Turner & Townsend

Task Force on Climate-related Financial Disclosures (TCFD)

Report 2022

This is an **interactive** brochure

making the **difference**

Contents

Foreword

It is becoming increasingly important for companies to understand how to minimise their impact on the environment and how the climate crisis can impact companies in return.

Turner & Townsend provides world-leading professional services across 119 offices in 49 countries around the globe with a total of 8,481 employees globally. For 75 years we have been helping to deliver transformational programmes across the real estate, infrastructure and natural resources sectors, making a difference to people's lives and ensuring a return on investment for our clients and their investors.

In that time, the landscape for capital projects has continually evolved, and we have stayed ahead of the curve, bringing clear thinking and rigorous processes. Working to reduce the impacts of the climate crisis is a core part of our purpose of transforming performance for a green, inclusive and productive world. This in turn has informed our vision for the business in the future. Changes to our climate present both risk and opportunity for the industries that Turner & Townsend operates in. Therefore, supporting our industry to transition to a low-carbon economy is critical.

We recognise that the climate crisis is becoming an increasingly pertinent risk; to face this challenge, our business will continue to take a proactive approach to change. As a company, we are transforming our business to address the increasing physical and transitional risks associated with the climate crisis and the clients we are working with. We are helping our clients shift their estates, projects and programmes to address carbon emissions and drive towards zero-carbon solutions.

> "Publishing our first Task Force Climate-related Financial Disclosures (TCFD) report in 2022, builds on our ambition to lead the way in addressing the climate crisis through industry and operational transformation."

Patricia Moore
Regional Managing Director, UK

Introduction

This report sets out how we have taken the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) and embedded them into our climate-related considerations in Turner & Townsend's operations.

The report covers the four key elements of the TCFD; governance, strategy, risk management and metrics and targets. This supports our aim to be transparent with all stakeholders around the risks faced by our operations and how we will address these. The report will be updated annually to reflect our growing maturity in this area.

About us

As a global professional services company, the climate crisis impacts both our own operations and the work we do with clients.

This year alone, we have seen extreme temperatures in many parts of the world impact global wellbeing. Our NewLeaf Strategy, our commitment and programme to reach net zero by 2030, addresses our contributions to the climate crisis. We continue to integrate the impacts of it into our risk register as outlined within this report.

Notable achievements operationally to date include the launch of our net-zero carbon by 2030 in January 2021 and securing a climate score of B- in our first Carbon Disclosure Project (CDP).

As an organisation working in real estate, infrastructure and natural resources, climate risk is shared across a range of stakeholders. Our role in these sectors varies from region to region. While many of our clients are forging ahead with a low-carbon transition, the task is made harder by varying technical and infrastructural lock-ins and geopolitical influences. Regarding our work with clients, both our sustainability advisory and renewables businesses have grown expansively over the last five years across the globe, and we are working on some ground- breaking projects worldwide which are tackling climate issues head-on.

There is a strong business case to create a holistic adaptation strategy to approach the complex risks that the climate crisis poses. The publication of this report comes during the Conference of the Parties (COP) 27 Summit in a time where the need for climate action is stronger than ever. Since 1992, COP has been a climate milestone that brings together stakeholders and forms partnerships to review progress against sustainability ambitions and to set commitments into action. COP27 invited leaders from 200 nations to Sharm-el-Sheikh to discuss key challenges of the climate crisis, which are only becoming more prevalent across the globe.

Throughout the summer months of 2022, the UK experienced real, extreme impacts of the climate crisis through record-breaking heatwaves affecting the entire nation. The severity of heatwaves caused loss of life, a rise in hospitalisation, wildfires, and drastic societal disruptions. Historically, the UK's climate does not face extreme high temperatures, which placed the UK in a particularly vulnerable position to these impacts. Other global climate events around the world include flooding in Pakistan and Nigeria, wildfires in Australia, the US, and Europe, and hurricane events such as Hurricane Denis and Fiona are just a few of the extreme weather events that serve as stark reminders that the climate crisis is not an eventuality.

