

Welcome to your CDP Climate Change Questionnaire 2020

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Crest Nicholson is a leading residential developer in the UK, building homes across the southern half of the UK. We aim to improve the quality of life for individuals and communities by providing better homes, workplaces, retail and leisure spaces in which people aspire to live, work and play – now and in the future.

To deliver that ambition, we have been on a journey of innovation and transformation to position the Group for profitable growth. Whether carrying out systematic scientific research into low-carbon housing solutions, partnering with our supply chain to drive out waste, or developing our product for a rapidly evolving market, the focus is on delivery, quality, and choice for our customers and sustainable business value for our shareholders.

Our operational focus remains concentrated in the southern half of the UK with an emphasis on creating well-designed, high-quality homes in sustainable communities. Our portfolio meets the needs of a wide range of purchasers, from first time buyers to investors, with a product range that includes houses, apartments, and commercial units on mixed-use developments.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years
Reporting year	November 1, 2018	October 31, 2019	No

C0.3

(C0.3) Select the countries/areas for which you will be supplying data.

United Kingdom of Great Britain and Northern Ireland

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

GBP

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C-CN0.7/C-RE0.7

(C-CN0.7/C-RE0.7) Which real estate and/or construction activities does your organization engage in?

New construction or major renovation of buildings

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Chief Executive Officer (CEO)	Our Chief Executive Officer (CEO) is responsible for sustainability, including climate-related issues, and is ultimately accountable for the risks and opportunities that impact the business. The CEO established and chairs the Sustainability Committee to provide oversight of the sustainability strategy and ensure it is fully integrated within the business.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – some meetings	Reviewing and guiding strategy	The impacts of climate change have the potential to significantly impact our business operations. This includes influencing the choice of sites for

	<p>Reviewing and guiding risk management policies</p> <p>Reviewing and guiding annual budgets</p> <p>Reviewing and guiding business plans</p> <p>Setting performance objectives</p> <p>Monitoring implementation and performance of objectives</p> <p>Overseeing major capital expenditures, acquisitions and divestitures</p> <p>Monitoring and overseeing progress against goals and targets for addressing climate-related issues</p>	<p>development, the construction and specification of our homes, as well as security and stability of our materials' supply chain.</p> <p>An environmental, social and governance (ESG) risk assessment, which includes climate-related risks, is completed on an annual basis. The most material ESG risks to the business are incorporated within our group-wide risk management framework and assessment, which is reviewed by the Executive Leadership Team.</p> <p>All potential development projects must be reviewed and signed off by the Executive Leadership Team and members of the Board at our Project Committee meetings. Climate related risks, such as flood risk of the site, overheating risk of the homes and ecological impact will be reviewed and considered – and form part of the decision to proceed or not.</p> <p>We have also established a Sustainability Committee, which is chaired by our Chief Executive Officer. Future policy, emerging trends and current ESG performance are reviewed and plans are put in place to address. Key updates on ESG matters, including climate-related risks, are provided to the Board.</p> <p>The Climate Change, Sustainability, Sustainable Procurement and Sustainable Timber policies are all reviewed and signed off by the CEO.</p>
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C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	Both assessing and managing climate-related risks and opportunities	Quarterly
Sustainability committee	Both assessing and managing climate-related risks and opportunities	Quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

The Chief Executive Officer (CEO) has ultimate responsibility for sustainability, including climate change. This represents the significance to the business of managing our climate-related issues and ensures that sustainability is integrated into business operations. The CEO chairs the newly formed Sustainability Committee, which is delegated authority from the Board to ensure that sustainability and ESG matters are integrated within the business. The Committee has oversight of any major issues relating to sustainability throughout our operations and is responsible for overseeing the development and delivery of strategic aims and initiatives to improve ESG performance, including climate change.

The Group Production Director, who also sits on the Committee, manages the Group disciplines and key functional forums that support the delivery of outputs from the Committee. It is within their remit to engage with the relevant personnel across the business, including Board members and the Executive Leadership Team as required, to ensure that climate-related risks are reviewed and managed and climate-related business opportunities are seized. The Group Production Team has in-depth knowledge of climate-related issues, as well as current and potential future policy. This team completes an annual ESG risk assessment, which feeds into the group-wide risk management framework and assessment to ensure robust management measures are in place.

