

# FY23 ESG basis of reporting

06/09/2023

## 1 Introduction

Reporting period	1 <sup>st</sup> July 2022 to 30 <sup>th</sup> June 2023
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This document summarises the basis under which Barratt Developments PLC and its subsidiaries (together 'the Group') reports selected performance metrics linked to environmental, social and governance issues over which it obtains limited assurance. The basis of reporting for each metric in this document is applicable to all presentations of that metric for the consolidated Group in its Annual Report and Accounts, all transmissions through the Regulatory News Service and publications to its website, [www.barrattdevelopments.co.uk](http://www.barrattdevelopments.co.uk).

Deloitte LLP have provided independent third-party limited assurance in accordance with the International Standard for Assurance Engagements 3000 ('ISAE 3000') and Assurance Engagements on Greenhouse Gas Statements ('ISAE 3410') issued by the International Auditing and Assurance Standards Board ('IAASB') over the following ESG metrics:

Greenhouse gas (GHG) emissions and energy consumption	<ul style="list-style-type: none"> <li>• Scope 1 GHG emissions [tCO<sub>2</sub>e]</li> <li>• Scope 2 GHG emissions [tCO<sub>2</sub>e]</li> <li>• Scope 1 and 2 carbon intensity [tCO<sub>2</sub>e/100m<sup>2</sup>]</li> <li>• Scope 3: business travel [tCO<sub>2</sub>e]</li> <li>• Scope 3: fuel &amp; energy related activities [tCO<sub>2</sub>e]</li> <li>• Scope 3: use of sold products [tCO<sub>2</sub>e]</li> <li>• Scope 1 &amp; 2 energy consumption [MWh]</li> <li>• Average Dwelling Emission Rate of homes completed [kgCO<sub>2</sub>e/m<sup>2</sup>/yr]</li> </ul>
Construction waste	<ul style="list-style-type: none"> <li>• Construction waste intensity (by legally completed build area) [tonnes/100m<sup>2</sup>]</li> <li>• Construction waste intensity (by housebuild equivalent completed build area) [tonnes/100m<sup>2</sup>]</li> <li>• Diversion of construction waste from landfill [%]</li> </ul>
Health & safety	<ul style="list-style-type: none"> <li>• Reportable injury incidence rate (IIR) [No. injuries per 100,000 persons incl. sub-contractors]</li> <li>• Health and safety (SHE) audit compliance [%]</li> </ul>

Our Assurance Statement is publicly available on the PLC [website](#).

## 2 Greenhouse gas (GHG) emissions and energy consumption

For energy and GHG indicator definitions and methodology, please see the Carbon Methodology Statement available on our [website](#).

### 2.1.1 Average Dwelling Emission Rate (DER) of homes completed [kgCO<sub>2</sub>e/m<sup>2</sup>/yr]

A Standard Assessment Procedure (SAP) certificate is issued for all homes for which handover has completed in the period. SAP is the calculation methodology for energy use in dwellings, which is carried out using Elmhurst software, approved for SAP calculations by the Building Research Establishment (BRE) on behalf of the UK government. Each SAP includes a calculation of the mean DER (kgCO<sub>2</sub>/m<sup>2</sup>/yr), which represents the annual CO<sub>2</sub>e emissions from dwellings.

Homes for which handover has completed in the period comprises all residential units for which rights of ownership have transferred to the customer in the period from a direct or indirect subsidiary of Barratt Developments PLC or a joint venture under the operational control of Barratt Developments PLC or one of its subsidiaries.

Average DER is calculated as the mean average of DERs per the SAP certificates that pertain to Barratt residential properties, including private houses, affordable houses, and apartments. DERs for commercial properties are excluded.

## 3 Construction waste

### 3.1 Policy

The Group waste collection data includes waste from all residential and mixed construction sites where the Group is the principal/main contractor.

It **excludes**: joint ventures where the Group is not the principal/ main contractor; Wilson Bowden Developments; the normal domestic waste created by customers when they move into their homes which is collected by local authority contractors.

It **includes**: construction sites where the Group is a principal/main contractor and where sub-contractors are undertaking construction activities.

The principal / main contractor is defined as the contractor with control over the construction phase of a project involving more than one contractor. The specific exclusion of sites where BDW is not the principal / main contractor applies only to joint venture schemes.

The construction waste recorded for the reporting period is the waste removed from the Group's site or otherwise recycled or disposed of during that period.

