

Task Force on  
Climate-related  
Financial Disclosures

Climate change  
risks and  
opportunities

Climate change is one of the most significant global challenges, threatening the future of today’s young people and generations to come. We are already seeing the physical effects of a changing climate as well as the impacts of the transition to a low carbon economy including increased regulation, additional planning requirements and changing stakeholder expectations.

We need to understand and address the impacts of climate change on our business in order to achieve our strategy and fulfil our purpose to build great homes and create thriving communities.

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. We were one of the first UK homebuilders to set science-based targets across our value chain, including a target consistent with reductions to keep warming to 1.5°C for our operational emissions, and we are now further strengthening our approach by committing to achieve net zero emissions by 2045, five years ahead of regulation.

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. The Financial Conduct Authority (FCA) requires UK premium listed companies to report against the TCFD framework in Listing Rule 9.8.6R.

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 believe our disclosures in this section are consistent with the four recommendations and 11 recommended disclosures set out in the TCFD report “Recommendations of the Task Force on Climate-related Financial Disclosures”. We have taken into account the TCFD Guidance for All Sectors and the Supplemental Guidance for Non-Financial Groups in relation to the Materials and Buildings Group. We have summarised our approach on pages 66 and 67.

When determining which information to include in our disclosures on climate change we have referred to the TCFD recommendations and guidance, and drawn on the outcomes of our regular materiality process, our risk assessment process, the climate scenario analysis we have undertaken and stakeholder feedback. We keep our disclosure under continual review and look for opportunities to improve it year-on-year to meet the needs of shareholders and other stakeholders.

We integrate sustainability into the way we work, to create a stronger business for the long term and generate value for all our stakeholders.

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. Many environmental issues for our sector are systemic. Achieving net zero in housebuilding will require system-level changes and coordinated action by multiple parties, from suppliers to governments, and at all points along the value chain. We work with others to tackle industry-wide challenges directly and through industry organisations.

Highlights for 2022

Developed our net zero target and submitted it for validation by the Science Based Targets initiative

Reduced operational emissions intensity by 15% against a 2019 baseline

Undertook detailed scenario analysis exploring transition and physical risks

Linked our executive bonus scheme to development of our net zero strategy and carbon reduction



Operations

Energy efficiency and carbon reductions on our construction sites, 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 and prepare for the impact of climate change on our supply chain

Customer homes

Working towards zero carbon homes for customers and supporting sustainable lifestyles

Collaboration and engagement

Working with government, industry associations, investors, peer companies and others to catalyse change in our industry

Skills

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

Disclosure

We are committed to transparent disclosure of our climate performance and approach to climate risks and opportunities, aligning with numerous external benchmarks and standards

Committed to net zero

During 2022, we developed our commitment to reach net zero emissions across our value chain ahead of UK regulation.

Our target states that:

By 2045 we will reach net zero greenhouse gas (GHG) emissions (Scopes 1, 2 and 3) across our value chain on a 2019 base year (comprising at least a 90% reduction and neutralising residual emissions).

We also have the following supporting targets:

- By 2025 Scopes 1 and 2 GHG emissions will be reduced by 36% per 100m² of completed floor area against a 2019 base year
- By 2035 Scopes 1 and 2 GHG emissions will be net zero
- By 2030 all our homes will be zero carbon ready (becoming true net zero on decarbonisation of the electricity grid)
- By 2030 Scope 3 GHG emissions will be reduced by 52.8% per 100m² of completed floor area from a 2019 base year (based on a reduction of 46.2% in absolute emissions)

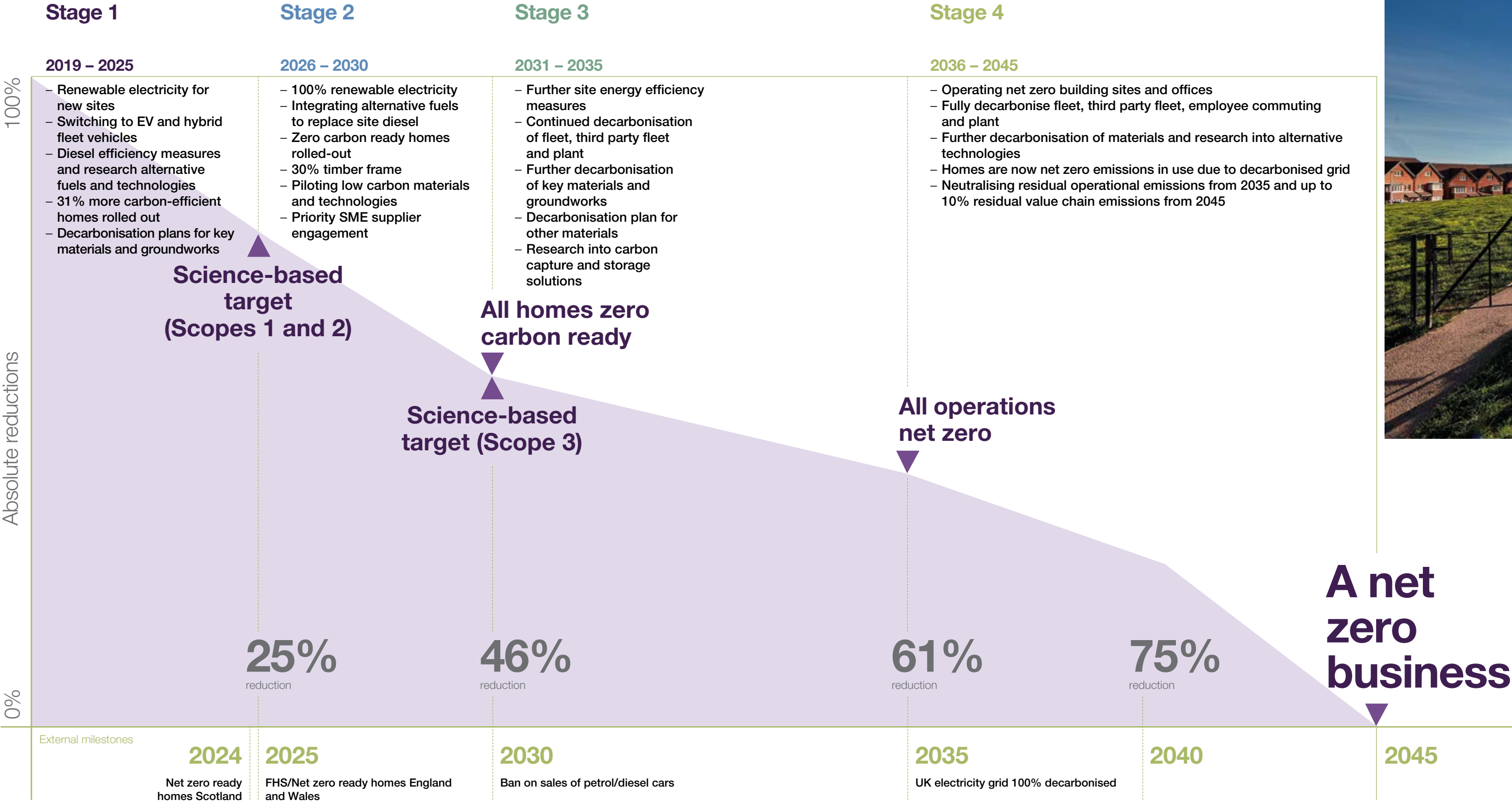
Our target was developed with the Carbon Trust in line with the requirements of the SBTi Corporate Net Zero Standard. We have submitted our target for validation by the SBTi and expect to receive this during 2023. In developing our target we have also taken into account the ‘Metrics, Targets, and Transition Plans’ guidance issued by TCFD. We have modelled the costs and investment required to reach our goals as well as our approach to neutralising residual emissions.

