

Sustainability Accounting Standards Board

Land use and ecological impacts

Code/SASB criteria	Our approach
<p>IF-HB-160a.1</p> <p>Number of (1) lots and (2) homes delivered on redevelopment sites</p>	<p>In the year to 30 June 2023, we added 1,953 (2022: 1,475) brownfield land plots to our land pipeline. This accounted for 48% (2022: 58%) of plots acquired in the year. The total number of brownfield plots held at 30 June 2023 was 6,931 (40%) (2022: 6,262, 37%).</p> <p>In the year to 30 June 2023, we had 858 (2022: 1,211) home sales on brownfield sites. This accounted for 50% (2022: 61%) of our total annual completions.</p> <p>Notes: We consider brownfield land to include sites upon previously developed land, below ground disturbance (including mining or waste disposal) or land that contains contamination from previous use.</p>
<p>IF-HB-160a.2</p> <p>Number of (1) lots and (2) homes delivered in regions with High or Extremely High Baseline Water Stress</p>	<p>In the year to 30 June 2023, we acquired 1,346 plots in regions of serious water stress. This accounted for 33% of plots acquired in the year (2022: 1,202 plots, 47%). The total number of plots in areas of serious water stress at 30 June 2023 was 6,455, 37% of the pipeline (2022: 6,433, 38%).</p> <p>In the year to 30 June 2023, we had 625 (2022: 457) home sales in areas of serious water stress. This accounted for 36% (2022: 23%) of our total annual completions.</p> <p>To report the figures reported above, we use reports produced by the Environment Agency (the “EA”) who present the classification of areas of water stress on a “Serious” or “Not Serious” scale.</p> <p>Notes: Serious water stress is defined as “the current household demand for water is a high proportion of the current effective rainfall which is available to meet that demand; or, the future household demand for water is likely to be a high proportion of the effective rainfall which is likely to be available to meet that demand”.</p> <p>The water stress method takes a long-term view of the availability and demand for public water supply, rather than a snapshot of shorter or peak periods. It accounts for future population growth, climate change, environmental needs and increased resilience. It reflects and supports the commitments that water companies have made to reduce leakage and water consumption.</p>
<p>IF-HB-160a.3</p> <p>Total amount of monetary losses as a result of legal proceedings associated with environmental regulations</p>	<p>We incurred no monetary losses in relation to environmental matters in the year.</p>
<p>IF-HB-160a.4</p> <p>Discussion of process to integrate environmental considerations into site selection, site design, and site development and construction</p>	<p>Site selection</p> <p>We operate a “gateway” procedure in our site acquisition process to ensure that each site meets our hurdles at various stages throughout the purchase. At the earliest step, gateway 1, a site will be reviewed at a high level to ensure that it meets our guiding core principles and requirements; of particular importance at this stage is our objective to bring forward development of affordable homes on mostly brownfield sites or sites in areas of deprivation, in a manner which safely and sustainably returns sites back into meaningful use, whilst simultaneously alleviating any environmental issues which may have been left behind by previous landowners. On clearing this hurdle, further due diligence is carried out by our in-house teams including the production of an appraisal document, which carries a checklist to prompt consideration of all factors affecting sustainable development including matters of contamination, noise, odour, impact on ecology and biodiversity, proximity to transport links and local facilities.</p>

Code/SASB criteria

Our approach

IF-HB-160a.4

Continued

Site design

We work with a panel of partner architects to ensure that our designs accord with National and Local Planning Policy and Guidance, whilst providing a development where our customers want to live and, which is sympathetic to existing constraints including existing local infrastructure. Through the planning process we will procure the expertise of third-party consultants in various technical disciplines including all aspects of environmental assessment to ensure that any constraints are appropriately integrated into our designs, or appropriate mitigation measures are identified in order to bring forward appropriate and sustainable development.

When designing the layout for our sites we undertake an initial assessment of development schemes using the generic Dwelling Emission Rates in order to improve energy efficiency of each type through orientation and plotting. This assessment considers landform, layout, building orientation, landscaping and other surrounding features of each home. All of our homes have driveways for off-street parking and outdoor garden space for customers to enjoy.

An ecology assessment is performed at the design stage, with our in-house ecologist feeding into designs and making recommendations for areas to be retained, protected and enhanced to integrate biodiversity into the development.

