

ACTION AND DISCLOSURE ON CLIMATE CHANGE

Action and disclosure on climate change.

At Glenveagh, we understand the immediate need for action on climate.

The Intergovernmental Panel on Climate Change ('IPCC') has delivered its strongest warnings yet, and legislation and action plans at European and national levels are clear about what needs to happen. With construction and the built environment sectors accounting for 37% of Ireland's carbon emissions, we acknowledge the role we need to play as a leading Irish homebuilder.

Our stakeholders also told us how important action on climate change is to them, and we are committed to providing clear and transparent disclosures to them.

Glenveagh is required to report against the Task Force on Climate-related Financial Disclosures ('TCFD') recommendations and recommended disclosures in its Annual Report covering financial year ended 31 December 2022 according to the Financial Conduct Authority (FCA) listing rule LR 9.8.6 R(8). Glenveagh is compliant with the TCFD recommendations and recommended disclosures, with the exception of Strategy 2.b (impact on business strategy and financial planning) and c (resilience to scenarios). We will complete work throughout the year with a view to full compliance in 2023. We will also explore how we can further improve all of the TCFD disclosures as we become increasingly mature in our approach.

Our climate action journey

2023

- > Net Zero Transition Plan published.
- > Successfully completed our first sustainability-linked financing facility.

2022

- > Joined Irish Green Building Council ('IGBC').
- > Signed Low Carbon Pledge committing to setting science-based targets ('SBTs').
- > Commenced Hydrotreated Vegetable Oil ('HVO') trials.
- > CDP rating B.

2021

- > Sustainability governance structures set up.
- > First climate target set.
- > CDP rating A-.
- > Electric vehicles ('EVs') introduced to fleet.
- > Published full Scope 3 emissions.

2020

- > First sustainability report published.
- > Reported Scope 1 and 2 emissions with external assurance.
- > First CDP disclosure – B rating achieved.

2019

- > Sustainability approach agreed by Board.

2017

- > Company founded.



ACTION AND DISCLOSURE ON CLIMATE CHANGE CONTINUED

GOVERNANCE

Board oversight of climate-related risks and opportunities

The Board sets the strategic direction for Glenveagh taking consideration of a wide array of relevant issues including climate change. In approving the evolved business strategy ‘Building Better’ during 2022, the Board took account of the materiality of climate change risks and opportunities as defined through the materiality assessment. Action on climate-change has therefore been integrated throughout the business strategy.

The Board’s approach to climate is informed by dedicated training sessions with external specialists, presentations from internal experts and the outputs from the Group’s materiality assessment and stakeholder engagement. The Board receives regular updates on sustainability, and in particular climate change, throughout the year.

The Board’s appraisal of climate risk is indicated through its strategic decision making. In 2022, it made two significant decisions with respect to climate change:

1. It identified climate change as a principal risk for the Group.
2. It approved the Group’s commitment to setting science-based targets.


The Board is supported on climate change by two Board committees.

- > The Environmental and Social Responsibility (‘ESR’) Committee is responsible for developing and monitoring our approach to sustainability (including climate change). Throughout 2022, the committee discussed in detail with management the development of the Group’s net zero approach and the commitment to setting science-based targets. This committee also reviewed and considered the climate-related risks and opportunities in advance of their consideration by the Audit and Risk Committee (‘ARC’). The ESR Committee’s report can be found on page 104.

- > The ARC is responsible for reviewing our climate risks and opportunities and ensuring that our controls and mitigants are adequate and effective. Climate risks are included in our risk register which is a standing item at committee meetings. In addition, climate risks and opportunities were reviewed specifically during 2022 and the ARC recommended that climate change be identified as a principal risk for the Group. The ARC’s report can be found on page 86.

Management’s role in assessing and managing climate-related risks and opportunities

The Executive Committee has overall responsibility for implementing the business strategy as agreed by the Board, which includes our approach to climate change. Climate change, as part of sustainability, is a regular agenda item for this committee. As the most senior executive, the CEO has responsibility for the management of climate-related initiatives under our agreed business strategy. The CEO also agrees the annual objectives for the Chief Strategy Officer who has specific executive responsibility for climate. Management is supported by the sustainability team, led by the Head of Sustainability. The team is responsible for day-to-day management of sustainability, providing a framework within which all parts of the business can work.

