



CLIMATE RISK ASSESSMENT

STRATEGY

Climate change is expected to increasingly disrupt the global economy, society, and environment. Our value creation is driven by our alignment with market demands and our ability to deliver high-quality homes. As such, our business is exposed to transition risks associated with the pace and direction of the shift towards a low-carbon economy.

Using the Task Force on Climate-related Financial Disclosures framework, we conducted a climate risk assessment to identify and evaluate climate-related risks and opportunities that may have a material financial impact on our existing and new projects.

CLIMATE SCENARIOS

The assessment is informed by the climate risk assessment of all our projects based on three key Representative Concentration Pathways (RCPs) scenarios.

- **RCP 2.6:** A low-emissions scenario aligned with ambitious climate mitigation efforts, targeting a global temperature increase of below 2°C. Often described as a “peak-and-decline” pathway, it assumes rapid emissions reductions, reaching near-zero carbon emissions before the end of the 21st century.
- **RCP 4.5:** An intermediate emissions scenario developed by the Intergovernmental Panel on Climate Change, in which greenhouse gas emissions peak around 2040 and subsequently decline. It represents a moderate mitigation pathway, with projected global temperature increases of approximately 2°C to 3°C by 2100.
- **RCP 8.5:** A high-emissions, “business-as-usual” scenario characterised by minimal climate policy intervention. Under this pathway, greenhouse gas emissions continue to rise throughout the century, resulting in a projected global temperature increase of approximately 4.3°C by 2100.

Identified risks have been categorised into physical and transition risks. In addition to being assessed across short-, medium-, and long-term time horizons, physical risks have also been evaluated under three climate scenarios, as outlined in the table below.



Climate-Related Risks	Key assumptions	Potential impact (unmitigated)	Scenario	Gross risk score			Mitigations
				Short-term (2025-2030)	Medium-term (2030 - 2040)	Long-term (2040+)	
Transition Risk							
Policy and Legal: Housing regulations, planning, and regulatory environment	Housing regulations will be more onerous as part of the Future Homes Standard, Parts F and L of Building Regulations, and local authorities' policies.	● Assets becoming stranded / obsolete ● Increased cost of compliance and operational costs	RCP 2.6	Likely	High likelihood	High likelihood	Our developments are assessed against our internal sustainability KPIs which include current and future regulations requirements.
			RCP 4.5	Likely	High likelihood	High likelihood	
			RCP 8.5	Low likelihood	High likelihood	High likelihood	
Technology	Demand for heat pumps and photovoltaic panels is expected to increase as a result of the Future Homes Standard and due to a lower reliance on fossil fuel.	● Increased cost of innovative technologies such as highly efficient heat pumps that use low Global Warming Potential (GWP) refrigerant ● Retrofit costs for assets that use fossil fuels	RCP 2.6	Likely	High likelihood	High likelihood	We are exploring the use of heat pumps that use R290 refrigerant. R290 has a GWP of 3, which is significantly less than the best practice R32 which has a GWP of 675.
			RCP 4.5	Likely	Likely	High likelihood	
			RCP 8.5	Low likelihood	Low likelihood	Low likelihood	
Market	Challenges in responding to evolving customer needs and preferences, alongside growing demand for low-carbon, energy-efficient, and climate-resilient buildings.	● Reduced demands for our homes ● Lower assets value	RCP 2.6	Low likelihood	Likely	Likely	We undertake ongoing market research and regularly review our standards to ensure they align with customer expectations and evolving building standards.
			RCP 4.5	Low likelihood	Likely	Likely	
			RCP 8.5	Low likelihood	Low likelihood	Low likelihood	



Reputation	Reduced effectiveness in collaborating with key stakeholders such as partners, supply chain, and industry peers.	● Adverse reputational impacts ● A reduced ability to meet carbon and climate commitments, undermining the achievement of financial and environmental objectives.	RCP 2.6	Low likelihood	High likelihood	High likelihood	We are a member of Next Generation, a sustainability assessment initiative for the UK's top twenty-five residential developments. Our ESG performance is benchmarked against peers, and we aim to outperform the member average.
			RCP 4.5	Low likelihood	Likely	High likelihood	
			RCP 8.5	Low likelihood	Low likelihood	Low likelihood	

Carbon pricing	The Greater London Authority (GLA) and local boroughs carbon offsetting contributions are expected to increase as consequence of stricter NZC regulations.	● Increased costs for lower-carbon materials	RCP 2.6	Low likelihood	Likely	High likelihood	We are prioritising lowering our emissions by implementing practical and cost-effective passive design measures, lower carbon building materials, and energy efficient equipment.
			RCP 4.5	Low likelihood	Likely	High likelihood	
			RCP 8.5	Low likelihood	Low likelihood	Low likelihood	

