

Responsible business

Our relationships with our key stakeholders are critical to the success of our business.



Homeowners

Homeowners are the key consumers of our services, and making home repairs and improvements easy for them is at the heart of our business. It is essential that we remain abreast of their changing needs and requirements through market research and customer feedback. We want homeowners' interest in HomeServe to increase, and are working to build brand awareness to achieve this goal.

FY22 update

We are working across our business to make it easier for homeowners to interact with us. This year our French business introduced new AI call handling software called Atlantis. Atlantis is designed to make the customer experience smoother for homeowners and has been well received so far.



Affinity partners and the communities they serve

Affinity partnerships with utilities provide our most important marketing channels in Membership. We continue to expand our range of partnerships, but recognise the importance of maintaining our existing relationships, understanding the pressures and opportunities in the utilities sector and delivering excellent customer service to justify our partners' faith in us. We work with our partners to add value to the communities they serve.

FY22 update

In North America in particular, our utility partners are under pressure from their regulators to make a positive contribution to the decarbonisation agenda. We are working with them to develop new products, to accelerate the adoption of alternative energy sources, and to promote domestic electric vehicle charging.



Financial community

We maintain a regular dialogue with current and prospective shareholders and the wider investment community to make sure they have sufficient information and contact to drive investment decisions. We invest time in our banking relationships and with our financial markets advisors.

FY22 update

Beyond our regular programme of shareholder engagement, we introduced our Chairman to shareholders this year with a productive set of meetings.



Trades (tradespeople) including directly employed engineers and contractors

We want to make home repairs and improvements easy for trades as well as homeowners. For our business to grow, the network of trades we work with must expand – be they directly employed engineers, the sub-contractor network that powers our Membership business, or the trades who find work via Checktrade, Habitissimo and eLocal. We are working to deliver value to our trades, wherever they sit in our network, and expect their influence on our business to increase as we grow.

FY22 update

We introduced flexible memberships at Checktrade, so that trades can flex their membership to suit their changing needs. Through the HomeServe Foundation, we continued our campaign to promote trades apprenticeships.



Our people, their representatives and the communities in which they live

We have a diverse international work force – technicians, contact centre teams, marketers, salespeople, accountants, lawyers, and HR specialists to name but a few. We are investing more than ever in developing our people, focusing on key policy areas like diversity and inclusion and ensuring that our people’s voices are heard as we deliver our plans for growth. We encourage our people to engage in the communities where they live and work, and support them when they do so.

FY22 update

Our focus this year was on diversity and inclusion. We make every effort to ensure people feel welcome and are treated fairly, regardless of their race, gender, gender identity, age, sexual orientation, religion, or experience.



Underwriters and other key suppliers

We work with large reputable suppliers, who have established and responsible business practices. Three of our largest plc procured suppliers are Salesforce, CISCO and Oracle, all of whom have their own responsible business standards. In our plc procurement process we complete an appropriate level of due diligence, which reviews the potential supplier’s approach to sustainable and ethical procurement, and ensures business between the two parties will be conducted responsibly.

network, protecting our business from short-term claims volatility and enabling us to always do the right thing for our customers. We continue to manage these and our other key supplier relationships carefully and review them regularly.

One of our key supplier groups is made up of the firms who underwrite the short-term cost of our Membership repair

FY22 update

We have built strong and stable relationships with our suppliers over the years and continue to be a responsible part of our supply chains, for example, by paying to terms.



Regulators, government, opinion formers and influencers

We maintain active relationships with our regulators and will build our relationships with government, opinion formers and influencers as our business grows.

FY22 update

The HomeServe Foundation hosted a parliamentary roundtable this year with ministerial departments, key decision makers and influencers to discuss the findings of the UK Domestic Trades Skills Index, and to produce recommendations to increase the number of apprentices by providing more support to small or medium sized businesses.





Responsible business continued

Customers



Customer satisfaction¹
4.74/5 star rating

Customer dissatisfaction²
4.46%

At HomeServe, the customer is at the heart of everything we do. We care about offering the best products and ensuring the best possible customer experience throughout the customer journey.

Our purpose is to make home repairs and improvements easy and a key area of focus for us currently is how to make greener choices easier for customers. We look forward to delivering our solutions for this in the near future.

Membership and HVAC businesses

The Group has adopted a customer governance framework with which each of the Membership businesses must comply. On an annual basis the businesses are required to complete a detailed questionnaire on compliance with the framework. This questionnaire is signed off by the business unit's CEO, with whom ultimate responsibility for customers rests. The results are reported to the Audit & Risk Committee.

Each of the Membership businesses has incorporated the legal and compliance functions of the HVAC businesses in their territory. They are now working with the local HVAC businesses to develop appropriate KPIs and to provide them with an appropriate level of support and oversight on customer service matters.

Governance

Each of our Membership businesses has a Board appointed committee, chaired by a Non-Executive Director, which is responsible for providing oversight and challenge on matters relating to culture, the customer, laws and regulations.

