

A photograph of a man and a young boy smiling as they play with colorful wooden blocks. The man is in the background, holding a green block to place on top of a stack. The boy is in the foreground, also smiling. There are several stacks of blocks in various colors (red, yellow, blue, green) on a light-colored surface. The background is a soft, out-of-focus indoor setting.

**Building
Opportunities**



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Introduction

For Annington, acting responsibly and being successful commercially go hand in hand. We know that to be a sustainable business, how we do business is as important as what we deliver.

Annington's commitment to corporate responsibility is based on a firm belief that it will help us maintain a commercial advantage, manage risks within our operations, increase our efficiency and enhance our reputation with key stakeholders.

In 2015, in recognition of the changing demands of society, regulations and the need for companies to reduce their environmental impact, we reviewed how sustainability is managed through our business, so that it is aligned with the views of our key stakeholders. To help manage the various social and environmental initiatives that were taking place across the company and to align them with our business priorities, we captured these activities within a strategic framework, our Building Opportunities Corporate Responsibility ("CR") Plan.

From a governance perspective, a CR Task Force was established to oversee the implementation of the CR related policies and deliver on the actions within the CR Plan, reporting on the progress to the Board and advising on any CR related material issues.

This is Annington's first standalone CR Report, which captures the key activities we have undertaken across the four pillars of our new Building Opportunities CR Plan and highlights our key results.

Whilst we are pleased with the progress we have made through the dedication of our employees, we recognise that we are on a journey and that there is still some way to go to fully achieve our ambitions.

A few key achievements that we are particularly proud of in our Financial Year 2015/16 ("FY 2015/16") were:

- The development of our employees, with 100% of them having annual appraisals and performance reviews
- 100% of employees participating in training programmes, with the average number of hours per employee spent on external training in the year being 39.8 hours
- Our strong health and safety record, with no reported employee work incidents and only three reportable contractor incidents and no RIDDOR incidents
- The commitment of our employees in supporting charities, with 62% of them volunteering
- The Annington Company and our employees donating or fundraising over £228,000 for charities, a 7x increase on FY 2014/15 and The Annington Trust donating over £113,000, a 2.5x increase on the previous year.

James Hopkins
Chief Executive
Annington



Our Building Opportunities CR Plan

The recycling of homes so that they are brought back into productive use for the benefit of society is, in itself, a sustainable undertaking and underpins the company's corporate philosophy.

Annington's core business is providing homes in the UK, whether for Service Families or through private sale or rental in the open market. Annington became one of the largest private owners of residential property in the UK when it purchased the Married Quarters Estate from the Ministry of Defence ("MOD") in 1996. Annington leases back the majority of these properties to the MoD to provide accommodation for Service Families.

When homes become surplus to the MOD's requirements, it can terminate the leases and hand them back to Annington. We then refurbish these properties for sale or rent, adding valuable housing stock to the UK market.

Annington's sustainable and CR activities are captured within our Building Opportunities CR Plan, which has four key pillars that cover all aspects of our business.



Our CR pillars



Caring for our People

By caring for our people and fostering their personal and professional development, they bring a wealth of skills and experience to meet the needs of our customers, partners and shareholders and deliver our business goals.



Respecting our Environment

By encouraging our employees to consider the environmental impact of our offices and working with our partners on the sites we refurbish, we minimise the environmental impact of our business.



Valuing our Customers and Partners

By working with partners and suppliers who aspire to our business standards and values and by treating them fairly, we together meet our customers' needs by providing refurbished homes for sale or rent at competitive prices in environments in which people want to live.



Investing in our Communities

By adding valuable housing stock back into local communities and supporting local charity and community organisations, we help contribute to thriving and sustainable communities.

Our Company Values

Our company values, The F.A.C.E. of Annington, mirrors our Building Opportunities CR Plan and underpins our commitment to acting responsibly. These values set guidelines for our behaviours to make good commercial and ethical decisions.



Focused

We are **focused** on acting responsibly and making a positive difference through our work in local communities.

Approachable

We are **approachable** and open in how we work.

Caring

We are **caring** as we value our people, our customers, our partners and our shareholders and treat them fairly.

Experienced

We are **experienced** as we employ the best people and work with the right partners to do the best job.



Caring for our People

The success of our business is built on the dedication, experience and expertise of our people and our partners. At Annington we have clear values of how people should be managed and our People Policy formalises our approach to caring for our people and sets guidance as to how we should operate.