Key responsibilities of the Sustainability Committee include:

- Keeping abreast of all current and emerging legislation, ensuring business compliance
- Reviewing and managing ESG risks
- Developing strategy and action plans with targets and KPIs to minimise risks and take advantage of opportunities
- Engaging with key internal and external stakeholders to implement projects and initiatives
- Developing internal and external communication, including the Annual Integrated Report, corporate website, and relevant training.

Climate-related issues are monitored through attendance at relevant events, webinars, seminars, and networking with peers. Newsletters, information from law firms, and online reading also provide the latest updates on climate-related issues relevant to both the industry and wider society. Key senior Executives sit on industry collaboration networks and feedback any important matters relating to climate change to members of the Committee. For example, our Group Head of Technical sits on the HBF's National Technical and Sustainability Committee.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity incentivized	Comment
All employees	Monetary reward	Emissions reduction project	In 2019, our company car scheme was updated to further incentivise employees to choose low emission vehicles. Employees receive a 15% uplift in their company car benefit if they chose a low emission vehicle ($\leq 110\text{gCO}_2/\text{km}$), either through the company car scheme or if they have a car allowance.
All employees	Monetary reward	Efficiency project	Employees are eligible to purchase a tax-free bike under the Government's Cyclescheme.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	3	Short term is considered to be under 3 years. This covers the current operating climate, where existing legislation is likely to be in place for much of the time horizon.
Medium-term	3	10	Medium-term is considered to be between 3 and 10 years. This covers the period where legislation currently under consideration is likely to take effect and have an impact on the business.
Long-term	10	30	Long term is considered to be anything over a 10-year time horizon. This period is challenging to predict, but the macro environment can be used to understand certain trends.

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

We define a financial or strategic impact as substantive when the impact necessitates a change to our business strategy or has an impact, now or in the foreseeable future, on:

1. Our business's revenue, profit, or ROCE,
2. Our build programme or productivity,
3. Our business partnerships and reputation,
4. Our employees' health and well-being and productivity.

ESG risks, including climate-related risks, are scored based on a likelihood and consequence score out of 5. Where a score of 5 equates to an almost certain likelihood and a severe consequence.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Direct operations
Upstream
Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term
Medium-term
Long-term

Description of process

The Board has overall responsibility for risk management. It sets the Group's appetite for risk and provides support and oversight to management. The Board and Executive Leadership Team specifically considers risk twice a year. It is supported in its approach by the Audit and Risk Committee which has specific responsibility for monitoring financial reporting, internal and external audit programmes, as well as providing assurance to the Board on financial, operational and compliance controls. The Executive Leadership Team is responsible for implementing Group policies, risk management performance tracking, identifying principal risks (significant division-level and Group wide risks) and ensuring resources are allocated for effective risk

management and mitigation. Each divisional Board is responsible for identifying, assessing and monitoring their respective business and functional risks (divisional and asset level risks, including climate change) and measuring the impact and likelihood of the risk to the business. Significant areas of risk are subject to regular review as the business and the context in which it operates changes.

Climate-related risks and opportunities are identified at three levels: group-wide, divisional, and project level. At a group-wide level, climate-related risks and opportunities are identified on an ongoing basis by our Sustainability Committee and Group Production Team. These risks are fed into an annual ESG risk assessment, which forms part of our integrated risk management process. ESG risks, including climate-related, are scored based on a likelihood and consequence score out of 5. Where a score of 5 equates to an almost certain likelihood and a severe consequence. The assessment is used to inform our corporate business strategy, which is published in our 2019 Annual Integrated Report (AIR) and on our corporate website. The AIR and About Us section of the website demonstrate that Crest Nicholson pursues climate-related business opportunities while ensuring key risks are reviewed, mitigated and managed. These include flood risk, overheating risk, severe weather, cost of energy and fuel, efficiency gains from new house type designs, and energy consumed in the 'in-use' stage of the home life-cycle.

Risk management and future opportunities are also regular agenda items for all parts of the business with an emphasis on continuous improvement.

Physical risk example

At a project level, risks are identified and assessed prior to site acquisition. Risks such as flooding, overheating and local authority requirements are reviewed with our consultants, and mitigation measures are implemented. The risks and associated mitigation measures are factored into the cost of the land.

