



building a
**LIVING
LEGACY**

Sustainability Report 2020



Introduction

Building a Living Legacy

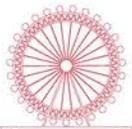
Developing the homes and creating the places that London needs

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Bow Garden Square, E3



Building a Living Legacy Highlights

LIVING LEGACY

Creating thriving places that enable people to live sustainable lifestyles



7 SCHEMES IN THE MAYORAL OPPORTUNITY AREAS



72% OF SUPPLY CHAIN SPEND IS WITH SMALL AND MEDIUM SIZED ENTERPRISES. (2019: 80%)



£45.4m OF SUPPLY CHAIN SPEND WITH BUSINESSES REGISTERED IN LONDON BOROUGHES (2019: £44m)

For more information see page 10



BALANCED RESOURCES

Making our money work harder through efficient use of resources across our business



31% REDUCTION IN OUR SITE CO₂e INTENSITY (2019: 11.6%)

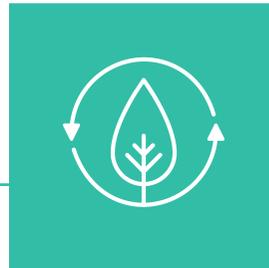


98% OF WASTE DIVERTED FROM LANDFILL (2019: 94%)



16% REDUCTION OF WATER USAGE IN NEW HOMES* (2019: 16%)

For more information see page 14



CREATIVE BUILDING SOLUTIONS

Collaborating with our partners to identify innovative building techniques and deliver the homes of the future



13% OF SPEND INVESTED IN MODERN METHODS OF CONSTRUCTION. (2019: 18%)



40% TARGETED REDUCTION IN CO₂ IN NEW HOMES* (2019: 40%)



100% NEW BUILD SCHEMES BENEFIT FROM LOW CARBON OR RENEWABLE TECHNOLOGIES (2019: 100%)

For more information see page 18



SMART BUSINESS

Investing in people and relationships to ensure we deliver lasting value for all stakeholders



2nd PLACE IN NEXTGENERATION SUSTAINABLE HOUSEBUILDER RANKINGS

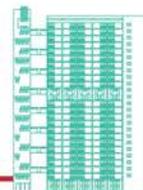
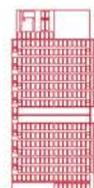


99% OF CUSTOMERS WOULD RECOMMEND US TO A FRIEND



11th ROYAL SOCIETY FOR THE PREVENTION OF ACCIDENTS AWARD

For more information see page 22



*Against national standards

Chief Executive Officer's Introduction

Sustainability is an area of increasing importance for all our stakeholders



We have set ourselves the ambitious target of being a net zero carbon company by 2030. There is a lot to do to achieve that aim but having the target will underpin our licence to operate and help us to be the partner of choice for our stakeholders.

Jon Di-Stefano
Chief Executive Officer



The last year has seen significant legislative change in the UK, as the proposed Environment Bill set out a clear plan to bring all greenhouse gas emissions to net zero by 2050 and deliver the most ambitious environmental programme of any country in the world. National and regional planning policies, together with building regulations, have seen rapid changes with further amendments expected throughout 2020 and beyond. As we enter a new decade, the way in which businesses operate will fundamentally influence how society, neighbourhoods and individuals adapt their behaviours to address climate change.

Most local authorities have declared a Climate Emergency, with some setting accelerated net zero targets in advance of the government's national target. We envisage that the introduction of the ambitious Future Home Standard from 2025 through to 2030 will greatly assist the sector in rising to meet these challenges. Going forward, each year will act as another milestone in our industry's progress toward the Paris Climate Change Agreement and the UN's Sustainable Development Goals.

The global Covid-19 pandemic has brought a level of disruption to society not previously seen in peacetime, and our sector is responding in a safe and pragmatic way in

accordance with Government guidelines. Compared with climate change we believe the pandemic will have a relatively short-term impact on our business, with our total focus on purpose-built rental housing placing us in a strong market position for the future. Nonetheless, we will not underestimate Covid-19's impact on the wellbeing of society and on our business.

Our trading landscape is being reshaped with a greater emphasis placed on Environmental Social and Governance (ESG) strategies, transparency, and risk management. We expect our success to continue to be influenced by how we react to these changes. As a responsible business we have re-evaluated our existing sustainability targets and policies during 2019/20 and are setting out our ambitions for 2020 to 2030 (Telford Homes 2030 Journey pages 04-05).

The most important objective we have set ourselves is to be a net zero carbon company by 2030. There is a lot to do to achieve that aim but having the target will underpin our 'licence to operate' and help us to be the partner of choice for our stakeholders. Our purpose of 'developing the homes and creating the places that London needs' is driven by the success of our people and our supply chain in implementing our Building a Living Legacy (BLL) strategy.

During the year to 31 March 2020, we have achieved 90 per cent of our objectives and for the second consecutive year, we are delighted to have achieved a Gold Level award in the 2019 NextGeneration sustainable housing benchmark report. During 2020/21, we are committed to a range of new and ambitious interrelated principles that inform a Science-based Target (SBT), and we will undertake our first Task Force on Climate-related Financial Disclosures (TCFD) analysis. We will also be setting out strategies to send zero waste to landfill by 2024, become a net-biodiversity-positive developer by 2022 and make a positive social return on investment (SRoI) on all new projects from 2021.

Whilst these commitments will demand a great deal of work during the next decade, we believe this approach is aligned with the expectations of our stakeholders. Through collaboration with leading organisations we believe we can mitigate emerging risks and uncertainties. We will therefore continue to invest in innovation driven by knowledge-sharing with policy makers, regulators and organisations such as the UK Green Building Council (UKGBC), the Supply Chain Sustainability School (SCSS) and our supply chain.



At a local level we continue to implement our Community Engagement Strategy, supporting our neighbourhoods and helping to bring new talent into our sector by collaborating with communities, schools and other related enterprises.

It is significant to note that since we last reported, Telford Homes was acquired on 1 October 2019 by Trammell Crow Company (TCC), a subsidiary of CBRE Group, Inc. (the 'Group'). The Group is the world's largest commercial real estate services and investment firm. It is listed in the USA with its shares traded on the New York Stock Exchange. It has been included in the Fortune 500 since 2008, and named as a 'Most Admired Company' since 2012. The alignment of the respective business models, people and culture – along with our shared commitment to partners, clients and local communities – makes Telford Homes a natural fit. The acquisition has enhanced our capability to raise capital, acquire the best sites and deliver high-quality properties that meet rising demand for build to rent homes.

As a result of the acquisition, Telford Homes left the London Stock Exchange and its financial reporting period has consequently been aligned to suit the Group date of 31 December (previously 31 March).

To provide comparable year-on-year sustainability performance reporting, this report covers a full year to 31 March 2020. For carbon reporting (scope 1 & 2) purposes, Telford Homes has provided three months of absolute performance data disclosure to the Group, for inclusion in the CBRE Building Connections 2020 CSR Report (CSR Report) – this report can be found at <https://www.cbre.com/about/corporate-responsibility>. From 1 January 2020, Telford Homes commenced a new full reporting cycle for future Sustainability Reports to align with the Group reporting cycle.

In future a wider range of global indices may inform the Building a Living Legacy strategy and increase disclosure, as we integrate into TCC and CBRE.

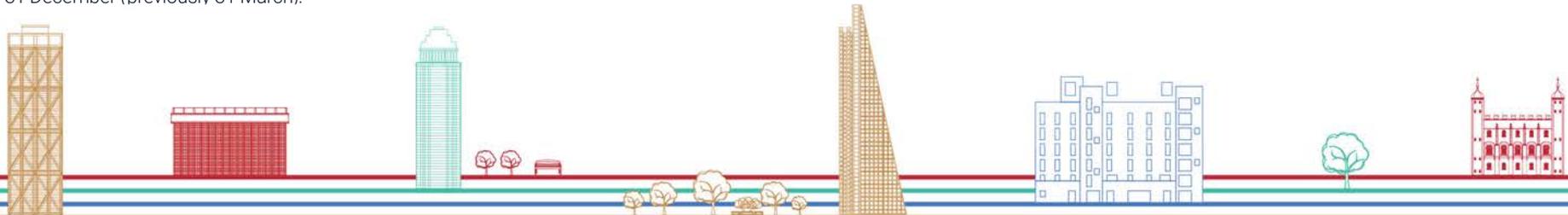
I believe that Telford Homes is well positioned for sustainable growth during the 2020s. Our BLL strategy and evolving ESG platform is well structured to serve our purpose and to deliver strong returns. If you have feedback on this report, please email us at buildinglivinglegacy@telfordhomes.london

