



Barratt Redrow



BARRATT
HOMES



DAVID WILSON HOMES
WHERE QUALITY LIVES



 **REDROW**

Climate-related risks
and opportunities analysis

Climate-related risks and opportunities analysis

The effects of climate change encompass physical risks from new weather patterns, and transition risks associated with moving towards a low-carbon economy. The uncertain outcome of climate change and impact on our Group hinges on global temperature limitations and specific regulatory responses in regions where we operate, and for our supply chain. Opportunities arise as industry leaders drive sustainable development.

Given the profound impact climate change could have on our operations, and on our external stakeholders such as suppliers and customers, we have tested the resilience of the business in the face of various climate scenarios.



Climate scenario analysis

Climate scenario analysis

The potential climate outcomes considered this year when reviewing climate risks and opportunities ranged from a sustainable transition scenario that limits global warming to 1.5°C, to an adaptation scenario where emissions continue on the current pathway, which leads to around 4°C warming, such that they cover both high physical and high transition risks.

Qualitative assessments for each of these climate scenarios are outlined below. Together with the quantitative analyses summarised on the next page, these narratives offer a holistic view on the potential impacts to Barratt Redrow in each of these climate outcomes.

1.5°C

Sustainable transition

Orderly transition to a low-carbon economy, aligning with regulatory efforts to limit global temperature rise to the Paris Agreement goal of 1.5°C by 2100

2.0°C

Disorderly transition

Minimal additional regulation until 2030, after which stringent policies are hastily implemented to limit warming to 2°C by 2100

4.0°C

Adaptation













Global policy shifts away from prevention towards adapting to a new climate, leading to a global temperature rise of 4°C by 2100



The eHome2, built with the Energy House 2.0, which can simulate temperatures ranging between -20°C to +40°C, and wind, rain, snow, and solar radiation.

Climate scenario analysis continued

Climate scenario analysis continued

Sustainable transition	Disorderly transition	Adaptation
Velocity of regulatory environment		
Significant  <p>Increasingly stringent building regulations go beyond the Future Home Standard, placing greater emphasis on reducing embodied carbon and resource intensity within the home. Additionally, local planning authorities increasingly require developments to exceed building regulations, placing greater emphasis on sustainable communities.</p>	Delayed then significant  <p>The Future Homes Standard is introduced as planned, but building and planning regulations steeply increase sustainability requirements from 2030.</p>	Low  <p>While regulations such as the Future Homes Standard still come in as planned, the demand for sustainable developments from planning authorities eases and carbon pricing reduces.</p>
Customer engagement with climate action		
Proactive  <p>There is increased customer demand for green homes, which is supported by the availability of green mortgage products, enabling customers to benefit from the improved affordability of energy efficient new homes.</p>	Reactive  <p>Until 2030, customer demand and the availability of green finance for low carbon homes stays at current levels, but these also increase sharply from 2030 onwards.</p>	Inactive  <p>Consumers typically continue to lead energy intensive lifestyles with little demand for resource efficiency measures in new homes.</p>
Sustainable transition	Disorderly transition	Adaptation
Supply chain engagement with climate		
Proactive  <p>The transition to net zero is supported by supply chains, who offer innovative low carbon solutions, encouraged by high carbon prices associated with carbon intensive materials/ processes. Technological progress is fast, though may require additional upskilling for employees and subcontractors.</p>	Reactive  <p>To discourage the use of high carbon materials, significant increases in carbon prices are implemented from 2030 onwards. Similarly, the increased demand for sustainable materials and technologies also drives step increases in costs from 2030.</p>	Inactive  <p>Supply chain action to reduce emissions is minimal, with limited innovation in low carbon alternatives to existing materials. Global supply chains are also susceptible to severe weather resulting in risk of delays, as well as indirectly driving up prices as demand for raw materials increases from less affected areas.</p>
Physical impact		
Low  <p>The impact of physical risks such as overheating and flooding continue at manageable levels, with existing/planned regulation and planning requirements sufficient to manage these impacts.</p>	Low  <p>The impact of physical risks such as overheating and flooding continue at manageable levels, with existing/planned regulation and planning requirements sufficient to manage these impacts.</p>	High  <p>Increased frequency of severe weather leads to increased disruption on site, giving rise to risk of damage as well as delays. Increased risks of flooding and water scarcity drive up demand for land in relatively less affected areas of the UK, raising land prices in these areas. Additional cooling solutions are required in homes at risk of overheating in the worst affected areas.</p>

Climate scenario analysis continued

Modelling methodology

We reviewed the Group's climate risks and opportunities in light of the Group's acquisition of Redrow, and the scenario analysis has been updated to reflect the combined land bank and newly identified key risks.

