

DESIGNING AND DELIVERING SUSTAINABLE COMMUNITIES



Crest
NICHOLSON



Welcome to our 2009 Sustainability Report

2009 was a year of decisive action to ensure the business survived the downturn and emerged with a sound base upon which to build as the economy recovered.

However, we understand that delivering low carbon sustainable communities is not an optional extra for developers. Crest Nicholson puts this at the heart of what we do, and we demonstrate this in every development – not just those award winning flagship schemes where we innovate and learn. We welcome industry and government visitors to our schemes, and we share our experiences – learning as much from our mistakes as we do from success. This thirst for knowledge also lies at the heart of our participation in the TSB funded AIMC4 research project.

We were delighted to achieve two further Building for Life (BfL) Gold standards and awards from the Commission for Architecture and the Built Environment. Crest Nicholson has now achieved a total of six developments worthy of this coveted Gold standard, and we will continue to ensure that the high aspirations encapsulated in the BfL criteria remain part of our core planning and design processes.

Crest Nicholson retains the vision, expertise and land bank to succeed, and by continued investment in our people, innovation and sustainability we will ensure the delivery of our Mission: to be the market leader in the design and delivery of sustainable housing and mixed use communities.



■ ■ Crest Nicholson remains firmly committed to the core values of good design and sustainability for which it is renowned. ■ ■

Stephen Stone
Chief Executive

SUSTAINABLE COMMUNITIES

We were awarded 2 Building for Life Gold standards and awards.

BUILDING FOR LIFE GOLD STANDARD



OUR CUSTOMERS

90% of our customers would be happy to recommend us to a friend.

(HBF/NHBC survey)

DELIVERY

56% of dwellings delivered to EcoHomes or Code for Sustainable Homes standards.

INNOVATION

We have formed a unique partnership to develop and pioneer the low carbon homes of the future.



CLIMATE CHANGE

19% reduction in our office gas consumption.

Our full Sustainability Report can be found at www.crestnicholson.com/sustainabilityreport2009



Crest Nicholson holds the Queen's Award for Sustainable Development in honour of its continuous achievement in the delivery of sustainable homes and community regeneration.

SUSTAINABILITY AT CREST NICHOLSON

The downsizing of the business has provided the opportunity to revisit and re-affirm our core values.



The figures in our 2009 Sustainability report illustrate graphically the loss of output across the industry. Despite the adverse economic conditions we have continued to focus on delivering stretching sustainability targets and we were recognised as one of the clear leaders in the Next Generation Benchmark, with an increase in our score from 66% to 77% in 2009.

An integrated sustainability strategy yields economic, reputational, and economic success – and is harnessed to drive innovation. This approach is led from the top where the Board evaluates the economic, social and environmental performance of the Company in its main Board meetings.

Shaping future regulation

The rate of change and impact of new regulation is overwhelming. It is both desirable and helpful that housebuilding is appropriately regulated to ensure high quality delivery and Crest Nicholson will continue to work with Government, the HBF and all of our stakeholders to try to create a more certain and deliverable policy and regulatory framework.

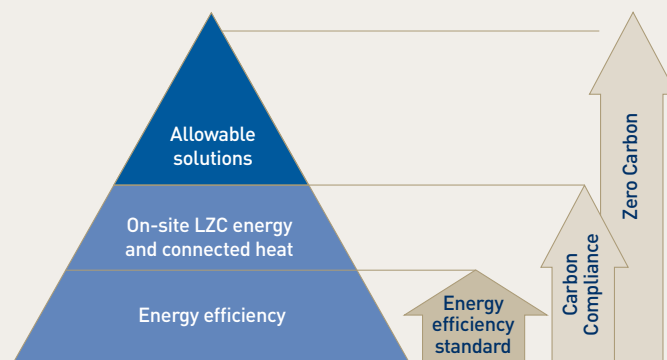


■ Crest Nicholson's mission statement to be the leading developer of sustainable homes and mixed use communities has never been more apt. ■

Chris Tinker
Regeneration Chairman
Board member responsible for Sustainability

Working to assist in developing a practical and deliverable definition of zero carbon

Good business means listening to and understanding our stakeholders needs and ensuring we respond. We have worked with the Government and the Zero Carbon Hub on emerging policy, and supporting our employees and suppliers through a very challenging period.