More detail and a summary of our roadmap is included in our Net Zero Transition Plan on pages 56 and 57.



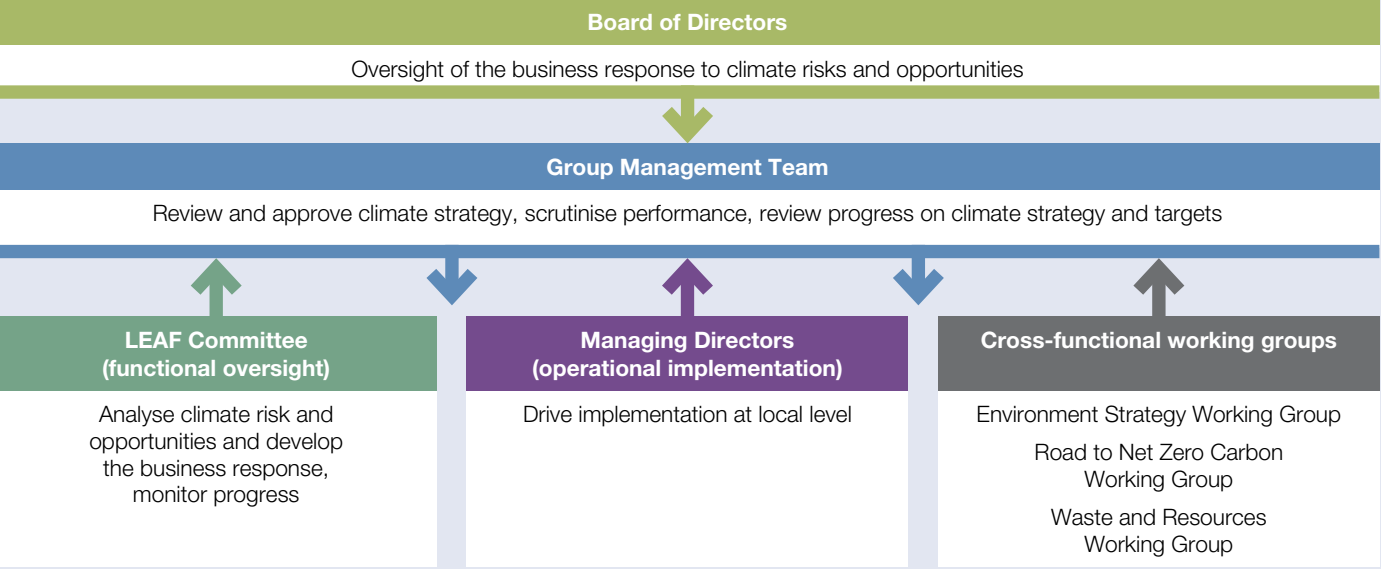


# Our path to net zero



Task Force on Climate-related Financial Disclosures continued

Governance



Governance for climate change

**Board level:** Our Board of Directors is responsible for oversight of our environmental, social and governance (ESG) initiatives and this includes climate-related risks and opportunities. They receive an ESG update twice a year, which includes 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 also attend the Board on at least one other occasion during the year. The Board has conducted a mapping exercise to ensure that all ESG matters are considered by the Board or one of its Committees. During 2022, the Board reviewed and approved our net zero strategy, transition plan and targets. Board ESG competencies are indicated on page 110.

**Executive level:** Our Chief Executive 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. During 2022, members of the GMT participated in and reviewed our climate scenario analysis. In 2022, 10% of the bonus in our Executive Incentive Scheme was linked to progress on developing our Net Zero Transition Plan and achieving a reduction in carbon intensity, see page 138. An environmental measure will be included in the long term incentive plans for senior management and regional management in 2023.

**LEAF Committee:** Ingrid Osborne, Divisional Chair for London and South East and a member of our GMT, is executive

sponsor for our Environment Strategy. 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 or senior leaders of our sustainability, technical, production, procurement, commercial, customer and design functions and representatives from our strategic land and 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. He reports to our Group Technical Director who has responsibility for low and zero carbon homes, leads our Road to Net Zero Carbon Working Group, and reports directly to our Chief Executive.

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 a nominated Sustainability Sponsor within their management team and a Sustainability Champion to assist with implementation and data collection. Each regional business had an annual energy use reduction target in 2022, and in 2023 we will set annual targets for each business up to 2025. Business Unit Management Teams receive a quarterly report on energy and resource use which enables them to compare performance against targets and other regional businesses. They are kept updated about climate-related issues and we build knowledge and expertise through

training workshops, masterclasses and briefings. An environmental measure will be included in the long term incentive plans for regional management in 2023.

We use a digital platform called LEADR (Land and Environment Assessment of Development Risk) for assessing and managing sustainability and technical risks associated with land during the acquisition and construction process. This draws on external environmental databases to help us manage risks associated with land including climate-related risks such as flood risk. It includes a pre-acquisition screening and risk assessment process for potential new sites. Environmental risks during construction are managed through our environmental management system including risks relating to climate change.

