

# ESG REPORT 2023









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## INTRODUCTION



### ABOUT THIS REPORT

This is our fourth annual Environmental, Social and Governance (ESG) report, covering the ESG activities of Audley Group (“Audley”), for the calendar year ending 31 December 2022. This report is intended to help investors and customers form a view about our ESG credentials.

Unless otherwise stated, environmental data in this report pertains exclusively to the villages and activities within Audley’s operational control and does not include data for customer owned properties where we do not have operational control.

No significant changes occurred in Audley’s organisation or chain of suppliers during 2021 or 2022. In addition, to our best knowledge, no serious ESG incidents occurred in 2022.

We welcome feedback, which can be directed to: Philip Rolfe, Development Director ([philip.rolfe@audleygroup.com](mailto:philip.rolfe@audleygroup.com)).

### ABOUT AUDLEY

At the end of 2022, Audley had:

- 714 directly contracted team members, and 112 workers on bank contracts
- 19 villages
- 1552 owners
- 1663 built properties
- 207 community Care customers
- 1512 Audley Club members

We lead the way in independent retirement living and endeavour to make sure that every one of our customers is able to **live better, for longer**. Living at one of our villages ensures a truly independent lifestyle in an attractive and secure environment.

Audley’s business model has been developed and refined since 1991, although the original concept of providing high-quality properties with extensive facilities and wellbeing service and care support on demand remains unchanged. We hold a clear understanding of how people want to live in retirement and strive to enable them to achieve that vision.

## MESSAGE FROM OUR CHIEF EXECUTIVE



**At Audley Group (Audley) we believe that our business performance and ESG performance go hand in hand. One cannot thrive without the other. We must make sure we conduct our business in a way that is sustainable for the long term, as well as optimising financial returns in the short term.**

Our robust 2022 financial performance empowers us to take further bold action to counter accelerating global sustainability challenges.

During 2022, we saw clear evidence of extreme weather across the globe, and close to home in Europe, which emphasised the need for urgent action. We cannot tackle this challenge alone, however – it is a global challenge which requires businesses, governments and society as a whole to collaborate on. We have therefore continued in 2022 to consider how we can actively participate in the industry, and be part of this collective action. We must build resilient homes for our owners, and review our existing assets, to ensure these are also sustainable both financially and environmentally.

2022 also saw the UK suffer from a Cost of Living crisis, which saw everyday products and services shoot up in price, and utility bills increase greatly. We know our team members are crucial to the delivery of our high-quality villages and Care facilities, so we took action to help our team. We launched our 'Winter Wrapped Up' campaign whereby our team members received a payment split over 4 months starting in October to help with the rising utility bill costs.

I was particularly proud in 2022 of the launch of our electric vehicle scheme which saw us provide a salary sacrifice option to eligible team members. We recognise the importance of electrification of transport in meeting our decarbonisation targets, so we are happy to be able to offer our team members this option, empowering them to help realise our net zero carbon goals.

We continued to engage with and report to the wider industry in 2022, and received an exceptional GRESB score (the Global Real Estate Sustainability Benchmark). We significantly improved our score for both standing investments and villages in development which reflects our great ESG-focused work during 2022.

I believe we have developed an ambitious, robust ESG strategy that will enable Audley to continue to deliver high-quality properties/facilities and standards of living to their owners/members/customers, whilst also contributing to wider ESG improvement efforts.

**Nick Sanderson**  
Chief Executive, Audley Group



## MESSAGE FROM OUR BOARD



**Audley's Board of Directors are proud to endorse this 2022 ESG Report, which demonstrates Audley's commitment to remain a leader in sustainability and highlights significant accomplishments during 2022.**

We recognise our role in reducing the negative impacts of climate change and contributing to the collective goal of a more sustainable future. Audley's long-term focus on sustainability creates value by reducing carbon emissions, improving the environmental and social benefits of our villages, and driving operational efficiencies. Our work to foster inclusivity, diversity, health and wellbeing, and career development contributes not only to an inspired, happy workforce, but stronger financial performance.

As the Chair of the ESG Committee, I am committed to increasing the value the Board provides on ESG performance and bringing sharper insight to management. We are continually improving our governance strategy, taking a more active approach in assessing and overseeing the sustainability impacts of Audley operations while encouraging a greater focus on environmental and social performance. Recent successes in our ESG efforts include the construction methods used at our Scarcroft Park site. We have made great efforts to retain the soil arisings resulting from the groundwork onsite, which not only increased the biodiversity of the grounds, but also avoided carbon emissions resulting from the lorry movements which would have been required to dispose of the soil.

The ESG Committee works closely with our Corporate Governance Committee, which oversees our broader governance at the Board level, ensuring accountability, transparency, and the highest ethical standards in our operations.

We are very proud of Audley's ESG leadership and support the company's efforts to do business in a way that is both profitable and sustainable. I, and the Board, will continue to support Audley's leadership in this space.





**Philip Rolfe**  
**Chair, ESG Committee,**  
**Audley Group**

## ESG SCORECARD 2022



Our mission to be a market leader and the most trusted choice for retirement living in the UK has never felt more relevant. Clear reporting helps us know where we are making progress and where we should focus our attention. It also increases transparency about what we do, which is crucial to building trust.

This scorecard provides a consolidated view of our performance against the metrics that underpin our ESG framework. We prioritised these areas from our materiality matrix, which we developed based on inputs from our stakeholders. We hope you find our scorecard helpful in giving a clearer picture of our business and our impact.

### FAIR AND TRUSTED BUSINESS

	INDICATOR(S)	UNIT OF MEASURE	PERFORMANCE		
			2020	2021	2022
 OWNER SATISFACTION	Satisfaction survey	Overall satisfaction (out of 5)	4.1	4.0	<b>3.9</b>
		Percentage rating Audley as "Good" or "Excellent"	81%	75%	<b>75%</b>
		Likelihood to recommend Audley to a friend <sup>1</sup>	4.0	4.0	<b>4.0</b>
 OVERALL RATING	Homecare.co.uk reviews	Group review score (out of 10)	9.3	9.3	<b>9.2</b>

### EMPOWERED PEOPLE AND COMMUNITIES

	INDICATOR(S)	UNIT OF MEASURE	PERFORMANCE		
			2020	2021	2022
 TEAM MEMBER WELLBEING	Absence through sickness	Percentage <sup>2</sup>	2.9%	2.4%	<b>1.6%</b>
	Medicash claims	Average per team member	1.2	3.9	<b>2.5</b>
 TEAM MEMBER ENGAGEMENT	Engagement survey	Response rate (%)	85%	81%	<b>76%</b>
		Overall score (%) <sup>3</sup>	72%	72%	<b>71%</b>
	Team member training <sup>4</sup>	No of hours training undertaken in total	13,230	16,303	<b>8,144</b>
		No of hours training undertaken - Average per team member	16	20	<b>9.5</b>
		Spending on learning and development (£)	£82,626	£90,635	<b>£145,128</b>
Spending on apprenticeships (£)	£58,205	£110,950	<b>£99,125</b>		

<sup>1</sup> Mean Score from question 'How likely would you be to recommend <village>?'




<sup>2</sup> Percentage of average monthly sick hours to average monthly headcount hours.

<sup>3</sup> Results are derived from the annual engagement survey questions which is open to all team members on an employed contract: "I am satisfied with Audley Group as a place to work", "I am proud to work at Audley Group", "I expect to be working at Audley Group 12 months from now" and "I would recommend Audley Group to friends and family as a great place to work". Percentage of Audley Group staff who 'agree' or 'strongly agree'.





<sup>4</sup> Figures exclude sales training.

## ESG SCORECARD 2022 CONTINUED

### EMPOWERED PEOPLE AND COMMUNITIES

	INDICATOR(S)	UNIT OF MEASURE	PERFORMANCE		
			2020	2021	2022
 <b>DIVERSITY, EQUALITY AND INCLUSION (DEI)</b>	Gender	Percentage of females at Board level	14%	17%	<b>17%</b>
		Percentage of females within Senior Management	35%	29%	<b>37%</b>
		Percentage of females across all team members	70%	70%	<b>67%</b>
		Gender pay ratio percentage (median)	6.6%	23.8%	<b>-1.74%</b>
 <b>TALENT RETENTION</b>	Team member turnover	Percentage	28%	42%	<b>35%</b>
 <b>COMMUNITY CONTRIBUTION</b>	Total community contribution	£	£12,000	£20,471	<b>£28,000</b>

### LOW CARBON AND CIRCULAR BUSINESS

	INDICATOR(S)	UNIT OF MEASURE	PERFORMANCE		
			2020	2021	2022
 <b>ENERGY</b>	Energy consumption	kWh/m <sup>2</sup> (like-for-like)	131.39	132.53	<b>133.31</b>
 <b>GREENHOUSE GAS EMISSIONS</b>	Scope 1 & 2 emissions <sup>5</sup>	kgCO <sub>2</sub> e / m <sup>2</sup> (like-for-like)	15.35	15.75	<b>15.65</b>
 <b>WATER</b>	Water consumption	m <sup>3</sup> /m <sup>2</sup> (like-for-like)	0.62	0.86	<b>0.69</b>
 <b>EXTERNAL REPORTING</b>	Global Real Estate Sustainability Benchmark (GRESB)	Points	77	75	<b>83</b>
		Star rating (out of 5)	4	3	<b>4</b>

<sup>5</sup> Market-based emissions.



SOME OF OUR  
OTHER 2022

# KPIs...

**347** NEW  
Property  
Owners



**11,949**  
AFTERNOON  
TEAS SERVED



**18**

Property Owner Stories  
FEATURED IN THE NEWS

**74,324**



**327,109**

WELLBEING  
Appointments  
DELIVERED



**3,521**



Personal Training  
Sessions  
DELIVERED

## SOME OF OUR OTHER 2022 KPIs CONTINUED



### OUR SUSTAINABILITY STRATEGY

Our 2030 ambition is to be one of Europe's most trusted senior living providers. We will get there by **building the strongest foundations, creating standout owner experiences and contributing to a sustainable future**. That's how we will grow and deliver value for all our stakeholders.

#### 1. Build the strongest foundations

Our ambition is only as strong as the foundations we are built on. That is why we will continue to strengthen them by developing high-quality, efficient villages. We will simplify our processes, utilising technology to continually improve efficiency – a culture where people can be their best. We will give team members the opportunity to learn and grow, offer clear career paths to attract and retain the best, diverse talent, keep people safe and well, and continue to make Audley a brilliant place to work.

#### 2. Create standout owner experiences

We will relentlessly focus on creating standout owner experiences by providing real estate solutions that work for today's society. We will act with transparency and respond diligently to our property owners' needs.