Physical Risks: Chronic and Acute

Storms and wind events	High winds pose serious risks to both construction sites and completed buildings. These impacts range from structural	● Increased maintenance and compliance costs ● Potential business disruption	RCP 2.6	Low likelihood	Low likelihood	Likely	Wind speeds are monitored throughout the construction process and the programme is
			RCP 4.5	Low likelihood	Likely	Likely	



	damage to safety hazards and operational disruptions.		RCP 8.5	Low likelihood	Likely	High likelihood	adjustments accordingly. The façade is regularly inspected to highlight potential risks and concerns.
Overheating in homes	London is expected to experience rising temperatures as a result of global warming.	- Increased costs for comfort cooling and associated plant - Retrofit of completed buildings that experience overheating	RCP 2.6	Low likelihood	Low likelihood	Likely	Overheating studies are undertaken in the design stage which account for a projected climate change environment and the cooling systems are design accordingly. The building management team inspects the building fabric and equipment periodically to assess performance and risks.
			RCP 4.5	Low likelihood	Likely	High likelihood	
			RCP 8.5	Low likelihood	Likely	High likelihood	
Drought / water scarcity	Water shortages can lead to hosepipe bans, reduced water availability, and hygiene issues—especially during heatwaves.	Regulatory changes to Building Regulations aimed at lowering sanitaryware flow rates.	RCP 2.6	Low likelihood	Likely	Likely	We collaborate with our supply chain to specify low-flow water fixtures that deliver water efficiency without compromising user comfort or performance.
			RCP 4.5	Low likelihood	Likely	High likelihood	
			RCP 8.5	Low likelihood	High likelihood	High likelihood	
	Rising sea levels and more frequent storm	Assets becoming stranded or difficult	RCP 2.6	Low likelihood	Low likelihood	Low likelihood	Flood risk assessments are undertaken as part
			RCP 4.5	Low likelihood	Low likelihood	Low likelihood	



Flood mitigation - fluvial, pluvial, surface water, groundwater, sewers, and other artificial sources	surges are increasing pressure on the Thames Barrier and existing sewage systems.	to insure • A reduction in the viability of some development schemes. • Increased maintenance costs	RCP 8.5	Low likelihood	Low likelihood	Likely	of the planning process, incorporating allowances for the impacts of climate change. Sustainable Drainage Systems (SuDS) are integrated into projects to mitigate flood risk.
Supply chain availability	Climate change and global warming are increasingly disrupting supply chains, with wide-ranging economic, operational, and strategic consequences.	• Potential business disruptions and programme delays • Supply availability of lower-carbon materials	RCP 2.6	Low likelihood	Low likelihood	Low likelihood	We maintain a policy mandating the use of 100% FSC- or PEFC-certified timber. Group purchasing agreements are in place for key materials and equipment to reduce exposure to market fluctuations and supply risks.
			RCP 4.5	Low likelihood	Low likelihood	Low likelihood	
			RCP 8.5	Low likelihood	Low likelihood	Likely	



Opportunities	Key assumptions	Scenario	Gross opportunity score			Measures
			Short-term (2025-2030)	Medium-term (2030 - 2040)	Long-term (2040+)	
Resource Efficiency	Improved asset resilience and attractiveness through enhanced energy efficiency from retrofitting existing buildings.	RCP 2.6	Low likelihood	Likely	High likelihood	By focusing on exiting building rather than new builds, we will achieve reduced carbon emissions, decreased exposure to carbon-related costs, and improved asset valuations and mortgage conditions.
		RCP 4.5	Low likelihood	Likely	High likelihood	
		RCP 8.5	Low likelihood	Low likelihood	Likely	
Energy Source	All homes will be fully electric as part of the Future Homes Standard.	RCP 2.6	Low likelihood	High likelihood	High likelihood	We are prioritising the acquisition of sites that enable the development of fully electric buildings and are specifying high-efficiency heat pump systems across our projects.
		RCP 4.5	Low likelihood	Likely	High likelihood	
		RCP 8.5	Low likelihood	Likely	Likely	
Products and Services: Demand for NZC homes	- Buyers are actively seeking homes with low carbon footprints, better insulation, and renewable energy systems. - Lower borrowing rates for green mortgages. - Institutional investors and Build-to-Rent operators in London increasingly require net-zero-aligned assets to meet ESG commitments and future-proof asset values.	RCP 2.6	Low likelihood	Likely	High likelihood	We have developed an internal Project Sustainability Plan (PSP), which informs the design of all our developments to ensure compliance with Net Zero Carbon (NZC) requirements.
		RCP 4.5	Low likelihood	Likely	Likely	
		RCP 8.5	Low likelihood	Low likelihood	Likely	



Markets: Enhanced reputation	Delivering resilient and NZC aligned buildings provides a distinct competitive edge by offering a higher-quality product that meets growing market demand.	RCP 2.6	Low likelihood	Likely	High likelihood	We continue adapting to the evolving needs of prospective occupiers, who increasingly expect high-performing buildings and seek support to meet their own sustainability and reporting obligations.
		RCP 4.5	Low likelihood	Likely	Likely	
		RCP 8.5	Low likelihood	Low likelihood	Low likelihood	
Resilience	Global warming is already having significant and growing impacts on the build environment, affecting how they are designed, operated, and maintained.	RCP 2.6	Low likelihood	Likely	High likelihood	We have assessed the resilience of our projects against the three climate scenarios outlined in the Climate-Related Risks and Opportunities tables and developed tailored management responses for each.
		RCP 4.5	Low likelihood	Likely	Likely	
		RCP 8.5	Low likelihood	Low likelihood	Low likelihood	