Each committee has developed a KPI dashboard to assess the quality of customer service. The metrics vary depending on what is most relevant for each business but typically cover customer satisfaction, quality of service, product values, cancellation rates, claims repudiation rates and complaints.

Call recording and screening

Wherever possible, sales, claims and complaints calls are recorded and subject to formal call screening processes. If a call is assessed as having failed to meet the expected standard of service, the customer is re-contacted and the agent is provided with formal feedback and coaching.

Compliance function

Each business has a compliance function which provides advice to operational management on customer and regulatory matters and undertakes monitoring activities.

Measurement

Customer surveys are used at a minimum of three touch points throughout the customer journey: sales, claims handling, and engineer/ contractor work at customers' homes. Each business has developed their own KPI based on what is most appropriate for the business. It is either a percentage of dissatisfaction or a 5-star satisfaction rating, and some of our businesses track both. The KPI is incorporated in senior executive and management bonus schemes.

Incentive schemes for front line staff

Incentive schemes for front line staff have been carefully chosen to elicit the right behaviours from our agents, particularly in regard to great customer service. Whilst such schemes do include commercial targets, the primary driver is quality of service, and agents only receive payment if the quality threshold is exceeded.

FY22 customer service wins

For the third year in a row HomeServe Spain won the 'Best Customer Service' award from Mystery Shopper.



The UK business won 'Best Vulnerable Customer Initiative' at the Modern Insurance Magazine, Customer Service Excellence Awards 2022 for their Customer First initiative. They reached 70,000 reviews on Trustpilot and are rated excellent.



HomeServe France won three customer service awards this year, including: '100% Customer Service Made in France', 'Elected Customer Service of the Year' from ESCDA for the sixth year in a row, and for the second year in a row the 'Wow Effect' category in the CX awards.

Home Experts

Our Home Experts businesses have different customer and legal frameworks, recognising the different regulatory environments in which they operate. However, these frameworks follow the same core principles: commitment to great customer service, a customer promise articulating commitment to both members (trades) and consumers, compliance with laws and regulations, and formal oversight and challenge.



People

We take great pride and care in delivering for our customers and we focus on working with third parties and partners who share our passion for the customer. We monitor their performance to ensure they deliver to the same high standards that we expect of ourselves.

Information and cyber security

Across our businesses we have strong information and cyber security processes in place to protect our customers and our business. Overall responsibility for the Group's information and cyber security strategy sits with the Group Chief Information Security Officer. He is supported by our Group cyber security team, who provide consultancy, direction, and oversight on our policies, frameworks, and strategy.

We maintain a Group Cyber Security Policy, aligned with and based on the internationally recognised ISO 27001 standard, and a Group information and cyber security strategy. These are approved by a Board Director and our information security management framework ensures we provide updates to the Board's Audit & Risk Committee. Managing cyber security from a centralised function achieves efficiencies through economies of scale and enables our cyber security maturity to be developed consistently across the Group.

Each of our businesses directly manage their own information and cyber security risk to ensure focus and accountability is maintained at an operational level. Both local and Group oversight procedures are carried out, including regular reporting and reviews. An ongoing security improvement plan is maintained for each business, to ensure delivery of the strategic roadmap and to allow us to support business change as well as react to the ever-evolving threat landscape. Our co-sourced internal audit partner, PwC, undertake specific audits in each of our businesses annually to validate activities and approaches.



Employee engagement

75% -3ppts



We aim to build a workforce that is skilled, adaptable, and future focused, to enable our business to grow. We know that if we take care of our people, our people will take care of our customers and our business.

Following the Covid-19 pandemic, we learnt that our people value hybrid working practices which offer them the flexibility to excel in both their work and personal lives. Therefore, we aim to evolve our working practices across all our businesses to facilitate hybrid working.

HomeServe employed an average of c. 8,600 people globally through FY22, with about 37% of these being based in the UK, 30% in the US and 33% in Continental Europe. Over 7,700 people are employed in our Membership and HVAC businesses and around 800 in our Home Experts businesses – Checktrade, Habitissimo and eLocal. We directly employ c. 1,300 engineers.

We want to be an employer of choice in every market, town, and city where we operate, from Walsall to Chattanooga, to enable us to attract, recruit and retain the best people. Our businesses operate on strong foundations, championing human rights, equal opportunities, diversity, and inclusion, fair pay, and a strong Health & Safety culture.

People strategy

Our people strategy is overseen at Board level by the People Committee, informed by the International People Forum, which is made up of employee representatives from across our businesses. It has been agreed that during FY23 we will expand the remit of the Board's People Committee and it will become the ESG & People Committee thereby improving the Board's oversight of ESG matters, which align with those of the People Committee.

We continue to make important strides in delivering our people strategy. The business and the Board are focused on making HomeServe a great place to work, a place that reflects the composition of the communities in which we work and offers all our employees the opportunity to realise their full potential. Specifically, we are focused upon the four pillars of our people strategy.