Jon Di-Stefano
Chief Executive Officer

29 May 2020

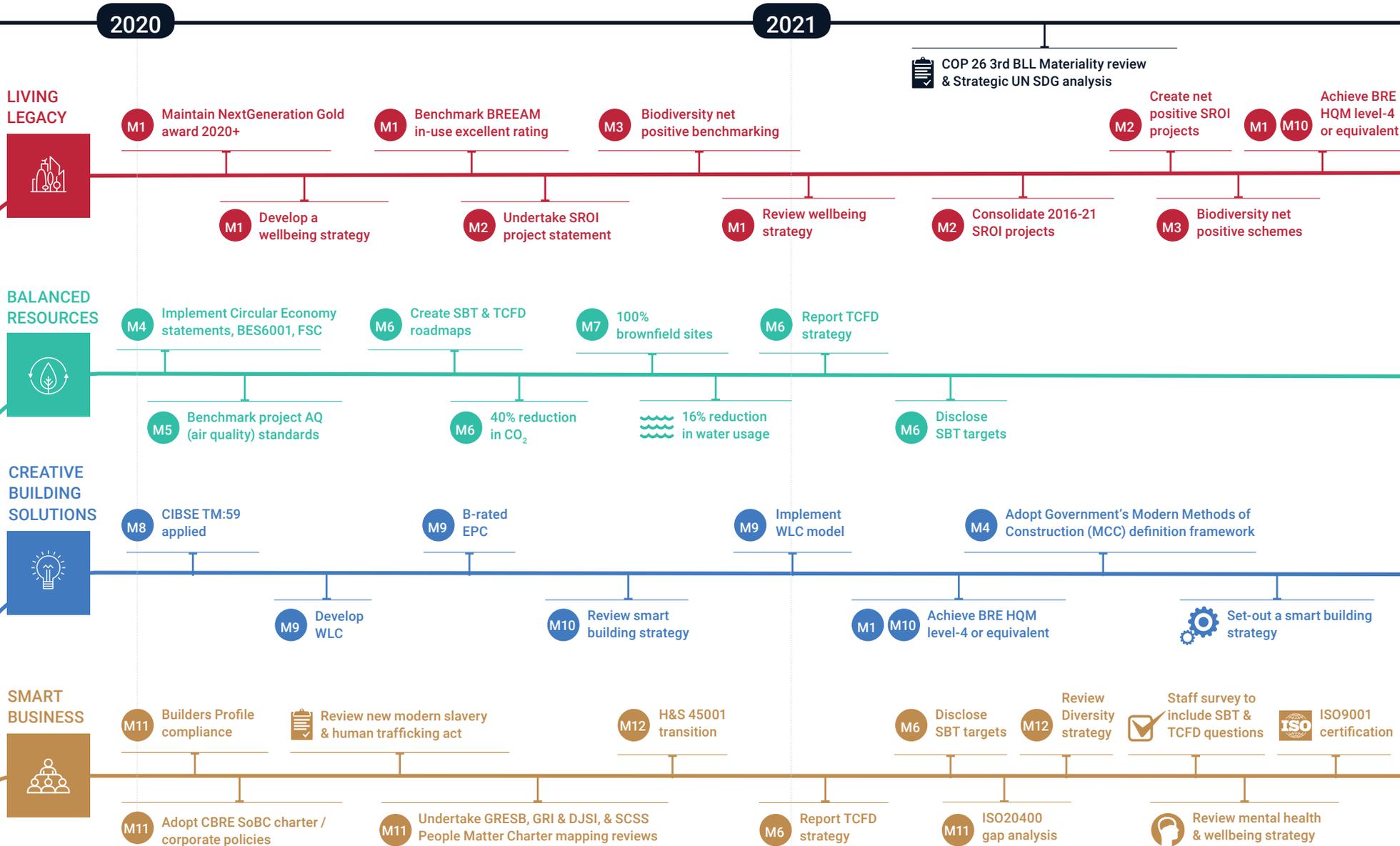


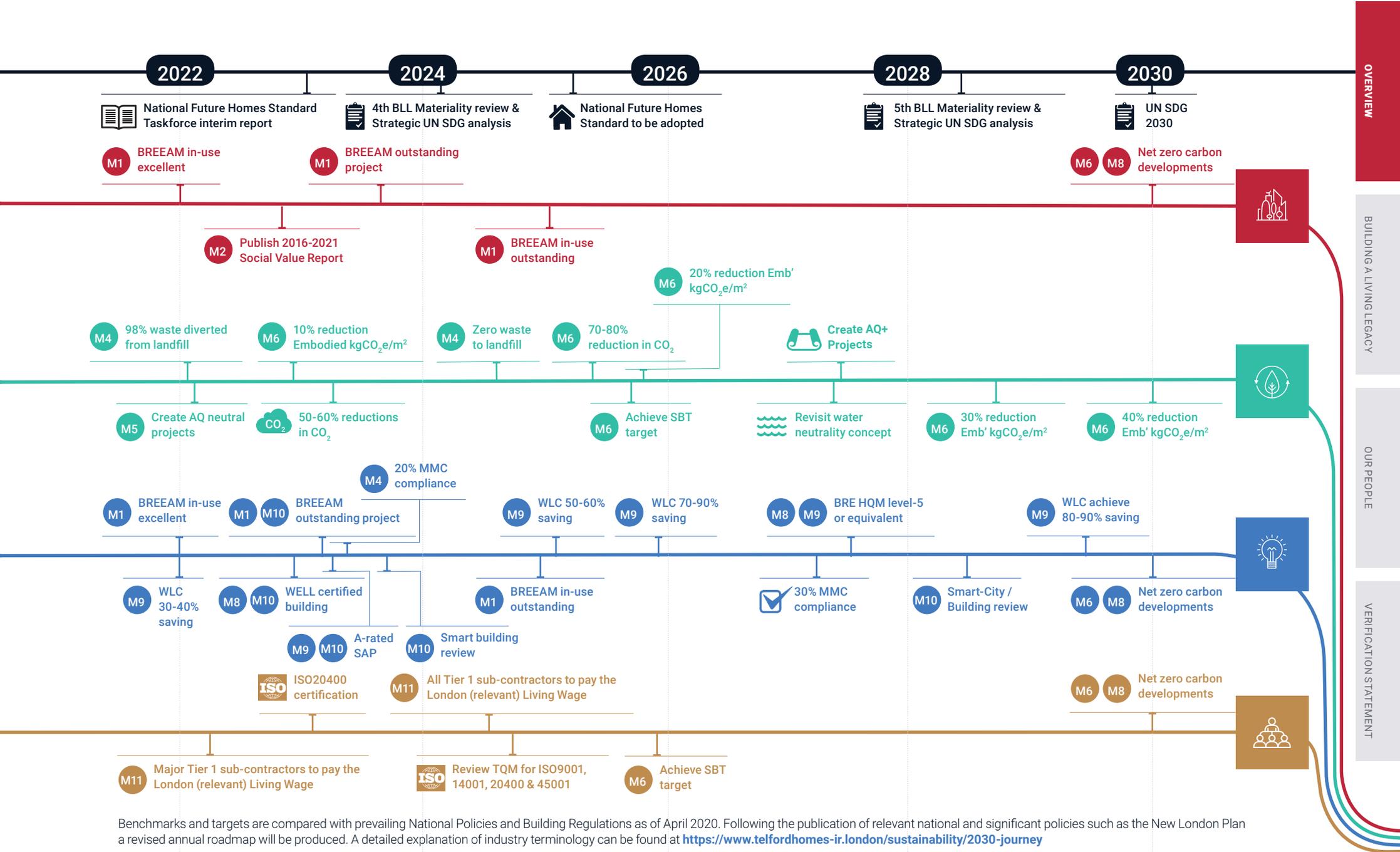
Parkside, Nine Elms, SW8



Telford Homes 2030 Journey

As a responsible business we are setting out our ambitions for the decade. This strategy will inform our purpose, improve the environment and wellbeing of Londoners, and support our aim to be a partner and employer of choice. We will update the roadmap annually, unless significant National or London Plan amendments are published. Please note that the M references relate to our Materiality priorities, crossed-reference on the BLL Risk and Uncertainties Register (on pages 28-31).





Benchmarks and targets are compared with prevailing National Policies and Building Regulations as of April 2020. Following the publication of relevant national and significant policies such as the New London Plan a revised annual roadmap will be produced. A detailed explanation of industry terminology can be found at <https://www.telfordhomes-ir.london/sustainability/2030-journey>

Our Approach to Sustainability

We are committed to sustainable housebuilding and placemaking

Our ambition to grow is underpinned by our dedication to sustainable and responsible homebuilding. As a result, economic, social and environmental principles are central to our business strategy and guide our day-to-day activities.

Our Building a Living Legacy strategy

We continue to embed our BLL strategy to improve the quality of life for our customers, enhance local communities, manage risk and to deliver value for our investors. The original strategy developed in 2016 was enhanced through a second materiality review in 2018/19 and has now been future proofed looking towards 2030.

Given the new decade, we have set out a more detailed roadmap (see pages 04 to 05) to help us develop our objectives. Whilst work to meet these targets is ongoing, we are pleased to be able to publish the evolution of our strategy in our second annual Sustainability Report.

In the reporting period, we achieved 90 per cent (2019: 87 per cent) of our objectives and attained a second Gold award from NextGeneration, the sustainability benchmark of the UK's largest 25 housebuilders.

In the following pages we explain how we will improve upon our public disclosure and risk management. We make limited reference to the global Covid-19 pandemic in this report, as it impacted our industry at the very end of our reporting period. Subsequently, we have worked with Government and other stakeholders to maintain the safety and wellbeing of our staff and our supply chain.

Engaging with our stakeholders

Changes in society and our consumption of information are being enabled through technology, and in particular the rising importance of social media. As a result, customer, community and partner aspirations are becoming more heightened and greater ESG transparency is required from companies.

For the first time, we are undertaking some digital community engagement and more generally we are committed to publishing the improved social value of our projects as demonstrated through the case studies in this report.

Strong governance

Overseen by the Executive Committee, our BLL Steering Committee meets quarterly to provide high-level sustainability governance

to ensure our strategy is being successfully implemented. Our CEO chairs the committee, which is made up of senior leaders from across all business functions.

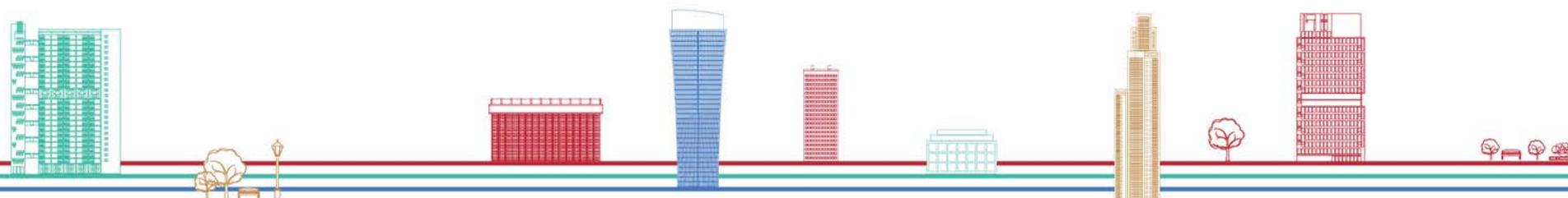
The committee is further assisted by departmental champions who support various separate forums. Those departmental champions and various expert external organisations attend the Steering Committee to share knowledge and thought leadership. We reciprocate with attendance at peer and leadership workshops and industry conferences. Sustainability issues are included in executive and staff personal objectives and in our training programmes.