We are committed to encouraging and achieving a working environment which is underpinned by fairness to all individuals. We manage this through our Equal Opportunities Policy, where equality and diversity are recognised, encouraged and valued. At the end of FY 2015/16, we had 40 employees, covering a wide range of ages (23 to 63 years old), with a low level of employee turnover at 7.23% (FY 2014/15: 12.35%).

End of FY 2015/16	Male	Female	Total
The Board	6	1	7
Senior Executive team	2	1	3
All employees	22	18	40

We promote a culture of being open, approachable and honest in all our work activities. We have a Whistle Blowing Policy and a confidential employee hotline, so that employees can raise any concerns quickly and efficiently. Additionally, we have Anti-Corruption and Anti-Bribery and Money Laundering Policies, which our employees are made aware of through Employee Forums and have easy access to, thereby creating an environment that is based on the prevention of corruption.

“Taking on a distance learning course alongside my professional work has given me the ability and confidence to be able to complete the AAT. I really appreciate Annington’s support and that of my colleagues during my training.”

Frankie Davis, Annington Finance Team



Developing expertise

At Annington, we value everyone’s commitment and, in return, we provide excellent opportunities for personal and professional development. We provide the environment and resources that will enable all employees to advance on merit based on their talents and skills. We encourage employees to develop personally and professionally and invest in their development through formal training programmes, challenging work assignments and by having all employees participate in annual appraisal and development reviews.

Employee health and wellbeing

We take the health and welfare of our employees seriously and strive to be supportive, offering flexible and remote working to anyone experiencing personal difficulties. We have a number of initiatives to help ensure the wellbeing and safety of our employees, including encouraging employees to take BUPA medical checks (51% in FY 2015/16), providing safety guidelines around winter driving and good practice tips on reducing sedentary issues in the office environment. In FY 2015/16 we had no employee health and safety at work incidents.

Modern Slavery Act 2015

Annington is committed to operating responsibly, complying with all relevant laws and regulations and not engaging in any practice that contravenes the Human Rights Act. We expect the same standards from our business partners and suppliers. In preparation for the introduction of the Modern Slavery Act, Annington conducted a full review of its business and operations and it was identified that we are a low risk business.

The areas of highest risk existed around our contracting activities and the possible use of slave / trafficked labour on-site or within the company’s supply chain. During FY 2015/16, Annington has taken the required steps to:

- Comply with the new Act, including preparing a Slavery and Human Trafficking Policy and Sustainable Procurement Policy
- Update our Supplier Code of Conduct, pre qualification questionnaire and suite of construction contracts
- Engage with all our suppliers, asking them to certify that they have all the relevant policies and procedures in place to comply with the Act and Annington’s Supplier Code of Conduct.



*Includes one Director’s participation in a leadership programme.

Respecting our Environment

We recognise that the nature of our business has environmental and social impacts and that we have a responsibility to consider and minimise these impacts where possible. Our Environment Policy formalises our approach and sets out guidance as to how Annington, our suppliers and our contractors should operate to achieve this.

The recycling of homes through refurbishing properties no longer required by the MoD is in itself a sustainable undertaking – adding homes back into the national housing stock for the benefit of society. It is worth noting that there is a growing body of research and evidence to indicate that extending the life cycle of buildings through refurbishment is preferable to demolition in terms of improved environmental, social and economic impacts (e.g. UCL Urban Lab’s ‘Demolition or Refurbishment of Social Housing’ Oct 2014 Report, BHSF’s ‘New Tricks with Old Bricks’ 2008 Report).

We seek to reduce our consumption of utilities and to use more sustainable sources of energy where feasible. In 2015, as part of the ESOS initiative, independent experts carried out a detailed analysis of our energy use in our head office and on our employees’ work related car mileage. Annington rents office space from a landlord who apportions communal space utility costs (electricity and water) and waste/recycling costs across all the tenants regardless of their individual usage. In addition to this apportioned utility usage, Annington measures its direct electrical usage in our two offices for lighting, equipment and airconditioning. We have initiated discussions with the landlord to understand more around the monitoring of the apportioned utility and waste costs in the head office but, given we have little control over this, we focus our monitoring on Annington’s direct usage.



FY 2015/16

Direct electricity usage (kWh)	151,500
CO ² (Tonnes)*	70.02
Car fuel (Litres)	52,367
CO ² (Tonnes)*	132.6
Waste (Tonnes)**	10.8

* UK DEFRA conversion factors used.

** Head office waste: Paper (mixed & security) accounts for 97% of waste collected by Paper Round of which 100% is recycled.