Stakeholder engagement

Our stakeholder engagement informs our approach to climate change. During 2022, we carried out customer research to better understand the views of current and potential homebuyers in relation to climate change and environmental topics. We collaborate with suppliers through the Supply Chain Sustainability School and our procurement processes, and have worked with others in our industry on the Future Homes Delivery Plan and the Future Homes Hub. Read more about our stakeholder engagement on pages 40 to 43.

We participate in CDP Climate Change and publish our submission on our website. We received a score of A- for 2022 (2021: A-). We were included on the Financial Times European Climate Leaders list 2022 and ranked seventh on climate change in the FTSE 100 in the Responsibility100 Index, an ESG ranking.

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 were the first volume 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. Sustainability is now one of our four strategic cornerstones, reflecting the importance of climate change and other environmental matters to our business and stakeholders.

We assess climate risks and opportunities using short term (to 2025), medium term (to 2030) and long term (beyond 2030) 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

We conducted climate scenario analysis during 2022, commissioning WTW (formerly Willis Towers Watson) to conduct an assessment of climate transition risks and opportunities across short term (to 2025) and medium term time (to 2030) horizons. The analysis considered our level of exposure to 15 transition risks in a low carbon economy where temperature rises would be limited to 1.5°C this century as well as modelling the physical impacts of climate change on our assets and supply chain in two temperature scenarios (1.5°C and 4°C warming). Impacts were estimated and likelihoods assessed and aligned to our ERM (Enterprise Risk Management) rating criteria. The process involved subject matter experts from across our key functions as well as members of our GMT.

In relation to transition risks, the analysis showed a moderate to high level of residual risk exposure in the short term, levelling out to moderate exposure in the medium term. This reflects, among other factors, the short term impact from complying with the UK’s Future Homes Standard, as well as from moving to lower emission technology and securing sufficient electrical power supply. It also showed minor to moderate opportunities from the transition to a low carbon economy including market share gains as demand for low carbon homes grows and potential reputational benefits with employees, investors and other stakeholders. In relation to physical risks, it showed moderate exposure to risks relating to windstorms, flooding and drought. The analysis showed that the cost risk from the physical impacts of climate change will be mitigated by building to the standards of the day and including the additional build costs within the assessment of land values. In

addition, we conducted modelling with the Carbon Trust of our Scope 3 emission reductions, see page 64.

We have reviewed the findings with our senior leadership and heads of functions and used them to inform development of our Net Zero Transition Plan, including the cost of investment needed to achieve our targets. The findings have also been integrated into our risk assessment process.

Our analysis in 2022 builds on our preliminary scenario analysis conducted with the Carbon Trust in 2020. This reviewed three scenarios: orderly transition (the goals of the Paris Climate Change Agreement are met), climate breakdown (warming of 4°C – 6°C), and disorderly transition (the goals of the Paris Climate Change Agreement are not met in time but climate breakdown is avoided). Workshops looked in more detail at a ‘disorderly transition’ scenario and the impact of significant regulatory change, changes to interactions with customers, investors and planners, and to how and what we build.

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 goodwill, or other intangible assets, that would be subject to 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’ is one of the Group’s Principal Risks, but given the time frame over which both going concern and viability 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 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 holds formal risk reviews at least half yearly and routinely considers risk at each Board meeting as appropriate. 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 individual sustainability and climate-related risks are considered through functional and regional business 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 top-down review of key and Principal Risks by our GMT considers their relative significance to the business, including climate-related risks.

The Group’s Principal Risk ‘Natural resources and climate change’ (see page 79), recognises the increasing significance of the transition to a low carbon economy for both our operations and the world in which we live and conduct business. The Principal Risk is monitored by the Audit Committee and senior management, assessing its impact on the Group’s strategic objectives and ensuring appropriate mitigations are in place.

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 determine climate risk using the principles of our established risk management process, outlined on pages 72 to 74.



Task Force on Climate-related Financial Disclosures *continued*

| Key                             |
|---------------------------------|
| <b>R</b> - Risk                 |
| <b>O</b> - Opportunity          |
| <b>Short term</b> - up to 2025  |
| <b>Medium term</b> - up to 2030 |
| <b>Long term</b> - beyond 2030  |

Our risks and opportunities

The table below summarises the findings from our latest climate scenario analysis which focused on transition risks in the short term (up to 2025) and medium term (up to 2030) in a 1.5°C scenario and physical risks in the medium and long term (up to 2030 and beyond) in a 1.5°C and a 4°C scenario. We have summarised the mitigating actions we are taking and shared the impact and likelihood for the more significant risks and opportunities that were identified. Residual risk after mitigation relates to a 1.5°C scenario unless stated. The impact and likelihood ranges and scores are based on Enterprise Risk Management rating scales.

Where we identified additional risks or opportunities that are not currently considered significant we have listed these.

The table outlines our risks primarily in relation to our operations in the UK. We have also looked at risks in relation to our operations in Spain. We did not identify any material risks in relation to our Spanish operations, but will keep this under review.

