Task Force on Climate-Related Financial Disclosures **(TCFD)**

The Financial Stability Board created the Task Force on Climate-related Financial Disclosures ("TCFD") to improve and increase reporting of climate-related financial information.

Responding to the TCFD requirements, we aim to continually enhance our disclosures in line with its recommendations and market practice. We also disclose climate-related governance, strategy, risk management and metrics as part of the Carbon Disclosure Project ("CDP"). In preparing this statement, we have used the TCFD framework in line with the Financial Conduct Authority requirements for listed companies (Listing Rule 6.6.8R).

The Company is consistent with paragraph 8(a) of Listing Rule 6.6.6R, which requires that listed companies must include in their annual financial report a statement setting out whether the listed company has included climate-related financial disclosures consistent with the TCFD Recommendations and Recommended Disclosures in that financial report.

Timeline on climate progress

2014	2021	2022	2023	2024	2025	2032	2050
First included waste management, timber policy and greenhouse gas reporting in the Corporate Social Responsibility section of the Annual Report	First public disclosure of TCFD. First disclosure of scope 3 emissions. Implemented first trials of air source heat pumps and 100% of electricity used in show homes, sales offices and site cabins was sourced from zero-carbon sources	Appointed Group Sustainability Manager and created a Sustainability Action Team and Climate Action Team. First public disclosure of detailed analysis on climate scenarios	Submitted our letter of commitment to the Science Based Targets initiative. Appointed a Senior Ecologist to further develop our biodiversity and ecology strategies	Obtained assurance over our GHG baseline year. Submitted our near-term and net-zero targets to the SBTi for validation	Validation of SBTi targets. Future Homes Standard introduced	SBTi near-term target	SBTi net-zero target. Paris agreement and UK target for net zero

Governance

The organisation's governance around climate-related risks and opportunities.

Board

The Board has ultimate responsibility for climate-related risks and opportunities, with day-to-day control over responding to climate-related risks and wider sustainability targets managed by the Executive Directors.

Any amendments to business strategy, or significant changes to day-to-day operations of the business, require approval from the Board. In addition, long-term targets and external commitments require Board approval before announcement and becoming part of the ordinary course of business.

The Board receives information on a regular basis covering business performance, health and safety, customer satisfaction and sustainability. Updates also include any technical specification changes, including changes to house designs to comply with building regulations and/or improve environmental performance.

The Executive Directors, and the Board above certain set limits, have responsibility for the approval of all land purchases. As part of the investment appraisal process, climate-related considerations are presented as part of the approval process and included in the cost plan for the development. These include factors such as land remediation, flood mitigation, biodiversity requirements, landscaping and other environmental impacts.

Sustainability Pillars
Sustainability Targets
TCFD
SASB

Governance

The organisation's governance around climate-related risks and opportunities.

Audit Committee	The Audit Committee is responsible for reviewing and approving the content of the Annual Report including the TCFD, SASB and GHG disclosures. In addition, the Audit Committee reviews and approves the Group's CDP climate submission, which outlines what we are doing as a Company to address climate-related risks and opportunities. The Audit Committee are regularly updated with amendments to disclosure requirements on financial reporting and disclosure considerations in respect of climate change. Additional assurance over GHG disclosures has been obtained over the 2022 baseline year and our 2026 GHG emissions.
Sustainability Committee	The Sustainability Committee is responsible for assessing the sustainability aspects of the business strategy and ensuring that the Group's sustainability targets align. The Sustainability Committee also makes recommendations to the main Board on strategic developments that address sustainability risks and opportunities, in particular those relating to climate change. The Sustainability Committee meets regularly throughout the year to ensure that sustainability risks and opportunities are reviewed regularly, emerging risks and opportunities are identified, and mitigation plans are developed where needed. The Group Sustainability Manager is responsible for maintaining the environmental risk register and reports any updates to the Sustainability Committee as part of the Group's risk management framework. The Sustainability Committee monitors performance against sustainability targets and approves the targets and actions used for measuring performance on an annual basis.
Remuneration Committee	The Remuneration Committee is responsible for determining remuneration policy and targets including how sustainability metrics are taken into consideration when determining incentive decisions. The Committee contributes to setting the targets of the Executive and operational directors throughout the business and, where appropriate, these are linked to performance against sustainability targets. ESG performance indicators are used to measure performance against these targets and, subsequently, remuneration is awarded in relation to performance against these targets. For more information on how sustainability factors are considered in Executive remuneration, refer to the Annual Report on Remuneration on pages 136 to 144.
Nomination Committee	The Nomination Committee is responsible for ensuring that the Board structure, size and composition (including the skills, knowledge and experience of Board members) is adequate to support the Group in its growth and sustainability ambitions. The Committee considers the risks and opportunities facing the Group, and the skills and expertise that are therefore needed on the Board. For more information on the Board of Directors, refer to pages 104 to 105.

