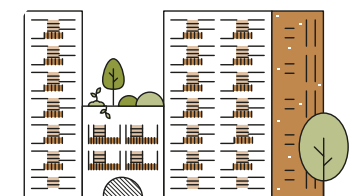


BLL PRINCIPAL RISKS AND UNCERTAINTIES REGISTER



This is the second year of reporting our analysis and progress of sustainability-related priorities – we believe our risk profile has remained at a manageable level during the year and we continue to manage our risks whilst securing sustainability opportunities as set out in our 2030 journey. Established through the 2019 materiality review, our Principal Risks and Uncertainties Register is monitored every quarter through our BLL Steering Committee. In keeping with good practice, our next materiality review is scheduled to take place at the end of 2021. The following update continues to be compared with the relevant United Nations Sustainable Development Goals (UN-SDG) targets to aid transparency and to demonstrate where our business is providing meaningful impact.

PRIORITY	POTENTIAL IMPACT	MITIGATION	COMMENTARY AND SDG ALIGNMENT
LIVING LEGACY			
1 Placemaking and community wellbeing	<p>Failure to address placemaking and community wellbeing may affect the Group's ability to acquire land, gain planning permission, manage its reputation effectively, and address the demand for sustainable living and satisfy build to rent partners.</p> <p>Short-term impact</p>	<p><i>Building a Living Legacy</i> is the Group's strategy - its Placemaking Toolkit helps to create places that make a positive long-term contribution to London's local communities and the environment. Following the publication (delayed to March 2021) of the new London Plan, the toolkit will be reviewed and if required, revised to meet the policy and emerging supplementary planning guidance.</p> <p>We undertake relevant advocacy work with stakeholders identified in our advocacy structure including the GLA and planning authorities and their Design Quality Panels. We work with reputable architects, urban designers, landscape architects, ecologist and qualified engineers on all our schemes who have a proven track record in placemaking, integrated blue and green infrastructure solutions to improve nature and residents wellbeing.</p>	<p>In 2020 the Group achieved a third Gold Level award in the NextGeneration sustainable housing benchmark report and was ranked as the leading housebuilder nextgeneration-initiative.co.uk – helpfully our placemaking score improved compared to the previous benchmark. Our CEO, Planning Director, and Sustainability Director continue to be involved in designed-related industry groups to strengthen the importance of placemaking, which can be seen in the COVID-19 timeline in the CEO introduction of the Sustainability Report here. For example, the Supply Chain Sustainability School (SCSS) Wellbeing Special Interest Group (SIG), published the 'wellbeing in the environment' guide featuring New Garden Quarter.</p> <p>We continue to excel in our approach to the Considerate Constructor's scheme, averaging a score of 42 across all our sites last year, which compares favorably with an industry average of 38.</p> <p>Goal 3. Ensure healthy lives and promote wellbeing for all at all ages 3.9. 100% of our schemes are developed on brownfield sites. Through the remediation of previously contaminated land and by employing good practice placemaking and construction activities through the project lifecycle, and by meeting current placemaking and buildings codes, we aim to reduce the potential impacts on neighbours, whilst promoting wellness for residents.</p> <p>Goal 11. Make cities and human settlements inclusive, safe, resilient, and sustainable 11.1, 11.2 & 11.3. Regeneration and mixed-use development of new mixed-tenure homes located close to transport nodes encourages the use of public transport. All new developments incorporate or are within 500m of public green space. Through S106 and Community Infrastructure Levy (CIL) contributions of £1.54m (2020: £3.2m), our schemes often improve road safety, create new public realms, and include new public art as seen at our City North scheme and showcase projects. Due to the project portfolio these contributions may go up and down year-on-year.</p> <p>11.4. Examples such as Balfron Tower (a grade 2 listed building) demonstrate how we aim to protect and safeguard London's cultural heritage, whilst natural asset such as the Pavilions and New Garden Quarter outline the importance of nature conservation and wellbeing.</p> <p>11.6. We support the London Plan's objectives to reduce the adverse per capita environmental impact of cities, including setting medium to long-term objectives to improve the air quality neutral impacts (from 2022) on a project-by-project basis (given locations vary widely) where we develop. We aim to be a zero-waste developer by 2024. Our offices and all but one of sites run on green energy tariffs accredited to REGO (as recognised by OFGEM). We also monitor the emissions standards of our plant and machinery on site to ensure they comply with Non-road Mobile Machinery (NRMM) regulations.