



# Environment & People

## ESG Strategy Annual Update

September 2024



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# 1 Introduction



**Mactaggart & Mickel**  
*Stewart Gardens, Newton Mearns*

Starting with the belief that everyone in Scotland deserves a good place to live, the Springfield Group is proud to deliver a range of housing across all tenures. The Springfield Group is made up of a number of well-established and respected brands including Springfield Properties, Springfield Partnerships, Dawn Homes, Walker Group, Tulloch Homes and Mactaggart & Mickel Homes. Together, we are one of the largest housebuilders in Scotland with ambitions for further growth to help meet housing needs and aspirations across the country.

Whilst each brand offers something different to each geographic area, we underpin the entire business with a strong ethos of building a quality home and looking after our customers, our employees and the communities in which we operate. At Springfield, we are proud to deliver high quality, energy efficient homes and to create fantastic new sustainable communities across Scotland for families to enjoy for decades to come.





## CEO foreword



*I am pleased to be offering our annual update on activities in relation to ESG. We care about the impact we have on the environment and people and are keen to make that impact a positive one wherever possible.*

*The projects we have driven forward during 2023/24 have a positive impact on a number of fronts. It is important to us that our projects are meaningful and can bring added value to either people - our employees, our customers or the communities in which we build – or the environment – with changes to our operations reducing carbon, preventing waste or protecting habitats.*

*We want to be authentic in our approach and carefully selected the best key performance indicators for us to report against. Our KPI on the number of homes with zero fossil fuels is one of great pride for our business. In the last*



# 45.5%

of homes with zero fossil fuels  
in 2023-24 (up from 32%)

*year almost half of our homes were delivered without gas. We pioneered the use of air source technology in new homes over 20 years' ago and this experience is serving us very well as gas in new homes begins to be phased out across the UK.*

*I trust that these highlights will be of interest to you and would encourage you to reach out if you are interested in further detail on any of our projects or case studies.*

**Innes Smith**  
Chief Executive Officer

## Structure of report

This is the second update prepared since our strategy was launched in 2022. This update outlines our progress on key objectives within our Environment and People strategy, with a focus on the period 1 June 2023 to 31 May 2024. The data within this report is based on homes handed over to customers for occupation within the period.

To provide wider context, we begin with some information on the political and economic environment during the period. The report then continues with an overview of our activities under the banners of 'Environment' and 'People'. We outline our performance against KPIs and provide tables showing clearly how we have addressed each of the objectives set. Throughout each section we offer case studies to better illustrate the progress made.

At the conclusion of the report, we outline our objectives for the current financial year, 1 June 2024 to 31 May 2025.





Our timber kit factory in Bellshill.

## Political context

Over the last year we have seen the political context around us change. The Scottish Government has pulled back on their target of reducing 75% of carbon emissions by 2030, acknowledging that slow progress in technical advancements meant that they were unattainable within the time set. While the commitment towards net zero remains in place for 2045, the journey towards it will be different.

In addition, the Bute House agreement has been dissolved and the Green Party has departed from the Scottish Government. This has delayed and potentially changed the Scottish Government's plans to increase building regulations on energy to a passive standard. The national declaration of a housing emergency has been potentially more influential, with the need to increase the supply of new homes gaining additional political attention.

We have also had a change of government at UK level, and as Labour settle in, we see what impact, if any, that has on high level carbon targets and regulation affecting housebuilding elsewhere in the UK. What is clear so far is the drive to deliver more homes with an ambitious target to deliver 1.5 million homes in England and Wales over the next five years.

## Economic context

It was another year of challenging market conditions as home buyer confidence remained subdued. The number of homes delivered across the home building industry has reduced as a result.

Mortgage lenders remain supportive of the housebuilding industry and are keen to lend to buyers of energy efficient new build homes. The Bank of England reduced its base rate in August 2024 and with further stability we will see an increase in buyers' confidence.

The requirement for new housing in Scotland is at an all-time high and drops in housing supply across the industry further compound housing needs. The scale of unmet demand continues to underpin the fundamentals of our business, allowing a return to growth as confidence in the private housing market increases.