We assessed climate-related risks using high-resolution local climate data and IPCC-aligned models. This analysis covered a sample of land and supply chain sites, evaluating physical and transition risks across short, medium and long-term horizons. The short-term focus pertains to our owned land bank, while the medium to long-term focus addresses strategic land options and promotion agreements.

The Group's extended forecasts (as considered in its viability review and impairment assessments) are based on the International Energy Agency's 'Stated Policies' model, whereby global climate commitments are met in full and on time, leading to a global temperature rise of 2.7°C by 2100, giving rise to both physical and transition risks. This forms the basis of our financial planning.

We assessed climate-related risks by analysing a sample of our existing land bank and supply chain sites. We used local climate data, obtained at a resolution of 90m², based on the latest IPCC CMIP6 global climate models. This enabled us to project potential impacts under each of our time horizons and climate scenarios, considering indicators such as cold, flood, heat, precipitation, and wind. The projections obtained were used to evaluate the potential unmitigated impact on our divisions and supply chain under each climate scenario.

We considered the specific vulnerabilities and risks associated with our business model, including the capacity to pass on industry-wide development costs to land vendors. As such, we assumed that the land price paid for a site could be reduced up to the extent it remained above the price that a landowner could achieve for an alternative use, assumed to be the land cost per acre for industrial use, as estimated by the Valuation Office Agency.

This comprehensive assessment provided us with valuable insights into the potential risks and impacts that our divisions and supply chain may face due to climate change. By integrating this information into our strategic decision-making processes, we are better positioned to address climate-related risks and identify opportunities for sustainable development.

The unmitigated financial impacts under each of climate scenarios are summarised in the risk and opportunities table on the next page. To ensure a comprehensive understanding of climate-related risks and opportunities, this quantitative analysis should be considered alongside the qualitative assessments of each climate scenario outlined above.

Short term (1–3 years)

- Short-term scope 1 and 2 science-based targets (SBT).
- Implementation of the Future Homes Standard.



Medium term (4–10 years)

- Medium-term scope 3 science-based targets (SBT).
- Zero carbon homes in use for regulated energy.



Long term (11–25 years)

- Paris Agreement and UK target for net zero by 2050.

Climate-related risks and opportunities

Transition risks

Gross risk score

Low

High

Transition risks	Key assumptions	Gross risk score				Estimated maximum unmitigated financial impact	Our response
		Scenario	2028	2035	2050		
Housing regulations Changes in building regulations, for example the Future Homes Standard, and varying local planning conditions, lead to unaccounted costs and design changes.	<ul style="list-style-type: none"> Average uplifts to meet the Future Homes Standard and zero carbon homes based on internal Barratt calculations (based on current cost of technologies, such as air source heat pumps and mechanical ventilation systems). Costs of air source heat pumps fall by 20% by 2030 and 40% by 2040 due to economies of scale and increased competition. 	Sustainable transition				Increased build cost of sales by up to: <div>£30m</div> <div>£2m</div>	We engage extensively with Government and industry bodies to shape and anticipate regulatory change. This includes ministerial meetings, taking a leading role in the Future Homes Hub, and participation in cross-sector forums. We are committed to zero carbon homes, using innovative technologies tested through projects like eHome2. Our proactive involvement helps us prepare for evolving standards like the Future Homes Standard and local planning requirements.
		Disorderly transition					
		Adaptation					
Carbon pricing Increasing materials and subcontractor costs due to Government legislation to reduce emissions, and subsequent increased demand for low-carbon materials, for example carbon taxation on suppliers.	<ul style="list-style-type: none"> Carbon prices rise up to \$250/tCO₂ by 2050, in line with the IEA Net Zero Emissions scenario. Average supply chain emission reductions of 90% by 2050 in the sustainable and disorderly transition scenarios. Minimal carbon pricing in the adaptation scenario. 	Sustainable transition				Increased build cost of sales by up to: <div>£70m</div> <div>£205m</div>	Most carbon pricing exposure lies in our upstream supply chain. We're improving scope 3 data accuracy through supplier engagement, and the adoption of a quantity-based calculation methodology. We assess supplier performance and low-carbon material options to inform our transition plan and support emissions reductions aligned with our targets.
		Disorderly transition					
		Adaptation					
New technologies Failure to keep up with regulatory or technological advancements in construction, due to high capital investment, upskilling requirements, or material unavailability.	<ul style="list-style-type: none"> Additional costs associated with technologies, such as underfloor heating and infrared heating panels, which are demanded by more sustainability-informed customers. 	Sustainable transition				Increased build cost of sales by up to: <div>£30m</div> <div>£35m</div>	We support a just transition by helping address the UK's green skills gap. Our CEO chairs the Future Homes Hub and is a member of the Government's Net Zero Council. We also engage through Climate Change Committee roundtables and parliamentary groups, sharing insights on workforce and supply chain readiness for zero carbon homes.
		Disorderly transition					
		Adaptation					

