Sustainability reporting 2025

Wates

Streamlined energy and carbon report (SECR)

We are reporting for the financial year to 31 December 2025, providing 2024 as a comparative year and 2019 as a baseline year.

Progress

Since our baseline year of 2019, we have reduced Scope 1 and 2 emissions (market-based) by 33.9 per cent and Scope 3 emissions from business travel and waste by 74.6 per cent.

Environmental indicators

Wates maintains ISO 14001 certification across the Group, excluding Wates Land & Development and SES Manufacturing. Liberty also holds ISO 50001 certification. Our management systems ensure that greenhouse gas (GHG) emissions data is captured in accordance with SECR reporting requirements and the GHG protocol. Details of the fuel types used during the year are detailed later in this report.

In 2025, we had one incident of a fugitive emission loss, which led to the release of 195kg of R-407A, equating to 375 tonnes of CO_2. The loss occurred as a result of two subcontractors cutting through a charged system without authorisation. Tighter controls are now in place to prevent recurrence of similar incidents.

Reporting boundary

The statutory entities in our GHG boundary for this report include all operations that fall under the Wates Group. Operations that fall outside the Group's operational control have not been included, in line with the GHG protocol's operational control approach.

Adjustments

As a result of the acquisition of the Liberty Group in October 2024, we have re-calculated our baseline year data for 2019 and adjusted subsequent years. We have also included excavation and demolition waste under Scope 3 Category 5 in our baseline. Previously these were reported under Scope 3 Category 1 emissions.

Measurement methodology

Our carbon footprint covers Scopes 1, 2 and selected Scope 3 emission sources: business travel and waste. The footprint is calculated in accordance with the GHG protocol.

This year's waste data includes excavation and demolition waste for the first time. The data does not include waste handled by specialist providers, such as asbestos removal subcontractors.

Outputs are reported in MWh and CO_2e (carbon dioxide equivalent) using the most recent available conversion factors from the Department of Energy Security and Net Zero.

GHG emissions are reported using both the location and market-based reporting methodology.

The location-based method reflects the average emissions intensity of the UK electricity grid, which is decreasing.

The market-based method reflects the emissions from renewable electricity tariffs that we have chosen to purchase, which are backed by renewable guarantees of origin (REGO) certificates. An emissions factor of zero tonnes of CO_2e per MWh has been applied in these cases.

In 2025, 10,902MWh of the Group's procured electricity supplies were from renewable sources, backed by REGOs. Where REGOs were not available, a residual mix emission factor has been applied.

Further detail on the different fuel types has been provided in the energy table later in this report.

In the comparative baseline year, red diesel (gas oil) figures include kerosene. The Group stopped purchasing red diesel in 2022, reflected in the reported reduction in red diesel usage and an increase in overall diesel usage over time.

The Scope 3 data for business travel in 2024 and 2025 includes emissions associated with hotel stays, flights and business mileage expenses from non-company-car vehicles. Business travel for company cars falls under Scope 1 for petrol or diesel vehicles and Scope 2 for electric vehicles.

2025 review

We decreased Scope 1 emissions in 2025 by a further 2.5 per cent against 2024.

WPS's commercial fleet accounted for 74.2 per cent of our Scope 1 emissions.

As a result of the acquisition of Liberty in 2024, the WPS fleet has grown considerably to 1,687 vehicles, increasing the proportion of Wates' Scope 1 emissions attributable to the fleet. In 2025, WPS developed a strategy to reduce emissions in line with our 2030 Scope 1 & 2 target through a combination of measures, including replacement of internal combustion engine (ICE) vehicles with electric vehicles (EVs), the adoption of scheduling software and an engagement programme to reduce harsh driving and idling. WPS replaced 27 diesel vehicles in 2025, taking the proportion of EVs in the fleet from 9 to 11.3 per cent.

The company car fleet accounted for 4 per cent of our Scope 1 emissions.

Three quarters of our company car fleet are now EVs (2023: 59.6 per cent), reflecting the introduction in 2023 of a salary sacrifice scheme that restricts new company cars to EVs and plug-in hybrids (PHEVs). The proportion of PHEVs remained steady at 15 per cent and just 8 per cent of our company car fleet have an ICE alone.

Diesel use on site accounted for 14 per cent of our Scope 1 emissions. In 2025, we introduced a diesel phase-out plan, methodically supporting teams to transition from diesel-powered equipment to electric. This required close collaboration with supply chain partners to ensure availability of electrified plant, equipment and vehicles, and the introduction of systems to make choosing electrified equipment easy.