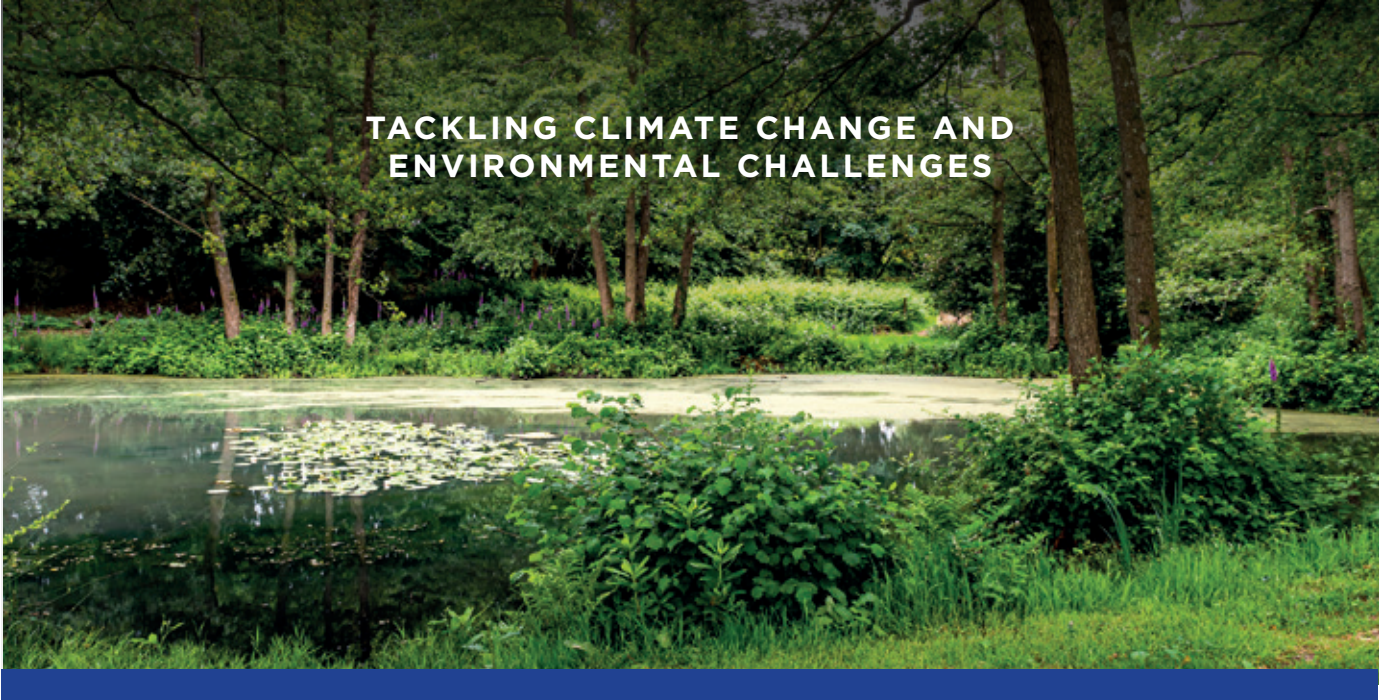
#### 3. Contributing to a sustainable future

We want to be a trusted partner and build deeper connections with our stakeholders. We aim to be a responsible and sustainable business leader by bringing value to all of our stakeholders and delivering returns to our investors over the long term. We will be a visible leader in creating solutions to shared challenges.

Being a responsible business underpins all three pillars of our strategic framework. We report progress on each pillar in this report, as well as in-depth content on other material topics.



## TACKLING CLIMATE CHANGE AND ENVIRONMENTAL CHALLENGES



We are committed to acting responsibly, striving to be a leader on climate and sustainability action. Now, we are championing a green recovery on the road to becoming a net zero carbon emissions business.

Our progress so far:

- 100% of electricity is from a renewable source, where we can directly procure supplies
- Across our villages with mains gas connections, green gas tariffs are procured – this gas is produced using products including food stock waste and agricultural waste
- 4% decrease in location-based carbon emissions from 2021 to 2022 across our operational villages over the last year (greenhouse gases Scopes 1 & 2), like-for-like
- We are partnered with [Ecologi](#), allowing us to reward our team members with trees being planted in their name, to grow our 'Audley Forest'. This means that we are contributing to the production of our own carbon offsets to help reduce our team members' carbon footprints. In 2022, we planted **4,900 trees** in our Audley Forest. In future years, we hope to work with Ecologi and other offsetting providers to qualify our future net zero carbon status

### OUR CLIMATE STRATEGY

Climate change is **the most** material environmental issue for our stakeholders and business. Our ambition is to become operationally net zero carbon by 2030 – this includes the energy that we have direct control over. We aim to be materially net zero carbon by 2040 – this includes our supply chain. We will develop clear interim emissions reduction targets in the coming years which will define specific reduction requirements by certain years as we approach our 2030 target date. We will also develop a Net Zero Carbon Pathway which will provide further detail around our action plan to achieve our Net Zero Carbon commitment, and how we will achieve our interim targets. Our Pathway will be reported on annually to disclose our progress towards our Net Zero Carbon commitment.

Our climate change strategy aims to reduce our end-to-end emissions, improve the resilience of our villages and support a low-carbon economy by:

- Investing in energy-efficient and climate-resilient villages, including the elimination of gas supplies and providing onsite renewable sources where possible
- Reducing our energy needs and decarbonising the energy we buy and use, including through the purchase of renewable electricity and green gas tariffs
- Working with suppliers to design buildings that minimise energy and materials use, as well as encouraging them to reduce their own greenhouse gas emissions
- Developing low-carbon buildings that enable our owners to reduce their carbon footprints
- Engaging our team members to help them reduce their personal carbon footprints
- Collaborating with others to accelerate the transition to a low-carbon economy

## TACKLING CLIMATE CHANGE AND ENVIRONMENTAL CHALLENGES CONTINUED



### THE ROAD TO NET ZERO

#### Supplies that are renewable

Electricity across all villages was already (and remains) procured on renewable tariffs, thereby eliminating Scope 2 market-based emissions. These tariffs are REGO-backed (Renewable Energy Guarantees of Origin), meaning that we are provided with transparent information regarding the proportion of electricity which is sourced from renewable generation systems.

Since October 2021, the gas across all villages has been (and remains to be) procured on green tariffs, reducing the negative impact of our gas consumption.

Actions will be determined between now and 2030 to reduce reliance on the procurement of all energy, irrespective of green tariff status. This will be particularly important as the rising cost of energy impacts our financial performance.

#### Decarbonising our buildings

In 2021, we started using a net zero carbon pathway tool (integrated with [Carbon Risk Real Estate Monitor](#)) to provide us with carbon reduction pathways for properties we have exposure to, based on a specific property type aligned with a 1.5°C scenario (in line with the Paris Climate Accord). This clearly shows us which villages are likely to be at risk in the near future. This has been of great benefit as the information also allows for a better understanding as to why certain villages are experiencing higher intensity rates, whether additional capex is needed or whether this is due to, for example, owner behaviour, or maybe even data gathering issues. These models are being revisited on an annual basis to track stranding risk against the latest data and improvement with the monitoring tool.

Opportunities for improvements are being fed into village-level ESG action plans. Since 2021 we have been using the services of a cloud-based platform – [SIERA+](#) – to enable better data management and also the ability to track ESG actions on a shared system.



## TACKLING CLIMATE CHANGE AND ENVIRONMENTAL CHALLENGES CONTINUED



### DRIVING SUPPLIER CLIMATE ACTION

A significant proportion of our end-to-end carbon emissions comes from our supply chain. We are partnering with suppliers to curb their emissions, and ours. Our suppliers are becoming increasingly involved in our ESG journey and in 2022 we saw Picto, our signage provider, plant 50 trees through Ecologi in the name of one of our new villages, Sunningdale Park.

### Pioneering climate contracts

We aim to only work with suppliers that hold a commitment to measurable carbon saving. We are now looking towards placing clauses in our contracts to stipulate this and will report on our progress in future reports.

### Setting high standards

All our suppliers must meet our requirements on climate and environmental management among other standards. We track compliance through supplier assessments. We encourage suppliers to report climate-related data to enhance transparency and accountability through frameworks such as CDP and PRI.

### Rainforest Alliance coffee served in all restaurants

At all Audley restaurants, we are proud to serve coffee certified by the Rainforest Alliance.



### Performance

Our long-term goal is to report our supply chain emissions and the latest contract stipulations will allow us to work towards this goal.

# TACKLING CLIMATE CHANGE AND ENVIRONMENTAL CHALLENGES CONTINUED

## HELPING OWNERS CUT CARBON

More and more, our villages are helping our occupants cut their energy, fuel use and emissions. This is being enabled by our investments into carbon-cutting solutions – from solar photovoltaic to EV charging points.

ENERGY & CLIMATE OBJECTIVES	PROGRESS & UPDATES
Target operational Zero Net Carbon by 2030 (Scope 1&2) and material Scope 3 emissions by 2040	We conducted biannual monitoring and measurement of energy and water consumption across all managed villages throughout 2022, supported by third-party technical consultants, EVORA Global.
	Opportunities for improvements are identified within technical audits – for standing investments, during due diligence and development, this has been fed into village-level ESG action plans.



## MITIGATING AND ADAPTING TO CLIMATE RISK

The impacts of climate change are worsening. We are working hard to reduce our emissions and prevent further negative climate change. But we also need to adapt to the reality of a changing climate.

We are exploring the risks and opportunities to our business across a range of future climate scenarios, and we report these in line with TCFD recommendations (see [Climate Change Disclosure](#) on page 39). Making sure we are prepared for the effects of more extreme weather is essential to avoid disruption to our business and our owners.



## TACKLING CLIMATE CHANGE AND ENVIRONMENTAL CHALLENGES CONTINUED

### Climate risk management

We identify climate change as a risk to our business, not to mention the planet as a whole. By making the problem of climate change a key driver in long-term strategic decision-making, we will do our part to address this issue, creating long-term value opportunities in the process.

#### Our intentions going forward:

- Further integration of climate resilience and the management of climate-related risks and opportunities into project development plans
- Standardising our approach to integrating climate-related risk and opportunity into our existing processes as part of our strategic asset planning process for all properties
- Conducting scenario analysis on our investment portfolio to determine the financial impact of climate change to our business. In doing so, we hope to facilitate more informed financial decisions by investors, lenders, and other key stakeholders, and to provide them with a greater understanding of how we view the commercial implications of climate change and what we are doing in response
- Further use of the net zero pathway tool for future investment decisions for both new acquisitions and capex projects

### Understanding transition risks

We have identified the following long-term and short-term transition risks that Audley faces as a result of climate change (further detail can be found in Appendix 1):

- External Policy (medium- to long-term risk)
- Legal Aspects (medium- to long-term risk)
- Technology (medium- to long-term risk)
- Market (short- to long-term risk)
- Reputation (short- to long-term risk)

### Understanding physical risks

Extreme weather is on the rise. We are experiencing increased frequencies of heatwaves, floods and significant storm events across the UK. Due to the nature and value of our activities, physical climate risks are significant – both in relation to the developments under construction and the operation of the villages we own.