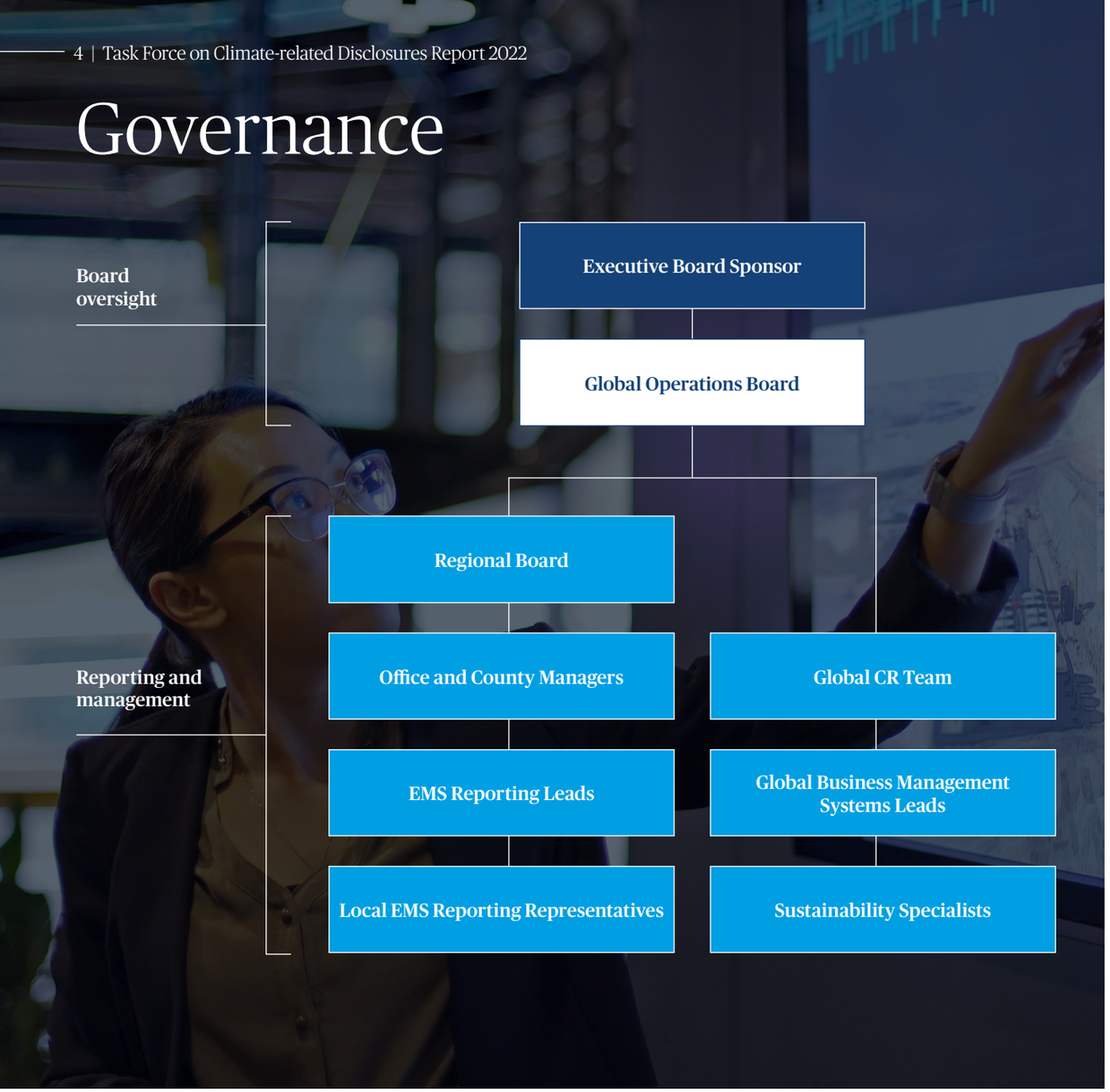
These issues set the context for COP27, but they are not for governments to tackle alone; corporations have a vital role to play as well. Often corporations are better placed with the knowledge, skills and reach to address the worst impacts of the climate crisis. We know our industry could be part of the solution when it comes to challenges faced across the globe and we are working with all our clients to unlock these opportunities.

Turner & Townsend service offer

Our service offer across the real estate, infrastructure and natural resources sectors includes:

- **Programme strategy and set-up** - setting up for success by building the right capabilities and execution plan to drive clear programme outcomes.
- **Programme management** - looking at the big picture, driving better overall outcomes, and having real confidence your programme is under control.
- **Cost and commercial management** - driving and safeguarding your commercial interests from start to finish.
- **Project management** - delivering project success through effective planning, the right team, and rigorous controls.
- **Procurement** - developing and delivering procurement and supply chain strategies that get the best results from the market.
- **Safety, health and quality** - embedding the strategies and culture that support effective operations and maintain a safe and healthy environment.
- **Controls and performance** - applying robust and pro-active controls from a clear baseline to deliver confidence in programme and project performance.
- **Technology and data** - unlocking the potential of technology, data, and information modelling to drive performance, support great decision-making and create collaborative working environments.
- **Advisory** - providing independent advice to help make your business and investments a success.
- **Expert opinion** - when disputes require expert services, we support legal firms on quantum and delay services.

