our 2019 baseline. We believe this is due to a small change in the average fuel mix used. | – Regulation, policy, taxation – Physical impacts |
| Purchase 100% REGO backed green electricity for all new sites. | We purchased 100% REGO backed renewable electricity for new sites during construction, offices, show homes, sales areas and plots before sale. This is around 72% of our total electricity consumption. | – Regulation, policy, taxation – Stakeholders |
| Reduce embodied carbon per home by 21% by 2030. | We are developing our measurement systems and expect to start reporting progress on this target next year. | – Regulation, policy, taxation |
| Reduce emissions from customer homes in use by 75% by 2030. | We are developing our measurement systems and expect to start reporting progress on this target next year. | – Regulation, policy, taxation – Stakeholders – Technology |
| Reduce car and grey fleet emissions by 50% by 2025. | We have reduced company car fleet emissions (excluding grey fleet) by 36.5% since 2019. Around 43% of vehicles in our company car fleet are now EV or hybrid (2020: 30%). | – Stakeholders |
| Make it easier for 40,000 customers to work from home and enable more sustainable transport choices through 36,000 EV charging points and 3,000 additional bike stands by the mid 2020s. | We are improving our data collection process for this target and expect to report progress next year. | – Physical impacts – Technology |
| Update our policies and processes to reflect the risks and opportunities from a changing climate by 2022. | We will be working on this target during 2022 and have added 'Natural resources and climate change' as a new Principal Risk. | – Physical impacts – Technology |

Greenhouse gas (GHG) emissions (tonnes of CO₂e) and energy use (MWh)

| | | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|----------------------------------|-----------|-----------|-----------|-----------|-----------|
| Scope 1 GHG emissions – combustion of fuel | tonnes CO ₂ e | 17,464 | 16,522 | 21,018 | 20,328 | 18,889 |
| Scope 2 GHG emissions – market based | tonnes CO ₂ e | 2,272 | 1,981 | 3,563 | 4,509 | 4,794 |
| Scope 2 GHG emissions – location based | tonnes CO ₂ e | 5,406 | 5,272 | 6,172 | 6,892 | 8,236 |
| Total scopes 1 and 2 – market based | tonnes CO ₂ e | 19,736 | 18,503 | 24,581 | 24,837 | 23,683 |
| Emissions per 100sqm completed homes (scope 1 and 2) | tonnes CO ₂ e /100sqm | 1.41 | 1.96 | 1.62 | 1.73 | 1.73 |
| Total scope 3 emissions | tonnes CO ₂ e | 2,632,421 | 1,961,431 | 3,869,583 | 2,171,973 | 1,826,183 |
| Purchased goods and services | tonnes CO ₂ e | 1,413,410 | 1,114,587 | 2,242,225 | 2,143,976 | 1,797,288 |
| Waste generated in operations | tonnes CO ₂ e | 15,446 | 11,255 | 17,550 | 15,845 | 15,793 |
| Business travel | tonnes CO ₂ e | 1,464 | 6,593 | 6,303 | 6,405 | 6,812 |
| Fuel and energy related activities | tonnes CO ₂ e | 5,802 | 4,503 | 5,679 | 5,748 | 6,290 |
| Downstream leased assets | tonnes CO ₂ e | 6,592 | 6,178 | 2,656 | - | - |
| Use of sold products | tonnes CO ₂ e | 1,107,417 | 754,625 | 1,476,066 | - | - |
| Upstream transport and distribution | tonnes CO ₂ e | 39,891 | 29,815 | 64,827 | - | - |
| End of life treatment of sold products | tonnes CO ₂ e | 29,210 | 20,105 | 33,242 | - | - |
| Employee commuting | tonnes CO ₂ e | 13,189 | 13,771 | 21,034 | - | - |
| Energy use | | | | | | |
| Operational energy use (fuel and electricity consumption from sites, offices and fleet) | MWh | 104,870 | 96,195 | 116,207 | 111,085 | 105,123 |
| Operational energy intensity (site and office fuel and electricity intensity – MWh / 100 sqm completed homes) | MWh / 100 sqm | 7.5 | 10.2 | 7.6 | 7.7 | 7.7 |

Our carbon and energy use data is externally assured by the Carbon Trust to a limited assurance level.

