

Taskforce on Nature-related Financial Disclosures

This is our first disclosure against the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD). We are developing our understanding of our value chain nature-related dependencies, impacts, risks and opportunities focusing on the drivers of nature change identified in the TNFD LEAP methodology and those impacts identified through our materiality process. We will build on our reporting in this area over the next few years.

We recognise that environmental issues such as climate change, nature loss, pollution and natural resources cannot be tackled in isolation and require an integrated and coordinated approach. We aim to find solutions that can support progress across the three key pillars of our environment strategy – climate, nature and resources. You can read about our approach to climate change in our Net Zero Transition Plan and the TCFD disclosure in our Annual Report and Accounts at www.taylorwimpey.co.uk/corporate.

Governance

Disclose the organisation's governance of nature-related dependencies, impacts, risks and opportunities.

Our Board of Directors is responsible for oversight of environmental, social and governance (ESG) initiatives including nature-related risks and opportunities. The Board receives an ESG update at every meeting, which includes progress on key nature-related targets. They reviewed and approved our nature strategy and targets (part of our Environment strategy). Our Chief Executive has ultimate responsibility for achieving our nature targets. Sustainability (including nature) is a standing agenda item for Group Management Team (GMT) meetings. We updated our Environment Policy in 2023, which covers biodiversity and is reviewed and approved by our Chief Executive.

Our LEAF Committee, chaired by a member of our GMT, is responsible for reviewing nature strategy, risks and opportunities; it meets four times a year and includes the heads or senior leaders of key functions and our regional businesses. The Director of Sustainability is responsible for monitoring nature-related issues and updating our Sustainability Risk and Opportunity Register. He oversees our reporting and disclosures on nature, reporting to our Group Technical Director who reports to our Chief Executive. Our Planning Director leads our policy response to some nature-related issues. The Managing Director in each regional business has responsibility for achieving our nature targets at the local level.

We engage with central and local government organisations on nature-related issues such as biodiversity net gain and nutrient neutrality. Recent examples are disclosed on our website (www.taylorwimpey.co.uk/corporate/sustainability/responsible-and-resilient-business).

Strategy

Disclose the effects of nature-related dependencies, impacts, risks and opportunities on the organisation's business model, strategy and financial planning where such information is material.

Nature is one of three key themes in our environment strategy and we have set targets to increase space for nature on our developments, to engage our customers on nature, and to reduce water use and waste. We have not yet published a nature transition plan although some relevant aspects are covered in our Net Zero Transition Plan.

Land is the critical raw material for home building, and nature-related constraints can impact the supply of land and/or the viability of developing land. During the construction process we transform land from its previous state (either greenfield or brownfield) which impacts biodiversity, soils, drainage, landform and other aspects. Construction is a large user of raw materials such as wood, stone, sand, clay and gypsum. There are significant dependencies on the ability of our supply chain to continue to provide products made from these materials at the quality and volume needed. There are potential positive impacts from implementing biodiversity net gain and nature interventions on our sites, remediating land and engaging our customers on nature.

We have identified several physical and transition risks and opportunities for our business and will be doing further work to deepen our understanding. Examples of risks and opportunities we have identified include:

- Policy – Risks for our business relating to the impact of nutrient and water neutrality and biodiversity net gain regulation and planning policy
- Physical chronic – Risk of price rises for raw materials such as timber as a result of nature degradation/loss and climate change in the supply chain
- Reputational capital – Positive reputational benefits gained from our work to integrate nature on our sites

Some short-term nature-related risks and opportunities such as biodiversity net gain requirements and nutrient neutrality planning constraints already impact our business strategy and financial planning. We engage with stakeholders to develop our approach to these issues. Some nature impacts, dependencies, risks and opportunities are localised to particular regions and sites. We are exploring how best to identify and disclose priority locations and we expect these to include development sites affected by nutrient neutrality and water neutrality requirements, those located in areas of water stress and those adjacent to or containing areas of high biodiversity value. Priority locations in our supply chain may include higher risk timber sourcing countries.

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Risk and impact management

Describe the processes used by the organisation to identify, assess, prioritise and monitor nature-related dependencies, impacts, risks and opportunities.

The Board has overall responsibility for risk management and holds formal risk reviews at least half yearly and routinely considers risk at each Board meeting as appropriate. The assessment, mitigation and monitoring of nature-related risks is included as part of our overall risk management process. The individual nature-related risks are considered through functional and regional business risk registers, and our Sustainability Risk and Opportunity Register. Management considers the impact they may have on the Group's strategy, looking at short, medium and in particular longer term emerging risks which may arise as the area continues to evolve.

The Group's Principal Risk 'Natural resources and climate change', recognises the increasing significance of factors such as nature loss and water scarcity for our business. It is monitored by the Audit Committee and senior management, assessing its impact on the Group's strategic objectives and ensuring appropriate mitigations are in place. Some nature-related risks are relevant within other Principal Risks such as 'Government policies, regulations and planning', 'Land availability', 'Availability and costs of materials and subcontractors', and 'Health, safety and environment (HSE)'.

We use a digital platform called LEADR (Land and Environment Assessment of Development Risk) for assessing and managing sustainability risks associated with land during acquisition and construction. This includes nature risks such as proximity to sites of particular importance for biodiversity or protected areas. For each site, we assess biodiversity risks through Ecological Impact Assessments which identify protected species or habitats. Assessments are carried out by ecologists and mitigation measures are embedded into the Site Specific Environmental Action Plan (SSEAP). Nature risks during construction are managed through our environmental management system. We use our procurement systems to identify nature-related risks in our supply chain. We have internal working groups and engage with others in our sector and regulators on key nature-related risks such as nutrient neutrality and biodiversity net gain requirements.

Metrics and targets

Disclose the metrics and targets used to assess and manage material nature-related dependencies, impacts, risks and opportunities.

We are working to align our nature metrics with the TNFD core global disclosure indicators and metrics. We collect metrics at site level but we report them on an aggregated basis for our UK operations. Our current metrics are reported on pages 32-37. They include:

- Sites on brownfield and greenfield land (%)
- Nature enhancements installed (number)
- GHG emissions (Scopes 1,2 and 3)
- Construction waste generated and diverted from landfill (tonnes)
- Construction hazardous waste generated (tonnes)
- Water use (m³)
- Completions located in areas of water stress (%)
- Timber sourced with PEFC/FSC certification (%)
- Sites located in areas affected by nutrient neutrality requirements (%) (monitored but not currently disclosed)
- Sites located in local planning authorities which require biodiversity net gain greater than 10% (number) (monitored from 2024)
- Environmental fines and prosecutions (£ and number)

We also monitor metrics relating to how we enable customers to reduce nature impacts from travel and waste, see page 32. We will start to disclose metrics in relation to biodiversity net gain from next year with some initial data included on page 24. Metrics are likely to include:

- New sites with Biodiversity Net Gain of 10% (% of new sites)
- New sites with Biodiversity Net Gain of more than 10% (% of new sites)
- Biodiversity units delivered (number of units)

We report progress against our nature and climate targets (including those relating to biodiversity net gain, nature enhancements, waste and water use) on pages 45, 47, 48.