



Environment and People

ESG Strategy Annual Update

September 2023



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Introduction

CEO foreword

I am proud to offer an update on our progress with ESG, one year on from the publication of our first formal ESG Strategy: Environment and People.

As I have consistently said, sustainability has always been at Springfield's core. We were founded upon a culture of doing the right thing by the people we work with, with our customers at the fore. We are also protective of the environments in which we work to ensure we create sustainable communities for generations to enjoy for years to come. This culture has sustained throughout our growth from a family run small business in the north of Scotland to one of Scotland's leading housebuilders with high quality developments across the country.

Our motivation for doing the right thing has not changed and we have closely held onto that through our ESG activities. We have a strong desire to remain authentic in our approach, delivering meaningful progress and not becoming pre-occupied with targets and reporting.

Last year we made a commitment to strive towards being net zero ahead of 2045. We have aligned our end date with the aim of delivering net zero just ahead of the Scottish Government and are pleased to now publish our pathway. In the earlier steps of our pathway it is clear what we need to do. However, to reach net zero the housebuilding industry across the UK is reliant on technologies that do not yet exist. Our own actions will also be guided by the Scottish

Government and what shape new building standards regulations take. Our pathway is honest about that, and we will work with the Scottish Government and our supply chain to collaborate as much as we can as their plans emerge to ensure a collective push.

It was excellent to receive external recognition this year for the sustainable communities we are creating. Bertha Park, our Village development in Perth, was awarded Best Development in Scotland and Best Sustainable Development across the UK. Dykes of Gray, our Village development in Dundee, was also recognised on a UK platform for the quality of its public realm.

Our Villages provide an excellent showcase for many aspects of ESG, and the delivery of fantastic new communities with high quality, energy efficient homes, is the progress I look forward to sharing each year.



Innes Smith
CEO

Structure of this report

The report begins by offering some wider context on what has happened around us during the past year. Issues for example that are having an impact on housebuilding in Scotland or on the UK's economic climate. We reflect on our own experience of delivering the first year of our ESG strategy, outlining the highlights from that and addressing each objective for full transparency.

In this strategy, we introduce our route map towards net zero and outline the steps we will take and when and conclude with an outline of projects that we will take forward in the next year to progress our pursuit towards that net zero goal while adding continued value to our business.

Wider context

The housing market across the UK has slowed down. After normalising following the shock of the UK Government's mini budget in September 2022, the market is down again with buyers' confidence knocked by interest rate increases. This is having an impact on our business decisions, as well as that for housebuilders across the UK industry, for 2022/23. We are being cautious about new site openings and, as a result, redundancies are being made.

We have always been at the forefront of building energy efficient homes, keeping ahead of government standards. The energy crisis has led to better appreciation for energy efficiency and, as demand from customers is increasing, this presents market opportunities, particularly with mortgage lenders trending towards sustainable homes.

Legislation laid in the Scottish Parliament in June 2023 has confirmed the ban on fossil fuels in new build homes in Scotland. The Building (Scotland) Amendment Regulations 2023 will mean homes built with a building warrant approved after April 2024 will be built without gas. The Scottish Government is also proceeding with what has been termed the Scottish equivalent to the Passivhaus standard. However, following the announcement in

December 2022, no more detail has come forward. Both these changes demonstrate the strong desire from the Scottish Government to be more ambitious on the pursuit to net zero which they aim to achieve in Scotland before the rest of the UK.

In England we have watched with interest as housebuilders move towards the Scottish model of timber frame construction, with an increase generally in the proportion of a home constructed off-site. However, following the high profile closure of modular factories in England, we have also seen views across the industry on moves to modular construction change.



Our timber kit factory in Bellshill, Glasgow.

Our Approach **2**

Delivering our ESG objectives

The number of objectives set within our first ESG strategy was high after establishing a baseline across all of our operations. We found this approach was useful at engaging colleagues across the business as owners of the objectives and as a result spread knowledge and a strong level of commitment to ESG across the Group.