Data is provided as tonnes of carbon dioxide equivalent (CO₂e) for all operations. Scope 1 and 2 emissions are from our sites, offices, show homes and sales areas, plots before sale and car fleet. We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) for data gathered to fulfil our requirements under the Mandatory Carbon Reporting (MCR) requirements, and emission factors from the Government's GHG Conversion Factors for our corporate reporting. We use the market-based method of the revised version of the GHG Protocol Scope 2 Guidance for calculating our scope 2 emissions. We have also included our scope 2 emissions calculated using the location-based method.

We have reported on the emissions sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 apart from the exclusions noted. The reported sources fall within our Consolidated Financial Statements and are for emissions over which we have financial control. We do not have responsibility for any emissions sources that are not included in our consolidated statement. The following sources of emissions were excluded or part-excluded from this report:

1. Fugitive emissions (refrigerant gases): excluded on the basis of expected immateriality and difficulty in acquiring data
2. Gas and electricity of part-exchange properties: excluded on the basis of immateriality due to very few completions of this type
3. Certain emissions from District Heating Schemes where we are receiving a rebate from customers prior to handover to the long term operator
4. Certain joint venture properties: where Taylor Wimpey was not part of the handover process. In these cases other homebuilders have captured MCR-related data

See our Carbon Reporting Methodology Statement at <https://www.taylorwimpey.co.uk/corporate/sustainability/our-approach/climate-change-and-nature> for more detail on our calculations.

Energy data and energy efficiency measures

The energy consumption figure in the table is a Group figure. 98.74% of this total energy consumption is from the UK and offshore areas and 1.26% from Spain. 98.24% of total scope 1 and scope 2 emissions are from the UK and offshore areas and 1.76% from Spain. During the last year, we have worked to reduce energy and emissions through our purchase of green tariff electricity for our sites during construction, by publishing our Energy Dos and Don'ts Guide and running masterclass sessions for our teams, partnering with cabin manufacturer Danzer and the Carbon Trust to design and trial new energy efficient portacabins, and through the efforts of our Sustainability Champions including working with Site Managers to increase the use of natural ventilation methods for drying out homes and checking thermostats in show homes to ensure heating is only used when necessary. We have successfully tested hydrotreated vegetable oil as a lower carbon alternative to diesel for plant on site and plan to extend its use during 2022. This reporting meets the SECR (Streamlined Energy and Carbon Reporting) requirements.

Scope 3 data for 2018 and prior years includes fewer categories of emissions. It therefore cannot be directly compared with data for 2019 onwards.

Sustainability Accounting Standards Board Disclosures

SASB index



The following table discloses our performance against the criteria set by the Sustainability Accounting Standards Board (SASB) Standard for the Home Builders sector. Data relates to the period 1 January 2021-31 December 2021.

A number of the SASB criteria are not directly applicable to the UK and in these cases we have sought to provide equivalent data.

A note on terminology: Our sites are single pieces of land which typically gain outline planning permission as a single entity. They range in size from 50-3,500 homes. Outlets are sites with a sales centre. 'Plots' are homes prior to completion which are equivalent to 'lots' (the term used in the SASB standard).

Responses do not cover our business in Spain which accounts for less than 2% of total completions.