1. Building an inclusive culture by valuing diversity at every stage of the employee lifecycle, and establishing a clear 'tone from the top' on the importance of equality in our decision making.
2. Continuing to evolve our employee engagement strategy, so that we can understand the needs of our people and make HomeServe an even better place to work.
3. Further developing our internal capability so that we can create a rich talent pipeline that will fuel the future needs of our growth plans.
4. Creating a performance and reward environment that enables our most talented people to deliver to their greatest potential, whilst at the same time providing a fair share of our success.

Developing our culture

The HomeServe Way defines how we operate, built around our core values of courage, persistence, and integrity. These values were developed from lessons learnt over our years of operating, and are continually communicated and promoted Group-wide by the Group's management team. The HomeServe Way plays a decisive role in our hiring, promotion, and recognition activity.



Responsible business continued

People continued

The HomeServe Way

I lead with Courage.



- I believe in our strategy, keep things simple and strive for great results and continuous improvement.
- I am decisive, speak my mind and confront challenges.
- I value innovation, “failing fast” and learning from experiences.

I lead with Persistence



- I work hard, do my best, take responsibility and am accountable for delivering results.
- I am optimistic, have a “can do attitude”, choose action and make things happen.
- I am resilient when faced with setbacks, collaborate and find solutions.

I lead with Integrity



- I am honest, act with integrity and seek the truth.
- I value open communication and debate and listen respectfully to challenges and opinions.
- I act with humility and openness and embrace diversity to build great teams.

We are proud of our values-led culture. It underpins our ability to innovate and adapt to changing circumstances. We care about our people, and our people care about our business, which is reflected in our employee engagement survey, where 79% stated that they were proud to work at HomeServe.

Employee engagement

HomeServe has again taken part in an annual global engagement survey which received a response rate of 78% from our people. Each of our markets have worked hard over the last 12 months to overcome the challenges of hybrid working and maintain a sense of belonging to our culture. The results from our March 2022 survey reinforced the passion and resilience of our people as we received an employee engagement score of 75%, which shows consistently high engagement levels, and our results are still tracking higher than pre-pandemic engagement scores.

Survey	Global People Survey 2018	Global People Survey 2019	Global People Survey 2020	Global People Survey 2021	Global People Survey 2022
Global Employee Engagement	71%	71%	82%	78%	75%

The results of our most recent survey demonstrate positive outcomes from our people with 76% of our employees saying that taking everything into account this is a great place to work, 88% of people believe that the Company has taken the right measures to protect employees’ health during the Covid-19 pandemic, and 89% of people said that when you join the Company you are made to feel welcome.

2021 was our most successful year to date in receiving recognition for our achievements in employee engagement; HomeServe Membership Limited, HomeServe Spain, HomeServe France, Checkatrade and Habitissimo all received places on their country’s Best Workplace lists. As a result of these achievements the HomeServe Group earned a place on Europe’s Best Workplaces list and ranked 24th in the Great Place to Work Best Multination Workplaces category.

Maintaining an engaged and valued workforce globally remains a key priority for HomeServe as we know that an engaged workforce leads to higher productivity levels and better outcomes for our customers. Employee engagement also impacts on our ability to attract and retain key talent and is therefore crucial to our recruitment strategy. HomeServe remains committed to conducting an annual employee engagement survey to gather feedback from employees, and to acting on the key areas of focus identified in each business.

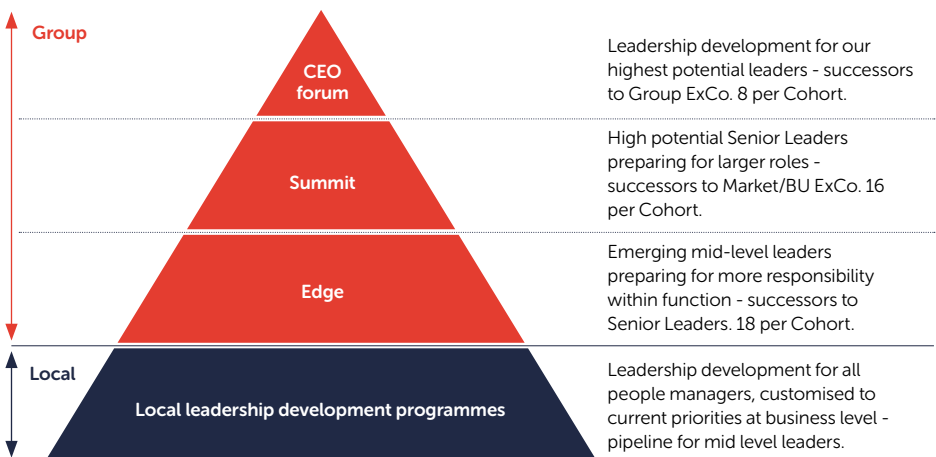
Learning and development

Our employees are supported by their leaders in regularly reviewing their personal development plans. The way we all learn is different, so we have a number of ways to support our people including self-directed learning solutions, webinars, bite-size sessions, and on-the-job activities. We also support individuals in pursuing professional qualifications from various awarding bodies.

