HILL TASKFORCE ON CLIMATE RELATED FINANCIAL DISCLOSURE (TCFD) REPORTING 2025/26

EXECUTIVE SUMMARY

INTRODUCTION

Since coming into effect on 6 April 2022, the UK government has enshrined in law mandatory climate disclosures for the largest companies. This includes traded companies, banks, insurers, or private companies with over 500 employees and £500 million in turnover. Whilst Hill Group (hereafter 'Hill') is not a PLC, it falls into the latter category and as such taskforce on climate related financial disclosure (TCFD) aligned disclosures are a requirement.

This summary provides an overview of the work Hill has undertaken in alignment with TCFD disclosure. It is supported by internal reports concerning scenario analysis and modelling which quantifies Hill's physical and transition risks and opportunities, as well as financial quantification of said risks and opportunities.

We continue to report in line with the TCFD framework while monitoring the development of the UK Sustainability Reporting Standards (UK SRS), published in February 2026. UK SRS S2 is not yet mandatory for Hill, but during the reporting period we have considered the requirements of UK SRS S2 and identified opportunities to further enhance our climate-related disclosures over time.

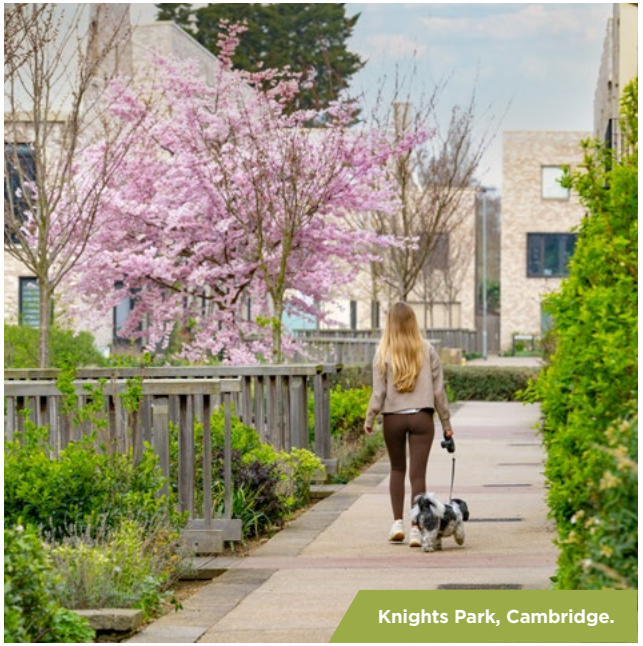
GOVERNANCE

Describe the Board's oversight of climate-related risks and opportunities.

Overseen by the Executive Committee, the Sustainability Leadership Group (SLG) meets quarterly to provide high-level sustainability governance to ensure our strategy is being successfully implemented and where/how we can improve. The Deputy CEO chairs the committee, which is made up of senior leaders from across the business.

