



ESG Report 2023/24

Building a Sustainable Future

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Front cover:
Knights Park, Eddington.

Views across west London from Kew Bridge Rise in Brentford, London.

Building a sustainable future

Our vision is to be the UK's leading, most trusted housebuilder, creating exceptional homes and sustainable communities.

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We have reduced our scope 1, 2 and 3 greenhouse gas emissions by 13%

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2023 can be characterised by the cost-of-living crisis, a challenging economic environment, an uncertain UK political landscape, a scale of regulatory change not seen in a generation and a broken planning system. Positively, we avoided a recessionary environment and more recently, inflation and interest rates have begun to soften. The new Labour government has announced its commitment to reform planning and the delivery of housing across all tenures. Against this backdrop, we have responsibly grown our business and continue to embed our vision.

As a family-owned and operated housebuilder with a strong balance sheet and a diversified business model, we remain a top choice partner for both the public and private sectors. And we're well positioned to continue our sustainable growth across all tenures and achieve our ambitious five-year business plan to increase turnover to over £1.2bn during 2025.

The Fata Morgana Teahouse is one of the public artworks in the new community of Eddington and has become a distinctive landmark for the neighbourhood.

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By focusing on key areas within our Environmental, Social Value, and Governance (ESG) framework, we are contributing to healthier, more sustainable communities

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Community event at Lampton Parkside.

We celebrated winning WhatHouse? Housebuilder of the Year at the 2023 awards for the third time, as well as Large Housebuilder of the Year in our first year entering the category. For the seventh consecutive year, we maintained our status as a five-star homebuilder in the Home Builders Federation's annual customer satisfaction survey and achieved a sector-leading score of 4.9 out of 5 stars on Trustpilot, making us the top-rated housebuilder on the platform.

We have an ambitious Environmental, Social and Governance (ESG) strategy to take us to net zero. During the reporting period, we have strived to keep our people and supply chain safe on our sites. We have met 39/41 of our **ESG objectives** and are making good progress against our 2030 **ESG Roadmap** and green finance commitments.

Our Sustainability Leadership Group (SLG) has overseen our second double materiality review with registered providers and Homes England. These outcomes have informed our ESG strategy - helping us achieve our vision, manage risk, and improve public disclosure.

For example:

- **Environment:** We have reduced our scope 1, 2 and 3 greenhouse gas emissions by 13%. By the end of 2024, 41% of our zero carbon ready homes will be using heat pumps and renewables. This is set to rise to over 76% in 2026, in preparation for the introduction of the Future Homes Standard (FHS). We are undertaking the largest Zero Bills™ development in the UK at Hollymead Square. And, across our portfolio, we are surpassing the 10% Biodiversity Net Gain (BNG) standard.
- **Social Value:** We delivered £528m (£357m:2022) of added social value. And, we continue to make good progress in deploying our SoloHaus and Foundation 200 initiatives which provide much needed homes for the homeless.
- **Governance:** We improved our NextGeneration sustainability benchmark score by 16% and consolidated our fifth-place ranking, confirming our position as the leading private company in the sector.

On a personal note, in July 2023, I was immensely proud to receive the OBE I was awarded in HRH King Charles III's first New Year's Honours list. This recognition is a testament to the incredible team of people I have around me. While it carries great significance and motivates me to continue, it also crystallises what Hill's purpose has always been: to strive for a more equal society through developing sustainable homes where communities can thrive.

Finally, I extend my deepest gratitude to all our partners, teams, and supply chain. Their dedication, hard work and commitment are the true drivers of our success; together we are committed to continuing our responsible growth story.



Andy Hill OBE
Group Chief Executive Officer
6th November 2024



Andy Hill OBE, founder and Group CEO.

Please share your feedback on this report at ESG@Hill.co.uk so that we can continuously and responsibly improve our ESG activities.



JARGON GARDEN: See page 30 for definitions and acronyms.

Our ESG strategy and goals

It is three years since we published our ESG strategy and **roadmap** and set our vision to be the UK’s leading, most trusted housebuilder, creating exceptional homes and sustainable communities.

Despite the backdrop of a challenging economic environment, we continue to make good progress across each of the pillars of our strategy – as can be seen in the highlights and demonstrated through our key performance indicators (KPIs) and our **2030 Roadmap** updates.

The sector continues to be subject to substantive policy and regulatory change, emerging legislative alterations, more consultations than seen for a generation and the Competition and Market Authority (CMA) housebuilding market study findings. The National Planning Policy Framework (NPPF) is subject to notable alterations, whilst the publication of ‘Future Homes, One Plan’ by the Future Homes Hub (FHH), is expected to bring significant reform to the sector.

This holistic approach will result in a new era of high quality, affordable, sustainable homes, and communities. Furthermore, interrelated good practice guidance for public realm stewardship (blue, green and grey infrastructure) models are anticipated to mitigate climate change, build resilience, and support nature recovery.

Evolving legislation will continue to inform our ESG strategy and **2030 Roadmap**, policies, and related KPIs, and will influence the most noteworthy changes to our environmental approach. Our social value and outreach programmes to 2025 continue to achieve substantial success and our enhanced governance systems help manage risk, improve public disclosure, and evidences our second **just transition statement**.



ENVIRONMENTAL

Creating net zero carbon homes

Taking care of our natural resources

Reducing our environmental impacts

SOCIAL

People come first

Communities and customers

Tackling homelessness

GOVERNANCE

Strategy and responsible business

Reporting and assurance

Future proofing

2023/24 OBJECTIVES HIGHLIGHTS

FINANCIALS¹

- £1,145.9m turnover (£716m:2022)
- £70.1m pre-tax profit (£65.6m:2022)
- 2,886 new homes delivered (2,203:2022)

ENVIRONMENTAL

- We have reduced our scope 1, 2 and 3 greenhouse gas emissions by 13% (31.15%:2022)
- 100% of homes at Hollymead Square to enjoy zero bills for 5 years
- 22.3% average Biodiversity Net Gain (BNG) score (34.14%:2022)
- 98% of waste diverted from landfill (97%:2022)

SOCIAL

- £528.2m social added value (£357.3:2022) equating to 46.1% of turnover
- 201 SoloHaus (including Foundation 200) homes delivered to date (169:2022/23)
- 3,756 staff volunteering hours (754:2022)

GOVERNANCE

- 95.4% customer satisfaction rating (92.2%:2022)
- 5th place in the NextGeneration sustainable housebuilder benchmark (5th:2022); leading private company in the sector

¹ We took the decision to extend our financial year end by three months to a 15-month reporting cycle. This allows our future auditing and reporting to align with many of our joint venture partners, from April to March, reverting to a 12-month accounting period ending on 31st March each year from 2025.



Our approach to materiality review

At Hollymead Square, all residents will pay zero energy bills for a minimum of five years

Hollymead Square in Newport, Essex, is the largest Octopus Energy Zero Bills™ development in the UK.

In summer 2023, we launched our second double materiality review by re-engaging with registered providers and Homes England, to better understand their priorities across a range of existing and future UK legislation and industry best practice.

The results of this analysis were presented at a dedicated roundtable, chaired by Ann Santry CBE, an independent Hill non-executive director. Edward Lockhart-Mummery, CEO of the FHH, was our guest speaker. Debating a range of ESG topics through a housing association lens, the event was testament to the power of collaboration and knowledge sharing.

The outputs of the review are captured in the following animated graphs. Whilst the issues are relatively

dispersed across the risk and cost axes, each has significant importance to our stakeholders and informs Hill’s licence to operate. Accordingly, we have reappraised our ESG strategy to ensure the differences between each of the double materiality reviews are consolidated into our **Principal ESG Risks and Uncertainties Register**, our **2030 Roadmap** and KPIs. During 2024/25, we will undertake further roundtables with our supply chain.

Double materiality review 1
To assess our ESG priorities, risks and to inform the **2030 Roadmap**

Double materiality (survey) Q3 2023
Monitoring the evolution of material issues in a dynamic way

We expect more progressive corporate capital raising and funding models, as well as customer-facing mortgages, to be informed by performance-related ESG criteria in the future. We will continue to engage with our financial stakeholders to ensure we are future proofing our business model. Our experience from working with green finance since 2022, coupled with our involvement in the ‘Cleantech Homes: Lower Bills, Healthier Living’ report by the Sustainable Markets Initiative (SMI), has given us valuable insights into emerging trends and market demands. We have been invited to join the FHH New Homes Valuation Liaison Group and believe such collaborations, along with the Octopus Energy’s Zero Bills™ offer at Hollymead Square, will position us to secure related ESG premiums.