</p> <p>11.7. Further to existing and recently completed schemes, we are progressing projects through the planning system to provide improved public access to safe, inclusive, accessible and green public spaces for residents, neighbours and visitors. This is aided by the adoption of Secure by Design principles at 89% (2020: 80%) of homes.</p> <p>11.a. Our advocacy work and collaboration with national Government and non-governmental organisations is helping Telford Homes share its London experience in developing future policy in areas such as Cambridge.</p> <p>11.b In London we are amongst many businesses aiming to substantially increase knowledge-sharing of good practice by adopting resource efficiency, climate change, adaptation and resilience strategies. Since 2019 all our schemes use CIBSE TM59 to help improve building design performance.</p> <p>Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss 15.2, 15.5 & 15 b. By procuring 100% legally-sourced products, including 97% of timber and timber-based products with recognised change of custody, including the Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC), we promote responsible procurement practices, and aim to become a biodiversity net positive developer during 2021.</p> <p>15.9. We support national policy ambition for developments to be biodiversity positive, and to use Urban Greening Factor (UGF) tools to improve nature and the quality of life for residents and visitors.</p>

BLL PRINCIPAL RISKS AND UNCERTAINTIES REGISTER



PRIORITY	POTENTIAL IMPACT	MITIGATION	COMMENTARY AND SDG ALIGNMENT
2 Local economic development	Not addressing local economic development opportunities might affect the Group's ability to gain planning permission and address the demand for sustainable living. Short-term impact	Employing our Social Return on Investment (SROI) Toolkit, through the planning and delivery of mixed-use projects brings vibrancy to the local area, new jobs and more diverse social community infrastructures. This toolkit will also be reviewed following the adoption of the London Plan (published in March 2021).	<p>During 2021, we will be undertaking a 2016-2021 Social Value Report, starting with City North. Schemes will undertake a Post-Occupancy Evaluation to monitor and record the transformational benefits of high-quality placemaking and maximising local economic and community opportunities. A summary of our activity can be seen on our Living Legacy web page.</p> <p>91% of our tier 1 supply chain are SMEs and over 55% of suppliers (106 in total) are in Greater London, Hertfordshire and Essex. We pay all our staff at least the London living wage and have a well-developed trainee programme with trainees making up 7% of employees. We have achieved our objective in ensuring at least 7% of our employees are trainees for the last four reporting cycles. Many of these trainees are school leavers. We continue to actively work with companies such as Women in Construction to promote the sector to women and frequently run campaigns through social media with our female colleagues, to give insights to the sector. During 2021, we will commence the rollout of our new Diversity, Equity & Inclusion framework.</p> <p>Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. Sustained and inclusive economic growth</p> <p>8.3, 8.5 & 8.6. We are supporters of SMEs and adhere to our Prompt Payment Policy. We pay at least the London Living wage to our staff and encourage our supply chain to follow this example – in the period 84% of our supply chain paid the London Living Wage or equivalent local. We have a well-developed trainee programme as outlined above.</p>
3 Green infrastructure (GI) and UGF	Demand to improve community and customer wellbeing and biodiversity can be enabled through well-designed high-quality GI. Done well such approaches underpin planning applications, improve the desirability and asset value of schemes, enhance climate change adaption, mitigation and resilience strategies, to ensure that poorly executed schemes are at more risk of obsolescence. Short-term impact	The soon to be reviewed and revised <i>Building a Living Legacy</i> Placemaking Toolkit, with the application of a new net biodiversity policy (during 2021), will help to mitigate planning risk and inform a better quality of life for our customers. During 2020 UGF compliance was integrated into planning applications.	<p>We have an ambition during 2021 for all new schemes to be biodiversity net positive. All our land purchased is on brownfield sites to minimise our impact on existing Green Infrastructure. One example is the New Garden Quarter scheme, which incorporated a new two-acre park. We continue to advocate with the UK GBC and associated partners to deliver more and better-quality blue/GI and new public realms, as seen at Equipment Works, Greenford Lock, South Kilburn and Stone Studios.