During 2025, we undertook trials of 39 Instagrid battery units to replace small diesel generators. Battery units proved more cost-effective to operate, lighter and easier to handle. We also continued to assess electric alternatives for larger plant and successfully trialled a fully electric 17m Faresin telehandler. These trials provided valuable insights into the practical considerations required to accelerate adoption, particularly the need to ensure that plant and equipment can be charged safely, which remains a barrier to scaling use.

To make progress visible, we successfully trialled a diesel-free league table, ranking project sites as gold, silver or bronze based on actions taken. The initiative is now being rolled out nationally.

In 2025, we decreased 2024 Scope 2 emissions by 10 per cent.

The year saw 94.2 per cent of all electricity procured by the Group (10,902 MWh) from renewable sources (2024: 92.9 per cent), despite our electric van fleet at times having to use non-REGO supplier charging locations. We have steadily increased the percentage of renewable REGO-backed electricity bought as we exit existing contracts. This figure does not include electricity that was used to charge company cars by their owners, which made up 998 MWh.

Expensed business mileage increased by 1.6 per cent, reflecting our growing workforce and number of projects that cannot be accessed easily by public transport. Despite the increased mileage claimed, the emissions associated with business travel in cars was 0.67 per cent lower than in 2024, a reflection of the higher proportion of low-carbon vehicles in the company car fleet.

Intensity ratios

We have reduced location-based intensity ratio for Scope 1, 2 and Scope 3 emissions for business travel and waste by two thirds, from 21.7 tonnes of CO_2e/£m turnover in 2019 to 6.5 tonnes of CO_2e/£m turnover in 2025. The market-based intensity ratio has reduced from 20.0 tonnes of CO_2e/£m turnover in 2019 to 5.9 tonnes in 2025.

Assurance

The Carbon Trust was engaged to undertake limited assurance of the Group's Scope 1, 2 and selected Scope 3 emissions (waste and business travel) using the international standard ISO 14064-3:2019 over the GHG data in this report that has been highlighted with the symbol ° (see table to the right).

The limited assurance covered Wates Group Limited (including Liberty Group) for 1 January to 31 December 2025.

The Carbon Trust's full statement is available at **www.wates.co.uk/GHGassurance**.

Limited assurance represents a substantially lower level of audit than a reasonable assurance engagement. To reach its opinion, the Carbon Trust undertook a range of procedures on our GHG data. A summary of this work is included within its assurance statement.

Absolute tonnes of CO_2e

	Base year 2019	2024	2025
Scope 1	13,123	9,833	**9,640°**
Scope 2 (location-based)	5,243	2,747	**2,225°**
Scope 2 (market-based)	2,516	777	**700°**
Scope 3 for business travel and waste	17,359	4,311	**4,404°**
Total Scope 1 and 2 carbon emissions (location based)	18,366	12,580	**11,846**
Total Scope 1 and 2 carbon emissions (market based)	15,639	10,610	**10,340**
Total Scope 1, 2 and 3 carbon emissions (location based)	35,725	16,891	**16,268**
Total Scope 1 and 2 carbon emissions/ per £m (market based)	9.5	4.6	**4.2**
Total Scope 1, 2 and 3 carbon emissions per £m revenue (location based) including business travel and waste	20.0	6.5	**5.9**
Total Scope 1, 2 and 3 carbon emissions per £m revenue (market based) including business travel and waste	21.7	7.4	**6.5**

Energy use in MWh

	Base year 2019	2024	2025
Natural gas	11,689	2,561	**2,188**
Electricity (non-renewable sources)	8,042	1,227	**665**
Electricity (renewable sources)	12,470	11,615	**10,902**
Red diesel (gas oil)	12,805	-	**-**
Petrol (biofuel blend)	761	680	**630**
Diesel (biofuel blend)	28,932	34,977	**33,635**
LPG	2	-	**28**
Kerosene	-	-	**95**
Biodiesel (HVO)	-	421	**1,360**
Butane	-	-	**-**
Propane	-	532	**417**
Two-stroke (lubricant)	-	98	**36**
Business travel	29,658	15,544	**14,815**
Total	**104,359**	**67,655**	**64,771**

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Progress on the Task Force on Climate-related Financial Disclosures (TCFD)

The report is our response to the Climate-related Financial Disclosure Regulations 2022

Alignment with the TCFD

The scientific evidence is clear that human action is changing our climate. Through public policy, business strategy and societal evolution, our world is starting to transform to mitigate further damage and to adapt to the effects of the climate heating up.

