

What Matters Most

Material issues for sustainability



Sustainability means different things to different people – this document aims to set out the issues that matter most to our business.



BARRATT
DEVELOPMENTS PLC

Putting important sustainability issues into context

This guide has been written primarily to assist employees of Barratt Developments PLC, as a useful reference to the most important aspects of sustainability that influence our business. It's the result of an extensive engagement programme, undertaken on our behalf with key stakeholders.

When we began putting this guide together, we soon realised that the aims, ambitions and reporting structure we're developing for Barratt Developments PLC are likely to be of interest to a wider audience than purely our own employees. So, in the interests of transparency, we've decided to make the entire contents available to all of our stakeholders.

In the pages that follow we

explain the process that we went through to obtain the data and views that have shaped our thinking. There is information about how we will manage, measure and report in the future on each of the sustainability issues shaping our business.

The stakeholder engagement was undertaken primarily to:

- Identify which sustainability issues matter most to our internal and external stakeholders.
- Help us better understand how Barratt Developments PLC should evolve its strategic approach to managing sustainability.
- Identify how we should report on progress.
- Identify any wider market and societal drivers that may be important.



In researching and producing What Matters Most, we've expanded our knowledge and understanding of what stakeholders expect from Barratt Developments PLC.

The results of the engagement enabled us to identify sustainability issues that can be categorised into three groups: definitely material, possibly material and unlikely to be material. These are summarised in the materiality matrix (see opposite page). The matrix shows how each issue is viewed by our internal and external stakeholders.

Priority sustainability factors, split by internal vs external perspectives

Importance to external stakeholders	Material	<ul style="list-style-type: none"> • Our business performance • How we engage with customers • How we recruit and retain the best talent 	<ul style="list-style-type: none"> • Our approach to health and safety • The development and training of our employees • Our business ethics • Waste created by our operations
	Possibly material	<ul style="list-style-type: none"> • How we demonstrate advocacy and leadership on sustainability issues • The carbon emissions of our operations • How we responsibly select and develop land to manage environmental issues • How we help promote industry-wide skills 	<ul style="list-style-type: none"> • Our innovation in building future proof homes • The responsible sourcing of materials and environmental impact of our suppliers • The lifetime environmental performance of the homes and buildings we build
	Unlikely to be material	<ul style="list-style-type: none"> • Details of the taxes we pay • How we deliver local employment and support local suppliers • The impact of our operations on biodiversity and habitats • The energy use of our operations • The water use of our operations • How we encourage sustainable behaviour in homeowners • How we develop communities with sustainable transport infrastructure • How we engage with local communities where we operate • Our approach to volunteering and charities 	<ul style="list-style-type: none"> • Our corporate governance • Affordability of the homes we build • How we promote equality and diversity of our employees • How we design healthy and sustainable communities • The ethical working practices of our suppliers and sub-contractors
	Unlikely to be material	Possibly material	Material
Importance to business and internal stakeholders			

Let's begin at the beginning

A summary for Barratt Developments PLC employees on the sustainability issues that shape our business

This brief guide talks about material issues, stakeholder engagement and sustainability. So before we get too far into the detail, it's probably useful to know what these words actually mean, because you'll be seeing them a lot.

Material issues

Material issues are those that we need to take particular notice of; in this case, relating to sustainability. In order to find out what these are, we have undertaken a materiality assessment – more about this later.

Stakeholder engagement

Stakeholders are people who have an interest or influence in our business. Largely these are customers, suppliers and employees but there are other influential stakeholders such as Non-Governmental Organisations (NGO's) - e.g. the RSPB, trade associations (e.g. the Home Builders Federation – HBF), regulators and shareholders. Engaging with stakeholders basically involves asking them what they think about certain issues. It's important to have an ongoing dialogue with the people who influence our business and that's what engagement is really all about.

Sustainability

What Matters Most is all about material issues relating to sustainability. Although many of us tend to focus mainly on environmental issues when we think about the subject, it is actually much broader, including social and economic aspects of our business. Customers, partners and suppliers often use these terms and we'll use them too, in our sustainability reporting and communications.



Material issues

Put another way, these are things that are important and significant to the way we operate as a business.



