



COUNTRYSIDE

Places People Love

Countryside Properties PLC
Sustainability Report 2017



CREATING PLACES PEOPLE LOVE

The Group continues to make progress with its strategic objectives of sector-leading growth, superior return on capital and building resilience through the economic cycle.

Ian Sutcliffe
Group Chief Executive

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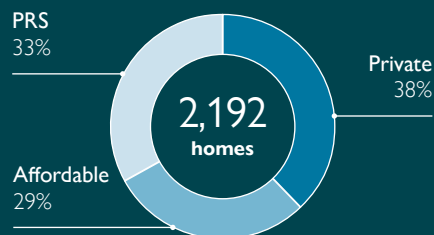
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AT A GLANCE

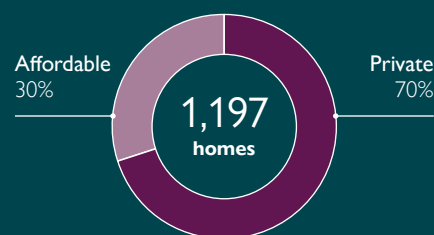
CREATING PLACES PEOPLE LOVE

We are a leading UK home builder and urban regeneration partner with two balanced businesses: Partnerships and Housebuilding. We believe that our mixed tenure approach, which sees us working closely with our partners and communities, helps us to create high-quality new homes, safer streets and better access to opportunities.



PARTNERSHIPS

Continued Partnerships growth in our existing markets of London and the North West of England has been supplemented by delivery of 180 homes in our new West Midlands region.



HOUSEBUILDING

Strong growth in private homes has driven total completions to record levels. The Housebuilding division has gained greater scale in each of our regions around London.

WHAT SETS US APART

Countryside has a strong track record of placemaking and getting the best outcome through partnering in both our Partnerships and Housebuilding divisions. We have completed more regeneration projects than our peers combined and are well positioned for further growth.

- Balanced business model with two complementary divisions.
- Impressive track record of winning new business.
- Excellent visibility through Partnerships pipeline and Housebuilding land bank.
- Increasing scale with established platform for growth.
- Low risk/low capital Partnerships model.
- Strong balance sheet.

60

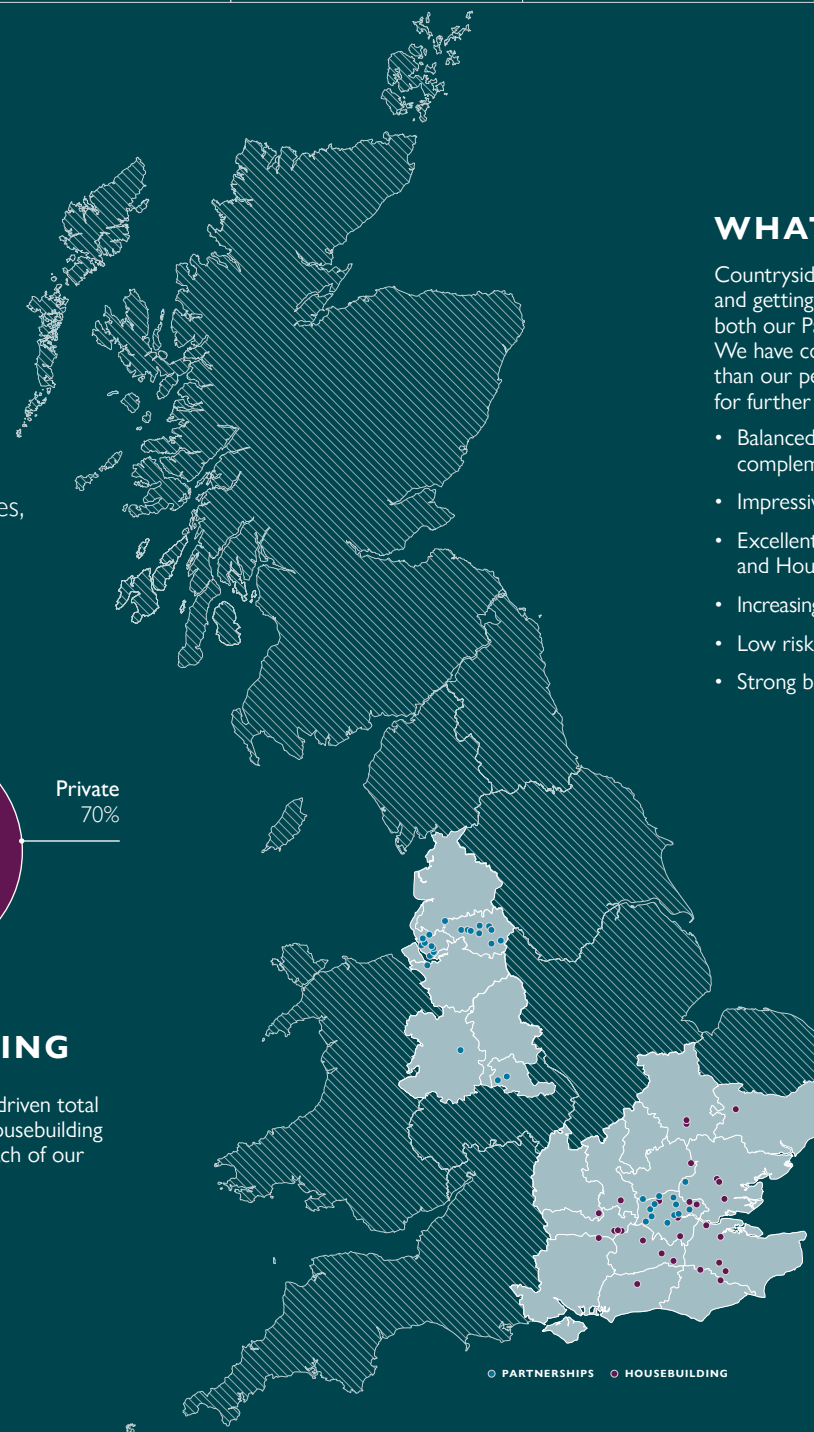
9

years' visibility in our Partnerships division



83%

of our Housebuilding land bank is strategically sourced



CHIEF EXECUTIVE'S STATEMENT

COMMITTED TO MANAGING OUR BUSINESS IN THE RIGHT WAY

2017 has been a further year of significant growth for the Group. There has been increased activity in both our Partnerships and Housebuilding divisions.

