

TCFD

We support the recommendations of the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD) and the forthcoming mandatory requirements. We want to play our part in addressing the global climate emergency and have this year strengthened our strategic approach in this area. Climate action forms a key business priority within Our Vision 2030.

We have science-based targets for emissions reduction by 2030 to set us on the pathway to be a net zero carbon business by 2040. These were validated by the Science-Based Targets initiative (SBTi) in December 2020, putting us in the first 350 companies globally to have approved targets aligned to a 1.5°C scenario. The SBTs provide us with a robust and scientific approach to reducing our impact and monitoring progress against our targets through defined metrics.

We recognise that the potential impacts of climate change pose a risk to our business, from programme delays due to extreme weather events to increasing policy and legislation for the built environment sector. We also recognise that it also offers opportunities from resource efficiency to delivering more sustainable homes and places. We plan to extend our work in this area over the coming year, principally through Climate Scenario Analysis to support our assessment of risks and opportunities.

We support the global effort on climate action outlined within the United Nation's Sustainable Development Goal 13 and have identified this goal as one of four that are most relevant to our business activities and which we have the most material ability to influence. We also participate in the CDP annual climate survey, for which we have received an A rating for corporate action on climate change and transparency and are a signatory of the Business Ambition for 1.5°C.

The following pages aim to give further insight in to how Berkeley currently implements the recommendations of the TCFD. We are committed to evolve our disclosure within our 2022 Annual Report.



Hartland Village, Fleet

GOVERNANCE

TCFD progress roadmap

We have made progress in improving how we manage climate-related risks and opportunities, but we recognise that we can build on these further in the future as we complete further analysis.

	Completed	Planned
GOVERNANCE	The Board has oversight of climate-related risks and opportunities and we have disclosed information on the roles and responsibilities of the Board and management.	Ensure further review and input into climate-related risks by the Board during 2022 following Climate Scenario Analysis.
STRATEGY	We have developed a new strategy for climate action within Our Vision 2030, including the development of science-based targets under a 1.5 °C scenario and five areas of focus.	Refine our strategy following undertaking Climate Scenario Analysis in 2022, to ensure it addresses the key risks and opportunities. Enhance disclosure around the financial impact to our business.
RISK	We have identified key risks (both physical and transition), together with opportunities.	An updated and more detailed identification and assessment of climate-related risks through Climate Scenario Analysis. This will cover how we respond to the risks.
METRICS	We have adopted targets for climate action and disclosed metrics.	Assess whether it would be appropriate following Climate Scenario Analysis to disclose a broader range of metrics, such as financial.

To successfully assess and respond to the risks and opportunities posed by climate change, there must be effective governance and awareness in all levels of our business. The Board undertakes a review of all business risks and opportunities on an annual basis and this includes both sustainability and climate change. In particular, in the past year our Board has taken an active role in reviewing the significance of climate change to the business and incorporating Climate Action as a strategic priority within our business strategy, Our Vision 2030.

The Board has ultimate responsibility for climate-related risks and opportunities. The Chief Executive is accountable for climate action, including the achievement of our science-based targets. In addition, Karl Whiteman, an Executive Director, has responsibility for sustainability and oversees implementation of our actions.

Separate Our Vision and Sustainability Board meetings take place bi-monthly consisting of the two Directors named above, the Chief Financial Officer, the Head of Responsible Business and the Head of Sustainability.

The Head of Responsible Business and Head of Sustainability are responsible for updating the Group risk register and providing updates on changes to the risk level based on a range of factors from forthcoming legislation to customer feedback and extreme weather events. This information is provided to the Main Board and incorporated within our business risk register and this Annual Report.

Divisional management teams have responsibility for climate action and have nominated a management sponsor within their business. Each company maintains a risk register, including sustainability and climate change, for their business and, at a project level, the Project Sustainability Tracker identifies risks and monitors action taken.

The following are also in place to support the Board and management and ensure strong governance at every level throughout the business:

- A Group Sustainability Team focused on implementing our strategy, performance monitoring, risk management and reporting.
- Dedicated sustainability practitioners within each business to support local management and project teams and help drive continual improvement in performance.
- Cross-disciplinary working groups to take action in specific areas, such as embodied carbon.
- A bi-monthly Sustainability Committee, chaired by the Head of Sustainability and consisting of a representative from each of our businesses.

STRATEGY

Climate action is a strategic priority for the business. With the development of Our Vision 2030 during the year we have strengthened the governance and strategic commitments in this area, building upon our previous actions on climate change.