All construction waste removed from site is weighed by the waste contractor and a collection receipt provided. Exact figures are taken from the weighed construction waste taken away from site for disposal by the approved waste management contractor. Estimates are only applied in exceptional circumstances in which the actual data is unavailable, and are approved by the Group Commercial Director.

Exceptional circumstances for the use of estimates shall be defined as follows:

- Collection methods identified and reported to BDW by Group waste contractors that do not routinely include weighing of the waste, including but not limited to: grab wagons, wheelie bins and small bagged waste removals.
- Approved waste removed by sub-contractors where data has not been provided to the division within required timescales for periodic reporting.

Waste streams not being collected by the waste contractor are recorded by the buying department as follows:

- Plasterboard offcuts are removed from site by the plasterboard supplier for recycling.

## **3.2 Assured metrics**

### **3.2.1 Construction waste intensity [tonnes per 100m<sup>2</sup> of build area]**

Construction waste intensity is a normalised metric to demonstrate tonnage of construction waste generated per 100 sq. m. of above-ground residential construction area.

Construction waste is defined as materials or substances created as a by-product of the above-ground construction process that must be removed from the construction site and disposed of via either landfill or an alternative disposal route.

#### *Specific inclusions:*

- All material discarded for removal in segregated and mixed waste areas, including waste intended for recycling, incineration or landfill
- Damaged materials
- Off-cuts
- Single use packaging

#### *Specific exclusions:*

- All waste from demolition, excavation or dredging activities
- Any materials intended for immediate re-use on site, e.g. a material offcut of a suitable size to be used elsewhere on site
- Any materials or tools (including pallets) that are to be returned directly to the supplier for resale or re-use, such as broken pallets under a collection agreement
- Waste from divisional and group offices
- Waste from the BD Living and Oregon factories
- Waste from site cabins collected by the local authority
- Waste from Wilson Bowden Development sites
- Waste from Joint Venture (JV) sites where BDW is not the Principal Contractor / Main Contractor (PC)

The Group denominates construction waste intensity by two different measures of completed build area, being i) 100m<sup>2</sup> of legally completed build area; and ii) 100m<sup>2</sup> of housebuild equivalent completed build area. These are defined herein:

### 3.2.1.1 Construction waste intensity by legally completed build area [tonnes/100m<sup>2</sup>]

This metric is used in mainstream housebuilding financial reporting, and therefore encouraged by industry benchmarks such as NextGeneration, with uptake across the industry to enable comparability.

Plot floor area is recorded in square feet at the design stage of each plot. Total plot floor area for legally completed properties in the period is extracted from the Group's financial system, which is then converted to square metres by multiplying by 0.092903.

Legally completed build area **includes** all habitable areas of a building and multiple floors where applicable. On certain contracts for which title to land is transferred to the customer before construction is complete, build area is recognised as completed in proportion to the construction work completed. It **excludes** outside areas such as patios, garden areas, parking and garages, sheds and other external storage areas. It **excludes** communal area such as landings and shared hallways. It **excludes** the floor area of commercial premises including those constructed by Wilson Bowden Developments.

### 3.2.1.2 Construction waste intensity by housebuild equivalent build area [tonnes/100m<sup>2</sup>]

For internal reporting, the Group denominates waste intensity by housebuild equivalent build area, which better reflects build activity in the year, eliminating any timing differences between build and sales activity.

Housebuild equivalent units is based on build stage landmarks achieved in the period, which are recorded and signed off by site managers for each plot. These build stage landmarks are defined as per the below table:

Build stage	1	2	3	4	5	6	7	8	9
	Start foundations	Start supers	Finish supers	Roof	1 <sup>st</sup> Fix	Plaster	2 <sup>nd</sup> Fix	Paint	Complete
Value	0.01	0.20	0.17	0.10	0.11	0.11	0.10	0.10	0.10
Cumulative	0.01	0.21	0.38	0.48	0.59	0.70	0.80	0.90	1.00

Housebuild equivalent build area is calculated by multiplying the designed plot floor area of each individual unit by the relevant value from the table above as each build stage landmark is achieved.

### 3.2.2 Diversion of construction waste from landfill [%]

The Group defines 'Diversion from landfill' as construction waste (as defined in 3.2.1 above) with a final disposal route other than landfill. The term 'diversion from landfill' is not interchangeable with 'recycled'. Diversion from landfill encompasses many disposal routes, of which recycling is only one.