Task Force on Climate-Related Financial Disclosures **(TCFD)** continued

Strategy

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.

Climate change has the potential to significantly impact our business strategy through changes in regulation, government policy, stakeholder expectations (transition impacts) and the direct effects of climate change such as more frequent adverse weather events, loss of developable land and the impact on biodiversity and the wider natural environment (physical impacts).

Our commitment to align our carbon reduction targets with the SBTi and a 1.5°C climate scenario is reflected in our review of the resilience of the Company's strategy towards climate-related risks. Included within our carbon reduction modelling, we have considered the reliance on emerging technologies, engagement with supply chain and market expectations whilst balancing the risks of emerging regulations and failure to adapt to a low carbon economy. Despite the transitional challenges associated with committing to a carbon reduction target aligned to a 1.5°C scenario, these are likely to be lesser than the potential impact of the physical effects of climate change in a 4°C scenario.

During the year, we have used the process of scenario planning to aid our assessment of climate-related risks and opportunities and the potential impact on the Group, its strategy and any financial impacts. Details of the scenarios analysed can be found on pages 78 and 79.

Risk definitions

When assessing climate-related risks and opportunities we use the following criteria to ensure that the assessment is reflective of the operating activities of the Group.

RISK TERM	IMPACT
Short term: 0–3 years	Low impact: £0.5m
Medium term: 4–10 years	Moderate impact: £1.5m
Long term: 10+ years	High impact: £10m
	Catastrophic: £30m

The risk term is aligned to the majority of climate-related frameworks, in particular the Science Based Targets initiative (SBTi).

The impact represents annual impact on profits and is aligned to the risk assessment methodology used by the Group for all principal and emerging risks as set out in Risk Management on pages 30 to 35. Impact is combined with likelihood to give an overall risk score. Impact values reflect annual impact on profit.

With a low appetite for climate-related risks, the Board prioritises minimising the environmental impact of the Group's operations, carefully balancing this goal with cost considerations. The Group also invests in a strong control framework to ensure consistent and high-level compliance with environmental regulations.

Impact on financial statements

Transition costs for the latest building regulations, such as Part L (Conservation of heat and power), have been included in the valuation of inventory and subsequently reported within cost of sales. Similarly, Biodiversity Net Gain costs and Future Homes Standard impacts are integrated into initial site budgets and subsequent valuations. If estimated completion costs change and affect a site's margin forecast, the adjustment is applied to all remaining plots (see note 1 – accounting policy for Inventories on page 174 for further details).

For every potential development site, a flood risk assessment is conducted. Where mitigation measures are necessary, the associated costs are factored into the site valuation and the estimated costs to complete. This inclusion affects the forecast site margin and is reflected in the cost of sales as plots are completed over the life of the site. As the owned land bank within Gleeson Homes covers a period of four years, we have assessed that it is unlikely that the flood risk of these sites will change in this timeframe and therefore no impairment of owned land has been identified as a result of climate change.

Within the Gleeson Land division, the land portfolio is more strategic and therefore flood risk can change over a longer period of time as regional flood models are updated, including from the effects of climate change. Each site is individually reviewed at the period end based on its planning prospects and viability. Where these have been adversely impacted by a change in flood risk or any other impact, then a provision is recorded to write down the value of inventory in line with the Group's accounting policy.

- Sustainability Pillars
- Sustainability Targets
- TCFD
- SASB

Strategy

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.

Going concern and viability statements

In preparing the Annual Report, the Group is required to assess whether there are any material uncertainties over its ability to operate as a going concern (see note 1 – Going concern on page 172 for further details). In addition to this, the Group is required to assess the potential impact on the operations of the Group over the longer term for disclosure in its viability statement on page 112. To meet these requirements, the Group has sensitised its financial forecast to incorporate the potential impacts of a severe but plausible downturn over the three years to June 2029.

The Group's forecasts, used for going concern and viability assessments, fully incorporate the anticipated costs of transitioning to meet government policies for Future Homes Standards and Biodiversity Net Gain, as well as the cost of identified lower carbon technologies outlined in the scenario analysis. The impact of the climate-related risks identified have been considered, but would not have a material impact over the viability period on the Group's ability to continue in operation.

Risk Management

How the organisation identifies, assesses, and manages climate-related risks.

The Board has overall responsibility for the Group's management and assessment of risks, supported by the Audit Committee. The Group risk register is formally reviewed by the Audit Committee at the majority of its meetings, including consideration of emerging risk areas or changes to existing risks. Climate change and sustainability have been identified as principal risks for the Group. Find out more on page 35.

The Group's risk management framework includes a separate environmental risk register, which includes key climate-related and other environmental risks for the business. The environmental risk register identifies both principal and emerging risks and informs a formal risk assessment process that considers the likelihood and impact of the identified risks together with any mitigating controls that are already in place or planned. This position is reviewed by the Sustainability Committee as part of its review of the environmental risk register.