Climate-related risks and opportunities continued

Transition risks continued

Gross risk score

Low

High

Transition risks	Key assumptions	Gross risk score				Estimated maximum unmitigated financial impact	Our response
		Scenario	2028	2035	2050		
Planning requirements Increased planning or site infrastructure requirements and varying interpretations of government policy by local authorities result in reduced viability of land in certain regions.	<ul style="list-style-type: none"> The percentage of total sites subject to increased sustainability requirements increases from 0% in 2020 by up to 30% by 2050. Estimated cost per site to meet increased sustainability requirements based on design and installation of a previous Community Heat Hub and mains. 	Sustainable transition				Increased build cost of sales by up to: <div>£60m</div> <div>£75m</div>	We proactively manage evolving planning requirements through early engagement, expert input and strategic land assessments. Our Land and Development Leadership Group reviews all acquisitions for compliance and sustainability, integrating green spaces and renewable energy opportunities. Tools like our sustainability toolkit and landowner engagement materials help ensure planning consents are achievable and aligned with our sustainability goals.
		Disorderly transition					
		Adaptation				Increased build cost of sales by less than £1m	
Grid capacity Increased requirement for solar panels, air source heat pumps and other similar technology may result in increased pressure on the grid requiring unexpected cost contributions to increase capacity.	<ul style="list-style-type: none"> Total additional energy demands from new housing stock grid capacity expansion are estimated based on the NESO Future Energy Scenarios 2025. Developers are assumed to contribute 10% towards the required costs of increasing capacity. 	Sustainable transition				Increased build cost of sales by up to: <div>£15m</div> <div>£15m</div>	We engage with energy providers and local authorities to assess future grid capacity needs linked to low-carbon technologies. Early stage energy infrastructure assessments are prioritised in our development planning to reduce the risk of delays or unexpected cost contributions.
		Disorderly transition					
		Adaptation				Increased build cost of sales by less than £1m	
Climate litigation Inaccurate or misleading sustainability claims may lead to accusations of greenwashing and non-compliance with advertising laws, resulting in climate litigation.	<ul style="list-style-type: none"> As per Digital Markets, Competition and Consumers Act 2024 (DMCCA), the maximum fine per case is up to 10% of turnover. 	Sustainable transition				Fines of up to 10% of revenue	We've strengthened internal controls to ensure sustainability claims align with the Green Claims Code. A structured review process, internal audits and targeted training support compliance. We also monitor evolving guidance to mitigate legal and reputational risks.
		Disorderly transition					
		Adaptation					

Climate-related risks and opportunities continued

Physical risks

Gross risk score

Low

High

Physical risks	Key assumptions	Gross risk score				Estimated maximum unmitigated financial impact	Our response
		Scenario	2028	2035	2050		
Overheating in homes Changes to house specifications required to mitigate long-term shift in climate patterns, such as prolonged increased temperatures in summer.	<ul style="list-style-type: none"> London and East regions particularly susceptible to overheating in the medium to long term. Additional mitigation measures, such as extractor fans or air conditioning units, may be required in worst-affected areas to address safety concerns about overheating in the adaptation scenario. 	Sustainable transition				Increased build cost of sales by less than: £1m	We lead sector research on overheating through Energy House 2.0 and academic partnerships. Overheating is a key consideration for new product development, with ongoing supplier engagement, R&D and testing to develop innovative overheating solutions for volume housing to inform future designs.
		Disorderly transition				£1m	
		Adaptation				Increased build cost of sales by up to £10m	
Flood mitigation New site infrastructure required to mitigate extreme weather events, for example, flood barriers and balancing ponds.	<ul style="list-style-type: none"> Based on localised climate projections, estimated the additional number of sites in our existing land bank that might require additional flood defence infrastructure. Identified two sites and applied an estimated cost, based on flood defence infrastructure spend on a similar site. Assessment covered fluvial and coastal flooding, but excluded impacts from standing water flooding due to a lack of available data. 	Sustainable transition				Increased build cost of sales by less than: £1m	Our Land and Development Leadership Group reviews all land purchases for flood risk, and our developments typically exceed standard flood resilience requirements. Our engineering solutions include raised site levels, stormwater balancing and flood alleviation channels. Ongoing water risk assessments improve our understanding of flood risks, which informs our future water resilience strategy.
		Disorderly transition				£1m	
		Adaptation				Increased build cost of sales by up to £5m	
Weather disruption Disruption to build activity due to increased frequency of severe weather, being heat cold or precipitation, or damage to construction sites and infrastructure from extreme weather events.	<ul style="list-style-type: none"> Based on localised climate projections, estimated potential disruption to construction activity as a result of severe weather. Consecutive days lost could lead to disruption, increased overhead costs and delays to sales. 	Sustainable transition				£1m	We mitigate weather-related disruption through robust SHE protocols, real-time weather monitoring, and adaptive scheduling. Timber frame construction reduces on-site build time and exposure to adverse conditions. In FY25, 69% of projects included SUDs or flood protection, and over 4,544 homes used timber frame to enhance resilience and build efficiency.
		Disorderly transition				Increased build cost of sales and decreased revenues by up to: £1m	
		Adaptation				£1m	