In addition to **Task Force on Climate Related Financial Disclosure (TCFD) reporting**, we will monitor emerging sector-related indices, including the Corporate Sustainability Reporting Directive (CSRD) and other related non-financial reporting directives. Through the delivery of our ESG strategy, we are making a positive contribution to 15 of the 17 United Nations Sustainable Development Goals (UN SDGs) and are supporting a just transition. Employing the UN SDGs provides a global connection to our local project ESG commitments.

With a track-record for innovation and delivery, Hill is primed to manage strategic and operational risks to improve our customers’ wellbeing and quality of life. Given we began pivoting to zero carbon ready homes back in 2021, we are ready to achieve the residential options set out in the Future Homes and Buildings Standards: 2023 consultation. The medium to long-term timeframes, being developed through the FHH One Plan, will provide the opportunity for us, along with our supply chain, to increase capacity, knowledge, and resilience to build at scale, with appropriate commercial returns.

The **Principal ESG Risk and Uncertainties Risk Register** forms part of the SLG terms of reference; operationalised through its Priorities Groups. Current topics include Biodiversity Net Gain (BNG), Energy Service Companies (ESCO), FHS, open space management companies, Multi-Utility Services Companies (MUSCO), Sustainable Urban Drainage Systems (SUDS) and their Approval Bodies (SABS), water neutrality and water nutrients neutrality.

Strategic ESG oversight is overseen through the SLG that reports to the Executive and Risk Committees and the Group Holdings Board. ESG reports are prepared and disclosed quarterly throughout the reporting year. To ensure the Group is preparing the next generation of our employees, we run an ESG partners tier to our governance structure.

Creating net zero carbon homes

We prioritise sustainable growth, putting the health of our planet at the centre of our decision-making. By focusing on key areas within our ESG framework, we are contributing to healthier, more sustainable communities and positioning ourselves for long-term success.

We work closely with communities and partners to achieve this through bespoke community engagement strategies tailored to the character of each location, be it brownfield or greenfield. We aim to create a vision for both existing communities and new residents with place-led masterplans informed through consultation. Our commitment to placekeeping and maintaining the public realm is supported by partners and registered providers. Integrated stewardship models include green infrastructure: urban greening factors and/or BNG trajectories; blue infrastructure, SUDS, and grey infrastructure, such as heat networks.

Around 72% (73%:2022) of our projects are developed on brownfields, while we are planning 28% developments in sustainable greenfield (27%:2022) locations. Looking ahead we will also calculate Grey Belt locations.

CREATING ZERO CARBON READY HOMES

The delayed 2025 FHS requires every new home in England to produce 75% to 80% less carbon emissions than 2016 regulations. These dwellings will be zero carbon ready, by switching off fossil fuels, and become zero carbon as the grid decarbonises. In readiness for these changes, back in 2021, we voluntarily decided to design new developments with an enhanced fabric-first standard, integrating low carbon electricity and heat pumps. A regulatory 31% stepping stone to the zero carbon ready target came into force in June 2023.

Given the policy and regulatory consultation delays by the Conservative government, it is unlikely the 2025 FHS will be enacted until 2026. Nevertheless, our early adoption of these good practice standards means we are ready for the trajectories now. By the end of 2024, the percentage of our zero carbon ready homes using heat pumps and renewables will be 41%; this is set to rise to over 76% in 2026. A progressive performance in the sector.

In the medium term, the sector is arguably at a turning point in balancing policy and regulatory compliance against capital expenditure (CAPEX) risk and operating expenses (OPEX) benefits.



Case study

Hollymead Square
Newport, Essex



During 2023, we continued to develop our solar form design guides and Passivhaus playbooks through the knowledge we gained on completed projects and planning new developments. Our extensive experience with FHS zero carbon ready homes, including Passivhaus-certified and Active Homes-compliant projects - across over 400 dwelling typologies and ongoing Post Occupancy Evaluation (POE) at eight sites - provides an invaluable commercial advantage. We are also participants in the Happy Homes Project which aims to measure the social value of architecture in new homes.



Case study

Agar Grove
Camden, London



Gradually, our projects are being designed to mitigate predicted physical and transitional climate change risks, such as flood and overheating risks as recognised in our TCFD analysis. Employing enhanced building thermal design (meeting Building Regulations Part F² and L³), overheating (responding to CIBSE TM:54 and 59 and Part O⁴) and daylighting strategies help maintain resident comfort through the seasons.

The Standard Assessment Performance (SAP) rating is still used to measure an improved regulated carbon reduction trajectory. For the reporting period, we achieved an 85 SAP rating, the industry's average is 84.

In 2023, our scope 3 CO2 emissions per dwelling decreased, averaging 0.85 t CO2e (0.92 t CO2e: 2022) energy in use. This resulted in 2,453 t CO2e (2,132 t CO2e:2022) for the 2,886 (2,203:2022) homes built. Over their estimated 60-year lifespans, these homes will emit a footprint of 147,186 t CO2e (127,953 t CO2e: 2022).



Case study

Kew Bridge Rise
Brentford, London



Currently, all our homes are designed to optimise water usage of no more than 105 litres per person per day (lpppd), compared to the current Building Regulations Part G⁵ standards of 125lpppd.

We have appraised and/or are delivering a wide range of projects with improving non-regulated standards, including whole life carbon (WLC) assessments 313kgCO2e/m² > 812CO2e/m² Modules A1-A5 (696kgCO2e/m²: 2022<746kgCO2e/m²) and circular economy assessments scoring >32% (28%:2022). Our holistic solutions vary across apartments and houses and include the use of concrete, steel, and load-bearing external facades for medium+ density urban homes. Lower density suburban homes utilising timber frames will achieve the lowest impacts.

Projects are typically below the Greater London Authority (GLA) benchmark of 1200kgCO2e/m² for Modules A-C and progressing towards the GLA aspirational policy level of 800kgCO2e/m². This knowledge supports our advocacy engagement with the FHH WLC working group, its FHH One Plan and the emergence of a new Building Regulation called Part Z⁶.



86

80% of the homes we're constructing use renewable energy

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Passivhaus certified development, Agar Grove in Camden, London.

2: The Building Regulations Approved Document F: 'Ventilation'
3: The Building Regulations Approved Document L: 'Conservation of fuel and power'
4: The Building Regulations Approved Document O: 'Overheating'
5: The Building Regulations Approved Document G: 'Sanitation, hot water safety and water efficiency'
6: The Building Regulations Approved Document Z: 'Whole life carbon assessments'

Taking care of our natural resources

As a design-led housebuilder, our philosophy is rooted in innovation, sustainability and community-centric principles. In November 2023, we were awarded the title of ‘What House? Housebuilder of the Year’ for the third time.

This accomplishment, coupled with gold in the Best Large Housebuilder category, established our status as an industry leader in forward-thinking design, sustainability and placemaking. Our approach will always be to maximise value for our customers, rather than minimising production costs to secure higher profits. We create landscape-led places for people to live, work, play in and visit. Our vision is to create a sense of place, foster community and promote a better quality of life for residents.

Since 2022, we have encompassed the Building for a Healthy Life (BHL) design standard principles and requirements into our design and sustainability briefing documents and certified ISO9001 and 14001 processes. This is to ensure all our projects are consistently well designed and our landscapes carefully curated. This success is a result of appointing qualified architects, landscape architects and urban designers.



Case study

Oxford North, Oxfordshire



Given the climate emergency and nature loss, we are future proofing new developments and homes through sophisticated climate change, adaptation, and resilience strategies. This includes public realm green (BNG and urban greening factors) and blue infrastructures, subterranean engineered blue solutions, and complementary brown and green roofs, to mitigate surface water flooding risks and reduce the urban heat island effect.



Case study

Dagenham Green, East London



England is the most biodiversity-depleted country in Europe, which is a seriously concerning legacy that must be reversed for future generations. Consequently, the importance of the Environment Act 2021 and its requirements for 10% BNG cannot be underestimated for new projects being progressed through the planning system from February 2024. However, we began designing developments in advance of the regulations to achieve our green finance criterion. During the reporting period, we achieved 22.3% BNG across our portfolio and have a steep upward trajectory for the next two years.