The built environment is a key contributor to climate change. This poses a risk to our business if we fail to evolve sufficiently quickly or in the right way. The transition also creates a significant opportunity: those who adapt and scale the right solutions will become more successful and resilient in the medium term. For a company in its fourth generation of family ownership, with explicit intent to hand a thriving business to the fifth generation in due course, these are powerful motivators for action.

Our commitment to environmental and social sustainability is enshrined in our purpose – reimagining places for people to thrive – alongside our promises: Thriving Places, Thriving Planet, Thriving People. To ensure rigour, we align with international standards, such as the Science-Based Target initiative (SBTi) and the Task Force on Climate-related Financial Disclosures (TCFD), and have mandated continuous improvement since 2020:

- **2020**: Wates became an official supporter of the TCFD
- **2021**: Wates' Sustainability Committee of the Board established to create oversight. TCFD incorporated into annual disclosures
- **2022**: PwC Building Better Trust Award for Reporting in Private Business, recognising the quality of Wates' climate disclosures and the strong connection between corporate strategy and climate performance
- **2023**: disclosure of initial financial opportunities within the retrofit and new build markets; alignment with UK Climate-related Financial Disclosure Regulations 2022
- **2024**: acquisition of Liberty Group, to seed a new business installing renewables into social housing
- **2025**: comprehensive review of our physical and transition risks, as well as opportunities. Creation of the Wates Wildspace business; capturing the opportunity created by the mandatory biodiversity net gain regime

Governance

The Board has oversight of climate-related risks and opportunities through the Sustainability Committee, which is chaired by non-executive director Jonny Wates. The committee consists of three non-executive directors. In 2025, the Chairman, CEO, CFO, Group Sustainability Director, Group Public Sector Director and Group Strategy Director attended all three meetings. Commercial opportunities resulting from climate change are presented at the Board's strategy session, both those that are specific to each division and from a Group perspective. Performance against key sustainability targets is reported to the Board quarterly. Climate change is represented on the Executive Committee by the Group Sustainability Director, who updates the committee on market developments, areas of risk and opportunity and variations in the Group's performance.

Risks associated with climate change are managed through the Executive Risk Committee, which meets three times a year and comprises Executive Committee members. The Group Sustainability Director is responsible for the Principal Risk on Climate Change.

The operational sustainability performance of each division is monitored through individual Quarterly Performance Reviews. These are chaired by the CEO and attended by the CFO, Group Commercial Director, Group Strategy Director and Group Sustainability Director.

Every employee has an annual environmental objective with a portion of the annual bonus dependent on performance against the Group or division environmental target.

Over the last three years we have run a leadership programme with the UK Green Building Council (UKGBC) to enable members of our senior leadership team to lead the change on sustainability from their respective positions across the operational divisions. Since it started, 112 of Wates senior leaders have completed the programme.

Strategy: identifying climate-related opportunities and risks

Our business is already responding strategically to the opportunities and risks created by the transition to a low-carbon economy.

Each of our divisions has a dedicated value creation workstream that responds to the commercial opportunities presented by climate change, except our Residential business where the majority of the homes we build already exceed Part L energy efficiency requirements. Since 2019, we have reduced the carbon intensity of the homes we build (Scope 3 Category 11 emissions) by 66 per cent in CO_2/m^2.

£1,141m of our turnover in 2025 came from projects delivered to recognised sustainability standards, such as BREEAM, NABERS, AECB CarbonLite, Home Quality Mark, Net Zero Carbon in Operation, Passivhaus, PAS 2035, EPC A or B homes with PV and renewable heat, biodiversity net gain in excess of mandatory minimums and whole-life carbon assessments.

In 2025, our WPS division improved the energy efficiency of 2,797 existing social homes, reducing energy bills for thousands of residents.

In 2024, WPS acquired the Liberty Group of companies. In 2025, the division's NetZero Collective completed more than 2,373 retrofit assessments, supporting the government's Social Housing Decarbonisation Fund programme. These PAS 2035 aligned assessments created a robust evidence base to plan, fund and deliver whole-house retrofit at scale, 59 per cent of which was delivered by WPS. The measures identified typically reduce household energy use and emissions by 20-35 per cent per year, alleviating fuel poverty and improving conditions for vulnerable residents.