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# Environment



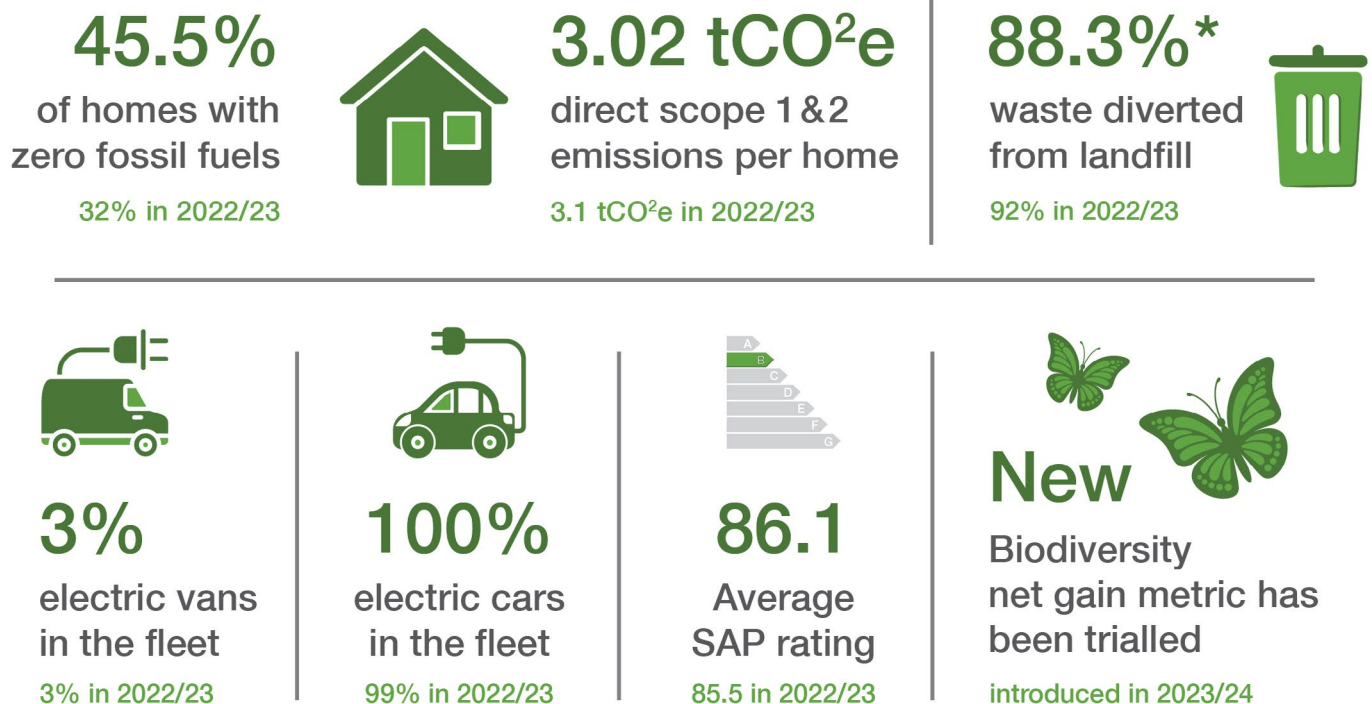


## Route map and performance indicators

We are keen to do what we can to lower Scotland's carbon emissions. We have a route map in place and aspire to reach net zero by 2045. Our projected net-zero pathways for emissions and the key actions that drive down our carbon emissions, first published in September 2023, are copied on page 8 for reference.

Key projects kicked off in prior years have scope to grow in the year ahead. We have undertaken pilots that are ready to be rolled out and we continue to learn from advancements in technology across the sector.

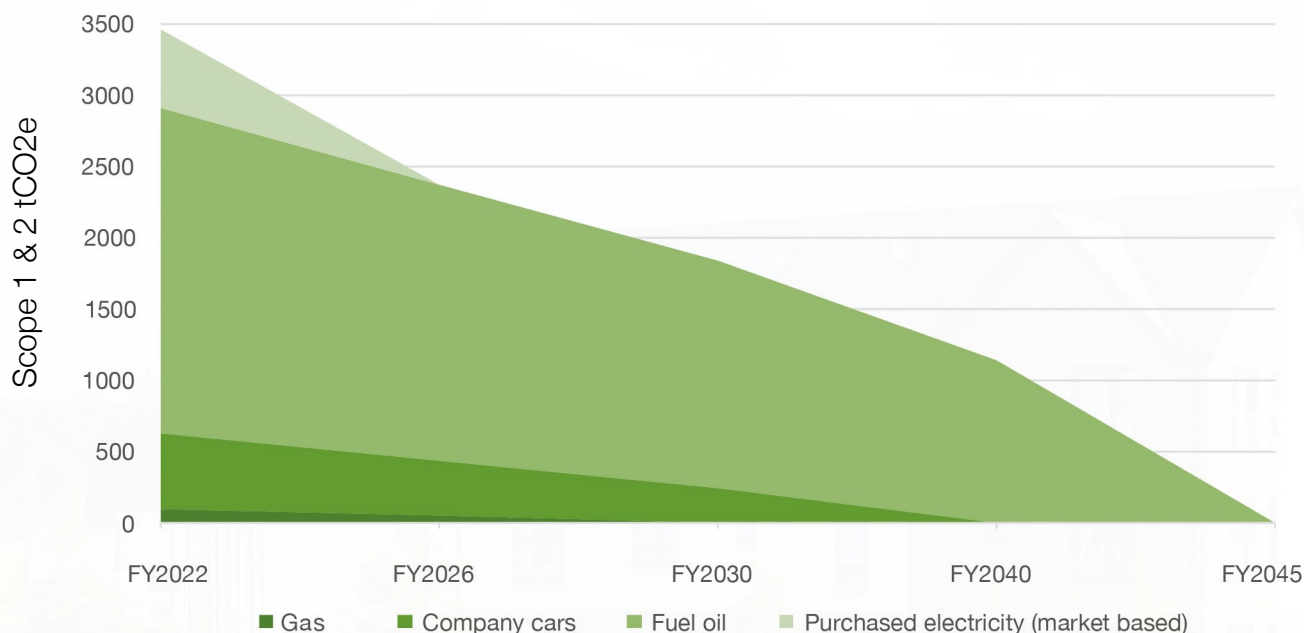
Our performance against our KPIs under 'Environment' for financial year 2023/24 is as follows:



\*This year's data includes recent acquisitions in geographies with lower recycling rates which has reduced our overall diversion from landfill rate. When we exclude the new areas, the figure remains at 92% in line with last year.