Case study

Croxley Green, Rickmansworth



Whilst this a particularly challenging obligation, to date we are on target and we believe these commitments will help, in a small but important way, to reverse the UK decline. This attitude will help us to prepare for the forthcoming Task Force on Nature-related Financial Disclosure (TNFD) compliance. Additionally, we have planted some 1,950 (1,492:2022) trees in the reporting period to improve the quality of the public realm and, in time, provide summer shading and reduce air pollution.

For existing places and neighbourhoods, the emergence of Environment Net Gain (ENG) improvements will increase. These complementary approaches may be achieved through blue and green infrastructure offsetting protocols, included in S106 requirements. Given the increasing prominence of offsetting BNG, carbon and water (nutrients and neutrality) needs, we have amended our corporate policies, processes and procedures. We have created comprehensive commercial knowledge and an internal offsetting due-diligence regime, to ensure timely, cost-effective, and good quality arrangements for us and our partners.

Reducing our environmental impacts

At Hill we are committed to our net zero pathway in our business operations and in the homes we build.

We aim to reach net zero carbon in our scope 1 and 2 business operations and net zero operational carbon in the homes we build by 2030. We took the decision to extend our financial year end by three months to a 15-month reporting cycle. This allows our future auditing and reporting to align with many of our joint venture partners, from April to March, reverting to a 12-month accounting period ending on 31st March each year from 2025. A summary of greenhouse gas emissions 2020-23/24 is set out below.

Greenhouse gas (GHG) emissions	Category	Year ended 31.12.'20	Year ended 31.12.'21	Year ended 31.12.'22	Financial year ended 31.03.'24	Normalised % difference (taking into account 15-month reporting cycle)
For Streamlined Energy and Carbon Reporting (SECR)	Scope 1 emissions (t CO ₂ e)	3,464	5,449	3,020	3,045	-19%
	Scope 2 emissions (t CO ₂ e)	666	980	812	1,190	+17%
	Combined scope 1 & 2 emissions (t CO ₂ e)	4,130	6,429	3,832	4,235	-12%
	Scope 3 emissions (t CO ₂ e) – business travel in employee-owned cars	657	881	1,184	1,202	-19%
	Total SECR* scope 1, 2 & 3 emissions t CO₂e location based	4,787	7,310	5,016	5,437	-13%
	Carbon intensity (t CO ₂ e/£million turnover)	7.9	9.7	7.0	4.7	-46%
Other emissions	Scope 3 completed homes energy in use (t CO ₂)	Data not collected	109,413	121,440	147,186	-3%
	Scope 3 physical waste (t CO ₂ e)	2,494	1,168	787	1,312	+33%
	Scope 3 water usage (t CO ₂ e)	31	38	60	63	-16%

Reporting Methodology: For the fourth consecutive year, we have followed the government’s 2023/24 Environmental Reporting Guidelines and the 2023 DEFRA Conversion Factors for Company Reporting. Our footprint has been calculated in line with the Greenhouse Gas Reporting Protocol – Corporate Standard and ISO 14064 – part 1. We report on an operational control basis, meaning that our data covers energy use from premises where we have the authority to introduce and implement operating policies.

For consistency, our reporting scope covers all construction sites, including temporary welfare accommodation, mobile plant, both Hill and contractors’ fuel and our main operational offices. We have allowed for all forms of contracts, including joint ventures. We have not included for the two off-site manufacturing facilities where we have a 50% joint venture interest.

During the reporting period, we achieved a 12% reduction in scope 1 and 2 emissions. This performance is a result of the ongoing introduction of site efficiency measures, including the pivot from diesel fuel to green biofuels from the beginning of 2022, notwithstanding the cost premium. In addition, we continue to purchase green renewable energy tariffs across our business and are progressively transitioning to a greener car fleet through a complementary salary sacrifice scheme.

Our scope 1, 2 and 3 GHG (SECR) emissions, excluding completed homes’ energy in use, have been reduced by 13%. Homes completed during the period produced 0.85 t CO₂e (0.92 t CO₂e:2022) per dwelling. We have undertaken a wide range of whole life carbon and circular

economy assessments for new projects and retrospective assessments on completed homes’ energy in use. This ongoing work is helping us develop a transition pathway to achieve our **2030 Roadmap** objectives.

During 2023/24 we commenced a Science Based Targets initiatives (SBTi) review and the benchmarking of our footprint to better understand our upstream supply chain and end of life impacts of our completed homes. SBTi defines and promotes best practices in emissions reductions and net zero targets in line with climate science. Establishing a target and achieving the trajectory will be challenging against a background of planned business growth.

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We generated more than £528.2m in social value, equating to 46.1% of turnover.

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Residents enjoying the Teviot Festival held in July.

Hill's commitment to social value

Our approach to social value is a result of prioritising and nurturing lasting relationships with our partners to create a legacy of aspirational and healthy communities.

Throughout the reporting period, we generated more than £528.2m in social value, equating to 46.1% of turnover. This represents a significant increase of £169m versus the previous period. By targeting four key themes, we strive to create a lasting positive impact and generate value for communities to grow:

Social Value: The Hill Way

1

Education to Employment:
Equipping individuals with the skills and training needed to secure meaningful careers.

2

Business Support and Mentoring:
Empowering local businesses to flourish and contribute to the economic landscape.

3

Community Belonging and Connectivity:
Fostering a sense of belonging and connection within local communities.

4

Safe and Healthy Lives:
Promoting healthy lifestyles and wellbeing initiatives for residents of all ages.



The opening of the purpose-built NHBC Training Hub in West Cambridge.

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We attained Platinum accredited membership of The 5% Club's 2023-24 Employer Audit Scheme

Education to employment

We aim to develop ways for people living in and around our developments to enhance their lives through education, training, and career opportunities.

Women into Construction (WiC) was an independent, not-for-profit organisation that promoted gender equality in the construction industry. We partnered with WiC since 2017 to address the skills gap, and in 2023 and 2024, we collaborated with the HBF to engage 331 women through the initiative. Of these, 189 women received one-to-one

advice or guidance, and 109 developed new skills. We also developed the Women into Home Building programme to address the gender imbalance in construction. Since its inception, the scheme has supported 65 women to gain site management experience and valuable networking links with employers.

APPRENTICESHIPS

Apprenticeships are crucial to the construction industry, helping to fill the skills gap and develop a well-trained workforce. They lead to better-quality construction by teaching proper techniques and safety processes, whilst providing career progression and utilising the apprenticeship levy more effectively.



In 2023, we attained Platinum accredited membership of The 5% Club's 2023-24 Employer Audit Scheme, which ranked us within the top 3% of members. The 5% Club is a dynamic movement of employers inspired to take positive action for increased, inclusive, and accessible workplace training.

14,366
earn as you
learn weeks



SCHOOL-AGE SUPPORT: EQUIPPING YOUNG MINDS FOR THE FUTURE

Our education to employment theme recognises the importance of fostering a passion for learning and environmental awareness from a young age. This year, we launched several initiatives to engage primary school-aged children, to spark their imaginations and build positive associations with construction. To spark their imaginations and build positive associations with construction. We launched our mascots, Jack, Jill, and Billy the Bear along with "The Ultimate Eco Adventure Activity Book," designed to engage and educate primary school children about sustainability in a fun and informative way. We also produced a film to be used when our mascots visit schools, highlighting the importance of staying safe on site.

24,662
hours of school
engagement with
12,586
children reached



FINAL COHORT OF EMERGING TALENT

We completed our third and final placement as part of the Future of London's Emerging Talent Programme, which supports people from ethnic minority backgrounds living in London to start or change their careers. Throughout 2023, we supported young people through the One Million Mentors and The Diana Award mentoring programmes. In addition, 50 Hill colleagues received mentor training.

RELEASED ON TEMPORARY LICENCE

Working with key labour supply partners, we are increasingly employing people Released on Temporary Licence (ROTL) to work on our sites. The government scheme allows prisoners to be released temporarily into the community to engage in employment. In 2023/24, we placed over 35 people in roles, helping them gain valuable work experience to support their rehabilitation back into society.