We have developed action plans for implementation in FY 2016/17 to tackle the areas we have control over: appointing an Environment Champion in each office to encourage behaviour change amongst employees to reduce our energy use and reduce our use of paper; installing LED lights in our head office, which use 68% less energy and encouraging employees to reduce fuel mileage through car sharing to meetings, following sensible driving guidelines and good vehicle maintenance.

Installing LED lights in our head office, which use 68% less energy



Throughout the property refurbishment process, we aim to protect and enhance the natural habitat and local surroundings. We prevent pollution occurring on our sites through effective on-site management, health and safety inspections and site audits. Similarly, we minimise the amount of waste produced on sites through effective on-site waste management plans and ensuring waste is only disposed of by competent organisations through an authorised disposal route and possessing the correct licensing.

We also work with our contract partners to minimise the amount of waste we send to landfill, by re-using materials where feasible and maximising our recycling.

In line with our Sustainable Procurement Policy, we have a preference for using materials and products that can be ethically sourced and have a low environmental impact, so long as their technical performance meets the required standards and they are economically viable for refurbished properties.

Valuing our Customers and Partners

Annington's business model is based on the outsourcing of many of our operations to suppliers and partners, so we take both our and their responsibilities to the communities and environments in which we operate seriously.

By working with suppliers that aspire to our business standards and values and treating them fairly, we together meet our customers' needs by providing refurbished homes for sale or rent at competitive prices in environments in which people want to live.

Our Customers

To ensure we meet our customers' needs, it is important that we have strong stakeholder engagement with the MoD, local communities, potential home buyers and local planning authorities.

We collaborate with local planning authorities and local residents to create communities that are economically, socially and environmentally viable. We follow three guiding principles in our approach to the refurbishment and sale of Annington homes:

TO OFFER VALUE FOR MONEY

To make home buying a realistic option for more people, Annington always tries to offer its homes at competitive prices with appropriate financial incentives. One of our most widely used incentives is our "£750 towards Legal & Survey Fees". We have set up a panel of expert legal conveyancers and mortgage advisors who are all experienced in dealing with the sale of ex MoD properties. These experts act independently on behalf of the buyer, and due to their expertise in dealing with ex MoD homes, they ensure that the legal and mortgage transactions are conducted in a timely manner so home buyers find it easier, faster and less expensive to purchase an Annington home. Annington gains no financial benefit from this arrangement and homebuyers are not compelled to use this service.

TO CREATE ENVIRONMENTS AND PLACES IN WHICH PEOPLE WANT TO LIVE

Where we can, we improve the 'street scene' to make it more appealing. This can include new landscaping, upgrading roads and footpaths, installing off road parking and changing the external appearance of homes through render applications, new windows, new porch canopies and new doors. This lifts the appearance of the whole estate, improving the environment and making them more desirable places to live.

TO PROVIDE PEACE OF MIND

Annington strives to make buying a home as trouble free as possible by operating a home buying process that is not only fair but also transparent. Annington appoints local estate agents to manage the sale of its properties ensuring, wherever possible, that potential buyers receive a consistent, fair and timely service, with the average Annington sale from reservation to exchange taking 8 weeks.

Where appropriate Annington will sell its homes with a "28 Day Seal of Approval" (66% in FY 2015/16). This provides the buyer with the comfort that the gas, electrical, heating and internal water systems have been professionally checked and serviced and, that should they fail within the 28 day period from legal completion,

Annington will repair or replace free of charge. It is important to our customers that we respond to any issues that they have in a timely manner and we pride ourselves in setting an ambitious target of responding to and dealing with these issues within 14 days from start to finish. We have met this target on 89% of cases this year, an improvement of 6% on last year.

89%

of customer issues are responded to and dealt with, within 14 days



"Annington has been great in facilitating the quick purchase process of our new home and we plan to stay in Haling Place for a long time. The surrounding area is well looked after and we are very happy with our new home."

Dan and Ofelia Stanciu, Haling Place, Waterbeach

Although the majority of our portfolio is refurbishing homes, when we do build new homes, we act as a responsible developer, abiding by the Consumer Code for Home Builders to make the home buying process fairer and more transparent for buyers. Where possible, Annington also looks to achieve "Secured by Design" accreditation, with our Uxbridge development achieving this within the last two years.

Our Partners

We believe that our partners are an extension of who we are as a company and we are committed to treating them fairly. We select the right partners who have years of experience in the industry so they deliver the best results for our customers and our business.