Group strategy

Our strategy focuses on two balanced businesses; our strategic, land-led Housebuilding division, which operates in the South East of England and our Partnerships division which works with local authorities, housing associations and private rental sector providers ("PRS") in the Outer London area, the West Midlands and the North West of England.

Our performance

In 2017 we made excellent progress in implementing our growth strategy. This has been supported by continued strong customer demand, favourable mortgage lending conditions and good political support. Total completions were up 28 per cent to 3,389 homes (2016: 2,657 homes).

We pride ourselves on the quality of our product and were delighted to be named "Large Housebuilder of the Year" at the recent Housebuilder Awards.

Our number of defects reported at National House Building Council ("NHBC") inspections at key build stages reduced during the year as we continued to focus on the quality of our build. At 0.21 per plot (2016: 0.23) this remains below the industry average of 0.37.

In health and safety, the Group's accident incident rate ("AIR") continues to be below the national incident rate ("NIR") benchmark. During the reporting period the Group's AIR averaged at 220 (2016: 305) reportable incidents per 100,000 persons at risk, compared with the NIR of 398 (2016: 421).

Our sustainability

Although we continue to grow at a sector-leading pace we are pleased to report that we continue to uphold our good record in sustainability, with improvements made in key areas. In 2017 we completed 86 per cent of our corporate sustainability objectives and aim to build on that performance by setting challenging targets for improvement in 2018 and beyond.

Our environmental performance has been strong. A sustained focus on waste reduction at our sites led to a 24 per cent year-on-year reduction in waste produced in 2017, with 6.0 tonnes per 100m² developed area (2016: 7.9 tonnes). Measures taken to reduce business travel have resulted in a 20 per cent reduction in fleet CO₂e emissions, with 1.4 tonnes CO₂e per employee in 2017 (2016: 1.7 tonnes).

We continue to aspire to be a five-star builder, and our customer service has continued to improve with our customer satisfaction, as measured by the NHBC Recommend a Friend score, standing at 88.6 per cent (2016: 84.8 per cent).

We recognise that people are our most valuable resource and engage with them to ensure that we are a good employer and can attract and retain the best people. In 2017 we held our second employee survey, to which 82 per cent of staff responded (2016: 81 per cent). The Group performed well in the areas of leadership and vision with 83 per cent responding favourably and with a score 20 per cent above the UK average.

Strong governance and systems are critical to achieve our strategic objectives and in the November 2016 reporting period we became one of the first property developers to be certified to the new ISO 14001:2015 environmental management systems standard and the new ISO 9001:2015 quality management systems standard. We have improved the public reporting of our policies, systems and performance and participated in the Carbon Disclosure Project ("CDP") for the first time. We were pleased to receive a "C" rating, comparable with our peer group, and were shortlisted for the award for the highest UK first-time responder.

As we continue to deliver our strong growth trajectory in 2018, we will continue to develop our sustainability strategy to deliver benefits to all of our stakeholders. To support this aim we have set challenging objectives and targets which support our strategy of being a responsible, ethical and sustainable developer.

Ian Sutcliffe
Group Chief Executive
30 November 2017



OUR MATERIAL ISSUES

We recognise that our operations have an effect on our stakeholder groups and also globally in connection to our effect on the environment caused by our operations.

Materiality

In order to identify and manage our effect on our stakeholder groups and the environment, it is key that we identify issues of material importance both to the Group and to those affected by our activity.

In 2017 we undertook an exercise to identify material issues of importance to the Group and our stakeholders.

This forms part of our risk assessment process and is linked to those risks and opportunities identified through regular reviews undertaken by the Risk Management Committee, health, safety and environment departments and through engagement with our stakeholder groups.

This engagement takes the form of (but is not limited to):

- investor reports and committees;
- customer feedback and surveys;
- client meetings;
- planning committees and liaison with local government;
- community consultations and resident liaison officers;
- staff surveys and personal development reviews;
- membership of and participation in non-government organisations (“NGOs”) and associated forums;
- review of legislation and our environmental aspects and impacts;
- health and safety forums for suppliers and employees; and
- liaison with our supply chain.

The outcomes identified five key areas of focus which form part of our Business Sustainability Strategy. These are governance, ethical and responsible business, customers and community, environment and supply chain. These are shown on our materiality matrix.

Prioritising our material issues



**GOVERNANCE**

Legal compliance
Risk management

**ETHICAL AND RESPONSIBLE BUSINESS**

Our people
Health and safety

**CUSTOMERS AND COMMUNITY**

Our customers
Community engagement
Design and placemaking
Affordable housing

**ENVIRONMENT**

Waste and resource use
Ecology
Energy, fleet and water

**SUPPLY CHAIN**

Supply chain standards
Modern slavery

OUR KEY STAKEHOLDER GROUPS



Customers

Engagement with our customers and understanding their requirements is key to the continuing success of our business.

It is important that we recognise their needs and concerns and manage expectations in a manner to make the customer journey as stress free and enjoyable as possible.



Community

We aim to bring positive outcomes to the local communities in which we build, enhancing local services, employment and the overall local economy whilst managing our construction activities in a manner that does not cause nuisance to those residents and businesses near to our sites.



Clients

We partner with various clients including local authorities and other social housing providers. It is vital that we provide quality products for their customers and comply with their requirements, working together to provide sustainable housing solutions.



Investors

Investors require financial returns on investments and that the Group identifies, manages and reduces risk and enhances opportunities for growth and improvement whilst operating in a safe and ethical manner.



Staff

We look to attract and retain a talented workforce who add value to our business and support our values. Regular engagement is key to understanding their requirements and ensuring we offer rewarding employment with the chance to progress within their chosen career path.



Supply chain

Engaging with and employing suppliers and contractors who wish to operate in a safe and ethical manner that supports our own values is of high importance to ensure we deliver the products our customers expect.



National and local government

Housing supply is a key issue causing much interest and debate at national and local government level. The Group works to support the drive towards growth in all tenures of housing and assist in achieving local authority housing plans.



Non-government organisations (NGOs)

The Group engages with NGOs on a variety of issues throughout planning, design and construction.



GOVERNANCE

To apply sound social, environmental quality management systems across the Group's operations.