### Springfield Group market based pathway towards net zero



**Now**

#### Buildings and property

Implement energy efficiency measures in company property. 50% of Group electricity use from renewable sources.

#### Plant and vehicles

Trials of low carbon plant on site. Trial of electric vans in commercial fleet.

#### Low carbon supply chain

Engage with supply chain to explore scope 3 emission reduction opportunities.

#### Waste reduction

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**



## Carbon emissions

We are pleased to see this year the tonnes of CO<sub>2</sub>e per home sold was 2% lower than last year.

Our overall carbon emissions for the year are 1,969 tCO<sub>2</sub>e (scope 1), 421 tCO<sub>2</sub>e (scope 2) and 88,497 tCO<sub>2</sub>e (scope 3). These figures reflect a fall in emissions compared with last year but the primary cause is a reduction in output i.e. overall energy use decreased by 36% and the number of homes completed decreased by 33%. Our full figures are disclosed in our Annual Report within the Streamlined Energy and Carbon Reporting (SECR) and Taskforce on Climate Related Financial Disclosures (TCFD) sections which includes our year on year direct and indirect emissions (scopes 1, 2 and 3) calculated in line with the Greenhouse Gas Protocol.

We are making progress in reducing our direct carbon emissions (scopes 1 & 2), however we are also starting to focus on the emissions from our supply chain including embodied carbon in the materials we purchase. This year, to start tackling this significant source of indirect emissions (scope 3), we engaged with the suppliers of our key construction materials:

- Concrete incl. lintels, block, kerbs, slabs & mortar
- Steel beams & mesh
- Plasterboard
- Insulation
- Timber incl. OSB and chipboard
- UPVC fascia & soffit

Through this engagement process, we have established that 81% of our key suppliers have set carbon reduction targets:

- 63% have committed to net zero
- 19% have set annual carbon reduction targets (non-net zero)
- 18% have yet to set reduction targets

We will continue to engage with and encourage all of our key suppliers to start their carbon reduction journey.

## Waste, reuse and recycling

We diverted 88.3% of waste from landfill in 2023/24. Together with our partners in the waste management industry, we are working towards a circular economy. This year, we have made improvements in the quality of the data we collect across all parts of the Group. We have gained a better understanding of not only the types of waste generated, but also how it is processed by our waste management partners after it leaves our sites. This improvement in data has shown a regional picture where our more northerly sites have a lower diversion from landfill figure. This is due to less developed waste processing infrastructure in the north of Scotland.

To counter this, we are working on solutions to improve the waste segregation at our end. One example of how we are moving forward in this area is the collaboration with researchers at SRUC College in Edinburgh on an exciting project to map out and quantify the volume of waste that could be reused. The Scottish Government-backed research is evaluating potential policy interventions such as regional material reuse hubs, supplier take back schemes and



digital platforms to advertise excess materials. Another example, is where we have introduced a take-back scheme with a key supplier who collects our empty tins of paints and varnishes for recycling.

## Electric vehicles (EVs)

100% of cars in our fleet are full BEV (battery electric vehicles). To run a fully electric Company Car scheme in our industry is unique and we are proud to have taken this lead. As at 31 May 2024, we had 134 electric company cars.



We continue to trial and evaluate electric vans, however electric van technology has lagged behind cars and is not yet viable as a complete substitute for traditional combustion engine vehicles. We have introduced three full BEV vans as part of a trial and, as well as monitoring their performance, we are closely monitoring the market. Beyond this, we operate a modern van fleet with no vehicles beyond five years old, this ensures we are reducing our emissions across the Group while the battery technology progresses.

## Energy efficiency in company premises

Increasing the use of renewable energy in our property, is an important initial step in our pathway towards net zero. As Springfield has grown over the years through the acquisition of other housebuilding companies, an important first step in this pursuit involved housekeeping as we worked with a specialist consultant to bring all areas of our business together under one utility contract. Currently, 36% of our energy comes from renewable sources. In the year ahead, plans will be put in place to increase that proportion towards the 50% commitment in 2026 and our energy consultant is supporting us with this.





## Programme for Sustainability Innovation

A Programme for Sustainability Innovation was created during 2024 to ensure that we can capture all R&D emerging across our Group. This year we are pleased to report on the following case studies:

### **CASE STUDY A:** Our new portfolio of house types

The Springfield Group had accumulated a large portfolio of house designs through the acquisitions of house builders Dawn, Walker, Tulloch and Mactaggart & Mickel. With over 200 house types combined across all of the brands, we were in a position to consolidate the range by picking the best and most popular house types, updating and combining them to create a new, streamlined suite of homes. This resulted in reducing the overall number of house types to 40.

There were benefits to be gained in many different areas from efficiency of construction through to the quality and performance of the homes. The upgraded thermal performance will ensure these homes are more energy efficient over their lifetime, providing our customers with better quality homes which are more cost effective to run. The new house types also lend themselves more easily to modern methods of construction, using crane erection to build more safely and efficiently. In addition, the standardised window and doors sizes make factory production even more efficient. Looking forward, the new range will also offer us the potential to transition our kit factories to produce closed panel timber frames with insulation factory fitted.