We require suppliers and contractors to share our commitment to quality, health and safety and environmental issues. We are committed to providing a safe working environment, with both our and our contractors' safety management systems complying with UK Health and Safety legislation. We monitor and assess how well our policies and systems are being implemented through commissioning monthly independent third party health and safety checks on sites, in addition to requiring contractors to undertake their own regular health and safety checks, as part of their contractual obligations.

FY 2015/16

Number of employee work incidents	0
Number of contractor reportable incidents	3
Number of RIDDOR incidents	0
Number of prosecutions/enforcement notices	0

Investing in our Communities

Our unique approach to making home buying a more realistic and easier option for more people has enabled over 17,000 people since 1996 to buy homes, many of whom were first time buyers, ex-service personnel and key workers.

In FY 2015/16, the average selling price of the properties we sold was £302,000, with 35% being purchased by first time buyers. In addition to the 39,014 homes we rent to the MoD in the main Married Quarters Estate (at March 2016), during the year, we provided 1,195 homes for individuals and families in the UK to buy or rent.

End of FY 2015/16	
Number of homes refurbished	133
Number of homes sold	350*
Homes rented to MoD	39,014**
Homes rented to individuals/families	469
Homes rented to Housing Associations/RSLs	60

* Homes sold includes 2 related assets which were converted to homes but excludes 142 units at Whetstone, London, which were demolished and the land sold to a national housebuilder with planning permission for 288 new homes, of which 20% (59 homes) of the new properties will be provided as affordable housing.

** This includes homes rented via the main Married Quarters Estate and excludes units rented via other long rentals.

We also work with Housing Associations, Registered Social Landlords ("RSLs") and local councils to help provide homes for families where there are housing pressures in some areas. For example, in the FY 2016/17, we have leased 147 homes in Canterbury to the London Borough of Redbridge, to help ease the chronic shortage of housing in its area.

SUPPORTING LOCAL COMMUNITIES

In addition to investing in communities by providing homes, we are passionate about strengthening local communities. When we develop sites we work in close collaboration with planning authorities and local people to determine how we can best meet the needs of the local community and support them. We have helped build community cohesion through funding a variety

of activities and supporting local schools by donating equipment. Annington donated funding to construct a new outdoor education play area for children attending Queenswell Infant and Nursery School, adjacent to the company's properties on Oakleigh Green, Whetstone (north London).



“Learning outside of the classroom is so important, especially in urban areas. We were delighted that Annington was prepared to cover the cost of the project...”

Karen Smith, Head Teacher Queenswell Infant School

DONATIONS TO CHARITIES

Annington supports charities and good causes in its capacity as a company and via The Annington Trust, which was established in 1996 to benefit Service Families living in the MoD's Married Quarters Estate and other service communities.

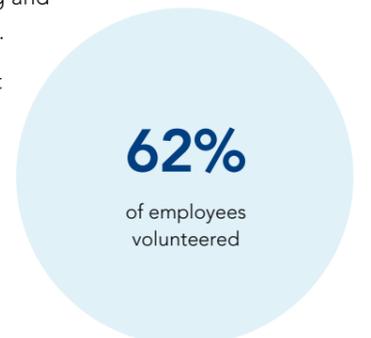
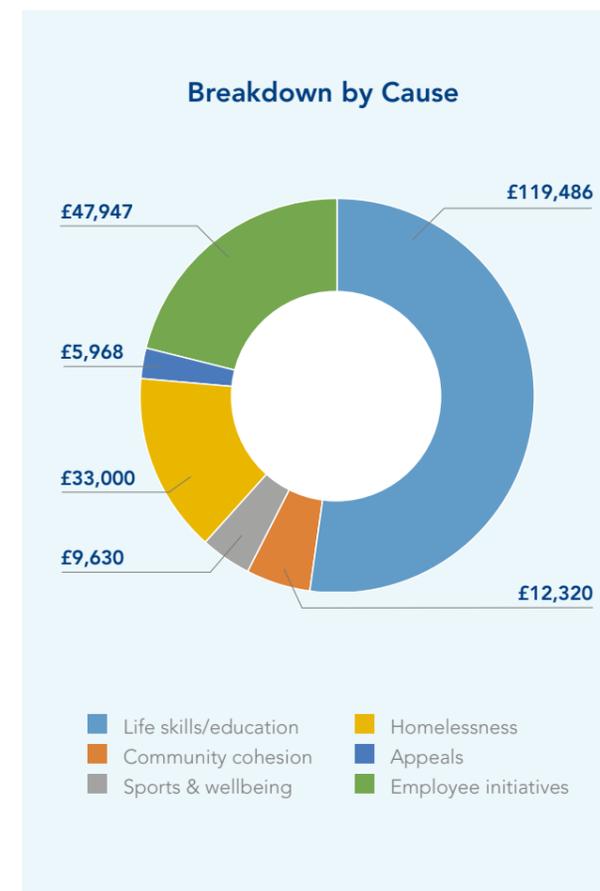
Annington makes charitable donations to a diverse range of good causes both in cash and in-kind where either works or materials have been supplied by Annington and its contractors.