Stakeholder engagement

Stakeholders are people who have an interest or influence in our business.



Sustainability

What Matters Most is all about material issues relating to sustainability.

The sustainability issues that shape our business

Early in 2016 independent researchers ran a comprehensive materiality assessment, involving online questioning and in-depth interviews with both our own employees and external stakeholders, to find out what our stakeholders really believe are the key sustainability issues that we, as a company, need to consider.

What Matters Most has been written for Barratt Developments PLC employees. A comprehensive report on stakeholder engagement and materiality results has informed this document.

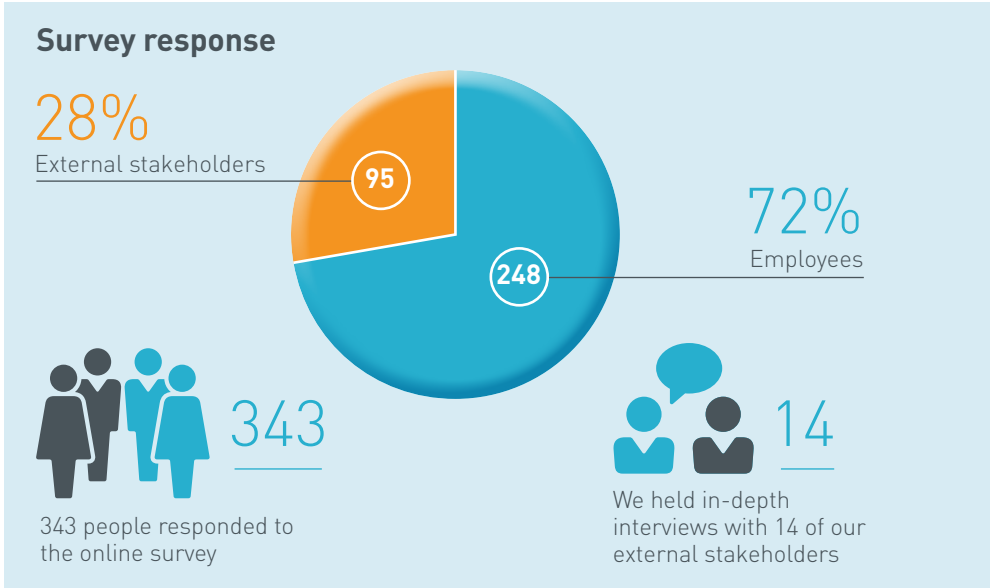
Our Sustainability report provides a review of our progress and performance.

Both of these useful documents can be shared with other stakeholders including partners and suppliers.



What Matters Most is your guide to:

- What we did, and why?
- The issues that were identified.
- What we are doing about them.
- How we intend to measure and report on progress.



The Materiality Assessment – what we did and why



Housebuilding is a unique sector, where the decisions taken have to both meet shareholder expectations and deliver positive impacts to communities for years to come. It is our role to ensure that the views of our stakeholders on how we action, measure and report on aspects of sustainability are taken on board and acted upon.

Barratt has been producing a Sustainability Report for 12 years. As the UK's largest housebuilder we take sustainability very seriously.

Many aspects of it we do extremely well and in some cases our performance differentiates us significantly from the rest of the market, but we know there is plenty we can do to improve, and we don't have all the answers, which is why we actively engage with cross-industry groups.

During spring 2016 we asked stakeholders what mattered most to them. Their replies have enabled us to focus in on six key aspects of sustainability – thereby simplifying the 12 issues we have reported on previously.

The results of the engagement work were important, useful and sometimes surprising.

SIX

key aspects of sustainability



The sustainability issues that shape our business

The six issues that matter most to our stakeholders

Keeping people safe

Operating efficiency

Attracting, inspiring and investing in people

Sustainable places to live

Sustainable and responsible sourcing

Investing in innovation and development

Business ethics was also considered important in the online consultation, but this is regarded as a business issue that's wider than sustainability and is therefore addressed and reported elsewhere, including in our Annual Report and Accounts. It's important to note that stakeholders have a very positive view of our approach to ethics.¹

As well as identifying the six sustainability issues that matter most, our research helped us to understand more about how stakeholders view two of our key business differentiators:

- Helping to address the shortage of homes.
- Delivering high quality homes,

informed by customers.