Principal risks and uncertainties

Given the rapidly changing ESG environment that we operate within, we have developed a new BLL Risks and Uncertainties Register. A summary can be seen on pages 28 and 31 of this report and in more detail at <https://www.telfordhomes-ir.london/sustainability/report-appendices>. This register will be managed by the BLL Steering Committee.

Increasingly, emerging policy, regulatory and societal changes will be reviewed in parallel with the United Nations Sustainable

Development Goals (SDGs), and indices such as the Global Reporting Initiative (GRI) and GRESB. For the first time we have attributed the SDGs to our projects to demonstrate social value.



Identifying our sustainability priorities

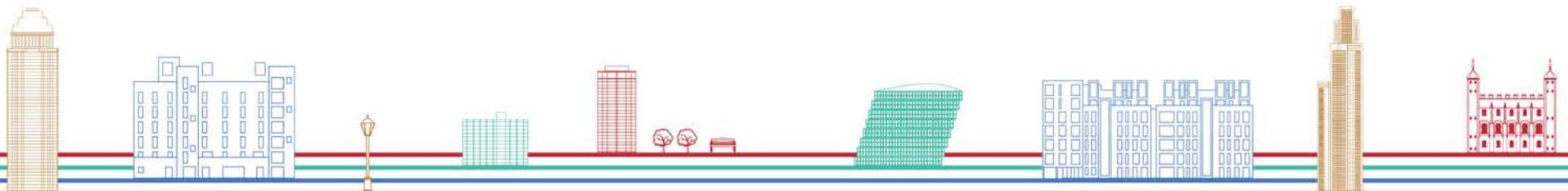
It is expected the new decade will reframe business strategies and activities and that this will be primarily informed by the TCFD and SBT being set within a longer-term net zero carbon commitment.

From a BLL perspective, we believe the planning and regulatory environment will continue to be challenging as climate emergency commitments become ever more deeply embedded through society. This view is substantiated through our advocacy work with policymakers, and in implementing the emerging New London Plan. This is also evident in the emerging post-Grenfell changes, and through engaging with cross-Government departments in understanding the revisions to national regulations and the new Future Homes Standard (FHS) (2025).

Unless businesses move beyond compliance to a 'licence to operate' and 'added-value' models, there is a risk that competitive advantage will be lost and climate change will be irreversibly impacted. Soon, we will map out in detail the build to rent (BtR) sectors ESG expectations, to inform our 2030 journey and the development of a Whole Life Cost (WLC)/Circular Economy (CE) model.



Equipment Works, E17





LIVING LEGACY

Creating thriving places that enable people to live sustainable lifestyles



I've enjoyed working on one of London's most complex and challenging regeneration schemes. Being shortlisted for the 'Development of the Year' RESI award is exciting, and in the long term measuring the social value we are creating will be very important.

Kesh Chopra
Assistant Site Manager
CITY NORTH N4



Living Legacy Highlights

Engaging with our partners is helping us to consolidate and strengthen our Building a Living Legacy strategy as we journey toward our 2030 goals.



7
SCHEMES IN THE MAYORAL
OPPORTUNITY AREAS



72%
OF SUPPLY CHAIN SPEND IS WITH SMALL AND
MEDIUM SIZED ENTERPRISES (2019: 80%)



£45.4m
OF SUPPLY CHAIN SPEND WITH BUSINESSES
REGISTERED IN LONDON BOROUGHS (2019: £44m)

Our build to rent business model puts the emphasis on placemaking and is introducing whole life costing to our strategy. We are now creating longer-term investment assets, mitigating obsolescence and providing an enhanced quality of life for residents and neighbours.

A high-quality built environment can positively contribute to people's health and wellbeing and equally a poorly designed place can negatively affect the community and its users. Given the prevalence of urban loneliness across the world's cities, the importance of good urban planning and high-quality green infrastructure (GI) can help counter the often negative health implications of city living. Telford Homes' purpose is to develop the homes and create the places that London needs. This is achieved through our BLL strategy and our commitment to home building and placemaking.

Regenerating and developing solely brownfield sites in London that are near public transport nodes means that we are making a contribution to the capital's vision to be an inclusive and well-connected smart city. Our schemes increasingly incorporate climate change adaptation and resilience strategies such as low and zero carbon, and green and blue infrastructure. This has multiple benefits in supporting our licence to operate

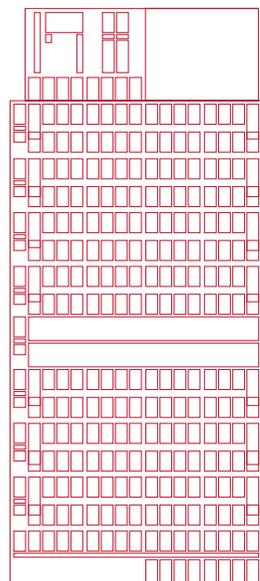
to achieve the sustainability objectives of the London Plan, reducing our corporate impacts and decreasing the ecological footprints of our customers.

Since 2019, we have employed a CE approach to optimise design and operational efficiencies, and we are developing complimentary net zero strategies for biodiversity, carbon and social value. This work will be in its infancy during 2020 and 2021 and we intend to spend time further developing our 2030 journey, objectives and targets.

Through our advocacy work to create desirable places to live we continue to scrutinise emerging policy themes, and where appropriate implement requirements into planning applications. Whilst the New London Plan has passed through its Examination in Public, it is still subject to further changes in response to the Ministry of Housing, Communities and Local Government (MHCLG) Secretary of State feedback during March 2020. It is envisaged that the delayed changes will be implemented during 2020. In the meantime, we will monitor and update our BLL Toolkit, with an increased emphasis on placemaking and community wellbeing. Amendments will also incorporate revisions from the Building for Life 12 principles and the relevant aspects of BREEAM Communities criterion.

For the second year we have implemented our Social Return on Investment (SROI) framework. For the first time at City North, we have made a commitment to carrying our Post Occupancy Evaluation (POE) during 2021/22. We believe this feedback will be invaluable in integrating the lessons learnt into future schemes. Given the BLL Strategy was launched in 2016, during 2020/21 we will conduct a five year social value review of completed projects to establish our societal contribution.

City North N4



For the third consecutive year, we have undertaken a socio-economic analysis of the activities our schemes bring to their local economies, these include:

- The support of 2,500 (2019: 1,600) direct Full Time Equivalent (FTE) jobs with an output of £81.8 million (2019: £90 million) gross value added (GVA) for the UK economy;
- The additional support of 2,250 (2019: 1,400) indirect jobs with an output of £66.2 million (2019: £80 million) indirect GVA and 1,659 (2019: 700) induced FTE jobs with an output of £45.8 million (2019: £50 million) induced GVA;
- 64 per cent (2019: 72 per cent) of our supplier spend was in London and the East of England and 90 per cent of our suppliers by number (2019: 90 per cent) are Small and Medium Sized Enterprises (SMEs); 72 per cent (2019: 80 per cent) of spend is with SMEs.
- £3.2 million (2019: £7.8 million) Section 106 planning payments and off-site Community Infrastructure Levy contributions benefit local neighbourhoods.

LIVING LEGACY

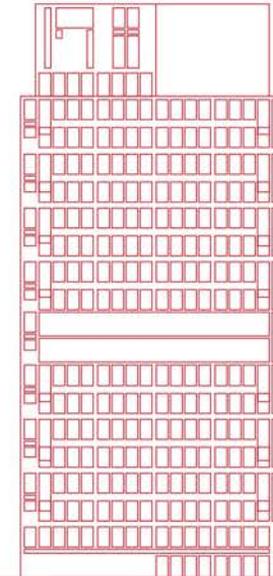
To support our purpose we continue to set new objectives and targets, as noted at <https://www.telfordhomes-ir.london/sustainability/report-appendices>. This approach helps inform our Risks and Uncertainties Register. We continue to make good progress in the following areas, that help form our BLL Framework and Toolkit:

- We continue to implement our Community Engagement Strategy during the planning consultation stages of the project lifecycle.
- New site acquisitions continue to be located within 500m of public green space (compared to our objective of 1km) – our proposed schemes are providing net-positive on-site green infrastructure. We are also meeting the Urban Greening Factor (UGF) requirements on newly designed schemes. During the reporting period, 100 per cent of our completed developments have implemented Biodiversity Action Plans to conserve/improve habitat and biodiversity values. These approaches help improve the health and wellbeing of residents and neighbours (where public realm is accessible).
- In 2019, we set an objective to engage with a wildlife trust or a Non-Governmental Organisation to develop a biodiversity policy. Whilst we have not met this objective, our soon to be reviewed and revised Building a Living Legacy Placemaking Toolkit will include a new Net-Biodiversity policy during 2020.
- 100 per cent of the homes we are building or are planning to develop have secure cycle storage – which is more comprehensive than our target of 80 per cent. All schemes have travel plans in place or benefit from a car club (40 per cent) and are located within walking distance of transport nodes to enable more sustainable forms of travel. All projects are within an average Public Transport Accessibility Level (PTAL) of 4.8 (2019: 4.5). In addition, blue badge parking provision is included at all projects.
- Whilst no new 'meanwhile space' has been provided in the reporting period, we continue to work with Live-in Guardians at our LEB site in Bethnal Green. Where appropriate, other forms of temporary uses and/or low-cost accommodation is explored to suit the given location and SMEs specialising in vacant properties or pop-ups – additionally our volunteer work has seen us upgrade premises and places to benefit the wider community.
- 80 per cent (2019: 70 per cent) of completed homes meet Secured by Design principles – which continues to be a favourable performance compared to our peers. On all projects we are working collaboratively with chartered architects, urban designers and associated professions, including ecologists, to create thriving places that enable people to live sustainable lifestyles.

Later in this report we discuss our experience and positioning in utilising assessment tools such as BREEAM, BRE Home Quality Mark (HQM) and WELL; and our key aim of becoming a net zero carbon developer by 2030. To help us achieve these significant challenges, we will continue our focused advocacy work with the UKGBC in areas such as net zero carbon, biodiversity net gain, and with industry bodies in various regulatory outputs from the Hackett Review.