Our strategic weather resilience programme aims to futureproof our portfolio by monitoring and mitigating risks from extreme weather events like heatwaves, storms and heavy rainfall. We share details on potential threats to our villages to keep relevant parts of the business informed via appropriate communications. Alert warnings enable our village management teams to protect vital equipment, prepare for potential outages and support owners.

We have identified the following long-term and short-term physical climate risks that Audley faces as a result of climate change (further detail can be found in Appendix 1):

- Extreme Temperatures (short to long term)
- Extreme Rainfall (short to long term)
- Rising Sea Levels (medium to long term)

In 2021, our entire portfolio of villages was informed by a climate scenario analysis undertaken by a third party. This has allowed us to best understand the potential risks posed and inform decision-making around mitigation strategies. We revisit this at appropriate time intervals, and upon acquisition of new development sites.

CLIMATE HAZARD	RISK LEVEL	AUDLEY VILLAGE AVERAGE
Earthquakes	No Risk	0/100
Floods	Low Risk	23/100
Heat Stress	Low Risk	17/100
Hurricanes & Typhoons	Low Risk	27/100
Sea Level Rise	No Risk	0/100
Water Stress	Low Risk	26/100
Wildfire	Low Risk	24/100
<b>Overall Score</b>		<b>20/100</b>

# TACKLING CLIMATE CHANGE AND ENVIRONMENTAL CHALLENGES CONTINUED

## SUPPORTING A CIRCULAR ECONOMY

We support the transition to a circular economy to reduce waste and preserve valuable natural resources. We are targeting zero waste to landfill, encouraging owners to reuse and recycle, and cutting down on plastics.

### Eliminating waste to landfill

Our internal waste management policy promotes a culture of continuous improvement as we work towards zero waste to landfill. We produced around 577 tonnes of waste this year (estimated), and we recovered or recycled -42% of this waste<sup>6</sup>. We are continually looking for ways to recycle more; for example, food composting and further waste segregation.

### Encouraging owners to reuse and recycle

Within selected villages we offer segregated collection of general waste, including co-mingled, organic and e-waste collection. We provide ongoing owner education about correct waste and recycling disposal, including updated signage and waste education sessions, and conduct regular waste audits.

### Getting drastic on plastic

We acknowledge that plastic pollution poses a significant threat to the environment, and we are committed to reducing plastic waste in all parts of our operations. We work towards baselining our plastics footprint.

## MANAGING ENVIRONMENTAL IMPACTS

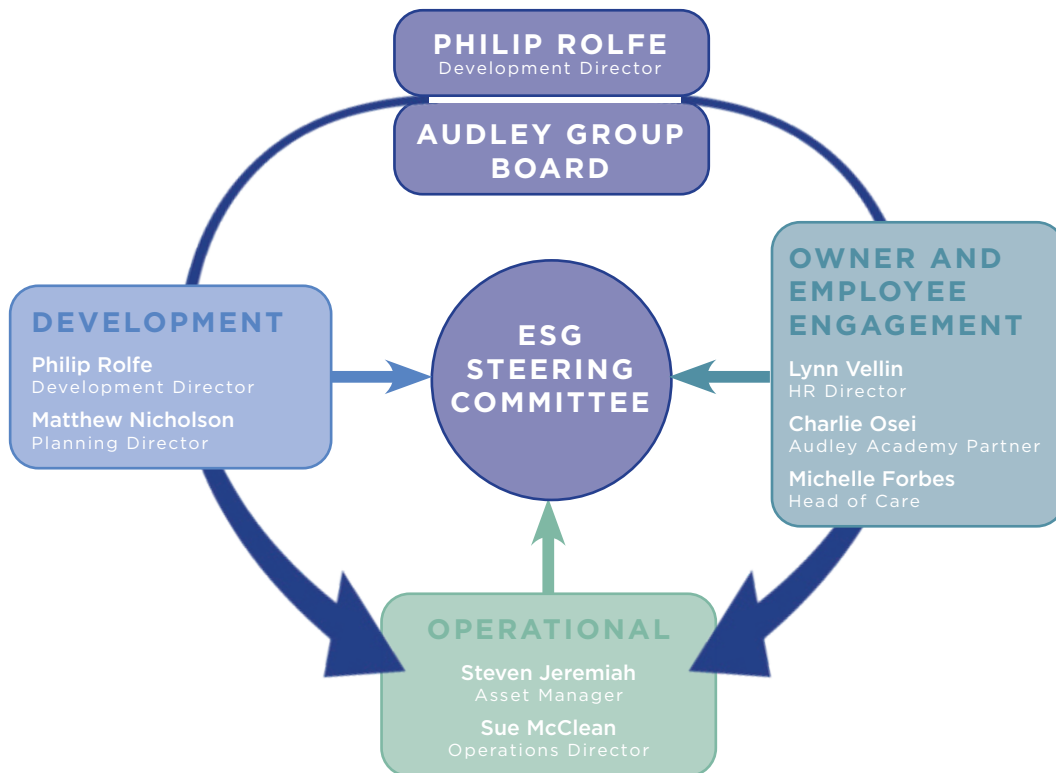
We aim to lead by example in the way we manage environmental risks and minimise our impacts. We can make the biggest difference by tackling climate change and supporting a circular economy. We also pay close attention to our impacts on air pollution, biodiversity and water use.

Our Group-wide policy and ISO-14001-aligned Environmental Management System (EMS) guide our approach to risks and impacts, support continual improvements and help us comply with relevant regulations.

We include environmental and sustainability considerations in our plans for our corporate office. We also encourage team members to help us manage environmental impacts by changing their behaviour. This could be cutting the use of single-use plastics, recycling more or collaborating virtually to avoid unnecessary business travel – a trend that has increased as a result of COVID-19.

### Managing environmental risk

Our ESG Committee oversees our approach to environmental risk management. It is chaired by our Development Director and made up of senior leaders from across the business. The Committee reports regularly to our Board.



<sup>6</sup> These figures are estimated in line with best practice industry standards. Villages included in this estimated figure for 2022: St Elphin's Park, Binswood, Ellerslie, St George's Place, Clevedon, Mote House, Inglewood, Chalfont Dene, Redwood, Willicombe Park, Nightingale Place, Cooper's Hill, Stanbridge Earls. The information required to estimate waste data was unavailable for Flete House.



## TACKLING CLIMATE CHANGE AND ENVIRONMENTAL CHALLENGES CONTINUED

Climate change poses the most significant environmental risk to our business, and we align our reporting with TCFD recommendations (see [Climate Change Disclosure](#)). We also monitor and manage a range of other operational environmental risks through our EMS, including the potential for leaks of fluorinated greenhouse gases.

### Tackling air pollution

Maintaining good air quality is vital to the health of our team members, owners and communities. We aim to install electric vehicle chargers at all villages to help reduce transport-related emissions. In 2021, we began installing electric vehicle charging points in our operational villages, and by the end of 2022, 3.04% of our car parking spaces across operational villages contained electric vehicle charging points, with more planned in the coming years. Furthermore, we launched a team member electric vehicle scheme which is within a pilot period and saw five electric vehicles on the road across Senior Management and General Managers who conduct regular business travel trips. We will assess the successes of the pilot scheme in due course, and plan for further rollout of corporate electric vehicles.

### Minimising water use

Our water use increased by 1% in 2022 compared to 2021, on a like-for-like basis, which is likely to be related to a return to normal operating conditions following COVID-19 restrictions.

### Nurturing biodiversity

Supporting a healthy natural environment is essential to prevent biodiversity loss, a significant global issue with strong links to climate change, water use and pandemics. We use our EMS to help us manage biodiversity impacts and we monitor wildlife-related incidents or risks at our sites. Where possible, at our sites with landscaping, we incorporate native species and pollinating plants. As bees play a critical role in healthy ecosystems, we are investigating installing beehives at selected villages. In May 2022, we celebrated the opening of a new allotment at St George's Place which we hope will encourage our owners to grow a diverse range of vegetables, fruits and plants to attract vital wildlife.

In October 2021, plans were made at Scarcroft Park (which is currently under development and due to be operational by December 2023) to re-distribute excavated clean soil from the site during development, and to create a species-rich grassland comprising of various floral species. This has been projected to improve the biodiversity of the area by 27% (in terms of biodiversity unit increases). The groundworks of this development generated around 17,500m<sup>3</sup> of soil which would ordinarily have been sent to landfill; however, this project saw us retain this soil across the site grounds. Not only will this impact the biodiversity of the grounds, but it also avoided around 4,400 lorry movements which would have disposed of the soil.



## TACKLING CLIMATE CHANGE AND ENVIRONMENTAL CHALLENGES CONTINUED



*Audley St Elphin's Park bug hotel sitting within the allotment gardens*

### Ensuring environmental compliance

We always aim to comply with relevant environmental legislation. This includes making sure our assets comply with regulations on waste, F-gas and water. If any issues occur, we work with the relevant authorities to resolve them. We aim to meet our commitments under the Environmental Protection Act 1990 and the Clean Neighbourhoods and Environment Act 2005.





## A CULTURE WHERE PEOPLE CAN BE THEIR BEST



Our team members are central to delivering our ambition, so our people strategy aims to make Audley a brilliant place to work. This year, we focused on continued skills development, diversity, equality and inclusion (DEI), and health, safety and wellbeing.

### **SKILLS DEVELOPMENT**

Promoting skills development creates a culture where people want to be their best. We continue to invest in skills development for all team members, including technical skills, agile ways of working, resilience and adaptability. As part of our commitment to unlimited learning, this year we continued the deployment of a digital learning management system and introduced various new languages. Since launch, 100% of our team members have undertaken training via this route. Our Mentoring programme continued in 2022, incorporating internal and external coaching.



REBECCA HARRISON, SENIOR CARER, ST ELPHIN'S PARK



I joined Audley as Senior Carer on 28th March 2022. I was at a point in my career where I was ready to make the next move and progress from the day-to-day caring role within my current job.

I completed the Audley Induction process - all topics of training covering the care certificate, e-learning and classroom training - Medication, Moving and Assist and a one-day first aid course. The team were supportive and the areas of my job role and responsibilities were explained and it was clear to me what the expectations were of me within this Senior Carer role. I was excited and eager to learn more about the Audley ways and the systems and also bring in my own experiences and knowledge to help improve systems and working practices already in place.