Our Construction division is handling increasing volumes of BREEAM-certified projects, with 11 contracts targeting the highest level of 'Outstanding' in the year. It brings together low-carbon expertise from within the division, including Smartspace, alongside building optimisation capabilities from SES to deliver low-carbon solutions.

Our SES business has a manufacturing arm which produces standardised MEP components. MEP typically constitutes a significant proportion of a commercial building's embodied carbon, and standardisation of components eliminates waste and reduces carbon. SES is also adept at building optimisation projects, working on eight projects targeting NABERS during 2025, including the UK's first new office building to achieve a five-star rating.

Wates Land & Development is capturing carbon through the new Wates Wildscape business, launched during the reporting period. Designed for developers looking to meet their legal biodiversity net gain requirements, Wates Wildscape has launched its first offsite BNG site in Ashurst, Kent, with planting underway. Over the course of the site, it will deliver 110 BNG units.

Scenario analysis

In 2025, we updated our scenario models using two transition and two physical risk scenarios, over short, medium and long-term horizons (see table 1).

Time horizons were chosen based on TCFD requirements. We note that for the physical time horizons, the baseline is considered to represent the short-term time horizon based on data availability and showing the change in indicators compared to the present day (see table 2).

Table 1: Illustration of transition and physical risk scenarios

Transition scenarios	
Stated policies scenario (STEPS): reflects only existing or announced policies by governments globally.	**Balanced net zero pathway (BNZ):** reflects the UK meeting its legally binding target of net zero by 2050 and therefore requiring faster cuts in emissions.
Physical scenarios	
Representative concentration pathway (RCP) 4.5: considers global temperature increases to reach approximately 2°C by 2050.	**Representative concentration pathway (RCP) 8.5:** temperatures continue to increase, exceeding 2°C by 2050 and reaching 4°C to 5°C above the baseline by 2100.

Table 2: Illustration of time horizons used for scenario analysis

Time horizon	Short	Medium	Long
Transition	2030	2040	2050
Physical	Baseline (2001-2020)	2030s (2020-2049)	2050s (2050-2079)

Risks and opportunities

To inform our corporate strategy, senior leaders from across our divisions reviewed the risks and opportunities from the scenarios presented above and scored their impact on our business.

Out of a shortlist of 18 risks and opportunities, 11 were identified as material for Wates. The highest scoring ones are illustrated in table 3.

This process enabled us to identify specific physical risks that require mitigation, as well as opportunities.

Table 3: Illustration of material risks

Risk		STEPS scenario			BNZ scenario		
		Short term	Medium term	Long term	Short term	Medium term	Long term
Transition-related risks							
TR1	**Increased cost of materials**						
TR2	**Energy security (as influenced by physical climate risks)**						
TR6	**Shift in demand from new-build construction to retrofits**						
Physical climate risks		RCP 4.5 scenario			RCP 8.5 scenario		
PR1	**Land supply and availability**						
PR3	**Damage to materials or their properties**						

Risk rating: Low; Medium; High; Very high

Transition risks are likely to have a greater impact on our business in the medium term: both scenarios carry a higher risk of material cost increases in the medium term. Under the STEPS scenario, energy insecurity increases on this time horizon, while under BNZ this pressure emerges in the long term, due to the methodical nature of the transition scenario.

Physical risks are expected to have a greater impact on our operations over the long term, as the climate shifts towards higher temperatures. We are aware that global temperatures are on track to surpass the 1.5°C threshold required for a BNZ pathway.

Table 4: Illustration of material opportunities

Opportunity		STEPS scenario			BNZ scenario		
		Short term	Medium term	Long term	Short term	Medium term	Long term
Transition-related opportunities							
TO1	**Reduction of embodied carbon with innovative materials and solutions**						
TO2	**Differentiate against competitors and grow market share in retrofits and green buildings and spaces**						
TO3	**Adopt digital and MMC solutions to drive low-carbon outcomes, and reduce costs and time**						
TO4	**Attract and retain talent**						
Physical-related opportunities		RCP 4.5 scenario			RCP 8.5 scenario		
PO1	**Implement resilience by design (acquisition of land and areas less exposed to climate hazards, and increased adaptation in new and existing developments)**						

Risk rating: Low | Medium | High | Very high

The opportunity to develop new services and products is the greatest commercial opportunity across both transition scenarios, with additional potential under the BNZ scenario to expand our manufacturing facilities and digital capability to help customers drive down carbon, reduce costs and improve delivery.