Governance



Board oversight

Executive Board Sponsor – James Dand, our Chief Operating Officer, has overall sight of our environmental strategy globally. As a member of the executive board, James is instrumental in setting the overall purpose, values and vision 2025; these have formed the basis of all decision-making across our internal operations, of which the global operations board is responsible. Currently, all decisions sit at executive board level inclusive of disclosed information, policy sign-off and strategies.

Global Operations Board – James Dand is the chair of our global operations board which meets quarterly. All regional managing directors (RMDs) and other operational directors sit on this board. A standing agenda item at the board on our global net-zero strategy and our Environmental Management System (EMS) is presented by our Global Head of Business Services, Duncan McIndoe, who has overall accountability for our Corporate Responsibility agenda. RMDs also report back on local progress at the operations board. Under James' guidance, the board sets global direction and oversight of sustainability including targets and objectives.

Reporting and management

Regional Board – Chaired by each RMD, regional boards take direction from the global operations board and are responsible for how corporate objectives are delivered locally. Each board has a regional board sponsor; in the UK, this role is filled by Peter McGettrick. Each regional board sponsor is responsible for their local route map to net zero with clear KPIs and interim targets and drives Turner & Townsend's service offering and climate risk at a local level. Progress is assessed quarterly.

Office and Country Managers – Each office and country manager is responsible for overseeing local compliance, reporting to the regional board, and ensuring timely environmental data reporting.

Local EMS Reporting Representatives – our EMS representatives report into office and country managers and are the focal point for local EMS management, undertaking audits (including ISO 14001) and overseeing corrective action, working closely with EMS reporting leads.

EMS Reporting Leads – report into local EMS reps, manage reporting monthly to central database.

Sustainability Specialists – provide ad-hoc expertise to support the strategic development and management of our EMS systems.

Global Business Management System (BMS) Leads – responsible for policies, procedures, guidance and training for EMS and compliance.

Global CR Team – supports strategic direction inclusive of targets and objectives and policy development, providing ad-hoc expertise, responsible for annual reporting with South Pole and engagement of employees.

Strategy

Our strategy to mitigate the worst effects of the climate crisis and ensure resilience is incorporated in our operations, supply chain and our work with clients across the globe.

Our operations

Climate change presents varying risks to our people and the locations in which we operate. To take practical action to address the climate crisis requires a long-term commitment. We want to lead the way, and to do this we launched our NewLeaf Strategy in 2021 to reach net zero by 2030. We aim to achieve this goal across our whole global value chain. To do this, we have set verified Science-based Targets aligned to climate models. We have a clear action plan to reduce emissions and stay on a 1.5°C pathway over the long term which includes:

Transitioning to 100 percent renewable energy by 2030.

Working towards environmental accreditations in all offices (e.g. BREEAM / LEED) in the same period.

Reducing our business travel across air and rail annually by 8.7 percent per employee by 2025.

Working with suppliers who have the same climate ambitions as ourselves.

Turn over a new leaf

More information on **NewLeaf** is available in metrics and targets

Our work with clients

The introduction of this report sets out the sectors that Turner & Townsend provides sustainability services to around the globe. Addressing the climate crisis is a core part of our business strategy and client offer moving forward. In response to changing regulatory and legal pressures, we are seeing the demand for our sustainability services and expertise grow. We continue to invest in our sustainability advisory capability providing environmental sustainability, energy, carbon strategy and management and whole-life cost support and guidance at every stage of the asset lifecycle. Our mission is to support our clients to increase the scale and pace of decarbonisation to achieve net-zero targets, reduce the overall climate impact and thrive in the future low-carbon marketplace.

While our services and sustainability projects differ depending on the sector, client and geography, they fall under three broad categories:

1. **Bespoke sustainability advisory**
2. **Work in renewable and clean energy**
3. **Programme managing the transition to a low-carbon economy.**

Our ambition is to place the climate crisis at the heart of our industry, to help our clients grasp their role in making the built environment part of the solution.