We also started running "Next Steps" employment programmes to support care-leavers and care-experienced young people in accessing construction opportunities. Through supply chain collaboration and by running employability programmes, three care-experienced young people have joined our sector. We are working with the Care Leaver Covenant to become members in 2024.

Working in partnership with the NHBC, Histon Football Club (FC), and Cambridge City Council, we built and launched a new bricklayer training hub near Histon FC's stadium in West Cambridge. The training hub is designed to involve apprentices in a realistic working environment, preparing them for a future career in construction. It offers students accelerated learning, with courses completed in just 18 months rather than the industry standard of 36 months.

ARMED FORCES COVENANT

We recognise the transferable skills developed through military training, including engineering and project management. We have pledged to ensure that members of the armed forces community can find career opportunities in construction after completing their service. In 2023, we signed The Armed Forces Covenant, which aims to build a more open and honest relationship between employers, the UK Ministry of Defence, and reservists.

3,756 hours
of staff volunteering time



Business support and mentoring

In 2023, recognising that around 82% of our supply chain comprises medium, small and micro enterprises (MSMEs) who would benefit from increased knowledge-sharing, we launched our supply chain “Lunch and Learns”.

The first meetings focused on embedding our social value targets into their businesses and agreeing future session topics, such as Constructionline pre-qualification compliance with The Building Safety Act and discussing experiences in a range of sustainability matters.

CONSTRUCTIONLINE GOLD STANDARD

As part of our *ESG Roadmap* to 2025, we committed 58% of our supply chain to achieve Constructionline Gold standard by the end of 2024. By September 2023, 57% of our supply chain achieved Gold standard and a further 2% Platinum, surpassing our objective.

We continue to engage with social enterprises through employability programmes with flexi-job apprenticeship agencies such as K10, Evolve and TrAc. We have also commissioned social enterprises such as Phoenix Trust, to create bird and bee boxes and bug hotels for our developments, local schools and community partners.

APPRENTICE SUPPORT FOR SUPPLY CHAIN

We are committed to supporting our supply chain to recruit and upskill new talent into their businesses. As a levy-paying business, we wanted to use our unspent levy to support MSMEs, who are not necessarily levy payers, to train a range of apprentices in 2024 and beyond.



Case study
MIT Bootcamps




Community belonging and connectivity


The cost-of-living crisis has had a huge impact across the UK and food poverty continues to be a huge issue for many families, including residents in and around our projects.


Hill understands the importance of bringing communities together in difficult times. At the Douglas Bader Park Estate in Barnet, we forged connections with Colindale’s Community Trust, Home Group and London Community Kitchen to help redistribute surplus food to families in need. Every Monday, our Social Value and Community Manager led an initiative to collect surplus food and redistribute it to residents in need around the estate. Over £6,000 of food was donated to families who were struggling through this programme.

“Thanks to Hill Group and its partners, I’ve been able to put food on the table for my family during tough times. Their support goes beyond just meals; it’s a lifeline for us. I’m grateful for their dedication to helping people like me in our community.” **Quote from local recipient**




Case study
A new playground for students of The Rise, Hounslow





Case study
Teviot Festival, July 2024





Installing bug hotels is one of the ways that we help to boost wildlife habitats on our developments.

Safe and healthy lives

The health and wellbeing of communities are of paramount importance to us.

This includes making streets feel safer and healthier through improving air quality, creating community links, addressing the root causes of crime, and improving access to vital social services. To help create safer streets at Little Gears in Redbridge, we partnered with Street Doctors, a national charity that puts young people at the centre of emergency first-aid provision and empowers them to become part of the solution to mitigate violence. Street Doctors delivered its “Reducing Violence” programme helping to highlight the devastating consequences of knife crime to Year 10 students from the nearby Oaks Park High School. The sessions provided the attendees with the skills and understanding of witnessing or being a victim of a knife crime incident.

Partnering with Optima we ran an awareness programme for apprentices covering mental health subjects such as the importance of seeking support, practical strategies for managing stress and maintaining wellbeing, as well as encouraging them to build supportive relationships with their peers.

“Going to the mental health session really opened my eyes. I picked up some valuable tips on mental wellbeing and dealing with stress. I feel more prepared to tackle whatever comes my way, knowing I’ve got support when I need it.” **Apprentice session attendee**



Case study
Camden Clean Air





Case study
DIY SOS: The Big Build Butterfly Effect Wellbeing





Homelessness

Launch of SoloHaus homes at homelessness charity Emmaus Cambridge.

66

FOUNDATION 200


143/200

HOMES COMMITTED

99


Having launched Foundation 200 in December 2019 to mark our 20th anniversary, we have now completed or allocated a total of 143 of the 200 homes we pledged to deliver.

Planning delays resulted in fewer SoloHaus homes being delivered this year than planned, with projects successfully completed for Emmaus Cambridge and Bristol City Council.



Case study

Working with Emmaus Cambridge





Case study

Forward to success
employability programme



With only 57 SoloHaus homes still to allocate, we are confident all 200 will be delivered and provide safe and secure accommodation to people who would otherwise be homeless by the end of 2025.

At the 2023 Inside Housing Development Awards, Nevendon Place in Basildon, a SoloHaus development, won the Best Partnership (0-100 homes) award. We accepted the award alongside our partners on the project, Basildon Council, Peabody, The Salvation Army, ECD Architects, Keegans, and Homes England, who all contributed to the success of the development.

Strategy and responsible business

Health, safety and environment are the primary concerns in everything we do: in our offices, on our construction sites, and the places and homes we build.

HEALTH & SAFETY

We are committed to delivering the highest standards of safety and wellbeing. On any one day we are responsible for around 4,200 (4,000:2022) operatives and staff. During the reporting period 12.6 million (8.3m:2022) person-hours were worked, with an accident frequency rate (AFR) of 0.11 (0.10:2022) and annual injury incidence rate (AIIR) of 303 (218:2022).

The construction industry average AIIR for the reporting period was 296 (326:2022) and the House Builders Federation's AIIR for 2023 was 201 (239:2022). The fall in our performance has been systematically reviewed and improvement plans put in place, with demonstrable improvements resulting. We are committed to our Health Safety and Environment Five Year Strategy and Vision 2022-26.

INTEGRATED MANAGEMENT SYSTEM

Our Group-wide Integrated Management System (IMS) meets the requirements of ISO9001:2015, ISO14001:2015 and ISO50001:2018 and demonstrates to stakeholders our commitment to effective management of quality, environmental impacts, energy usage, and health and safety.

Hill's IMS provides a framework which ensures a standard approach to governance and is successfully implemented across all sites and offices to monitor performance, manage risk, and deliver continual improvement across the Group.

The Group's Digital Transformation Strategy will constantly improve our management system and software systems, providing our teams with live data, enabling them to make data driven decisions to manage performance and risk.

The performance of our IMS is reviewed annually by our certification body; our system achieved recertification against each standard during the reporting period. The effectiveness of our IMS is audited annually, and site audits are conducted monthly by a number of independent third parties. Furthermore, we have robust internal audit processes in place, which include directors' spot-check visits of our active sites, to ensure that performance is consistent and environmental and legal risks are

managed. During the reporting period, no environmental prosecutions were received and there are none pending.

BEING A CONSIDERATE CONSTRUCTOR

We are heavily invested in the wellbeing of our people, supply chain and our neighbours, through the application of project construction environmental management plans (CEMP) and the *Considerate Constructors Scheme*. Our average score is 42/45 compared with an industry average of 40/45. An outstanding score of 45/45 has been achieved at Kew Bridge Rise, Brentford.

MODERN SLAVERY AND HUMAN TRAFFICKING RISK

Through Constructionline we pre-qualify our supply chain to ensure that companies with a turnover of more than £36m meet the requirements of the Modern Slavery Act. Our modern slavery and human trafficking statement can be seen at Sustainability - *Our Sustainable Housebuilding Ethos | Hill*. All our employees are mandated to complete modern slavery e-learning courses.