As part of my role I was required to complete the Senior Carer Development Program, a series of workshops covering all areas within my job role. I particularly found the care planning and review process an informative topic, which has helped me develop and understand these processes and ensure they are meaningful and reflective of our customers' care and support needs. I enjoyed being able to pick an area of specialism; I chose dementia as this was of particular interest to me. Dementia is a common disease not only amongst our owners and community customers but across all of society. Through the training and resources available I have gained valuable knowledge and understanding and I can recognise and understand people's needs more and be able to provide advice and guidance, not only within my job role but to the wider community and family and friends who are caring for people with this disease.

There was an opportunity within the team to attend the Train the Trainer course for moving and handling trainer/assessor. I am passionate about the techniques we use on a daily basis when we are moving and assisting, using equipment and supporting people to move, sit/stand etc. It is important we are using the right techniques to protect ourselves and our customers. Being able to cascade

this knowledge, information and techniques learnt through the training programme in our day-to-day tasks has helped the team with their understanding and safety and better use of the equipment and support techniques available. I achieved this qualification in March 2023 and have also attended group chats via Teams with others across the company; this is a valuable resource and chance to share experiences and knowledge.

After completing the Train the Trainer qualification, I had reignited my passion for learning and was keen to see what other opportunities were available. I had already completed my NVQ Level 3 in Health and Social Care and wanted to progress my learning and development in this area, having the opportunity to progress and complete NVQ Level 4 Lead Practitioner in Care. I enrolled for this qualification in June 2023 and have regular workshops with my assessor and interactive online workshops and knowledge bites which all support me in completing the course units. I have been fully supported by my manager in allowing the time to attend my one-to-ones with my assessor and complete the interactive workshops and this works well alongside the time I commit to my studying outside of my working days.

My ambitions for the future: I would like the opportunity to be able to feel confident and progress into a management role, with the ultimate goal of being a registered manager. I am enjoying my learning experience within my current role and the levels of responsibility within my senior role. The training I have completed so far and the current qualification I am working towards will all support me in this journey. In addition, working alongside my Branch Manager and understanding more about the other areas within a registered manager role will give me greater insight into the responsibilities of this type of role. I feel I am supported, and when out of my comfort zone in taking on a new task or dealing with a situation I am supported through this and feel achievement when completed at overcoming some of my fears of the unknown when dealing with something I have not experienced before.





## A CULTURE WHERE PEOPLE CAN BE THEIR BEST CONTINUED

### **Our multi-award-winning apprenticeship scheme**

Driven by an overriding mission to support development and growth, while building talent from within, Audley delivers a strong apprenticeship scheme. The scheme provides career pathways to support our growth plans and pathways to enable team members to grow and develop, with a level of consistency across villages and functions. In 2021, we began our apprenticeship scheme which extends to some of our development partners, broadening our reach of supporting growth pathways for apprentices. This has continued throughout 2022, and we have continued to invest in the training and development of our apprentices.

With the goal of providing multiple learning journeys, the business has formed various

programmes, which typically run for 12 to 24 months and combine internal workshops and mentoring with college or university-based learning and on-the-job training, individualised to the learner's role and needs.

While apprentices will be recruited in the future, the business wanted to focus first on broadening in-house talent by developing existing team members' pathways. During 2022, our apprenticeship scheme saw 36 people involved in the programme, with 10 completing it in 2022. Further information can be found [here](#).

### **RECOGNISING OUR TEAM MEMBERS**

In November, we hosted our annual 'Spirit Awards' which allows us to celebrate and recognise the incredible efforts our team members go to every day.



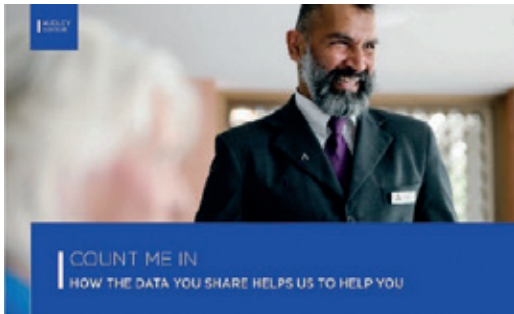
# A CULTURE WHERE PEOPLE CAN BE THEIR BEST CONTINUED

## DIVERSITY, EQUALITY AND INCLUSION

We believe that diversity, equality and inclusion (DEI) is everyone's business. And they are core elements of our sustainability strategy. DEI is at the forefront of our approach to supporting our team members, and our strategy to support this continued throughout 2022.

Led by an appointed DEI ambassador and supported by in-village DEI champions, the following initiatives were introduced and continued:

- Count Me In:** A campaign that was introduced in January 2022 to encourage team members to volunteer their personal data relating to their own DEI status. This allows Audley Group to report more meaningful data allowing a focus on broader subjects in the future. 70.2% of our workforce are women and 10% are from a Black, Asian or minority ethnic (BAME) background which is a 1% increase since July 2021. More data analysis will be carried out as the Count Me In campaign evolves, including retention, turnover, promotion and pay differentials.



- Menopause friendly registration:** Audley Group is a Menopause Friendly organisation. We have appointed a Menopause Champion, a voluntary role undertaken by a member of our village team. In 2022, we updated our Menopause Policy, created an official online Menopause Network, conducted Menopause training, and created a bespoke eLearning module and implemented day-to-day adjustments to improve the comfort of team members impacted by this, including flexible working and temperature-control measures.



- Audley Group DEI Champions:** Audley Group has a team of champions who support our DEI initiatives and offer 1-1 and group support. They all have lived experience of their subject matter and have volunteered their time to be a champion. Our champions are reflective of the business and are from across all functions. Each champion is given the training and support they require for this role.

- Audley diversity, equality and inclusion calendar:** This tool, available through the Spirit communications platform, helps ensure that recognition of different cultures and events is consistent and widespread.



- **Audley Group DEI policy:** Our policies have been updated to reflect DEI where necessary. We also partner with the enei (employers network for equality and inclusion) to ensure our business policy is reflective not only of legislation, but also our emphasis on belonging at work.
- **TIDE – Talent Inclusion and Diversity Evaluation:** We are pleased to announce that in 2022 we were awarded the Bronze Standard TIDemark for DEI with the enei. TIDE is enei’s self-assessment evaluation and benchmarking tool. It measures an organisation’s approach and progress on DEI in the following areas:
  - o Your workforce
  - o Strategy and plan
  - o Leadership and accountability
  - o Recruitment and attraction
  - o Training and development
  - o Other employment practices
  - o Communication and engagement
  - o Procurement

What does this award mean?

Yearly we submit our report to the enei. This is benchmarked against all other entries, which is known as the TIDemark. The best entries are then awarded bronze, silver, and gold TIDE awards. The award is recognising the improvements we have made over the past two years in the DEI space and enables us to constantly improve upon what we do.



### PLANS FOR 2023

- DEI data pack to be created quarterly which will be available to all at Audley Group, to continue our message of transparency. We will also use this to support with understanding our team members, and to understand where our time is best placed to support them.
- Update our Audley Diversity Equality and Inclusion Calendar, to include well-being and employee recognition dates, therefore creating a calendar that is a one-stop shop and consolidates all into one document. Making it easier for team members to access information.
- Becoming a Menopause Friendly Accredited organisation, using our already existing membership to support us to grow and develop our Menopause initiatives. Having the accreditation will allow for us to be a recognised employer that has achieved the highest standards of continued support for our team members who are pre- and post-menopausal.
- Create a bespoke DEI eLearning module which will be assigned to all team members and new starters joining the group.
- Develop upon our Champion Network, using our DEI data to support us with understanding where the current gaps are in our offering.
- Develop and implement Hidden Disability Training. With the support of our champions, we are in the planning stages of this training. Following both our quantitative and qualitative data collection we now know we have many team members with hidden disability. The training will be designed to support our team members to know what this is, but also how best to support someone in the workplace.



### HEALTH, SAFETY AND WELLBEING

COVID-19 in 2021 through to 2022 presented an ongoing challenge to owners' and team members' health, safety and wellbeing.

#### Team members

We continued to deliver COVID-safe protocols in response to the changing government guidance including a designated COVID welfare hub - to further support the established Crisis Management Team and their processes so that resources are accessible to anyone in the business. Our senior management team provided regular updates, with content on topics like remote working, emotional resilience and communication.

With restrictions relaxing in 2021, we introduced a hybrid culture for the central support team, conducting pulse surveys, workshops and listening groups which validated that a hybrid approach was the best way to bring people back into the physical work environment. A leadership toolkit was also provided to help those managing teams working remotely. We formalised this hybrid working arrangement in 2022, mandating that team members must attend the central office (Egham) at least

40% of their working time, allowing team members to choose when they attend the office. This flexibility has allowed our team members to both maintain social contact with their team members and maintain our friendly culture, while also allowing our team members to balance their work time and home life according to their needs.

One of Audley's core objectives is to enhance recognition and promotion of mental health awareness and embedding this as part of our culture. In 2021, we invested heavily in the recruitment and training of 29 mental health first aiders across different areas of the business, and in 2022 we continued to develop this resource, making a total of 36 mental health first aiders by the end of 2022. We have used our Audley Spirit communications platform to make our team members aware of this extended resource which complements the wide array of services available in our benefits platform where people can engage with support in a variety of different ways.

Sickness absence fell again this year, with 1.6% average working hours being sick hours, compared to 2.4% last year.



## A CULTURE WHERE PEOPLE CAN BE THEIR BEST CONTINUED

### Owners

Audley continued to offer health and wellbeing support to our owners. The number of Audley Club members increased again from 1,182 in 2021 to 1,512 in 2022.

In terms of pandemic response, Audley continued to respond with robust and supportive procedures, policies and communication. The owner survey conducted in 2022 found that:

- 98% of the owners felt **safe** and **protected** during the pandemic
- 99% of owners said they are treated with dignity and respect by their carers
- 90% of owners were **happy with Audley's response** to the pandemic

Owner survey stats:

- 70% of users feel the club has improved their life - particularly their fitness levels and sociability
- 2 in 3 club users rate the standard of facilities as good or excellent
- 71% of club users rate the friendliness of the club team as good or excellent
- 1 in 3 owners use the swimming pool and gym at least once a week



### Pay and benefits

Our focus is to ensure we attract, retain, motivate and engage all our team members, and we believe we achieve this through our reward suite. Our reward suite supports our team members' financial, emotional and physical wellbeing, through different benefit and reward approaches. We do take our ESG responsibilities seriously within this area too, and continue to look for new ways to intertwine more ESG-focused offerings within this suite. As part of our qualifying team members' bonus entitlement, ESG objectives are now considered, further motivating our team members to contribute to achieving our ESG goals, and demonstrating our commitment to meeting them.

