PRINCIPAL ESG RISKS AND UNCERTAINTIES REGISTER

Given the significant policy and regulatory consultations currently underway: including consultations on the National Planning Policy Framework (NPPF), substantial changes to the Next Generation (NextGen) framework, the development of the FHH One Plan metrics, we have deferred our third double materiality review (review). Conducting the review once these key developments have been finalised will ensure that our assessment reflects the most current regulatory landscape and stakeholder priorities. Thereafter, we intend to undertake a review every two to three years, or sooner should there be significant changes to our operating environment. During 2025/26, we continued to strengthen our ESG governance by maintaining active engagement with stakeholders and advocacy groups. Whilst, updating our Principal ESG Risks and Uncertainties Register, our 2030 ESG Roadmap and our associated ESG Objectives. In parallel with publishing our fourth Task Force on Climate-related Financial Disclosures (TCFD) report, we also assessed the implications of the emerging UK Sustainability Reporting Standards (UK SRS), including IFRS Sustainability Disclosure Standards S1 and S2. This preparatory work positions us to respond effectively should these reporting requirements may become applicable from our financial year 2027/28.

ENVIRONMENTAL

SDG	ESG ISSUE	POTENTIAL IMPACT	MITIGATION	COMMENTARY
Sustainable Cities and Communities 	**Air Quality**	Stakeholder wellbeing and asset value may be affected by poor air quality in a location or building. It is possible that the Group's brand value will be affected if new residential-led mixed-use buildings and places are not built to regulatory standards.	The majority (74%) of our schemes are situated in urban areas often close to commercial and transport infrastructure. We have been working towards meeting the air quality protocols and requirements that are implemented in London and increasingly in other regional locations.	For five years, we have prioritised low-carbon energy solutions by replacing gas-fired systems with heat pumps in new developments, improving energy efficiency, and reducing emissions. Our ISO 14001 and 5001 certified ISO systems supports this transition and drives air quality improvements, including dust suppression measures. We comply with London's NRMM Low Emission Zone requirements and, since 2022, have transitioned site plant and generators to HVO fuel, reducing particulate emissions and improving local air quality.
Climate Action 	**Climate Change**	The climate emergency presents an unparalleled challenge of reducing all GHG emissions to net zero by 2050. Failure to respond urgently and comprehensively to this challenge may have an adverse impact on Hills reputation as a preferred partner.	Given the climate emergency, there appears to be no other choice but to act earlier than what is mandated by national policy trajectories – for this reason our research and development initiatives are being progressed in advance of the Future Homes Standard (FHS legislation introduced March 26, comes into force from March 2028) – whilst committed to reach net zero carbon emissions by 2050 or sooner.	The Hill 2030 Roadmap outlines our commitment to the New Homes Sector Net Zero Transition Plan **New_Homes_Sector_Net_Zero_Transition_Plan_2025.pdf** We are addressing climate-related risks and opportunities, as detailed in our fourth **TCFD Analysis**. Since 2021, we've been delivering zero carbon ready homes and are well positioned to meet the FHS. Our inaugural and second Sustainability Linked Loan also requires annual GHG emissions reduction targets to support a just transition.
Life on Land 	**Land, biodiversity and nature**	To find suitable locations, where optimal planning consents can be obtained, new land opportunities must be identified. Preference is given to brownfield development, although sustainable greenfield development is required to meet local needs. Remediating contaminated land and safeguarding the asset involves significant risks.	A strong land appraisal process ensures that each project is financially feasible and aligns with the Group's business strategy. By utilising our ISO14001:2015 environmental management system (EMS), we manage potential incidents of land degradation and pollution.	We prioritise brownfield development (74% brownfield), applying a risk-based approach to nature recovery. We achieved a 37.2%% BNG across our portfolio in 2025/26 for planning consents, compared with the Environment Act, which mandates a 10% biodiversity net gain (BNG). Where BNG cannot be delivered on site, we use high-quality local offsetting to achieve ecological value. On London projects, we apply Urban Greening Factor (UGF) principles to enhance green infrastructure. Each approach support our preparations for the emerging Task Force on Nature-related Financial Disclosures (TNFD) reporting.