</p> <p>In addition to meeting UGF on new schemes, during the reporting period 100% of our completed developments have implemented Biodiversity Action Plans and or Landscape Management Plans. During 2021, we will reassess our net biodiversity policy with informed parties such as the London Wildlife Trust, whilst continuing to make a contribution to the work of the Tree Design Advisory Group.</p> <p>Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss</p> <p>15.5 & 15.9. We have an objective to be a biodiversity net positive developer. Through the London Plan we will use UGF as a tool to demonstrate improvement. We acquire brownfield sites to minimise the impact on existing GI. At the aforementioned schemes new public realms and amenity spaces provide the opportunity for social capital.</p>
BALANCED RESOURCES			
4 Waste and resource management (circular economy incl. FSC & BES 6001, EPDs)	Complex global to local supply chains may adversely affect the cost and availability of materials. Until recently the application of industry-accepted policies and the use of known procurement tools helped mitigate risks, but the impact of COVID-19 has created unprecedented risks. To help mitigate future risks, cross-sector collaborations will be undertaken. Medium-term impact	Maintain an EMS, sustainable procurement policies and procedures, utilise Builder's Profile prequalification and use global supply chain mapping tools through our Group buying deals to mitigate risk. Focus on increased transparency through the procurement of material through our supply chain, with increased due-diligence of geographical areas.	<p>Based on more than four years of waste data collation and analysis, we aim to become a zero-waste company by 2024. We are invested in advocacy groups and are incorporating circular economy (CE) statements into our planning applications. Following the publication of the new London Plan (March 2021), we will publish a new CE policy. Our Greenford Lock project (to date) managed to divert all construction waste from landfill during the reporting period.'</p> <p>We procured 98% timber from sustainable sources, especially those that are FSC/PEFC accredited, we also track BES 6001 ethically sourced materials and this amounts to around 64% (71%: 2020) of supplier spend.</p> <p>Goal 12. Ensure sustainable consumption and production patterns</p> <p>12.2 12.4 & 12.5. We are committed to zero waste to landfill by 2024 and we adhere to responsible procurement practices as outlined above.</p>

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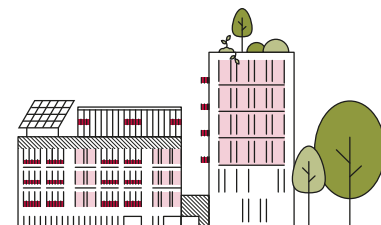
PRIORITY	POTENTIAL IMPACT	MITIGATION	COMMENTARY AND SDG ALIGNMENT
5 Air quality	<p>Poor air quality in a location and/or a building will affect stakeholder wellbeing and asset value. Designing and building new residential-led mixed-used buildings and places that are of insufficient quality may affect the Group's brand.</p> <p>Medium-term impact</p>	<p>Given the Group's schemes are located in London, next to and/or near transport infrastructure and high-density neighbourhoods, we are increasingly meeting good practice air quality protocols and requirements seen in other regional locations.</p>	<p>We continue to monitor the air quality impacts on new projects to better understand the journey to be an air quality positive developer. Locating our schemes close to well-connected transport infrastructure supports its use. The omission of parking (other than for disabled persons) is helping to reduce emissions. Whilst we believe CHP is a good low-carbon development solution, the move to an electric-based solution (ground source and air source heat pumps) combined with MMC and Blue/GI will further improve operational air quality. Our sites' impacts are being reduced by using Non-Road Mobile Machinery (NRMM) compliant plant and site accommodation and crange is increasingly benefitting from renewable energy RIGO certificates. We are also increasingly offering electric/hybrid company car options and have provisions for car charging at our head office. All of our schemes are incorporating provisions for at least 20% electric vehicle charging and increasingly 80% passive strategies.</p> <p>Goal 11. Make cities and human settlements inclusive, safe, resilient, and sustainable 11.6. In accordance with the London Plan, we have an ambition to play a part in improving the air quality of London as outlined above, and to create air quality schemes from 2022.</p>