| Code | SASB criteria | Our approach |
|--|---|--|
| Land use and ecological impacts | | |
| IF-HB-160a.1 | Number of (1) lots and (2) homes delivered on redevelopment sites | In 2021, 21% of completions (excluding joint ventures) were on brownfield land (2020: 25%). |
| IF-HB-160a.2 | Number of (1) lots and (2) homes delivered in regions with High or Extremely High Baseline Water Stress | We estimate that around 42% of our plots are built in areas of high water stress, around 5,950 homes. No homes are built in areas of extremely high stress. This is based on the baseline water stress map published by the World Resources Institute's (WRI) Water Risk Atlas tool, Aqueduct. |
| IF-HB-160a.3 | Total amount of monetary losses as a result of legal proceedings associated with environmental regulations | We received an Environment Agency notice that a small fine would be payable in relation to silt run-off due to a burst water main after groundworks at a development of our Exeter business. |
| IF-HB-160a.4 | Discussion of process to integrate environmental considerations into site selection, site design, and site development and construction | Our environment strategy includes targets to reduce our environmental footprint across our value chain focusing on climate change and energy, nature, resources and waste. Environmental factors are integrated into our processes, including: <p>Landbuying: We review each potential piece of land against the Government's National Planning Policy Framework (NPPF), which aims to ensure that developments are economically, socially and environmentally sustainable. Our internal processes and guidance documents help us to identify and address relevant sustainability issues for each site. These include our Sustainable Development Checklist which helps us to assess factors such as how well connected the site is to transport links and the potential impact on habitats and species. We use a digital platform for assessing and managing sustainability risks at site level, called LEADR (Land and Environment Assessment of Development Risk). It includes a pre-acquisition screening and risk assessment process for potential new sites covering issues including remediation, flood risk, biodiversity, air quality and archaeology.</p> <p>Placemaking: Our placemaking standards help our teams to plan, design and deliver schemes that promote social, environmental and economic sustainability. They are based on best practice such as the Building for a Healthy Life framework and cover factors such as promoting sustainable transport, connectivity with nature and resident wellbeing. All new sites now include our priority wildlife enhancements and from 2023 new sites will include 10% biodiversity net gain.</p> <p>Construction: Our Health, Safety and Environmental Management System covers all site activities and helps us to keep noise, dust and disturbance to a minimum, to prevent pollution incidents, reduce waste and water use and to protect biodiversity. It requires all operational sites to carry out mandatory environmental checks and to have a Site Specific Environmental Action Plan. All sites have individual site waste management plans.</p> |

Workforce health and safety

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| IF-HB-320a.1 | Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees | We measure health and safety performance using an Annual Injury Incidence Rate (AIIR) metric and we report a consolidated figure for direct employees and contractors. Our AIIR for reportable injuries per 100,000 employees and contractors was 214 in 2021 (2020: 151). Reportable injuries are those covered by the UK's Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR). The average AIIR for our sector was 264. This is calculated by the Home Builders Federation. There were no fatalities. |
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Design for resource efficiency

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| IF-HB-410a.1 | Number of homes that obtained a certified HERS® Index Score and (2) average score | The Energy Performance Certificate (EPC) is a UK equivalent to the HERS Index. Properties are assessed by an accredited assessor. On average, our standard homes are designed to achieve an EPC rating of B. We don't currently collate data on the final EPC ratings for our properties so this figure is estimated based on our standard house type designs. Our homes include: energy-efficient walls and windows; insulated loft spaces; 100% low energy light fittings and LED recessed downlights; and energy-efficient appliances. An increasing number of our homes include photovoltaic (PV) panels and additional energy efficiency measures such as mechanical ventilation with heat recovery. |
| IF-HB-410a.2 | Percentage of installed water fixtures certified to WaterSense® specifications | Our homes are designed to achieve a maximum internal water use of 120 litres per person per day and 5 litres external use in line with Building Regulations. All our homes in England and Wales have water meters fitted, and all homes have low flow taps and showers, and dual flush toilets. WaterSense is not applicable to the UK. Water efficiency is covered by Building Regulations Part G - Sanitation, hot water safety and water efficiency. This focuses on the expected performance of the whole home. Compliance is assessed based on water consumption figures provided by product manufacturers including for WCs, taps, baths, showers and appliances. |