| Policy and legal  | Description  | Our mitigations  | Residual risk after mitigation  |
|---|--|--|---|
| <b>Residual risks or opportunities:</b><br><br><b>Time frame analysed:</b> Short, medium<br><b>Risk type:</b> Transition (policy and legal) | <b>R</b><br><b>Increasingly stringent regulatory requirements (e.g. Future Homes Standard)</b><br><br><b>Example risks/opportunities</b> <ul style="list-style-type: none"><li>– Risk of delays and more expensive design in order to deliver homes in accordance with the Future Homes Standard (FHS)</li><li>– Potential for unexpected national policy actions to impact the value of strategic landbank</li></ul>  | <ul style="list-style-type: none"><li>– We engage and consult regularly with Government to understand its priorities</li><li>– We have established an R&amp;D programme and internal Road to Net Zero Carbon Working Group to prepare our business for regulatory changes</li><li>– We participate in Future Homes Hub to support the Future Homes Delivery Plan – a sector-wide plan to embed key environmental issues into housebuilding</li><li>– We engage with land owners to ensure that the cost of regulation/compliance with latest standards is reflected in the assessment of land values</li></ul>   | Short term moderate risk exposure and almost certain likelihood with the impact on the financial statements considered immaterial as costs associated with the known regulatory changes have been included in current costs and forecasts as appropriate. Medium term moderate risk exposure, balanced likelihood with any financial impact considered within the future cost of land and, where appropriate, sales price of new homes.   |
|   | <b>R</b><br><b>Increasingly stringent local planning requirements (e.g. in relation to flooding and biodiversity) and potential for variation in standards between authorities</b><br><br><b>Example risks/opportunities</b> <ul style="list-style-type: none"><li>– Risk of delay and increased cost as local councils introduce additional local planning requirements or go beyond the requirements of the FHS</li></ul>  | <ul style="list-style-type: none"><li>– We engage with planning authorities to understand and integrate their requirements, including participating in the development of strategic frameworks, Local Plans and Neighbourhood Plans</li><li>– We engage with land owners to ensure that the cost of compliance with planning requirements is reflected in the assessment of land values</li><li>– We have established guidance for our regional businesses in respect of Biodiversity, flooding and other matters to address planning requirements.</li><li>– We also engage with Future Homes Hub and UK government to encourage a consistent approach</li></ul>  | Short term moderate risk exposure, likely with impact on the financial statements not considered material as risk impacts local areas rather than being nationwide. Medium term moderate risk exposure, balanced likelihood with any financial impact considered within the future cost of land.  |
|   | <b>R</b><br><b>Climate change-related litigation claims brought by stakeholders</b><br><br><b>Example risks/opportunities</b> <ul style="list-style-type: none"><li>– Risk of claims relating to our approach to climate change adaptation, our disclosure of climate-related material financial risks or green marketing claims</li></ul>   | <ul style="list-style-type: none"><li>– We disclose our climate change approach and performance and continually review and improve our data</li><li>– We require our agencies to have a review process in place to validate green marketing claims</li></ul>   | Short term moderate risk exposure, likelihood considered rare with impact on the financial statements considered immaterial as build to latest regulations. Medium term moderate risk exposure, unlikely with impact on the financial statements considered immaterial as we comply with the latest building regulations and any associated costs would be embedded within the future cost of land.   |
|   | <b>Other residual risks or opportunities (currently not considered significant):</b> <ul style="list-style-type: none"><li>– Enhanced emissions reporting obligations</li><li>– Potential future carbon pricing</li><li>– Cost of purchasing emissions offsets</li></ul>   |  |   |
| Technology  | Description  | Our mitigations  | Residual risk after mitigation  |
| <b>Residual risks or opportunities:</b><br><br><b>Time frame:</b> Short, medium<br><b>Risk type:</b> Transition (technology)                | <b>R</b><br><b>Power supply and infrastructure – increasing focus on electricity as an energy source for homes, transport, machinery and infrastructure as the economy moves away from fossil fuels</b><br><br><b>Example risks/opportunities</b> <ul style="list-style-type: none"><li>– Risk of delays and costs due to insufficient power in the grid to service new homes and/or construction sites and/or lack of reliable lower emission infrastructure</li><li>– Risk of increased costs and delays associated with needing to build or upgrade primary substations</li></ul> | <ul style="list-style-type: none"><li>– We integrate power supply and infrastructure into site planning, accounting for the shift to lower emission alternatives</li><li>– We are engaging with Government on its efforts to address insufficient power supply and develop a smart network</li><li>– We are trialling battery storage technology to work together with our PV panels to provide on plot energy storage solutions</li><li>– We are also installing an innovative community heat network at our development in Sudbury which will provide Heat and Hot water from communal Air Source Heat Pumps at a community heat hub.</li><li>– We are engaging our regional teams on risks relating to power supply to develop appropriate responses at the local level</li></ul> | Short term major risk exposure, almost certain likelihood with impact on the financial statements not considered material as risk considered to be localised rather than national.<br><br>Medium term major risk exposure, balanced likelihood with impact on financial statements mitigated through assessment of future land purchases and planning requirements.   |
|   | <b>R</b><br><b>Substitution of existing technologies with lower emission alternatives (e.g. photo-voltaic panels, electric vehicle charging infrastructure, all-electric homes and construction equipment) to comply with the Future Homes Standard and emissions reduction targets</b><br><br><b>Example risks/opportunities</b> <ul style="list-style-type: none"><li>– Risk of increased costs associated with new technologies and potential availability challenges</li><li>– Risk that current new technology solutions quickly become outdated</li></ul>                      | <ul style="list-style-type: none"><li>– We have an ongoing R&amp;D and supplier engagement programme to identify beneficial new technology and test its performance against our quality, safety, sustainability and technical standards</li></ul>  | Short term moderate risk exposure, almost certain likelihood with the impact on the financial impacts considered immaterial as known costs associated with the regulatory change have been included in current costs and forecasts as appropriate.<br><br>Medium term moderate risk exposure, balanced likelihood with impact on financial statements considered immaterial where any cost of change in regulation included in the future cost of land or passed on through house prices. |
|   | <b>R</b><br><b>Skills shortages impacting ability to install low carbon technologies</b><br><br><b>Example risks/opportunities</b> <ul style="list-style-type: none"><li>– Risk of shortfall in supply of suitably qualified professionals</li></ul>   | <ul style="list-style-type: none"><li>– We are mapping the expected skills profile for our business and subcontractor base, and addressing potential skills gaps through training, recruitment and work with subcontractors</li></ul>  | Short term insignificant risk exposure, almost certain likelihood with impact on financial statements considered immaterial based on timing of implementation of current regulations.<br><br>Medium term minor risk exposure, almost certain likelihood with impact on financial statements dependent on extent of skills shortage.   |

| Key                             |
|---------------------------------|
| <b>R</b> - Risk                 |
| <b>O</b> - Opportunity          |
| <b>Short term</b> - up to 2025  |
| <b>Medium term</b> - up to 2030 |
| <b>Long term</b> - beyond 2030  |