Transitional risk example

Emerging policy to help mitigate and adapt to the impacts of climate change is reviewed by our Group Production Team. A recent example is the Future Homes Standard, which will impact future building regulations. This is a risk to the business that was highlighted in the ESG risk assessment. This assessment forms a part of the integrated risk management process and after review by the Executive Leadership Team, it was deemed appropriate to include within the principal risk section of the AIR under the laws, policies, and regulation risk.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
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<p>Current regulation</p>	<p>Relevant, always included</p>	<p>As a housebuilder in the UK, our organisation must ensure we meet all relevant current regulations in order to operate. Our ability to respond to current regulation is, therefore, a critical consideration in our climate-related risk assessment. For example, our Group Production team regularly reviews our procedures to respond to current building regulations and emission reporting obligations. This ensures that we respond effectively and efficiently, while also avoiding non-compliance and potential fines or damage to reputation. For example, we responded in a timely manner to the Government's Energy Savings Opportunity Scheme in December 2019.</p> <p>Our Group Production Team, including Heads of Technical, Procurement, Sustainability, and Safety, Health and Environment, keep track of forthcoming legislation through membership of industry bodies such as the Home Builders Federation (HBF), subscription to industry newsletters, sharing knowledge with peers, and attending relevant events.</p>
<p>Emerging regulation</p>	<p>Relevant, always included</p>	<p>Emerging regulation has the potential to significantly impact our operations, build costs, and supply chain requirements. Given the potential impact of emerging regulation, it is always included in the climate-related risk assessments and our Group Risk Register. For example, the Future Homes Standard, which will impact the business through updated building regulations, is monitored closely by the Group Production Team, who engage actively in industry bodies and with central government. For example, our Group Head of Technical is a member of the HBF's National Technical and Sustainability Committee (NTSC), which has representation from MHCLG. This level of engagement ensures that our business is well-positioned to engage in the consultation process and respond to the resulting outcomes of the regulation in a pro-active manner.</p> <p>Another example of emerging policy is the recent streamlining of energy and carbon reporting requirements (SECR), which was included as a potential risk on our climate change risks and opportunities assessment. The Group Sustainability team have reviewed the SECR requirements to ensure business compliance.</p> <p>Government papers and strategies, such as the Clean Growth Plan, 25-year Environment Plan, and the Resources and Waste Strategy are also reviewed, monitored, and used to help predict potential future regulation and inform our strategy. An example of emerging policy that has come from this is the development of the Future Homes Standard, which is likely to include the Government's ambition for all new homes to be heated by alternatives to gas-powered boilers. This is currently</p>

		being reviewed by our Group Production Team, including the Group Production Director and Head of Technical.
Technology	Relevant, always included	<p>The potential impact that new lower-carbon products and technologies have on our operations and our customers is considered by the Group Production Team and highlighted in the climate-related risk assessment. While there are opportunities to help reduce both our customers' home running costs as well as the lifetime emissions/impact of the homes by introducing new lower-carbon products and technologies, there is also a risk of product failures, trades not accustomed to installing the technology, or customers being unfamiliar with the technology and its proper use. This can result in increased costs as well as customer dissatisfaction. For example, when we first piloted a new lower-carbon ventilation system, a significant proportion of customers didn't know how to maintain them. Over time, the ventilation system's performance was affected, resulting in customer dissatisfaction. This resulted in a series of ongoing communications and customer support to resolve the issue.</p> <p>The Future Homes Standard will likely see a requirement to install alternative heating technologies, moving away from more traditional gas-fired boilers. The business is working with the supply chain to address the risks, but there is the potential that there will initially be a limited manufacturing capacity to deliver in bulk and there could be installation risks if there are not enough people with the required skills to install new technology.</p> <p>Working together, the Group Sustainability and Technical teams have conducted research into the embodied carbon of different offsite manufacturing (OSM) construction methods, allowing the business to understand how these modern methods compare against traditional methods of construction.</p>
Legal	Relevant, always included	<p>Relevant legal decisions are monitored and reviewed to ensure our operations remain compliant and free from the risk of fines or other regulatory intervention. The Group Production Team attend relevant events and receive newsletters from industry bodies and law firms to ensure the business is kept up-to-date on legislation and legal cases that can help inform our work to minimise risks. Pertinent risks are added to the climate-related risk assessment by the Group Sustainability team.</p> <p>An example of compliance with climate-related legal requirements in the last year has been work to comply with the Energy Savings Opportunity Scheme (ESOS) and this year, to comply with the Streamlined Energy and Carbon Reporting (SECR) regulations.</p>