GOVERNANCE

Our sustainability strategy focuses on the five areas material to our business: governance, ethical and responsible business, customers and community, environment and supply chain.



We have policies in place which support this strategy and these are implemented throughout the business and communicated to our supply chain to ensure all can assist in achieving our key corporate objectives. These can be viewed at www.countryside-properties.com/about-us/who-we-are/sustainability/.

Strong and structured governance is key to achieving our objectives as is the support and participation of our staff, and our supply chain.

Management of sustainability

The Health, Safety, Environment and Quality Committee meets quarterly. This is attended by senior management from all areas of the business and chaired by the Company Secretary to review performance and put in place measures for improvement.

Within the Group several focus groups are in place looking at all aspects of our operations, from land and planning through to customer service throughout the customer journey to post completion and aftercare. These support our commitment to continual improvement.



3

certified management systems in place to achieve continual improvement

Management systems

We recognise that robust management systems are essential to ensure compliance with legislation and other requirements, support our business strategy and policies, ensure conformity across the Group and achieve continual improvement.

The Group has in place three management systems to achieve this:

- environmental management certified to ISO 14001:2015;
- health and safety management certified to OHSAS 18001:2007; and
- quality management certified to ISO 9001:2015.

All three standards are certified by UKAS accredited certification bodies. The Group is audited by these bodies each year and these audits are supported by an internal audit programme covering all three standards at site and support function level.

The Group was one of the first developers to achieve certification to the updated ISO 9001 and ISO 14001 standards issued in 2015. This was achieved in November 2016. We are awaiting the issue of the new ISO 45001 Health and Safety standard and aim to achieve this and integrate our management systems further.



86 PER CENT OF SUSTAINABILITY OBJECTIVES ACHIEVED

Policies

We have in place policies setting out our commitment to strong social, ethical and environmental behaviours. These can be viewed on our corporate website www.countryside-properties.com/about-us/who-we-are/sustainability/.

Legal compliance

We are pleased to report that we continue to uphold our good record in environmental compliance of zero prosecutions and fines which has been in place since 2004.



Our people receive information and guidance about our policies, processes and procedures and their responsibilities through monthly staff presentations, new starter inductions, training courses and toolbox talks, as well as via our intranet.

Sub-contractors and suppliers are made aware of our policies and processes via the Group website, pre-start meetings, inductions and toolbox talks.

This is the 17th year of sustainability reporting – the longest in our sector. Since 2000 we have received 357 awards for our sustainability practices, which highlights our approach and commitment to sustainable development.

Through regenerating existing neighbourhoods or creating new communities, we are developing communities that are socially inclusive and have lower environmental impacts than existing neighbourhoods.

Risk Management

Overall responsibility for risk is managed by the Board assisted by the Risk Management Committee (“RMC”). Oversight of more detailed aspects is managed through the Health, Safety, Quality and Environment Committee. In addition an Environmental Aspects, Impacts and Legislation Register is maintained at Group level and is used by the divisions to inform and manage environmental risks and opportunities. The Company Secretary has day-to-day responsibility for ensuring that the health, safety, environment and quality management systems are in place and adhered to throughout the Group assisted by the Health, Safety, Quality and Environment departments.

Corporate risk and opportunities are reviewed and identified by the Risk Management Committee, which meets quarterly.

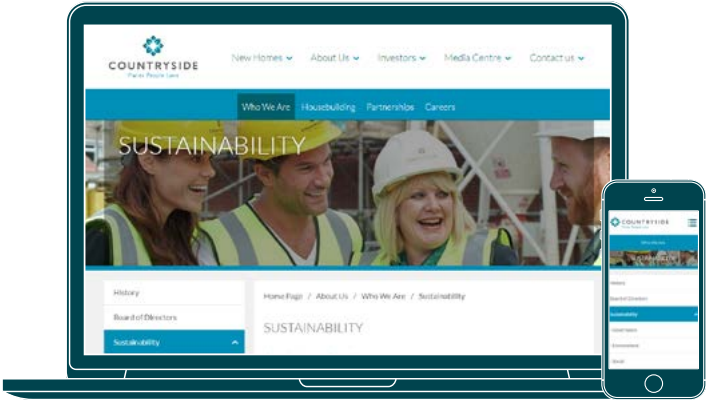
WE MONITOR OUR PROGRESS AGAINST CORPORATE SUSTAINABILITY OBJECTIVES TWICE ANNUALLY THROUGH ENVIRONMENTAL REPRESENTATIVES IN ALL AREAS OF THE BUSINESS

Cost and benefits of being a sustainable business

The Group achieved sustainability-related cost savings of £3.3m (2016: £2.9m) for the reporting period. We achieved 86 per cent (2016: 90 per cent) of our sustainability objectives during a further year of significant growth.

Awareness and communication of sustainability issues

We monitor our progress against corporate sustainability objectives twice annually through environmental representatives in all areas of the business and via our Health, Safety, Quality and Environment Committee, to ensure they are fit for purpose and that systems are in place to enable their achievement.





ETHICAL AND RESPONSIBLE BUSINESS

To strive for continuous health and safety improvement and promote social and ethical “best practice”.



ETHICAL AND RESPONSIBLE BUSINESS

Countryside looks to attract and retain talented staff that support our values and promote a culture of professionalism, teamwork, enjoyment and continuous professional development.

Our people

We believe that our people play a pivotal role in the growth of our business. In return for their commitment, we aim to be a good employer; providing a safe and supportive workplace, further career development and training and fair remuneration.

In 2017 our workforce increased to 1,164 employees on average (FTE equivalent) compared to 1,087 in 2016. We have seen an increase in our employee turnover to 23 per cent as a result of the ongoing sector-wide challenges to recruit and retain the quantity and quality of people we need to deliver our growth ambitions. We remain committed to ‘growing our own’; we have just under 100 apprentices, graduates and management trainees and at the same time we are expanding our HR department to support the additional workload our ambitious growth plans create.

OUR SECOND STAFF SURVEY TOOK PLACE IN MAY 2017. 82 PER CENT OF OUR EMPLOYEES RESPONDED (2016: 81 PER CENT)



OUR STAFF RECEIVED ON AVERAGE FIVE (2016: FOUR) DAYS' TRAINING



Communication

To ensure we engage with our staff and address their needs and concerns we use a variety of communication tools. Every quarter, staff receive an update on the Group's performance and progress from senior management and are given an opportunity to ask questions in an open forum.