Both physical scenarios also offer opportunity through enhancing our focus on land with lower exposure to climate hazards and helping customers and communities to adapt their space to tolerate extreme weather, so they are able to thrive. These opportunities are materially greater under the RCP 8.5 scenario.

Description of risks and opportunities

Transition risks

TR1: Increased costs of materials, due to the effect of carbon prices and policy shifts

Material costs are expected to rise due to resource scarcity, carbon pricing and evolving policy and market dynamics. Under the BNZ pathway, procurement standards increasingly favour low-embodied-carbon products, creating strong competition for green steel, low-carbon cement, sustainable timber and recycled aggregates, particularly in the near term before production capacity scales. Global demand for technologies like heat pumps and EV chargers also drives pressure on critical minerals like copper and rare earths.

To mitigate these risks, we are implementing a category management structure for suppliers, supported by Wates' Sustainability Playbook. This approach includes minimum carbon intensity benchmarks for key materials with supplier assessments against playbook criteria. Building relationships with the right suppliers and prioritising low-carbon options, such as electric arc furnace steel, will help reduce exposure to cost volatility and supply constraints.

TR2: Energy security

Grid connection delays and rising electricity costs, driven by increased electrification and a changing energy mix, pose a significant risk to projects during construction. Under the disorderly STEPS scenario, exposure to power shortages could be higher due to physical climate risks and underinvestment in grid capacity and flexibility.

Power supply constraints may force greater use of diesel generators, increasing costs and potentially delaying programmes. This could also reduce our ability to meet carbon and SBTi-aligned targets, creating reputational risk.

To mitigate these risks, we use detailed power profiling to match project needs with local capacity, and we prioritise early grid connection. Where there are grid limitations, battery solutions are deployed to reduce use of fossil fuels. For our contracting businesses, their bonus-related environmental target is aligned to phasing out the use of fossil fuels in operation.

TR6: Shift in demand from new-build construction to retrofits

Under a BNZ scenario, retrofit activity is expected to dominate construction by the early to mid-2030s, focusing on insulation, electrification, ventilation upgrades and reduced embodied carbon. If the diversification of our Land & Development, Construction and Residential divisions into low-carbon activities slows, this shift could reduce revenues and increase operational cost.

In WPS, we are well positioned to respond through our home retrofit work, and in Construction, through our premium-grade office refurbishments. However, further expansion of our proposition, particularly in whole-life carbon reduction, will be required to mitigate revenue risk.


Workshops on our Sustainability Playbook were held at the annual supply chain conference, 2026

Physical risks

PR1: Land supply and availability

Availability of land for development is expected to become increasingly constrained by flooding and water scarcity, driving greater competition for suitable sites. Local authorities may introduce water-neutrality requirements and heavier localised rainfall could increase phosphates and nitrogen in watercourses, leading to stricter planning conditions. These factors may result in higher premiums for land that carries lower exposure to climate hazards, affecting both Wates and our customers.

To mitigate these risks, we employ tools to assess flood risk, water scarcity and other environmental designations. We are also introducing resources like the UKGBC Urban Heat Island map, which uses satellite imaging to assess temperature variations within urban environments. In areas affected by water scarcity, we incorporate water-saving measures into new dwellings and retrofit solutions to reduce consumption in existing properties.

PR3: Damage to materials and physical properties

Extreme weather events pose significant risks to the durability and performance of construction materials. Heavy rainfall, storms, flooding, high winds and heatwaves can damage stored materials, while high temperatures accelerate deterioration and compromise specifications. Examples include warping of engineered timber, mould growth on shrink-wrapped items, accelerated concrete curing leading to cracking, and reduced performance of insulation, sealants and coatings. Metals, plastics and cladding are also vulnerable to heat-related expansion, corrosion and UV degradation.

These can result in costly delays, rework and specification changes, potentially affecting planning and compliance timelines. Limited on-site storage can increase exposure, while offsite manufacturing offers some protection but remains susceptible to heat stress. Mitigation measures, such as improved storage controls and just-in-time deliveries, can reduce risk but introduce supply chain challenges.