Any changes to risk scores on the environmental risk register are considered in the context of the Group risk register in respect of the principal risks of climate change and sustainability. Proposed changes are reported to the Audit Committee and Board as part of its monitoring of principal and emerging risks at a Group level.

We determine climate-related risks using our risk management framework outlined on page 30. The risk assessment process considers both the quantifiable and qualitative aspects to determine the estimated impact of each identified risk or opportunity. Quantitative materiality thresholds are established based on the range defined by our external auditors and our internal risk management framework. Risks and their potential impacts are assessed according to their expected timeframe.

Sustainability Committee

The Sustainability Committee met three times in the year, and the review of the environmental risk register is a standing agenda item for each meeting.

The Committee members are responsible for reviewing the risks and opportunities identified, along with their inherent risk scores, any mitigating actions and the mitigated risk scores. The Group Sustainability Manager is responsible for the day-to-day maintenance of the environmental risk register, which identifies risks covering key climate-related and other environment risks for the business.

Task Force on Climate-Related Financial Disclosures **(TCFD)** continued

Key climate-related risks

RISK	SCENARIO ANALYSIS	MITIGATING ACTIONS	RISK RATING/ TIMEFRAME
Changes to government policies Adapting our home specifications to comply with new building regulations or planning policies may result in higher technical, design, and/or build costs.	**Potential impact: £15m – £30m cost of sales over life of developments** The scenario modelled has taken the increase in cost of recent changes in building regulations (including Part F, L, O, S and Z) and extrapolated over forecast unit sales.	Our Group Technical Director sits on the Home Builders Federation ("HBF") Technical Committee and the Future Homes Hub, and attends NHBC Building for Tomorrow events to ensure we are aware of upcoming regulatory amendments and to share industry perspectives on potential challenges.	H **1.5°C – 2°C scenario** Short – Long term
Emerging technologies Our long-term carbon reduction strategy depends on the advancement of new technologies and modern methods of construction. For these to be effectively integrated into our business model, they must be readily accessible, cost-effective and supported by a suitable skilled workforce within the industry.	**Potential impact: £15m – £30m cost of sales over life of developments** The scenario modelled has taken the increase in cost of identified low carbon alternatives to traditional building materials and applied this to forecast unit sales.	Our proactive approach to reducing carbon emissions in our homes includes the continuous review of materials used in their design, achieved through the engagement with our supply chain and participation in housebuilding industry conferences to identify lower carbon alternatives. We review our on-site activities to identify significant sources of emissions and create action plans aimed at reducing them. We frequently pilot carbon-saving initiatives on our sites to evaluate their effectiveness before implementing them as "best practice" across the Group.	M **1.5°C – 2°C scenario** Medium– Long term
Supply chain A key component of our carbon reduction strategy is the contribution of our supply chain in reducing the embodied carbon of materials and the emissions generated during construction. Failure of our supply chain to decarbonise could potentially result in us not achieving our scope 3 carbon reduction targets. There is also likely to be an increase in cost for using lower carbon alternatives.	**Potential impact: £15m – £30m cost of sales over life of developments** The scenario modelled has taken our current supplier spend split between materials and subcontractors and uplifted this to incorporate the increase in costs for lower carbon materials, fuels and more efficient plant and machinery.	We inform our supply chain about our carbon reduction plans to work together in identifying lower carbon alternatives, fuel conservation methods and strategies for reducing waste. When onboarding new suppliers, we request sustainability reports and carbon reduction strategies so that we can collaborate on identifying more sustainable sourcing options. Our partnership with the Supply Chain Sustainability School provides us with additional tools to engage with our supply chain and raise awareness of sustainable practices in the industry.	M **1.5°C – 2°C scenario** Medium– Long term