Delivering our ESG objectives

Developing our pathway towards Net Zero Carbon has been an interesting exercise given how keen we are to remain authentic. As we have seen from other house builders across the UK, much of the later stages of our pathway are reliant on the assumption that new innovations and zero carbon technology will emerge within the supply chain. Similarly, as more regulation comes forward from the Scottish Government as they progress their own net zero aspirations, we expect to be able to add more detail to our own. A key example of this has been a suggestion of a Scottish Passivhaus equivalent without any follow up information on what such a standard would mean in practice.

NextGeneration Core

This year we engaged formally with the NextGeneration Core initiative. NextGeneration Core is an intermediate corporate sustainability benchmark for small to mid-size home builders to measure their sustainability against best practice. It is based upon the criteria of the NextGeneration Benchmark but contains 14 core criteria making it more accessible than the full benchmark. We became the first house builder within the UK to be measured solely by the core criteria and that enabled benchmarking against larger UK house builders on key matrices.

We found through this experience that we were very strong on activities under the 'Social' umbrella, including through our investment in employees, our place-making abilities with each of our developments designed by a registered architect and urban designer, and in our engagement with communities. We also established that we had a strong head start on the delivery of homes without fossil fuels through over a decade of experience in the use of air source heating systems. Similarly, our use of Modern Methods of construction was commended with 100% of the homes constructed from timber kits.

Our experience with NextGeneration Core has led us to consider what data we should report on to ensure our approach is meaningful and focused on delivery for our employees, our customers and communities as well as our shareholders.



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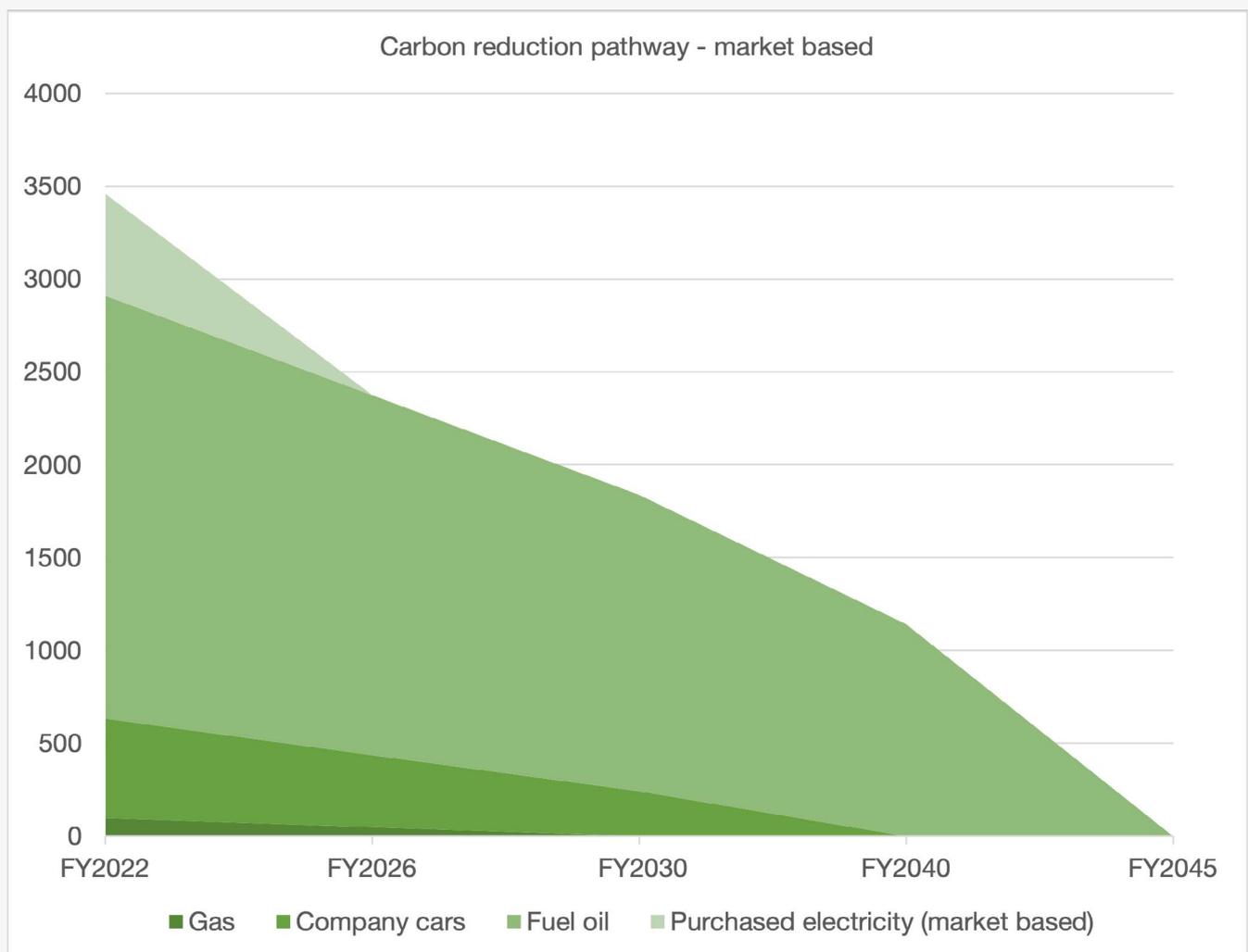
Environment