We are increasingly pivoting our natural resources business towards projects which revolutionise energy generation, reduce consumption and repurpose assets and materials worldwide. We have supported the construction of major renewable energy sources along with environmentally friendly infrastructure and have been the driving force behind efficiency schemes like clean-air zones and major regional government low-carbon retrofit programmes for homes and public buildings worldwide.

Our sustainability advisory capability provides environmental sustainability, energy, carbon strategy and management, and whole-life cost support and guidance at every stage of the asset lifecycle. Using our expertise, we support clients in the development and delivery of sustainability strategies and manage specialist programmes on assets and portfolios across various sectors. We help clients crystalise their environmental ambitions at every stage of a project or programme. This work includes setting net-zero carbon targets, promoting sustainable procurement, and providing delivery assurance to ensure the agreed outcomes are realised.

We have recently launched a net-zero team to increase the scale and pace of decarbonisation, reducing the overall climate impact of our clients and enable them transition to the future low-carbon marketplace. In addition, our Embodied Carbon Calculator, which helps our clients manage their carbon in the same way as cost and time.

Strategy

Sustainability advisory

We work with our clients to help them to enhance their:

1. **Ability to measure:** Quantifying social and environmental benefits alongside economic gains is vital if our clients are to demonstrate positive outcomes for communities and justify investment.
2. **Skills and capability:** Our clients need new skills to understand the challenges and build new business models. Every job will change; designs that put future generations at risk are unacceptable.
3. **Strategic thinking:** Our clients recognise the opportunity of embracing low-carbon thinking and the risks associated with failing to do so.

Our sustainability and net-zero teams offer strategy, planning, delivery and assurance services to our clients. These four service streams define and shape accelerator programmes which produce a variety of deliverables, including roadmaps, embodied carbon and lifecycle assessment, auditing, training and upskilling, as well as reporting and disclosure.

Housing

Specialising in social housing, net-zero strategies and retrofit programmes

Corporate occupier

Supporting global organisations to define their pathway to net zero

Healthcare

Specialising in NHS Trusts and delivering green plans and net-zero estate plans

Power

Providing sustainability support to renewables and nuclear sectors with a pedigree in establishing local energy systems

Utilities

Delivering net-zero and sustainability services to the water industry

Central and local Government

Delivering national programmes of decarbonisation

Investor and developer

Establishing project sustainability and targets and reducing Scope 3 emissions

Education

Supporting over 250 schools and universities to save energy and carbon

Defence

Working across the defence sector, providing leadership, coherence and efficiencies

Transport

Providing sustainability expertise in support to rail, road, maritime and aviation sectors

Risk management

Physical and transitional risk analysis

Climate risk management is one of the four core elements identified in the TCFD report. Risks are categorised into two groups: physical and transitional. It is required that organisations show how they identify, assess, and manage climate-related risks to help investors and others understand how reporting organisations are impacted by the climate crisis and their own sustainability. When assessing the likelihood of a physical or transitional risk materialising, we undertook a scenario analysis and considered factors such as whether the risk or a comparable risk has occurred in the past, and our ability to prevent and manage the risk from happening effectively.

Scenario analysis

Scenario analysis refers to a process for identifying and assessing a potential range of outcomes of future events under conditions of uncertainty. In the case of the climate crisis, for example, scenarios allow an organisation to explore and develop an understanding of how the physical and transition risks of a changing climate may impact its businesses, strategies and financial performance over time. This analysis uses internationally recognised Representative Concentration Pathways (RCP) 4.5, representing a 2°C scenario, and 8.5, representing a 4°C scenario, which are provided by the UN IPCC to help companies understand potential impacts, risks and opportunities of the climate crisis on business operations. Considering multiple scenarios allows us to step out of the Business as Usual (BAU) mindset to protect our business against a multitude of eventualities in our future.

We have prioritised a UK-wide study to begin our TCFD journey due to the location of Turner & Townsend's majority lease holdings and activities and availability of data. By 2025, Turner & Townsend will complete a physical and transitional scenario analysis on a global scale focusing on the impacts of our physical and transitional risks that considers the outcomes of a 2°C and 4°C world – rationale from the IPCC (2018) report.