ANNINGTON'S CHARITABLE ACTIVITY

In 2015 we introduced our Community Investment Policy, with the intention of making our community investment more focused and strategic, where our financial support and the volunteering of skills and expertise from our employees could make the greatest impact. A Charity Committee, comprising a cross section of employees, was established to oversee our charitable giving. Following a detailed review involving our employees, we decided to focus our community investment on supporting charities that help children and young people, the homeless and the disabled, in addition to supporting charities with military connections.

In FY 2015/16 Annington and its employees donated over £228,000 to charities, a 7x increase from FY 2014/15, comprised of £48,000 from employee fundraising and over £180,000 donated by the company. Over half was invested in programmes supporting life skills/education/employability and approximately 15% was connected to homelessness issues. The majority of this support was focused on five key charity partners in line with the new Policy: Bag Books, The Connection at St Martin-in-the-Fields, Blind Veterans UK, HighGround and The Ripple Pond. To help maximise the impact from these charity partnerships, Charity Champions have been appointed to work with the respective charities and engage fellow employees with fundraising and volunteering opportunities.

The Community Investment Policy has really engaged our employees and a large number of them have supported our charity partners and other good causes through fundraising activities and utilising their skills in a variety of volunteering activities. Under our Policy, Annington employees are able to take up to three paid days per year to volunteer with charities and community groups. In FY 2015/16 over 62% of employees volunteered their time with a number of our charity partners and other good causes, amounting to a total of 162 volunteering hours. The feedback we have had from those who have volunteered has been very positive. They believe they have benefited from giving back and working together as a team and the experiences have been very rewarding, giving them a new perspective.



Investing in our Communities (continued)



The Connection at St Martin's provides facilities and support to homeless individuals in London helping them to get their lives back on track, find employment and to secure housing. Annington has agreed to support the charity for three years and donated £25,000 this year towards operational costs. Our employees also organised a 'clothing drive', donating 16 bags of much needed clothing and toiletries to the homeless and others organised and volunteered to take a group of homeless individuals to the Museum of London to help them connect with other individuals and reduce their isolation.

HighGround has been supported by Annington since 2013 and over the last three years we have donated £60,000 to help the charity provide horticultural therapy to injured service personnel at the Defence Rehabilitation Centre at Headley Court. Senior members of Annington's team have also volunteered time to help the charity with their strategic planning and developing their network of supporters.

The Ripple Pond charity organises self-help support networks across the UK for the adult family members of physically or emotionally injured service personnel and veterans. Annington was the charity's cornerstone benefactor and we have agreed to support them for three years, donating £25,000 in FY 2015/16. Annington employees have also volunteered their skills, helping the charity with their business plan, providing accounting services and financial planning and identifying additional funding streams for the charity.

In addition to supporting our five key charity partners, Annington has supported other good causes in areas where we work or have housing developments, through monetary or gift in-kind donations, often in conjunction with our contract partners.

Our employees are also encouraged to support charities that they are passionate about, through fundraising and volunteering, with the company matching their fundraising efforts up to £1,000 per individual and £2,000 per team, per year.

“The museum tour helped the Connection's clients feel part of mainstream society by helping improve their self-esteem, confidence and social skills. All the clients were keen to share their experiences and seemed genuinely pleased that Annington colleagues had taken the time to participate in an activity with them.”

Ian Hughes, Annington Group Treasurer

Blind Veterans UK helps former servicemen and women who have become blind whether through active service, accident, injury, disease or old age. We have agreed to support the charity over three years, donating £25,000 each year to support a centre for rehabilitation and life skills for independent living at the Blind Veterans centre in Llandudno, Wales.



Teachers who have provided feedback on these interactive story sessions say 99% of the young people have benefited from the multi-sensory storytelling and 89% of the teachers rated the overall experience 5 out of 5. Additionally, a group of Annington employees volunteered a day with the charity helping to build these multi-sensory books.