The Group's waste contractors use Environment Agency quarterly returns to calculate the overall landfill diversion percentage for each disposal site, which is then multiplied by the construction waste tonnage to that particular disposal site to give the tonnes of construction diverted from landfill. The Group then divide tonnes of waste diverted from landfill by the total construction waste tonnage removed from site and multiply by 100 to calculate the diversion from landfill %.

#### *Specific inclusions:*

- Waste composted

- Waste incinerated for energy
- Waste destroyed through mass burn
- Waste recycled or repurposed
- Waste re-used where it has first been removed from site via a waste contractor

*Specific exclusions:*

- All landfill waste
- Re-use items where the material or tool has been re-used on site or collected by the initial suppliers for the purpose of re-use (including pallet collection schemes)

## **4 Health & safety**

### **4.1 Reportable injury incidence rate (IIR) [No. injuries per 100,000 persons inc. sub-contractors]**

The IIR is the number of reportable injuries, being those reportable to the Health & Safety Executive (HSE) as required by the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) 2013<sup>1</sup>, that occur on construction sites where we are defined as Principal Contractor<sup>2</sup> or occur within premises under our control, in a period, per 100,000 FTE employees and sub-contractors. In exceptional circumstances where there are delays in recording an injury until after the injury rate has been publicly declared, these will be included in the following reporting period.

All injuries are recorded via the Logincident App. This includes those of subcontractors, so is reliant on them reporting any injuries that occur and confirming if these are reportable under RIDDOR. Site teams input the incidents and the classification is validated by the Group SHE team who receive copies of all reports. A report of all reportable injuries in the reporting period is extracted from this system.

The average number of employees is the total number of hours worked by employees in the year divided by 37.5. Subcontractors on site are the average number of subcontracted workers on sites from Monday to Friday as recorded by site managers. The sum of these two figures equals average employed (incl. subcontractors).

IIR is calculated as number of reportable injuries divided by average employed (incl. subcontractors) multiplied by 100,000 persons.

### **4.2 Health and safety (SHE) audit compliance [%]**

SHE audit compliance is the average score achieved by the Group's sites in the reporting period, expressed as a percentage of the maximum score attainable, in a standardised site survey documenting compliance with Group SHE policy.

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<sup>1</sup> <https://www.hse.gov.uk/riddor/>

<sup>2</sup> As defined in Construction Design & Management (CDM) Regulations 2015, a principal contractor is the contractor with control over the construction phase of a project involving more than one contractor.

Site visits are conducted by the SHE team, independent of the site team, throughout the year, with an aim of visiting every site on a monthly basis. The SHE audit compliance is the mean score over the 12 month period to the reporting date.

Sites are scored out of a total of 100 across criteria covering the completeness of safety documentation; the adherence of site activities to SHE policy; and the implementation of measures to address the principal health and safety risks. Each site is then assigned a risk rating factor, which is applied against the overall score to give a final score, reflecting the complexity and size of the development, as follows:

- Standard Scheme – 50 or less operatives on site x 1.0
- Medium Output – 51 - 150 operatives on site x 1.015
- High Output – 151 or more operatives on site x 1.025

All reports need to be actioned by the site team, but if a final score of 90% or below is recorded, an action plan must be agreed between the Managing Director and SHE Manager to address any management failures and prevent a reoccurrence.

SHE audit compliance **includes** all housebuilding divisions, but **excludes** non-housebuilding business units such as BD Living and Oregon.

## **5 Other ESG metrics**

### **5.1 Timber certified for net zero deforestation**

Timber certified for net zero deforestation is captured through an annual timber survey to suppliers requesting the volume (proportion in the case of fencing contractors) of timber supplied that is FSC or PEFC certified in the year to 30 June 2023.

Suppliers are asked to supply Chain of Custody certification numbers for each product as an additional level of verification, but these are not checked against invoices.

#### *Specific inclusions:*

All timber materials utilised in house building:

- Group procured materials
- BD Living
- Fencing through subcontractors
- Oregon timber frame

#### *Specific exclusions:*

- Wilson Bowden Developments
- Temporary applications such as hoardings

*Estimates and assumptions:*

Fencing volumes are estimated based on the number of plots completed by each contractor in the year, obtained from the Commercial teams and multiplied by the average volume of fencing material used per plot (estimated to be 1.6m<sup>3</sup>).

*Completeness*

For the 2023 survey 93% of fencing contracts by volume (as estimated above) completed the survey – the remaining volume was unaccounted for in the calculations.