Site development and construction

Material selection is carefully considered during the construction of our homes as the specification and quality of build materials can directly influence the projected CO₂e emissions. All of our properties are currently built with traditional cavity wall construction, thermally-efficient light aggregate blocks and high-performance insulation within the cavity.

We are working with our suppliers to identify low carbon alternatives to the traditional construction materials in our commitment to reducing the embodied carbon emissions of our homes. As we develop our long-term carbon reduction strategy we are reliant on modern construction materials that can support our sustainable growth ambitions whilst reducing our carbon footprint.

Where contractors are required to source materials for key building elements, we stipulate that they use suppliers capable of demonstrating certification to high tier levels in the Chain of Custody certification process and have been independently certified by the BRE Framework Standard for Responsible Sourcing (BES 6001) or ISO 14001.

We engage with our supply chain using the tools from the Supply Chain Sustainability School to raise awareness of environmental and climate-related issues and how we can collectively achieve best practice.

We take waste management very seriously and the segregation of all waste materials is paramount in reducing the amount of waste taken to landfill. This is managed by having the following procedures in place:

- Target benchmarks for resource efficiency set in accordance with best practice.
- Procedures and commitments to minimise non-hazardous construction waste at design stage.
- Procedures for minimising hazardous waste.
- Monitoring, measuring and reporting of hazardous and non-hazardous site waste production according to the defined waste groups.
- Diversion of waste from landfill should adhere strictly to the principles of the waste hierarchy of reduce; reuse; recycle; recover.

Sustainability Accounting Standards Board CONTINUED

Land use and ecological impacts

Code/SASB criteria	Our approach
IF-HB-160a.4 Continued	<p>Our site operations report their fuel consumption by type of plant and machinery on a monthly basis so we can identify and target any inefficiencies within our construction activities. In response to capturing this data we have replaced our entire fleet of forklift trucks with newer, more efficient models, which incorporate start-stop technology and telematics reporting for further data capture.</p> <p>We have also conducted trials on hybrid generators, which store excess power within batteries that can be used once sufficient charge has been reached. This aims to eliminate “waste” power and reduce our site fuel consumption.</p> <p>We also have a number of initiatives ongoing in order to reduce the environmental impact of our sites, with further details on pages 60 to 63.</p>

Workforce health and safety

Code/SASB criteria	Our approach
IF-HB-320a.1 (1) Total recordable incident rate (“TRIR”); and (2) fatality rate for (a) direct employees and (b) contract employees	<p>We measure health and safety performance using an Annual Injury Incidence Rate (“AIIR”) metric. Our AIIR for reportable injuries per 100,000 employees and contractors was 303 in 2023 (2022: 55). The industry average for the house building sector was 239 (2022: 239) (Source: Home Builders Federation).</p> <p>In the year we reported six RIDDOR incidents (2022: One RIDDOR incident). There was a decline in performance despite a number of actions taken in the year. Further details set out on page 70.</p> <p>There were no fatalities.</p> <p>Notes: Reportable injuries are aligned to the UK’s Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (“RIDDOR”). The figure reported is the consolidated figure for all direct employees and contractors.</p>

Design for resource efficiency

Code/SASB criteria	Our approach
IF-HB-410a.1 (1) Number of homes that obtained a certified HERS® Index Score and (2) average score	<p>The Energy Performance Certificate (“EPC”) is the UK equivalent to the HERS Index.</p> <p>Of our homes, 95.3% achieve an EPC rating of B or higher due to efficient design and build characteristics in each of our standardised house types (2022: 96.8%).</p>
IF-HB-410a.2 Percentage of installed water fixtures certified to WaterSense® specifications	<p>WaterSense is not applicable in the UK.</p> <p>All our homes are fitted with dual-flush toilets, low-flow taps and showers and water meters. They are designed to achieve an internal water use of less than 110 litres per person per day; the specification for sanitary ware and fittings to be used throughout the homes has been modified to suit this requirement.</p> <p>This is 12% lower than the maximum allowance specified by building regulations, saving both natural resources and our customers money on their water bills. From July 2023, we will replace our existing shower specification with an enhanced product generating savings of 10 litres per person per day.</p> <p>We continue to collaborate with our supply chain to identify innovative products that reduce the water consumption of our homes.</p>