Responsible Consumption and Production 	**Resource use, including waste**	The cost and availability of materials may be negatively impacted by intricate global supply chains. While industry-accepted policies and established procurement tools have previously helped to minimize risks, the global socio-economic challenges, and net zero has embedded unparalleled challenges (and opportunities) for the sector. In order to address these risks and prevent similar issues in the future, collaborative efforts are being instigated through the Future Homes Hub (FHH) to help bring cross-sectors planning and consistency of requirements to future proof the supply chain.	We will uphold our commitment to environmental sustainability by maintaining our EMS and implementing sustainable procurement policies and procedures. Our procurement processes are supported by pre-qualification tools such as Constructionline. We are committed to enhancing transparency in our supply chain.	We embed ESG considerations into product specification and sourcing, through our EMS and applicable UK legislation. In line with our 2030 Roadmap, we are working to eliminate non-hazardous waste to landfill by 2030 by expanding circular economy (CE) and whole life carbon (WLC) assessments to improved decision making, build knowledge, strengthen supply chain resilience, and reduce environmental impacts. In collaboration with the FHH and the Supply Chain Sustainability School (SCSS), we promote the wide adoption of Environmental Product Declarations (EPDs) which underpins CE and WLC assessments and continuous improvement. We support local procurement and material reuse with 84% of our supply chain being Small to medium-sized enterprises (SMEs). Throughout 2025-26, we have conducted SMARTWaste reviews of waste, water, and energy KPIs to improve data accuracy – this is a sectoral challenge.
Climate Action 	**Sustainable homes**	As the built environment has a substantial impact on the climate emergency, there is an urgent need to develop homes and places that are resilient to climate change. Research indicates the performance gap in new buildings may have negative consequences for the quality of life of residents, users, and asset owners in both the short and long term.	Our innovation commitments in delivering Passivhaus and equivalent standards homes is positioning us to deliver the FHS from 2027/28>. We have published our fourth TCFD statement, and are producing a library of WLC case studies, conducted BREEAM Very Good (as a minimum) and Excellent assessments to create resilience in our customers' homes and communities.	For more than five years, we have designed new schemes with an enhanced "fabric first" approach in preparing for new regulatory standards including the FHS, by trialling Passivhaus and equivalent standard assessments. We pivoted to air-source heat pumps from 2021 onwards and increasingly our homes integrate photovoltaics (to provide renewable energy) and green roofs to reduce rainwater runoff and help promote biodiversity. These practices, are helping to create and homes that are future proofed and are FHS ready. At Hollymead Square, Essex, in collaboration with Octopus Energy and Clarion Housing Group we are trialling 5-year zero bills' homes across all tenures.
Clean Water and Sanitation 	**Water**	The ongoing effects of climate change, such as hotter and drier summers and erratic rainfall patterns, are expected to heighten the risk of drought, water scarcity in the UK. With less predictable rainfall, water resources may become strained, leading to increased drought risks and possible water shortages. Additionally, population and housing growth in flood-prone areas may exacerbate the risk of surface flooding, potentially causing severe damage to infrastructure and property.	We recognise the importance of water conservation and flood risk mitigation. We strive to design water-efficient developments and homes, to reduce water consumption and promote sustainable practices. We mitigate flood risk by implementing measures such as Sustainable Urban Drainage Systems (SUDs). We aim to reduce potable water usage across our operations.	We are reducing water demand in new developments through efficient design, innovation, and collaboration with the FHH to support long-term water resilience. Our homes are designed to achieve 105 litres per person per day (lpppd), outperforming the UK average of 151 lpppd and the 125 lpppd benchmarks in the current Building Regulations Part G – albeit this is subject to change given recent consultation. In water-stressed areas such as Cambridge and the Southeast, we are targeting 100 lpppd and >90 lpppd in seriously water stressed areas to enable sustainable growth by 2030. Site water usage is tracked through the BRE SMARTWaste platform.