Methodology

Turner & Townsend is committed to continuously improving the assessment of its climate risks. We have taken the following steps to build the 2022 disclosure:

1. **Aligned the structure of the reporting with the TCFD Recommendations**
2. **Developed two risk assessment tools – a physical climate risk matrix and a transition risk matrix**
3. **Conducted a rigorous analysis using risk assessment tools to identify the scale of each impact over defined short, medium and long-term timescales.**

These timescales are:

Our methodology is underpinned by an extensive review and analysis of available open-source data. For the physical risk assessment, we used data from official government data sourced from the Met Office and UK Government to form quantitative risk ratings.

Physical risks

Physical risks were rated through a scoring system that quantified the probability of risk occurring and risk consequence at baseline and future reference points under a 2°C and 4°C scenario. In the future, Turner & Townsend will aim to improve this further by incorporating historical impacts and the business response to each specific risk.

This TCFD physical risk analysis enables us to understand our vulnerabilities, prepare in advance and act accordingly. This has been achieved by incorporating these risks into our business continuity plan, to protect both our people and our business from the worst effects of the climate crisis.

The table on the next page provides a summary of the top three risks under RCP 4.5 (2°C warming) and 8.5 (4°C warming) scenarios that will have the greatest impact on Turner & Townsend's UK offices and operations. Heat stress and water scarcity were found to be the top two risks under both scenarios. In a 2°C scenario, extreme rainfall and precipitation will pose one of the biggest threats, and in a 4°C scenario, extreme storm and wind events was found to be one of the top three risks. The reason for this discrepancy between warming scenarios is because a 2°C scenario will intensify current rainfall patterns in the UK, increasing the amount of precipitation in winter. In a 4°C scenario, surface warming will decrease the amount of rainfall in the winter. In a 4°C scenario, storm and wind events are predicted to increase in severity and frequency due to changes in the water cycle and temperature, leading to unpredictable weather patterns in the future.

Physical risk

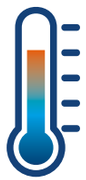
Representative Concentration Pathways (RCP) scenarios

Top three physical risks that are most prevalent in 2°C and 4°C scenarios

2°C

1	2	3
Heat stress	**Water scarcity**	**Extreme rainfall / precipitation**
Increased heatwave intensity and frequency will impact our operations due to an increased requirement for heating, ventilation and air conditioning (HVAC) at our assets. This increased demand will result in higher utility bills, whilst simultaneously compounding our impact on the changing climate due to increased energy demand and release of fugitive emissions. Most of Turner & Townsend's UK office locations are situated within urban settings and are therefore at higher risk of overheating due to the Urban Heat Island Effect (UHIE). Our leases in the Midlands region were noted to be requiring extra support under this climatic scenario.	Water security is becoming less predictable globally. Increasing flood risks threaten water sanitation facilities and will likely contaminate fresh water sources. The National Audit Office warns that the amount of water available for abstraction nationally each day will fall more than one billion litres by 2045. The south and southeast of England are likely to be most affected due to unsustainable water abstraction methods and episodes of extreme rainfall and precipitation. Rising heat stress may also exacerbate water scarcity in the UK. Lease agreements in Northern Ireland and Scotland may need additional support under this circumstance.	Precipitation and rainfall patterns are likely to shift alongside other physical changes in climate. Global average temperature rise will likely change the number of rainy days in the summer and winter and the concentration of rainfall (in mm). The UK will be impacted differently according to location. This is important as for Turner & Townsend UK leases, our Southeast region will need resilience assistance in this climate.

4°C



Heat stress	**Water scarcity**	**Storm and wind events**
Heat stress will be more extreme under a 4°C scenario in contrast with a 2°C scenario, with projected increases in heatwave intensity and frequency. The impacts outlined in the 2°C scenario will be more acute for a 4°C scenario. This will impact our UK operations as well as those of our clients. In this circumstance, both our Southeast offices and Midlands offices will need support.	Global water security will be less predictable in a 4°C scenario than in a 2°C scenario due to expected changes in the water cycle. Surface warming will be greater in a 4°C scenario, intensifying water stress in drought-prone areas and reducing rainfall and precipitation. Increased warming will impact the variability and severity of wet and dry events, affecting the availability of water resources. For instance, the Met Office projects that southern regions of the UK will experience reduced rainfall during summer and greater precipitation in the winter.	There is evidence of changes in the frequency and intensity of regional weather events as a result of the climate crisis. It is unknown how storm and wind events will be affected on a country-by-country basis. However, the UKCP18 projected that winter wind speeds are likely to increase in the second half of the 21st century, accompanied by an increase in the frequency of winter storms. This effect of the climate crisis is linked with extreme rainfall and will likely increase in severity under the 4°C scenario. Turner & Townsend will need to support almost all regions in this scenario.