In 2007 we became the first homebuilder to publish a climate change policy and have set and monitored our progress against both emissions reduction and sustainable homes since 2010. A summary of key milestones is provided on page 42 of our 2021 Annual Report.

This year, we have developed science-based targets (SBTs) for carbon emissions reduction, validated by the Science-Based Targets initiative (SBTi) in December 2020. These targets represent an ambitious step forward in our

approach to tackling climate change and have been calculated to ensure that we play our part in limiting global warming to 1.5°C above pre-industrial levels.

Our strategy for Climate Action includes five focus areas which will shape our transition to becoming a net zero carbon business by 2040. Across the focus areas we have identified key actions that Berkeley will be undertaking over the short-, medium- and long-term. We will also work to enhance disclosure around the financial impact to our business.

Our strong approach to climate action is fundamental to our long-term vision and maximising value for our stakeholders.

Focus area	Action
 Embodied carbon	<ul style="list-style-type: none"> – Benchmark: assess embodied carbon assessments on 10 sites to identify high impact materials and services. – Supply Chain: work with our supply chain, including architects, to understand and reduce carbon impacts. – Measure and reduce: assess embodied carbon on all sites by 2025 and set reduction targets.
 Low carbon homes	<ul style="list-style-type: none"> – Reduce demand: design homes to be more energy efficient. – Understanding performance: set out a strategy to measure in-use energy performance. – Deliver low carbon homes: ensure all homes are enabled to be low carbon by 2030. – Low carbon lifestyles: continue to prioritise clean energy tariffs and design well-connected, walkable neighbourhoods with local amenities, sustainable transport links and infrastructure.
 Low carbon construction sites	<ul style="list-style-type: none"> – Increase the use of biodiesel. – Early adopter of hybrid and electric machinery. – Set challenging benchmarks and standards for energy management.
 Climate change resilience	<ul style="list-style-type: none"> – Scenario planning: for our business and developments, aligned with the TCFD requirements. – Climate resilient homes; define a climate-resilient home to ensure that they are leading and maximise customer benefits. – Nature based solutions: create biodiverse landscapes that are resilient to extreme weather including flooding and drought. – Design adaptation: implement site specific adaptations such as passive balcony shading, ventilation systems and SuDS. – Climate risk management: develop active climate risk management programmes for all developments and business activities by 2025.
 Balancing our impacts	<ul style="list-style-type: none"> – Carbon neutral: we will continue to be carbon neutral within our operations (covering Scope 1 and Scope 2 emissions) through purchasing 100% renewable energy in the UK (backed by Energy Guarantee of Origins) and then offset our remaining emissions through the support of verified projects. – Innovation: we will investigate the opportunity for innovation and partnerships that would help us to deliver or support clean energy and to explore how carbon offsets can deliver nature-based solutions and support nature's recovery.

RISK MANAGEMENT

The risk management process for climate-related risks is incorporated within broader risk management arrangements for the Group. The Board takes overall responsibility for risk management, and the assessment of risk. Our approach combines a top-down strategic review and feedback of risks by the Board, coupled with a bottom-up review and reporting of risk by each operating business. Sustainability has been recognised as a risk to the Group for over a decade and more recently climate change has been identified as a separate risk which must be managed.

A climate change adaptation risk identification exercise was initially undertaken in 2014 to inform strategic commitments as part of Our Vision, facilitated by specialist consultants and involving key representatives from across the business. The key risks identified were around physical, weather-related events for the homes and places we develop and remain relevant, including flooding, overheating and water shortage.

Further work is required to update this study over the next year as we undertake Climate Scenario Analysis, with a broader remit. In preparation, Berkeley has identified the following risks and opportunities:

Risk/ opportunity type	Description	Our response
RISKS		
Physical - extreme weather	<ul style="list-style-type: none"> – Disruption to construction programmes e.g. through work interrupted due to high winds or extreme temperatures. – Disruption to global supply chain and supplies of materials to site due to extreme weather events across the globe. 	<ul style="list-style-type: none"> – Working with our supply chain to better understand the source of raw materials and location of processing and manufacturing activities. – Increasing use of off-site construction and use of Berkeley Modular to control production activities within a factory environment.
Transition - reputation	<ul style="list-style-type: none"> – Homes and developments could be adversely affected through overheating, water shortages and flooding. – Failure to improve our strategy, performance and reporting in line with evolving regulations, investor requests and societal expectations would impact Berkeley's reputation. 	<ul style="list-style-type: none"> – Risk assessment undertaken on each development and climate change adaptation measures incorporated into the design, such as shading and ventilation strategies. – Validated science-based targets (SBTs) to support our ambitious strategy in this area. – Increasing disclosure on climate action within corporate reporting, together with external ratings such as CDP.
Transition - policy and legal	<ul style="list-style-type: none"> – There are increasing standards for homebuilders through forthcoming changes to the Building Regulations. – Many local authorities have declared climate emergencies and expect developers to achieve high standards to help with the collective effort to reduce impact. – Government is to set in law more ambitious climate change targets for the UK; the built environment is a sector that will need to contribute. 	<ul style="list-style-type: none"> – We actively participate in government consultations relating to policy in this area, including the Part L, F and [X] consultation in spring 2021. – We review forthcoming legislation and assess the potential impact on our sites. – We ensure our strategy in this area is ahead of regulation, putting us in a strong position to respond to future changes.