The discussions with stakeholders clearly identified these two issues as having a wider impact than purely sustainability. They are much more to do with the way Barratt does business.

As they are very important we will report on them in our Annual Report in future, rather than specifically in our Sustainability Report.

¹ Our policies on Anti-bribery and Corruption can be found [here](#)

The sustainability issues that shape our business

On the following pages, we summarise the issues, why these are opportunities and challenges for our business, our plans for each of the key issues and how we are going to measure and report back.

A separate framework document sets out our internal action plan to deliver the targets and accountabilities and timescales.

Our Sustainability report will provide an annual snapshot of progress.

We have also provided a frank and honest assessment of our own, of where the business is in mid-2016. As you can see, we're already doing very well on some of the material issues. With others, there is still work to be done.



In particular, we believe that:

- sustainable places to live;
- sustainable and responsible sourcing;
- attracting, inspiring and investing in people;


are three areas where we really can differentiate our brand and our business from the competition. We understand how to design, develop and deliver sustainable places to live. We can influence our supply chain to encourage improvements in sustainable performance of our operations and the homes we build. We are committed to investing in our employees.

The sustainability issues that shape our business

Keeping people safe

The challenge: An increase in the building speed to meet the rising demand for more homes, combined with the shortages of skilled labour, means additional effort is needed to maintain a safe working environment.


Our aspiration: Providing a safe environment for our employees, sub-contractors, suppliers and people living in the communities in which we operate.

Where are we now	What we plan to do
<p>Our safety performance has increased only marginally despite the number of homes we have built increasing, and also in light of us improving the accuracy of our reporting.</p> <p>We have to work hard on reducing injury rates, whilst ensuring that we don't dissuade our employees and sub-contractors from reporting incidents.</p> <p style="text-align: center;">385</p> <p style="text-align: center;">reportable injuries per 100,000 employees (IIR) in 2015</p>	<ul style="list-style-type: none"> Maintain a reportable injury rate of 381 or less per 100,000 employees.² Maintain 5 Star Safety Management System Status (as assessed by the British Safety Council). <div style="text-align: center;">  </div> <p><small>² SR 2015 stated to maintain IIR at 2015 level.</small></p>

Operating efficiency

The challenge: Increasing demand for new housing means we need to become more resource and energy efficient, produce less waste, generate fewer carbon emissions and use less water.

Our aspiration: To minimise our use of materials, energy, reduce waste generation and maximise low-carbon opportunities on our business operations.


Where are we now	What we plan to do
<p>We have reduced our carbon intensity by 5.5% in 2015, compared to 2014. We have shown industry leadership in our recycling rate and are focusing on reducing total waste generated on our construction sites. We have work to do on our baselines, and benchmarking on waste, energy and carbon, so that we can drive through further more ambitious improvements.</p> <p style="text-align: center;">-5.5% carbon</p> <div style="text-align: center;">  </div>	<ul style="list-style-type: none"> Reduce carbon intensity from our construction operations, offices and business mileage by 10% by 2025.³ Reduce construction waste generation by 10% by 2020.⁴ Maintain construction recycling rate at 95%. <p><small>³ Measured in tonnes of CO2e per 1,000 sq. ft. against a baseline of 2015.</small></p> <p><small>⁴ Measured in tonnes of construction waste per 1,000 sq. ft. against a baseline of 2015.</small></p>

The sustainability issues that shape our business

Attracting, inspiring and investing in people

The challenge: Over 230,000 new workers are needed within the industry within the next five years. As demand for homes increases, there is a need to attract and retain the best people and to invest in the skills and talent needed to solve future challenges.



Our aspiration: To continue to invest and develop our people and to identify new pools of talent to help us deliver ongoing business growth to 2020.