■ The Zero Carbon Hub is grateful for the active support it has received from Crest Nicholson to help steer a practical progression towards zero carbon. ■

86% homes built on brownfield land (Government target: 60%)

> 6 years supply short term land bank

£165k average house price down from £180k

GROWING A SAFETY CULTURE

The health and safety of our employees, visitors, and all site workers is of paramount importance. Crest Nicholson is committed to high standards of risk management, training, clear procedures and regular monitoring. We combine this rigorous approach with a focus on engaging everyone in the business to grow our health and safety culture.

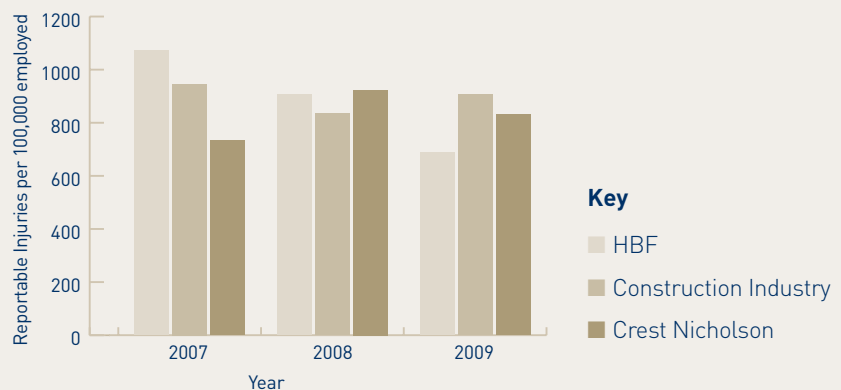
2008 was a year of severe economic recession in the industry and it is a tribute to our Site Managers that, despite the higher workload and reorganisational stresses, the total number of incidents recorded fell significantly for the second successive year, down by 58% from 120 in 2008 to 50 in 2009. We will continue to contribute to the HBF industry health and safety benchmark and best practice group, and we maintain our target of a below industry average for our annual injury incidence rate.

48% Reduction in incidents reported to the HSE – 12 down from 23

416 Site safety inspections

Zero Prosecutions, fines, prohibition or improvement notices

Annual Injury Incidence Rate (AIIR)



“Mind your Step”



The HSE “Mind your Step” was our 2009 Safety Campaign aimed at reducing the number of injuries resulting from falls at the same level.

558 Subcontractors attended our safety campaign briefings

25% Reduction in falls at same level

Feedback

Crest Nicholson has again summarised both financial and non-financial performance within our 2009 Sustainability Report, which can be accessed at www.crestnicholson.com/sustainabilityreport2009. We welcome your feedback and comments online at www.crestnicholson.com/sustainabilityfeedback or please write to us at sustainability@crestnicholson.com

CREATING COMMUNITIES

Engaging with the local community throughout the development process is critical to ensuring the scheme responds to local needs, is embraced by the community and is therefore a success in the long term.

At Crest Nicholson we believe a sustainable community must be focussed around the following core elements:

Design – a shared vision which engenders pride.

Tenure – a balance to create cohesive neighbourhoods.

Quality of delivery – which impacts positively on the local area.

Access to jobs and services – providing local employment and creating long-term opportunities.

Long-term stewardship – preserving legacy.

Considerate Constructors Scheme – caring about the communities in which we work

87% active sites registered

31 – our average score out of 40

4 sites scored > 35: exceptionally good

38/40 highest ever score by Shaune Hicks at Port Marine

Innovation: a unique research collaboration



Delivering the zero carbon homes of the future, which are also desirable, attractive and sustainable requires focussed investment in research and innovation. During 2008, Crest Nicholson joined with two other leading developers, Barratt Developments and Stewart Milne Group, the BRE, H+H Celcon and Oxford Brookes University in forming a unique partnership, created to research, develop and pioneer the volume production of the low carbon homes for the future.

Quality v quantity
Can we have both?



Matt Bell
CABE

Whenever the subject of housing quality comes up, you always hear siren voices in the industry warn that it only comes at a price. You want better housing? Well beware! It will cut the numbers. And there's nearly two million people (apparently) on the waiting list for social housing. Is this really true?

Find out more in our 2009 Sustainability Report online.

A sustainable heritage



One Brighton, Brighton

onebrighton.co.uk

one planet | one address

One Brighton has an advanced communal recycling system which provides the ability to easily segregate waste into several streams, including composting. This is managed onsite by the "green caretaker", and the resulting compost, along with the outdoor rainfall collected, is available to residents for the rooftop allotments.

ESCO managed communal biomass boilers provide heating and hot water, and electricity is from solar or offsite renewable sources. The site is also home to a Car Club.