Our team members work hard to deliver the very best service and care to our owners, every day, and it is important to us that we provide them the same level of care and support. We offer the most competitive discounts and offers on pretty much everything! Through our discounts portal, partnering with the largest team member discount provider to achieve this, we offer salary sacrifice schemes including opportunities for qualifying team members to access EVs, gym membership, financial and legal support lines, EAP, mindfulness courses and even an online life coach to name just some.

We launched a Winter Wrapped Up campaign in October to support our team members. All qualifying team members received a payment of £800, split over four months, and were given a 'wellbeing day' - an additional day of leave, separate from annual leave to be used to spend time on themselves, allowing them to focus on their wellbeing.

These benefits along with our pay approach are continually reviewed to ensure they remain relevant, sustainable and competitive, and are fair. In 2022 our annual performance review saw 100% of eligible team members receive an increase to their salaries.

Although 2021/22 saw challenging times within the Care and Hospitality sectors, we took the opportunity to spend more time talking with our team members through town halls, and focused team member surveys, whilst also quickly adapting our working practices to ensure all team members remained safe. We believe this approach is the reason we have been able to maintain a high retention and attrition rate. Our hybrid working practices continue to be a great success, and something that is now a permanent way of working today.



Investors, owners and regulatory bodies are increasingly looking to the environmental, social and governance (ESG) credentials of businesses to inform their choices. We are meeting the challenge through our increased focus on transparent reporting and strong governance. Listening to all of our stakeholders keeps us focused on what matters and accountable for our actions.

### ENGAGING WITH STAKEHOLDERS

One of our key values is the strong belief in the importance of relationships. By engaging closely with stakeholders, we are better able to understand their evolving expectations, inform our strategy, and share our plans and progress.

Our team members, owners, investors, the communities we do business in, suppliers, UK Government and regulatory bodies are all key stakeholders. We connect with them at all levels of our business. That includes owner-facing and corporate units, our senior leadership team, the Board and its committees.

We engage with stakeholders in lots of different ways – from virtual meetings to reviews, forums and newsletters.

To understand how well we are engaging with different groups, the Board receive regular updates and use them to make better decisions, and provide feedback and constructive challenge on activities, programmes and initiatives being considered.

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### Team members

Our ambition is only as strong as the foundations we are built on, and our team members are absolutely central to this. Engaging with them is critical to achieving a culture where they can be their best and fully contribute towards realising our purpose, ambition, strategy and Audley's long-term success. We employ approximately 714 team members<sup>7</sup>, on permanent employment contracts in the UK. We employ a further 112 workers on bank contracts.

### Our team members want us to:

- Share their personal values
- Provide flexible and agile ways of working
- Provide great career opportunities, development and training
- Reward performance with fair and competitive pay and benefits

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<sup>7</sup> As at 31 December 2022.



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### How we engage with team members, and the result

The Board receives regular updates from the HR director (as appropriate) on our team members, progress against key people strategy initiatives, culture and overall sentiment within the organisation. Post-COVID-19, the safety and wellbeing of our owners and team members remained a priority at the Board's discussions throughout 2022. The Board also spent time discussing how Audley could help its team members throughout the Cost of Living crisis in the UK, and launched the Winter Wrapped Up campaign to help ease the pressure of rising energy prices. We also partnered with a company called 'Salary Finance' which allows our team members to access their salaries ahead of scheduled payday where needed.

Given the focus in the organisation on DEI, the Board also spent time discussing the DEI strategy, how it supports the Group's strategy, external targets, commitments and progress. Once a year, our team members tell us how it feels to work here through our engagement survey. With 76% of team members taking part this year, this survey gives us a clear idea of how they're feeling and helps us understand what more we can do to make Audley a brilliant place to work. This year's survey resulted in 94% of team members agreeing they are proud to work for Audley. When we respond to feedback from team members, we first pick areas and initiatives that will make the biggest impact. Longer term, we continually shape and inform our overall people strategy to create a culture where team members can be their best - with a focus on skills development, DEI, and health, safety and wellbeing.

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### Owners

We want to give all our owners standout experiences by delivering brilliant villages and service. Engaging with our owners and understanding their needs is critical to delivering on our strategy, ambition and purpose.

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### How we engage with owners, and the result

There are lots of different ways we engage with our owners. At the early stage of onboarding new owners, we work with them to understand their needs and make sure the villages - and their experience - are the best they can be. We use a number of different methodologies to understand what owners expect. This insight helps shape our strategy, position our villages, design owner-driven improvements and develop our brand and communications. Regular owner reviews with the village management teams focus on how to continually improve performance.



I have been here for 8 years and am very happy and glad I came.



The monthly quiz is well organised and is always a really nice occasion.



We are very happy living here in Stanbridge Earls, we have met some lovely people and made many friendships.

**Insights from the owner survey 2022**

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## BEING TRANSPARENT AND ACCOUNTABLE CONTINUED

In 2022, we continued to build our relationships with our owners through a range of initiatives to support them through the continuing pandemic and Cost of Living crisis.

The village management team review and discuss complaints directly with owners. It keeps them connected to issues on the ground, allows them to have a better understanding of how to fix common problems and helps us improve the way we respond to complaints.

Our owners and the impact on them are always considered by the Board as part of decision-making. The Board regularly receives updates on, and discusses, owner experience. The Board also discusses initiatives having a positive impact on our owners, key focus areas and areas for improvement, on current service and future priorities.

We conduct an annual owner's satisfaction survey across all Audley Villages, and in 2022, we saw the highest engagement ever from our owners at 76% of our 1,552 owners. Of those surveyed, 72% were likely to recommend Audley to a friend, 78% agreed there is a good sense of community at their village, and 93% agreed that their Audley village feels like home.

Following the 2021 owner satisfaction survey, Audley conducted a 'You said, We did' assessment across most operational villages which outlines the steps Audley has taken since the last survey to improve on, based on feedback provided by owners. We share this with our owners to show them that we listen to what they tell us in feedback opportunities like the satisfaction survey, and we act upon the feedback. This continued in 2022, allowing us to demonstrate to our owners that we are taking onboard their feedback.

### Investors

Audley has been specialising in retirement living solutions on behalf of global institutions since 1991. Our investors want us to:

- Deliver a return on their investment through dividends or capital growth
- Perform well against our outlook and long-term strategy

### How we engage with investors, and the result

We communicate regularly with investors through our website, the Annual Report and our quarterly financial statements. The 2022 AGM was held as a closed meeting. We manage relationships with institutional investors through an investor relations programme. It includes one-to-one conversations, roadshows, group meetings, conferences and industry events. The Chief Executive and other Board members also spend time with investors.

The Board receives regular reports on how we are engaging with institutional investors. The Board also discusses any investor issues with management.

We are proud to participate in the annual GRESB benchmarking process, providing comparable and reliable data on the ESG performance of our investments. The 2022 results assessment helps drive decision-making, for both Audley and our investors, that leads to a more sustainable real asset industry.

The GRESB Real Estate Assessment results were released in Autumn 2022. Audley's results increased by 8 points and 1 star rating in both the standing investment and development surveys. We are continually striving to improve this score and ensure our great work around ESG is recognised.

	POINTS	STAR RATING	POINTS	STAR RATING	POINTS	STAR RATING
	2020		2021		2022	
Standing Investment Survey	77		75		83	
Development Survey	82		83		91	



### Communities

Our villages are an important part of the neighbourhoods we operate in, and often help bring them together. Building and preserving relationships with all the communities we serve is not just important to our commercial success, but it is also key to the way we operate as a responsible and sustainable business. Local communities rely on us to:

- Improve the fabric of their immediate surroundings
- Protect the environment, help tackle issues like climate change and conduct business ethically and responsibly





### **How we engage with local communities, and the result**

We define 'local community' as our immediate neighbours and those in the local catchment areas surrounding our retirement villages. We believe that having an open and transparent dialogue with our local communities enables us to create a harmonious environment for our neighbours, owners and staff alike.

The effectiveness of our community engagement is continuously being reviewed and adjusted to ensure that we sufficiently address community interest and opportunities. Wherever possible, we actively seek to create synergies and connections between our activities within our villages and Audley's philanthropic activities.

We recognise that our buildings are part of larger community systems, and that they have the potential to either benefit or detract from their local communities. To navigate these concerns, we support and engage with the local community through our development and operational management activities. We aim to create and operate buildings that complement and benefit their neighbourhoods.

Philanthropy and community involvement are a foundational part of our corporate culture and remain very important to our team members and their wellbeing.

On behalf of our Board, the ESG Committee approves our community strategy and monitors our progress as a responsible and sustainable business. It also makes sure we are contributing positively to the communities we live, work and operate in.

During the development phase, our contractors are encouraged to subscribe to the Considerate Constructors Scheme (CCS), an organisation which aims to improve the image of the construction industry and its impact on the environment, the workforce and the general public. Our contractor partners take an active role in joint activities with neighbouring communities at our villages during the construction phase, including time capsule planting with local school children and tree planting schemes.

Fairmile, a new village under development, scored 44/45 points in the CCS in 2022 which is considered 'excellent' by the scheme. Construction works at Fairmile continued to demonstrate respect for the surrounding community, and environmental protection is also considered, with care taken during works near protected trees. Robust ecological plans have been developed, including hard and soft landscaping, the preservation and protection of existing trees, and the installation of wildlife-promoting features including bat boxes. Rainwater is being harvested onsite for low-grade use, and attenuation tanks are planned for use by the village once constructed to help ease the impacts of future water stress.

The effectiveness of our community engagement is continuously being reviewed and adjusted to ensure that we sufficiently address community interest and opportunities. Audley gives back to the community through fundraising and volunteering for a wide range of charities and causes.



## BEING TRANSPARENT AND ACCOUNTABLE CONTINUED

Throughout 2022, Audley supported a number of charities including:

- RNLI
- The Audley Foundation
- The Care Workers' Charity
- Dementia UK
- Macmillan Cancer
- Alzheimer's Society

Throughout 2022, a total of **£28,716** was raised across various initiatives.

The [Audley Foundation](#) was launched to enable Audley to collectively organise its giving and link it to causes that are near and dear to owners, community customers and team members. As part of its social responsibility, the Foundation continually aims to have a positive impact on those communities in which it lives and works. In 2022 we focused on team member and corporate fundraising. From 2023, each Audley and Mayfield village will be able to decide which local charities to support from monies raised locally. The Foundation will provide support for these village events which could be financial and/or team member time.



## Suppliers

Our relationships with suppliers are instrumental to our success. They help us deliver the solutions and propositions we use to create standout tenant experiences.

### Our suppliers want us to:

- Pay them in line with our agreed terms
- Act ethically and transparently
- Help them optimise their own supply chains

### How we engage with suppliers, and the result

We need to know who we are doing business with, and who is acting on our behalf. So we:

- Choose suppliers based on principles that make sure we act ethically and responsibly
- Undertake due diligence on them before and after we sign a contract; covering financial health, anticorruption and bribery, and whether they meet our standards on areas such as quality management, security and data privacy

In the long term we seek to measure suppliers' energy use, environmental impact and labour standards, and work with them to improve these.