SOCIAL				
SDG	**ESG ISSUE**	**POTENTIAL IMPACT**	**MITIGATION**	**COMMENTARY**
Sustainable Cities and Communities 	**Build Quality**	Inadequate build quality and performance gaps in buildings can have a detrimental impact on the wellbeing of its users and increase running costs. Additionally, the emergence of negative reporting on smart building digital and social media platforms may have a significant effect on Hills' reputation as a preferred partner and its potential for business growth.	As the sector comes to terms with the emerging details of the FHS (the delayed Home Energy Model (HEM)) and the FHH One Plan, the importance of raising design and build quality standards and incorporating where appropriate innovative smart building technologies cannot be understated and the importance of sectoral collaboration progressed elevated.	We have maintained our five-star rating from the Home Builders Federation (HBF) for the ninth consecutive year. We continue to monitor customer sentiment via platforms such as Trustpilot, where we hold an average rating of 4.9 stars, making us the highest-rated housebuilder. We remain committed to both: • Modern Methods of Construction (MMC) through an ongoing investment in Volumetric Living Solutions. • Digital Transformation strategy, we continue to implement integrated design, procurement, and production systems, underpinned by Building Information Modelling (BIM) and COBie compliance. Each approaches support the 'golden thread' principles of the Building Safety Act.
Sustainable Cities and Communities **Good Health and Wellbeing** 	**Community Impact during construction**	The construction process can have adverse impacts on the local residents within the neighbourhoods of our projects. Environmental degradation, such as noise, dust, and disruption, may negatively impact the community's quality of life. If these issues are not adequately managed, it can lead to negative public perception of our Group, which can result in potential project delays, budget extensions, and affect our reputation.	Set out in our social value strategy, we prioritise having a positive impact on every community where we operate. Our focus is on promoting safety and fostering community cohesion by actively engaging with and supporting these neighbourhoods and places. We aim to be a considerate constructor.	Responsible construction is central to our ESG approach, balancing environmental performance with meaningful community engagement and social value creation. Our certified EMS is applied across all projects to manage construction impacts. We aim to create positive outcomes for local communities, through by way of example school and community partnerships, and meaningful stakeholder engagement. Our Social Value & Community teams provide a central point of contact for stakeholders, supporting collaboration across our portfolio of projects. All sites are assessed under the Considerate Construction Scheme (CCS) , achieving an average score of 43/50 (above the industry benchmark of 40/50)[SR1.1][AB1.2], reflecting our commitment to responsible construction practices. The development pages will include key information such as what the build will entail, the expected completion date, and most importantly, updates on construction progress and how it may affect residents and the local community. Residents can also find information about key members of the project team, including the dedicated Social Value and Community Manager and Production team members. These also share employment opportunities, including apprenticeship live vacancies and work experience, subject to availability. Our resident email and freephone number are also viewable in the FAQ section.
Good Health and Wellbeing **Decent Work and Economic Growth** 	**Cost of living crisis**	The UK is facing a significant cost of living crisis, with dramatic energy and daily cost increasing and affecting our customers. In addition, the crisis may affect employees and sub-contractors directly, causing mental health worries and potential supply chain viability concerns.	Employing and rewarding our staff appropriately and collaborating with an integrated supply chain, is an imperative in delivering sustainable places and homes. New homes are typically energy efficient, have lower running costs, provide comfortable living through the seasons, and supports a just transition.	We deliver thoughtfully design new energy-efficient homes with multiple benefits including enhanced resident wellbeing, and reducing running costs according to **Watt a Save: The New Build Advantage**. Our fourth just transition statement demonstrates our commitments to inclusive growth by supporting employees, SMEs, local businesses, and minority-owned enterprises. We recognise that sustainable development depends on balancing economic, environmental, and social priorities.