| Market and reputation (stakeholder)  | Description  | Our mitigations  | Residual risk after mitigation   |
|--|--|--|--|
| <b>Residual risks or opportunities:</b><br><br><b>Time frame analysed:</b> Short, medium<br><b>Risk type:</b> Transition (market, reputation)<br><b>Opportunity type:</b> Products, markets  | <b>O</b><br><b>Changing customer demands in relation to low carbon homes as sustainability awareness grows, green mortgages evolve, and existing building stock becomes comparatively more expensive to run</b><br><br><b>Example risks/opportunities</b> <ul style="list-style-type: none"><li>– Opportunity if more efficient and lower emission homes become more attractive to customers than second hand market</li></ul> | <ul style="list-style-type: none"><li>– We conduct regular research to monitor and understand changing customer attitudes to sustainability issues including low carbon homes</li><li>– We engage customer service teams, sales and marketing teams and marketing agencies to ensure benefits of new low carbon homes are communicated effectively</li><li>– We partner with peers through the Future Homes Hub and engage with Government to ensure benefits of low carbon homes are communicated with homebuyers and to support further development of green mortgages</li></ul> | Short term minor opportunity and considered likely with impact on financial statements potentially reflected in increased revenue which could be material, but is not possible to quantify reliably.<br><br>Medium term major opportunity and considered balanced likelihood with impact on financial statements potentially reflected in increased revenue which could be material, but is not possible to quantify reliably. |
|  | <b>R</b><br><b>Changing customer demands in relation to low carbon homes</b><br><br><b>Example risks/opportunities</b> <ul style="list-style-type: none"><li>– Risk that customers may resist installation of new low carbon technologies or be dissatisfied with their performance</li><li>– Risk of reputational damage if low carbon homes are not delivered to customers in line with changing expectations</li></ul>      | <ul style="list-style-type: none"><li>– We will be communicating with customers and training customer service teams and sales and marketing teams to ensure customers are supported to use new technologies</li><li>– We take a 'Fabric-first' approach to home energy efficiency to minimise complexity and maintenance for customers where possible</li><li>– We invest in research and product trials to ensure quality, performance and ease of use, e.g. our FHS trial plots</li></ul>  | Short term minor risk exposure, likely with impact on financial statements expected to be immaterial based on current regulatory changes.<br><br>Medium term major risk exposure, unlikely with impact on financial statements dependent on extent customer demands change which is not possible to reliably estimate.   |
|  | <b>R</b><br><b>Increased cost of raw materials as carbon pricing and investment in low carbon plant, equipment and facilities impacts the cost of materials such as steel and cement</b><br><br><b>Example risks/opportunities</b> <ul style="list-style-type: none"><li>– Risk of increased development costs that the business will need to absorb</li></ul>   | <ul style="list-style-type: none"><li>– We will be monitoring carbon pricing changes and engaging with suppliers on how carbon taxes and transition costs may affect raw material prices</li><li>– We have an ongoing R&amp;D programme into lower carbon materials and resource-efficient ways of working</li><li>– We are purchasing 100% REGO-backed green electricity for all new sites, reducing carbon taxation on energy consumption</li></ul>  | Short term major exposure, balanced likelihood with impact on financial statements potentially material on existing developments.<br><br>Medium term major exposure, unlikely with impact on financial statements dependent on ability to include costs in land valuations and/or pass onto customers via house prices.  |
|  | <b>R</b><br><b>Increased investor expectations in relation to sustainability performance and disclosure</b><br><br><b>Example risks/opportunities</b> <ul style="list-style-type: none"><li>– Risk that failing to meet changing investor expectations affects revenue and investment streams</li></ul>  | <ul style="list-style-type: none"><li>– We have made sustainability (including climate change) one of four strategic cornerstones for the business</li><li>– We disclose climate strategy and ESG performance to investors through reporting, benchmarks, meetings and investor roadshows</li><li>– We complete a regular materiality assessment to ensure we focus on priority ESG topics</li></ul>   | Short term minor exposure, unlikely and medium term major exposure, unlikely. Impact on financial statements considered to be indirect through potential reputational damage from poor performance which is not possible to quantify reliably.   |
|  | <b>O</b><br><b>Increased investor expectations in relation to sustainability performance and disclosure</b><br><br><b>Example risks/opportunities</b> <ul style="list-style-type: none"><li>– Opportunities to attract increased investment by differentiating on sustainability performance</li></ul>   | <ul style="list-style-type: none"><li>– We have made sustainability (including climate change) one of four strategic cornerstones for the business</li><li>– We disclose climate strategy and ESG performance to investors through reporting, benchmarks, meetings and investor roadshows</li><li>– We complete a regular materiality assessment to ensure we focus on priority ESG topics</li></ul>   | Short term minor opportunity and likelihood considered balanced with medium term opportunity increasing to moderate and no change to likelihood. Impact on financial statements would be opportunity of increased revenues through enhanced reputation in the market, but this is not possible to quantify reliably.   |
| <b>Other residual risks or opportunities (not currently considered significant):</b> <ul style="list-style-type: none"><li>– Cost of capital impacted by sustainability performance</li><li>– Risks and opportunities associated with growing interest and expectations in relation to climate change performance among employees</li><li>– Risks and opportunities associated with meeting changing local authority and central Government expectations on climate change</li></ul> |  |  |  |

| Physical impacts   | Description   | Our mitigations   | Residual risk after mitigation  |
|--|---|---|---|
| <b>Residual risks or opportunities:</b><br><br><b>Time frame analysed:</b> Medium and long<br><b>Risk type:</b> Physical (acute and chronic)   | <b>R</b><br><b>Changing weather patterns and an increase in the number and severity of extreme weather events including issues relating to heat stress, flooding, drought, wildfire, windstorm and subsidence</b><br><br><b>Example risks/opportunities</b> <ul style="list-style-type: none"><li>– Risk of production delays or damage to construction sites from storms, floods, wildfires and droughts</li><li>– Risk of increased costs relating to adapting sites and homes to the changing climate (e.g. due to increased subsidence risk or impact of heat and water stress)</li><li>– Risk that climate change impacts sites in the strategic land pipeline which means that the carrying value of land may need to be written down and land costs may increase</li><li>– Risk of supply chain disruption and increased costs of materials due to climate-related impacts (e.g. flooding of supplier facilities or shortages of raw materials such as timber)</li></ul> | <ul style="list-style-type: none"><li>– We consider flood risk from the start of the landbuying process 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 integrate sustainable drainage features on our sites to manage water run off and reduce flow rates</li><li>– We monitor weather conditions and have safety procedures in place to prevent injuries or damage to our sites due to windstorms</li><li>– We are increasing the amount of sustainability-related data from suppliers to inform our approach to mitigating material supply risks</li><li>– We are updating our policies and processes to reflect climate change mitigation and adaptation of risks and opportunities</li><li>– Longer term impacts, including flooding, heat, drought, and drought related subsidence, are best managed through updating industry wide standards. We are working and will continue to work collaboratively with organisations that set or influence standards</li></ul> | We did not categorise likelihood for physical risks, the assessment of the impact below shows an increasing exposure to physical risks as temperatures rise.<br><br>Assets 1.5°C (medium and long term) – impact from windstorm considered moderate.<br><br>Assets 4°C (long term) – impact from flooding, drought and windstorm moderate.<br><br>Supply chain 1.5°C (medium and long term) – impact from flooding and windstorm moderate.<br><br>Supply chain 4°C (medium and long term) – impact from flooding high, windstorm and drought moderate.<br><br>Impact on financial statements to be mitigated through assessment of land viability and associated cost of land during acquisition and planning stages. |
| <b>Other residual risks or opportunities (not currently considered significant):</b> <ul style="list-style-type: none"><li>– Assets 1.5°C (medium and long term) – flooding, heat stress, drought, wildfire, subsidence</li><li>– Assets 4°C (long term) – heat stress, wildfire, subsidence</li><li>– Supply chain 1.5°C (medium and long term) – heat stress, drought, and wildfire</li><li>– Supply chain 4°C (medium and long term) – heat stress and wildfire</li></ul> |   |   |   |