The ESG Committee considers and approves our modern slavery initiatives on behalf of the Board. We engage with suppliers on a range of proactive initiatives – for example progress towards net zero carbon emissions, including the increased uptake in renewable energy, and cutting plastic packaging and waste. On DEI, we are keen to make sure we engage with as broad a range of suppliers as we can. We are discussing how we create a more diverse supplier selection process with suppliers and explore increasing the purpose/diversity weighting we use in the procurement adjudication process.

## Industry

Sustainability is not just about our own operations. We work with leaders across our industry to develop and scale innovative solutions for a more sustainable world. We believe this is an important part of our stewardship efforts.

### The industry wants us to:

- Encourage investment and innovation
- Collaborate on shared challenges



## How we engage with the wider industry, and the result

All Audley team members are proactively encouraged to engage in networking, attending events, blogging and sitting on interview panels with industry schemes. In 2022, we have supported numerous industry pieces including:

- In March, CEO Nick Sanderson was invited to speak with Anna Clare Harper on The Return Podcast where they discussed integrated retirement communities and the realities of retirement
- In May, John Nettleton, Land Director, completed the 530-mile Tour d'Audley to fundraise for The Audley Foundation; he was supported on different legs of the journey by other members of the Audley team
- In May, plans to begin the village project for Headley Court were announced
- In May, over 100 team members ran the Blenheim Palace 7K to raise money for the Audley Foundation
- In July, Nick attended ARCO (Associated Retirement Community Operators) What Next? Conference
- In September, Nick was part of the panel session at MS Real Estate's annual conference
- In November, villages hosted a Friendship Tea event

### We were awarded in 2022 with a range of different accolades, including:

- We were nominated for 'Care Team Award' at the National Care Awards
- 'Housing with Care' winner at the Laing Buisson awards, for the third time running
- 'Later Living Operator of the Year' winner at the RESI Awards, for the second time running
- Also, Audley received a 9.2 Homecare.co.uk rating

Further information on our awards and recognition can be found [here](#).







## CLOSING STATEMENTS

### ESG PERFORMANCE METRICS

#### ORGANISATIONAL BOUNDARY

This report includes all real estate villages owned or managed by Audley. Where possible, we report on our corporate office occupation.

#### COVERAGE

Audley works actively to access relevant data for the properties that Audley owns and manages. Having access to data is important to Audley, as the information creates conditions for efficient and sound technical management of the buildings. The proportion of properties included in each indicator is mentioned in connection with respective key indicators. Measurement data is affected by changes in the portfolio – i.e., recently purchased, sold and properties under development – which complicate access to relevant data. Audley constantly strives to access all relevant data as comprehensively as possible. We commit to reporting on progress annually.

#### NORMALISATION

Audley calculates energy and water intensity key ratios by dividing by the buildings' floor area. This is the most widely accepted method in Europe to compare energy utilisation and resource consumption.

#### SEGMENTAL ANALYSIS (BY PROPERTY TYPE, GEOGRAPHY)

Segmental analysis is conducted by property type for building intensities. The Audley portfolio consists of only one building sector type – senior living. We currently operate in only the UK. We do report on the split of our energy labels (EPCs) by rating. Asset level performance data is available upon request.

#### REPORTING ON LANDLORD AND OWNER CONSUMPTION

At present, Audley only report on those assets where we have direct control. Owner controlled properties are currently excluded –

though reporting on these may be considered in future years as we become more transparent around our Scope 3 emissions.

#### REPORTING PERIOD

Reporting for each year accounted for in the ESG tables refers to the calendar year, i.e., January 1, 2022, to December 31, 2022.

#### METHODOLOGY

We have reported on all material ESG sustainability performance measures, using the INREV Sustainability Reporting Guidelines 2016. We utilise the UK Government's Conversion Factors for Company Reporting 2021 and 2022. Like-for-like measures exclude all villages not held for the full two-year period from January 1, 2021, to December 31, 2022 and any villages for which development or major refurbishment has been occurring. Coverage refers to the number of properties within our organisational boundaries for this indicator.

#### DISCLAIMER

This report has been prepared for Audley Group for the agreed purpose by [EVORA Global Limited](#). Reasonable professional care has been taken in the development of this report. Our analysis, conclusions and recommendations are based on information provided to us and EVORA cannot be held responsible for the accuracy of this information.

We have clearly identified where estimates have been used to provide indications of performance. Estimates are not a guarantee of current or future performance.

Further, EVORA cannot be held liable for any losses or damages incurred by a third party (other than the named client/s) relying on the contents of, or recommendations made in, this report. Such third parties should obtain independent advice in relation to the conclusions set out in this report.

## CLOSING STATEMENTS CONTINUED

### CORPORATE ESG PERFORMANCE DATA

**TABLE 1: BUSINESS TRAVEL**

Impact Area	Units of Measure	2022	2021
Team Member Business Travel-Car	Total miles travelled (miles)	420,052	331,420
	Total associated carbon (tonnes CO <sub>2</sub> e)	113.58	100.19
	Miles travelled in company cars (miles)	52,015	73,201
	Associated carbon (Scope 1 emissions) (tonnes CO <sub>2</sub> e)	14.06	22.13
	Miles travelled in personal cars (miles)	368,037	258,219
	Associated carbon (Scope 3 emissions) (tonnes CO <sub>2</sub> e)	99.51	78.06

#### NOTES ON DATA COVERAGE:

- Team member business mileage is recorded for car travel in 2021 and 2022, and is split based on company or personal car use, as company car use is classed as Scope 1 emissions, and personal car use is classed as Scope 3 emissions.
- Audley is working towards gathering data relating to other business travel including rail and flights.

#### NARRATIVE ON PERFORMANCE:

- Business travel-associated emissions have increased overall by 13% from 2021 to 2022, which is likely attributable to the relaxing of COVID-19 restrictions in terms of travelling from one village to another and conducting site visits. The period 2020 to 2021 saw a 27% increase, so the increase seems to be steadying out year on year and returning to normal.
- Audley is working on expanding its electric vehicle fleet over coming years which should help to reduce business travel-associated emissions – we launched a team member electric vehicle scheme which is within a pilot period and saw five electric vehicles on the road across Senior Management and General Managers who conduct regular business travel trips.

**TABLE 2: EMPLOYEES – GENDER PAY GAP**

Impact Area	Units of Measure		2022	2021
Team Member Gender Pay Gap	Gender pay gap (%)	Mean percentage by which female pay is lower than male pay (incl bonuses) <sup>8</sup>	25.57	39.34
		Median <sup>9</sup> percentage by which female pay is lower than male pay (incl bonuses)	-1.74	23.81

#### NOTES ON DATA COVERAGE:

To us, the reporting of our gender pay gap is more than a legal requirement. Sharing our data allows us to track our progress in an open and transparent manner. We're able to learn from other companies (as they will from us) the additional steps we can take to help us close our pay gap between men and women. The gender pay gap is calculated as the difference between average (mean or median) hourly earnings excluding overtime of men and women as a proportion of men's average hourly earnings.

#### NARRATIVE ON PERFORMANCE:

ONS provisional figures for 2022 indicate a 14.9% median pay gap at UK national level.

Nationally, one of the key reasons for the gender pay gap is that male team members are more likely to hold senior positions. Our Gender Pay Gap statement can be found here: [www.audleygroup.com/gender-pay-gap/](http://www.audleygroup.com/gender-pay-gap/).

<sup>8</sup> The mean is what is commonly described as the average. It involves adding together the pay or bonuses of team members and then dividing by the number of team members.

<sup>9</sup> The median is the middle value of all hourly rates when ranked. That is the amount paid to the team member in the middle of the list, if team members are listed in order of pay or bonus. The advantage of looking at the median is that it's less affected by numbers at the top end of the pay range, such as the earnings of a small number of senior executives.

## CLOSING STATEMENTS CONTINUED

**TABLE 3: TEAM MEMBERS - PERFORMANCE AND ENGAGEMENT**

Impact Area	Units of Measure	Indicator	2022	2021
Team Member Performance Appraisals	% of total workforce	% of total team members who received regular performance and career development reviews during the reporting period	100%	100%
Team Member Survey	% of total workforce	% of total team members who completed the team member satisfaction survey	76%	81%
		Overall engagement score	71%	72%
		% of total team members who are proud to work at Audley	94%	93%

**NOTES ON DATA COVERAGE:**

Audley has 714 directly contracted team members, and 112 workers on bank contracts. All directly contracted team members undergo annual performance appraisals. These often include specific ESG objectives, such as to ‘sit on the ESG Committee’ or ‘attend DEI training’. Should our team members not attain their assigned ESG objectives, consequences including those affecting bonus remuneration are triggered.

**NARRATIVE ON PERFORMANCE:**

We advocate the continuing education of our team members to promote innovation and being one of the leaders in our field.

**VILLAGES ESG PERFORMANCE DATA**

**TABLE 4: ENERGY FROM OPERATIONAL VILLAGES**

Absolute and like-for-like energy for owned assets							
Energy reported in kWh		2022		2021		Absolute trend	Like-for-like trend
Asset		Absolute Consumption	Like-for-like consumption	Absolute Consumption	Like-for-like consumption		
<b>All villages</b>							
Absolute and Like-for-like electricity	Total electricity obtained	7,683,105	5,839,835	7,322,337	5,788,350	+5%	+1%
	Proportion of electricity from renewable sources	100%	100%	100%	100%		
Absolute and Like-for-like fuels	Total fuels obtained	17,564,254	10,815,553	16,141,105	10,695,312	+9%	+1%
	Proportion of fuel from renewable/green sources	77%	88%	6%	14%		
Absolute and Like-for-like energy	Total energy obtained	25,247,358	16,655,388	23,463,442	16,483,661	+8%	+1%
Building energy intensity for All Villages (kWh/sqm/year - GIA)							
Energy Intensity	Building energy intensity for all energy obtained	137.18	133.91	105.46	132.53	+30%	+1%
	% of energy and associated GHG estimated	0.7%	0.4%	0%	0%		
	Coverage (number of assets)	14	10	15	10		

**NOTES ON DATA COVERAGE:**

- Absolute electricity consumption is recorded for: St Elphin’s Park, Binswood, Ellerslie, St George’s Place, Flete House, Clevedon, Mote House, Inglewood, Chalfont Dene, Redwood, Willicombe Park, Nightingale Place, Cooper’s Hill, Stanbridge Earls and Mayfield Watford in 2021 only.
- Absolute fuel consumption is recorded for: Mote House, Clevedon, St Elphin’s Park, Willicombe Park, Ellerslie, St George’s Place, Flete House, Redwood, Cooper’s Hill, Binswood, Chalfont Dene and Nightingale Place. Oil is used at Flete House, and Calor Gas is used at Stanbridge Earls and Inglewood, with mains gas procured on green tariffs being used at all other villages.
- Like-for-like electricity consumption is recorded for: Mote House, Clevedon, St Elphin’s Park, Willicombe Park, Ellerslie, St George’s Place, Flete House, Redwood, Inglewood and Binswood. In 2021, no like-for-like data was estimated, but in 2022, 0.4% was estimated.
- Like-for-like gas consumption is recorded for: Mote House, Clevedon, St Elphin’s Park, Willicombe Park, Ellerslie, St George’s Place, Flete House, Redwood, Binswood and Inglewood.