Pathway towards Net Zero Carbon

We aim to reach net zero before 2045 and have aligned our plans with the Science Based Targets Initiative (SBTi). This is backed by an extensive greenhouse gas accounting exercise conducted internally in line with the GHG Protocol. This means our direct emissions such as the diesel, gas and electricity we consume in our day-to-day operations, also known as scope 1 and scope 2 emissions, will be reduced to zero before 2045.

For scope 3 emissions which are out with our direct control, such as embodied carbon in purchased materials, our near-term engagement approach is adopted in line with the Science Based Target initiative (SBTi). This means we must engage with our supply chain to ensure that 67% of our emissions are covered by suppliers' own net zero targets within the next five years.

The graph below outlines our projected net-zero pathways for emissions:



The table below summarises the key actions that drive down our carbon emissions. The action plan is focused on a market-based pathway along with our scope 3 engagement target. Actions have been summarised across four timeframes up to the target year for net zero. The stated actions emphasise short to medium term concrete steps that can be taken, as well as high level directions for longer term actions.

	Buildings and property	Plant and vehicles	Low carbon supply chain	Waste reduction
Now	Implement energy efficiency measures in company property. 50% of Group electricity use from renewable sources.	Trials of low carbon plant on site. Trial of electric vans in commercial fleet.	Engage with supply chain to explore scope 3 emission reduction opportunities.	Map current waste streams and establish plans to increase the reuse and recycling of key materials.
2026	Develop plan for phasing out gas across the Group. 100% of electricity from renewable sources.	Set targets based on trials for rollout of low carbon plant. 55% of fleet vehicles with zero emissions by 2030.	Low carbon requirements in procurement policy; 67% net zero target for supply chain emissions.	Establish zero waste to landfill target.
2030	Implement plan to remove fossil fuel heating from company property.	50% of plant and machines with zero emissions. 100% of vehicles with zero emissions.	90% of supply chain emissions to be covered by net zero target.	Monitor zero waste to landfill performance against target.
2040	Continue to monitor and report zero fossil fuel energy consumption in company property.	100% of plant to be zero emissions.	Continue engaging with suppliers to opt for lower embodied carbon materials.	Continue monitoring and reporting progress against targets.
2045				

In addition to the creation of our net zero route map, three key projects were undertaken that will inform further work and implementation this year.

1. Fossil fuel free heating

At Springfield, we already have a head start in the use of air source technology with over 60 developments being delivered to date without fossil fuels. We undertook a project during the year to assess all viable fossil fuel options and consider what technology was currently the best fossil fuel free solution. Options explored were air source heat pumps, exhaust air heat pumps, ground source heat pumps and communal air source heat pumps. Electric battery storage, wastewater heat recovery and PV were considerations in each option.

This project took account of the forthcoming 2024 update in the Scottish Building Standards which require upgraded building fabric including better insulation, increased air tightness, better ventilation and the 'New Build Heat Standard (NBHS)' which requires new build homes to be delivered with an alternative to fossil fuel heating. The equivalent is due to be applied in England from 2025.