RISK MANAGEMENT CONTINUED

Risk/ opportunity type	Description	Our response
OPPORTUNITIES		
Resource efficiency	<ul style="list-style-type: none"> — There is an opportunity for energy efficiency in our operations. — Working with our supply chain we can focus on material efficiency and reducing waste. — Increasing use of off-site manufacture and commencing production at the Berkeley Modular facility is expected to increase material efficiency and reduce waste. 	<ul style="list-style-type: none"> — Targeted reduction of emissions across all of our activities through science-based targets (SBTs). — Progressing with our strategy to modernise production, including commencing production at the new Berkeley Modular facility.
Products/services	<ul style="list-style-type: none"> — Customers are increasingly seeking more sustainable homes. — New homes are more efficient than the existing housing stock as they have to meet stringent Building Regulations; this may become increasingly important. — Producing more efficient homes can reduce running costs for our customers. 	<ul style="list-style-type: none"> — A focus on creating low carbon homes through building fabric and the incorporation of the right types of low carbon technologies. — Including details on how to operate a home efficiently and live a sustainable lifestyle within customer information.
Markets	<ul style="list-style-type: none"> — Demonstrating a strong strategy and performance in this area could help to support local planning authorities in addressing the climate emergency within their area. — Local communities and stakeholders are more likely to partner with a developer which has strong sustainability credentials. 	<ul style="list-style-type: none"> — Climate action incorporated within Our Vision 2030, to highlight its strategic importance within our business. — Information contained within planning applications. — Information included within community engagement activity.



Hollyfields, Hawkenbury

METRICS AND TARGETS

We monitor a range of metrics to support our targets in the area of climate action. Detailed GHG emissions information is located in the Directors' Report, including disclosure across Scopes 1, 2 and 3 and the Environmental, Social and Governance table on page 76 to 77 of our 2021 Annual Report.

Our key metrics for climate action are included within our science-based targets and these will be used to reduce emissions against. We also have broader targets with associated metrics as part of our climate action roadmap:

Time period	Targets	Metrics
Short-term (by 2023)	Complete scenario analysis by 2023 to understand how risks from climate change could impact our business and begin to implement measures to manage these risks.	Qualitative assessment.
	Maintain carbon neutral operations across Scope 1 and Scope 2 emissions using REGOs and verified projects.	Net carbon emissions within UK operations (Scope 1 and Scope 2) (tCO ₂ e).
	Implement measures to manage climate risks for our developments and business.	Developments under construction incorporating climate change adaptation measures (%).
Medium-term (2023-2029)	Undertake embodied carbon assessments and set reduction targets for each development.	tCO ₂ e/m ² completed floor area.
Long-term (by 2030)	Reduce absolute scope 1 and 2 GHG emissions 50% by FY2030 from a FY2019 base year.	Carbon emissions from direct activities (tCO ₂ e) against FY19 baseline.
	Reduce scope 3 purchased goods and services and use of sold products GHG emissions 40% per square foot of legally completed floor area by FY2030 from a FY2019 base year.	Carbon intensity of the homes we build over their lifetime (tCO ₂ e/m ² completed floor area) against FY19 baseline.
Long-term (by 2040)	We will be a net zero carbon business.	Net carbon emissions across Scopes 1, 2 and 3 (tCO ₂ e).

Berkeley is committed to helping to achieve the United Nations' (UN) Sustainable Development Goals (SDGs). We recognise that although all the SDGs and the targets that underpin these are important and interconnected, it is imperative to focus our efforts on those that are most material to our business, where we have the greatest ability to deliver meaningful positive impact. The following four SDGs, and their underlying targets, are those that we have identified as most relevant to our business activities and that we have the greatest opportunity to contribute to the achievement of, particularly through the Our Vision 2030 business strategy.



Read more about our approach to sustainability: www.berkeleygroup.co.uk/sustainability