## CLOSING STATEMENTS CONTINUED

- Like-for-like consumption data is defined for the purposes of this report as data from villages which have been fully complete and operational during the calendar years 2021 and 2022. Villages which were still undergoing development/refurbishment during the reporting period are not included in like-for-like analysis.

### NARRATIVE ON PERFORMANCE:

- Like-for-like electricity consumption increased by 1% from 2021 to 2022.
- Out of the 10 like-for-like villages, 7 saw increases in electricity consumption<sup>10</sup>, with the other 3 experiencing decreases<sup>11</sup>. This is likely attributable to changing numbers of owners within the villages over the reporting period.
- Like-for-like gas consumption increased by 1%, resulting in an overall like-for-like energy consumption increase of 1% from 2021 to 2022.

**TABLE 5: GREENHOUSE GAS EMISSIONS FROM OPERATIONAL VILLAGES**

GHG Owned Assets							
GHG Emissions reported in tCO <sub>2</sub> e		2022		2021		Absolute trend	Like-for-like trend
Asset		Absolute Consumption	Like-for-like consumption	Absolute Consumption	Like-for-like consumption		
<b>All villages</b>							
Absolute and Like-for-like Direct GHG Emissions	Direct GHG emissions (GHG Protocol Scope 1 Location-Based)	3,162	1,947	2,956	1,959	+7%	-1%
Absolute and Like-for-like Indirect GHG Emissions	Indirect GHG emissions (GHG Protocol Scope 2 Location-Based)	1,486	1,129	1,555	1,229	-4%	-8%
	Indirect GHG emissions (GHG Protocol Scope 2 Market-Based)	0	0	0	0	-	-
Total GHG Emissions	GHG Scopes 1 and 2 (Location-Based; before green procurement)	4,647	3,076	4,511	3,188	+3%	-4%
		3,162	1,947	2,956	1,959	+7%	-1%
Building GHG intensity for All Villages (kgCO <sub>2</sub> e/sqm/year - GIA)							
GHG Emissions Intensity	Building GHG intensity (GHG Protocol Scope 1 and 2 Market-Based; after green procurement)	17.18	15.65	13.29	15.75	+29%	-1%

### NOTES ON DATA COVERAGE:

- Absolute emissions are reported for: St Elphin's Park, Binswood, Ellerslie, St George's Place, Flete House, Clevedon, Mote House, Inglewood, Redwood, Willicombe Park, Stanbridge Earls, Nightingale Place, Cooper's Hill, Chalfont Dene and Mayfield Watford in 2021 only.
- Like-for-like emissions are reported for: St Elphin's Park, Binswood, Ellerslie, St George's Place, Flete House, Clevedon, Mote House, Inglewood, Redwood, Willicombe Park.
- Like-for-like consumption data is defined for the purposes of this report as data from villages which have been fully complete and operational during the calendar years 2021 and 2022. Villages which were still undergoing development/refurbishment during the reporting period are not included in like-for-like analysis.

### NARRATIVE ON PERFORMANCE:

- Like-for-like GHG emissions when taking into account the renewable electricity procurement across the villages decreased by 1% from 2021 to 2022.
- Scope 2 emissions are eliminated at all Audley Villages due to the renewable electricity tariffs.
- The standard electricity grid is continually decarbonising due to the increase in proportion of renewable electricity within the standard UK electricity grid, which is why the location-based Scope 2 emissions have decreased by 8% from 2021 to 2022, despite actual electricity consumption experiencing a slight increase of 1%.

<sup>10</sup> Electricity consumption increases: Mote House, Clevedon, Willicombe Park, Ellerslie, St George's Place, Redwood, Binswood.

<sup>11</sup> Electricity consumption decreases: St Elphin's Park, Flete House, Inglewood.

## CLOSING STATEMENTS CONTINUED

**TABLE 6: WATER**

	Absolute m <sup>3</sup> Usage		Like-for-Like m <sup>3</sup> Usage			Like-for-Like Intensity m <sup>3</sup> /m <sup>2</sup> / yr		
	2021	2022	2021	2022	% Change	2021	2022	% Change
Water	94,148	70,285	32,237	32,862	+2%	0.68	0.69	+2%
Coverage (number of villages)	10	10	4					

**NOTES ON DATA COVERAGE:**

- Absolute water consumption is recorded for: Mote House, Clevedon, Willicombe Park, Ellerslie, St George's Place, Flete House, Redwood, Binswood, Chalfont Dene and Stanbridge Earls.
- Like-for-like water consumption is recorded for: Ellerslie, Flete House, Redwood and Binswood.
- Like-for-like consumption data is defined for the purposes of this report as data from villages which have been fully complete and operational during the calendar years 2021 and 2022. Villages which were still undergoing development/refurbishment during the reporting period are not included in like-for-like analysis.

**NARRATIVE ON PERFORMANCE:**

- Like-for-like water consumption increased by 1% from 2021 to 2022. Water data provided is sourced from invoices.

**TABLE 7: GREEN BUILDING CERTIFICATIONS**

Type and number of sustainably certified villages		2022		2021	
Type of Certification	Name of Certification	Number of certified operational villages	Percentage of portfolio certified (by floor area)	Number of certified operational villages	Percentage of portfolio certified (by floor area)
Mandatory Certifications	EU Energy Performance Certificate	13 of 14	98%	12 of 13	97%
Voluntary Certifications	BREEAM (or equivalent)	2 of 14	26%	2 of 13	28%

EU Energy Performance Certificate	Proportion of 2022 Portfolio (by floor area)
EPC rated A	0%
EPC rated B	60%
EPC rated C	24%
EPC rated D	8%
EPC rated E	7%
No EPC Rating	2%

**NOTES ON DATA COVERAGE:**

- Average EPC ratings are recorded for: Mote House, Clevedon, St Elphin's Park, Willicombe Park, Ellerslie, St George's Place, Redwood, Cooper's Hill, Inglewood, Binswood, Chalfont Dene, Nightingale Place, Stanbridge Earls.
- BREEAM (or equivalent certifications) are in place at Mote House and Nightingale Place.

**NARRATIVE ON PERFORMANCE:**

- EPC records are unavailable for Flete House.
- It is intended that four of the villages which are currently in the development stage (Scarcroft Park, Fairmile, Sunningdale Park, Mayfield Watford) will attain development-stage BREEAM certifications.
- EPCs are only required for the construction, sale and letting of buildings, as such, once an EPC has expired at an Audley village, a new EPC does not need to be achieved unless the village is being sold.

**APPENDIX 1:  
CLIMATE CHANGE-RELATED RISKS AND DISCLOSURES**

**CLIMATE CHANGE RISKS: TRANSITION RISK**

Transition Risk	Timeline	Mitigation / Opportunity
<p><b>External Policy</b> Government policy change around climate could potentially lead to an increase in operating costs through higher compliance costs, although it will depend on the nature and timing of the change. Carbon pricing policies may increase costs for organisations with significant carbon emissions, while other natural resource legislation (such as water and biodiversity) may become more stringent as scarcity increases.</p>	Medium to long term	Our target to be operationally net zero carbon by 2030 is our primary climate change mitigation strategy and puts us ahead of the commitments made by the UK Government in relation to the Paris Agreement. Taking proactive steps to reduce our emissions means we will significantly reduce the risk or magnitude of penalties from incoming future legislation and other policy requirements.
<p><b>Legal</b> The failure to mitigate the impact of climate change and/or adapt to climate change, or insufficient disclosure on material financial risk could see increased litigation against companies and government for damages caused by negative impacts on climate change.</p>	Medium to long term	Our revenue is increasingly drawn from low-carbon, high-performance villages, and within our residential villages, we continue to explore how we can lower emissions through better design, the inclusion of energy efficient appliances and access to renewable energy. As such, litigation is likely to be a lower risk for us than other companies which are more energy and resource intensive.
<p><b>Technology</b> The timing of technology development and deployment remains a key uncertainty in assessing technology risk. Another technology-related risk is the cost and the unproven nature of integrating new technologies into existing assets.</p>	Medium to long term	As part of our net zero carbon pathway, we have considered technology improvements such as smart metering and renewable energy. At our villages, we are focused on the improvement of environmental performance and ease of operation. We see technology, innovation and integration as key to delivering lower long-term costs, and increased owner comfort and productivity.
<p><b>Market</b> Investors and markets are increasingly redirecting capital away from products and services that negatively impact climate change, impacting stock and asset values. There is also a risk that the supply and demand for products and services may vary in response to shifting consumer demands and changes in technology.</p>	Short to long term	We look to future-proof our assets through improved energy and water performance (design and operational), and our investment in renewable energy (on and off-site) reduces the uncertainty and instability of electricity price shocks.
<p><b>Reputation</b> An organisation's action or inaction in transitioning to a lower carbon economy poses a potential source of reputational risk, as tenants and communities continue to expect more from big businesses. Reputational risk has a wider-ranging impact to our business: attracting high-quality partners may become more difficult, governments and communities may resist working with us, and it will be harder to attract and retain top talent.</p>	Short to long term	Demonstrating our commitment to a low-carbon world and taking leadership in reducing our emissions addresses concerns from our stakeholders on Audley's ability to effectively manage both its impact as well as its climate-related risks. Our strong sustainability credentials and reputation also continue to help us attract stakeholders who consider ESG in their decision-making.