Talent management programmes

Despite the impact of the Covid-19 pandemic, we continued to build on and evolve our suite of talent development programmes. In total, over 60 leaders have attended one of our flagship programmes this year, and whilst the delivery methodology has transferred online, the content and learning has remained focused on developing our most promising people to be ready for leadership. Female representation on the last cohort of our Edge programme was 42%.

Group-wide talent programmes



Diversity, Equality & Inclusion (DE&I)

We know that making HomeServe an inclusive place to work will make us a stronger, better business. Our priority is to ensure that the diversity of our people reflects the societies in which we operate, and that difference is valued and celebrated.

We make every effort to ensure people feel welcome and are treated fairly, regardless of their race, gender, gender identity, age, sexual orientation, religion, or experience. We recognise the importance of self-identification, given the broad circumstances under which discrimination can happen.

We are committed to addressing under representation across the organisation. Since the last Hampton Alexander review, we are pleased to have increased the level of female representation on our Board from 22.2% to 27.3%. However, we recognise that this improvement was not enough to meet the original Hampton Alexander target of 33% representation. Further details on the Board's efforts to increase diversity can be found on page 80. Female representation on our Executive Committee, and our Executive Committee and direct reports combined, has declined over the year. To address this, we intend to introduce internally monitored gender representation targets across the organisation and particularly at the senior leader level. We believe this will help us with our progress towards achieving the new targets set out by the FTSE Women Leaders Review (previously the Hampton Alexander Review).

Our performance in the FTSE Women Leaders Review (published in February 2022) was as follows:

Benchmark	Board	ExCo	ExCo & Directs
HomeServe 2021	27.3%	16.7%	25.0%
HomeServe 2020	22.2%	28.6%	30.4%
FTSE 250 2021	36.8%	24.4%	30.7%

As at 31 March 2022, the level of female representation amongst our Senior Leaders was 31%. We recognise this population as being a key pipeline of talent to executive roles in the future and therefore we remain committed to increasing the level of female representation in this group.

	31 March 2022		31 March 2021	
	Female	Male	Female	Male
Board	3 (27%)	8 (73%)	3 (25%)	9 (75%)
ExCo	2 (17%)	10 (83%)	3 (23%)	10 (77%)
Senior Leaders ¹	59 (31%)	133 (69%)	58 (32%)	122 (68%)
Rest of workforce	4,566 (57%)	3,426 (43%)	3,330 (48%)	3,623 (52%)
Total workforce²	4,625 (57%)	3,559 (43%)	3,388 (47%)	3,745 (53%)

¹ Includes ExCo. ² Total workforce includes the rest of workforce and Senior Leaders. It does not include the Board.

Across the HomeServe Group, we are committed to building a fair, inclusive and diverse culture and we are confident that we reward jobs of equal value equitably and fairly. Our mean Gender Pay Gap for FY22 is as follows (based on April 2021 data).

Entity	Mean Pay Gap	
	2021	2020
HomeServe Membership	19.0%	20.0%
Checkatrade	32.6%	31.0%
HomeServe UK	21.4%	21.2%

A key driver of our pay gap continues to be the balance of women in our senior leadership roles, together with a low volume of females in technical and engineering roles, which in the case of the latter, feed into the higher graded managerial roles in field operations. Despite the volume of males in engineering roles being in line with national averages, we believe there is a significant opportunity to attract more females into these roles through targeted recruitment and career development activities.

We have taken steps to accelerate our overall DE&I efforts, with a Board agreed DE&I global strategy and a Head of DE&I appointed to lead this agenda. We established a Group-wide DE&I Council responsible for ensuring focus on and progress against our DE&I plan. The Council is chaired by one of our Non-Executive Directors and is overseen at Board level by our People Committee. All of these steps are aligned with our Group DE&I Policy, which can be found on our corporate website: www.homeserveplc.com/media/sgznnser/hs-dei-policy-vs-2-0-apr-2022.pdf

Our established employee resource groups are central to driving our DE&I plans at a grassroots level and these groups continue to engage employees with diversity initiatives as well as raise awareness through the promotion of events throughout the year.

At a senior level, we have identified a best-in-class executive level DE&I programme to support our most senior leaders, which we intend to run in FY23. The programme aims to build confidence and understanding around DE&I, which is crucial to delivering long lasting and significant cultural change.

Linked to our DE&I strategy we have a robust communications plan to ensure that we have a consistent and clear narrative on DE&I both internally and externally. This in turn improves understanding, drives momentum, and increases employee engagement and advocacy.

We are confident that our new strategic approach to DE&I, led by our Board and supported by our DE&I Council, and our employee resource groups, will accelerate our DE&I ambitions and lead to continued business success.