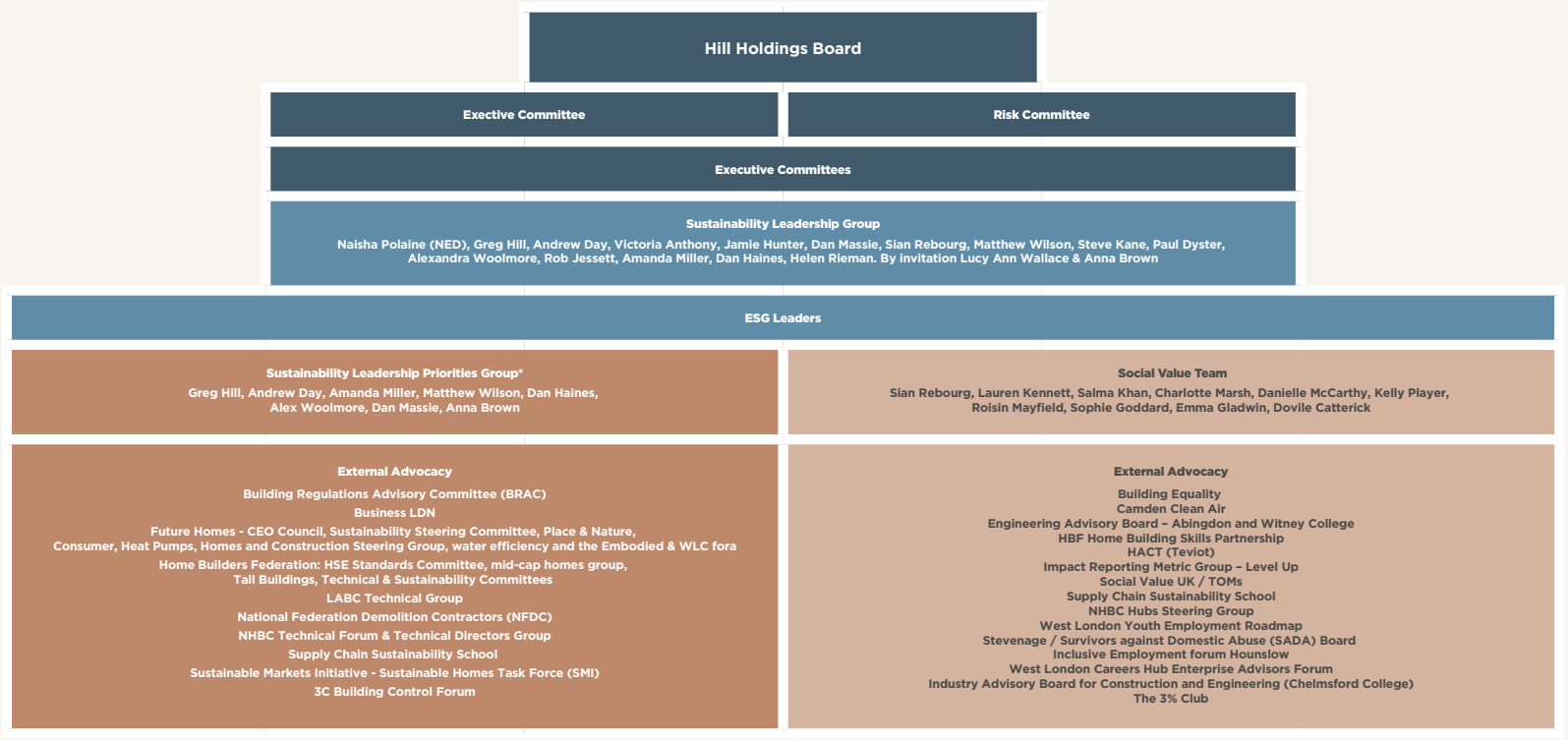
Additional to the SLG, is the SLG Priorities Group, which meets monthly. This group has been tasked by the SLG to manage identified emerging risks. This group creates practical guidance, which informs current/new procedures & processes, and ultimately helps to proactively manage risk/costs.

The SLG has in 2026 evolved into a more focused governance structure, with more targeted attention given to priority sustainability themes.



Knights Park, Cambridge.

Hill's Governance Hierarchy



*During 2023, the below Focus Groups were consolidated into the Sustainability Leadership Priorities group that deals with the objectives and commitments of E1, 2 & 3. The Social Value Team are managing the requirements of S2.
E1: Creating net zero homes
E2: Taking care of our natural resources
E3: Reducing our environmental impacts
S2: Communities and customers

Describe management's role in assessing and managing climate-related risks and opportunities.

The SLG was established to receive regular feedback from the key theme focus groups and make recommendations for implementation of new approaches to the Board of Directors. The SLG includes two Group Holdings Board Directors (including a nonexecutive director) and other senior leaders from across the business. The SLG meets every three months and provides leadership, support, and direction to the overall strategic initiative.

Membership of the focus groups has been drawn from a range of appropriate disciplines and demographics across the business. Hill have also formally included the Future Homes Standard and relevant criteria of the Sustainability Linked Loan (SLL) into the terms and objectives.

STRATEGY

Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.

Material climate-related risks and opportunities posed to Hill across the short (0-5 years), medium (5-10 years) and long term (10-15 years) strategy of the company were identified and categorised based on severity. The scenario analysis, completed in 2025, assessed physical risk and transition risks and opportunities across both a low and high emissions scenario with associated high level financial quantification. At present the identified climate related risks and opportunities posed to Hill have the potential to impact revenue and current and future business operations.

Physical risks, both acute and chronic, arising from a future changing climate have been analysed and the effects these may have on the business's physical assets and operation together have been considered. Physical risks refer to the tangible effects on the organisation and its assets arising from the expected changes in severity and likelihood of extreme weather events (e.g. flooding and storms) and changing average weather patterns (e.g. changes to annual precipitation and temperature levels). Transition risks and opportunities are those posed to the organisation due to economic, social and policy/regulatory changes, brought about as a response to climate-change related issues, e.g. policy requirements, carbon prices, new technology, changes in market demand, customer and investor expectations. These in combination have informed our short-, medium- and long-term strategy concerning strategic risks and opportunities.

Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.

The Principal ESG Risks and Uncertainties Register has been informed by the analysis and progress of sustainability related priorities, established through TCFD work conducted to date, alongside Hill's most recent double materiality assessment (2023).
The Principal ESG Risks and Uncertainties Register identifies priority areas for Hill, of which, responding to the climate emergency, energy and carbon (both embodied and operational), have a material consideration on our strategy now and in the future. We will continue to aim to create climate ready and future proofed schemes through actions including working with our supply chain to increasingly use low carbon construction materials to achieve embodied carbon reduction targets and use of low carbon and fossil fuel-free systems such as air source heat pumps to reduce operational carbon.

The financial impacts of climate-related risks and opportunities have been estimated and reviewed for our 2026 TCFD report. This financial quantification influences analysis and decision-making now and in the future.

Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

In 2025 we undertook scenario analysis by looking at our principal risks and opportunities that materially impact our business. The likelihood, magnitude and severity ratings remain unchanged for 2026. We considered both physical and transition risks and are mapping these within our existing risk management structure to ensure the climate related risks and opportunities are aligned with our strategy. Physical risks have been considered for two scenarios: Low emissions (2°C by 2100 aligned) and high emission (4°C by 2100 aligned) pathways informed by UK Climate Projections 18 (UKCP18) London and regional climate probabilistic UK-specific climatic projections. When considering transition risks and opportunities we have used the UK's Seventh Carbon Budget's Building Sector recommendations and modelled three pathways to contextualise our exposure:

- **Balanced pathway** – The Seventh Carbon budget outlines the balanced pathway as the proposed trajectory for the UK to reach net zero by 2050, which is the basis for our scenario. This is characterised by sustained growth in renewable energy sources and a decarbonisation of the national grid.
- **Fossil Fuel pathway** – Fossil Fuel Pathway – UKSSP3 forms the basis of this pathway, with current political trends supplementing this approach. This pathway envisages that society moves away from net zero ambitions, choosing to exploit domestic natural resources and north-sea oil reserves to achieve energy security.

RISK MANAGEMENT

Describe the organisation's processes for identifying, assessing, and managing climate-related risks.

Our scenario analysis concentrates on our principal risks and opportunities relating to both physical and transition risks. Throughout this reporting year, we will continue to further develop our approach to risk identification by enhancing our consideration of the financial impacts of risks and opportunities. The table below summarises the main risks and potential financial impact areas which may impact our organisation. Financial modelling was undertaken internally to ensure our risk exposure is mitigated wherever possible.



Aylesborough Close, Cambridge.

CATEGORY	DESCRIPTION	IMPACTS	COMMENTARY
Physical Risks			**Target & Ambitions**
Extreme weather events.	There is an increased probability of the occurrence of extreme weather events (including high temperatures, drought, flooding and storms).	Increased development costs as further mitigation measures are incorporated within building design.	• Implementation of a range of innovations and new building techniques at developments, such as Passivhaus and equivalent standards, and net zero carbon ready homes, as well as the Future Homes Standard. • Maintaining EPC scores of B, beyond that of MEES requirements.
Water efficiency and availability.	Increasing occurrence of drought resulting in risk of freshwater scarcity.	Increasing development costs from the incorporation of water efficiency solutions and increasing freshwater costs.	• Homes designed to use an average of 105 (below 90 in water stressed areas) litres of water per person per day (lpppd) by 2030. This is in line with the Future Homes Standard.
Transition Risks			
Energy and carbon – move towards net zero carbon housing.	Increasing market demand and expectation for low carbon real estate.	Increased development costs due to the incorporation low carbon solutions.	• Net zero carbon business operations by 2050. All new developments will achieve: • EPC B rating or better.
	Increasing demands for greater energy efficiency.	Increased development costs to meet energy efficiency requirements.	• All new developments will achieve EPC B rating or better. • Moving towards 100% purchased renewable energy supplies for sites.
	Expansion of low carbon heat networks.	Increased development cost associated with the connection to heat networks.	• New developments will be connected with local low carbon (fossil fuel free) heat networks where possible. • Has existing experience with pivoting from gas fired boilers to air source heat pumps (ASHP). • 74% of completed dwellings were 'zero carbon ready'
Abatement of existing fossil fuel infrastructure.	Decarbonisation of grid electricity and phase out of gas fired boilers.	Investment in low carbon heating technologies.	• We are investing in low carbon and renewable technologies (such as ASHPs). • Transition away from gas-led infrastructure with our new developments, to decarbonised electrified systems such as ASHPs. • Maintaining rates of 95% of non-hazardous waste diverted from landfill.
Waste and resource management.	Impact on global to local supply chains affecting the cost and availability of materials.	Increased cost of construction materials as global supply chains are disrupted.	• Designing out waste and selecting reusable materials wherever possible. • The acquisition of VML will enhance the capacity and capability in modern methods for construction, demolition and excavation.