**APPENDIX 1:  
CLIMATE CHANGE-RELATED RISKS AND DISCLOSURES**

**CLIMATE CHANGE RISKS: PHYSICAL CLIMATE RISK**

Physical Risk	Timeline	Mitigation / Adaption
<p><b>Extreme temperatures</b> Hotter days will increase demand for air conditioning and ventilation, leading to higher operating costs (energy consumption and maintenance costs), and cooler days will increase demand for heating supplies leading to higher operating costs. Higher minimum temperatures, particularly in summer months, will mean the use of fresh air for cooling overnight may not work as well.</p>	Short to long term	Ongoing mitigation strategies within our investment portfolio include implementing energy efficiency initiatives (such as installing energy efficient lighting, equipment and HVAC) to assist in reducing energy loads, as well as retrofitting existing assets to improve the building thermal envelope, whenever capital expenditure is justified.
<p><b>Extreme rainfall</b> Heavy rainfall intensity is projected to increase.</p>	Short to long term	Within our investment portfolio, our building management teams proactively maintain our assets to improve resilience to extreme rain and hailstorms, and where appropriate, implement effective stormwater management strategies.
<p><b>Rising sea levels</b> The projected sea level rise above the 1986-2005 level could lead to restrictions on development approvals for projects on land one metre or less above sea level, causing increased costs and delays to construction, flooding and damage to property, increased costs from need to invest in flood prevention, business interruption to tenants, and reduced land value.</p>	Medium to long term	<p>Within our investment portfolio, mitigation strategies include reviewing the location of critical building infrastructure and investing in flood prevention infrastructure.</p> <p>In the planning and design of new developments, we currently consider sea levels and projected increases in floodplains and stormwater as specified by the relevant authorities or experts. For those sites considered for acquisition, flood risk is a key component within our investment decision-making.</p>

### CLIMATE CHANGE DISCLOSURE

**Note on disclosure:** Audley Group (Audley) is not, at present, obliged to report alignment to TCFD requirements – however, we make efforts to move our disclosures towards doing so. We intend to work constructively with the TCFD, and others, to develop good practices and standards for transparency.

### DISCLOSURE ON BUSINESS MODEL

*Describe the impact of climate-related risks and opportunities on the company's business model, strategy and financial planning [Covers TCFD recommendation Strategy b]*

Audley is increasingly considering the impact of climate-related risks and opportunities on our business, strategy and financial planning. We recognise the importance and the opportunities of integrating sustainability considerations in the investment process. We would view neglect of climate-related risks and opportunities as an extreme risk in itself, to support long-term business resiliency. We are making strides into introducing consideration of climate-related risks into our own corporate thinking, processes and financial planning. This includes working towards incorporation of climate-related risks into our ISO 14001-aligned Environmental Management System (EMS) and enhancement in our reporting, which will help describe the impact of climate-related risks and opportunities.

*Describe the ways in which the company's business model can impact the climate, both positively and negatively*

Our business has negative impacts on the climate in a variety of ways – our carbon footprint being the main source. Conversely, as a leader in our field we aim to continually raise the bar and set standards for others to emulate. ESG in our acquisition policies is a mainstay – we develop villages that integrate innovative low-carbon technologies. We report transparently and openly, participating in reporting frameworks where considered valuable.

*Describe the resilience of the company's business model and strategy, taking into consideration different climate-related scenarios over different time horizons, including at least a 2°C or lower scenario and a greater than 2°C scenario [Covers TCFD recommendation Strategy c]*

We believe our evolving ESG strategy, incorporating our net zero ambitions, is resilient to the range of energy transition pathways and scenarios including that of the Paris Agreement. Our strategy is validated annually by the Board to ensure it remains relevant and resilient, as part of our standard governance processes. Elements of the strategy may be refreshed earlier if there are significant changes in external or internal environment. We undertake net zero pathways for all of our villages to inform our approach on future spending and investment decision-making.

### DISCLOSURE ON POLICIES AND DUE DILIGENCE PROCESSES

*Describe any company policies related to climate, including any climate change mitigation or adaptation policy*

Audley's goal is to conduct current and future business operations in a sustainable manner that helps create a better future for the environment. We seek to ensure that environmental sustainability is managed as any other critical business activity in an integrated, systematic way. Our ESG Policy formalises our commitment to managing climate-related risks. Furthermore, our EMS framework is designed to ensure pollution prevention, carbon reduction, waste minimisation, responsible use of resources and compliance with legislation through good practice and continuous improvement.

*Describe any climate-related targets the company has set as part of its policies, especially any GHG emissions targets, and how company targets relate to national and international targets and to the Paris Agreement in particular*

We aim to achieve operational net zero carbon by 2030 and material net zero carbon by 2040, or sooner.

***Describe the board's oversight of climate-related risks and opportunities [Covers TCFD recommendation Governance a]***

Our [Board](#) takes overall accountability for the management of Audley's ESG strategy, including climate change risks and opportunities, with support from the ESG Committee. They are equipped with the capabilities and credentials to oversee the impacts of climate change to our business and are responsible for approving controls through Audley's sustainability targets and strategies, which remain focused on climate change resilience and the decarbonisation of our portfolio.

The Board also bears overall responsibility for Audley's risk management framework and is responsible for decisions in relation to strategies and key risks. The Board meets quarterly, considering quarterly risk reports that cover Audley's risk culture, its risk appetite framework, its strategic risk profile and emerging or notable risks, including those related to climate. In addition, the Board reviews management's recommendations on risk, and makes decisions regarding risk appetite, risk strategy and risk profile. During 2022, climate matters were included on the agenda at every Board meeting.

We are committed to the ongoing development and maintenance of Board and management climate capability and each year invite third-party specialist consultants, such as EVORA Global, to offer specific training.

The ESG Committee provides oversight of the effectiveness of the implementation of Audley's sustainability framework. This includes reviewing that appropriate progress is being made against our ESG aims. The Committee will continue to cover existing sustainability-related activities, including the oversight of climate-related risks and opportunities. The ESG Committee has representatives from across the business and meets quarterly.

***Describe management's role in assessing and managing climate-related risks and opportunities and explain the rationale for the approach [Covers TCFD recommendation Governance b]***

Stewardship of sustainability at Audley does not stop at Board level; it is integrated at every level of our company. Our ESG Committee plays a crucial role in delivering on our sustainability strategy, working with the Board to ensure that material risks,

controls and thresholds are communicated and adhered to. Every member of the ESG Committee has specific responsibilities relating to Audley's sustainability performance, including objectives involving climate-related risks and opportunities. This group comprises members of the Audley leadership team – covering all key departments to ensure information is effectively disseminated down. The group meets on a quarterly basis (as a minimum) to review progress against the sustainability framework and decide on critical strategic positions related to climate change that present risks or opportunities to delivery. The Committee will report to the main Board and other committees as required.

The Audley ESG Committee has oversight of environmental and social issues, including climate-related risk. This is managed within the framework of an ISO 14001-aligned Environmental Management System (EMS).

Audley's ESG Committee is responsible for developing and facilitating the climate risk management framework, advising the business on climate risk management, and consolidating climate risk reporting to senior management.

The village operational management teams are accountable for village specific risks, including risks related to climate, and are expected to actively manage and report on these risks, implement risk management initiatives, and use appropriate processes, procedures and controls to maintain compliance. Our approach to risk management is aligned with regulatory standards and Audley's own codes and policies.

The ESG Committee continuously liaises with all levels of the organisation, across development projects and village management teams, to ensure risks are appropriately identified, assessed, mitigated where possible and monitored.

Existing and emerging regulatory requirements related to climate change are incorporated into overall risk management, risk registers and risk reporting. Environmental and sustainability risks are classified as a key strategic risk and reported to the Board.

Finally, as one of Audley's key strategic objectives, sustainability forms part of each team member's short-term incentive calculation. This provides powerful motivation for all team members, including senior management and the Board, to deliver on the Group's sustainability key targets, of which climate change is one.



## CLOSING STATEMENTS CONTINUED

### DISCLOSURE ON OUTCOMES

*Describe the outcomes of the company's policy on climate change, including the performance of the company against the indicators used and targets set to manage climate-related risks and opportunities [Covers TCFD Metrics and targets c]*

Metrics reported against climate-related risks and climate-related opportunities are presented under '[Climate Risk Management](#)'

*Describe the development of GHG emissions against the targets set and the related risks over time [Covers TCFD Metrics and targets b]*

See GHG Emissions data in '[ESG Performance Metrics](#)'

### DISCLOSURE ON PRINCIPAL RISKS AND THEIR MANAGEMENT

*Describe the company's processes for identifying and assessing climate-related risks over the short, medium, and long term and disclose how the company defines short, medium, and long term [Covers TCFD recommendation Risk management a]*

Risks are assessed in line with our EMS risk-management procedures and this includes an impact and likelihood assessment which supports relative prioritisation. Climate-related risks are classified in alignment with TCFD's description of physical and transition risks:

- Physical risks – risks related to the physical impacts of climate change including event-driven risks such as changes in the severity and/or frequency of extreme weather events.
- Transition risks – risks related to the transition to a lower carbon economy including policy and legal, technology, markets and reputational risks. An effective time horizon for short (1-3 years), medium (3-7 years) and long term (over 7 years) is integrated into the risk definition.

*Describe the principal climate-related risks the company has identified over the short, medium, and long term throughout the value chain, and any assumptions that have been made when identifying these risks [Covers TCFD recommendation Strategy a]*

The principal climate-related risks are described in Risk factors under '[Climate Risk Management](#)'

*Describe processes for managing climate-related risks (if applicable how they make decisions to mitigate, transfer, accept, or control those risks), and how the company is managing the particular climate-related risks that it has identified [Covers TCFD recommendation Risk management b]*

Climate change and the transition to a lower carbon economy has been identified as a principal risk. This covers various aspects of how risks associated with the energy transition could manifest. Similarly, physical climate-related risks such as extreme weather are covered in our principal risks related to safety and operations.

We manage risks on a case-by-case basis, seeking to reduce our exposure to the risk followed by reducing the vulnerability of the business or asset to any risk. This could include any number of risk-specific adaptations or mitigation measures. If risks cannot be managed in this way, we actively seek to transfer the risk or acknowledge that the risk must be accepted in line with our risk tolerances.

*Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the company's overall risk management [Covers TCFD recommendation Risk management c]*

Our processes for identifying, assessing, managing and monitoring climate-related risks are integrated into our risk management policy and the associated risk management procedures.

## CLOSING STATEMENTS CONTINUED

### KEY PERFORMANCE INDICATORS

#### GHG emissions

See [‘ESG performance metrics’](#)

#### Energy

See [‘ESG performance metrics’](#)

Future ESG Reports will include further TCFD-related KPIs to promote continual improvement in transparency.

### EU TAXONOMY

#### EU Taxonomy Objectives

Audley Group considers climate change as a key risk and is committed to operate its business in a sustainable manner, by mitigating the impact of its operations on the environment. Our net zero carbon ambitions are testament to this.

#### Regulatory Framework

The EU’s Sustainable Finance Disclosure Regulation (SFDR) is a new transparency requirement for financial market participants related to key ESG criteria. The purpose is to increase market transparency and direct capital towards more sustainable businesses.

Audley Group has no periodic SFDR reporting requirements. However, in order to promote transparency to a broad spectrum of stakeholders, we are currently seeking advice on how to best position our funds.







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