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. This includes our new net zero commitment.

Our Scope 1 and 2 science-based carbon reduction target has been approved by the Science Based Targets initiative (SBTi) who have confirmed that it is consistent with reductions required to keep warming to 1.5°C, the most ambitious goal of the Paris Agreement. Our main target reflects emissions intensity, which enables us to monitor progress more effectively during different stages of the housing cycle than an absolute target. However, we also track absolute reductions.

Our previous Scope 3 goal met the SBTi’s criteria for ambitious value chain reductions. However, we have now updated our Scope 3 target as part of the process of establishing our net zero commitment and have resubmitted this to the SBTi for validation.

Our carbon and energy use data is externally assured by the Carbon Trust to a limited assurance level. In addition, our Scopes 1 and 2 footprint, and three selected Scope 3 categories (Purchased Goods and Services, Fuel and Energy-related Activities and Use of Sold Products) are verified to ISO 14064-3.

Our baseline

Our 2019 carbon footprint (used as our baseline) was calculated in accordance with

the measurement requirements of the Carbon Trust Standard and in accordance with the principles of the WRI/WBCSD GHG Protocol.

In 2023 we will re-baseline our Purchased Good and Services (supply chain) 2019 footprint using a more accurate measurement methodology based on the quantities of materials purchased. We will use this to adjust our overall scope 3 baseline and report progress against this.

TCFD cross-sector metrics

Up to 100% of our business activities and revenues are aligned with climate-related opportunities in connection with the delivery of low carbon, energy-efficient homes. Up to 100% of business activities may be impacted by transition risks in relation to changing regulatory requirements, low carbon homes and increasing pressure on power generation and distribution during the net zero transition.

The proportion of business activities vulnerable to physical risks varies by impact. For example, any site could be impacted by windstorms and we estimate that around 42% of our plots are built in areas of high water stress, based on the World Resources Institute’s (WRI) Water Risk Atlas tool, Aqueduct.

The nature of our business means that our main investment is in land. Our business model and financial forecasts take account of the latest regulatory requirements, including those directly linked to reducing the impact of climate change, to satisfy these regulations. Whilst we do not separately disclose the quantum of this investment it is embedded within our build costs and land

values reported in the financial statements and included within the annual budget and forecasting process. We believe this incorporates all known significant investments relating to the potential impacts of climate change.

We do not currently set an internal carbon price. Emissions data is included on pages 68 and 69 and information on remuneration on page 138.

Performance in 2022

Our operational emissions intensity (Scopes 1 and 2), has decreased by 15% against our 2019 baseline with absolute operational emissions falling by 26% over the same period. This is due to increased use of renewable electricity, energy efficiency measures and a reduction in diesel use on our sites. We are making progress towards our science-based target for operational emissions but need to increase the rate of reduction.

Our total carbon footprint (Scopes 1, 2 and 3) was 2.54 million tonnes in 2022 (2021: 2.38 million tonnes). Total intensity was 190.0 tonnes per 100 sqm of build (2021: 190.0 tonnes per 100 sqm). We will report progress against our net zero and Scope 3 target from next year once we have completed the update to our baseline.

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

| Our climate targets   | Progress   | Link to TCFD risks and opportunities                                |
|---|--|---|
| By 2045 we will reach net zero greenhouse gas emissions (Scopes 1, 2 and 3) across our value chain on a 2019 base year (comprising at least a 90% reduction and neutralising residual emissions). | In 2023, we plan to re-baseline Scope 3 Purchased Goods and Services emissions using a more accurate quantity based methodology. We will then be in a position to assess value chain emission reductions and will report progress next year. | Policy and legal<br>Technology<br>Market and reputation<br>Physical |
| Operational emissions (Scope 1 and 2)   |  |   |
| 36% reduction in operational carbon emissions intensity by 2025 from a 2019 baseline (science-based target) and reach net zero emissions by 2035.   | Our operational emissions intensity (Scopes 1 and 2), has decreased by 15% against our 2019 baseline, with absolute operational emissions falling by 26% over the same period.   | Policy and legal<br>Technology<br>Market and reputation<br>Physical |
| 32% reduction in operational energy intensity for UK building sites by 2025.  | There was a 2.44% decrease in energy intensity on our UK construction sites compared to our 2019 baseline. We believe this is due to our focus on energy efficiency.   | Policy and legal<br>Technology                                      |
| 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 70% of our total Group electricity consumption.                                | Policy and legal<br>Technology<br>Market and reputation             |
| 50% reduction in car and grey fleet emissions by 2025.  | We have reduced company car fleet emissions (excluding grey fleet) by 68% since 2019. Around 55% of vehicles in our company car fleet are now electric or hybrid (2021: 43%).  | Policy and legal<br>Technology                                      |