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

Scenario analysis has informed our ESG Principal Risks and Uncertainties Register, which identifies priority areas for Hill, of which, responding to the climate emergency and tackling Net Zero Carbon has a material consideration on our strategy now and in the future. We have undertaken scenario analysis (as described above, within the Strategy section) to better understand how our strategy relates to such climate-related impacts and how these may differ between scenarios and timescales. Both scenarios highlight that climate risks potentially pose a risk to Hill's revenue and business operations, albeit on differing scales. There are opportunities and risks across both scenarios as a result of our proactive approach to sustainability, which, in some cases, is ahead of the strategies of comparable housebuilders.

We have continued to work on enhancing our management of principal risks established through our scenario analysis and double materiality assessment to ensure our strategy is robust and accounts for the potential impact of climate change on our business.

METRICS AND TARGETS

Throughout the year we monitor and review our performance relating to numerous environmental, social and governance (ESG) metrics and key performance indicators (KPIs).

The table below details our verified carbon data covering reporting years 2022 to 2025/26, as conducted for streamlined energy and carbon reporting (SECR). Greenhouse gas (GHG) emissions are reported in line with the UK Government's Environmental Reporting Guidelines' and have used relevant GHG emissions factors outlined by Defra (UK Government Greenhouse Gas Conversion Factors, 2021 & 2022). Note that year 2023 is in fact a 15-month period from January 1 2023 to March 31 2024. Years 2024/2025 and 2025/2026 then represent financial year reporting (1st April to 31st March), which Hill is now aligned to.

	tCO2e				MWh			
Emission Data	**Calendar year 2022**	**15-month reporting year 2023**	**Financial year 2024/2025**	**Financial year 2025/2026**	**Calendar year 2022**	**15-month reporting year 2023**	**Financial year 2024/2025**	**Financial year 2025/2026**
Scope 1[1]	3,020	3,045	2,848	3,302	18,443	24,125	18,270	22,754
Scope 2[2]	812	1,190	1,013	857	4,198	5,746	4,891	4,840
Scope 3[3]	1,184	1,202	1,451	1,391	4,779	4,936	6,002	5,729
Total	5,016	5,437	5,312	5,550	27,420	34,807	29,163	33,322
Intensity ratio (tCO_2e/£ million turnover)	**7**	**4.7**	**4.7**	**4.8**	**-**	**-**	**-**	**-**

[1] Scope 1 direct emissions relate to offices, sales, development site activities and travel diesel combustion on our sites, and business travel from leased vehicles.
[2] Scope 2 indirect emissions relate to purchased electricity and heat for all sites and offices.
[3] Scope 3 indirect emissions relate to business travel.



City Reach, Cambridge.

Below we have summarised the key climate-related metrics and targets used when reporting across Carbon, Energy, Waste, Water and Certification, as detailed within our indicative 2020-2030 roadmap. This roadmap is to be updated in the 2026/2027 financial year in light of Hill's updated net zero target in line with the Future Homes Hub Net Zero Transition Plan.

Carbon
- Net zero carbon business operations.
- Net zero by 2050.

Energy
- Maintain B rated EPC.
- All new developments to achieve EPC B rating or better.

Waste & Water
- Maintain 95% of non-hazardous waste diverted from landfill.
- Design our homes (in water-stressed areas) to use an average of 100 litres of water per person per day from 2026.
- Design our homes (in water-stressed areas) to use an average of 90 litres of water per person per day by 2030.

Certifications
- Apply the Building Research Establishment Environmental Assessment (BREEAM), Passivhaus, and Future Homes and Building Standard Hub.



Goldfinch Point, North London.



Hartley Acres in Cranbrook, Kent.