Responsible business continued

People continued

Health & Safety

Health and Safety (H&S) at HomeServe remains paramount, with our continued aspiration being to operate with minimum risk. Across our organisation we drive a positive health and safety culture, aim to implement continuous improvement in H&S performance, conduct regular training programmes, and have robust processes and systems in place to identify, control, mitigate and manage any H&S related risks.

David Bower, CFO, is the Board Director responsible for H&S. HomeServe’s H&S Policy is set at a Group level where the objective is to provide support, challenge, share best practice and provide updates to the Executive Directors and Audit & Risk Committee three times a year, with a H&S report being provided to the Board twice a year, highlighting issues, trends, and new initiatives. Local HR and operations directors have the responsibility to lead, champion and deliver the H&S Policy and framework locally and in newly acquired businesses. Governance and oversight of H&S activity, risk mitigation, incident trends and strategic objectives is managed within the local subsidiaries and escalated through Group reporting processes.

The Covid-19 pandemic significantly reduced our accident rates during FY21, largely due to a reduced number of vehicles on the road and a limited number of employees working from office locations. FY22 has seen the businesses adopt hybrid working and working practices beginning to normalise, however Covid-19 and the unique circumstances it presented has made a year-on-year comparison more challenging.

The Accident Frequency Rate and Lost Time Injury Rate are industry best practice measures provided by the UK regulator HSE. These measures are also in line with US standards and are used across various boards in the US. The purpose is to allow for a consistent ratio regardless of the number of employees within a business.

Accident frequency rates (total number of reportable incident/total worked x 200,000): Number of reported incidents per 200,000 employee hours worked)

	FY19	FY20	FY21	FY22
HomeServe UK	7.39	5.59	3.41	4.56
HomeServe North America	2.08	3.44	3.11	3.36
HomeServe France	5.93	5.16	4.40	6.23
HomeServe Iberia	2.30	2.22	1.06	2.44
Checkatrade	10.96	5.77	—	—
Habitissimo	2.89	2.08	—	—
eLocal	n/a	n/a	n/a	—

Lost time injury frequency rates (total number lost time accidents x 200,000 divided by total headcount x average hours per month per employee including average overtime)

	FY19	FY20	FY21	FY22
HomeServe UK	2.17	1.55	1.05	1.63
HomeServe North America	1.32	2.45	1.58	1.50
HomeServe France	2.06	3.05	3.06	3.74
HomeServe Iberia	0.94	1.34	0.51	1.51
Checkatrade	5.32	2.02	—	—
Habitissimo	3.85	1.56	—	0.71
eLocal	n/a	n/a	n/a	—

Fatalities

Across our businesses there were no fatalities this year.



Communities



At HomeServe we want to be good citizens of the communities where we operate, so that our people and partners are proud to be associated with us.

Our community activities are organised locally by each of our businesses, to leverage local knowledge and understanding of how best to contribute to our communities. A uniting thought around all of our community endeavours is the importance to people of their homes.



Corporate responsibility programmes

One of our most established programmes is the HomeServe Foundation, HomeServe's registered charity. It is focused on tackling the UK skills shortage in the trades sector. The Foundation has set its target to create 25,000 apprentices in the UK by 2025. This year the Foundation launched its 'Try a Trade' schools engagement programme working with over 500 students in 15 different schools so far, and its free Apprenticeship Matching Service for SMEs.

The North American team's HomeServe Cares Foundation (HSCF) is in its second year of operations. It is a grant programme designed to help communities improve the quality of life for their residents.



This year each of our EMEA businesses introduced their own community programmes. In Spain, the team introduced Llevando Sonrisas (Bringing Smiles). It enables employees to get support for their chosen causes within the pillars of the programme: taking care of people's homes, helping vulnerable groups, the environment, and building healthy habits. France launched their new CSR strategy, Empreinte 2030, focused on three pillars: the customer, our social footprint, and the environment. Our UK business launched their Charity and Community Strategy, which enables employees to make a difference individually, locally, and nationally. The business chooses one national charity partner, our regional offices choose a local partner, and then individuals can support causes through the Nominate a Good Cause platform.



Long standing partnerships

In addition to their charity programmes, many of our businesses have long standing partnerships with charities close to their hearts. In Spain, the team works closely with the Down Madrid Foundation, the Spanish Federation of Food Banks, and SOS Children's Villages. Our French business is working with Habitat & Humanisme for the seventh year. The UK team continues to be a Cornerstone Employer.

Ukrainian appeal

In light of the recent humanitarian crisis in Ukraine, many of our HomeServe businesses set-up appeals to raise money for this important cause. In total we have raised £14,445.





Responsible business continued

Environment



Participating in the transition to a lower carbon future

Introduction

Governments and corporates globally are facing up to the challenge of climate change. The countries in which we operate have either signed up to Net Zero carbon emission targets, or are in process of doing so. This includes the UK and France, where Net Zero targets are enshrined in law. Within this context, the residential sector – and by consequence the market segments we serve – will be core to delivering this decarbonisation effort. We already see a strong policy focus, as well as growing demand and adoption by households of low carbon solutions and behaviours – from electric vehicles to renewable energy and smart home energy management. We want to be the place our customers turn to for the solutions needed to make this change.