Our second staff survey took place in May 2017. 82 per cent of our employees responded (2016: 81 per cent). Scores were compared with the results of the 2016 survey and IBM Kenexa UK survey results as a whole. Positively, on average our employees were more engaged than the UK average (source: IBM Kenexa research). The Group performed well in the area of leadership and vision with 83 per cent responding favourably and with a score 20 per cent above the UK average.

Since the survey the results have been presented to employees via staff presentations, departmental meetings and our in-house magazine. Focus groups have been formed to further review all survey results and engage with staff to further improve the employee experience.



CASE STUDY

Graduate scheme

Liam d'Unienville, a graduate who has just celebrated his one-year anniversary at Countryside, gives an insight into what life is like on the programme.

One of the most appealing things about the Countryside graduate scheme for me was the flexibility on offer to experience different departments on a cycle of four rotations. This helped enormously as, going into the job, I wasn't 100 per cent sure on what side of housebuilding or construction I wanted to go into. I am currently working in the construction team at Acton Gardens, which is where my previous experience lay.

I did my degree in civil engineering, which was a four-year integrated masters degree at the University of Nottingham and whilst there I completed two work placements.

One was construction based and the other was with a company that specialised in steel structure and structural framing. I also gained experience through my family, as both my dad and uncle are architects and have taken me on site visits during most of my life.

The reason I wanted to pursue a career in housebuilding was because, especially at Countryside, I like the idea of creating a community for people. As is widely publicised, there is a huge demand for homes and being part of a company that provides housing for people of all walks of life makes me feel like I'm making a difference!

IN 2017 FOLLOWING AN IMPROVED SELECTION PROCESS WHICH RECEIVED POSITIVE FEEDBACK FROM PARTICIPANTS, 13 GRADUATES WERE SELECTED TO JOIN OUR BUSINESS

Training and development

Our focus on training and developing our staff continued during the year. Staff attended a variety of training courses both internally and externally to improve their knowledge and competency and enhance their career development prospects. Training covered subjects as diverse as safe working practices, environmental awareness, data protection, technical qualifications and customer service training. Staff received on average five (2016: four) days' training.

In addition to formalised training sessions, lunchtime awareness sessions were also run on subjects such as health and wellbeing and employee benefits.

Graduate and apprenticeship schemes

We continued to work to encourage young people into the construction industry via our graduate and apprenticeship schemes.

In 2017 following an improved selection process, which received positive feedback from participants, 13 graduates were selected to join our business. They started with the business in October 2017.

There are two programmes under the graduate management training programme:

Construction

This is tailored to construction and the requirements of relevant professional bodies and is specifically designed for trainees who are interested in one area and have a degree relevant to it, for example in engineering and construction management.

The trainee will spend the majority of their time within the relevant construction departments, but will spend a few months in the other core areas of the business to ensure they have a broad knowledge of the Group.

Generalist

The generalist programme is designed for trainees who may have a non-relevant degree or who may have a relevant degree but are unsure as to which career path to take. This programme will involve spending six months in the core areas of the business such as land, development, construction and sales and marketing.

Apprenticeships

We have nearly 30 apprentices, both on site and in our offices.

In our Partnerships North division, we have employed 17 apprentices in partnership with Knowsley Council.

Since the scheme was launched the apprentices have been learning a variety of trades on our sites from joinery to plumbing, plastering, bricklaying and electrics. The scheme will see them develop new skills in their chosen trade over a two-year period.

Health and safety

The Group recognises that robust systems and a positive culture and attitude towards health, safety and wellbeing are key to ensuring that we conduct our business with full consideration to the health, safety and welfare of our employees, contractors, clients, visitors and others who may be affected by our operations.

Ensuring the safety of employees and others is traditionally a key risk area within the construction industry and as in previous years the systems we have in place to manage these risks and to communicate them to our staff and others carrying out works for us have ensured that we continue to have a low rate of accidents and incidents compared with previous years and with industry performance. The Group's accident incident rate ("AIR") continues to be below the national incident rate ("NIR") benchmark.

During the reporting period the Group's AIR averaged at 220 (2016: 305) reportable incidents per 100,000 persons at risk, compared with the NIR of 398 (2016: 421) and the HBF members average AIR of 355. For the 14th consecutive year our AIR has been below the national benchmark.

A greater focus has been given to occupational health during the year. Lunchtime sessions have been introduced at our office premises covering a range of health issues such as Alzheimer's disease, prostate cancer and occupational health risks pertinent to our industry.

On our sites, occupational health and welfare audits have been introduced to check on the health and wellbeing of persons on site.

In accordance with our approach to continuous improvement, the Group is fully accredited to BS OHSAS 18001 (British Safety Occupational Health and Safety) standard.



13

new graduates on the training programme



17

apprentices in our Partnerships North division

The Group has been accredited to the Contractors Health and Safety Assessment Scheme ("CHAS") since November 2008 and Safety Management Assessment Services ("SMAS") since September 2014.

All sub-contractors employed by the Group are pre-qualified to ensure they have robust health and safety systems in place and that their employees receive the required training and information to enable them to work safely on our sites.

Countryside staff training initiatives

We delivered six leadership and behavioural safety training courses during 2017.

Value supply chain

Investing in and improving the relationships and culture of our sub-contractors and their senior management teams is critically important to improving industry standards and delivering our business plan.

All new employees who are required to hold a CSCS card as part of their role must achieve this within 12 months of joining the Group. At year-end, 87 per cent of those employees held a card with 13 per cent in the process of obtaining certification.



CUSTOMERS AND COMMUNITY

To promote and build sustainable communities.



CUSTOMERS AND COMMUNITY

We are committed to creating “Places People Love” not just for our customers but for those residents and businesses in the local area.

Our customers

We believe that moving into a new community and a home should be an enjoyable and exciting experience. We aim to make our customers’ journey from reservation to post-completion as enjoyable and stress free as possible.

We engage with our customers on several fronts to ensure we are aware of their requirements and concerns and ensure that these and their expectations are managed in a positive manner.

We have introduced pre-completion events to engage with our customers and give them further opportunities to engage with us and also meet their new neighbours with a view to building strong community ties.