DELIVERING SUSTAINABLE HOMES

▀▀ Collaboration and good design are key to creating quality places, and this remains at the very heart of what we do. ▀▀

We continue to increase the sustainability benefits of our new homes. 56% of delivery was to either EcoHomes or Code for Sustainable Homes standards. Our homes are designed to delight our customers – sustainability comes built in, whether through waste elimination, energy reduction in construction, our ethical sourcing of timber, or the sustainability features for modern living.

Sustainable Homes – the new normal



Elements, Epsom

In 2009, we completed our first homes at Elements in Epsom, which feature air-source heat pumps with individual heat regulation in each room, low energy lighting, A-rated appliances, recycling facilities, and water efficiency of 105 litres per person per day – the Code 4 requirement. Dwellings have access to private gardens, with cycle storage, and water butts. An intricate network of cycle ways begin just outside the garden with dedicated routes. In delivering desirable, energy efficient, sustainable homes we have ensured the best building features and innovations are invisible to occupants – but they will notice the comfort and lower bills.

In 2009, we completed our first homes at Elements in Epsom, which feature air-source heat pumps with individual heat regulation in each room, low energy lighting, A-rated appliances, recycling facilities, and water efficiency of 105 litres per person per day – the Code 4 requirement. Dwellings have access to private gardens, with cycle storage,

309 homes fitted with low or zero carbon technologies

128 litres per person per day average water use – down from 141

71% homes with access to cycle storage

50% of dwellings submitted for planning are to Code level 3 or above

100% developments with recycling facilities

Delivering homes sustainably

▀▀ Commercial benefit and resource efficiency can go hand in hand – if you get it right. That's real sustainability. ▀▀

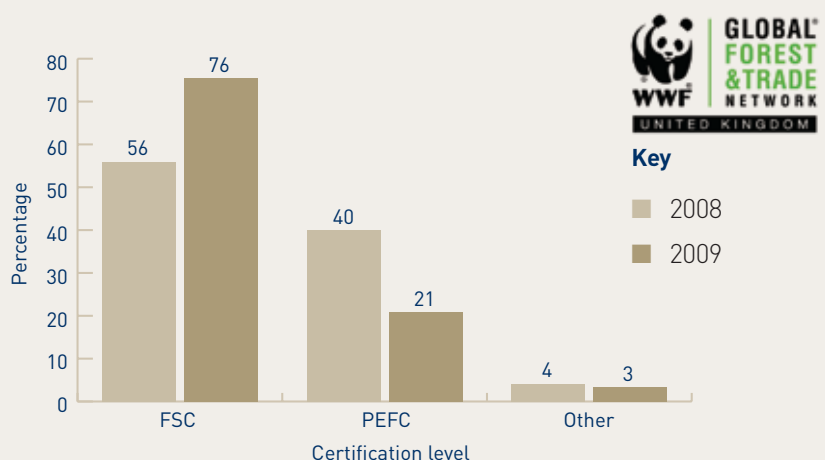
Steve Evans
Production Director



37% reduction in waste to landfill over 2 years

82% construction waste recycled

Our timber procurement split by certification level (%)



82% by spend of supply chain audited

97% FSC or PEFC certified

PUTTING CUSTOMERS FIRST

Even in adverse conditions we have the strength and determination to achieve the highest levels of customer service.

Our focus:

- Putting customer service first and improving the way we communicate.
- Providing a range of options to make buying a home more affordable.
- Training our sales teams to be more efficient.
- Marketing the sustainability credentials that a Crest Nicholson home offers.

The result:

In 2009, Crest Nicholson was awarded an outstanding 5 stars out of 5, the highest level of Customer Satisfaction, by the Home Builders Federation NHBC National New Homes Survey.

Unlocking affordability



GreatWest Gate, Osterley

The requirement for large deposits excluded many first time buyers from entering the market. HomeBuy Direct and other incentives introduced towards the end of 2008 has helped. Colin Simms-Cato and his partner Anna Costarz wouldn't have been able to buy their first home without it.

Awards

Whilst our greatest recognition comes from our customers, we also had the honour of being awarded a whole host of industry accolades, reflecting outstanding design, planning and build quality.



One Brighton

Winner of the 2009 Sustainable Communities Award by the Royal Town Planning Institute.



Housebuilding Innovation awards

Housebuilding Innovator of the Year and Sustainable Housebuilder of the Year.



NHBC Pride in the Job awards

13 Site Managers received a 'Quality Award' in the National House-Building Council's Pride in the Job awards. A further five Site Managers went on to receive a Seal of Excellence.