We aim to participate in and enable the Net Zero transition by:

- Making our own house greener - reducing the impact of our operations, supply chain and customer solutions through operational excellence, collaboration, and innovation
- Helping our customers make their homes greener - reducing their environmental impact by offering attractive solutions.

We recognise that our management of environmental issues is important to our stakeholders and to our long-term growth. Our business activities result in both direct and indirect environmental impacts, which we are committed to reducing through ambitious goals and timely action. We also believe that we can enable positive impacts through the products and services we provide and be a key player in the Net Zero transition.

Our Group Environment Policy, which includes our climate considerations and targets, is available on our website at: www.homeserveplc.com/media/2iwmkpts/homeserve-environment-policy-jan-22.pdf

Making our house greener

To make our house greener we set Scope 1&2 and Scope 3 GHG emission reduction targets and have committed to verify these with the Science Based Targets initiative (SBTi) during FY23. For more information on our targets see the Metrics and targets section on page 31.

We have identified a number of actions we will need to take to achieve the reduction in Scope 1 & 2 (our direct emissions) including:

- All offices procuring renewable electricity by 2030
- Implementing energy efficiency measures in our facilities (such as upgrading cooling systems)
- Transitioning our fleet to electric vehicles.

Our UK Membership business has the biggest fleet in the Group (currently c.750 vans) and during the year, they completed a feasibility study on the use of electric vehicles and agreed their vehicle transition plan. The first two electric vans were delivered in January 2022 and the plan assumes that they will fully transition to an electric fleet by 2030 depending on vehicle and infrastructure availability.

Regarding our Scope 3 (upstream and downstream supply chain emissions), we have identified that emissions from installed heating are the main source of our climate impact – accounting for around 80% of our Scope 3 emissions. As a result, the transition from fossil fuel-based heating to greener alternatives (such as heat pumps) will be key to our

decarbonisation pathway. In order to achieve our Scope 3 target, our internal analysis indicates that we will need to convert around 50% of residential heating sales to heat pumps by 2030. Our HVAC businesses are actively considering how this will be achieved. During the year we acquired a specialist heat pump installation business in France, and we are seeking similar opportunities in our other territories as part of our HVAC buy and build strategy.

Helping customers make their homes greener

We know that part of our responsibility to the environment is about helping to make our customers' homes greener, and making green the easier choice. We are investigating different solutions and this year we made progress in the following areas:

- HVAC as a Service launched in New York State. HVAC as a Service will make replacing and maintaining HVAC equipment more financially manageable, which will enable some consumers to choose greener HVAC options. Improving homeowners access to HVAC equipment will also better prepare customers' homes for the weather impacts of climate change. Our French HVAC businesses are leading the way in the promotion of alternative energy sources, which accounted for 60% of installations in the period.
- HomeServe's installation and maintenance proposition for domestic electric vehicle charging is now available to 9m households.

Task Force on Climate-related Financial Disclosures

The Group has complied with the requirements of the Financial Conduct Authority's Listing Rule 9.8.6R(8) by including climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures except for the following matters; 1b management's role in assessing and managing climate-related risk and opportunities; 2b impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning; 4a the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process; 4c the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

This is our first year of reporting and we recognise that we have areas to further develop to meet the TCFD requirements. Our progress so far is summarised in the table below. Over the coming reporting cycles, we intend to progress our climate-related risk and opportunity workstreams and aim to meet more of the TCFD objectives. These will include developing a carbon emissions reduction pathway and monitoring process, developing a clearer structure for management's role in managing climate-related risks and opportunities, and further exploring the opportunities we have identified.

Disclosure objective	Our progress	Compliance status
Governance	Structure in place to provide Group-wide oversight of climate risks and opportunities. Individual business units manage their own day to day climate risks. Read more on page 29.	Work in progress – Board oversight is clear but management's role needs further development.
Strategy	This year we undertook a detailed review of the impact of a number of climate-related scenarios. We detail our top three risks and opportunities on page 30.	Work in progress – more work is needed on understanding the quantitative impact on business strategy and financial planning and on different scenarios.
Risk management	Climate change was identified as a Global Enterprise Risk this year, which means that it will have regular Group oversight from the Audit & Risk Committee. Read more about how we identify and manage risk on page 32 and more about our Climate change risk specifically on page 33.	Fully consistent.
Metrics and targets	We have set targets in respect of our Scope 1, 2 and 3 emissions and have committed to verify them with SBTi. We are currently developing processes for tracking and monitoring our targets. Read more about this on page 31.	Fully consistent in respect of disclosure of Scope 1, 2 and 3 emissions. Further work is needed to align metrics to our strategy and to report on performance against our targets.