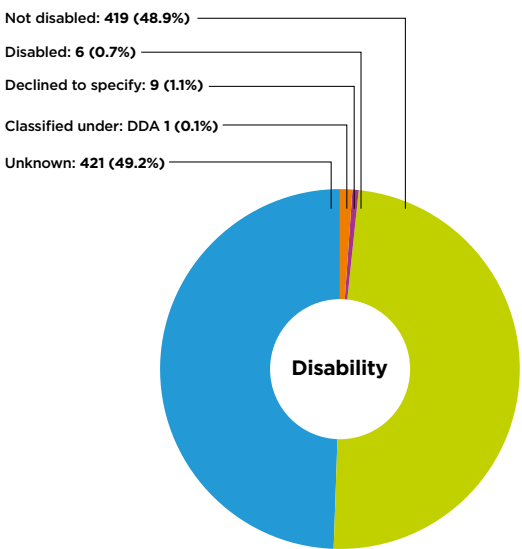
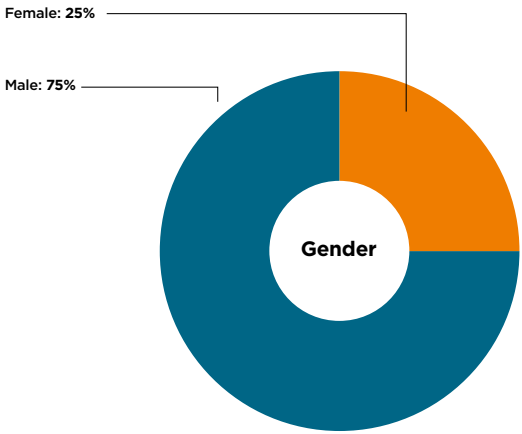
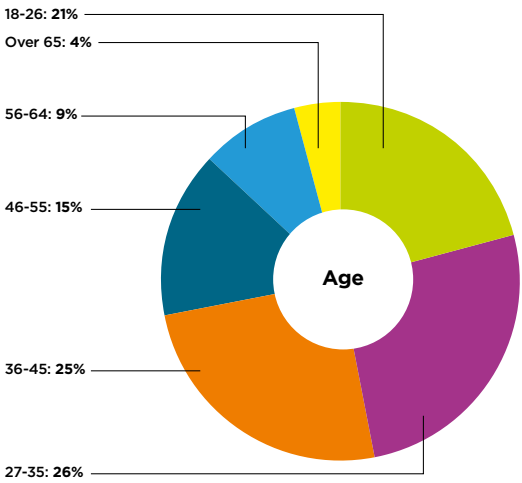
RESPONSIBLE PROCUREMENT

The application of Constructionline and our Sustainable Procurement Policy helps to safeguard Hill against procurement ESG risks. Increasingly, these include the sector's transitional policies and regulations, including the FHH One Plan and voluntary commitments to net zero pathways. We are developing and growing a competent and integrated supply chain to deliver these changes, through effective management of our corporate, project research and development programmes.

Our supply chain consists of 83% of local SME and micro-enterprises - this investment in the UK economy assists in the just transition. Through annual regional 'Meet the Buyer' events, we aim to grow capacity and resilience in our value chain. Bi-annually we celebrate partners' performance and commitment, by way of example, for their investment in apprentices, ethnicity, diversity and inclusion enterprises, green initiatives, and demonstrable social value.



We scored top marks in the annual NextGeneration sustainability benchmark for on-site safety.



AN INCLUSIVE APPROACH

Our continued investment in Team Hill has seen the company grow to over 860 employees (767:2022). More than 25% of our current employees have progressed through our Future Talent programme, many of whom are now senior managers and directors. This investment demonstrates how we support social mobility within our business. By engaging with partners such as the HBF, we aim to support meaningful work opportunities and lifetime learning for all.

Our 45 Mental Health First Aiders support our employee wellbeing and mental health programmes, as we transition Hill and the sector to a more responsible, sustainable, and inclusive sector. An example of our collaboration is with The Lighthouse Charity's Help Inside the Hard Hat campaign.

By implementing our Equality, Diversity & Inclusion (EDI) Policy and 2023-25 strategy, we are enhancing our inclusive and diverse company culture, to be more representative of the locations in which we work, and to bring the next generation of talent into our sector. Our staff age, ethnicity and gender balances are typical of the sector. But we aim to diversify our people and supply chain further, to support the just transition. Our Gender Pay Gap report can be seen at Sustainability - *Our Sustainable Housebuilding Ethos | Hill.*



We support social mobility within our business.

TRAINING RESPONSIBLY

We have continued to develop our ESG communications plan and to train and induct new employees into The Hill Way. This includes an ESG induction, plus specific mandated tailored training courses for ethnicity, diversity and inclusion, modern slavery and human trafficking, resource (environment) management, business-related data, and cyber security.

In response to the sector's skills gap, during the reporting period, we have invested heavily in training our people. This approach is underpinned through an ESG skills needs analysis and a new related sustainability training plan, with the support of the Supply Chain Sustainability

School (SCSS) and our new portal the Powerhouse of Learning. Every employee in Hill has a 2023/24 ESG training plan. Increasingly, 206 members of our supply chain are utilising the SCSS training resources, equating to around £188,000 of partners' value, from a fee of £13,330. Through supply chain events we encourage them to upskill their competencies.

Every quarter our EPICS values and awards programme recognises sustainability best practice, when an individual goes the extra mile to do the right thing. Our employee newsletter also features and celebrates ESG related stories and inclusive social value outreach initiatives including our volunteer programme.



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Every employee at Hill has an 2023/24 training plan
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Hill encourages its supply chain members to upskill.

Future proofing

PUTTING OUR CUSTOMER NEEDS FIRST

We are fully committed to providing exceptional homes and sustainable communities for our clients, partners, and customers. This is evidenced by achieving the HBF and NHBC 5-star homebuilder customer satisfaction survey results, for the seventh consecutive year, with a score of 95% (92.2%:2021), and an industry leading Trustpilot score of 4.9 out of 5 (4.8:2022).

DRIVING INNOVATION

Supporting the government's Building Safety Act 2022, we championed best practice by creating good practice guides. These industry-leading documents serve as a one-stop shop, clarifying the Act's requirements and outlining operational processes for compliance. By equipping our employees, leadership, and supply chain partners with these guidelines, we ensure continued safety and compliance on our sites, upholding the standards we demand. We are advocates for the HBF Tall Building Group, and the NHBC Technical Forum. Our strong advocacy commitments reflect the importance of creating a positive legacy for future generation of residents. We are signatories to the building safety pledge.

Our digital transformation strategy is progressing well with projects implementing the ISO19650 framework, which is helping deliver structured information to our clients, such as Construction, Operation, Building Information Exchange (COBie), and Industry Foundation Class. Our focus is to encompass better information management across the entire business cycle. COBie has played a pivotal role in our recent successes, facilitating the successful handover of **Amber House** in partnership with SO Resi, and Westhorpe Gardens in partnership with housing association MTVH. Both developments represent building information models (BIM) compliant projects.

EMPLOYING MODERN METHODS OF CONSTRUCTION (MMC)

We are also committed to sustainable construction methods to facilitate the growth of the company, to help bridge (a sector-wide) skills shortage and inform our ESG strategy. Furthermore, this design for manufacture (DfMa) strategy can help secure funding as part of the Homes England 2021-26 Affordable Homes Programme, an MMC policy for pre-manufactured value (PMV): baseline score of 55%, with additional funding achieved for up to a 75% improvement – which we are securing at Sawyers Close in Windsor, for example.

These requirements drive innovation and despite the many MMC companies falling into administration, we believe Fusion and Volumetric Modular Ltd (VML) play an important role in modernising our industry. Fusion Steel Framing (acquired in 2022) is an off-site manufacturer of light gauge steel frame panelised superstructures, being used in various projects including Hengrove, Bristol. The investment provides Hill and its partners with a competitive advantage and complements the creation of VML in 2021. VML provides the structural kits for Foundation 200 (SoloHaus, DuoHaus and FamilyHaus) volumetric modules, bathroom/shower pods and prefabricated utility cupboards (PUCs). Utilising the government's MMC Definition Framework Guide, these approaches meet categories two to seven, across at least 25% of our projects and completed homes.



Volumetric Modular's manufacturing facility in Shrewsbury.