It was important for us to be inclusive of all departments when curating the new range of homes as there were considerations to be taken into account from every angle. The selection process was robust, with feedback on the homes from areas including construction, commercial, timber frame design, sales, and crucially, from the customer perspective. In reducing the number of homes, we retained an



appealing level of choice for buyers. The house sizes across the new range spans from 700 to 3000 square feet and encompasses everything from 2 bedroom terraces through to 5 bedroom detached villas.

We are already plotting the new house types on future developments and new phases of existing developments across the Group in order to realise the benefits to the business as early as possible.



*The Level, our timber kit factory in Elgin.*

## CASE STUDY B: Electric mini buses

To help reduce individual trips, we have introduced a safe, sustainable and efficient method of transport to and from work for employees at our Elgin timber kit factory. Two additional electric vehicles, each seating eight people, have been added to our fleet, bringing the total to three.

The scheme has proved to be successful, with staff taking responsibility of driving the vans on a rotational basis, collecting their colleagues at designated pickup points. This reduces the

need for private vehicles, saving employees money on fuel and reducing carbon emissions. There is also the added benefit of increased space at the factory due to the reduced need for the 20 vehicle parking spaces and the potential for greater factory efficiency as the space can be used for other purposes and add capacity for growth. As we frequently review the success of this initiative, we may look at the feasibility of introducing similar transit schemes at the Timber Kit Factory in Bellshill and sites across the Group.

## CASE STUDY C: Ground source heat networks

Our Millerhill development in Midlothian is set to lead the way in sustainable energy, becoming one of the first major developments in the country to install a ground source heating network. We have been working in partnership with Energetics and Rendesco to deliver the heat network, aiming to be operational in mid to late 2025.

A series of boreholes dug under the development will provide geothermal energy to feed a centralised heat network resulting in lower carbon emissions while generating a reliable and strong energy supply for the whole of the development. The system includes a large thermal store which allows homeowners to take advantage of cheaper night-time electricity, making homes more cost effective to run.

The heat network is compatible with ordinary radiators and provides domestic hot water and heating which can be controlled from a user-friendly interface from inside each home. The system is designed to heat around 200 homes and a great example of achieving commercial viability at this scale. Learnings from this scheme will help inform the planning for future sites where the use of Ground Source Heat Networks may be possible.



## Modern Methods of Construction

At Springfield we utilise modern methods of construction to build the timber-kits for our homes off-site in two regional factories. Our homes are founded on a 'fabric first' approach, as we believe a quality insulation is the first and most important step to retain heat in the home. The thermal materials we use go beyond building regulations and the timber we use in our kits is from sustainable sources and is FSC / PEFC certified.

Last year we set out to test how we could evolve what we do by piloting the delivery of closed panels with insulation fitted within our factory environments. We have made great progress with this and confirmed that we have the technical capability and capacity to achieve closed panels.

As described in case study A, we are introducing a new range of house types. The house types selected are all capable of being constructed using crane erect/raise the roof and this will allow us to move 100% of our homes over to this modern method of construction. This supports our transition to closed panels which will be delivered as a next phase and allow us to go even further, reducing the time spent on site and further increasing the quality of build.

## Energy efficient homes

### SAP Ratings

We are proud to deliver exceptionally good quality and highly energy efficient homes for our customers across tenures. Our KPI shows we continued to achieve an average SAP rating of 86. SAP stands for Standard Assessment Procedure, and it is the methodology used by the government to assess the energy and environmental performance of dwellings. In granular form, our average SAP has increased from 85.5% to 86.4% showing our continual progress. A SAP of 86 is well in excess of what is required to achieve an Energy Performance Certificate rating of B. Amongst our completions were over 50 homes that achieved an EPC rating of A. Our EPCs compare favourably against the average EPC across the UK as a D. This allows customers to live sustainably with a lower carbon footprint while saving money on their bills.

### Air source technology

Energy standards in Scotland are already amongst the highest in Europe and in March 2024 regulation took a significant step forward by phasing out gas central heating in new build homes. At Springfield we have led the way in the delivery of developments utilising air source technology and can manage this transition. Our KPI shows that in 2023/24 we delivered 45% of our homes without gas, an impressive increase from 32% in 2022/23.







## Further improvements

With our homes already highly efficient, the scope for further improvements becomes challenging. We are keen to maximise energy efficiency for our customers and understand how we could deliver homes that hold onto energy for as long as possible. We have worked closely with Homes for Scotland, the representative body for home builders in Scotland, to devise an approach to raising standards which offer further improvements to efficiency, energy consumption and reduced on-costs to customers.

As we are keen to retain a focus on our customers when considering further efficiency measures, a project identified for the year ahead will focus on the running costs and feedback from our customers on the innovative heating systems that we have installed.

## Biodiversity

We have been developing our understanding around biodiversity net gain and have created our own standard for biodiversity which protects and enhances new development sites. During the year we undertook a pilot of this approach using a site in the Highlands – Easterfield.