| Code | SASB criteria | Our approach |
|---|--|---|
| Design for resource efficiency continued | | |
| IF-HB-410a.3 | Number of homes delivered certified to a third-party multi-attribute green building standard | All our homes are subject to UK building regulations which include standards for energy and water efficiency (criteria IF-HB-410a.1 and IF-HB-410a.2). With the phasing in of the new Part L from June 2022, homes will have enhanced fabric standards with the additional features that may include heat recovery systems and PV panels. Collectively, this will achieve a 31% reduction in home energy use compared with our current specification. There are no current widely used third-party multi-attribute green building standards designed specifically for homes in the UK. |
| IF-HB-410a.4 | Description of risks and opportunities related to incorporating resource efficiency into home design, and how benefits are communicated to customers | Risks and opportunities relating to home energy and resource efficiency are considered as part of our climate change risk management processes which are outlined on pages 52 and 53. Our homes integrate features to help customers live a resource efficient lifestyle (see IF-HB-410a.1 and IF-HB-410a.2) and we are well prepared for the forthcoming changes to Building Regulations (see IF-HB-410a.3) and the Future Homes Standard (see page 17). We communicate the resource efficiency benefits of our new homes to potential customers, via our Sales Executives, our website, marketing materials, 'From House to Home' manual, Maintenance Guide and Touchpoint Portal. This includes the energy rating of their home and the energy savings they can expect to achieve in relation to an average second hand home. We also include information on how customers can further reduce home energy and water use and create a nature friendly garden. Our Sales Executives have been trained on how to communicate energy and resource efficiency benefits to our customers. |

Community impacts of new developments

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| IF-HB-410b.1 | Description of how proximity and access to infrastructure, services, and economic centers affect site selection and development decisions | Proximity and access to infrastructure, services, and economic centres influence site selection and development decisions. For each scheme, we assess the current level of facilities and services to assess whether they are sufficient to support the scale of proposed development. We aim for future residents to have convenient access to local facilities and services via walking, cycling or public transport. Where the current level of facilities or services is not adequate, we contribute to improving local facilities. The UK's NPPF also requires consideration of the opportunities presented by existing or planned investment in infrastructure. During 2021, we contributed £418 million to local communities via planning obligations (2020: £287 million) to fund infrastructure and facilities including affordable housing, green spaces, community and leisure facilities, transport, educational funding, jobs for local people, heritage buildings and public art. Around 67% of our UK completions were within 500m of a public transport node and around 86% within 1,000m. |
| IF-HB-410b.2 | Number of (1) lots and (2) homes delivered on infill sites | This data is not currently collected. However, the majority of brownfield land in the UK would meet the definition of an infill site. Brownfield land is previously developed land and most sites are served by existing physical installations such as roads, power lines, sewer and water. In 2021, 21% of completions (excluding joint ventures) were on brownfield land (2020: 25%). |
| IF-HB-410b.3 | Number of homes delivered in compact developments and (2) average density | We believe that all our schemes meet the criteria for compact development. |

Climate change adaptation

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| IF-HB-420a.1 | Number of lots located in 100-year flood zones | We don't currently collate this data but expect to be able to do so in future as we roll out our LEADR system for managing environmental site risks. We take the risk of flooding on our developments extremely seriously and identify potential flood risk as part of our site selection process. We use the Environment Agency's flood mapping tools, and take account of their input during our planning consultations. We carry out a flood risk assessment on all our sites and do not buy land unless we can mitigate flood risk. Flood risk is controlled well in the UK through the planning process. Flood risk is one of the factors considered in our climate change scenario analysis, see pages 52 and 53. |
| IF-HB-420a.2 | Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks | Climate change risks have the potential to impact our business strategy through increased costs, reduced productivity and reputational damage. Our approach to governance, risk management, climate strategy and scenario analysis are outlined in detail on pages 48 to 53. Climate change is now included as a Principal Risk within 'Natural resources and climate change', see page 65. In 2021, we scored A- in our CDP Climate Change disclosure, and we are the only UK homebuilder to hold the Carbon Trust Standard for carbon management. Our carbon reduction target has been verified by the Science Based Targets initiative, see page 28. |

Activity metrics

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| IF-HB-000.A | Number of controlled lots | As at 31 December 2021, our short term landbank stood at c.85k plots (2020: c.77k plots). Our short term landbank is owned or controlled land with planning permission or a resolution to grant planning permission. |
| IF-HB-000.B | Number of homes delivered | Total home completions in the UK were 14,087 in 2021, including joint ventures. |
| IF-HB-000.C | Number of active selling communities | We traded from an average of 225 outlets in 2021 (2020: 240). Our net private sales rate per outlet per week for the year was 0.91 (2020: 0.76). |

1. The developable area of land for each site is calculated using net hectares or net acres. This means the total land area that will be developed excluding public open space and land used for community facilities and some infrastructure.