 Additional information with regard to governance of sustainability in Glenveagh can be found on **page 42**.

STRATEGY

In reviewing our business strategy during 2022, action on climate played a significant part in formulating our strategic priorities ensuring we adequately manage the risks and take advantage of the opportunities where possible. Action on climate is embedded throughout our strategic priorities.

The following pages set out the climate-related risks and opportunities that we have identified over the short, medium, and long term as well as their potential impacts and what we are currently doing in response. In 2023, we will test the resilience of our business strategy through climate-related scenario analysis.



IN APPROVING THE EVOLVED BUSINESS STRATEGY ‘BUILDING BETTER’ DURING 2022, THE BOARD TOOK ACCOUNT OF THE MATERIALITY OF CLIMATE CHANGE RISKS AND OPPORTUNITIES AS DEFINED THROUGH THE MATERIALITY ASSESSMENT.



How climate action is embedded in our strategic priorities

PLACING THE CUSTOMER FIRST 

- > High-quality, energy-efficient homes.
- > Educating customers on reducing their carbon footprint.

VALUING AND DEVELOPING OUR COLLEAGUES 

- > Developing sustainability skills across the business.

ENSURING OPERATIONAL EXCELLENCE 

- > Driving efficiency in resource use to reduce GHG emissions.
- > Using renewable fuels where possible.

DRIVING INNOVATION 

- > Driving innovation in design, materials used, offsite manufacturing etc. to reduce embodied carbon in our homes.

GROWING SUSTAINABLE AND THRIVING PLACES 

- > Building communities that support sustainability.
- > Nature-based solutions to climate impacts/potential impacts.

ACTION AND DISCLOSURE ON CLIMATE CHANGE CONTINUED

OUR RISKS AND OPPORTUNITIES

Risk/Opportunity	Risk description	Potential impact	Our response
HIGHEST RATED TRANSITION RISKS			
<p>SUPPLIERS' PACE OF CHANGE AND NET ZERO ALIGNMENT</p> <p>Time frame: Medium-long-term Materiality: High Risk type: Reputational, Technology, Market</p>	<p>There is a risk that key suppliers of high carbon impact materials and works on-site don't address climate change challenges fast enough for us to align with our planned net zero journey, with little or no alternative available.</p>	<p>Increased costs resulting from preferred suppliers' inability to scale or transition to meet our sustainability needs cost effectively.</p>	<p>Through the development of our Net Zero Transition Plan, we have begun identifying and assessing future trends and options to implement in the Group's operations. This has necessitated supplier engagement and collaboration to ensure suppliers are aware of such movements and understand what is expected of them. We have also begun vertical integration of our supply-chain with the acquisition of Harmony Timber Solutions and the development of key manufacturing capabilities.</p>
<p>CARBON PRICING</p> <p>Time frame: Medium-term Materiality: High Risk type: Policy and Legal, Technology, Market, Reputation</p>	<p>Failure to move away from carbon intensive products/services at a fast enough pace while carbon taxes continue to rise.</p>	<p>Increased costs due to carbon taxes. Impairment in carrying value of carbon-intensive assets (e.g. plant and machinery).</p>	<p>The development of our Net Zero Transition Plan and commitment to science-based targets puts us on a trajectory towards decarbonisation across our value chain. This will see a reduction in carbon emissions and a decrease in exposure to carbon-pricing risks. Increased supplier engagement keeps us informed on the cutting-edge trends in the low carbon economy and solidifies good business relationships. This assists us to quickly transition away from carbon intensive products/services.</p>
<p>OFF-SITE MANUFACTURING AND MODERN METHODS OF CONSTRUCTION ('MMC')</p> <p>Time frame: Medium-term Materiality: High Risk type: Technology</p>	<p>Failure to fully/quickly take advantage of off-site manufacturing and MMC to address net zero challenges.</p>	<p>Increased construction costs resulting from the continued reliance on skilled labour, time spent on-site and the absence of efficiency benefits from standardisation in build methodology.</p>	<p>The Group set up its Innovation Department which works closely with the sustainability team to ensure the benefits from MMC are maximised and that net zero targets are achieved. Furthermore, off-site manufacturing and MMC have been addressed in the development of the business strategy and sustainability has been interwoven throughout this. Additionally, the Group has begun the vertical integration of the supply-chain with the acquisition of Harmony Timber Solutions and the development of key manufacturing capabilities.</p>
<p>DEVELOPMENT OF LOW CARBON TECHNOLOGY</p> <p>Time frame: Medium-long-term Materiality: High Risk type: Technology, Market, Reputation</p>	<p>Lack of pace in the market developing adequate/appropriate low carbon technology combined with a faster shift to low carbon technology or products, leads to lack of supply, price rises and ultimately an inability for the Group to meet certain commitments and obligations.</p>	<p>Increased construction costs due to the lack of appropriate low carbon materials.</p>	<p>Through the development of the Group's Net Zero Transition Plan we have acknowledged the need to act quickly and engage with supply-chains to solidify strong relationships, ensuring we remain at the forefront of developments. Concurrently, the sustainability team and external consultants are also monitoring any developments in the area to assist in achieving this goal. Additionally, our commitment to low carbon technology will create increased demand in the market encouraging development to be undertaken at a faster pace within our value chain.</p>