We have been excited by the innovation which exists in this space. In our trial at Easterfield we are comparing the ecologist's Biodiversity Net Gain (BNG) calculations with those from a platform called BNG AI which uses satellite images and Artificial Intelligence (AI) to calculate biodiversity. We can upload landscape drawings to calculate the change in biodiversity i.e. before and after. The results of the trial have been impressive however it is based on the English biodiversity metric which does not reflect some of the common habitats found in Scotland. Therefore, we are also liaising with NatureScot (Scotland's nature agency) who is developing a Scottish biodiversity metric and we have agreed to run a trial on one of our sites. This collaboration should help promote the emergence of a workable national criteria for biodiversity net gain in Scotland.



Figure 1 Map with habitat classification (with AiDash habitat patterns) generated along with a red line boundary covering the site



The outcomes of our 'Environmental' objectives are summarised below:

Objective	Outcome
Review the practicalities of our timber-kit factories to build closed panel systems.	We have confirmed that we have the technical capability and capacity to achieve closed panels. Implementation will align with the future delivery of new house types to maximise use of modern methods of construction.
Monitor the development of Scottish Government building regulations on energy standards.	We are working with industry body Homes for Scotland to propose workable improvements in energy efficiency which could be achieved in the future.
Pilot a proposed standard for biodiversity which protects and enhances new development sites.	We have completed a pilot and are excited by the innovation in this space, however going forward we plan to collaborate with public agencies to ensure a workable national approach emerges.
Implement energy efficiency in company property and move towards 50% of our electricity use to be from renewable sources by 2026.	36% of our electricity use in company property is currently from renewable sources with plans being developed to increase this to 50% in the next two years.
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.	Programme established with case studies to demonstrate the progress emerging.
Engage with our supply chain to explore scope 3 emission reduction opportunities.	We have begun to look at emissions from our supply chain and have engaged with suppliers of our key construction materials, establishing that 81% of our key suppliers have their own carbon reduction targets.
Map current waste streams and establish plans to increase the reuse and recycling of key materials.	We are working with researchers at SRUC College in Edinburgh on an exciting project to map out and quantify the volume of waste that could be reused. The Scottish Government-backed research is evaluating potential policy interventions such as regional material reuse hubs, supplier take back schemes and digital platforms to advertise excess materials.
Improve data collection and reporting on the water efficiency of our developments and set targets for improvements.	Water consumption for most homes in Scotland is unmetered and many have never experienced water shortages or restrictions in supply. Consequently, water efficiency is currently not a high concern for our customers and for the meantime this project has been paused. At Springfield we acknowledge that with climate change predictions this will likely change, and we need to do more along with the housing industry in Scotland to encourage our customers to use water more efficiently and move towards more sustainable consumption of water using water saving technologies.





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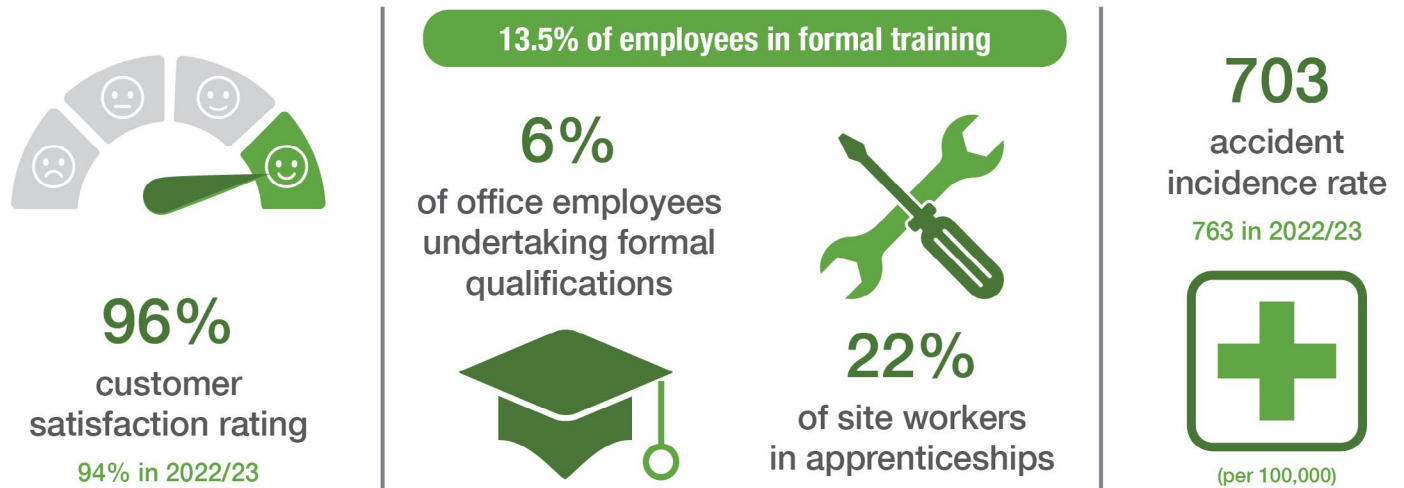
People



## Performance against targets

We care about our customers and our workforce. This has been a constant throughout our growth. In benchmarking across the housebuilding industry, it was clear how strong our performance is in activities that have a focus on people.