Market	Relevant, always included	<p>At a Group-wide level, we gain feedback on the homes we build via the customer satisfaction surveys, which contain a wealth of information on the customer experience and quality of the home. This information is used to enable continuous improvement. The climate-related risk and opportunity assessment considers shifting consumer demand, including preferences of sustainable products that can both mitigate and adapt to climate change. Industries such as FMCG have seen greater shifts in consumer demand, but growing societal awareness of climate change and initiatives such as green mortgages, could increase demand for lower carbon, sustainable homes.</p>
Reputation	Relevant, always included	<p>Climate-related issues, such as air quality, flooding and water shortages are becoming increasingly known to the public, and society is looking to businesses to respond decisively and effectively. Our reputation as a responsible business is predicated on our ability to do so. Our reputation as a responsible business and sustainable housebuilder could also impact our ability to purchase land and move our developments through the planning process with local authorities. It also has an impact on our ability to attract and retain employees as people are increasingly looking to work for ethical businesses that take environmental and societal issues seriously.</p> <p>A clear example here is the fact that there is an increasing public awareness of health risks associated with climate change, e.g. air quality. Whilst it is unlikely to be at the top of the checklist for most house purchasers, if we are not putting in place effective adaptation methods in the homes we build, it could have a future negative impact on our reputation and reduce customer satisfaction.</p> <p>Investors are also paying increasing attention to how businesses are managing ESG risks and scrutinising disclosures relating to climate change.</p> <p>For these reasons, the reputational impact of climate-related risks and opportunities is always considered and included in the climate-related risk assessment.</p>
Acute physical	Relevant, always included	<p>Increasing occurrences of severe weather and their associated impact on the construction of homes, as well as the sale of homes is considered in the climate-related risk assessment. We are likely to see an increased frequency of heavy rainfall events. This impacts on our ability to build, slowing sites down (e.g. unable to lay bricks) and can lead to damage of existing work and materials on site. To combat this, we are trialling the use of offsite manufacturing, in which more elements of the home can be completed in a factory environment and homes on site are weather tight more quickly. Heavy rainfall events can also lead to flash flooding events, having a knock-on impact to the build</p>

		<p>programme and a negative impact on customers once sites are complete. Our development teams are responsible for assessing flood risk on site and ensuring robust drainage strategies, such as the use of sustainable urban drainage systems, are in place to minimise the risk from both pluvial and fluvial flood events.</p> <p>Severe weather can also increase health and safety risk on site and can have an impact on our supply chain, leading to constraints in material availability and increased lead times and costs.</p>
Chronic physical	Relevant, always included	<p>Chronic physical climate-related risks are always included in the climate-related risk assessment. For example, 2019 recorded the all-time record high UK temperature and continued increases in temperature could lead to a higher risk of overheating in our homes, which impacts comfort levels and air quality for our customers. Our Group Production Team considers the risk from overheating and potential changes in policy to ensure we can respond appropriately.</p> <p>Precipitation patterns are changing. The recent State of the Climate 2019 report, published by the International Journal of Climatology, states that in the last decade UK summers and winters have been 13% and 12% wetter respectively compared with the 1961-1990 average. Our development teams monitor updates to flood risk maps and monitoring protocols as a consequence of changing precipitation patterns, which impact on where we build and the required flood mitigation measures.</p> <p>With changing precipitation patterns, together with a high demand for water, there could be an increased likelihood of drought events. We design our homes to consume less water than building regulations demand in order to mitigate our impact on water scarcity.</p>

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Emerging regulation

Mandates on and regulation of existing products and services

Primary potential financial impact

Increased indirect (operating) costs

Company-specific description

There is a clear understanding that the built environment can have a significant role in helping to minimise the impacts of climate change. In last year's Spring Statement, the Chancellor confirmed that the UK aims to achieve world-leading levels of energy efficiency and in 2018 the government committed to halving energy use in new buildings by 2030. With these ambitions, together with the government's commitment to achieving net zero carbon emissions by 2050, we are likely to see an increase in on-site carbon reduction requirements beyond current levels, which could lead to increased operational costs.