| Our climate targets  | Progress  | Link to TCFD risks and opportunities                    |
|--|---|---|
| Homes in use and supply chain emissions (Scope 3)  |   |   |
| By 2030 all our homes will be zero carbon ready (becoming truly net zero on decarbonisation of the electricity grid).  | In 2023, we are starting to roll-out changes to our homes in line with the updates to Building Regulations Parts L and F. This will result in an average 31% carbon reduction compared to our current specification. We are also piloting technologies to explore how we will move towards zero carbon ready homes from 2025. | Policy and legal<br>Technology<br>Market and reputation |
| Reduce Scope 3 emissions by 52.8% per 100 sqm of completed floor area from a 2019 base year (based on a reduction of 46.2% in absolute emissions against the base year). This is a new target. | We are improving our data to enable us to accurately report progress on our Scope 3 target.   | Policy and legal<br>Technology                          |
| 21% reduction in embodied carbon per home by 2030.   | We are improving our data to enable us to accurately report progress on our Scope 3 target.   | Policy and legal<br>Technology                          |
| 75% reduction in emissions from customer homes in use by 2030.   | We are developing our measurement systems to enable us to report progress against this target.  | Policy and legal<br>Technology<br>Market and reputation |
| Adaptation and beyond our value chain  |   |   |
| 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 rolling-out our new standard house types which has a design principle to include at least one study area with space for a desk and easy access to broadband and electricity sockets, to enable working from home. We increased the number of EV charging points installed in 2022.                                     | Technology<br>Market and reputation                     |
| Update our policies and processes to reflect the risks and opportunities from a changing climate by 2022.  | We conducted scenario analysis in 2022 and are using the results to inform our Net Zero Transition Plan, our TCFD disclosure and risk management processes. We will publish an updated environment policy in 2023 and further embed climate risks into our environmental management system.                                   | Technology<br>Market and reputation<br>Physical         |
| Cut our waste intensity by 15% by 2025 and use more recycled materials. By 2022, publish a Towards Zero Waste Strategy for our sites.  | We have reduced waste intensity by 12% against our 2019 baseline, on track to meet our target of 15% reduction by 2025. We have developed our Towards Zero Waste Strategy and Action Plan which includes a plan for capturing data on use of recycled materials.  | Policy and legal  |
| Reduce operational mains water intensity by 10% from a 2019 baseline by 2025.  | Water intensity has reduced by 15% since 2019, exceeding our target. This is due in part to savings from water efficiency measures and partly from a drop in the number of sites using water meters. We believe this relates to a lack of availability of smart meters arising from a global shortage of semi-conductors.     | Physical  |
| Make it easier for 20,000 customer households in water stressed regions to install a water butt by 2025.   | We design our homes to be water efficient and integrate water saving features. We have reviewed our plotting for house types to understand the best locations for water butt installation and expect to add water butts to our customer option portal in 2023 to support more customers to save water in their gardens.       | Market and reputation                                   |

Decarbonisation pathways for embodied carbon

Embodied carbon in the goods and services we buy and materials we use to build our homes accounts for around 52% of our carbon footprint. To meet our net zero targets, it is essential to work with suppliers and the wider industry to reduce the carbon footprint of the materials we use but this can be challenging.

During 2022, we undertook analysis with the Carbon Trust to review the potential for emissions reductions up to 2045, focusing on five key materials - concrete, diesel, asphalt, bricks and steel. These materials account for around 65% of emissions from purchased goods and services. We also looked at the carbon footprint of groundwork suppliers on our construction sites.

The analysis considered known opportunities for reducing embodied carbon emissions as well as the impact of likely technological innovation. We explored three potential pathways looking at optimistic, conservative and moderate scenarios. The findings will help us prioritise carbon reduction opportunities and engage our supply base.



Implementing the TCFD recommendations – progress to date

|  | TCFD recommendation   | Progress to date  | Next steps  | Read more on pages |
|--|---|---|---|--------------------|
| <b>Governance</b><br>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. Key, Principal and emerging risks, including those related to climate change, are reviewed and approved twice a year by the Audit Committee and Board and inform strategic planning and business decision making. Read more on pages 120 to 121.   | To further embed climate risks into business planning and decision making processes.  | 120 to 121         |
|  | 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, outlined on page 59. In 2022, 10% of the bonus in our Executive Incentive Scheme was linked to climate change, read more on page 138. Climate change has been added as a Principal Risk within 'Natural resources and climate change', read more on page 79. | An environmental measure will be included in the long term incentive plans for senior management and regional management in 2023.   | 59<br>79<br>138    |
| <b>Strategy</b><br>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 tables on page 60 to 63 include the risks and opportunities we have identified and reflects our updated climate scenario analysis from 2022. It explores transition risks in the short and medium term in a 1.5°C scenario and physical risks in the medium and long term.  | There remains considerable uncertainty about the physical and transition impacts of climate change so we will undertake regular scenario analysis.  | 60 to 63           |
|  | 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, summarised on page 59, to enhance our understanding of the impact of climate risks on financial planning and business strategy. We have quantified some of these potential impacts and the costs of our net zero commitment to support our financial planning though we do not currently disclose these figures.          | We will undertake further analysis to quantify the potential impacts of climate change on the business, strategy and financial planning and look to increase our disclosure in this area. | 59                 |
|  | Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. | Our scenario analysis in 2022 explored the resilience of our strategy to a 1.5°C scenario (transition risks) and 1.5°C and 4°C scenarios (physical risks). The findings are summarised on pages 59. We have previously considered the impacts of a disorderly transition scenario.  | We are publishing our first Net Zero Transition Plan outlining how we will develop our strategy to decarbonise our business up to 2045. This will be available on our website.            | 59                 |

|   | TCFD recommendation  | Progress to date   | Next steps  | Read more on pages   |
|---|--|--|---|----------------------|
| <b>Risk management</b><br>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 page 59 and in Principal Risks and uncertainties on page 79. We have linked our climate targets to the risks and opportunities as set out by TCFD, pages 64 and 65. The top-down review of key, Principal and emerging risks by our GMT considers their relative significance to the business, including climate-related risks.                 | We will continue to further strengthen our risk processes in relation to climate change.  | 59<br>64 to 65<br>79 |
|   | Describe the organisation's processes for managing climate-related risks.  | This process, including our Climate Risk Register is outlined in risk management on page 59 and in Principal Risks and uncertainties on page 79. We have linked our climate targets to the risks and opportunities as set out by TCFD on pages 64 and 65. Our planned key actions will be outlined in our Net Zero Transition Plan.  | Continue to further strengthen our risk processes in relation to climate change.  | 59<br>64 to 65<br>79 |
|   | 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 is a Principal Risk within 'Natural resources and climate change'. The Principal Risk is monitored by the Audit Committee and senior management, assessing its impact on the Group's strategic objectives and ensuring appropriate mitigations are in place. Read more on pages 59 and 79.      | Climate risks will continue to be monitored and evaluated, and we will further enhance our approach as appropriate. The outputs from our scenario analysis have been used to develop our transition plan which will inform our business strategy going forward. | 74 to 78<br>79       |
|   | 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 and performance measures to support our Environment Strategy, including our new net zero commitment and supporting targets pages 26 and 27. We report against several of the cross-industry, climate-related metric categories recommended by TCFD.   | 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.   | 26 to 27<br>56 to 57 |
| <b>Metrics and targets</b><br>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material. | 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 68 and 69.   | We are committed to continuous improvement in our data processes and data quality.  | 68 to 69             |
|   | Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.                       | We published our net zero commitment in early 2023 and have submitted it for approval by the Science Based Targets initiative (SBTi). Our ambitious Scopes 1 and 2 science-based carbon reduction target for 2025 has been approved by the SBTi, see page 64. We also have targets relating to energy and resource-efficiency, the carbon performance of our homes in use and embodied carbon. | We will continue to keep our climate targets under review and to disclose our progress against them. We will review the potential for including financial metrics in future reports.  | 56 to 57<br>64       |