Since becoming a corporate partner of the Considerate Constructors Scheme (CCS) in 2019, we have gained and shared good practice insights through its Home Builders meeting. It is pleasing to note our average score of 41/50 (2019: 40/50) has improved and continues to be ahead of a non-partner's average score of 36/50 (2019: 35/50) and partners' score of 40/50 (2019: 39/50).

City North N4



CITY NORTH, LONDON

N4

The Business Design Centre Group and Telford Homes' joint-venture (JV) vision for City North is to create transformational placemaking to maximise local economic and community benefits.

The scheme is the most significant mixed-use development in Finsbury Park for a generation. It is delivering 355 new mixed-tenure homes, a new entrance to Finsbury Park underground station and substantial leisure amenities, for respected brands and local SME businesses, set within an accessible and inclusive public realm.

We have been working with the Finsbury Park community in recent years to help maximise the benefits of City North and mitigate adverse impacts wherever possible. This has included ongoing liaison with the Fonthill Traders Association and significant investment in local community initiatives, focused on four areas: Jobs and Opportunities; Local Business; Town Centre Vitality and Community Integration. Detailed progress of this work can be seen at https://www.telfordhomes-ir.london/media/2335/city_north_social_return_on_investment_report.pdf

To demonstrate our commitment beyond our construction activities, the JV is committed to monitoring and recording the transformational benefits of the schemes. The results of our findings will be shared during 2021/22.



United Nations Sustainable Development Goals

 400

gross jobs created once operational, generating over £12 million in salaries per annum

 £200,000

Business Rates and £430,000 council tax revenue generated for public sector investment

 550

new residents with an estimated household spend of £15 million per year

 11,781 sq.m

leisure amenities

 29%

spend invested in MMC

 41/50

Considerate Constructors Scheme score



BALANCED RESOURCES

Making our money work harder through efficient use of resources across our business



Working as a trainee has given me great exposure to new projects! Getting involved on an iconic grade 2 listed building so early in my career was an unexpected opportunity, and it was brilliant to be part of the team awarded Conversion/ Refurbishment Project of the Year prize at the Premier Guarantee Awards. ””

Christy Fawcett
Construction Trainee

BALFRON TOWER
E14



Balanced Resources Highlights

The UK Government became the first major economy in the world to enshrine a net zero carbon target in legislation, to be achieved by 2050. This has cascaded through to councils setting even more ambitious net zero timelines at a local level, with over 60 per cent declaring a climate emergency.

 **31%**

REDUCTION IN OUR SITE CO₂e INTENSITY
(2019: 11.6%)

 **98%**

OF WASTE DIVERTED FROM LANDFILL
(2019: 94%)

 **16%**

REDUCTION OF WATER USAGE IN NEW HOMES*
(2019: 16%)

*Against national standards

This places a greater emphasis on housebuilders decarbonising the national housing stock which currently accounts for 14 per cent of UK greenhouse gas emissions. The Future Homes Standard (FHS), set to be introduced by 2025, provides a framework for progress. With this in mind, we are introducing focused work streams to embed a low carbon trajectory into our BLL strategy, governance systems and operational targets.

This shift in national policy and the increasing transition 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 an ambitious timeline, it aligns with the trajectories adopted by many councils and more innovative cross-sector companies. We believe an important interim step in working towards achieving this ambition is to commit to setting SBTs and we have commenced this in 2020. We believe that setting greenhouse gas emissions targets in line with climate science is a robust way to drive innovation and to future proof the business.

With increasing focus on ESG principles, we believe that disclosing our corporate performance to the Carbon Disclosure Project (CDP) will provide greater transparency and credibility through the reporting cycles to 2030. To accompany the targets and

disclosure, we also intend to embed the TCFD recommendations in relation to climate-related risk across our governance, strategy, risk management and targets, whilst considering the resilience of the business in different climate-related scenarios.

Over the last three reporting periods, we have seen reductions in our intensity targets metrics, including CO₂, energy, waste and water. We continue to meet the objectives that we set in 2019–20 to: reduce energy, greenhouse gas (GHG) emissions and waste; improve recycling rates; increase procurement of sustainable materials; align our procurement policies with BLL objectives; reduce our corporate water footprint and our customers' water impacts.

GHG emissions across our scope 1 and 2 demonstrated a 7.6 per cent saving. We are procuring renewable green electricity for our head office buildings and are investigating the conversion of our sites to similar tariffs. With the installation of our 12 electric car charging points we are encouraged that an increasing number of employees are opting for electric and hybrid vehicles – shortly we will be increasing the number of charging points to 20. We believe our investment in this infrastructure is changing behaviours and will further reduce our scope 3 carbon emissions.

| Greenhouse gas emissions | Year ended March 2020 | Year ended March 2019 |
|--|-----------------------|-----------------------|
| Scope 1 emissions (t CO ₂ e) | 1591.03 | 1655.88 |
| Scope 2 emissions (t CO ₂ e) | 519.44 | 627.68 |
| Scope 3 emissions (t CO ₂ e) | 756.38 | 724.32 |
| Total (t CO ₂ e) | 2866.85 | 3007.88 |
| Carbon Intensity (t CO ₂ e per FTE) | 8.69 | 9.03 |

Greenhouse gas emissions are reported in line with the UK Government's 'Environmental Reporting Guidelines' and has used the greenhouse gas (GHG) emission factors outlined in the DECC UK Government Green House Gas conversion factors (2019).

We measure scope 1 direct emissions relating to office, sales, development site activities and travel diesel combustion on our sites and business travel from company leased vehicles.

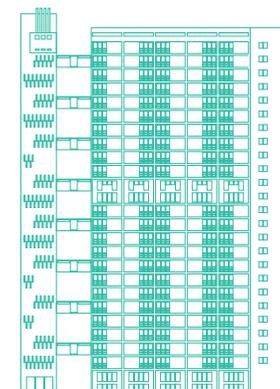
We measure scope 2 indirect emissions for purchased electricity and heat for all our sites and offices. Our head office in Waltham Cross switched to a green tariff supply from November 2018.

We measure scope 3 other indirect emissions relating to business travel by road and air.

Total kWh will be 8538034.

Our carbon impact is predominantly accounted for by the scope 3 footprint of the embodied carbon associated with the building materials we use. With this in mind, we will be conducting an embodied carbon roundtable exercise with representation from those in our supply chain that are responsible for our largest embodied carbon impacts, which include groundworks, frames, external envelopes and dry lining. We intend to carry this out with specialist input from the SCSS, who are progressing a carbon monitoring and management agenda across the built environment supply chain.

Balfour Tower
E14



BALANCED RESOURCES

We continue to explore ways of designing out emissions across our operations and are actively migrating towards the use of electricity to heat our homes through air or ground source pumps, aligning with the decarbonisation of electricity production. These are complex areas of work, and consequently we are working with Greater London Authority (GLA) policy makers and industry groups in advance of such aspects being incorporated into the New London Plan.

With increasing consumer focus on waste, and a shift to CE principles as part of the planning process, it is timely for us to make a commitment to zero waste to landfill by 2024. Based on our previous year's performance in the reduction of our normalised waste intensity and the increasing amount of waste that is reused or recycled, this is an ambitious and challenging target – particularly as we are a brownfield developer. Last year we diverted 98 per cent of our waste from landfill and reduced our waste intensity by 21.5 per cent. This demonstrates a consistent year-on-year decrease in our waste intensity over

the last three years to result in a reduction of by 33 per cent. We believe this will place us in a strong position to respond to the Government's Environment Bill which looks to safeguard environmental protection measures and resource efficiency. We also continue to participate in the SCSS waste special interest group (SIG), which is looking to foster a collaborative industry-leading approach.

At City North, BIM level-2 has been utilised across the design team to greatly reduce waste production. Despite this being a hugely complex project it has seen significant achievements with a 93 per cent diversion from landfill, equivalent to 2.2 Tonnes/100m² of floor area of waste produced. Telford Homes' current waste average benchmark is 3T/100m², which also compares favourably with the sector benchmark.

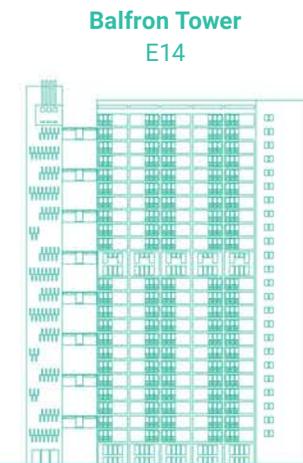
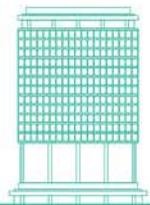
As a London developer, we are aware of the growing concerns in relation to the capital's air quality. We continue to liaise with local authority air quality officers in relation to the plant and machinery on our construction sites. Throughout 2019, our sites were

fully compliant with the Non-Road Mobile Machinery (NRMM) requirements in London, which determines the amount of harmful particulates and pollutant gases emitted from diesel engines. It was noted that the NRMM regulations for London were changed as of January 2020 regarding diesel generators, and the national supply chain advised the sector that these would not be available until later in 2020, which has been acknowledged by local authorities.

At Telford Homes, we understand the importance of ethical procurement. With this in mind, we endeavour to buy Fairtrade goods for our office provisions wherever possible, by way of example. We have also omitted plastic cups from our offices, and our caterers have converted their packaging to biodegradable materials to improve recycling rates.

We have bought 98 per cent (2019:94 per cent) of our timber from sustainable sources such as the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC) Chain of Custody Certification. We have also strengthened our

procurement requirements to include BES: 6001 where 71 per cent of our material spend was on BES 6001 materials. We have reduced our site water use intensity by 12 per cent (2019: 2.5 per cent), which is above our target of three per cent. Our homes use an average of 105 litres of water per person per day, which is a 16 per cent improvement compared to national building regulations.



Balfour Tower
E14

BALFRON TOWER, LONDON

E14

Balfro Tower was designed in the 1960s by the modernist architect Ernő Goldfinger, with a vision to create contemporary 1, 2, 3 and 4-bedroom homes and to nurture a sense of community.