Governance

The Board's oversight

The Board has ultimate responsibility for oversight of climate-related risks and opportunities. David Bower, CFO, is the nominated Director for activity on an operational basis. During the year, he was supported by the Group Corporate Responsibility Committee which was chaired by the Chairman of the Board and comprised of representatives from our operating businesses and from a number of Group functions. The Audit & Risk Committee is responsible for considering climate risk and for reviewing the content of our TCFD disclosures. The Remuneration Committee is responsible for determining our Remuneration Policy, including how ESG factors are taken into consideration in the policy and our incentive schemes. For information on these committees see pages 86 and 92 respectively.

During the year, the Board has considered and approved our Scope 3 emissions target and received updates on various workstreams. It has been agreed that during FY23, we will expand the remit of the Board's People Committee and it will become the ESG & People Committee thereby improving the Board's oversight of ESG matters. The Group Corporate Responsibility Committee will become the ESG Forum and will be used to develop plans and facilitate the sharing of experience and best practice across our businesses.

Management's role

The management teams in each of our businesses are responsible for managing the climate-related risks and opportunities faced by the Group on a day-to-day basis and for delivering on actions. During the year, there has been particular focus on identifying and defining the key risks faced by each of our businesses and in our HVAC businesses on how we can provide greener heating alternatives.

Strategy

We believe that the Net Zero transition will create multiple opportunities for us to support our customers to improve their homes and adopt solutions that will create value for them as well as reduce their climate impact. To support our customers, we will need to find innovative solutions and services and ensure that our organisation and its people can develop in terms of both strategy and skills.

During the year, we completed a detailed review of climate-related scenarios in terms of both risks and opportunities from a Group-wide perspective. An initial longlist was developed following workshops and interviews with key stakeholders across HomeServe's businesses. Interview attendees included; the CFO, Company Secretary and the Global Managing Director, HVAC.

Following the development of the longlist, a prioritisation exercise was undertaken to identify which risks and opportunities have the potential to have the most material impact on the Group. Multiple climate scenarios were used to assess the climate-related risks and opportunities, including those aligned to limiting the rise in global temperature to well below 2-degrees. Additionally, scenarios were included in the analysis to assess current policy commitments, as well as the potential



Responsible business continued

Environment continued

impacts from physical risks under high emissions scenarios. Risks have been assessed on the basis of:

- **Likelihood** – the probability of a climate-related risk or opportunity taking place, considering outcomes across all scenarios assessed. The direction of travel of each relevant scenario parameter was assessed (i.e., whether under each scenario, a parameter is projected to increase, decrease, or not change).
 - For transition risks and opportunities, projections based on current commitments and trends were compared to the accelerated transition aligned to a 2-degrees, Paris Agreement aligned scenario.
 - For physical risks and opportunities projections were based on current commitments and trends were compared to a RCP8.5 scenario with failure of climate mitigation actions and correspondingly high emissions.
- **Velocity** – assessing the time period in which the exposure to each climate risk or opportunity is expected to become significantly different to today. The purpose of this measure is to assess how fast external pressures are changing. Velocity was assessed using the following time horizons;
 - Present – between 2021 and 2024
 - Short-term – between 2025 and 2029
 - Medium-term – between 2030 and 2034
 - Long-term – beyond 2035.
- **Materiality** – the annual financial impact of each identified climate-related risk and opportunity was estimated. To assess financial materiality, the relationship between the driver of each climate-related risk and opportunity (e.g., the external climate scenario), and HomeServe’s financial data was modelled. In most instances, the relationship between the scenario parameter and impacted value driver was directly correlated, in that one would change because of a change in the other. To understand and compare the relevant materiality of these financial impacts, thresholds were developed based on HomeServe’s risk management financial materiality thresholds.

The nature of assessing climate-related risk and opportunities means that the assessment undertaken is not without its limitations. Some of the key challenges faced by HomeServe throughout this process were associated with the estimation of financial materiality and use of climate projections in the prioritisation of risk.

The top three risks and opportunities are set out below:

Risks	Time horizon	Description and mitigations
Severe weather	Short to Medium-term	The expected increase in the frequency and severity of storms and floods could lead to a range of challenges for our operation. For example, we could see the number of claims increasing, supply chain disruption and difficulties in scheduling repairs. To mitigate this, we will be working to understand the local impacts of extreme weather events and increasing the flexibility and capacity of our employed and sub-contractor network.
Capability and capacity gap for the installation of heating alternatives	Short-term	Our HVAC businesses could face a shortage of skilled engineers as low carbon technologies are deployed and replace conventional heating technologies. To mitigate this risk, we are engaging with suppliers, installers, and partners to understand the projected market, including which technologies are most likely to be adopted. In addition, we are working, through the HomeServe Foundation, to increase apprenticeships.
Climate regulation	Medium-term	Emerging regulation could impact us in a number of ways, including increased operating costs as a result of higher energy, fuel, and parts. To mitigate this we have set emissions targets and are working on a decarbonisation strategy.