Sustainable Cities and Communities **Reduced Inequalities** 	**Homes for all**	If we fail to address local economic development opportunities and the provision of some 300,000 new homes per annum, it will have a significant negative consequence for society and business. Mixed tenure homes that address the climate emergency and inform sustainable living lifestyles is an imperative.	The planning and delivery of mixed-tenure homes and mixed-use projects, brings vibrancy to local areas and helps diverse social community infrastructures. Sustainable development brings significant socio-economic and environment benefits to communities and residents.	Our energy-efficient, mixed-tenure homes are designed to enhance resident wellbeing, reduce running costs, and support long-term asset value. In response to the homelessness crisis, Hill launched the Foundation 200 initiative in 2019, pledging £15 million to deliver 200 SoloHaus modular homes by 2025/26 for those in need. During the financial year we completed 3329 new homes, 70% delivered as affordable tenure, demonstrating a just transition.
Sustainable Cities and Communities **Good Health and Wellbeing** 	**Placemaking**	Hill Groups ability to acquire land, gain planning permissions, manage its reputation, and address the demand for sustainable living will be severely hindered if placemaking and community wellbeing is not addressed.	As set out in our vision, we are committed to providing exceptional homes and sustainable communities for our clients, partners, and customers. We work with external advocacy structures, architects & urban designers, ecologists, and qualified engineers on all our schemes who have a proven record of accomplishment in placemaking, integrated blue, green & grey infrastructure solutions to improve nature and residents' wellbeing.	Creating high-quality places that support resident wellbeing and thriving communities is central to our approach. Our commitment to customer experience is reflected through our HBF/NHBC 5-Star Homebuilder rating and strong Trustpilot performance. We engage with communities throughout the development process, using our Community Engagement Policy to build positive, lasting relationships with residents and stakeholders. In regeneration projects, we recognise the importance of co-design and inclusive engagement in shaping places that respond to local needs. Our design approach incorporates the Building for a Healthy Life principles, supporting the delivery of well-connected, sustainable communities with accessible amenities that encourage social interaction. Looking ahead, we will expand our use of Post-Occupancy Evaluations (POEs) across brownfield and greenfield developments, working with clients to capture feedback and improve future outcomes.
Quality Education **Gender Equality** 	**Social value**	At the core of an organization's identity should be well-defined social value metrics and deliverable community programs. Neglecting to prioritize and deliver on social value could result in lost work opportunities and negatively impact on the company's reputation as an employer. This, in turn, can exacerbate the skills gap and further hinder the company's ability to succeed.	In 2021, we released our Social Value Strategy until 2025, to create real, tangible social value that leaves a positive, lasting impact on communities now and in the future. In addition, it outlines the strategies we will use to involve our supply chain in delivering social value, thereby maximising our impact on the community, and leaving a lasting legacy.	During the reporting period we generated more than £7182 million in social value. As members of the 5% club, we demonstrate our commitment to earn and learn opportunities, whether through apprenticeships, graduates, and sponsored students. Please find our new social value strategy **here**.

GOVERNANCE				
SDG	**ESG ISSUE**	**POTENTIAL IMPACT**	**MITIGATION**	**COMMENTARY**
Reduced Inequalities **Gender Equality** 	**Equity, diversity and inclusion**	A lack of equity, diversity, and inclusion (EDI) in the workplace can cause reputational and cultural damage. By not creating working environments and cultures where every individual can feel safe, has a sense of belonging and is not empowered to achieve their full potential, can also negatively impact profitability.	With the application of our EDI policy, and engagement in external advocacy networks and groups, we aim to foster an inclusive and diverse culture.	Building an inclusive culture where everyone can thrive is a key priority within our ESG strategy. During 2025/26, we continued to deliver the EDI aspects of our 2030 Roadmap, embedding awareness and accountability through mandatory EDI learning for all employees from the point of joining Hill. As a Disability Confident Employer, we are committed to removing barriers, widening access to opportunities, and strengthening the diversity of our people through initiatives that support the attraction, development, and retention of a talented workforce.
Decent Work and Economic Growth 	**Supply chain standards**	The Hill Group recognises that the efficient and timely delivery of projects is crucial for maintaining profitability and reputation. However, achieving these goals can be challenged by factors such as geopolitics, commodity prices, availability of responsibly sourced materials and labour, which can impact project deliverables.	We closely monitor our supply chain by using pre-qualification tools such as Constructionline. Our company Modern Slavery Statement is available on our website. In 2026, we published a revised Sustainable Procurement Policy.	Through our **Modern Slavery Statement**, we demonstrate our ongoing commitment to preventing forced labour, labour trafficking, and related exploitation within our supply chain, in compliance with the Modern Slavey Act 2015. Through Constructionline, we prequalify our suppliers to ensure that those with an annual turnover exceeding £36 million comply with the Act's requirements And all new employees are required to complete mandatory modern slavery e-learning.