To manage this risk, we monitor exposure of our project sites. At present, 17 per cent of our largest project site compounds and offices are at a high risk of surface water flooding. Some 14 per cent of our largest project site compounds and offices are in Flood Zone Category 3 areas. Zone 3 areas present the highest risk, with a 1 per cent or higher chance of flooding from rivers in any given year, though this assessment is often informed by historical flood records. The risk of flooding from reservoirs and groundwater is low for our current project portfolio.

Transition opportunities

TO1: Reduction of embodied carbon with innovative materials and solutions

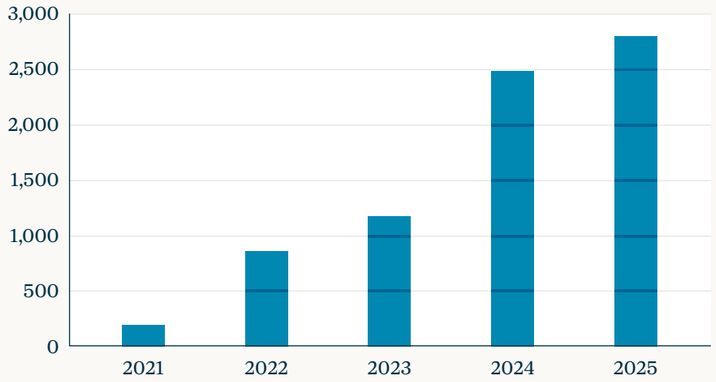
Buildings account for a significant proportion of carbon emissions, and the UK Net Zero Carbon Buildings Standard (pilot updated in 2025) introduces stricter limits on upfront and life-cycle carbon. These requirements will tighten annually through 2050, accelerating demand for low-carbon materials and retrofit solutions to protect asset value.

Alongside this, BREEAM certification is already a key market differentiator, with certified buildings commanding significant premiums which is, in turn, influencing procurement standards. This is reflected in a near-doubling of contracts mandating BREEAM certification in the last two years.

We are unlocking the opportunity by methodically sourcing low-carbon materials through our supply chain category strategy, standardising system designs in the Construction and Residential divisions, adopting offsite timber-frame systems and introducing minimum carbon benchmarks for our supply chain through our Sustainability Playbook.

We have seen a sharp rise in BREEAM-certified projects, completing 13 in 2024, 28 in 2025, and securing 21 for 2026, reflecting growing demand for high-performance, sustainable buildings. We are scaling PAS 2035 retrofits and installing air source heat pumps, supported by public funding, and leveraging our 2024 acquisition of Liberty to expand services. Over the past five years we have retrofitted 7,501 homes to PAS 2035 standard using a fabric first approach. Our WIN portal helps to identify emerging technologies, while initiatives such as the diesel phase-out working group targets carbon reductions in construction processes.

Number of homes retrofitted to PAS 2035



TO2: Improve asset efficiency for customers: differentiate against competitors and grow market share in retrofits and green buildings/spaces

Under the MEES (Minimum Energy Efficiency Standards) regulations, non-domestic properties require an EPC of B or better by 2030 in order to be leased; this will require 87 per cent of the UK's current building stock to be retrofitted, representing a significant commercial opportunity. Demand for sustainable refurbishment is already rising and likely to accelerate later this decade as landlords recognise the impact on income-producing assets.

Most buildings are unique, requiring a different calibration of expertise for each customer. To capture this opportunity, we have brought together capabilities from our Construction, Fit Out and SES businesses to create a turnkey offer that can adapt to the specific needs of each customer. In 2025, our Smartspace and SES teams collaborated to deliver a flagship project for long-standing customer, Lloyds Banking Group, transforming its Grade II listed headquarters in Halifax into an energy-efficient, smart building featuring renewables, rainwater harvesting and biophilic design.

TO3: Adopt digital and MMC solutions to drive low carbon outcomes, reduce costs and time

Demand for modular, energy-efficient homes continues to grow, particularly in Cardiff, where we delivered modular homes across the Ty Ephraim, Cherrydale and Narberth schemes worth £20m in 2025. These units, predominantly timber-structured, with some steel-framed units manufactured at Narberth, achieve EPC A ratings, can be assembled within days and enable a rapid response to acute housing need. We also showcased our modular demonstrator with Rollalong and published #AwayBackHome with LDN Collective to promote scalable solutions.

