

Materiality assessment

We are focusing on issues that we believe matter most to our stakeholders and to Babcock and this will help influence our sustainability agenda and our priorities.

This year we have set out our material issues and explained why they matter. We did this by reviewing the list of topics from our 2019 stakeholder engagement, assessing our impact across the value chain and versus global standards.

We have categorised these topics and they will be further explored in the relevant pages of the Environment, Social and Governance sections of the ESG report.

ESG	Material issue	Why this matters to us
E	Biodiversity and Ecological Impact	Biodiverse ecosystems are fundamental to healthy and quality lives. Maintaining and enhancing the environment in which we operate is at the core of Babcock's principles.
E	Climate Change	We are facing a global climate crisis which has the potential to cause catastrophic impacts. We understand the risks posed by climate change and are committed to play our part in addressing the global crisis.
E	Waste	Global production and consumption patterns generate unconscionable amounts of waste, depleting finite resources and causing irreparable damage to the global biosphere. We are committed to driving material and resource efficiency, adopting circular economy principles and reducing our impacts.
E	Water Consumption	The global hydrosphere supports all life on earth and current consumption and production patterns place significant pressure on our finite water resources. We understand the importance of this precious resource and commit to managing our consumption responsibly.
S	Community Engagement	Our community engagement approach aims to ensure we are good neighbours by supporting the communities who live alongside and work with us whilst positively contributing to society's progress overall.
S	Health, Safety and Wellbeing	High health and safety standards are a fundamental condition and responsibility we must meet to protect the wellbeing of all who interact with Babcock and ensure everyone gets home safely every day.
S	Talent and Development	Recruiting, maintaining and developing the best talent through a robust talent pipeline is key to ensuring that we maintain a competent workforce with the capacity to meet current and future needs.
S	Local Economic Contribution	We recognise the jobs we provide have a large socio-economic impact, especially at major sites where we are often a leading employer in that area.
S	Employee Diversity and Inclusion	Diversity and inclusion in recruitment and in all our people processes is critical to ensuring we create a workplace culture where individuals can flourish and contribute to the shared success of the business.
G	Business Ethics and Integrity	Reputation is a key business asset – in order to thrive, we as an organisation have to be trusted by all our stakeholders.
G	Data and Cyber Security	We recognise the very real risk of malicious cyber breach and work hard to ensure both our customers' and our information assets remain protected. (See risk section on page 84.)
G	Governance, Accountability and Culture	Babcock's culture is the glue that binds strategy and operating model. Governance is the way in which we make sure that Babcock is true to its purpose, culture and strategy.
G	Sustainable Supply Chains	We manage our local and global impact through considerate purchasing, taking into account products' entire lifecycles, whilst safeguarding our supply chains from the taint of unacceptable labour practice issues.
G	Innovation and Technology	Innovation, including the application of novel or transferable technologies, is important in creating efficient and sustainable outcomes. (See Innovation and technology section on page 24.)
G	Collaboration	Collaboration unifies and empowers others to achieve a shared goal, fosters innovation and creates lasting relationships for sustainable long-term business success. (See people strategy on page 22.)

We recognise the importance of the materiality assessment and there is further progress to be made. It will be reviewed on an annual basis to capture the dynamic and ever-changing sustainability landscape and ensure that our strategy evolves with the interests and needs of our stakeholders, as well as those of Babcock.