ACTION AND DISCLOSURE ON CLIMATE CHANGE CONTINUED

Risk/Opportunity	Risk description	Potential impact	Our response
HIGHEST-RATED PHYSICAL RISKS			
IMPACTS ON SUPPLY-CHAINS Time frame: Medium-term Materiality: High Risk type: Acute physical, market	Supply-chain is impacted by disruption due to frequent severe weather events causing delays to deliveries and subsequent delays to our schedules. Suppliers themselves are restricted or impacted by transition risks affecting availability and the cost of goods and services to us.	Increased construction costs resulting from disrupted construction programmes and availability of goods and services.	The Group has begun supply-chain integration as demonstrated through our investment in our manufacturing facilities. Increased supplier engagement will also raise awareness of the various climate risks that our suppliers may face.
SEVERE WEATHER EVENTS Time frame: Short-term Materiality: Low Risk type: Acute physical	More frequent storms, extreme rainfall, flooding and other severe weather events result in sites being closed for longer periods of time at greater frequency, as well as potentially unsafe conditions to people on construction sites during extreme weather events e.g. storms and heatwave conditions.	Increased construction costs due to prolonged construction programmes resulting from severe weather related delays.	Greater reliance on off-site construction will reduce the exposure to this risk. Health and Safety systems and procedures are in place with weather warnings being issued and safety procedures activated according to severity of weather.
HIGHEST RATES OPPORTUNITIES			
A STANDARD SETTER IN THE INDUSTRY Time frame: Medium-term Materiality: Medium Opportunity type: Product	Become a standard setter in the industry driving suppliers and partners to come on the journey with us as their partner of choice.	Decreased construction costs resulting from better bargaining positions.	Our Net Zero Transition Plan sets out our ambition to our stakeholders, including our suppliers and partners, with respect to climate change. Increased supplier engagement, which is a key action under the plan will facilitate increased opportunities to partner and collaborate with suppliers to take advantage of opportunities. Vertical integration of supply-chain and development of key manufacturing capabilities has already begun.
ALIGNMENT WITH GREEN MORTGAGES Time frame: Short-term Materiality: Medium Opportunity type: Product	Align our product with consumer green finance opportunities making Glenveagh houses the product of choice in the market.	Increased revenue due to alignment with customer financing options. Decrease in the cost or increase in the availability of capital.	Our homes are already highly energy efficient with 55% of Glenveagh homes having an A1 rating making all of our homes aligned with green financing opportunities. We will also educate our customers regarding the support available including green finance opportunities.
SUSTAINABILITY FINANCING Time frame: Short-term Materiality: Medium Opportunity type: Markets	Avail of green financing options due to performance against targets.	Decrease in the cost or increase in the availability of capital.	Successfully completed our first sustainability-linked financing facility in 2023.