Across our SES business, digital twins and MMC are enabling faster delivery and supporting circular design principles. Public-sector contracts increasingly require pre-manufactured value (PMV) and modern methods of construction (MMC) adoption. In 2025, Wates met its own PMV target of 65 per cent. Significant opportunities remain to standardise designs for schools, homes and other buildings, driving efficiency, circularity and carbon reduction.

TO4: Attract and retain talent

Our sustainability credentials increasingly influence our ability to attract and retain employees. New recruits tell us that integration of environmental factors into governance and Wates' continued progress against our targets are viewed as attractive indicators of authenticity.

To strengthen this, we have introduced environmental objectives into performance and development reviews, developed a suite of training to upskill employees and fostered collaboration through working groups and supply chain engagement. In 2025, we launched a new employee-led Nature Network, which brings people together to informally propagate nature-positive awareness for employees to use at work and at home. Annual employee engagement surveys and supply chain feedback inform our approach.

Physical opportunities

PO1: Implement resilience by design: acquisition of land and areas that are less exposed to climate hazards, and increased adaptation in new and existing developments.

Land is a limited commodity and climate change will reduce the availability of resilient locations, altering market dynamics. Wates' expertise can be used to secure land and integrate adaptation measures early in a development's or building's design, materially increasing asset value. Such measures include flood mitigation, water-saving solutions and urban heat management through nature-based solutions. Under RCP 8.5, adaptation needs will be greater, but developments with higher resilience through the implementation of such measures could command premiums.

We already advise customers on environmental design, such as incorporating passive cooling strategies like natural ventilation and optimised orientation. Wates also met its 2025 target of 20 per cent biodiversity net gain, creating greener, more climate-resilient spaces. Tools such as flood risk assessments and the UKGBC Urban Heat Island map support site selection and design decisions.

Risk management

Wates uses an enterprise risk management (ERM) framework to track risks and opportunities. The findings of the climate scenario workshops are reflected in our principal risk on climate change. Where the findings guide other principal risks, these have also been identified.

Metrics and targets

At an enterprise level, we track revenue from 'sustainable business'. This is defined as the proportion of revenue that carries environmental contractual obligations, such as BREEAM or Passivhaus certification, retrofits to PAS 2035 standard or biodiversity net gain above the mandatory minimum. The metric indicates our resilience as the market re-aligns to more stringent sustainability standards, and our ability to benefit from the opportunity this presents.

To assess the potential of our supply chain to support our sustainability objectives, we encourage and actively support our supply chain to obtain science-based targets.

The proportion holding – or committed to holding – targets is reported at an enterprise level to the Sustainability Committee and through each division's Quarterly Performance Review.

Absolute greenhouse gases (GHG) emissions for Scope 1 and 2 operations are reported quarterly by division, on both a location and a market basis, and a proportion of employees' bonus depends on their division or function achieving a specific level of decarbonisation annually. An intensity metric is used to track emissions against turnover.

Our absolute Scope 3 emissions baseline is 2019. Of the 15 Scope 3 categories, 11 are relevant to Wates. Scope 3 emissions are reported annually in our GHG inventory.

Obtaining actual Scope 3 emissions data continues to pose challenges in our sector, so these are calculated using three sources: actual data from suppliers able to deliver this; the Supply Chain Sustainability School's Carbon Calculator, which apportions actual carbon data to spend and is therefore more accurate than proxies; and – where neither of the above can fulfil the requirement – an environmentally extended input-output (EEIO) model. In 2025, 130 suppliers were able to deliver data, which is a 490 per cent increase year on year.

The work required to obtain, collate and verify the data from multiple sources prevents us from including an accurate Scope 3 emissions figure in the annual report. Instead, the data is published on our website in our GHG inventory as soon as the process is complete. In 2024, Scope 3 emissions represented 98.7 per cent of the Group's GHG emissions and were calculated to be 597,917 tonnes CO_2e. Despite Wates' turnover increasing 48 per cent between 2019 and 2024, Scope 3 emissions have risen over the same period by just 3 per cent.

Energy use in MWh is disclosed in our SECR report.