Code/SASB criteria	Our approach
<p>IF-HB-410a.3 Number of homes delivered certified to a third-party multi-attribute green building standard</p>	<p>All of our homes are subject to UK building regulations, which include standards for energy and water efficiency as detailed in criteria IF-HB-410a.1 and IF-HB-410a.2.</p> <p>There are no widely-adopted green building standards that outline specification or sustainability credentials of homes in the UK.</p> <p>The historic Code for Sustainable Homes was withdrawn by the government with the view that these requirements would be embedded into the latest building regulations.</p>
<p>IF-HB-410a.4 Description of risks and opportunities related to incorporating resource efficiency into home design, and how benefits are communicated to customers</p>	<p>Throughout the design stage of our homes, we apply a “fabric first” approach to energy efficiency by bringing together a house type range and specification designed to reduce the consumption of energy by the homeowner. An energy consultant is appointed on every site to provide site and plot-specific energy ratings. Testing regimes and certification is issued to assist in the control of the quality of construction, which in turn reduces the carbon emissions of each home by ensuring we build a thermally-efficient, well-insulated building with low heat losses.</p> <p>In order to further improve on building regulation compliance, the following are also incorporated into the design of our homes:</p> <ul style="list-style-type: none"> • energy-efficient boiler or air source heat pump with efficient cylinder (thermal store); • time and temperature zone control for boiler systems; • air permeability rating of five or better; and • natural/positive input ventilation. <p>Reviews are carried out on a bi-annual basis to monitor forthcoming changes to building regulations and consider optional extras that can be offered to customers in line with trends and expectations. These often lead to updates in specification and design, allowing improvements to be made where practicable. Any proposed changes are carefully considered as we balance the impact of changes with the need to keep our homes affordable, which is fundamental to our sustainable business strategy.</p> <p>As part of our shift to ASHP, we have also changed other gas appliances such as ovens and hobs to fully electrify our homes. This transition to a fully electrified home ensures that our homes are net-zero ready. During the year, we sold our first homes powered using the ASHP. We have engaged with customers and external consultants to complete trials on the in-use performance of the heating system to ensure it works efficiently and effectively in our homes.</p> <p>Smart meters are provided as standard where available, so that our customers can easily keep track of their energy usage and efficiencies.</p> <p>We use sustainable materials where possible, such as introducing concrete bricks to our build material specification. Concrete bricks have significantly lower embodied carbon emissions compared to a traditional kiln-fired clay brick allowing us to reduce our scope 3 emissions. More details can be found on page 60.</p> <p>These benefits are communicated to customers as part of the handover process, in our new home handbooks and our Gleeson first-time buyer podcast. This explains to customers what to expect when they become homeowners, how to get the most out of their new home and minimise their running costs. During the year, we tailored our customer welcome box to include a bug hotel, wildflower seeds and a booklet guiding our customers on attracting nature into their garden.</p> <p>We are installing electric vehicle charging points in our homes on some of our sites to understand the associated infrastructure requirements in advance of “Part S” building regulations being implemented.</p>

Sustainability Accounting Standards Board CONTINUED

Community impacts of new developments

Code/SASB criteria	Our approach
<p>IF-HB-410b.1</p> <p>Description of how proximity and access to infrastructure, services, and economic centers affect site selection and development decisions</p>	<p>We always consider matters such as access and proximity to existing infrastructure and services, as well as economic and employment centres when selecting our sites. We aim to bring forward developments which are in close proximity to existing services, with good access to services and facilities. This often comes hand-in-hand with our objective to develop brownfield sites, in areas of deprivation which often have a high provision of surrounding rental properties, as these target site typologies are already well served.</p> <p>Where access to facilities is more limited, we work with consultants and the local authority to identify mitigation measures that might be taken to improve services and access. Often this will form part of a Transport Assessment and Travel Plan which might identify improvements to local public transport infrastructure to improve the sustainability of the site, or ways in which other sustainable (non-car) transport methods can be promoted.</p> <p>Notes: The UK Government's National Planning Policy Framework ("NPPF") also requires consideration of the opportunities presented by existing or planned investment in infrastructure.</p>
<p>IF-HB-410b.2</p> <p>Number of (1) lots and (2) homes delivered on infill sites</p>	<p>At 30 June 2023, 88% of our developments were infill sites (2022: 91%).</p> <p>In the year to 30 June 2023, we completed the sale of 1,556 (2022: 1,900) homes on infill sites representing 90% (2022: 95%) of total homes sold.</p> <p>Notes: Infill sites are sites served by existing infrastructure such as roads, power lines, sewerage and water, and other necessary facilities.</p>
<p>IF-HB-410b.3</p> <p>(1) Number of homes delivered in compact developments and (2) average density</p>	<p>We consider all of our sites to be cluster developments, which meet the definition of a "compact development". As a result, we delivered 1,723 homes on such developments in the year to 30 June 2023 (2022: 2,000 homes).</p> <p>Gleeson Homes typically builds low-density developments delivering on average 100-150 homes per site. The average density of our developments is 14 homes per net acre with some developments having a density as low as 11 homes per net acre.</p> <p>Notes: A cluster development is defined as a development that "produces very attractive and marketable communities and makes it easier for developers to preserve environmentally sensitive lands such as wetlands and forests by allowing lots to be grouped on certain portions of a site, rather than spread uniformly across a site, so that other areas of the site may remain undisturbed as open space".</p>