ACTION AND DISCLOSURE ON CLIMATE CHANGE CONTINUED

RISK MANAGEMENT

Identifying and assessing climate-related risks and opportunities

Glenveagh’s risk management framework is supplemented by a specific process to identify and assess climate-related risks and opportunities. This includes viewing risk over a longer timeframe than normal. Desk-based research including reviews of relevant climate-change literature on impacts and risks, peer reviews and review of the forthcoming regulatory requirements was carried out. From this a long list of potential climate risks and opportunities were developed, reviewed and consolidated further.

Timeframes were defined as follows:

- > Short-term 0–3 years
- > Medium-term 3–5 years
- > Long-term + 5 years

An external consultant reviewed the list and it was also tested with stakeholders as part of our materiality assessment. The risks were then individually scored using our standard risk scoring approach i.e. assessing impact and likelihood and the effectiveness of controls in place, to come up with a residual score. The risks and opportunities presented on the previous pages are the output of this exercise and represent the highest-ranked for transition and physical risks as well as opportunities.

Managing climate-related risks and opportunities

Glenveagh has developed a number of actions which support the realisation of the opportunities identified and the mitigation of the risks. These actions are outlined on the previous pages alongside each of the risks and opportunities. Additional information can be found in our Net Zero Transition Plan, the strategic section of this report and in our CDP response.

Integrating climate-related risks into the organisation’s overall risk management

Our risk management framework provides a common risk management process to identify,

assess, mitigate, monitor and report risks which impact the business, including climate. Climate risks are included in our risk register along with all other relevant risks for the business and are managed in accordance with the framework. For the first time, climate change has been identified as a principal risk for the Group indicating its priority within our overall strategy. In addition, other principal risks are reviewed to ensure that climate-related elements are integrated where appropriate, e.g. availability and increased cost of materials and labour.

METRICS

Glenveagh monitors a number of metrics in the area of climate. Our detailed Scope 1, 2 and 3 emissions information can be found on page 43. Our assurance certificate and methodology document can be found at <https://glenveagh.ie/corporate/sustainability>. We also monitor the following metrics to assess our climate related risks and opportunities:

- > Proportion of total homes with Building Energy Rating (BER) of A1 and A2.
- > Average kilowatt hours per sqm per year (kwh/m²/yr) across all homes delivered.
- > CDP score.

In 2021, we set a target to achieve a 25% reduction in our direct emissions (Scopes 1 and 2) intensity by 2025 against a 2020 baseline (tonnes of CO₂e per 100 sqm of completed homes). Our 2022 emissions represent an 24% reduction compared to the 2020 baseline. As part of the development of our Net Zero Transition Plan, we have developed both near-term GHG emissions reduction targets and long-term net zero GHG emissions targets for Scopes 1, 2 and 3. These targets have been developed in line with guidance from the Science Based Targets initiative (‘SBTi’) and have been submitted to the SBTi for validation.



FOR THE FIRST TIME, CLIMATE CHANGE HAS BEEN IDENTIFIED AS A PRINCIPAL RISK FOR THE GROUP INDICATING ITS PRIORITY WITHIN OUR OVERALL STRATEGY.