Task Force on Climate-related Financial Disclosures *continued*

Greenhouse gas (GHG) emissions (tonnes of CO<sub>2</sub>e) and energy use (MWh)

|   |                                   | 2022      | 2021      | 2020      | 2019      | 2018      |
|---|-----------------------------------|-----------|-----------|-----------|-----------|-----------|
| Scopes 1 and 2 emissions  |                                   |           |           |           |           |           |
| Scope 1 GHG emissions – combustion of fuel  | tonnes CO <sub>2</sub> e          | 15,975    | 17,464    | 16,522    | 21,018    | 20,328    |
| Scope 2 GHG emissions – market-based  | tonnes CO <sub>2</sub> e          | 2,331     | 2,272     | 1,981     | 3,563     | 4,509     |
| Scope 2 GHG emissions – location-based  | tonnes CO <sub>2</sub> e          | 4,279     | 5,406     | 5,272     | 6,172     | 6,892     |
| Total Scopes 1 and 2 – market-based   | tonnes CO <sub>2</sub> e          | 18,306    | 19,736    | 18,503    | 24,581    | 24,837    |
| Emissions per 100 sqm completed homes (Scopes 1 and 2)                                      | tonnes CO <sub>2</sub> e /100 sqm | 1.37      | 1.41      | 1.96      | 1.62      | 1.73      |
| Total Scope 3 emissions (updated methodology)**   | tonnes CO <sub>2</sub> e          | 2,519,103 | 2,383,398 | –         | –         | –         |
| Purchased goods and services  | tonnes CO <sub>2</sub> e          | 1,309,017 | 1,122,678 | –         | –         | –         |
| Waste generated in operations   | tonnes CO <sub>2</sub> e          | 15,089    | 15,446    | –         | –         | –         |
| Business travel   | tonnes CO <sub>2</sub> e          | 1,553     | 1,438     | –         | –         | –         |
| Fuel and energy-related activities  | tonnes CO <sub>2</sub> e          | 4,886     | 5,802     | –         | –         | –         |
| Downstream leased assets  | tonnes CO <sub>2</sub> e          | 6,399     | 6,592     | –         | –         | –         |
| Use of sold products  | tonnes CO <sub>2</sub> e          | 1,044,294 | 1,106,062 | –         | –         | –         |
| Upstream transport and distribution   | tonnes CO <sub>2</sub> e          | 34,351    | 31,044    | –         | –         | –         |
| End of life treatment of sold products  | tonnes CO <sub>2</sub> e          | 29,166    | 29,210    | –         | –         | –         |
| Employee commuting  | tonnes CO <sub>2</sub> e          | 74,348    | 65,125    | –         | –         | –         |
| Emissions per 100 sqm completed homes (Scope 1, 2 and 3)                                    | tonnes CO <sub>2</sub> e/100 sqm  | 190       | 190       | –         | –         | –         |
| Total Scope 3 emissions (previous methodology)**  | tonnes CO <sub>2</sub> e          | –         | 2,632,421 | 1,961,431 | 3,869,583 | 2,171,973 |
| Energy use  |                                   |           |           |           |           |           |
| Operational energy use (fuel and electricity consumption from sites, offices and fleet)     | MWh                               | 92,312    | 104,870   | 96,195    | 116,207   | 111,085   |
| Operational energy intensity (site and office fuel and electricity intensity – MWh/100 sqm) | MWh /100 sqm                      | 6.9       | 7.5       | 10.2      | 7.6       | 7.7       |

Our carbon and energy use data is externally assured by the Carbon Trust to a limited assurance level. Our Scopes 1 and 2 footprint, and three selected Scope 3 categories (Purchased Goods and Services, Fuel and Energy-related Activities and Use of Sold Products) are verified to ISO 14064-3.

Data is provided as tonnes of carbon dioxide equivalent (CO<sub>2</sub>e) for all operations. Scopes 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 also disclose Scope 2 emissions calculated using the location-based method.

Footnotes to GHG emissions table continued

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 [www.taylorwimpey.co.uk/corporate/sustainability/our-approach/climate-change-and-nature](http://www.taylorwimpey.co.uk/corporate/sustainability/our-approach/climate-change-and-nature) for more detail.

\*\*Scope 3 emissions

In 2022, we developed a more accurate methodology for measuring Scope 3 supply chain emissions (Purchased Goods and Services), using a combination of quantity-based data (drawing on data on the quantity of materials purchased and emissions data from environmental product declarations) as well as spend data. Our previous methodology relied on spend data only. We have also made some methodologies improvements for the Scope 3 categories of Business Travel, Use of Sold Products, Employee Commuting and Upstream Transport and Distribution. We have disclosed Scope 3 emissions for 2022 and 2021 using our updated methodologies. For transparency, we have also included data for prior years calculated using our previous methodologies. We report on nine of the 15 Scope 3 categories identified in the GHG Protocol. The remaining six categories are not material to our business.

Energy data and energy efficiency measures

The energy consumption figure in the table is a Group figure. 98.4% of this total energy consumption is from the UK and offshore areas and 1.6% from Spain. 97.85% of total Scope 1 and Scope 2 emissions are from the UK and offshore areas and 2.15% 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 using our Energy Dos and Don’ts Guide, setting energy use targets for each regional business, trialling hybrid generators 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 also successfully tested hydrotreated vegetable oil as a lower carbon alternative to diesel. 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 onward.



For our SASB disclosure please see our Sustainability Supplement and ESG Addendum.