Climate change adaptation

Code/SASB criteria	Our approach
<p>IF-HB-420a.1</p> <p>Number of lots located in 100-year flood zones</p>	<p>In the year to 30 June 2023, we acquired 640 plots in regions within flood zone 3. This accounted for 16% of plots acquired in the year (2022: 625 plots acquired, 25% of plots acquired).</p> <p>The total number of pipeline plots within areas of flood zone 3 at 30 June 2023 was 2,499 (14%) (2022: 2,158 pipeline plots, 13% of total pipeline).</p> <p>In the year to 30 June 2023, we had 182 home sales within areas of flood zone 3. This accounted for 11% of our total annual completions (2022: 222 home sales, 11% of total completions).</p> <p>Notes: As per the Environment Agency, flood zone definitions are set out below:</p> <ul style="list-style-type: none"> • Flood Zone 1 - land assessed as having a less than 1 in 1,000 annual probability of river or sea flooding (<0.1%) • Flood Zone 2 - land assessed as having between a 1 in 100 and 1 in 1,000 annual probability of river flooding (1-0.1%), or between a 1 in 200 and 1 in 1,000 annual probability of sea flooding (0.5-0.1%) in any year • Flood Zone 3 - land assessed as having a 1 in 100 or greater annual probability of river flooding (>1%), or a 1 in 200 or greater annual probability of flooding from the sea (>0.5%) in any year <p>These flood zones refer to the probability of river and sea flooding, ignoring the presence of defences.</p>

Code/SASB criteria	Our approach
<p>IF-HB-420a.2</p> <p>Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks</p>	<p>Climate risk has been identified as a principal external risk for the Group as set out on page 41. The Group risk register is formally reviewed by the Audit Committee at the majority of its scheduled meetings, including any changes to risk ratings and any mitigations.</p> <p>The Group has identified climate risk as having a medium level of residual risk. This is assessed based on the physical aspects of climate change and the impact on our business strategy as well as the transition risks associated with climate-related advancements such as emerging technologies, government policy and regulation.</p> <p>A sustainability risk register is maintained to identify the key risks associated with our sustainability themes “Communities, Environment and People” and managed by the Group Sustainability Manager. The risk register review is a standing item on the agenda of the Sustainability Committee to ensure focus is applied to developing mitigating actions of these risks.</p> <p>Climate-related risks are identified and reported to the Committee and considered for further analysis, which forms part of our TCFD reporting.</p> <p>Further analysis of the climate risks we have identified are reported within our disclosures in accordance to TCFD on pages 80 to 83.</p>

Activity metrics

Code/SASB criteria	Our approach
<p>IF-HB-000.A</p> <p>Number of controlled lots</p>	<p>At 30 June 2023, our owned land pipeline stood at 7,674 plots (2022: 8,478 plots).</p>
<p>IF-HB-000.B</p> <p>Number of homes delivered</p>	<p>In the year to 30 June 2023, we completed 1,723 homes (2022: 2,000 completions). Notes: Completions mean all legally completed sales to customers during the year.</p>
<p>IF-HB-000.C</p> <p>Number of active selling communities</p>	<p>In the year to 30 June 2023, we were actively selling from an average of 68 sales sites (2022: 63 active sales sites). Notes: Active sales sites are sites which are actively selling homes and typically average 25 home sales per year.</p>