Key – Risk rating
L Low M Medium H High

RISK	SCENARIO ANALYSIS	MITIGATING ACTIONS	RISK RATING/ TIMEFRAME
Carbon pricing Government legislation designed to encourage industries to take climate action and reduce their carbon footprint can, directly or indirectly, increase material costs and our cost base.	**Potential impact: £5m – £10m cost of sales over life of developments** The scenario modelled has used a carbon price between £50–100 per tonne and applied this to projected scope 1 and 2 emissions and embodied scope 3 emissions.	By committing to targets validated by the SBTi and aligned to the 1.5°C scenario we are able to demonstrate our carbon reduction commitments and mitigate the impacts of carbon pricing.	M **1.5°C – 2°C scenario** Medium–Long term
Stricter planning requirements Government and local authorities are more stringent in their planning and site infrastructure requirements. This includes requirements around biodiversity net gain, which could make land development opportunities, in particular brownfield sites, which have been rewilded, economically unviable.	**Potential impact: up to £5m cost of sales over life of developments** The scenario modelled was performed by reviewing our current pipeline of sites for their estimated biodiversity credit requirements, combined with an average cost per biodiversity credit for forecast site acquisitions.	The process of acquiring land for development includes thorough due diligence to ensure that sites comply with relevant regulations and government policies as well as meeting our internal rates of return. Financial forecasts include the costs associated with complying with planning requirements such as biodiversity net gain, mitigating flood risk and planning specific requirements such as electric vehicle charging points and lower water usage technologies, particularly in areas of high water stress.	M **1.5°C – 2°C scenario** Medium–Long term
More frequent adverse weather events Increased frequency of adverse weather, including heat, cold, rain and storm risks disrupting our on-site build activities, potentially leading to safety issues, site damage and delays in our growth plans.	**Potential impact: £15m – £30m cost of sales over life of developments** The scenario modelled assumes adverse weather events to become more frequent, the cost of build disruption to increase as a result of more storm damage and considers the delay in house sales and other associated costs.	In severe weather, warnings about potential risks are issued, along with instructions to follow company adverse weather procedures. Equipment and temporary structures are checked to ensure they are secure and stored to prevent any damage. Where weather is extreme, sites may be closed until the site returns to suitable working conditions. In cases of extreme rainfall, we implement mitigation procedures to comply with environmental regulations regarding water run-off and its effect on the local environment.	M **4°C scenario** Medium–Long term

Task Force on Climate-Related Financial Disclosures **(TCFD)** continued

Key climate-related opportunities

OPPORTUNITY	CATEGORY	TIMEFRAME	ACTIONS
Energy-efficient homes By designing homes with high thermal efficiency, we ensure that running costs remain affordable for our customers. Our homes' energy efficiency enables customers to qualify for green mortgages, potentially offering them lower interest rates.	Transition opportunity	Short-term	We highlight the benefits of buying our energy-efficient new build homes to our customers. Using actual energy consumption data, we compare the typical energy usage of our homes against that of existing housing stock to illustrate the potential for energy savings. We communicate with our customers to explain how their new home can support them living a sustainable lifestyle.
New technologies We regularly review the specification of our homes to ensure that our offering meets the needs of our customers. We aim to incorporate the latest technologies into our homes wherever possible, so our customers can benefit from stylish, modern living.	Transition opportunity	Short-medium-long term	We actively seek new technologies that empower our customers to live sustainably by continuously reviewing home design materials in collaboration with our supply chain and by attending relevant house building conferences. We review the specification of our homes and optional extras on a regular basis so that customers can tailor their home to their needs.
Supply chain By engaging with our supply chain to align sustainability strategies, there is the opportunity to unlock benefits for both us and our supply chain in reducing operational costs as well as carbon emissions.	Transition opportunity	Short–medium–long term	We engage our supply chain in discussions about our carbon reduction plans to collaboratively explore lower carbon alternatives, fuel conservation methodologies and waste reduction strategies. As we onboard new suppliers, we request their sustainability reports and carbon reduction strategies to explore opportunities for more sustainable sourcing together. Our partnership with the Supply Chain Sustainability School provides us with additional tools to engage with our supply chain and raise awareness of sustainable practices in the industry.

OPPORTUNITY	CATEGORY	TIMEFRAME	ACTIONS
Stakeholder engagement Setting carbon reduction targets strengthens our relationships with stakeholders and enhances our reputation as a responsible housebuilder. There may be an opportunity to benefit from cheaper finance based on our sustainability performance through sustainability-linked finance.	Transition opportunity	Short-medium term	Our development of long-term carbon reduction targets validated by the Science Based Targets initiative will support our reputation as a sustainable business. This is important to our stakeholders and may also be an opportunity to obtain more competitive loans linked to sustainability covenants.

Metrics and targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Climate-related metrics and targets

Our climate related metrics and targets are set out in our Environment Report on pages 58 to 69, which includes full disclosure of the relevant scope 1, 2 and 3 emissions under the Greenhouse Gas Protocol, and additional metrics related to waste, water use, energy performance certificates, biodiversity and land use.

These are the key metrics used to assess the risks related to government policies, emerging technologies, supply chain and carbon pricing. These are monitored alongside new building regulations, including through our participation in the Future Homes Hub and work with the Supply Chain Sustainability School.

Metrics around stricter planning requirements are monitored on a site by site basis, with biodiversity assessments carried out on each site. Whilst we don't monitor specific weather events, build programmes are constantly monitored, and we track data related to water stress, energy performance certificates, flood zones and site design through our SASB reporting as set out on pages 82 to 86.

We set climate-related targets, and had our near-term and net-zero targets validated by the SBTi which we will report against in future periods. Progress against our climate-related targets and near-term and net-zero targets are set out on page 58.