Climate-related risks and opportunities continued

Physical risks continued

Gross risk score

Low

High

Physical risks	Key assumptions	Gross risk score				Estimated maximum unmitigated financial impact	Our response
		Scenario	2028	2035	2050		
Supply availability Reduced supply availability (such as timber) due to long-term shift in climate patterns and extreme weather events (such as wildfires or flooding) where we source supply.	<ul style="list-style-type: none"> Supply availability assessment based on timber suppliers primarily in Sweden, Finland and Germany. Using localised climate projections, considered supply chain shocks as result of increased likelihood of forest wildfire. Analysed short-term price impacts of sourcing elsewhere due to disrupted supply, and sustained price rises in the medium to long term. 	Sustainable transition				£5m	We mitigate supply risks through certified sourcing, supplier audits and long-term agreements. All timber is required to be FSC/ PEFC certified, aligned with our Timber Sourcing Policy. We assess timber via an annual timber survey and support capability building through the Supply Chain Sustainability School.
		Disorderly transition				Increased build cost of sales by up to: £5m	
		Adaptation				£5m	
Water scarcity Increased water scarcity in some regions hindering the ability to obtain land and planning permission for new developments.	<ul style="list-style-type: none"> Water scarcity projections as per the WRI Aqueduct tool. Local authorities take a greater focus on water neutrality, affecting the ability to gain planning permission. Installation of rainwater harvesting systems on new developments. 	Sustainable transition				£5m	We assess water scarcity risks through scenario analysis, land acquisition reviews and value chain water footprinting. We focus on water recovery systems and our homes achieve 105 litres per person per day, exceeding water efficiency standards. Our Group Head of Infrastructure and Utilities chairs the HBF Water Matters Group, collaborating to enhance resilience and reduce freshwater dependency.
		Disorderly transition				Increased build cost of sales by up to: £5m	
		Adaptation				£10m	
Residential land availability Delays to the securing of planning permission and/or exercise of strategic option sites, due to climate-related factors such as flooding, which can lead to cost write-offs or inflated acquisition costs.	<ul style="list-style-type: none"> Significant long-term increases to flood and water scarcity risks across our strategic land options may result in fewer options being exercised. 	Sustainable transition				£1m	We prioritise climate-resilient sites and environmental issues – including flood risk, water stress, peaty soils, and opportunities for green infrastructure and on-site renewables – are considered within land viability assessments, which are reviewed by the Land Development Leadership Group.
		Disorderly transition				Increased build cost of sales by less than £1m	
		Adaptation				Increased build cost of sales by up to £5m	