It is also important that new homes built are efficient, climate-resilient, and comfortable to live in whilst temperatures continue to rise. As a result, the Government has consulted on a Future Homes Standard, which will be implemented through the UK Building Regulations, including Part L (conservation of energy and power). This is likely to see an end of fossil fuel heating by 2025 and more stringent requirements for carbon reductions.

New lower-carbon products and technologies that are implemented to respond to changing regulatory requirements could be unfamiliar to customers. If their use is unpopular or not communicated adequately (such as why it is important and how they are to be used), it could influence their choice of new home and/or their occupancy experience, as well as our reputation.

With any changes to regulations, there is a risk of potential disruption in production capacity due to the availability of skills and labour that can effectively build to the new requirements. There could also be increased build costs experienced by the business, through both the supply chain introducing new technologies and the need to acquire more skilled labour, to comply with any regulations.

Time horizon

Medium-term

Likelihood

Virtually certain

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

13,453,440

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Until the Government has confirmed the detail on the Future Homes Standard, it is uncertain as to what extra costs would be associated with complying with new regulations. However, The Future Homes Standard impact assessment notes that the impact of the initial improvement to building regulations will be a cost increase of approximately £4,620 per new home. Multiplied by the number of plots completed in FY19, this equates to a cost of £13,453,440.

There would also be other costs to consider, such as any after-sales costs associated with new technologies and the training required to upskill the workforce on their use, which are not included in this figure. Unpopular technologies could also make homes more challenging to sell.

Cost of response to risk

250,000

Description of response and explanation of cost calculation

Potential regulatory changes and consultations are reviewed closely by our Group Production team.

We regularly communicate with stakeholders such as the Ministry of Housing, Communities and Local Government (MHCLG), Department for Business, Energy and Industrial Strategy (BEIS), Home Builders' Federation (HBF), UKGBC, and Homes England to understand and influence future changes in regulation. We also partner with Planning Authorities and skilled consultants to achieve consensual cost-effective outcomes.

We already have mitigation measures in place to reduce the risk of overheating in our homes. Overheating assessments take place on all developments and dynamic modelling and associated mitigation measures are implemented for plots with a medium or high risk of overheating. In the design of our new house type range, we carried out overheating testing and we are also trialling off site manufacturing (OSM) methods.

Keeping abreast of new regulations is part of our normal business practice. We are also working to drive innovation across the business through research and development of

new technologies, building design and the use of OSM. The cost of £250,000 is a conservative estimate of consultant fees and time spent on R&D.

Comment

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Market

Changing customer behavior

Primary potential financial impact

Decreased revenues due to reduced demand for products and services

Company-specific description

As stakeholders, including customers, society, investors and employees (including potential employees) become increasingly aware of the negative impacts of climate change, they are likely to increasingly favour companies that are working to mitigate against and adapt to climate-related risks.

Failure to meet stakeholder expectations could lead to:

- Increased local government pressure and requirements to implement costly adaptation measures.
- Challenges to secure planning permission.
- Increased customer demand for in-home and development-wide mitigation and adaptation measures. Failure to adapt could result in a decrease in sales.
- More challenges to attract and retain staff, particularly younger generation employees, who are seeking to work with companies that demonstrate high levels of social and environmental responsibility.

There are now increased expectations from the investment community to demonstrate performance in this area and increasing reporting requirements (e.g. Streamlined Energy and Carbon Reporting (SECR) and recommendations from the Task Force on Climate-related Financial Disclosures).

Time horizon

Medium-term

Likelihood

About as likely as not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

21,728,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Awareness of climate-related issues is increasing across the UK population, with climate change a regular feature in the media. However, the business has yet to feel a significant impact from this increasing awareness, and therefore the potential impact on new-build home purchases is very uncertain. To date, only energy and water efficiency is queried by prospective customers in our showhomes.