In a joint venture with Poplar HARCA and London Newcastle, Telford Homes is collaborating with Studio Egret West and Ab Rogers Design to comprehensively and sensitively restore, this Grade 2 listed residential landmark.

To enable this vision, 10 principles were employed: to reconnect and restate the public realm; humanise the entrance sequences; green the public areas; reconfigure the circulation cores; rediscover the community facilities (including communal play, games and hobby rooms); exploit the roof (gardens); resolve the building streets (access decks), provide 21st century living in a 20th century icon and upgrade the building fabric.

This heritage-led regeneration will bring positive socio-economic and environmental benefits to its neighbourhood, promote wellbeing for residents and reduce localised noise and air pollution. Whilst these responses are solutions to problems created in the 1960s – it is imperative that the homes and places that we create today learn from the past, and we create homes for all that nurture a sense of community. Crucially, Balfro Tower is now also making a valuable contribution to the CE principles whilst securing the long-term viable future of this heritage asset.



United Nations Sustainable Development Goals

 Grade 2

listed building

 136

apartments & 10 maisonettes for sale

 43/50

Considerate Constructor Scheme score

 Very good

BREEAM rating

 99%

of waste diverted from landfill

 4

PTAL rating



CREATIVE BUILDING SOLUTIONS

Collaborating with our partners to identify innovative building techniques and deliver the homes of the future



I've worked for Telford Homes for more than a decade on a range of mixed-used developments. Being a Project Manager on one of the first of our build to rent schemes for M&G Real Estate is hugely rewarding and an important milestone for the company and myself.

Rob Cameron
Project Manager
CARMEN ST
E14



Creative Building Solutions Highlights

The introduction of new policy, building regulations and the National FHS will require new homes to be future-proofed with world-leading sustainability standards. This will result in housebuilders and their supply chains transforming industry practices to meet these challenges, and create low carbon communities.

 13%

OF SPEND INVESTED IN MODERN METHODS OF CONSTRUCTION (2019: 18%)

 40%

TARGETED REDUCTION IN CO₂ IN NEW HOMES* (2019: 40%)

 100%

NEW BUILD SCHEMES BENEFIT FROM LOW CARBON OR RENEWABLE TECHNOLOGIES. (2019: 100%)

*Against national standards

During the last year, our Innovation Forum has continued to investigate ways of optimising the layouts of our apartments and the way our buildings are constructed, with an ambition to implement 20 per cent of MMC across our projects. Depending on the scheme, the form of innovation may include cladding systems, pods, pugs and hybrid solutions. For the first time we have assessed our practices against the Modern Methods of Construction – Definition Framework. The Framework is an output of an MHCLG Joint Industry Working Group which was tasked with improving stakeholder education and understanding of MMC, with reference to enabling better access to mortgage finance, insurance and assurance.

We believe we are making good progress by investing in innovation and MMC. Through use of the framework across the construction industry, Telford Homes aims to contribute to knowledge-sharing and to develop robust data sets to inform our future developments. Our residential and mixed-use schemes will need to respond to varying client and customer expectations and the prevailing local character and neighbourhood. In some locations the potential to introduce high levels of optimisation may therefore be affected. With this in mind, our year-on-year application

of MMC is not expected to follow a smooth upward trajectory in the short term.

The application of MMC is an important workstream in helping us to deliver operational efficiency across our business, albeit currently there is limited supply chain capacity to deliver at scale. Furthermore, Telford Homes is not envisaging setting up its own manufacturing facility.

During the reporting period, we have assessed four design, construction and project management platforms, with a new preferred solution being progressed beyond 'proof of concept.' This system has multiple operational benefits to future proof for BIM, improve construction delivery and deliver programme savings. Eight of our ten 'Quick Win' ideas have been completed, with the most improvements in Mechanical and Electrical (M&E) design, specification and implementation.

Current planning applications are incorporating either air or ground source heat pumps in response to the emerging London Plan. This will lower the capital's reliance on gas, progress towards decarbonised electrified infrastructure, and bring many other benefits including improved air quality. Where a neighbourhood combined heat and power systems is available, such as in Stratford City,

we will endeavour to connect and support such infrastructure as such transitional approaches provide economic, environmental and social benefits to the community.

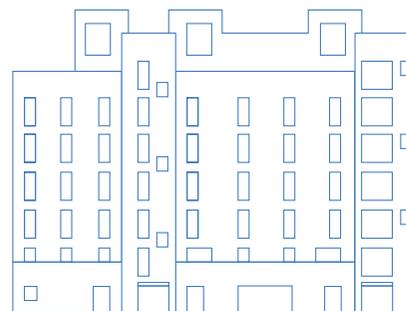
At all projects we undertake Post Occupancy Evaluation (POE), in partnership with our preferred consultant, Fairheat. This data has helped us achieve efficiencies in our M&E design, better inform a Telford Homes WLC model, support improvements to industry best practice guidelines, and prepare for emerging policies. By way of example, Gallions Point E16 demonstrates significant environmental and economic paybacks, including annual water and energy saving of 3061 litres and 94 kWh respectively, compared to current industry standards. Our work with Fairheat allows us to compare our actual energy consumption against our predicted use.

Since the abolition of the code for sustainable homes (CSH), we continue to evaluate the merits of market leading alternative assessment tools, so that sustainability performance can be consistently and transparently explained to all stakeholders in the project lifecycle. Noticeably our investment partners and their Investment Committees are far more engaged in this area, with the emphasis on WLC significantly increasing to improve the user experience and mitigate asset obsolescence.

At Carmen Street, we retrospectively undertook a Building Research Establishment (BRE) Home Quality Mark (HQM) gap analysis assessment. Positively, and despite the scheme being designed in 2015, a four-star rating (compared to a maximum five-star) would be achieved with minor changes to our typical approach. We are also delighted that the Mosque, at Bow Garden Square, E3 received a BREEAM Excellent rating.

In the last year we commenced the development of BREEAM and HQM trackers to help us better understand and achieve 'Excellent & Outstanding' and 'four and five star' ratings for the respective assessments. These approaches will help us future proof our offering, provide a better customer experience and to drive operational efficiencies.

Carmen Street E14



CREATIVE BUILDING SOLUTIONS

Being part of TCC and CBRE has resulted in greater exposure to their experience of the WELL standard, which is gaining more significance in both the UK and the US. The guiding principles of this standard will be integrated even in schemes where it is not directly specified. Accordingly, during 2020 we will upgrade our BLL toolkit and agree with clients how specific criterion are integrated into our BtR offer.

CBRE's experience of refurbishing their London Headquarters, Henrietta House, towards a Platinum WELL Standard certification, and their clients' schemes targeting WELL Outstanding, will provide valuable insight for Telford Homes. We also continue to develop our knowledge and provide data to our parent company for indices such as the Dow Jones sustainability index, GRI and GRESB.

We continue to believe in the importance of advocacy, particularly considering the challenges that this decade brings for our sector. Therefore we are collaborating with peers, policy makers and with membership organisations including:

- HBF – on their National Technical and Sustainability Committee, the Tall Building and Waste Groups and the Future Homes Standards Group;
- NextGeneration – enables a wide stakeholder community to understand the sustainability of homebuilders' operations and the new homes they build;
- NHBC – on their Construction Quality and Foundation Expert Panels, and the Standards Committee;
- SCSS – on their Homes, Horizons and Offsite Groups;
- Tree Design Advisory Group – helping promote the role of the urban forests;
- UKGBC – to radically improve the sustainability of the built environment.

We continue to monitor the performance of the homes built during the last year and are delighted to report the following:

- All our homes achieved an average Environmental Performance Certificate (EPC) B rating and an average SAP of 85;
- 100 per cent (target 50 per cent) of our new build schemes benefit from low carbon or renewable technologies;
- Our residential schemes either achieved or are targeting a 40 per cent CO₂ emissions improvement compared to 2010 Building Regulations; and are designed in accordance with the Chartered Institute of Building Services Engineers (CIBSE) Technical Guidance TM59;
- On every project we undertake POE to help optimise systems performance;
- 100 per cent of completed units have been connected to on-site renewables or low carbon community energy infrastructure, including district heating and on-site renewable energy generation system.

CARMEN STREET, LONDON

E14

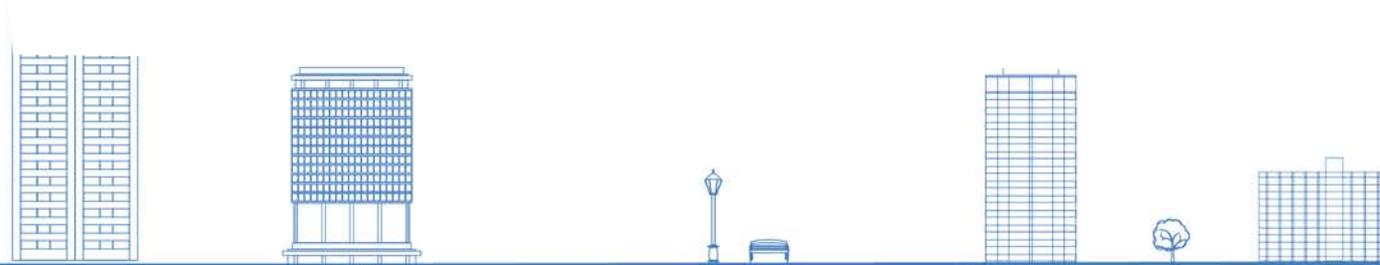
Stock Woolstencroft Architect's vision was for the residents to have excellent levels of space and light to provide positive wellbeing.

The development provides a high proportion of residential amenity space, communal gardens, public realm and 862m² of commercial space. This results in a mix of uses and active frontages to enhance the adjacent Langdon Park DLR station concourse.

The high-density tower was carefully considered in response to local stakeholder feedback and relevant tall building policies. The microclimate analysis demonstrated no adverse effect on the local area. The scheme incorporates climate change resilience in its architectural form; and improved adaptation potential through its ecologically positive landscaped open spaces and green and brown roofs.

The communal gardens are orientated towards the residents for quieter, more reflective activity. Whilst the project met a Code for Sustainable Homes level 4, Telford Homes and M&G Real Estate undertook a retrospective BRE HQM assessment – and with minor changes it is anticipated that similar schemes in the future would achieve a best practice level-four rating.