6 Energy and carbon	<p>The climate emergency has set out an unprecedented challenge to bring all greenhouse gas emissions to net zero by 2050. Without an urgent and comprehensive response, Telford Homes reputation as a partner of choice may be affected.</p> <p>Long-term impact</p>	<p>By voluntarily setting a net zero carbon 2030 commitment, it provides a critically important challenge to Telford Homes and its preferred specialist consultants and supply chain. But there is seemingly no other option than to deal with the climate emergency sooner than the National Policy trajectories – hence our commitment to 2030.</p>	<p>This shift in national policy and the convergence of local aspirations to a low carbon economy means that as a responsible business we believe it is important to commit to net zero carbon emissions by 2030. Whilst this is ambitious it aligns with the trajectories of more innovative cross-sector companies, institutional investors and customers. An important interim step in achieving this commitment is to adopt and set a Science Based Target (SBT) objective our Parent Company CBRE has set a SBT approved by the SBT-initiative (SBTi) to reduce greenhouse gas emissions by 68% by 2035. As a subsidiary, we cannot gain individual SBTi approval as our impacts are included in the Consolidated Group inventory. However, we have still used its framework to align our emissions to climate science and accordingly, we are committed to reducing our Scope 1, 2 and 3 emissions by 12.5% in 2025.</p> <p>We have undertaken an initial scenario analysis to identify physical and transitional risk and opportunities to operate below well below 2°C or 1.5°C pathways, as set out in the Paris Agreement 2015.</p> <p>100% of our new build schemes benefit from low carbon or renewable technologies, and we undertake POE on every project to help optimise systems performance. For the last two years, 100% of completed units have been connected to on-site renewables or low carbon community heating energy infrastructure, including district heating and on-site renewable energy systems.</p> <p>Goal 13. Take urgent action to combat climate change and its impacts 13.2. & 13.3. As set out in materiality priority 6, our 2030 journey indicates a roadmap towards a zero carbon business model. 13.3. All our employees complete sustainability e-learning modules as part of a two year BLL training plan, which includes improving climate-related knowledge in the built environment.</p>
7 Land degradation and pollution	<p>New land opportunities need to be sourced in appropriate locations and where optimum planning consents can be obtained. In London when remediating contaminated land, protecting the asset during construction in high density locations carries high levels of risk and reward.</p> <p>Short-term impact</p>	<p>A robust land appraisal process ensures each project is financially viable (as tested via an Investment Committee) and consistent with the Group's strategy. Through the application of our ISO 45001:2018 and ISO14001:2015 systems, land degradation and pollution incidents are managed.</p> <p>The Group continues to receive design awards for its placemaking and regeneration activities.</p>	<p>Being a brownfield developer limits our impacts compared to peers who develop in greenfield locations. Through the application of our quality management systems we aim to thoroughly remediate and regenerate highly urbanised locations by employing climate mitigation, adaptation and resilience strategies. All sites are registered to the Considerate Constructors Scheme, whereby we have achieved an average score of 42/50 which compares favourably with 2020:41/50 score and our peers' performance.</p> <p>Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss 15.5 & 15.9. Being a brownfield developer limits our impacts on natural habitats, with our ambition to be a net positive biodiversity developer and we will use UGF tools in response to the associated GLA policies.</p>

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PRIORITY	POTENTIAL IMPACT	MITIGATION	COMMENTARY AND SDG ALIGNMENT
CREATIVE BUILDING SOLUTIONS			
8 Climate change adaption, mitigation and resilience	<p>With the increased significance of the climate emergency and the built environment being a high-impacting sector, the need to develop climate-resilient places and buildings has never been more pressing. The performance gap in recent new buildings may affect the quality of life of the residents, users and the asset owner in the short to long term as a consequence.</p> <p>Long-term impact</p>	<p>We continue to employ our Placemaking Toolkit and CIBSE TM:59 into new planning applications. This was undertaken ahead of policy and regulation to climate-proof our schemes and to ensure a better user experience.</p> <p>During 2020+, we have undertaken and are progressing the disclosure of TCFD, a SBT roadmap (and draft CDP evaluation), WLC models and tools, in addition to BREEAM assessment. By adopting good practice and the use of Munich Re Climate Risk Analysis modelling to inform our TCFD work, we aim to create climate-ready and future-proofed schemes. Looking ahead, we are also heavily invested in the national Future Homes Standard (FHS) working group to help manage risks and uncertainties.