NEAR-TERM TARGET

46%

absolute reduction in Scopes 1 and 2 by 2031*

55%

reduction in Scope 3 emissions intensity (tCO₂e/100sqm) by 2031*

LONG-TERM TARGET

Net Zero

in Scopes 1 and 2 by 2050*

Net Zero

in Scope 3 by 2050*



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

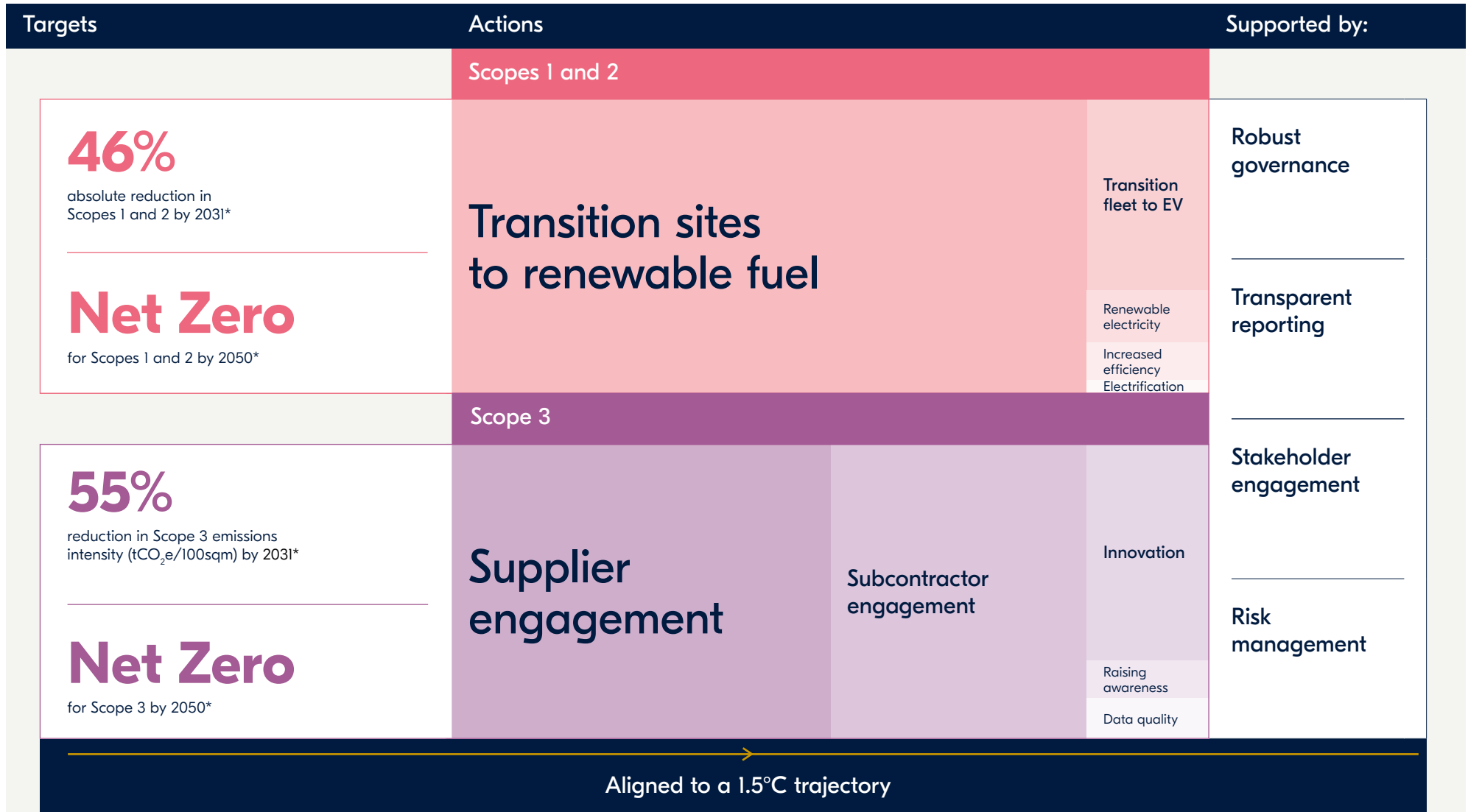
* Subject to validation.

ACTION AND DISCLOSURE ON CLIMATE CHANGE CONTINUED

OUR NET ZERO TRANSITION PLAN

Throughout 2022, we focused on developing our Net Zero Transition Plan, which sets out the actions that we will take to put us on a 1.5°C pathway and achieve the ambitious targets that we set. Our Net Zero Transition Plan can be found here: <https://glenveagh.ie/corporate/sustainability>

Now 2050



* Subject to validation.