A detailed Operational Energy Assessment (TM54) was carried out by an external consultant on three sample house types and three heating and technology scenarios, providing nine iterations. This is a far more accurate 'real life' calculation measure which covers all aspects of the house as well as taking account of appliances and other factors, not covered by the EPC or iSAP. Findings were measured in both power consumption and cost, based on tariff figures applied at the time of the calculations.

The findings confirm that going forward, in order to comply with the 2024 Building Standards, air source heat pumps, with a battery and PV combination is the best solution for houses. Exhaust air heat pumps are the simplest option for apartments given the inability to accommodate multiple externally located ASHP units. Ground source heat pumps are an option for all dwellings, depending on the limits in the existing supply infrastructure and more pilot schemes being built to prove the theoretical information which has been provided so far.

While this project concluded the best solutions currently available, the Scottish Government has announced their aspiration for the development of a Scottish Passivhaus standard and we anticipate detail on what that means coming forward soon. We will therefore build upon this project to understand what that means for the homes we will be delivering for our customers in the future.



An air source heat pump on Springfield's South Glassgreen development in Elgin.

2. Modern Methods of Construction

With two timber kit factories within the Group and 25 years of experience delivering timber kits off-site, we know that we already have a strong lead on modern methods of Construction (MMC) in comparison to other UK housebuilders. We were keen to better understand the metrics being applied to measure MMC and pre-manufactured values (PMV).

As part of this we liaised closely with the Scottish Futures Trust (SFT), a Scottish Government owned agency who has been tasked with exploring how further use of off-site methods can be promoted. We found that SFT, like Homes England as well as the NextGeneration initiative, use the [Cast Evaluation Toolkit](#) to calculate levels of MMC and PMV. We believe that the toolkit has some weaknesses given the simplicity of its methodology. An example is the positive recognition of concrete piles within the tool given that they are constructed off-site, however alternative types of foundations would be more sustainable by reducing the amount of concrete used to begin with. However, working with the toolkit, we calculate that Springfield's PMV is currently over 50%.

As mentioned above, housebuilders exploring a leap to full modular construction have pulled back following publicised failures in the supply chain and in some projects themselves. Therefore, we believe incremental evolution from the timber-kit construction we have now, where the panels are put together on site, is the most sustainable approach to increase PMV. In the year ahead, we will assess the practicality of our factories constructing closed panels to begin this evolution in the pursuit of increasing our PMV.

3. Biodiversity

Biodiversity Net Gain (BNG) is a measurable approach to development, aimed at leaving biodiversity in a better state. While the UK Government Department Environment, Food and Rural Affairs (DEFRA) metric has been rolled out in England as a common approach to measuring BNG, there is no comparable policy in place in Scotland. NatureScot is due to publish guidance in this area and in the meantime, we have developed our own approach that utilises the DEFRA metric to ensure biodiversity is a key consideration throughout our development processes.

This year we consulted closely with a specialist and have developed a process that will allow measurement of BNG achieved through appropriate site design and landscaping with an initial commitment to protecting and enhancing biodiversity. Over the coming year we will assess this approach on a practical basis, using one of our Village developments as a case study.



The outcomes of our other 'Environmental' objectives are summarised below.