</p>	<p>Our net zero carbon 2030 ambition, TCFD disclosure and SBT roadmap and their application through our Placemaking Toolkit, allied with the use of BREEAM etc., CIBSE TM:59 (& TM:52 e.g. at Stone Studios), WLC models and Blue / GI, will help to create climate change resilient places and buildings, and help improve residents' and neighbours' wellbeing. We are also engaged in the national FHS working group, to help prepare for its requirements from 2025 onwards – positively an analysis of the emerging standard compared with our BLL sustainability strategy indicates strong synergies which we believe will help provide early compliance. Please see our FHS appendix for more information and link to the appendices page on our website.</p> <p>Goal 13. Take urgent action to combat climate change and its impacts 13.2. & 13.3. As set out in materiality priority 6, our 2030 journey indicates a roadmap towards a zero carbon business model. In late 2021, post-COP26, we will undertake our next materiality review to ensure that our strategy remains relevant.</p>
9 Building labels and standards including BREEAM, EPCs and WELL	<p>Current national (2050) and to a lesser extend GLA (2040) planning policies are being left behind Local Authority (2030) climate emergency commitments. Unless Telford Homes moves beyond a compliance-led business model – the risk of not addressing the net zero carbon trajectory by 2030 and implementing voluntary standards such as TCFD/SBT/WLC models may affect its license to operate.</p> <p>Medium-term impact</p>	<p>In addition to operating a license to operate/added-value business model we have wide-ranging experience of delivering homes, places and mixed-uses that have used compliance tools including BREEAM to an Excellent standard, B- rated EPCs and the BREEAM Home Quality Mark (HQM) to target a 4 star rating. Whilst we have not implemented a WELL assessment or achieved an accreditation, the benefit of being a CBRE divisional company means we have access to a wide range of UK and international experiences.</p>	<p>Increasingly, institutional investors and their investment committees are seeking compliance to a range of building standards and investment indices.</p> <p>In addition to the experience of building labels and standards, our adoption of new policies and assessment tools in advance of emerging policy and regulations e.g. TCFD, SBT, CDP, WLC etc., positions us to collaboratively manage local project level and corporate risks. We also publicly disclose our EPC building ratings which is currently B. Albeit, the call for HQM and WELL evaluations and or BREEAM In-use assessments has not been required by clients during the reporting period, we will maintain these objectives as we believe corporate ESG agendas and the evolution of green finance will accelerate these requirements in the short-to-medium term.</p> <p>Goal 12. Ensure sustainable consumption and production patterns 12.2 & 12.8. The use of selected assessment tools will help inform long-term investment decisions and provide more sustainable environments for stakeholders. The introduction of the FHS will provide a complementary residential approach to established assessments such as BREEAM.</p>

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PRIORITY	POTENTIAL IMPACT	MITIGATION	COMMENTARY AND SDG ALIGNMENT
10 Building health, wellbeing and productivity	<p>Poor quality placemaking and a building with a performance gap may negatively affect user wellbeing. Emerging smart building digital/social media platforms may impact Telford Homes' reputation as a preferred partner, and its ability to grow its business.</p> <p>Medium-term impact</p>	<p>Through the application of our BLL Toolkit, we aim to create high-quality public realms and private amenity spaces. All schemes are subject to design quality reviews by the local boroughs we operate in or by the GLA. BREEAM is used as a benchmark on commercial elements and looking ahead the FHS will help raise design quality standards. Build to rent requires an emphasis on OPEX versus traditional CAPEX models, and has a heightened focus on smart building technologies.</p> <p>We will continue to monitor the adoption of the HQM and the WELL best practice examples being delivered by CBRE.</p> <p>In addition, our:</p> <ul style="list-style-type: none"> Sustainability Director chairs the SCSS Wellbeing SiG to share/gain knowledge. CEO contributed to 'Connection to Tomorrow' – a report undertaken by Say Consulting, Hyperoptic and Tom Cheeseman regarding the future of the home and places we live. 	