While this is not expected to happen in the immediate future, if our revenue were to fall by 2%, this would have an impact of approximately £21,728,000 based on our 2019 revenue.

Cost of response to risk

250,000

Description of response and explanation of cost calculation

1, Effective technical procedures are in place, including flood and overheating risk assessments. In 2019, 76% of our developments incorporate sustainable urban drainage systems (SUDS). Approximately 11% of homes we built in 2019 were initially assessed as having a medium or high risk of overheating. These plots were then subject to dynamic heat modelling to allow mitigation measures to be implemented to avoid the risk from overheating.

2, Core sustainability features are built into sales' pitch as well as on our corporate website. We ensure that our corporate reporting and website content is transparent about our response to climate change and clearly communicates our leadership, good practice and responsiveness.

3, The business demonstrates innovation in build construction to respond to changing consumer behaviours towards climate change through our new range of house type designs and research into offsite manufacturing (OSM).

4, Our policies and procedures relating to environmental management, climate change, biodiversity, sustainable procurement, diversity, modern slavery are all available in the public domain and are reviewed annually by our Executive Leadership Team.

5, We engage and consult with local communities and the local planning authority throughout the development planning process to ensure the development provides an attractive environment that is resilient to a changing climate.

Robust environmental policies and related technical and development procedures are normal course of business. We are also working to drive innovation across the business through research and development of new technologies, building design and the use of OSM. The cost of £250,000 is a conservative estimate of consultant fees and time spent on R&D.

Comment

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Emerging regulation
Carbon pricing mechanisms

Primary potential financial impact

Increased indirect (operating) costs

Company-specific description

We use energy and fuel as part of our construction work on site, including to power the site compounds and for plant and machinery around site. Global fuel price fluctuations do have an impact on our energy and fuel costs, including electricity and diesel.

Statistics from the Department for Business, Energy and Industrial Strategy (BEIS) show that average prices of oil and gas are forecast to increase by 25% and 55% respectively between 2019 and 2030. The UK Government has also confirmed that the red diesel tax allowance will be scrapped from 2022.

Global fuel prices also impact costs to our business for waste management on site. In 2019, we produced 125,000yd³ of construction waste, equating to around £3m in total waste disposal. When fuel prices increase, waste service providers must increase the cost of their skips to cover their increasing transportation costs. Therefore we are likely to continue to see the cost of waste disposal per yd³ increase over time. We may also be impacted by higher material costs due to the increasing costs of fuel and energy.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

675,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

The scrapping of the red diesel tax allowance is likely to increase the cost of red diesel per litre by 46.81 pence per litre. If our consumption of red diesel remains as it was in 2019, the increased cost would equate to £675,000 per year. There may be further costs that are passed down from our supply chain.

Increasing fuel costs are also impacting our waste collection costs and based on previous years, this could increase by up to 5% per year. If waste generated remains at the same level, the cost in 2025 would be £4,000,000 compared to the current cost of £3,000,000 with a 5% increase year on year. This cost excludes the potential impact from increasing material costs.

Cost of response to risk

0

Description of response and explanation of cost calculation

We work to minimise and manage increasing construction costs by identifying operational energy efficiency measures on sites.

We participate in the Energy Savings Opportunity Scheme (ESOS), and seek to implement the most beneficial recommendations from the energy audits conducted on our sites as part of the Scheme. Key actions to reduce red diesel use include the optimisation of our generators and connecting to the mains electricity supply as early as possible. We are currently working with our supply chain to improve our management information, which is allowing us to better specify the generators we use. Our site cabins also have energy saving measures, including light sensors, timed heaters and push taps. We are reviewing further specification improvements to our site cabins.

Energy, fuel, water and waste dashboards are issued to our site teams. These highlight anomalously high consumption and their associated cost. We run divisional initiatives (trade tool-box talks, site visits and Site Management Academy training delivered during

2019) that help improve resource efficiency and awareness of the importance of improving resource use.

We are updating our range of house designs and researching the use of off-site manufacturing (OSM). Expanding the use of OSM over time could lead to less energy consumed on site through the reduced need for equipment (e.g. diesel generators), and reduced transport movements to and around site as more materials are put together offsite.

We minimise the impact of rising energy costs for our customers by increasing the potential energy efficiency of new homes through efficient building fabric and services.