According to NHBC surveys, 85.1 per cent (2016 : 81.6 per cent) of our customers were satisfied eight weeks after occupation and 88.6 per cent (2016: 84.8 per cent) would recommend us to their friends. In addition, In-House Research telephones our customers to gain feedback on our performance from initial enquiry to post-completion. These responses are reviewed to help us to continually improve our service to our customers. Buyers’ interests are also protected by the Consumer Code for Home Builders.

88.6 PER CENT OF OUR CUSTOMERS WOULD RECOMMEND US TO A FRIEND

Community

Countryside recognises that whilst we aim to have a positive effect on the communities in which we operate, existing and future residents may have concerns about negative effects from our construction and the future life of our developments.

We are committed to creating “Places People Love” not just for our customers but for those residents and businesses in the local area. To this end we have in place processes to ensure any possible negative effects are mitigated and to liaise with those who may be affected by our operations.

When planning a new development we will engage with the local community through consultation events including presentations, meetings and requests for input and feedback. We will also carry out impact assessments to identify risks to health and wellbeing and the environment, including any ecological risks.

We also engage with the local community through a variety of means during the construction process, via newsletters, noticeboards and on large regeneration projects by the presence of a Resident Liaison Officer.

The majority of our sites are registered to the Considerate Constructors Scheme. Our average score in 2017 was 36.33 out of 50 points (2016: 34.35). This is higher than the industry benchmark score of 35.92 (as of August 2017).

We work to bring benefits to the local community including economic benefits by the employment of local labour where possible, use of local suppliers and the additional economic benefits from additional council tax into the local authority funds, use of local retailers and business and services by new residents and the enhancement of the environment on and surrounding our developments with improvements in green spaces and infrastructure.

The Group continued to support community based initiatives to the value of £123,505 (2016: £71,833). We also support a number of local and national charities with donations to charitable organisations totalling £57,587 (2016: £42,601). We do not nor intend to make financial or in-kind contributions to political parties, politicians, related organisations or their representatives.

CASE STUDY

Norris Green Village

The rejuvenated Norris Green estate has become a “hotspot” for Liverpool’s first-time buyers, as young house hunters snap up new homes at The Avenue, NGV Liverpool.

Since its launch in 2011, Countryside’s award-winning NGV Liverpool scheme has played a key role in the regeneration of the area, with over 90 families securing their new homes in the past 12 months alone.

Joe Edwards and Alisha Mohamad have benefited from the area’s impressive renovation. They moved into a three bedroom Longford Home in December after taking advantage of the Help to Buy scheme to help fund their purchase.

Joe, who works as a Sales Representative for a shipping company commented: “I grew up near the area so I remember how it used to be. We only really went to NGV Liverpool to have a look around but I was amazed by the transformation of the estate; it looks and feels completely different now.

“The new homes have really helped to change the perception of the area, which is great.

“In my opinion, Help to Buy is a great initiative for younger buyers like us as it’s helping make homeownership more attainable.”

The Lewisham Road development has also received a warm welcome from local residents and Countryside has formed strong relationships with the community, including ongoing health and safety initiatives with the local primary schools.

Stephanie Gough, Head Teacher of Monksdown Primary School in Norris Green, commented: “The transformation of NGV Liverpool has brought with it significant benefits to the local area and its residents. It’s been wonderful to witness what was once a run-down area flourish into a thriving neighbourhood that families can grow within.”





357

awards received for our design and sustainability practices since 2000

Design and placemaking

We have been a leader in placemaking, design and sustainable development for over a decade and have received 357 awards for our design and sustainability practices since 2000.

As part of our commitment to sustainability we aim to deliver well-designed homes for the long term:

- 46 per cent (2016: 50 per cent) of all developments contain homes that meet the Lifetime Homes Standard;
- 57 per cent (2016: 54 per cent) of all developments contain homes that achieved Secured by Design verification;
- renewables technologies, i.e. micro PV or CHP district heat networks, are being employed at 33 per cent (2016: 46 per cent) of our schemes;
- 22 per cent (2016: 18 per cent) of projects incorporate green/brown roofs; and
- 82 per cent (2016: 72 per cent) schemes have integrated sustainable urban drainage systems.



Affordable housing

The availability of affordable housing is a material issue for our customers and the local community.

We partner with local authorities and independent housing associations to deliver quality affordable homes and work closely with them to identify and deliver their requirements and those of their tenants.

In 2017 we delivered 646 affordable homes in our Partnerships division and 360 within our Housebuilding division. This equates to 30 per cent of completions across the Group. 929 of our private completions were to first-time buyers.

In addition the Government's Help to Buy scheme remains popular with customers and in 2017, 926 private completions (56 per cent) utilised the scheme.



646

affordable homes in our Partnerships division

360

affordable homes in our Housebuilding division



ENVIRONMENT

To strive for continual environmental performance improvement, thereby reducing the Group's environmental impacts.



ENVIRONMENT

Our approach to environmental sustainability is informed by our values, compliance requirements and the needs of our stakeholders. This applies to all aspects of our business and involves setting key objectives and measuring performance against them in order to ensure continual improvement.

Waste

Waste is a key issue for the Group both from its adverse effects on the environment and cost to the business. The Group has implemented more stringent systems in order to reduce waste, recycle more and reduce waste going to landfill. This includes the introduction of a Waste Policy and new management procedures in 2017 with improved data gathering to enable us to better understand our waste production and target further reductions, and raising awareness amongst our staff and supply chain on better waste management and reduction schemes. Waste is a key performance indicator on all of our sites. As a result, a 24 per cent reduction in waste to 5.99T/100m² completed has been achieved. 98.8 per cent (2016: 98.4 per cent) of our construction waste was diverted from landfill during the period.

To help inform our customers' behaviours we provide them with the means to recycle and manage their domestic waste more responsibly; we have installed integrated recycling facilities in 27 per cent (2016: 50 per cent) and integrated composting systems in 3.0 per cent (2016: 27.8 per cent) of completed homes in 2017.