“The team of Annington employees who spent a day with us helping to make multi-sensory books was the best corporate team we've ever had. They all worked really hard and made the equivalent of nine whole books which is a great achievement as we usually only make four in a day. We're looking forward to them coming again.”

Dean Caswell, CEO, Bag Books

Bag Books helps young people with severe learning disabilities through creating multi-sensory books and running interactive storytelling sessions for these children utilising the books. Such storytelling sessions help these young people develop their awareness of people and events and develop their participation in group activities. Annington has committed to partner with the charity for three years and donated £25,000 in FY 2015/16 to enable Bag Books to visit an additional 30 schools, providing the multi-sensory books and delivering storytelling sessions to 956 severely disabled young people.



Investing in our Communities (continued)

Separate to the Company's charitable giving, The Annington Trust, which was established in 1996, provides grants to organisations and projects that promote the wellbeing of Armed Forces families living in service communities by providing for their recreational and general needs. The Trust operates independently of the Company with its own Board of Trustees.

THE ANNINGTON TRUST

The Trust donated £113,144 in FY 2015/16 (an increase of 250% on FY 2014/15), supporting 18 organisations, bringing the total disbursed over the last 19 years to £522,000, helping over 440 projects. Many clubs, schools, events and projects have been supported over that time, typically small projects, with small donations that have made a big difference. The Trust has also supported much larger projects that have benefited the wider community including playgrounds, contact houses, community centres and has supported many events which have brought armed forces families and members of the community together. The largest projects supported by the Trust this year have been the continuing support for the Outward Bound Trust, new partner, the RBLI and Aggie's Storybook Waves.

FY 2015/16	
Outward Bound Trust	£25,000
RBLI	£25,000
Aggie's Storybook Waves	£16,622
Community & Family Days	£10,160
Upgrading Community Centres	£36,362
TOTAL	£113,144



OUTWARD BOUND TRUST

Given the continued success of the Annington Challenge run by the Outward Bound charity, The Annington Trust agreed to a fifth year of support, with 38 young people aged 11–19, participating in outdoor adventures that improve their confidence and promote personal skill building. Over the last five years, the Trust has donated over £105,000 to Outward Bound, enabling 160 young people to build their skills. Many of the young people are from schools with a high percentage of children from service families.

RBLI

This year, the Trust made a three year commitment of £25,000 a year to fund the Royal British Legion Industries 'LifeWorks for Families' programme. This is a programme set up to facilitate veterans and their spouses to find and retain work. A 2016 survey conducted by the Army Families Federation found that 46% of families believed they were financially worse off today compared to two years ago, with one of the top three reasons being the inability for a spouse to gain or retain employment. The Annington Trust's funding has helped the Lifeworks programme support 150 families across 25 garrisons in the UK.

AGGIE'S STORYBOOK WAVES

The Trust donated over £16,000 to Aggie's Storybook Waves, a free service that enables serving personnel to record a bedtime story for their loved ones back home whilst they are serving away. The donation helped Storybook Waves to acquire all the necessary equipment for their initial setup. This enabled them to help serving personnel record 429 stories last year.

Blind Veterans UK

The Annington company has committed £25,000 a year for three years to help Blind Veterans UK ("BVUK") with the establishment of their centre in Llandudno, which provides rehabilitation and life skills training for independent living to help former servicemen and women who have become blind.

There have been a number of fund raising initiatives completed by Annington employees: three employees formed part of the Dinner in the Dark Committee with the event raising £16,000; a group of employees alongside colleagues from our partner, Touchstone, walked 50 and 100 kilometres from London to Brighton; an employee ran the Brighton Half Marathon; one skydived and another abseiled down the Arcelor Mittal Orbit at the Olympic Park, all raising more than £14,000 for the charity.



“Walking part of the 100km route from London to Brighton on behalf of Blind Veterans, was the most demanding yet rewarding 24 hours of my life. Meeting 68 year old Dave with only 5% vision doing the 100km put my challenge into perspective.”

Stephen Tonkin, Annington Rentals Team

BVUK has supported Simon Brown for the last six years. Simon was a corporal in the Royal Electrical and Mechanical Engineers serving in Iraq when he sustained facial injuries during a rescue mission in Basra. Simon lost his left eye and has only 20 per cent vision in his right eye. With the support of BVUK, he has been able to regain his independence and self confidence and now works full time at the charity as a Membership Officer, responsible for recruiting more blind veterans.





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