Our performance against our KPIs under 'People' for financial year 2023/24 is as follows:



## Customer satisfaction

Looking after our customers and great customer care is embedded in our organisation. It is one of the founding pillars of Springfield which is still championed strongly by our Chairman, Sandy Adam. We have always performed well in customer satisfaction and have set ourselves an aspirational target of increasing year on year to 100%.

We commission an independent specialist to contact our customers to learn about their buying experience around six weeks after they have moved in. Our customer satisfaction performance is measured on the response to one key question: would you recommend us to a friend?

We are pleased to report that we have finished the 2023/24 financial year at 96% customer satisfaction - a 2% increase from the 2022/2023 financial year score. This is an excellent accomplishment and a testament to the high quality homes we build and the superb level of customer service we offer.

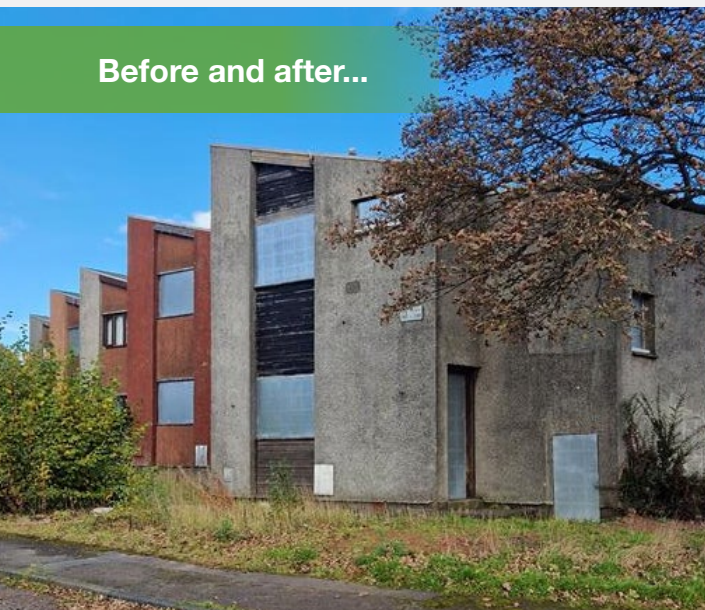


Our first handover of homes at Deans South, West Lothian.



## CASE STUDY D: Deans South regeneration

### Before and after...



We are proud of the transformational work that we lead when regenerating communities and delivering homes across tenures. One such example is at Deans South, Livingston, where an estate of homes built with perishable RAAC concrete were condemned and the residents were left with dangerous and unsellable homes, a development falling into ruin, and no viable option to escape their predicament. Our Partnerships team stepped in, engaging with the nine affected residents still living on the old site and working with them to provide a solution of a like for like equivalent home in exchange for their condemned property.

The process began in 2015 with planning secured in 2021, during which time we were by the residents' side, determined to provide the energy efficient, warm, modern and safe homes they deserved. Construction began in 2023, with the first homes handed over in May 2024 – a moment which was met with a sense of relief and renewed hope for the future from those who had been living on the previous site.

The wider development once complete will also provide a further 127 homes for much needed social housing in the area. The full development spans 2.9 acres, and will feature a selection of 2, 3 and 4 bedroom homes, including bungalows, that address housing needs in Deans South.



*Our Partnerships team stepped in and built new homes for residents of a condemned housing development in Deans South, Livingston.*





## CASE STUDY E: Apprenticeship open day

Apprentices form an integral part of our business, making up 21.7% of site workers throughout the Springfield Group, and we prosper from the ambition, skills and ideas young people bring to the construction industry. We held our first apprentice open day in June 2024 in our Elgin office. It was a resounding success attracting more than 20 attendees from a diverse range of backgrounds, with all seven positions on offer being filled.

The event was a great opportunity for young people to engage in person with those in the industry and explore career pathways. Employees at Springfield were able to

meet potential applicants and give them an understanding of each role, while some of our current apprentices shared their experiences and provided a firsthand account of working as part of Springfield. Second year apprentice Jacqui gave an insightful account of her role, helping to challenge gender stereotypes in the industry.

The open day was advertised on the company Facebook page, website and in local schools and colleges, ensuring that young people were made aware of the opportunity to kickstart a career in construction. We will be seeking to hold more events of a similar nature in future as we continue to support the local workforce.

### Several of our apprentices have won awards in the last financial year:

#### Second year Apprentice Joiner Mathew Phillips

Presented with 'The WS Woodmachinery Carpentry and Joinery Best Apprentice Prize' at UHI Perth's prizegiving on 1st June 2023.

#### Second year Apprentice Joiner Aaron Matcham

Presented with 'The Craig Wright Shield for All Round progress in Joinery (1st Year)' at UHI Moray's prizegiving on 28th September 2023.

#### Second year Apprentice Bricklayer Dean Murdoch

Presented with 'The Ingram Building Ltd Shield for All Round Progress in Brickwork (1st Year)'.

#### Second year Apprentice Painter Jacqui Ramsay

1st prize at The Scottish Association of Painting Craft Teachers Craft Competition, at Forth Valley College on 24th of May 2024





## Employee training and development

Our industry leading levels of investment in training and development has continued, resulting in a high number of promotions secured in the last 12 months (28). 21.7% of our site workers are undertaking apprenticeships, including craft, modern and technical disciplines. Meanwhile 6.2% of our office employees are undertaking formal learning and development qualifications. We were pleased to sustain the number of apprentices in training despite our drop in housing completions.