**52.0 PER CENT
(2016: 57.8 PER CENT)
OF OUR SCHEMES
CONTAIN PUBLIC
GREEN SPACE,
HERITAGE FEATURES
AND/OR COMMUNITY
FACILITIES FOR
RESIDENTS
AND VISITORS**

Resource use

Engaging with our supply chain is essential in working towards a more circular economy and to enable us to:

- minimise resource use;
- identify technologies that enable us to reduce programme time, thus reducing time on site and the associated environmental impacts of site operations;
- reduce vehicle movements to and from site; and
- reduce our production of waste and increase reuse and recycling of materials.

Ecology

We are committed to establishing and enhancing ecological networks that are resilient to current and future climate change pressures.

To manage local risks, qualified ecologists undertook full ecological surveys as part of the site evaluation process on 95.0 per cent (2016: 97.8 per cent) of our projects.

As part of the ecological enhancements to our schemes, during 2017, we planted 4,754 new trees (2016: 2,944) and 268,382 shrubs (2016: 170,723) to create new landscaped spaces complementing existing habitats and natural assets. In addition, 22 per cent (2016: 18 per cent) of our developments included green or brown roofs. This provides ecological benefit as well as attenuating rainfall and reducing the urban heat island effect.

52.0 per cent (2016: 57.8 per cent) of our schemes contain public green space, heritage features and/or community facilities for residents and visitors. This encourages use of outside space and associated activities and may help to improve the health and wellbeing of our customers and those in the surrounding community.



273,136
new trees and shrubs planted to
create new landscaped spaces

Transport

We encourage the use of sustainable transport modes by providing cycle storage facilities at 72.0 per cent (2016: 81.1 per cent) and electric charging points (or car clubs or green transport plans) at 25 per cent (2016: 30 per cent) of our developments. We aim to develop housing schemes close to public transport hubs and facilities to enable reduced journeys and give our customers the choice to use more sustainable forms of transport rather than private vehicles. In 2017, 96.0 per cent (2016: 95.6 per cent) of our schemes were located within 1km of a public transport node and 79.0 per cent (2016: 83.3 per cent) were within 500m.

By monitoring our energy use we have identified that one of our biggest sources of energy use is travel. Although the nature of our operations requires travel to our sites there are ways in which we can reduce the need for other business travel including meetings.

In 2017 we continued to highlight the use of video conferencing facilities through the Group to reduce the need to travel to intra-company meetings.



Transport continued

The Cycle to Work scheme was launched in 2016 to encourage our employees to use greener forms of transport. Our overall fleet CO₂ emissions decreased to 1,597 tonnes from (2016: 1,858 tonnes). This equates to 1.37 tonnes CO₂ per person (2016: 1.71), a decrease of circa 20 per cent. We continue to look at alternative methods in order to reduce this more.

Deliveries to site can be a source of nuisance for the local community from noise and from associated vehicle fumes. We require all our suppliers and contractors delivering to site to follow the requirements of the Fleet Operator Recognition Scheme ("FORS") and Construction Logistics and Community Safety ("CLOCS") schemes and to ensure they reduce nuisance by following rules for deliveries, for example, no engine idling, deliveries not permitted out of hours or early hours and safe delivery routes to site implemented.

Energy

We continue to maintain the energy efficiency of the homes we have built, as measured by the Standard Assessment Procedure (SAP) with an average rating of 85.45/100 (2016: 85.45/100). This reduces the environmental footprint of our customers and also enables them to make cost savings on their utility bills.

In our site compounds we utilise energy-saving systems such as PIR lighting and standby generators which switch to a more energy-efficient mode during site closure hours. This enables us to reduce the carbon footprint of our construction activities.

Non-operational performance

In addition to reducing the impacts of the communities and homes that we develop, we continue to improve our non-operational performance.

We highlighted energy saving behavioural change in our offices and look to expand on that with presentations on office environmental issues during 2018.

For the second year we collated our energy usage for Scope 1, 2 and some Scope 3 activities, to demonstrate our GHG impacts. Our objective is to reduce our footprint year on year.

**98.8 PER CENT
OF OUR
CONSTRUCTION
WASTE WAS
DIVERTED FROM
LANDFILL DURING
THE PERIOD**



Water

We are committed to reducing the amount of water used in our operations. We monitor our water use on an annual basis and also the amount of water we dispose of.

Our main use is on our sites where water is used for welfare facilities, for keeping sites free of dust and for mixing materials and cleaning.

We have inspection regimes on site to prevent water wastage through taps being left running or through defective equipment, fittings or leaks.

Within our properties we install low-flow fittings and our show homes have details of energy and water saving actions that customers can take when they occupy our homes.

At our Oaklands Hamlet development in Chigwell, Essex we are installing systems to allow the use of "Green Water". This reuses waste water after treatment in flushing toilets and in outside taps enabling customers to reduce their water use.

Flood risk

When researching land purchases flood risk assessments are carried out to ensure that our developments do not take place on land at risk of flood which could cause disruption and damage to our customers and the local community. We install Sustainable Drainage Schemes ("SUDS") on our developments where necessary. In 2017 82.0 per cent (2016: 72.2 per cent) of our sites contained SUDS.

Energy

Office activities

For the reporting period, we cut our office-based CO₂e emissions by 13.65 per cent per employee.

Year	Scope 1			Scope 2			Total GHG	
	Gas kWh	Gas CO ₂ e(kg)	Total CO ₂ e(kg) per head*	Electricity kWh	Electricity CO ₂ e(kg)	Total CO ₂ e(kg) per head*	Total CO ₂ e(kg)	Total CO ₂ e(t) per head*
2017	1,127,253	207,595	178.63	1,280,792	450,275	387	65,870	0.57
2016	940,247	173,005	159.16	1,290,908	542,457	499	715,462	0.66
2015	698,598	128,856	158.50	1,251,997	578,661	712	707,517	0.87

Site activities

Year	Scope 1						
	Gas kWh	Gas CO ₂ e(kg)	Gas oil kWh	Gas oil CO ₂ e(kg)	Total kWh	Total CO ₂ e(kg)	Total CO ₂ e(kg) per m ²
2017	4,761,337	876,848	14,933,110	4,119,746	19,694,447	4,996,595	9.92
2016	2,193,480	403,965	8,523,068	2,352,426	10,716,548	2,756,391	9.89
2015	943,639	63,388	3,325,983	901,590	3,669,622	964,978	4.55

Year	Scope 2		
	Electricity kWh	Electricity CO ₂ e(kg)	Total CO ₂ e(kg) per m ²
2017	5,040,372	1,771,994	3.52
2016	1,954,542	814,010	2.92
2015	1,237,846	572,133	2.70

Business travel – Scope 3

Our overall fleet CO₂e emissions decreased to 1,597 tonnes from (2016: 1,858 tonnes). This equates to 1.37 tonnes CO₂e per person (2016: 1.71), a decrease of 20 per cent.