Transitional risks

Transitional risks are business-related risks that follow societal and economic shifts toward a low-carbon and more climate-friendly future. These risks can include policy and regulatory risks, technological risks, market risks, reputational risks, and legal risks. Transitional risks are more likely to be higher in the RCP 4.5 scenario due to a more stringent regulatory and policy landscape, requiring more action. Turner & Townsend has assessed risks associated with the transition to a zero-carbon future for our UK operations. A full business evaluation of the opportunities associated with this change is to be conducted as well as a global scale understanding of our transitional risks in our next report.

	Business impact	Opportunity and business response
Policy and legal	**Carbon pricing and reporting obligations** pose financial risks due to increased operational costs through extensions of ETS (Emissions Trading System) requirements. There is a potential for the cost of carbon to grow substantially in the coming years, potentially having a material impact on profit, project scope and operational costs. Additionally, mandatory reporting landscapes may continue to change in the future, of which Turner & Townsend will continue to monitor.	Ensuring that we demonstrate how we are effectively addressing the climate crisis through our NewLeaf Strategy. Remain ahead of legal requirements and changing reporting obligations (e.g. TCFD reporting / social value).
Technology	**Substitution of existing products and services** with lower emissions could present both a risk and opportunity for the business on several fronts. For example, substituting materials in construction for sustainable alternatives that reduce carbon footprint can present a financial burden, especially if the cost of alternatives increases due to demand	We have developed our service offering to encompass net-zero and sustainability services, as well as providing tools such as our Embodied Carbon Calculator, demonstrating we are addressing and mitigating the risk of changing client demands and market downturn. The Embodied Carbon Calculator can evaluate the carbon footprint of projects from an early design stage through the full construction cycle, helping our clients identify areas of improvement to prevent emissions. This software can be applied to projects to help achieve sustainability priorities and achieve best practice.
Market	**Uncertainty through market signals** is a key risk to our business. The stock market faces multiple uncertainties in both scenarios due to the interdependencies in food security, geopolitical influences, and climate-related tensions, threatening market stability. Turner & Townsend has previously responded to sudden global market signals effectively and in the best interests of all stakeholders. We will continue to do this as required when markets signals arise as a result of the climate crisis.	The climate crisis puts pressure on markets through increased cost of raw materials, resource substitution due to increased scarcity, and supply chain and operational cost issues, affecting our ability to maintain a competitive offer. As a result, we remain aware of these trends to provide additional value and market rates and remain up to date in market costs of materials / services to provide the best support to our clients (e.g. HIVE).
Reputational	As a professional services company, we are not dependent on consumers directly for revenue; however, our clients are. As a result, **changing consumer behaviour** could be an opportunity for Turner & Townsend as we support our clients to meet the demands of their customers by transitioning to a low-carbon economy. It is highly likely that consumer preferences will shift to more renewable and environmentally friendly options over time. Turner & Townsend will monitor and improve environmental business practices in line with society.	Increasingly, employees are attracted to working for organisations that take their role in society seriously, demonstrating tangible positive action to address the world's environmental, social and economic issues. Turner & Townsend's purpose, values and vision 2025 is in direct response to this demand as is our product and market diversification, NewLeaf, and community and inclusion agendas. In addition, providing clarity to our people around the work that we do with clients, and the diversification of our products to support all clients in their transition to a low-carbon economy has ensured greater trust and engagement. Across our global team, our people are empowered to speak directly to clients about how we can support them in this manner. Providing opportunities for our people to get involved through their day-to-day work, volunteer days or pledges of support (e.g. NewLeaf) adds to our employee experience.

Risk management

We are continuously striving to protect our clients and our business against the threats of the climate crisis. Our NewLeaf Strategy ensures continual improvement to our net zero by 2030 target. We are embedding the mitigation of environmental risks into our Enterprise Risk Management (ERM).

Managing climate crisis risk within our business and for our clients

We have secured 33 ISO 14001 accreditations for EMS across the globe. This requires us to have effective governance and environmental risk management at a local level supported by metrics and targets and clear actions to address our emissions, waste, water and resource consumption. As part of this, each office is required to understand and complete an environmental risk register which focuses predominately on physical risks. In addition, we have linked our credit facility to ESG targets and will be reviewing our governance around climate risk management at a national and international level over time.