## Wellbeing

While not captured in KPIs, wellbeing continues to be a focus and we have seen the value in offering every one of our employees, regardless of their position within the business, with private healthcare. We believe we are unique in offering our construction teams this benefit and this helps us attract and retain quality labour.

We are touched when we hear examples of how the private health care has supported our employees when they have needed it. It is documented at a macro level the impact that the crisis in the NHS is having on the UK labour force, and we are pleased to do our bit to look after our people and contribute positively to the wider economy.

### **CASE STUDY F: Mental health**

We have 33 employees who are Mental Health First Aiders in a wide spectrum of positions across the Group, on hand to provide support. All have been trained through MHFA England and receive follow up refresher courses to stay up to date. We are partnered with Lighthouse Club, a charity focused exclusively on mental health support within the construction industry. Support is extended to subcontractors and their families in addition to employees, and the service provides a 24/7 confidential helpline to a portfolio of support services and financial aid.

There are two Employee Assistance Programmes that we work with to provide further support to employees - Health Assured and Care First. In addition, we also offer free gym memberships and private health care to Springfield Group employees to improve wellbeing and peace of mind.

## inSite - Our employee intranet portal

inSite allows us to stay well connected with everyone throughout the business, whether it be communicating news updates or lighter stories such as employee recognitions, weddings or newborn babies. It is also a platform for employees to respond with feedback, as they can comment on news articles, put forward colleagues for an employee recognition or submit their ideas to improve the company.

It is also a gateway to access resources such as employee benefits, and improves our quality management of important policies, as documents are uploaded to the portal allowing staff members to always have access to the most accurate and up to date information.





## External accreditation schemes

An objective set in 2023 was to explore the value of external accreditation schemes. Analysis was undertaken on over 15 external accreditation schemes to determine their value for us as an organisation. In doing this we were not exploring what awards or badges we could achieve for the way we support our employees, but what further value could be derived for our current and future employees if we committed to any new schemes.

**We have identified a number of schemes which we are keen to take forward:**

**SCQF Inclusive Recruiter** – As a business that believes in developing people we were attracted to this initiative because it recognises that not every applicant for a role will have followed the same route to achieve the competence that they possess. In addition, we recognise that the qualifications landscape in Scotland has changed significantly over the last decade. In committing to the SCQF Inclusive Recruiter scheme we will follow criteria on how we recruit and ensure that we make our adverts clear that we will consider applicants with SQ equivalents as well as degrees to encourage people from a variety of backgrounds to come forward.

**Disability Confident Employer** – At Springfield we are proud to create an environment where everyone thrives, and we want to make sure that applicants with a disability consider us for employment. Working with this initiative we would hope to strengthen our link into people with disabilities in areas that we are recruiting.

**Armed Forces Covenant, The Employer Recognition Scheme** – Having recently successfully filled a role that was challenging to recruit for by using a specialist Armed Forces consultant, we were interested in exploring how we could broaden the pool of talent further by better understanding the transferrable skills available from the armed forces. We are keen to utilise the Armed Forces Covenant in future recruitment campaigns. This initiative will be particularly helpful in our activities in the Highlands and Moray given the location of two key RAF bases, Lossiemouth and Kinloch Barracks.

**Young Persons Guarantee (YPG)** - We have now signed up to the YPG, which is our commitment to playing our part in connecting 16-24 year olds in Scotland to opportunities. This may involve preparing young people for the world of work, helping them achieve their potential, invest in a skilled workforce, create jobs, volunteering and training opportunities along with an inclusive and fair workplace. All the great work we do with local schools, Developing the Young Workforce (DYW) and work placement opportunities are recognised under the YPG.



## Health & Safety

Health & Safety has always been a top priority for Springfield. Over the past year we have been working hard to develop and implement new Health & Safety processes consistently across our Group which align with ISO45001. Work to develop and implement the new processes continues with a view to achieving ISO45001 certification by the end of this calendar year.

## Accident Incidence Rate (AIR)

Our AIR for 2023/24 was 703, down from 763 in 2022/23. We are pleased with the direction of travel of our AIR which reflects the focus on Health & Safety which is now measured consistently across our Group. The measurement used to calculate AIR is number of reportable injuries divided by the average employed, multiplied by 100,000. In the last year we had less reportable injuries than the previous year.

## Supply chain engagement

Springfield's relationships with our supply chain are a source of pride within the business. We have worked with many of our subcontractors and suppliers for decades and have experienced the ups and downs of the market together, offering support to each other when it has been needed. With a number of our developments in rural communities these relationships have been crucial, and we have known that we have had a positive impact on local economies.

To better articulate our impact on local economies, during the year we carried out analysis by calculating the proportion of local subcontractors we use. Overall, across the Group we found that 60% of journeys made to our sites by subcontractors are under 20 miles.

Supply chain engagement is something we want to do more of. We trialled in July a supplier event around the launch of a specific rural housing development. We have set a new objective for the year ahead on how we could best approach meaningful engagement, including a focus on scope 3 emissions.