2022/23 ESG Objective	Outcome
Set an interim target and a transition plan roadmap .	As described in the section above, our roadmap details Springfield's emissions profile and proposed actions to reach net zero before 2045. We are proposing to reduce all scope 1 & 2 emissions to zero before 2045 and to engage with our partners to ensure 67% of our scope 3 emissions are placed on a path to net zero within the next five years.
Review our ability to deliver on a Science Based Target following research and a feasibility study to consider the boundary of scope 3 emissions and alignment with the Paris agreement.	Following a review, and as reported in our net zero pathway, we propose to align our emissions reductions to the Science Based Target Initiative (SBTi). Once we have engaged with our value chain / suppliers to ensure they have adequate plans to reduce their emissions (our scope 3 emissions) we will consider seeking validation by SBTi.
Undertake a project to identify and assess potential alternate site low carbon fuel sources .	Having liaised with key external machinery providers and manufacturers, it is clear there are no breakthrough innovations with viable electric options. For temporary site power, a possible hybrid option has been identified and we are currently piloting this technology.
Research the potential of alternative technologies for all new build homes to be fossil fuel free to understand the impact of capital cost, running cost and carbon reduction over the life of the property.	At Springfield we already have a head start in the use of air source technology. We undertook a project during the year to assess all viable alternatives to fossil fuels.
Undertake a project to determine an approach for measuring biodiversity pre- and post-build to show biodiversity net gain, collaborating with NatureScot to determine an appropriate methodology reflecting the biodiversity in Scotland.	Process developed to protect and enhance biodiversity with testing to take place in the year ahead.
Explore the creation of woodlands for the purposes of enhancing biodiversity, sequestering carbon and other social benefits.	Consideration for the creation of woodlands was captured into the project above for consideration on a site by site basis. See also case study on community tree planting here on the Springfield Group website.
Develop an Environmental Management System aligned to ISO 14001	We achieved ISO 14001 certification in 2022.
Improve the quality of data, reduce waste generated and target 90%+ diverted from landfill.	Implemented data collection process to capture waste figures across the group and achieved 92% waste diverted from landfill.
Set targets around: <ul style="list-style-type: none"> • Responsible sourcing of materials • Recycled content of materials 	While we started engagement with our supply chain this year, it was premature to set targets and instead have integrated this work into our engagement on scope 3 emissions. Key suppliers will be targeted for more detailed information on emissions, recycled content and responsible sourcing certifications.
Review existing methodologies for calculating MMC in housebuilding with key partners and set an improvement target.	As detailed above, a key methodology was identified and further work will be undertaken this year ahead of setting any targets.

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Social



In activities that fall into the ‘social’ banner, our work over the last year has shown us how strong our performance is.

Health and Safety

In Health and Safety, we have implemented a core competencies matrix for all positions to ensure our standards are consistently high across our operations. To ensure these high standards include what we expect from sub-contractors, we now ensure all approved contractors undertake a Pre-Qualification Questionnaire (PQQ) before starting on one of our sites.

We have changed the way we calculate and track Health and Safety statistics to allow benchmarking across the UK housebuilding industry. As part of the NextGeneration Core benchmarking exercise for financial year ending 2022, we were commended for an Annual Incident Rate (AIR) of 184 against the benchmark of 239. Our results for financial year ending 2023 include for the first time a full year of activity from both Tulloch Homes and Mactaggart & Mickel Homes within the Springfield Group and we rolled out the use of AIR across these operations. This Group-wide campaign to encourage increased reporting of incidents in this way has resulted in an increase in our AIR to 760. Work is now underway to target areas for improvement and we anticipate overall better Health and Safety performance across the Group as a result.

Customer Satisfaction

Customers continued to be the correct focus for the business and this year we transitioned, alongside national peers, to the New Homes Quality Code (NHQC). The New Homes Quality Code aims to drive up the quality of new build homes and strengthen protections for customers. We took the opportunity to instil quality principles through each of our brands while preparing for the launch of the Code. With consistent processes in place, including the introduction of a new formal complaints procedure, we activated the New Homes Quality Code for customers reserving a new home from April 2023.

While the new code should offer customers of new build homes additional confidence, our commitment to customer service has always been consistently high and we aspire to achieve 100% customer satisfaction to ensure we are doing all we can to make our customers feel special. Our customer satisfaction score at year end was 94%, up 1% from last year showing progress towards this ambitious aspiration.



Happy customers Liam and Sarah at Tulloch's Fairview Meadows development, Inverness.



Employees

A cornerstone of our business has always been to invest in people. Our history as a small housebuilder in the north of Scotland, with a rural population and competition from the oil industry, necessitated the upskilling and often multi-skilling of employees to ensure we had people on hand to help us deliver quality homes. Through our growth we have continued to train a high number of apprentices and offer people opportunities to learn, develop and build careers within Springfield. Last year 16% of our employees were undertaking formal training or an apprenticeship against our historic target of 15%. Our work throughout the year has considered best practice targets and examined industry standards/averages, for example the aspirational target set by Next Generation is to have 7% of employees in formal training and we calculate that the housebuilding industry in Scotland takes on 44 apprentices for each home built.