This sustainable form of high-density development is contributing towards the wider regeneration of the neighbourhood and is potentially replicable in other parts of London and metropolitan areas.





United Nations Sustainable Development Goals

SOLD 150

homes sold to M&G Real Estate for build to rent

56

affordable dwellings (50% for families)
sold to sold to Poplar HARCA

24

homes comply with wheelchair
accessible housing best practice

100%

homes designed in accordance
with Lifetime Homes Standard

185m²

photovoltaic array located across
green and brown roofs

20%

investment in MMC



SMART BUSINESS

Investing in people and relationships to ensure we deliver lasting value for all stakeholders



Working on New Garden Quarter has been a great experience in delivering the full range of mixed-tenure homes surrounding one of the largest new public squares in London. For the team to be recognised in the NHBC Pride in the Job Quality Awards is testimony to their commitment. ””

Rob Coppen
Project Manager
**NEW GARDEN
QUARTER (NGQ)**
E15



Smart Business Highlights

Telford Homes recognises the importance of evolving its culture, strengthening its BLL strategy and driving its 'people values'.

 2nd

PLACE IN NEXTGENERATION SUSTAINABLE
HOUSEBUILDER RANKINGS

 99%

OF CUSTOMERS WOULD RECOMMEND
US TO A FRIEND

 11th

ROYAL SOCIETY FOR THE PREVENTION OF
ACCIDENTS AWARD

Accordingly, we are delighted to have been ranked the second most sustainable homebuilder in the UK by the NextGeneration benchmark report for 2019, and meeting our objective to achieve a second Gold Level award. For the 11th consecutive year we have been recognised with a Gold Award by the Royal Society for the Prevention of Accidents (RoSPA), and a further Customer Satisfaction Gold Award from In-House. Each award is an independent testimony to what we do.

Governance

In recognising the impact of climate change, we continue to develop our licence to operate approach, moving beyond legal compliance to good practice voluntary disclosure and being a responsible business. Being part of TCC and CBRE also requires Telford Homes to demonstrate compliance with the United States Sarbanes-Oxley (SOX) Act 2002.

The integration of CBRE's 'Standards of Business Conduct', and the adoption of new Anti-bribery Corruption policies, will enhance company compliance and supply chain transparency. These new obligations complement our People, Health and Safety and Sustainable Procurement Policies – the latter includes human rights & labour conditions including the Ethical Trading Initiative (ETI).

Our changing customers

We historically aimed to maintain a customer recommendation rate of at least 95 per cent. We achieved a 99 per cent (2019: 99 per cent) customer recommendation rating. Given our business strategy is now more focused on investors and tenants we will need new ways of measuring our success and these will be considered during 2020 and 2021. To ensure our customers enjoy the benefits of living in a new sustainable home they receive extensive one-to-one inductions in how to use their home including heating, cooling and technology, whether they own the property or rent it.

Quality management systems

Encouragingly, during the reporting period we maintained our Group Environmental Management System certification to ISO14001:2015. Whilst we had expected to transition our Health and Safety Management System from BS OHSAS 1800:2007 to ISO45001:2018, given the acquisition and rapidly changing regulatory environment, this objective is being delayed to later in 2020. Furthermore, our objective to create a Quality Management System compliant with ISO9001:2015, will also be delayed. During 2020 we will create an ISO9001 roadmap and target certification in 2021.



New Garden Quarter
E15



Our supply chain

The success of Telford Homes is directly linked to sharing risk and rewards with both our staff and our supply chain. Collaborative working is helping us maintain our customer satisfaction ratings and to drive operational efficiencies. In the short term we will develop our innovation programme with our preferred and trusted sub-contractors, to build their capacity and resilience, whilst also engaging with new companies.

The use of the supply chain pre-qualification system Builders Profile (PAS91 accredited) enables us to monitor legal compliance across typical industry standards, by way of example health, safety, quality and environmental management systems. Helpfully, we have customised the platform to meet our own enhanced ESG obligations. This has given us increased visibility of our tier 1 suppliers and hence it is encouraging to note that 41 per cent of our supply chain have apprentice schemes in place and 33 per cent have policies in place to employ local labour. It is reassuring that 91 per cent of our suppliers have an environmental policy.

SMART BUSINESS



Modern slavery

In 2019, we published our fourth Modern Slavery and Human Trafficking (MSA) statement in response to the Modern Slavery Act 2015. We endeavour to deter forced labour, labour trafficking and other hidden exploitation entering our supply chain. Given the construction sector is recognised as high risk, we believe there are very positive benefits in collaborating with the SCSS and its members and we expect our supply chain to undertake specific MSA training and to meet their legal obligations. All our staff are mandated to complete modern slavery e-learning courses.

Responsible procurement

We have carried out a global supply chain mapping exercise to understand the provenance of the materials and products we buy directly as a company. This approach will also help inform our scope 3 carbon emissions benchmark, which is required to achieve our SBT commitments. By understanding the country of origin, their manufacturing processes and the transit distances to our sites, we will inform our WLC models. This will also be informed by the work of LETI Climate Emergency Design Guide, to aid and inform improved construction practices, in-use, during maintenance and the end-of-life use.

47 per cent (2019: 40 per cent) of our sub-contractors are registered or were members of SCSS in 2019. Furthermore, 98 per cent (2019: 97 per cent) have CSCS cards. Due to the skills shortage we continue to monitor workforce trainees and apprenticeship programmes and the payment of the London Living Wage (LLW), to help attract the next generation of new talent into the industry. 10 per cent of Telford Homes employees are trainees and all staff are paid at least the LLW – 67 per cent of our supply chain pay at least LLW - we will continue to monitor this status and encourage its payment.

NEW GARDEN QUARTER, LONDON

E15

In 2014, Telford Homes, in a joint venture with Notting Hill Genesis (NHG), acquired a brownfield site from London and Continental Railways.

Bounded on two sides by train lines, HS1 to the south and Network Rail to the west, New Garden Quarter is within easy walking distance of Stratford town centre, the Stratford International station, Westfield shopping centre and the Queen Elizabeth Olympic Park.

Given the urban context, the vision created with PTE Architects was to create mansion block homes clustered around a new two-acre park. The mansion block design supports 471 new homes (46 per cent for families) across a mix of tenures; including affordable homes for NHG, build to rent dwellings for Folio London and open market for sale homes.

The public realm responds well to the dynamic and changing nature of Stratford. The park provides opportunities for visitors, residents and neighbours to build a new community, in a safe, secure, natural environment. High-quality landscaping includes green and blue infrastructure, with a substantial pond and surrounding biodiverse habitat. A range of play activities for all ages to improve wellbeing complement the calm spaces designed for peaceful rest.





United Nations Sustainable Development Goals

 **10,000**sq.m

commercial space achieving
BREEAM Very Good rating

 **£3.9m**

gross-value add per annum, supporting
90 jobs once operational

 **£6m**

annual expenditure from
c.950 residents

 **98%**

of customers would recommend us to a friend

 **Excellent**

BREEAM rating for nursery and cafe

 **2 acre**

newly created public park

Our People

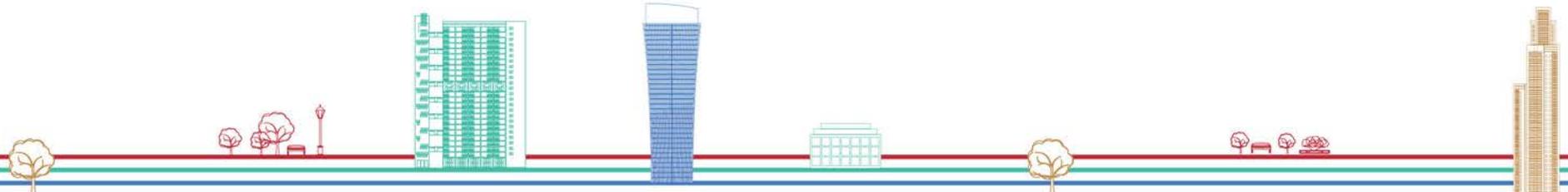
Employees are the heartbeat of any organisation, driving the culture, values and productivity



Along with our supply chain, on an average day we have around 1,600 people on our sites or at head office.

At Telford Homes, we pride ourselves on our high employee retention rate which is currently 90 per cent (2019: 89 per cent), a sector-leading position. We believe it is important to listen to our employees, which is why we carried out a separate staff survey this year, to understand views on the integration with TCC and CBRE, in which it was noted that our staff considered this to be a positive transition process.

In accordance with our Equal Opportunity & Diversity Policy, we aim to be an inclusive employer, and to continue to employ the best people for each role. We continue to engage with 'Women in Construction' and 'Working Mums' to make the sector more appealing and to improve its diversity.



Development and training

Our Careers Under Construction programme now has 32 trainees (10 per cent of our employees) working towards management roles.

2019 saw the launch of the Telford Homes Academy, where our first cohort of Budding Managers started their development programme. The Academy aims to provide training and development for every career stage, from trainees through to first-time managers and then on to senior managers. Examples of their value-added propositions included; a volunteering campaign with the London Wildlife Trust nature reserve in developing a sensory garden; and a collection campaign for Providence Row, a homeless charity in East London.

During the last year we have provided three days of training (2019: three days) per employee,

which compares favourably with our peers. A significant part of this training, was to invest heavily in a rigorous health and safety training programme. 100 per cent (2019: 100 per cent) of new direct employees (and supply chain site staff) receive Health & Safety, Mental Health, Wellbeing and Sustainability induction training.

As previously reported, we commissioned a comprehensive two-year bespoke BLL training programme utilising the SCSS e-training modules. Every job role and each colleague are tasked to undertake on average eight hours of CPD-accredited sustainability training. We are currently on target to achieve this industry-leading objective by the end of 2020 – the SCSS advise that this training results in around £80,000 of social value benefit.