Opportunities	Time horizon	Description
Installation of heating alternatives	Short-term	The commercialisation and deployment of low carbon heating solutions will present opportunities for installation, maintenance, and cover. Uptake of new technologies will be driven by both regulation and incentivisation.
New products and services	Short-term	The low-carbon transition will create more low-carbon markets which will create opportunities for HomeServe. A key example of this is the EV charging market which is expected to grow rapidly over the next decade. Detailed analysis and pilot activity is underway in a number of our markets and we will report on this in future years.
Weather related increases in demand for products and services	Long-term	Warmer temperatures in some regions as a result of climate change may result in greater demand for home cooling equipment. HomeServe can play a role in helping customers to reduce the impacts of warmer temperatures through our HVAC services.

Risk Management

An overview of our risk management framework is set out on page 33 including our processes for identifying, assessing, and managing risks. The section above provides further detail of how we assess the size and scope of the identified climate-related risks.

During the year, climate was added as a Group Enterprise Risk (GER) and as such is being managed in the same way as other significant risks. The Audit & Risk Committee considers all Group Enterprise Risks at each of its meetings.

At a Group level, we have identified three initial risks and three initial opportunities (detailed opposite). These high-level risks and opportunities have been shared with local businesses and they have been asked to consider the climate and environmental risks that will be relevant to them and to add them to their local risk registers. The relevant risks at a local level will not necessarily be the same as those identified at a Group level and will differ from business to business.

Metrics and targets

To support our carbon reduction ambitions we have agreed science-based targets for our own operations (Scope 1&2), aligned to limiting global warming to 1.5-degrees, and our value chain (Scope 3), in line with a 2-degrees temperature pathway. For both of these targets our base year is FY22 and our reduction target will be set to be achieved by 2030. We are committed to seeking approval of these targets by the SBTi during FY23.

To achieve these targets, we will be tracking and reporting on our carbon emissions on an annual basis. For our Scope 1&2 emissions we track our gas, electric and vehicles' fuel. For Scope 3 we track the categories which are relevant to our business, these include: purchased goods and services; capital goods expenditure; fuel and energy related activities; upstream transportation and distribution; waste generated in operations; business travel; employee commuting; use of sold products; and end-of-life treatment of sold products.

During FY23 we are looking to develop a more detailed carbon emissions reduction plan, with short-term goals to help achieve our targets, and regular monitoring and tracking of key metrics.

This year was the first time we responded to the CDP climate change questionnaire, and we received a score of B-. We look forward to tracking our progress over subsequent years of participation in the CDP.

Greenhouse Gas Emissions

Scope 1 & 2

	Group		UK	
	Tonnes of CO ₂ e FY22	Tonnes of CO ₂ e FY21	Tonnes of CO ₂ e FY22	Tonnes of CO ₂ e FY21
Scope 1 Combustion of fuel and operation of facilities	19,725	13,698	5,848	6,181
Scope 2 (location-based) Electricity, heat, steam and cooling purchased for own use	1,701	1,574	541	347
Scope 2 (market-based) Electricity, heat, steam and cooling purchased for own use	2,463	1,995	961	561
Total scope 1 & 2 (location-based)	21,426	15,272	6,389	6,528
Tonnes of CO₂e per employee	2.48	2.05	2.02	2.13

	Group		UK	
	Kwh FY22	Kwh FY21	Kwh FY22	Kwh FY21
Combustion of fuel and operation of facilities	80,877,971	59,359,630	22,554,989	26,745,195
Electricity, heat, steam and cooling purchased for own use	6,442,998	5,256,707	2,243,377	1,489,254
Total	87,320,969	64,616,337	24,798,366	28,234,449

We have reported on all of the emissions sources required under The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 – commonly referred to as Streamlined Energy and Carbon Reporting (SECR). Our Scope 1 & 2 footprint has been verified to the ISO14064-3 standard by The Carbon Trust. Our Scope 1 emissions exclude refrigerant gas data as it was not feasible to collect and has a negligible effect on our total emissions.

Scope 3

Our Scope 3 data has not yet been verified, due to the timing of this report. However, we present our initial Scope 3 footprint below, and are in the process of having this data verified to the ISO14064-3 standard by The Carbon Trust. If the verification highlights any issues with our initial footprint, we will restate our data in next year's Annual Report.

Category	Total emissions 2022 (t CO ₂ e)
1a: Purchased goods and services (product related)	25,050
1b: Purchased goods and services (non-product related)	63,852
2: Capital goods	9,005
3: Fuel and energy related activities	5,655
4: Upstream transportation and distribution	14,665
5: Waste generated in operations	43,867
6: Business travel	1,667
7: Employee commuting	8,001
11: Use of sold products	838,250
12: End-of-life treatment of sold products	132
Total	1,010,144

In accordance with GHG protocol we also measure our outside of scope emissions. The below biogenic CO₂ emissions relate to the customer use-phase of wood/pellet stoves sold by our operations in France:

Category	Total out of scope emissions 2022 (t CO ₂ e)
Biogenic emissions	42,189