At the same time, we have been considering how our business can become more efficient and agile to support our growth strategy, with a model in central Scotland around Stirling, Edinburgh and Glasgow that best performs through engagement with the skilled sub-contractor base. We want to ensure we are working with the best people and that we are flexible in the use of our training budget to offer new qualifications through formal training as well as to promote and maintain a strong, positive culture by offering training on topics such as diversity and wellbeing that impact our entire workforce.

As a result we have revised our formal training target and will aim to employ at least one craft apprentice for every 30 homes we build. In addition, we will aim to have at least 5% of all other employees in formal training and development.



The outcomes of our other 'Social' objectives are summarised below:

2022/23 ESG Objective	Outcome
Produce an Equality, Diversity and Inclusion policy .	First EDI policy for the Springfield Group developed and published in December 2022. It has been published in the ESG section of our website as well as on our Careers page. A programme of EDI awareness training for employees has also commenced.
Consider what data would be helpful to publish on our workforce, including the proportion of subcontractors and include this in our ESG strategy reporting.	This data now collected across all of our sites.
Implement health & safety Core Competencies training matrix for all positions.	A Core Competencies Training Matrix has been rolled out across the Group and is being monitored and updated.
Ensure all approved contractors undertake Pre-Qualification Questionnaire (PQQ) before starting on site.	A new PQQ has been rolled out for all new sub-contractors. This process is being written into our Quality Management System for Commercial processes and will form part of internal audits.
Register for the New Homes Quality Code and integrate into business processes.	NHQC activated on 2 May 2023 (see above).
Offer all new customers additional information on the use of their home to promote sustainable behaviour and help ensure that they can maximise the efficiency of their home.	We were committed to ensuring customers maximised the efficiency of the technology we had installed in their new homes through the creation of video content on air source heating. The comprehensive videos can be viewed here on the Springfield Properties website.
Survey customers on sustainability to understand their views on issues such as biodiversity and energy efficiency.	We engaged with our existing customer base around attitudes to sustainability through a survey undertaken in October 2022. We were delighted to receive over 750 returns.
Introduce our own good practice standards for community engagement in the planning process , going beyond regulatory requirements.	We have committed to introducing our own good practice standards for community engagement within the planning process, going beyond the minimum requirements. For planning applications that are classed as 'major', which usually involve the delivery of over 50 homes, as well as hosting two public consultation events we will host an on-line Q&A session to increase accessibility and encourage more people to participate and offer our engagement through the local primary school.

Ongoing ESG Objectives	Outcome
Report on our performance against our target of 15% of employees undertaking formal training and / or apprenticeships .	As at year end we have exceeded our target, having 16% of our employees undertaking formal training and / or apprenticeships. Following review, new targets were agreed: <ul style="list-style-type: none"> • Apprentices - We aim to employ at least one craft apprentice for every 30 homes we build. • All other formal learning & development - We aim to have at least 5% of all other employees in formal training and development.
Monitor and report accidents using standard industry metrics including AIR and AFR with a target performance of equal or better than the industry average.	AIR and AFR has been recorded and will now be published each year.
Build upon our partnership with the Lighthouse Construction Industry Charity to raise awareness of mental health issues and promote the resources available for support.	We have sustained our partnership with Lighthouse and have been promoting the benefits to both our employees, our subcontractors and our supply chain, including through a 'time to talk' poster campaign in February 2023.
Strive to ensure customer satisfaction increases year on year with an aspirational target of 100%, measured by independent accredited surveys.	Customer Satisfaction at 94% for Group for financial year ending 2022/23 as measured in independent specialists In-House.
Incrementally increase the number of community engagement events that we host.	We held 47 community events during 2023/23, which is a substantial increase on 2021/22 when we held 19 events. This increase is a result of the creation of our dedicated Community Engagement Coordinator role which has been in place since January 2022. For the current financial year consideration has been given to the types of events to ensure they are meaningful as well as continuing our programme of events with our Village developments [Please see case study on community tree planting as an example of our community engagement, available here on the Springfield Group website].
Commit a headline budget for sponsorship and donations to ensure we can proactively support causes and initiatives that align with our wider objectives.	A new Group wide budget alongside criteria and a process for sign-off was introduced for sponsorship/donations. Where possible, the Springfield Group aims to support local charities, organisations, teams and individuals. We believe that donations to small, local charities proportionally make a bigger difference than those given to a large, national charity. We also believe that smaller local charities or groups benefit from powerful local reach, giving them a strong understanding of a community's needs. Total sponsorship/donations committed in 2022/23 was £80,284 fulfilling all requests that met our criteria.
Support employees who wish to help others i.e. through schools, mentoring schemes, charitable work and other projects, by developing a process to capture and track the time offered.	In-kind contributions from employees' time is now being tracked across the Group. The list will be held centrally and used to inform intranet articles to congratulate the individuals involved and encourage further take-up. A section has also been added into our employees' annual appraisal to capture and encourage in-kind contributions both within or outside the workplace.