Volunteering at the London Wildlife Nature Reserve



Health & Safety

The health and wellbeing of our employees and supply chain is of paramount importance



As part of both the Health & Safety department and the Telford Homes Health and Wellbeing Team I have the opportunity to practise my beliefs across on our sites every day of the week, contributing to keeping our colleagues and supply chain fit and well! ”

Joe Boulter
Health & Safety
Advisor



For the 11th consecutive year we have been recognised with a Gold Award by the RoSPA, and received a President's Award 2020.

Policies and procedures

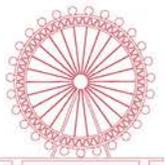
The Telford Homes Executive Committee actively promotes a positive health & safety culture. This is reflected in our comprehensive policies and procedures, and our commitment to training and continuing professional development (CPD) of our staff and sub-contractors. In response to changes in legislation and industry practices, our certified BS OHSAS 1800:2007 systems are reassessed and revised. Changes are communicated to relevant employees and site operatives.

Group procedures identify the relevant risks and hazards that are likely to be encountered in the course of our work. Importantly, we set out the appropriate precautionary control measures, to ensure activities are undertaken safely, with due regard to the local community and site operative's health and wellbeing.



Our team

Our Health & Safety team consists of four qualified practitioners (as recognised by the Institution of Occupational Safety and Health). Each colleague provides valuable advice across the Group and plays a vital role in reviewing and developing our systems and procedures.



Governance

Our team is supported by our Executive Health and Safety Committee and our Operational Health and Safety Forum. Each benefit from representation from the Group Managing Director, senior construction, commercial and sustainability teams. Collectively each meeting is instrumental in driving strategic operational regulatory compliance and best practice. For example, our senior leadership undertake quarterly safety and environmental site visits to ensure our standards are maintained.

Our Health, Safety & Environment (HS&E) Director sits on the CBRE Global HS&E Leadership Council and attends the HBF Health and Safety Forum. This advocacy helps Telford Homes share and keep informed of legal requirements and industry standards.



Performance

In the year to 31 March 2020, we completed 3.5 million person hours worked (2019: 3.8 million). There were three (2019: six) reportable injuries (RIDDOR)¹ during the period, resulting in an Accident Frequency Rate (AFR)² of 0.08 (2019: 0.16) and an Annual Injury Incidence Rate (AIIR)³ of 178. The construction industry average AFR for the period was 0.27, and the HBF AIIR for 2019 was 282. Our AIIR is better than the published HBF figures over the last three reporting periods. Thankfully we have had no fatalities, safety or Environmental prosecutions or prohibition notices during the reporting period.

We believe our culture and continuing investment in our people and their training, helps us to minimise health and safety risks, both now and in the foreseeable future.



1. Reporting of Injuries, Diseases and Dangerous Occurrences Regulations.
2. $AFR = \frac{\text{injuries (RIDDOR) per year}}{\text{hours worked per year}} \times 100,000$
3. $AIIR = \frac{\text{No. of reportable injuries in the financial year}}{\text{average number employed during the year}} \times 100,000$

Health and wellbeing

It is widely reported that the construction industry suffers from one of the highest suicides rates, which for some sub-contractors' trades, is 2.7 times higher than the UK average. To coincide with World Mental Health day, Telford Homes ran two highly successful Mental Health Weeks to help raise awareness amongst its staff and its site-based supply chain. Each programme provided support for workers in the industry, to help eradicate the stigma of mental health.

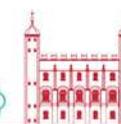
Our dedicated Health and Wellbeing group ran a variety of activities within our offices and construction sites; these included physical and mental wellbeing, mindfulness sessions, yoga and educational activities from the Samaritans, MIND, BUPA and the Lighthouse Club. There were also numerous talks on nutrition and meal planning, in addition to lifestyle, sleep quality and exercise plans.

Site and office staff have access to physical wellbeing plans, that consist of cholesterol, blood pressure, body fat and BMI checks. Health checks are also provided for onsite safety critical workers, such as crane and forklift operators. We have trained 29 (2019:19) mental health first aiders and six dedicated mental

health champions, who can listen to employees and provide advice on where to find the best professional support.

Due to the Covid-19 global pandemic, we are even more mindful of its impact on people. Accordingly, we have strengthened our mental health and wellbeing campaigns, to help our people through the prevailing period.

Our Sustainability Director chairs the SCSS Wellbeing Special Interest Group. This a cross-sector built environment group, that will publish a best practice Wellbeing Guide in summer 2020.

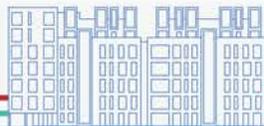


BLL Principle Risks and Uncertainties Register

The analysis and progress of sustainability-related priorities, established through the 2019 materiality review, are disclosed for the first time in this our new Risks and Uncertainties Register. Our BLL Steering Committee will monitor these corporate priorities as we progress on our 2030 journey - to protect our license to operate.

During the reporting period, we have reflected upon our previous UN-SDG reporting, and acknowledge we needed to better link the goals to align with the secondary indices and indicators. We recognise this an area for increased transparency in the short to medium-term, for further detail in how our practices link to these secondary indices please refer to <https://www.telfordhomes-ir.london/sustainability/report-appendices>

| Potential impact | Mitigation | Commentary | Impact | SDG alignment |
|--|--|---|------------|---|
| LIVING LEGACY | | | | |
| 1 Placemaking and community wellbeing | | | | |
| 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. | Building a Living Legacy 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 of the New London Plan, the toolkit will be reviewed and if required revised to meet the policy and emerging supplementary planning guidance. We undertake relevant advocacy work with the Greater London Authority (GLA) and have closely followed the Building Better, Building Beautiful Commission work and report. We also work with reputable architects and urban designers who have a proven track record in placemaking and wellbeing. | In 2019 the Group achieved a second Gold Level award in the NextGeneration sustainable housing benchmark report – our placemaking score improved compared to the previous benchmark. During the reporting period our Sustainability Director was asked to chair the Supply Chain Sustainability School (SCSS) Wellbeing Special Interest Group (SIG), a cross-sector approach to sharing best practice – the SIG will report its findings in Quarter 2 of 2020. | Short Term |    |
| 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. | By employing our Social Return on Investment (SRoI) Toolkit through the planning and delivery of mixed-use projects - our developments bring vibrancy to the local area, new jobs and a more diverse social community infrastructure. This Toolkit will also be reviewed following the adoption of the New London Plan. | 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. The findings will be shared from 2021. 72 per cent of our tier 1 supply chain are SMEs and 64 per cent are London-based and East of England-based companies. We pay all our staff at least the London living wage and have a well-developed trainee programme with trainees making up ten per cent of employees. Many of these trainees are school leavers. We are actively working 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. | Short Term |  |
| 3 Green infrastructure (GI) and Urban Greening Factors (UGF) | | | | |
| Demand to improve community and customer wellbeing and biodiversity can be enabled through well-designed high-quality GI. If carried out well such approaches underpin planning applications, improve the desirability and asset value of schemes, enhance climate change adaptation, mitigation and resilience strategies, whilst poorly executed schemes are at more risk of obsolescence. | The soon to be reviewed and revised Building a Living Legacy Placemaking Toolkit, with the application of a new Net-Biodiversity policy (during 2020), will help to mitigate planning risk and inform a better quality of life for our customers. During 2019 UGF compliance was integrated into planning applications. We also undertook advocacy work with DEFRA and the GLA. | Further to the advocacy work undertaken with Department for Environment, Food and Rural Affairs (DEFRA) (for Biodiversity net-positive national policy, as explained in the Biodiversity 2020: A strategy for England's wildlife and ecosystem services) and the GLA (Policy G5: Urban Greening and their UGF), we are also members of the Tree Design Advisory Group, and engagement with each of these organisations helps inform our business practices. Through our Budding Managers scheme, colleagues volunteered with the London Wildlife Trust, during a 'Wild Workday' to help create a new sensory garden at Walthamstow Wetlands. This approach helped to create, monitor and maintain habitats within the nature reserve and has led to Telford Homes entering into a business agreement with the Trust through their Investors in Wildlife Scheme. We have an ambition going forward to ensure our schemes are biodiversity net positive. All our land purchased is on brownfield sites, to minimise our impact on existing GI. One example is the New Garden Quarter scheme, which incorporated a new two-acre public park. | Short Term |  |



| Potential impact | Mitigation | Commentary | Impact | SDG alignment |
|---|--|---|-------------|---|
| BALANCED RESOURCES | | | | |
| 4 Waste & resource management (circular economy incl. FSC & BES 6001, EPDs) | | | | |
| Complex global and 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, albeit the impact of Covid-19 has created unprecedented risks. To help mitigate future risks, cross-sector collaborations will be undertaken. | 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 to geographical areas. | Based on more than three 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) principles into our planning applications. Following the publication of the New London Plan, we will publish a new CE Policy. We procure timber from sustainable sources, especially those that are FSC/PEFC accredited and we also track BES 6001 ethically sourced materials. | Medium Term |  |
| 5 Air quality | | | | |
| 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 building and places that are of insufficient quality, may affect the Group's brand. | Given the Group's schemes are located in London, above, next to or near transport infrastructure and high-density neighbourhoods, we are increasingly meeting good practice air quality protocols and requirements seen in other regional locations. | During 2020/21 we will 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 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, GI and using NRMM compliant plant on site will further improve air quality. We are also increasingly offering electric/hybrid company car options and have provisions for car charging at our head office. | Medium Term |  |
| 6 Energy and carbon | | | | |
| 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. | Voluntarily setting a net-zero carbon 2030 commitment 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. | 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 SBT's objective – we will complete an integrated roadmap during 2020 to align each of the following workstreams: a net-zero carbon 2030 ambition, TCFD strategy and SBT. The National Future Homes Standard 2025 and the emerging London Plan will also shape the accelerated roadmaps towards net zero developments. | Long Term |  |
| 7 Land degradation and pollution | | | | |
| 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 risks and reward. | A robust land appraisal process ensures each project is financially viable and consistent with the Group's strategy. Through the application of our BS OHSAS 18001:2007 and ISO14001:2015 systems, land degradation and pollution incidents are managed. The Group has received many design awards for its placemaking and regeneration. | By 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 be a considerate constructor whilst regenerating highly urbanised locations. Our sites are registered to the Considerate Constructor Scheme, whereby we have achieved an average score of 41/50 which compares favourably with 2019:40/50, and our peers' performance. | Short Term |  |