NEXTGENERATION

The NextGeneration Sustainability Benchmark (NextGen) assesses the sustainability credentials of some of the largest 28 housebuilders in the country. In 2023, we consolidated our fifth-place position and improved our performance year-on-year by 16%. As a result, we continue to be the highest performing, privately held housebuilder in the benchmark, maintaining a healthy position and adding a silver award to 2022's bronze award.

Performance in the benchmark is scored against 15 sustainability metrics. Notably, we scored equal to or above the benchmark average in nine of them, performing most strongly in Governance, Environmental Site Management, Transport, and Health and Safety, where we received top marks in each.

“Sustainability continues to be high on the agenda for UK homebuilders, with a seven-point average score increase observed on the NextGeneration Benchmark last year. Hill is accelerating beyond this with an increase of 18 points in 2023, demonstrating their commitment to delivering sustainable homes and places alongside their 2030 operational carbon net zero target.”

Iona Deacon, NextGeneration Initiative Lead, JLL

SUSTAINABLE LINKED LOAN (SLL)

Since securing the sector's inaugural SLL in 2021, of £220m, with Lloyds, NatWest, HSBC UK, and Santander UK, we have made progress in responding to the following four targets:

- Biodiversity Gain (BG): We achieved a 22.3% (34.14%:2022) improvement compared to our stated 20%:2023 target. We are well positioned to achieve the delayed national target of 10% that came into force from February 2024.
- Reducing operational carbon in the homes we produce: We achieved an SAP rating of 85 (85:2022) compared to a target of 88, with the national average 84. Without securing new revised planning consents and/or regulatory approvals, this innovation lag will continue for the duration of the SLL. Encouragingly, we are prepared for the FHS.
- Reducing scope 1 and 2 carbon emissions in our business operations: We achieved a 12% (40.4%:2022) reduction compared to a target of 10%.
- The company's overall sustainability rating as measured by the NextGeneration sustainability benchmarking of the UK's top housebuilders: we achieved a 16% improvement compared to our 2.5% improvement objective.

In accordance with our **2030 Roadmap**, we monitor a wide suite of KPIs aligned to the relevant UN SDGs. We have risk-rated our 2023 performance, and in summary we are making good progress in achieving, or partially achieving, most of the goals we set ourselves.





Jargon Garden

There are lots of terms and acronyms specific to our industry. We've put together this handy glossary to give you more information about what we are referring to throughout this report.

TERM	DEFINITION
Active house	An active house is a vision of buildings that create healthier and more comfortable lives for their occupants without impacting negatively on the climate – moving us towards a cleaner, healthier and safer world.
Apprenticeship Levy	The Apprenticeship Levy is a tax inherited by the UK government in 2017 where employers with an annual pay bill of more than £3m are charged a levy of 0.5% which can be used by employers to buy apprenticeship training for employees of all ages and levels.
Biodiversity Net Gain (BNG)	BNG is an approach to development. It makes sure that habitats for wildlife are left in a measurably better state than they were before the development. In England, BNG is mandatory under schedule 7a of the Town and Country Planning Act 1990 (as inserted by schedule 14 of the Environment Act 2021). Developers must deliver a BNG of 10%. This means a development will result in more or better quality natural habitat than there was before development. There are three ways a developer can achieve BNG: 1. They can create biodiversity on-site (within the red line boundary of a development site). 2. If developers cannot achieve all of their BNG on-site, they can deliver through a mixture of on-site and off-site. Developers can either make off-site biodiversity gains on their own land outside the development site or buy off-site biodiversity units on the market. 3. If developers cannot achieve on-site or off-site BNG, they must buy statutory biodiversity credits from the government. This should be a last resort. The government will use the revenue to invest in habitat creation in England.

Blue infrastructure	Blue infrastructure refers to water features, including ponds, lakes, streams, rivers and storm water provision swales, raingardens, wetlands, canals and their banks.
Brown, green and blue roofs	In case of brown roof, the rooftop surface is covered with a layer of substrate, which will heat and dry up. Brown roofs are the best way of replicating exactly the wild urban spaces that are found at ground level and similar plants will colonise the area. In case of a green roof, the surface is covered with a dense vegetation layer to provide shade and reduce temperatures of the roof surface and surrounding air. A blue roof stores the water or restricts the speed at which it can run off. The water can be 'harvested' and used to irrigate a green roof or for flushing toilets in the building below. This reduces demand on the mains water supply. Like green roofs, blue roofs can also be used to cool urban environments.
Brownfield	Previously developed land or land which is or was occupied by a permanent structure. For example, factories, office buildings, or any location that was once a work site.
Building for a healthy life (BHL)	Building for a healthy life (BHL) updates England's most widely known and most widely used design tool for creating places that are better for people and nature. The original 12-point structure and underlying principles within are at the heart of BHL.
Building Safety Act 2022	The Building Safety Act 2022 is a legislative response to the Grenfell Tower tragedy in 2017, aimed at ensuring the safety of residential buildings. It introduces new processes for addressing fire and structural risks in both new and existing buildings. Among its key changes are the establishment of clear responsibilities for building owners, developers, and managers regarding fire safety, as well as the creation of a building safety regulator to oversee compliance.
The Building Regulations Approved Document F: 'Ventilation'	Sets out the minimum standards for ventilation in buildings in England and Wales. It is designed to ensure that buildings have adequate ventilation to prevent condensation, dampness, and mould growth, and to provide fresh air to occupants.
The Building Regulations Approved Document L: 'Conservation of fuel and power'	Sets out the minimum standards for energy efficiency in buildings in England and Wales. It is designed to reduce the energy consumption of buildings and to help to combat climate change.
The Building Regulations Approved Document O: 'Overheating'	Sets out the minimum standards for preventing overheating in buildings in England and Wales. It is designed to ensure that buildings are comfortable to live and work in, even during hot weather.
The Building Regulations Approved Document G: 'Sanitation, hot water safety and water efficiency'	Sets out the minimum standards for sanitation, hot water safety and water efficiency in buildings in England and Wales. It is designed to ensure that buildings are safe and healthy to use, and that they are water efficient.
The Building Regulations Approved Document Z: 'Whole life carbon assessments'	Sets out the minimum standards for whole-life carbon assessments in buildings in England and Wales. It is designed to reduce the carbon footprint of buildings throughout their entire life cycle.
CAPEX	Capital expenditures are funds used by a company to acquire, upgrade, and maintain physical assets such as property, plants, buildings, technology, or equipment.
Carbon Intensity	The carbon intensity of electricity is a measure of how much CO ² emissions are produced per kilowatt hour of electricity consumed.
Care Leavers / Care Experienced	An individual who has spent time in the care system as a child (under 18), this could be with a foster family, children's home or supported housing.
Community Infrastructure Levy (CIL)	The Community Infrastructure Levy - GOV.UK (www.gov.uk) is a charge which can be levied by local authorities on new development in their area. It is an important tool for local authorities to use to help them deliver the infrastructure needed to support development in their area. The levy only applies in areas where a local authority has consulted on, and approved, a charging schedule which sets out its levy rates and has published the schedule on its website.
Circular economy	The circular economy is a system where materials never become waste and nature is regenerated. In a circular economy, products and materials are kept in circulation through processes like maintenance, reuse, refurbishment, remanufacture, recycling, and composting.
Considerate Constructors Scheme	The scheme is an independently managed, not-for-profit organisation that works side-by-side with the construction industry and the public to raise standards and build trust. They promote and support improvement in the way construction activity impacts the community, the environment and its workforce.
Construction, Operation, Building Information Exchange (COBie)	COBie is a non-proprietary data format for the publication of a subset of building information models (BIM) focused on delivering asset data as distinct from geometric information.
Constructionline	Constructionline is a leading online platform in the UK construction industry. It serves as a centralised hub for contractors, suppliers, and consultants to connect with potential clients. By providing a database of pre-qualified professionals, Constructionline streamlines the procurement process for clients and helps contractors showcase their expertise and capabilities.
DEFRA Conversion Factors	The DEFRA conversion factors are numerical values used to convert measurements of various activities or substances into equivalent measurements of greenhouse gas emissions. These factors are published by the UK's Department for Environment, Food & Rural Affairs (DEFRA) and are essential for organisations to accurately calculate and report their greenhouse gas emissions.
Double materiality review	A double materiality review is a process used in environmental, social, and governance (ESG) reporting to assess the significance of an issue from both a financial and a non-financial perspective. This involves considering how an issue can impact the company's financial performance, its reputation, social and environmental impact. By conducting a double materiality review, companies can identify the most critical ESG issues that need to be addressed to ensure long-term sustainability and value creation.
Energy Savings Opportunity Scheme (ESOS)	ESOS is a mandatory energy assessment scheme for organisations in the UK that meet the qualification criteria. The Environment Agency is the UK scheme administrator. Organisations that qualify for ESOS must carry out ESOS assessments every four years. These assessments are audits of the energy used by their buildings, industrial processes and transport.
Energy Service Companies (ESCO)	An energy service company (ESCO) is a company that provides a broad range of energy solutions including designs and implementation of energy savings projects, retrofitting, energy conservation, energy infrastructure outsourcing, power generation, energy supply, and risk management.