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Governance



As an AIM-listed company, good governance is crucial to our sustained success.

ESG Governance



The first step for us under Governance was to set up a robust ESG governance structure to oversee our strategy development and delivery. In the past year we continued to work closely with our dedicated Non-Executive Director for ESG, Colin Rae. Our ESG Committee, led by our Chief Executive, Innes Smith, met several times with reports being presented to our Board ensuring ESG is a regular agenda item at the highest level.

Taskforce on Climate Related Financial Disclosures (TCFD)

As an AIM listed organisation with more than 500 employees we were required to make a TCFD compliant disclosure with our 31 May 2023 Annual Report and Accounts. In developing our ESG strategy we considered the pillars of TCFD – namely governance, strategy, risk management and metrics targets – and therefore, working alongside a specialist consultant, we felt well prepared for our first disclosure. Our TCFD disclosure can be viewed within our Annual Report published on the Springfield Group website.

Supply chain resilience

This year we began a programme of engagement with our supply chain to ensure everyone we work with a) understands our commitment to ESG, b) benefits from the sharing of important information, and c) keeps us informed about their own position on the ESG journey. We wrote to each of our suppliers and sub-contractors early in 2023 to share our strategy. Since then, we have engaged them on modern slavery, mental health & wellbeing, signposting support available, and on our activation of the New Homes Quality Code to ensure they understood how important this was to us and our customers.

It has been useful to open up communication on these important issues and to identify businesses that may need our support to move forward on ESG in the future. However, with such a varied supply chain, we have concluded that we will need to focus our engagement to ensure innovation and sustainable product development. This means engagement with scope 3 suppliers with the largest carbon footprints. This will include the manufacturers of the most energy-intensive materials used the construction of our homes, namely brick/block, metals, concrete, plastics and wood.

The outcomes of our other 'Governance' objectives are summarised below:

2022/23 ESG Objective	Outcome
Formally create a sub-committee of the Board , chaired by the Chief Executive, to oversee the progress of the strategy.	As noted above, an ESG Committee is now operational.
Consolidate risk registers using a consistent methodology and defining risk appetites.	We held a Risk Management Workshop in March 2023 to consider climate-related risks and structure of risk management across the Group.
Engage with new and existing suppliers to consider their own ESG performance.	As noted above, a survey was undertaken and regular engagement with our supply chain begun.
Refresh our Modern Slavery statement .	Following a thorough review, we published our refreshed Modern Slavery Statement in December 2022. The actions set out within Modern Slavery Statement were also completed during the year, this included engagement with the supply chain to raise awareness of the risks surrounding Modern Slavery.
Make our first TCFD compliant disclosure to accompany our annual accounts for year ending 31 May 2023 due to be published in September 2023.	Our first TCFD disclosure has been published within our annual report, available on the Springfield Group website.



Foundations being laid at Springfield's Bertha Park development in Perth.