Climate-related risks and opportunities continued

Opportunities

Gross opportunity score



Opportunities	Key assumptions	Gross opportunity score				Estimated maximum unmitigated financial impact	Our response
		Scenario	2028	2035	2050		
Demand for and affordability of green homes Eligibility for green mortgages and cost savings from energy efficiency allow for a premium charge on new homes.	<ul style="list-style-type: none"> House buyers will be able to borrow more and buy a larger home on a green mortgage due to increased affordability of energy-efficient homes. Based on existing green mortgage offers, an average private buyer could borrow between 5% and 10% more on a new build Barratt Redrow home, compared to an older property (built before 2020). 	Sustainable transition				Increased revenues by up to: <div>£205m</div> <div>£205m</div>	We collaborate with lenders to develop green mortgage products that reflect the energy efficiency of our homes. Through industry forums and customer research, we promote affordability and access to sustainable homes. Our homes' lower running costs and environmental benefits continue to drive strong consumer interest and lender engagement.
		Disorderly transition					
		Adaptation				Increased revenues by less than £1m	
Green developments Increased land buying and local partnership opportunities through strong low-carbon credentials and offer of low-carbon developments, for instance, partnering with councils to deliver low-carbon homes.	<ul style="list-style-type: none"> Based on the UK Government's <i>Ten Point Plan for a Green Industrial Revolution</i> (dated November 2020), up to 25% of land will need to be made available for low-carbon and climate-resilient homes by 2050. Access to some land may be restricted to developers offering low-carbon credentials like our own, resulting in lower competition and discounted rates on these developments. 	Sustainable transition				Decreased land cost of sales by up to: <div>£65m</div> <div>£70m</div>	We leverage our sustainability credentials to secure land and planning consents, supported by land bidding toolkits and guidance for our teams. Strong landowner relationships and our track record in low-carbon development enhance our position as a partner of choice, enabling us to deliver sustainable, energy-efficient homes in desirable locations.
		Disorderly transition					
		Adaptation				Decreased land cost of sales by less than £1m	

Climate-related risks and opportunities continued

Opportunities continued

Gross opportunity score



Opportunities	Key assumptions	Gross opportunity score				Estimated maximum unmitigated financial impact	Our response
		Scenario	2025	2030	2050		
Cost of capital Our sustainability performance opens green financing opportunities, providing access to lower interest rates.	<ul style="list-style-type: none"> The potential to reduce finance costs if we switch borrowings to a green finance equivalent. 	Sustainable transition				£1m	Within our Building Sustainably Framework, we commit to exploring new green finance products. In FY23 we secured a Sustainability-Linked Loan against the Group's Revolving Credit Facility, aligned with our Sustainable Financing Framework. This structure supports our transition strategy while reinforcing access to capital on favourable terms.
		Disorderly transition				Decreased finance costs by less than: £1m	
		Adaptation				£1m	
Sustainable practices Adopting low-emission materials and processes, ahead of regulation, provides a cost advantage and improves reputation.	<ul style="list-style-type: none"> Using low-carbon materials in build process may provide cost savings through avoided carbon taxations within the supply chain. Average embodied carbon savings multiplied by the projected carbon prices (as per IEA's dataset) to determine cost savings associated with switching to a lower carbon material. 	Sustainable transition				£10m	We invest in innovation, trials and partnerships to deliver zero carbon homes by 2030. Our roadmap includes research collaborations, prototype homes such as eHome2 and customer insights. Surveys show strong demand for energy-efficient homes, reinforcing our leadership in sustainable housebuilding and supporting long-term brand and reputational value.
		Disorderly transition				Decreased build cost of sales by up to: £10m	
		Adaptation				Decreased build cost of sales by less than £1m	

Impact continued

Land viability

Through planned actions with our supply chain partners to reduce value chain emissions and proactive responses to maximise opportunities (see pages 10 and 11), we mitigate transition risks, such as carbon pricing, and capitalise on opportunities in the medium to long term under both 'Sustainable transition' and 'Disorderly transition' scenarios. These measures suggest that land viability would remain largely unaffected. In the 'Adaptation' scenario, limited exposure to transition risk and the proactive steps we are taking today to mitigate against physical risks arising in the future, indicate margin impacts will be limited to up to 1%.

Note that this assessment does not account for any mitigating actions taken or consider the impact of any government investment in specific regions.

Strategic impact

Our analysis affirms that our business model remains profitable under the current climate scenarios and timeframes, even without additional mitigating actions and despite associated costs. We will continue to monitor this in ongoing assessments.

A sustainable transition, despite its costs, offers opportunities. A disorderly transition, though disruptive, would still see us maintain profitability. The adaptation scenario has the least financial impact, which is manageable thanks to proactive measures we've already implemented, such as design changes and flood risk assessments.

To thrive in all three climate scenarios, we have highlighted key areas to progress:

- reducing embodied carbon in our supply chain;
- updating designs to meet stringent regulations; and
- leveraging our sustainability expertise to provide energy-efficient, affordable homes and promote green mortgages.

More information

More information on how we manage climate-related risks and opportunities and how we are responding to our scenario analysis findings can be found in our FY25 Annual Report and Accounts, using the QR codes below:



Our governance over sustainability-related risks and opportunities, including climate change



How we are integrating climate change into our overall risk management



The metrics and targets we are monitoring to minimise our exposure to climate-related risks and maximise the opportunities



Our transition plan to net zero across our value chain