TERM	DEFINITION
Environment Act 2021	An Act to make provision about targets, plans, and policies for improving the natural environment. Under this Act, all planning permissions granted in England (with a few exemptions) except for small sites will have to deliver at least 10% BNG from 12 February 2024. BNG is required for small sites from 2 April 2024.
Environmental Net Gain (ENG)	Environmental Net Gain is an approach to development that leaves both biodiversity and the environment in a measurably better state than prior to development – as measured by biodiversity measures, ecosystem services and environmental metrics.
Embodied Carbon	Embodied Carbon means all the CO ² emitted in producing materials. It is estimated from the energy used to extract and transport raw materials as well as emissions from manufacturing processes.
Fabric-First Standard	The ‘fabric first’ approach prioritises the energy efficiency of a property right from conception, at the start of the design and development process, as opposed to considering it as an afterthought or ‘add-on’ to ensure properties meet building requirements.
Future Homes Hub (FHH)	<i>The Future Homes Hub</i> is a platform that provides information and resources related to the Future Homes Standard. In September 2020, the Future Homes task force was set up to develop a long-term delivery plan for the sector in line with the government’s legally binding net zero and wider environmental targets. The delivery plan is divided into four areas with a goal and roadmap for each area.
Future Homes Standard (FHS)	In 2025, compliance with the <i>Future Homes Standard</i> will become mandatory. Its aim is to ensure that new homes built from 2025 will produce 75-80% less carbon emissions than homes built under the current building regulations.
Green biofuels	HVO renewable diesel is a direct replacement for red and white diesel, made for use in on and off-road vehicles and machinery. Derived from certified sustainable raw materials, HVO cuts up to 90% of net CO ² emissions.
Green infrastructure	A Green Infrastructure network can include street trees, green roofs/walls, parks, private gardens, allotments, sustainable drainage systems, through to wildlife areas, woodlands, wetlands, and natural flood management functioning at local and landscape scale.
Green Belt	Green Belts are a buffer between towns, and between town and countryside. There are 14 areas of Green Belt in England and one in Wales. A Green Belt designation is a planning tool, and the fundamental aim of Green Belt policy is to prevent urban sprawl by keeping land permanently undeveloped. The National Planning Policy Framework (NPPF) lists the five purposes of the Green Belt as follows: 1. To check the unrestricted sprawl of large built-up areas 2. To prevent neighbouring towns merging into one another 3. To assist in safeguarding the countryside from encroachment 4. To preserve the setting and special character of historic towns 5. To assist in urban regeneration, by encouraging the recycling of derelict and other urban land
Greenfield	Land which has not been developed.
Grey Belt	NPPF defines “Grey Belt” as land within the Green Belt that includes previously developed areas and those that contribute only a little to the Green Belt’s purpose. However, it excludes land with significant environmental importance.
Grey infrastructure	Grey infrastructure is energy and heat networks.
Integrated Management System (IMS)	An Integrated management system consolidates multiple management systems to allow for a more streamlined and efficient process within an organization. This includes ISO9001:2015 (Quality Management), ISO14001:2015 (Environmental Management), ISO50001:2018 (Energy Management) and ISO19650 (Building Information Modelling).
Just transition	Just transition is a vision-led, unifying and place-based set of principles, processes and practices that build economic and political power to shift from an extractive economy to a regenerative economy.
Modern Methods of Construction (MMC)	Modern Methods of Construction is a process which focuses on off-site construction techniques, such as mass production and factory assembly, as alternatives to traditional building. MMC can be employed to create whole homes using factory-built modules or may be used to speed up particular techniques, through innovative working processes. This approach provides benefits by speeding up delivery, reducing labour costs, eliminating unnecessary waste, and improving quality.
Multi-Utility Services Companies (MUSCO)	MUSCOs are businesses that provide single point services for a range of essential utilities including gas, electricity, water, waste management and telecommunications.
The National Planning Policy Framework (NPPF)	Sets out government’s planning policies for England and how these are expected to be applied. It is essentially a document which acts as the rulebook for planning. It advises local planning authorities (LPAs, usually district or county councils) and developers on what they can and cannot do when planning developments.
Net zero pathway	In 2015, world leaders signed on to a bold and necessary vision: a collective agreement to limit global warming to well below 2°C above pre-industrial levels, and pursue efforts to limit it to 1.5°C. To achieve this, net zero pathways are fundamental - a strategic plan outlining the steps necessary for an organisation, country, or region to achieve net zero greenhouse gas emissions. This means balancing emissions with removals, effectively reducing the overall carbon footprint to zero.
NextGeneration	NextGen <i>Benchmark - Next Generation (nextgeneration-initiative.co.uk)</i> is the annual sustainability benchmark for the UK’s largest (public-listed and privately-owned) top 25 homebuilders. The benchmark is made up of over 60 criteria, across 15 sections, covering the full ESG spectrum. These criteria require companies to go beyond regulation and achieve industry best practice.
Offsetting protocols	Offsetting protocols are sets of rules and standards that govern the process of carbon offsetting (increasingly BNG and water). They provide a framework for quantifying, verifying, and certifying emissions reductions or removals to offset greenhouse gas emissions from another source. Offsetting is a process of neutralising or compensating for greenhouse gas emissions by purchasing carbon credits. These credits represent verified reductions or removals of greenhouse gases elsewhere.
OPEX	An operating expense is an expense that a business incurs through its normal business operations. Operating expenses include rent, equipment, inventory costs, marketing, payroll, insurance, and funds allocated for research and development.
Passivhaus-certified	Passivhaus-certified is a rigorous standard for building design and construction that emphasises energy efficiency and low environmental impact. Buildings that achieve Passivhaus certification are designed to minimise energy consumption for heating and cooling, while maintaining a high level of comfort.
Post Occupancy Evaluation (POE)	Post-Occupancy Evaluation is a systematic process of assessing a building’s performance after it has been occupied. It involves collecting data and feedback from building occupants to evaluate how well the building meets their needs and expectations.
Pre-manufactured value (PMV)	PMV is a measure of the extent of offsite construction used on a project. A project that is predominantly of traditional construction will have a low PMV, whereas a modular construction project would be likely to have a high PMV.