Building for Life

Two Gold Standards and awards for ICON and Admiralty Quarter.

Delivering excellence for our customers



Sales Advisors and Site Managers of the year

Each year Crest Nicholson names its most successful Sales Advisors and Site Managers across its whole business at a prestigious awards ceremony. The awards provide an opportunity for excellence in the workplace to be celebrated and rewarded.

★★★★★ customer satisfaction score

90% satisfied with the quality of their home

BECOMING A LOW CARBON BUSINESS

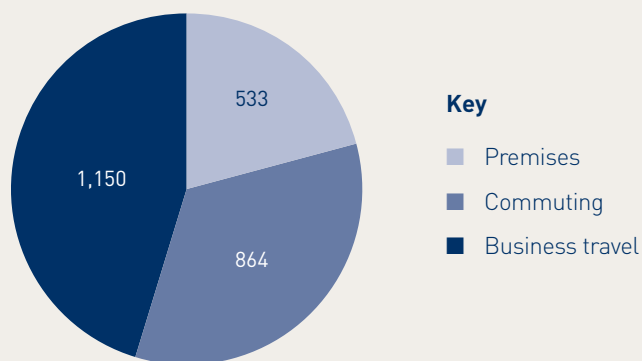
■ ■ Delivering low carbon sustainable communities is not an optional extra for developers. ■ ■

Climate change is a key material issue for our business and we are committed to a continuous reduction of our carbon footprint. In 2009 we reviewed and reaffirmed our Climate Change Policy.

We published our first Climate Change Review in 2008, and have improved the assessment of our carbon footprint this year, including for the first time, energy and water use during construction. We also made our first assessment of the embodied carbon in our homes – a complex subject which we will continue to study.

To reduce the proportion of carbon emissions due to commuting, over half of our employees said that they would be willing to try alternatives, such as cycling, public transport and car sharing. In response, Crest Nicholson partnered with Cyclescheme, a national body funded by the Government's Green Transport Plan Initiative. We also invited the Energy Saving Trust to assist employees in identifying potential for savings on home energy bills, and to become 'smart drivers' by assessing low emission driving skills on a driving simulator.

2009 Operational Carbon Footprint (tonnes CO₂eq)



Climate change



Jeff Kenna
Vice-Chairman, Camco

As a UK-based housebuilder, Crest Nicholson's actions bear influence on the 27% of UK emissions from homes and the industry as a whole has been set the unprecedented challenge of achieving a net zero impact on the UK's carbon emissions from 2016 from its products.

Find out more in our 2009 Sustainability Report online.

Reducing our operational carbon footprint

5.6 teq CO₂ emitted per person – up from 4.3

2548 teq CO₂ total emissions – down from 3,102

46% increase in office waste recycling

95kWh/m² office electricity use vs. CIBSE good practice benchmark of 234

160g/km fleet average CO₂ emissions – down from 168

PEOPLE MATTER AT CREST NICHOLSON

■ ■ We cannot meet our goals without the dedication and hard work of our employees. ■ ■

People with the right knowledge, skills and aptitudes are the key to driving the Company forward. We aim to create a safe, healthy and fair working environment which is also challenging and rewarding for all employees.

Along with the rest of the sector, Crest Nicholson has been compelled to drastically reduce its employee base – something which no business does lightly. We lost valued people – and their skills.

Key employee numbers	2009	2008	2007
Average number of employees	490	590	771
Average number of contractors	953	1,900	2,091

Growing the skillbase

At Crest Nicholson we support the development of the young skillbase in the sector through apprenticeships, developing graduates and providing student placements. In 2009 we kept all six existing apprentices, and took on a further nine in the year. We collaborated with 'Construction Learning World' to ensure that by the start of 2011 all site personnel have the correct skills and NVQ qualifications.

Apprentices doing it all

In April 2009, fourteen excited young construction apprentices, hand-picked from local colleges, were given the challenge of constructing two new houses from scratch at Crest Nicholson's Kings Warren development – and for Gerry Bamonte, Senior Project Manager, looking after fourteen likely lads was rather challenging – but very rewarding.



Gerry and the apprentices

15 apprentices employed

92% personal development reviews completed

3 average hours of training per employee – down from 15

100% direct employees with CSCS cards

Gulliver's Land



The Variety Club's Christmas event at Gulliver's Land theme park, Milton Keynes was funded for the second year by the kind donations from employees, suppliers and subcontractors. The Group also donated its 11th and 12th Sunshine Coaches.