Year	kWh	CO ₂ e(kg)	Total CO ₂ e(t) per person*
2017	6,339,503	1,597,045	1.37
2016	7,555,351	1,858,011	1.71
2015	6,076,607	1,484,819	1.83

Business travel – Scope 3 continued

Site Intensity measure kg CO₂e/m² based on developed area of 503,544m² (2016: 278,732m²).

Office and Fleet intensity measure based on 1,164 employees (2016: 1,087).

Scope 1: These are emissions that arise directly from sources that are owned or controlled by the Group, for example from fuels used in generators and plant on our sites.

Scope 2: These are the emissions generated by purchased electricity consumed by the Group.

Scope 3: These emissions are a consequence of the activities of the Group, but occur from sources not owned or controlled by the organisation. This includes emissions associated with business travel.

Water usage

We monitor water usage in the Group's offices and for the first time this year at our sites. Water usage in our offices has increased to 8,977m³ (2016: 4,242m³). This has also increased to 7.71m³ from 3.93m³ per employee. This reflects the growth of the Group and opening of additional offices and floors in existing buildings.

On site we used 42,653m³ of water and returned 14,653m³ in sewerage direct to the drainage system.

Waste

Office activities

Year	Total waste (tonnes)	Recycled (tonnes)	% recycled
2017	387.34	206.10	53%

Site activities

Year	Total waste (tonnes)	Tonnes per 100m ² developed area	Reused (tonnes)	% reused	Recycled/composted (tonnes)	% Recycled/composted (tonnes)	Energy from waste (tonnes)
2017	30,169.68	5.99	1,096	3.56%	24,449	81.18%	4,290
2016	23,632.58	7.93	NR	NR	NR	NR	NR
2015	2,140,417	8.83	NR	NR	NR	NR	NR

Year	% Energy from waste	Landfill (tonnes)	% Landfill	% Diverted from landfill
2017	13.93%	356	1.16%	98.8%
2016	NR	NR	NR	98.4%
2015	NR	NR	NR	NR

NR: Not recorded.



SUPPLY CHAIN

To partner with a supply chain which shares our values and which can support our business in a manner that is safe and efficient and reduces adverse effects on the environment, and which has high ethical standards.



SUPPLY CHAIN

It is important that we identify and investigate suppliers and contractors who share our values.

Managing our supply chain

Countryside wishes to work with suppliers and sub-contractors who share the same values and who can support our business in a manner that is safe and efficient and reduces adverse effects on the environment. We look for suppliers and sub-contractors who have high ethical standards throughout their own supply chain, including their own employees and practices.

There is an increased focus on the supply of both workers and materials following the vote to leave the European Union, raising challenging questions regarding the availability of labour, both skilled and unskilled, to work on our sites along with the availability and cost of materials to construct our homes. These risks have been identified as part of our risk management processes and the management of our supply chain is constantly under review to ensure these issues are managed with opportunities as well as risks identified.

Supply chain standards

It is important to us that we identify and investigate suppliers and contractors who share our values and who can support us on our own journey to operating in a more sustainable manner.

All suppliers, principal contractors and sub-contractors supplying goods and services for our construction processes are required to complete our prequalification process.

During the prequalification process, and again during our tender processes, we engage with our supply chain to investigate their systems, performance and competencies in key areas:

- commercial;
- health and safety;
- quality management;
- environmental management;
- equal opportunities; and
- ethical standards and those of their supply chain, including child labour standards, modern slavery, equal opportunities and fair terms of employment.

These standards are detailed within our Sustainable Procurement Policy available at www.countryside-properties.com/about-us/who-we-are/sustainability.

We work closely with our supply chain to share best practice, to reduce our combined effect on the environment and to improve knowledge and competency. Sub-contractors working on our sites receive training and information on safe working practices, environmental awareness and also occupational health issues.



100 PER CENT OF
TIMBER DIRECTLY
PROCURED IS FROM
CERTIFIED SCHEMES
SUCH AS FSC
OR PEFC



£3.3M SAVINGS IN
SUPPLY CHAIN AND
SUSTAINABILITY
IMPROVEMENTS

Modern slavery

We have zero tolerance to modern slavery and child labour within our organisation and that of our supply chain. Neither are tolerated and our commitment is detailed in full in our Modern Slavery Statement and Business Ethics and Code of Conduct Policy, both of which are available at www.countryside-properties.com/about-us/who-we-are/sustainability.

Our supply chain consists of hundreds of third party suppliers, contractors and sub-contractors on which we rely to execute our projects, through the supply of goods and services. The suppliers vary in size from large corporations to individual tradesmen. The supply chain is predominantly UK based, with some material suppliers based in Europe.






Many of our suppliers, contractors and sub-contractors are smaller businesses and are not required by law to make formal declarations relating to the Modern Slavery Act (the "Act"). We recognise that these suppliers/contractors, along with their suppliers and sub-contractors (including those outside the borders of the United Kingdom) present the most risk to our business in relation to the Act.

With regard to materials used in construction, there is a risk of modern slavery in the upstream supply chain where materials used by the Group are procured from suppliers outside the UK and Europe, where employer and human rights legislation is less stringent.

Our Group buying department manages a database of all of our suppliers on behalf of the business divisions. Due diligence as to our suppliers' compliance is carried out during the pre-qualification process.