Public realm	Any publicly owned streets, pathways, right of ways, parks, publicly accessible open spaces and any public and civic building and facilities.
Released on Temporary Licence (ROTL)	Released on Temporary License allows prisoners to be released from prison for a short period of time to take part in paid or unpaid work.
S106	A Section 106 is a legal agreement between an applicant seeking planning permission and the local planning authority, which is used to mitigate the impact of a new home on the local community and infrastructure.
The Standard Assessment Performance (SAP)	SAP ratings are required as part of Building Regulations (Part L) and show the energy performance of a property on a scale of 1 to 100, with A to G categories within this scale.
Science Based Targets initiatives (SBTi)	A global partnership between numerous organisations that have developed a framework to link business carbon reduction targets to actual climate science and global reduction commitments. This methodology disaggregates the emissions reductions required for a company by the sector they operate in.
Scope 1 emissions	Scope 1 covers emissions from sources that an organisation owns or controls directly – for example from burning fuel on site or our fleet of vehicles.
Scope 2 emissions	Scope 2 are emissions that a company causes indirectly and come from where the energy it purchases and uses is produced. For example, the emissions caused when generating the electricity that we use in our buildings and sites would fall into this category.
Scope 3 emissions	Scope 3 encompasses emissions that are not produced by the company itself and are not the result of activities from assets owned or controlled by them, but by those that it’s indirectly responsible for up and down its value chain. An example of this is when we buy, use, and dispose of products from suppliers.
SME and micro-enterprises	An SME is any organisation that has fewer than 250 employees and a turnover of less than £50 million or a balance sheet total less than £43 million. Micro-enterprises are a subset of SMEs, typically defined as businesses with a very small number of employees (usually fewer than 10) and a low annual turnover.
Social enterprises	A business designed to achieve specific social objectives as its primary purpose. Social enterprises strive to maximise profits whilst also maximising positive impacts on society and the environment.
Streamlined Energy Carbon Reporting (SECR)	SECR is a UK government initiative designed to simplify and standardise the reporting of energy and carbon data for large businesses and public sector organisations. The goal of SECR is to improve transparency and accountability in energy use and emissions, and to drive energy efficiency and carbon reduction. This includes reporting on scope 1, 2 and 3 emissions. This is submitted to Companies House each year.
Subterranean engineered blue solutions	Subterranean engineered blue solutions refer to strategies that utilise underground spaces to store, treat, or reuse water resources. These solutions are becoming increasingly important as we face water scarcity and climate change.
Sustainable Linked Loan (SLL)	Sustainability Linked Loans are a type of loan facility where the interest rate is tied to a borrower’s performance against pre-determined sustainability targets. This incentivises companies to adopt more sustainable practices and reduce their environmental impact.
Sustainable Urban Drainage Systems (SUDS)	By mimicking natural drainage regimes, SUDS aim to reduce surface water flooding, improve water quality, and enhance the amenity and biodiversity value of the environment. They lower flow rates, increase water storage capacity and reduce the transport of pollution to the water environment. The need for SUDs is likely to increase to meet environmental challenges such as climate change and population growth.
Task Force on Climate-related Financial Disclosure (TCFD)	TCFD disclosure has become a mandatory requirement (since November 2021) for companies of more than 500 people and revenue of more than £500m to report and meet the TCFD (Task Force on Climate-related Financial Disclosures) recommendations requirements. Given Climate Change represents significant final risk to global societies’ accordingly financial markets need clear, comprehensive, high-quality information on the impacts of climate change. This includes the risks and opportunities presented by rising temperatures, climate-related policy, and emerging technologies in our changing world.
Task Force on Nature-related Financial Disclosure (TNFD)	TNFD was established in 2021 in response to the growing need to factor nature into financial and business decisions. TNFD aligns with TCFD with the mission to develop and deliver a risk management and disclosure framework for organisations to report and act on evolving nature-related risks and opportunities, with the ultimate aim of supporting a shift in global financial flows away from nature-negative outcomes and toward nature-positive outcomes. The first mandated reporting is anticipated for 2025.
Transition Plan Taskforce (TPT)	TPT is a UK initiative, launched by HM Treasury in March 2022, that aims to develop good practice for transition plan disclosures for finance and the real economy, in order to support the UK’s legally binding net zero and climate resilience goals.
Supply Chain Sustainability School (SCSS)	Launched in 2012, the Supply Chain Sustainability School is an award-winning virtual learning platform around sustainability, with the aim to upskill those working within, or aspiring to work within, the built environment sector.
United Nations Sustainable Development Goals (UN SDGs)	The SDGs were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity. The 17 SDGs are integrated—they recognise that action in one area will affect outcomes in others, and that development must balance social, economic, and environmental sustainability.
Urban Greening Factors (UGF)	The Urban Greening Factor is a tool to evaluate the quality and quantity of urban greening. It enables major developments to demonstrate how they have included urban greening as a fundamental element of site and building design in order to meet to meet London Plan Policy G5 Urban Greening.
Urban heat island effect	Heat islands are urbanised areas that experience higher temperatures than outlying areas. Structures such as buildings, roads, and other infrastructure absorb and re-emit the sun’s heat more than natural landscapes such as forests and water bodies. Urban areas, where these structures are highly concentrated and greenery is limited, become “islands” of higher temperatures relative to outlying areas.
Water neutrality	Water neutrality is defined as development that takes place which does not increase the rate of water abstraction for drinking water supplies above existing levels. Water Neutrality has impacts for the Local Plan, Neighbourhood Plans and Development Management.
Water nutrients neutrality	Nutrient neutrality requires that new housing developments in certain areas should not add more ‘nutrient pollution’ to the water catchment. It applies only to new housing developments in areas with protected habitats sites that are already in ‘unfavourable condition’ (due to nutrient pollution).
Whole life carbon (WLC)	WLC emissions account for the carbon footprint of a building throughout its entire lifespan, including the materials used, construction processes, operational energy consumption, and end-of-life disposal.



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We have reached 12,586 children through community engagement

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INDEPENDENT ASSURANCE REPORT

Introduction and objectives of work

RPS Consulting Services Limited (RPS) was engaged by The Hill Group, "Hill" to provide assurance of sustainability data and information supporting four Key Performance Indicators (KPIs). The objective is to provide assurance to Hill, stakeholders, and investors of Hill.

Scope of work

The boundaries of the assurance process included the following information from Hill's head office and active development projects covering the reporting period 1st January 2023 to 31st March 2024:

- Review how Hill addresses Inclusivity, Materiality, Responsiveness and Impact in its business practices.
- Validation of performance measures used to inform the four KPIs. This includes:
 - Performance of KPIs in 2023 compared to the previous year (2022).
 - Reported scope 1 and 2 greenhouse gas (GHG) emissions for 2023.
 - Achieved SAP ratings and associated EPC certificates for active development projects in 2023.
 - Achieved BNG on active development projects in 2023.
 - NextGeneration Initiative Benchmark 2023 performance.
- Undertake limited assurance of GHG emissions processes of the following, in accordance with the requirements of ISO 14064 – part 3 standard:
 - Scope 1 (gas, diesel, other fuels, company-owned vehicles).
 - Scope 2 (electricity, location-based).

Limitations do apply. Please refer to the full assurance statement on the Hill Website.

Assessment Standard

RPS undertook the assurance in accordance with AA1000AS v3 (2020) Type 2 moderate-level assurance.

Adherence to AA1000 Assurance Principles

Inclusivity: People should have a say in the decisions that impact them.

- Hill undertakes a comprehensive review to identify its key stakeholders and engages with them via a range of media including social media, online publications, workshops and exhibitions in line with the Community Engagement Policy. Hill published feedback from stakeholders in their most recent double materiality assessment in May 2023. For internal stakeholders, there is an Equality, Diversity, and Inclusion Policy in place.

Materiality: Decision makers should identify and be clear about the sustainability topics that matter.

- In the May 2023 double materiality assessment, the topics were assessed to be most material based on survey feedback from internal and external stakeholders.

Responsiveness: Organisations should act transparently on material sustainability topics and their related impacts.

- The outcomes of the double materiality review were published in the 2022 ESG Report and aid in informing the ESG pillars and the **2030 Net Zero pathways roadmap**.

Impact: Organisations should monitor, measure and be accountable for how their actions affect their broader ecosystems.

- Hill publishes information on ESG issues in its annual ESG Report and Annual Review and presents how Hill are performing against their objectives. This information has been subject to third party limited assurance. Hill have published a Social Value Strategy.

Verified Performance Data	
2023 scope 1 and 2 GHG emissions reduction compared to 2022	11.6% reduction
Average SAP rating for active development projects in 2023	85
Average BNG for sites that gained planning permission in 2023	22.3%
NextGeneration Initiative Benchmark 2023 performance score	69 final score (+18 from 2022) 64% criteria score (+16% from 2022)

Conclusion

Nothing has come to our attention that causes us not to believe that, in all material aspects, Hill's sustainability data and information supporting the four KPIs provided in the table above and wider business practices do not adhere to the AA1000 Principles. No material errors were identified during the assurance process.

Independence and Competencies

RPS is an independent licensed provider of sustainability assurance services. Assurance has been managed by Tanya Lloyd Jones, Director, who has over 20 years' experience in producing and verifying environmental, sustainability and GHG information. Tanya is a Chartered Environmentalist and Member of the Institute of Environmental Management and Assessment (IEMA). RPS confirms that there is no conflict of interest with the parties collecting activity data. This assurance has been undertaken independently.

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We maintained our five-star status in the HBF's annual Customer Satisfaction Survey for the seventh consecutive year

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