6 Next Steps



The second year of our strategy will be more focused as we expand on some key projects which will help us work towards net zero. We will also continue to focus on all the great things we do for people and the environment, measuring performance against carefully selected matrices to ensure we prioritise delivery.

Our new 'Environmental' projects launching this year for completion by 31 May 2024 are:

Project	Background
Review the practicalities of our timber kit factories to build closed panel systems.	With decades of experience delivering timber kits off-site, this year we will pilot production of closed panels with insulation fitted within our factory environments.
Monitor the development of Scottish Passivhaus standard as details begin to emerge from the Scottish Government.	In December 2022 the Scottish Government confirmed that it would introduce new minimum environmental design standards for all new-build housing to meet a Scottish equivalent to the Passivhaus standard. The standards are expected to be implemented by the end of 2024 through secondary legislation however no further details have emerged. We are currently engaging with Homes for Scotland, as the representative body for home builders in Scotland, and the Scottish Government sponsored Built Environment Smarter Transformation Centre to promote collaboration and the emergence of workable solutions.
Pilot a proposed standard for biodiversity which protects and enhances new development sites.	In Scotland, there is not yet an agreed metric for calculating biodiversity net gain unlike other parts of the UK. To lead good practice we have developed our own standards and will be testing the proposed approach on one of our Village sites.
Implement energy efficiency in company property and move towards 50% of our electricity use to be from renewable sources by 2026.	When working towards operational net zero we will consider how our offices are powered and aim to increase our use of renewable sources as a first step.

Project	Background
Establish a Research & Development (R&D) Programme for Sustainability Innovation and undertake trials of low carbon plant on site and electric vans in our commercial fleet.	We acknowledge that to achieve net zero our pathway is reliant on innovations within our supply chain. By launching a Programme for Sustainability Innovation we can capture trials of technology as it emerges and feedback productively on its performance to inform further work. Our priority for trials will be on low carbon plant and alternatives to diesel vehicles.
Engage with our supply chain to explore scope 3 emission reduction opportunities.	To tackle our scope 3 emissions we acknowledge that the solutions lie in our ability to engage with our supply chain and support them in adopting their own emissions reduction targets.
Map current waste streams and establish plans to increase the reuse and recycling of key materials.	Our priority will be to better understand where unnecessary waste is occurring and to identify opportunities in a plan to improve our performance.

We will also deliver on the following objectives which were set in our strategy last year for delivery by May 2024:

E	Nature and Land Use	Improve data collection and reporting on the water efficiency of our developments and set targets for improvements.
S	Employees	Explore the value of external accreditation schemes including Investors in People (IIP), Healthy Working Lives and the Living Wage.
		Introduce a project at site level to calculate the proportion of local sub-contractors we use to better understand our impact on local economies.
		Align health and safety processes to with ISO 45001 with a view to obtaining external certification.
G	Supply Chain Resilience	Seek to encourage smaller suppliers and sub-contractors who have not yet started a journey on ESG.
		Review Terms & Conditions for sub-contractors across the Group against external accreditations to ensure best practice.

7 Reporting

This is the first annual update against our ESG Strategy launched September 2022. Throughout the year we have also populated our Group website with progress and statistics relating to ESG. The web content can be viewed [here](#) on the Springfield Group website.

As mentioned in the foreword from our CEO, we are determined not to become pre-occupied with the data and instead will focus on delivery with our customers and employees in mind that make a meaningful difference.

However, to ensure we are providing purposeful data for our varied stakeholders, in the next financial year we will report against the following indicators:

- Waste diversion
- Average SAP rating for EPC
- Scope 1 & 2 CO2 emissions
- Biodiversity net gain
- Electric vehicles in fleet
- Homes with zero fossil fuels
- Customer satisfaction
- Employee training
- Apprentices
- Accident Incidence Rate

We have met investors with a keen interest in ESG and have been delighted with the feedback received. We remain very open to dedicated ESG meetings and would welcome the opportunity to discuss our work with investors and other stakeholders.

For further information on any of the content within this ESG strategy, please contact karen.campbell@springfield.co.uk



Mactaggart and Mickel's Lethington Gardens development, Haddington.