SUSTAINABILITY PERFORMANCE

Focus area	2017 objective	Status	Completion	2018 objective
	Annually maintain certification to ISO 9001:2015.	●	Achieved. Transition to 2015 Standard achieved November 2016.	Annually maintain certification to ISO 9001:2015 and extend scope to the Partnerships Midlands division.
	Annually maintain certification to ISO 14001:2015.	●	Achieved. Transition to 2015 Standard achieved November 2016.	Annually maintain certification to ISO 14001:2015 and extend scope to the Partnerships Midlands division.
	Annually maintain certification to BS OHSAS 18001:2007.	●	Maintained.	Annually maintain certification to OHSAS 18001:2007 or a replacement standard and extend scope to the Partnerships Midlands division.
	Increase the awareness of employees and sub-contractors of sustainability issues.	●	Site Manager's environmental awareness training. Online training, toolbox talks and newsletters.	At least 70 per cent of Countryside-employed site management personnel to have received environmental awareness training.
	Achieve FTSE4Good listing and retain.	●	Benchmarked but did not achieve in 2017.	Target continuous improvement on our FTSE4Good rating.
	Participate in the Carbon Disclosure Project ("CDP") benchmarking scheme.	●	Scored 'C' in first year of reporting. Shortlisted for Best UK First Time Responder Award.	Target continuous improvement on our Carbon Disclosure Project ("CDP") benchmarking scheme rating.
	Carry out quality, health, safety and environment site audits.	●	Monthly HSE site audits carried out and 72 per cent of sites audited separately for Quality and Environment.	Carry out health, safety and environment inspections on all active construction sites.
				Carry out quality and environment audits on all active construction sites over a two-year period.
				100 per cent of new staff to receive training on the General Data Protection Regulations within six months of joining.
	Target continuous improvement in Group health and safety accident incident rate ("AIR").	●	AIR 220 (2016: 305).	Target continuous improvement in group health and safety accident incident rate ("AIR").
	Monitor compliance with Equal Opportunities Policy.	●	No breaches reported.	Monitor compliance with Equal Opportunities Policy and target improvement in gender diversity within Countryside.
	All new employees to hold a relevant CSCS card within 12 months of joining.	●	87 per cent of new employees.	All new employees to hold a relevant CSCS card within 12 months of joining.
	Achieve continuous improvement in:			Achieve continuous improvement in:
	• site construction waste per 100m ² completed area;	●	• 5.99 tonnes (2016: 7.93).	• site construction waste per 100m ² completed area;
	• construction waste diverted from landfill; and	●	• 98.8 per cent (2016: 98.4).	• construction waste diverted from landfill; and
	• paper/waste recycling in offices.	●	• 181 tonnes paper recycled (2016: 123). 53 per cent of all office waste recycled (first year of reporting).	• waste recycling in offices.
	Report carbon footprint of the following areas:			Achieve continuous improvement in the carbon footprint of the following:
	• site: per 1m ² completed area;	●	• 13.44 kg CO ₂ e (2016: 10.39).	• site: CO ₂ e per m ² completed area;
	• office: per employee; and	●	• 0.57 tCO ₂ e (2016: 0.66).	• office: CO ₂ e per employee; and
	• fleet: per employee.	●	• 1.37 tCO ₂ e (2016: 1.71).	• fleet: CO ₂ e per employee.
	Report water use in the following areas:			Achieve continuous improvement in the water use in the following areas:
	• site: per 1m ² completed area; and	●	• 0.08m ³ (2016: 0.09).	• site: m ³ per 1m ² completed area; and
	• office: per employee.	●	• 7.7m ³ (2016: 3.9).	• office: m ³ per employee.
	Ensure continuous improvement in dwelling Standard Assessment Procedure ("SAP") rating.	●	85.45 (2016: 85.45).	Ensure continuous improvement in dwelling Standard Assessment Procedure ("SAP") rating.
	Achieve continuous improvement in NHBC recommend scores across the business.	●	88.6 (2016: 84.8).	Achieve continuous improvement in NHBC recommend scores across the business.
	Achieve continuous improvement in Considerate Constructors Scheme ("CCS") at all sites.	●	36.33 (2016: 34.35).	Achieve higher than the national average of the Considerate Constructors Scheme ("CCS").
			Objectives achieved.	86 per cent.

Note: Supply chain performance is not measured in the same way so this data is not included.

VERIFICATION STATEMENT

Scope

RPS conducted an independent verification of Countryside Properties PLC's ("CPPLC") Sustainability Report (covering the period October 2016 – September 2017). This is the seventeenth year that Countryside Properties has had its report externally verified.

The purpose of the verification statement is to provide assurance to all stakeholders that the claims and data contained in the report are based on actual and reliable information. The scope for RPS's verification was to:

- conduct high level data verification of performance measures identified in the report specifically within the Objectives and Targets;
- review the validity and accuracy of statements made in the report; and
- limited assurance of the greenhouse gas emissions reported in the Sustainability report following the principles of EN ISO/IEC 14064-3:2006 Specification with guidance for the validation and verification of GHG assertions.

Methodology

In conducting the verification, RPS verified statements and data through interviews with key individuals at Group level and document review. Sample data streams were interrogated. In addition, a sample of active sites was visited and selected issues audited. Evidence of target achievement was reviewed to ensure consistency with reported progress.

Conclusions

A materiality assessment was undertaken earlier in the reporting year and the published report has been structured to reflect the result of this process within the overarching Group's vision – 'Places People Love' which also informs a summary section included within the Annual Report and Accounts.

Systematic management of CPPLC's sustainability issues is maintained, with the use of management systems for quality, health and safety and the environment applied to all operating divisions. During the reporting year, the Group successfully transitioned to the updated standards – ISO 14001:2015 and ISO 9001:2015.

CPPLC measures performance against its core set of objectives and quantitative key performance indicators ("KPIs"), and has achieved a significantly improved performance in its waste management and an improved performance in other metrics both at site level and within regional offices. Continued progress has also been made this year with regard to the Customer Care satisfaction ratings.

Based on the agreed scope of work and the approach outlined above, nothing has come to our attention that causes us not to believe that, in all material respects, the CPPLC Sustainability Report 2017 provides a credible and fair representation of the organisation's sustainability performance.

Areas for Improvement

RPS recommends that to further improve its reporting, Countryside should:

- progress the use of Smartwaste to facilitate improved data collection and management.
- continue to refine its approach to calculating its performance measures and targets in order to promote comparability across its reporting and particularly with its peers.
- identify the steps to be taken in its public reporting to address the requirements of external benchmarking organisations such as FTSE4Good.

Tanya Lloyd Jones
MA (Oxon), MSc, MIEMA, CEnv
Technical Director
RPS Planning and Development
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Countryside House
The Drive
Brentwood
Essex CM13 3AT

Telephone: 01277 260000

Email: group@cpplc.com

Produced by

designportfolio