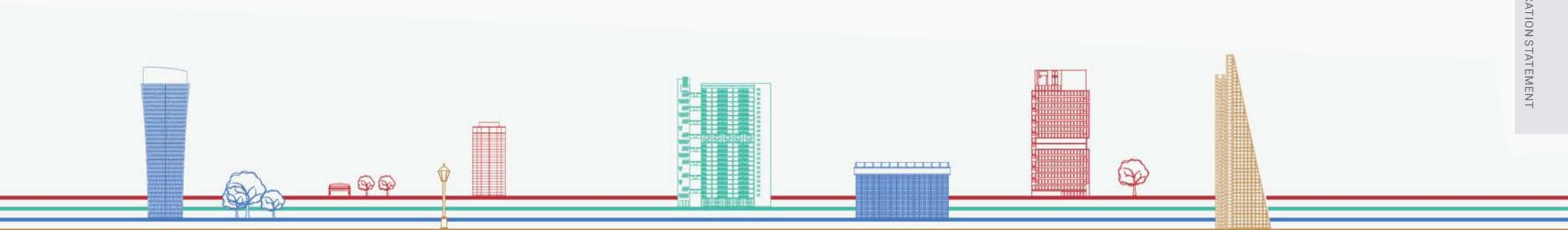


BLL Principle Risks and Uncertainties Register

| Potential impact | Mitigation | Commentary | Impact | 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>During 2019 we employed 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+, through the application of TCFD, SBT (& CDP), WLC models and tools, in addition to BREEAM, and by adopting good practice we aim to create climate ready and future-proofed schemes.</p> | <p>As explained earlier our net-zero carbon 2030 ambition, TCFD strategy and SBT roadmap and their application through our Placemaking Toolkit, allied with the use of BREEAM etc., CIBSE TM:59, WLC models and GI will help to create climate change resilient places and buildings. As part of our BLL sustainability strategy, we have committed to net zero carbon emissions by 2030 and aligning our corporate emissions with SBTs.</p> | Long Term |  |
| 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 licence to operate.</p> | <p>In addition to operating a licence 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-owned company means we have access to a wide range of UK and international experiences.</p> | <p>Increasing 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, and our adoption of new policies and assessment tools in-advance of emerging policy and regulations e.g. TCFD, SBT, CDP, WLC etc, positions us well to collaboratively manage local project level and corporate risks. We also publicly disclose our EPC building ratings which is currently B.</p> | Medium Term |  |
| 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>BREEAM is used at all projects. The HQM has been retrospectively applied to a project in construction, this experience indicates with limited business change, a level-four rating can be achieved.</p> <p>WELL best practice from CBRE can be leveraged to suit our clients and customer requirements. In addition, our Sustainability Director chairs the SCSS Wellbeing SIG to share/gain knowledge.</p> | <p>We believe it is important to position ourselves in readiness to create improved wellbeing through high quality placemaking, building design and place-keeping and to protect building assets, to mitigate obsolescence. We support the London Plan's objectives to reduce the adverse per capita environmental impact of cities, including setting the medium to long-term objective to improve the air quality impacts on a project-by-project (given locations vary widely) where we develop. We aim to be a zero-waste developer by 2024 and to mitigate site omissions as explained earlier, by way of 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 and the Edge, is helping Telford Homes share its London experience in developing future policy in areas such as Cambridge and Harlow & Gilston Garden Town in Essex. Previously we have been participants in the Social Value Portal workshops in locations such as Birmingham and Manchester. 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> | Medium Term |  |



| Potential impact | Mitigation | Commentary | Impact | SDG alignment |
|--|--|--|-------------|---|
| SMART BUSINESS | | | | |
| 11 Human rights & 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>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 its website. The integration of CBRE Standards of Business Conduct into Group practices will enhance supply chain visibility and will be improved through the application of WLC modelling work in 2020, and an ongoing commitment to collaborate with the SCSS.</p> | <p>We are committed to collaborating with the SCSS and peers during 2020 to help mitigate Modern Slavery & 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.</p> | Medium Term |  |
| 12 Health & safety (occupational, customer, operations) | | | | |
| <p>A deterioration in the Group's health and 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>Investment in training, the promotion of health & 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 audits, augmented by an external advisor.</p> | <p>Through its OHSAS:18001 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> | Short Term |  |



Verification Statement

Scope

RPS conducted an independent verification of Telford Homes' Sustainability Report (covering the period April 2019 to March 2020). The boundaries of the verification process included Telford Homes' head office and active development projects.

The purpose of the verification statement is to provide greater confidence to stakeholders of the relevance, completeness, consistency, transparency and accuracy of the stated environmental and social information; and ensure that the disclosures are adequate for the purposes of stakeholders' decision making. The scope for RPS's verification was to:

- Conduct high level data verification of performance measures identified in the report including specific data points;
- Review the validity and accuracy of statements made in the report;
- Undertake limited verification of scope 1, 2 and 3 greenhouse gas (GHG) emissions in accordance with the requirements of the ISO 14064 – part 3 standard.

Methodology

Telford Homes' GHG inventory has been completed in accordance with the WBCSD & WRI Greenhouse Gas Protocol GHG corporate and scope 3 standards; and adheres to the best practice reporting principles of relevance, completeness, consistency, transparency and accuracy.

In conducting the verification, RPS used the appropriate verification planning, validation, GHG assessment and evaluation steps in accordance with the requirements of ISO 14064:3, and in adherence to the standard's principles of independence, ethical conduct, fair presentation and due professional care.

RPS verified statements and data through interviews with key individuals at head office and document review to confirm operational behaviour and standard operating procedures. We also used the interviews to review the conversion factors used for emissions calculations, estimation methodologies applied to the data and quality assurance processes in place. RPS in addition undertook desktop study of data and evidence to confirm accuracy of source data entered into calculations. Sample data streams in addition to GHG were interrogated, although due to Covid-19 restrictions it was not possible to visit and audit a representative sample of active sites as previously undertaken. Evidence of target achievement was reviewed to ensure consistency with reported progress.

Limited Verification Opinion

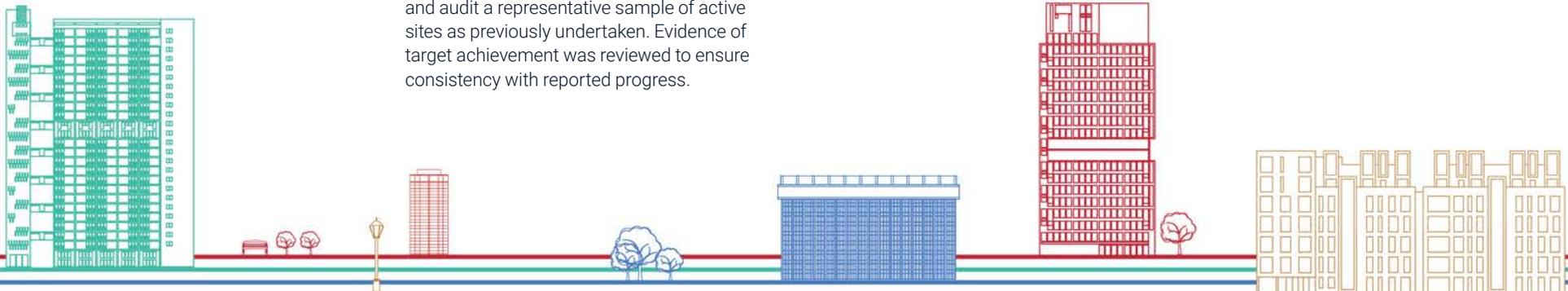
In the financial period 2016/17 the company launched its sustainability strategy Building a Living Legacy. This was developed following a materiality assessment undertaken in 2016 which has been updated and reviewed during 2019-20. The published report has been structured to reflect the overarching road map to achieving the company's vision to progress to 2030.

Telford Homes measures progress against its core set of objectives and targets and has again achieved strong performance in key metrics relating to customer satisfaction and health & safety as well as good progress against environmental metrics. The

progress against its peer group has been further endorsed by the external recognition from the NextGeneration Initiative, whereby the 2018 ranking of fourth has improved to second and receipt of a gold award.

Based on the agreed scope of work and the approach outlined above, nothing has come to our attention that causes us not to believe that, in all material respects, the Telford Homes Sustainability Report 2020 provides a credible and fair representation of the organisation's sustainability performance and reporting of:

- Scope 1, 2 and 3 emissions
- Intensity metric - tCO₂e per FTE.



Areas for Improvement

RPS recommends that to further improve its reporting, Telford Homes should:

- Continue to work with the Sustainability School to proactively engage with its subcontractors and in particular to work towards reducing embodied carbon in the supply chain.
- Further embed the systematic management of its operations through working towards ISO9001:2015, ISO45001:2018 and continued certification to ISO14001:2015.
- Continue to refine its approach to calculating its performance measures and targets in order to promote comparability across its reporting and present this information in a clear and objective format following benchmarking best practice to demonstrate five year progression.
- Develop and embed a GHG Accounting Protocol detailing process and assumptions to be used to ensure the same process is employed year-on-year, and Carbon Disclosure Project (CDP) compliance.
- Ensure both market-based and location-based emissions totals are clearly reported.
- Develop and embed the Task Force for Climate Disclosure (TCFD) requirements including setting Science-Based Targets (SBT).



Tanya Lloyd Jones

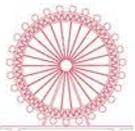
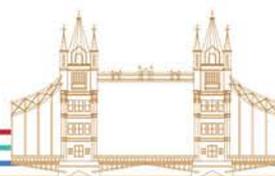
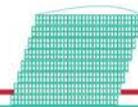
MA (Oxon), MSc, MIEMA, CEnv

Technical Director, RPS Planning and Development

20 May 2020



Bow Garden Square, E3





Telford Homes

Telford House
Queensgate
Britannia Road
Waltham Cross
Hertfordshire EN8 7TF

Tel: 01992 809 800

Email: buildinglivinglegacy@telfordhomes.london
www.telfordhomes.london



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Visit us at emperor.works