Decent Work and Economic Growth 	**Health, safety and wellbeing**	If the Group's health and safety standards decline, it could endanger the well-being of employees, contractors, site visitors, and / or the public, resulting in legal action or fines that harm our reputation.	Maintaining high standards involves investing in employee training, promoting health, safety, and well-being for all staff, and implementing comprehensive policies and procedures. The Group has a specialized health and safety team that performs routine audits of health, safety, and environmental practices, and an external advisor provides additional support.	Our current Five-Year Health and Safety Strategy, was established in 2022 and underpins our vision and commitment to achieve class-leading standards, and to provide safe, healthy working environments for all operatives and local communities. Through the implementation of our ISO 45001:2018-certified management systems, we continuously focus on identifying and managing health and safety risks. Additionally, we are committed to being a considerate constructor as measured by the independently assessed CCS.
Peace, Justice and Strong Institutions 	**Operating ethically**	Operating unethically poses a significant risk to the reputation of a company. This is because such behaviour can result in various legal and regulatory penalties, which could result in financial losses and long-term damage to the company's brand image. Additionally, such actions could also negatively affect customer and employee perceptions of the company.	As seen in our 2030 roadmap, we are committed to respecting and protecting the rights of those affected directly and indirectly by our operations. We have policies and procedures in place to ensure high ethical standards are maintained.	Our Anti-Bribery and Corruption Policy ensure all business activities are conducted ethically, with zero tolerance for bribery or corrupt practices. We recognise that a just transition requires balancing economic, environmental, and social priorities across our operations, supply chain, and communities. Accordingly, we aim to balance social value, environmental impacts with appropriate governance compliance.
Peace, Justice and Strong Institutions 	**ESG/ Sustainability Governance**	Without ESG/sustainability governance in the housebuilding industry, there can be negative impacts on the environment, society, finances, and stakeholder confidence. Companies may also miss opportunities and fail to meet regulatory requirements. Therefore, ESG governance is crucial to support license to operate.	We have established a clear 2030 Roadmap and key performance indicators (KPIs) to integrate ESG into our operations and effectively measure and report on performance. Our strategy is also consolidated around the One Plan, external advocacy groups, and TCFD requirements.	Transparency is an important principle in our approach to ESG governance. To ensure the credibility of our disclosures, our strategic ESG performance and supporting data are independently assured by a third party. This is complemented by the publication of our fourth TCFD statement, which outlines our approach to managing climate-related risks and opportunities. Our ESG strategy is informed by Companies House requirements and industry benchmarks such as, by way of example the NextGeneration (NextGen) review, the evolving FHH One Plan, and increasingly the Sustainability Reporting Standard for Social Housing and NextGen projects.
Gender Equality **Decent Work and Economic Growth** 	**Fair treatment of employees and subcontractors**	Failing to treat employees and subcontractors properly can lead to poor quality work, customer dissatisfaction and high staff turnover rates which will undoubtedly cause delays in project completion. There may also be legal and financial risks if regulations are not met, as well as negative publicity and reputational damage.	We are committed to treating employees and subcontractors fairly. We have established clear policies outlining expected standards, provide adequate training and regularly monitor our practices to ensure we are compliant with industry laws and standards, and we abide by prompt payments conditions.	We maintain a suite of policies to ensure all employees, business partners, and supply chain members are treated fairly. These include Anti Bribery & Corruption; Equality Diversity and Inclusion; Health & Safety, Modern Slavery and Sustainable Procurement policies. In accordance with our EDI Policy, we aim to foster an inclusive and diverse culture for all to support the just transition. Our Gender Pay Gap report can be seen at Sustainability - **53144_Hill Gender Pay Gap Report 2025_FINAL.pdf**