Where are we now	What we plan to do
<p>We have an industry-leading record in graduate, trainee and apprentice recruitment. Our employees consistently win Pride in the Job Awards. We are recognised by graduates as one of the most popular graduate employers in the UK. We are working hard with the sector to improve the image of construction and housebuilding as a career of choice.</p> 	<ul style="list-style-type: none"> • Maintain and seek to reduce staff turnover at or below 20%. • Recruit 1,100 employees through our Future Talent Programme • Maintain an average of three training days per employee per year. • Maintain upper quartile UK FTSE performance in our engagement survey. • Ensure the gender and ethnicity of our workforce reflects the communities where we operate by 2020. • Rollout diversity and inclusion training across the Group by end FY2017.

Sustainable places to live

The challenge: Building the new homes needed in the UK should not be detrimental to our existing infrastructure, our natural environment or our existing communities. We need to build well-planned, desirable developments that create a positive legacy.

Our aspiration: To meet the expectations of customers and communities by delivering sustainable places to live that satisfy the need for further housing, whilst also providing a lasting, positive legacy.

Where are we now	What we plan to do
<p>We build more affordable homes than any other UK housebuilder.</p> <p>We have achieved more Built for Life Accreditations across the UK than the rest of the sector.</p> <p>Our Future Homes report and consumer research inform our designs to respond to changing customer needs.</p> <p>We are the only UK housebuilder to engage nationally with a leading nature conservation charity, and deliver a Group-wide plan for improving ecology and biodiversity.</p>	<ul style="list-style-type: none"> • Continued commitment to Built for Life, and to our own internal design standards, Great Places. • Seek to create a net positive biodiversity and ecology impact across our development portfolio by 2020.  <p>NET POSITIVE</p> 

The sustainability issues that shape our business

Sustainable and responsible sourcing

The challenge: Skills shortages, limited availability of materials and the low-carbon economy are just some of the challenges affecting the future of our business. To meet these challenges, we need a flexible, motivated and innovative supply chain that works and plans alongside us, and a sub-contractor workforce that actively seeks to work with us.


Our aspiration: To work in partnership with our supply chain and sub-contractors to operate responsibly and resource efficiently.

Where are we now	What we plan to do
<p>Our centralised procurement function helps us set and enforce consistent sustainability criteria.</p> <p>We are working on identifying the hotspots for direct engagement. We have a good track record on sustainable timber procurement and using low embodied carbon products.</p> <p>We are a partner with the Supply Chain Sustainability School and have a robust plan for engagement with our suppliers and sub-contractors.</p>	<ul style="list-style-type: none"> All Group suppliers will be members of the Supply Chain Sustainability School and will have achieved Bronze standard by the end of 2017. All Group suppliers will have produced an acceptable sustainable and responsible sourcing policy by the end of 2017. Develop a plan to establish a 2020 reduction target for supplier and sub-contractor emissions.

Investing in innovation and development

The challenge: We need to increase build efficiency, whilst maintaining safety and quality standards, and respond to skills shortages. Limiting the environmental impact and quantity of raw materials we use is also imperative.

Our aspiration: To improve performance through innovation and development across all aspects of our business and for our customers and stakeholders.

Where are we now	What we plan to do
<p>We invest £1.5 million per annum in construction costs and staff time on innovative methods of construction.</p> <p>We were the only national housebuilder to engage with the AIMC4⁵ research on achieving zero carbon homes.</p> <p>We actively develop strategic partnerships with suppliers to support certainty of supply and long term planning.</p> <p>⁵ Find out more about the AIMC4 project at www.aimc4.com</p>	<ul style="list-style-type: none"> Build 20% of units using offsite construction techniques against 2014 baseline.⁶ <p style="text-align: center;">20% offsite construction</p>  <p>⁶ Restated against 2014 baseline of 14,838 legally completed units.</p>

Important findings

that came out of the independent stakeholder engagement

Helping to address the shortage of homes

The challenge: At a time of population growth and changing work and lifestyles, Britain has a shortage of homes of every type.

Our aspiration: Play a leading role in delivering a range of homes and tenures, and access to mortgages for customers.

High quality homes, informed by customers

The challenge: To respond to the scale of demand for new homes and changing customer requirements without compromising on quality and customer service.

Our aspiration: Retain HBF customer survey 5 Star status.