<p>We believe it is important to position ourselves in readiness to create improved wellbeing through high-quality placemaking, building design and placekeeping and to protect building assets to mitigate obsolescence. We support the London Plan's objectives (March 2021 edition to be scrutinised) to reduce the adverse per capita environmental impact of cities, including setting medium to long-term objectives to improve the air quality impacts on a project-by-project basis (given locations vary widely) where we develop. We aim to be a zero waste developer by 2024 and to mitigate site omissions as explained above, by, for example, complying with NRMM regulations. By operating solely in London our support for positive economic, social and environmental links between urban, peri-urban and rural areas may seem limited. However, our advocacy work and collaboration with organisations such as the UKGBC, is helping Telford Homes share its London experience in developing future policy in areas such as Cambridge.</p> <p>We also engage with government, academia, local stakeholders and relevant industry groups. Each approach helps strengthen national and regional development policies - in return we learn from local area policies and organisations that are more aspirational than London in certain ways.</p> <p>Goal 11. Make cities and human settlements inclusive, safe, resilient, and sustainable 11.1,11.3,11.6, 11.7 & 11.a.. As explained in priority 1 and above, good placemaking and placekeeping are of importance to building health, wellbeing and productivity. Our BLL strategy underpins our purpose of 'Developing the homes and creating the places that London needs'.</p>
SMART BUSINESS			
11 Human rights and labour conditions (incl. ETI)	<p>The efficient and timely delivery of construction projects and the availability of materials and labour at an economic rate are critical to the Group's profits, cash flows and reputation.</p> <p>Medium-term impact</p>	<p>The application of our sustainable procurement policies, and prequalification tools such as Builder's Profile provides supply chain transparency and monitoring. Regular procurement performance strategy reviews are undertaken through Group-buying deals and with sub contractors.</p> <p>A Company Modern Slavery Statement is published via our website. The integration of CBRE Standards of Business Conduct into Group practices has enhanced supply chain visibility and will be improved through the application of our WLC modelling work in 2021+, as well as an ongoing commitment to collaborate with the SCSS.</p>	<p>We are committed to collaborating with the SCSS and peers to continue to mitigate Modern Slavery and Human Trafficking. In addition, we sit on their Performance through Procurement steering group, which is developing procurement best practice across the UK. The company produces an annual Modern Slavery statement and engages with other housebuilders through the supply chain sustainability school MSA working group. We also screen our supply chain through Builder's Profile, to ensure there are appropriate policies and mitigation measures in place to prevent modern slavery. All employees are required to complete modern slavery e-learning modules. We have also mapped the country of origin and transit method for all our Group buying and have aligned this against the global slavery index and corruption perceptions index.</p> <p>Goal 8. Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all 8.7 & 8.8. The Company employs a range of policies and processes to mitigate unethical procurement practices which includes preventing modern slavery and human trafficking.</p>
12 Health & safety (occupational, customer, operations)	<p>A deterioration in the Group's health & safety standards could place employees, contractors, site visitors or the general public at risk of injury or death and could lead to litigation or penalties that damage our reputation.</p> <p>Short-term impact</p>	<p>Investment in training, the promotion of health and safety and wellbeing to all employees and extensive policies and procedures all contribute to ensuring high standards are maintained. The Group has a dedicated health and safety team who conduct regular health, safety & environment audits, augmented by an external advisor.</p>	<p>Through its ISO 45001:2018 certified management system, the Group maintains an ongoing focus on health & safety to manage the risks inherent in the construction processes, at its offices and marketing suites. We ensure all staff on our sites have an understanding of site safety requirements and a level of competence by mandating CSCS cards.</p> <p>Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. Sustained and inclusive economic growth 8.8. Our Health and Safety practices have been recognised by the receipt of our 11th consecutive gold award from RoSPA. Our Health & Wellbeing team focuses on office staff and site operatives, physical and mental wellbeing and is supported by trained mental health first aiders and champions.</p>