	TCFD recommendation	Alignment with UK Climate-related Financial Disclosures	Summary and 2025 progress	Reference
Governance	Describe the Board's oversight of climate-related risks and opportunities	A description of the governance arrangements of the company or LLP in relation to assessing and managing climate-related risks and opportunities	• The Sustainability Committee oversees climate-related risks and opportunities on behalf of the Board. • Climate risk is assessed at Executive Risk Committee, which reports to the Audit Committee of the Board. Climate-related physical and transition risks are formally reviewed annually at a Group level. • Progress against environmental targets is reported to the Sustainability Committee three times a year, and by each division's Board through quarterly performance reviews. • The Group Sustainability Director oversees the Principal Risk on climate change. Physical and transition risks are integrated into the Group's strategic risk matrix and reviewed throughout the year.	See Taskforce on Climate-related Financial Disclosures Governance section
	Describe management's role in assessing and managing climate-related risks and opportunities			
Strategy	Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	A description of (i) the principal climate-related risks and opportunities arising in connection with the operations of the company or LLP, and (ii) the time periods by reference to which those risks and opportunities are assessed	• Climate change is a principal risk and is monitored through the Group's risk report. • Scenario models have been updated to include two transition and two physical risk scenarios, representing 'business-as-usual' and 'plausible worst case' scenarios over the short (2030), medium (2040) and long-term (2050) horizons. • Two physical risks, three transition risks and five opportunities were identified as being material under the 'plausible worst case' scenario.	See Principal risks and uncertainties in the full Annual Reports and Accounts 2025 See Material risks and opportunities tables
	Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning	A description of the actual and potential impacts of the principal climate-related risks and opportunities on the business model and strategy of the company or LLP	• A comprehensive review of the impacts of five physical and eight transition risks and five opportunities was undertaken in 2025 to inform business planning and strategy development. • All Wates' divisions incorporate climate-related opportunities into their business strategies.	See the summary description of actual and potential impacts earlier in the report See Strategy section See Material risks and opportunities tables
	Describe the resilience of the organisation's strategy, taking into account consideration of different climate-related scenarios, including a 2°C or lower scenario	An analysis of the resilience of the business model and strategy of the company or LLP, taking into consideration of different climate-related scenarios	• The business growth strategy is aligned with a net-zero, nature-positive future, leveraging the transition as a commercial advantage. • Four climate scenarios, including a BNZ (1.5°C) pathway, have been used to assess resilience. Initiatives include phasing out diesel and expanding low-carbon solutions. • Sustainability is being embedded into day-to-day decision making, with 112 senior leaders having completed a bespoke UK Green Building Council environmental leadership programme. • Sustainability criteria are woven into recruitment and annual performance review processes. • Minimum supply-chain criteria on GHG emissions have been developed and strategic supply chain partners are required to set science-based targets.	See Strategy section and Description of risks and opportunities section

	TCFD recommendation	Alignment with UK Climate-related Financial Disclosures	Summary and 2025 progress	Reference
Risk management	Describe the organisation's processes for identifying and assessing climate-related risks	A description of how the company or LLP identifies, assesses and manages climate-related risks and opportunities	• Climate scenario analysis was updated in 2025 to reflect evolving understanding of climate change and its impacts.	See Risk management section
	Describe the organisation's processes for managing climate-related risks		• The Group's Sustainability team reviews and updates principal climate change risks, including physical and transition risks, as well as opportunities annually. These feed into the Group's strategic risk matrix.	
	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	A description of how processes for identifying, assessing and managing climate-related risks are integrated into the overall risk management process in the company or LLP	• Climate-related risks and opportunities have been reported as principal risks for the past five years and form part of the Group's overall risk management framework. • Progress on managing our climate-related risks is reported to the Risk Committee that meets three times a year and reports to the Audit Committee.	
Metrics and targets	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management processes	The key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and a description of the calculations on which those key performance indicators are based	• Performance is monitored using metrics covering energy usage, carbon emissions, building certifications (AECB CarbonLite, Passivhaus, NABERs and BREEAM), PAS 2035 retrofits and project value.	See section on Metrics and targets
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks	No requirement to disclose	• Scope 1 and 2 emissions are disclosed as part of the Annual Reports and Accounts while Scope 3 emissions are published annually in our GHG inventory. Wates follows the GHG protocol for reporting its GHG emissions.	See SECR report See GHG Inventory on our website **https://www.wates.co.uk/wp-content/uploads/2025/07/Wates-Group-GHG-Inventory-2024-1.pdf**
	Disclose the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	A description of the targets used by the company or LLP to manage climate-related risks and to realise climate-related opportunities and of performance against those targets	• Wates has validated near-term and net-zero targets through the Science-Based Target initiative. Diesel phase-out targets for the divisions are linked to these	See **https://sciencebasedtargets.org/target-dashboard** and look up Wates.