### **Tulloch Homes**

*Fairview Meadows, Inverness*





The outcomes of our 'People' objectives are summarised below:

Objective	Outcome
Explore the value of external accreditation schemes including Investors in People (IIP), Healthy Working Lives and the Living Wage.	Analysis was undertaken in over 15 external accreditation schemes to determine their value for us as an organisation with proposals made for schemes that we believe could create significant value for people.
Introduce a project at site level to calculate the proportion of local subcontractors we use to better understand our impact on local economies.	We carried out analysis and found that across the Group 60% of journeys made to our sites by subcontractors are under 20 miles.
Align health & safety processes with ISO45001 with a view to obtaining external certification.	Work to develop and implement the new processes continues with a view to securing certification by the end of this calendar year.
Seek to encourage smaller suppliers and subcontractors who have not yet started a journey on ESG.	Local suppliers are crucial to our business, particularly when we build in rural communities. While our ESG focus in the past year has been on our larger 'scope 3' suppliers, we are considering what resources would be helpful to smaller companies and drive engagement with smaller companies in the year ahead.
Review Terms & Conditions for subcontractors across the Group against external accreditations to ensure best practice.	A review of our standard terms and conditions confirmed that we comply with the criteria set in the Prompt Payment Code.



**Walker Group**  
One Dalhousie, Bonnyrigg





# 4

# Governance

## ESG Governance

Our ESG Governance structure has bedded in well with our ESG Committee, led by our Chief Executive, Innes Smith, meeting regularly to oversee the delivery of our strategy, monitoring performance against our ESG KPIs and exploring wider ESG topics as relevant. Colin Rae, Non-Executive Director, continues to provide dedicated Board input on ESG and this strategic oversight of operations has been helpful.

## Taskforce on Climate Related Financial Disclosures (TCFD)

This year we have published our second TCFD disclosure within our 31 May 2024 Annual Report and Accounts. Our TCFD disclosure can be viewed within our Annual Report published on the Springfield Group website:

<https://www.thespringfieldgroup.co.uk/latest/results-reports-presentations>.



## 5 Next Steps

The third year of our strategy delivery will see us expand on some key projects, building upon our findings and activity to date. This includes objectives for 2024/25 as follows:

Project	Background
<b>New House Types:</b> Monitoring implementation of new house types, including further use of modern methods of construction.	Our project to create a new portfolio of house types has concluded (as outlined on page 11), and the new house types are beginning to be plotted on new developments. Over the next year we will track progress and useful lessons from implementation on projects throughout the Group.
<b>Scottish Building Standards:</b> Continue to work with industry body Homes for Scotland to propose workable improvements in energy efficiency which could be achieved in the future.	We will continue to positively engage with the Scottish Government through Homes for Scotland to inform and influence any forthcoming changes to building regulations and support sensible improvements in energy efficiency that have the potential to benefit our future customers.
<b>Biodiversity Net-Gain:</b> Collaborate with public agencies and support the creation of a Scottish standard for Biodiversity Net Gain.	Good progress has been made piloting an approach to measuring biodiversity net gain, however it is becoming clear that different Local Authorities are pursuing their own approaches. Rather than further testing our own approach, it has been agreed that any resources are better targeted in collaboration with public agencies on the emergence of a national standard to ensure consistency of a workable approach across Scotland.



Project	Background
<b>Energy Efficiency in Company Premises:</b> Develop plan to achieve energy efficiency targets in net zero pathway by 2026.	Our pathway to Net Zero commits us to move towards 50% of our electricity use to be from renewable sources by 2026. It is important that we understand costs and assess the viability of achieving this commitment, particularly given wider economic conditions.
<b>Supply Chain Engagement:</b> develop a programme for meaningful engagement with our supply chain and better quantify scope 3 emission reductions.	Supply chain engagement is an area that we feel is important and an area we feel we can strengthen further going forward to further understand risks and help ensure supply chain resilience. However, we are keen to engage in a meaningful way to ensure both our business and our subcontractors/suppliers are getting value out of the engagement.
<b>Waste:</b> Undertake further analysis, including better understanding of regional differences to further improve proportion of waste diverted from landfill.	We have strengthened our data collection and our robust analysis this year resulted in a decrease in the proportion of waste diverted from landfill. Over the next year we will consider regional differences which have resulted in less recycling in the north of Scotland. We will also oversee the conclusion of a university student project which has been examining our approach to waste and agree any actions to be taken.
<b>Risk:</b> Develop and launch new approach to hierarchy of risk management.	Our work on ESG including TCFD, in addition to our work developing an integrated management system, has increased our awareness around risk mitigation on activities across the Group. We are conducting a review of risk management with a view to develop and launch a new approach to the hierarchy of risk management from departmental level up to the Board.
<b>Customer Experience:</b> Design and launch a research project to understand our customers experiences living in energy efficient homes, including the actual costs of running the home.	While we are keen to increase the energy efficiency of the homes that we build and have high levels of customer satisfaction, we have limited data – qualitative or quantitative – on how our customers find living in the homes, their experience with air source technology etc. This will include quality of life, usability and cost. We will consider what data would be valuable to our business and the options for pursuing this research before launching a project.