Where are we now	What we plan to do
<p>We have built and sold 17,319⁷ homes, the highest number of homes for eight years, 17% of these were affordable homes.</p> <p style="text-align: center;">17,319 homes built and sold</p>  <p><small>⁷ Includes joint ventures</small></p>	<p>Our team will continue to engage directly with mortgage lenders, housing associations, the HBF and Homes & Communities Agency.</p> <p>We are supportive of the Government's Starter Homes Scheme, which is aimed at providing 200,000 homes for first time buyers by 2020.</p> <p>We work with all stakeholders to deliver developments that respond to local requirements.</p>

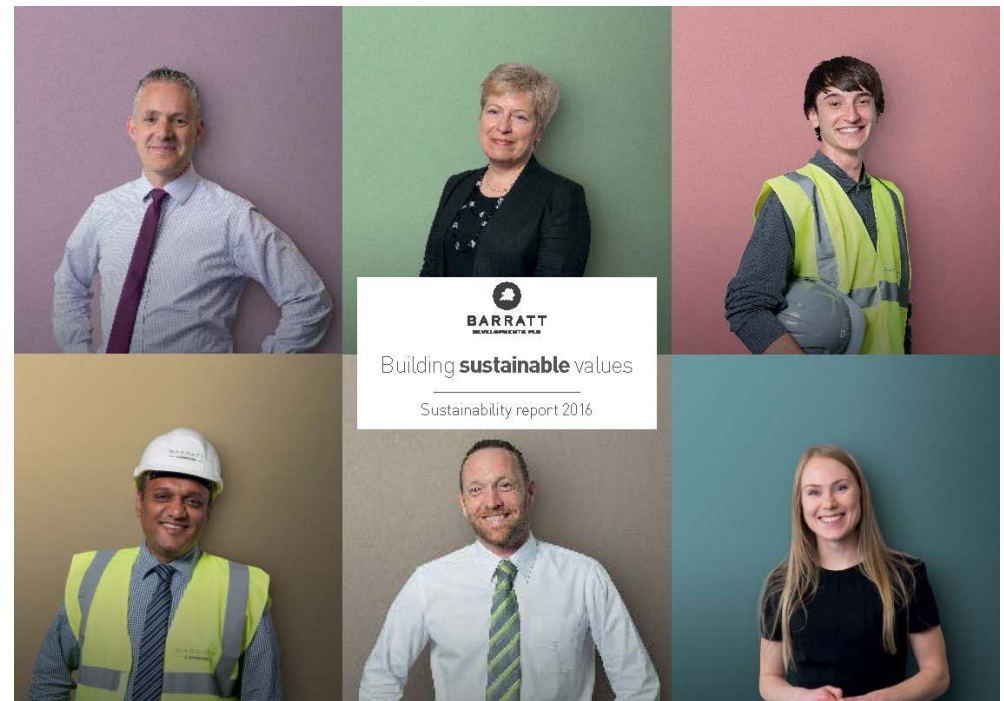
Where are we now	What we plan to do
<p>We place customers at the heart of our business by building outstanding homes and anticipating the changing needs of home buyers.</p> <p>We are the only national housebuilder to achieve above 90% customer recommendation for seven consecutive years in the HBF Customer Satisfaction Survey.</p> <p>We concluded a Future Home report in 2016 carefully defining customer segments and their design preferences. Our project with The Architects' Journal selected new house design features to meet these requirements.</p>	<p>We regularly review the results from the NHBC customer survey to aid our decision making.</p> <p>We continue to drive customer service, investing in technology from developments to our customer service systems and our onsite systems to aid our quality control inspections.</p> 

Reporting progress in 2016 and beyond

Our 2016 Sustainability report is a review of our progress against goals set in 2015. Where appropriate, we have set targets and Key Performance Indicators that will help us to measure and report on progress. Some of these already existed as part of our existing reporting structure, some are new and others we will review as requested.

Whatever and whenever we report, we aim to do it honestly and openly. To help us achieve this, your input and feedback is important. If you have ideas on how we can make our messages even clearer, please let us know.

Email: sustainability@barrattplc.co.uk



Barratt Developments PLC
Kent House 1st Floor
14-17 Market Place
London W1W 8AJ

sustainability@barrattpc.co.uk



BARRATT
DEVELOPMENTS PLC