Through completing a climate risk identification exercise for this report (pages 7-9), the sustainability advisory team has highlighted areas of potential risk to our built assets and the transitional risks arising from possible changes to our current global economic context. This risk assessment helps us create a comprehensive picture of the probability of significant risks relevant to the business, to prioritise them, and determine their relative materiality. As outlined above risk assessment has been incorporated into our corporate governance and decision-making processes.

At Turner & Townsend, our aim is to build a business that enables and leads the low-carbon transition in our industry. The needs of our clients are diverse, but we foresee most requiring more of our services in direct response to the climate crisis, whether that be mitigating the worst effects through addressing the environmental impact of their built assets or building resilience into their programmes to adapt to what the future will bring.

Across major programmes and projects, climate risk needs to be considered within the business case to ensure compliance with future regulation and legislation, maximise asset operation, and meet stakeholder requirements. To address climate risk, our sustainability advisory and net-zero teams provide bespoke advice and support for clients across the built environment sector to help mitigate and adapt to the effects of the climate crisis.

Metrics and targets

Our commitment to NewLeaf

Our strategy is based on climate models and practical action to ensure we contribute to the low-carbon transition. We have followed guidance from the IPCC and have had our reduction targets and route map verified by the Science-based Target Initiative (SBTi). We are one of only several organisations worldwide to have a verified strategy in line with the UN's Race to Net Zero Commitment which we signed up to earlier this year.

Our global business emitted 52,951 tonnes of greenhouse gas (GHG) emissions between 2018 and 2019, that is the equivalent of powering over 200 homes for one year. Setting this as a baseline, we have an eight-step route map to reach net zero with key milestones that address our major hotspots across business travel, purchased goods and services, and office energy. Net zero does not mean zero emissions. It means ensuring we mitigate the worst effects of the climate crisis by reducing emissions enough to ensure temperatures only change by 1.5°C over the next 100 years. As a result, a key part of our emission reductions stays in line with this 1.5°C pathway; rebasing and adjusting our route map and interim targets as needed.

We will reduce absolute Scope 1 and Scope 2 GHG emissions by 4.2 percent annually and 50 percent by 2030. This will see us:

- **Transition to 80 percent renewable energy by 2025**
- **Improve energy efficiency in our offices by 75 percent in the same period.**

We will also reduce our Scope 3 GHG emission across our entire value chain by one percent annually or 15 percent over the same timeframe aligned to a 2°C pathway. This will be achieved by:

- **Reducing business travel emissions per employee by 8.7 percent by 2025**
- **Working with suppliers who have the same commitments to the environment**

Achievements

- We launched our NewLeaf Strategy under our purpose, values and vision 2025 commitment. Since then, we have offset all our global emissions for a second year running.
- We financially support projects which enable green innovation in our industry or enable communities to transition to a low-carbon economy through alternative income streams. Our projects include Kariba Forest Protection in Zimbabwe, regenerative braking technology Delhi, solar power for a cleaner energy future in India, Miro sustainable timber plantations in Ghana.
- Each of our eight regions have identified key areas of focus to reduce their carbon footprint and developed clear route maps to achieve required reductions to 2030. These are championed by sponsors on each board.
- We signed up to the United Nation's (UN) Race to Net Zero & World Green Building Council Net Zero Carbon Buildings Commitments.
- In 2021, we underwent our first Carbon Disclosure Project (CDP) assessment. We were delighted to receive a B- which is higher than our industry standard (C).
- We have reached out to all major suppliers to better understand their environmental footprint and commitment to reducing emissions. This information is being used to refine our Scope 3 strategy moving forward.
- At a local level, we have grown our environmental champion networks, capacity building teams to better manage and monitor our environmental impact. In leased or serviced offices, we have been liaising with landlords to collect primary energy and building data and find opportunities for emissions reduction.
- We have linked our credit facility to ESG targets which include our emission reduction targets for Scope 1 & Scope 2.

Turn over a new leaf

Summary

Our first TCFD report has demonstrated how material the physical and transitional risks from climate change are to our business.

From a physical risk perspective, the most impactful risks are heat stress and water scarcity, followed by rainfall and storm events. From a transitional risk perspective, it is important we observe all policy, technology, markets and reputational changes and the associated risks they pose to our business.

While the climate crisis presents several risks to Turner & Townsend, it can also provide significant opportunities. From an operational perspective, the steps we have taken under our NewLeaf Strategy have not only reduced our emissions but are also supporting the wellbeing of our employees. Furthermore, there are great opportunities to innovate and rethink success in the built environment. Turner & Townsend is well placed to lead by example and put sustainability in the heart of the infrastructure and built environment industry.

In the next year, our priorities to further address the climate crisis and improve our corporate resiliency will be:

- Continuing to grow our sustainability expertise globally, placing an emphasis on emissions reduction and project managing route maps to net zero.
- Working with our natural resources clients to unlock and enable clean-energy opportunities and innovation, simultaneously helping these organisations' assets to transition to the low-carbon economy and contribute to a greener energy grid.
- Weaving climate risk considerations into all our service offers and work with clients, using tools like the Embodied Carbon Calculator to get an accurate picture of the challenge.
- Assessing our progress against our Science-based Targets and updating / renewing our targets aligned to best practice where appropriate.
- Capturing our journey to climate resilience and compliance, and to record decisions through annual reporting.
- Reviewing our existing climate risk management processes, exploring alternative best practice procedures for potential implementation.

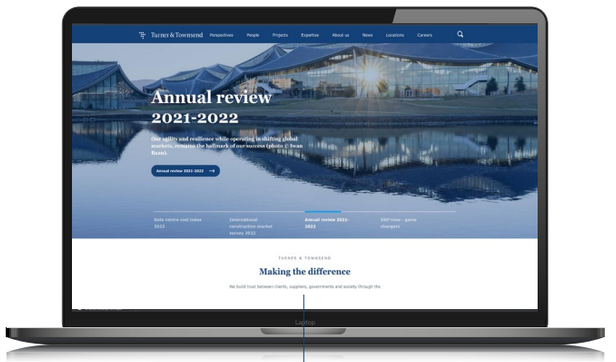
Appendix

Terminology

Transitional risks	Transitional risks refer to the policy, legal, technology and market changes economies may face to address mitigation and adaption requirements related to the climate crisis. Transitional risks may pose varying levels of financial and reputational risk to organisations, depending on the speed, nature and focus of these changes.
Physical risks	Physical risks resulting from change can be event driven (acute) or longer-term shifts (chronic) in climate patterns. Physical risks may have financial implications for organisations, such as direct damage to assets and indirect impacts from supply-chain disruption. Concurrently, changes in flood patterns, food security and extreme temperature may affect an organisation's assets and employee safety.
Acute	Acute physical risks refer to those that are event-driven, including increased severity of extreme weather events, such as drought, heatwaves, extreme storms or floods.
Chronic	Chronic physical risks refer to longer-term shifts in climate patterns (e.g. sustained higher temperatures) that may cause sea level rise or chronic heatwaves.
Timeframes	Timeframes used for climate scenarios are split into the short-, medium-, and long-term. To avoid limiting organisations by time, the Task Force on Climate-related Financial Disclosures have stated they will remain unspecified in their guidance and allow organisations to determine and define their own timeframes. In this report, Turner & Townsend defines short term as five years in the future (2022-2027), medium as ten years in the future (2022-2032) and long term as ten years and beyond (2032+).
Policy	The risk from existing and emerging regulations aimed at addressing the climate crisis. This might include increased pricing of greenhouse gas emissions, enhanced reporting obligations, exposure to litigation or limits on a licence to operate.
Market	The risk from shifting supply and demand as economies react to the climate crisis. This might include changing consumer behaviour, uncertainty in market signals or increased cost of raw materials.
Technology	The risk from emerging technologies aimed at supporting the global low-carbon transition. This might include substitution of existing products and services with lower-emissions options and upfront costs to transition to lower-emissions technology.
Transition plan	An aspect of an organisation's overall business strategy that lays out a set of targets and actions supporting its transition to a low-carbon economy, including actions such as reducing its greenhouse gas emissions.
Climate-related opportunities	Efforts to mitigate and adapt to a changing climate also produce opportunities for organisations. Climate-related opportunities will vary depending on the region, market and industry in which an organisation operates.

Further information

Quick links



NewLeaf

Projects

Annual review

Carbon accounting

Our expertise

Through the commitment, capability and care our team brings, we build trust between clients, suppliers, governments and society. Delivering better outcomes that have a positive impact on the world around us.

We work smarter to face the challenges of the future; bringing the clarity that helps teams realise their full potential across the real estate, infrastructure and natural resources sectors.

It's how we've made the difference for 75 years.

Transforming performance for a green, inclusive and productive world.

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