Reviewing and implementing resource efficiency opportunities is normal course of business.

Comment

Identifier

Risk 4

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Acute physical

Increased severity and frequency of extreme weather events such as cyclones and floods

Primary potential financial impact

Increased indirect (operating) costs

Company-specific description

The UK Met Office indicate that extended periods of severe winter rainfall are now 7 times more likely and total rainfall from extremely wet days has increased by 17%. This increases the overall risk of flooding and disruption across our developments. More frequent heavy rainfall events mean that it is crucial to put in place robust water run-off management measures on our sites. Working in particularly wet weather can lead to a greater risk of damaged materials and lost time on site (e.g. when a bricklayer cannot work due to mortar not setting) leading to increased operational costs and delayed build programmes. It can also increase the risk of health and safety accidents and other negative environmental incidents (such as inappropriate runoff into local watercourses).

More frequent flooding events, extreme droughts and water scarcity also challenge us to design homes that are increasingly water-efficient and flood resistant.

There is also the potential for disruption within our supply chain (e.g. supplier manufacturing plants located in areas subject to high physical risk from climate change), which could impact both the availability and delivery of materials to our sites. A recent example is the forest fires across Scandinavia, source of some of our timber, in 2018. Increasing occurrences of forest fires can result in reduced supplies, impacting prices, or delays in receiving supplies, leading to project delays.

Time horizon

Short-term

Likelihood

More likely than not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

1,000,000

Potential financial impact figure – maximum (currency)

5,000,000

Explanation of financial impact figure

The potential cost of lost working time and production delays vary depending on the impact and circumstances.

If there was an increase in damaged material on site from extreme weather events, we estimate the impact to be in the range of a 2% to 10% increase on our direct material spend to replace the materials, which equates to approximately £1-5m per year. This is based on data from FY19.

Cost of response to risk

0

Description of response and explanation of cost calculation

Our environmental management system is designed in accordance with the principles set out in ISO 14001. Our health and safety standard sets out procedures designed to minimise risk and is based on OHSAS 18001.

Risk assessments are undertaken on every site, and include criteria for potential hazards due to inclement weather conditions. Specific risk management measures relating to extreme temperatures and storm events are incorporated within our Health, Safety and Environmental management procedures and standards.

The business has updated its house type range and is researching the use of off site manufacturing (OSM) techniques. Manufacturing in a factory environment will mean that production is less susceptible to adverse weather.

Environmental and supply chain management measures are part of the normal course of business.

Comment

Identifier

Risk 5

Where in the value chain does the risk driver occur?

Downstream

Risk type & Primary climate-related risk driver

Chronic physical
Rising mean temperatures

Primary potential financial impact

Increased indirect (operating) costs

Company-specific description

The UK Met Office state that the 2018 heatwave is likely to occur every other year by 2050. In 2019, the highest UK temperature in recorded history was achieved. Increasing temperatures raise the likelihood of overheating in homes. If homes are subject to overheating, this could cause discomfort and potentially poor air quality for our customers. The Committee on Climate Change note that increasing temperatures could lead to a three-fold increase in the number of heat-related deaths by 2050 and managing overheating risk in buildings is a crucial step while delivering improvements in energy efficiency.

The business conducts overheating assessments across all developments and implements the necessary requirements to reduce the risk. There could be challenges to project economics and market affordability if further future-proofing of new homes against risk of overheating is required.

Time horizon

Medium-term

Likelihood

More likely than not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1,750,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

If overheating causes new homes to be uncomfortable to live in or effect the air quality, this could have a financial impact on our operating profit and the costs of after-sales remediation. It is challenging to calculate an accurate financial value, but in 2019, approximately 350 homes were initially assessed as having a medium or high risk of overheating, before mitigation measures were implemented. If no mitigation measures were included, and issues only came to light post occupation, the mitigation cost is estimated to be around £5,000 per plot. This cost would include consultant fees to model the overheating, together with remedial solutions put in place. If the £5,000 is multiplied by 350, this equals £1,750,000.

Cost of response to risk

0

Description of response and explanation of cost calculation

Overheating can be designed out at the concept design stage for negligible extra cost. Overheating risk assessments are then conducted across all developments during the detailed design stage. Where homes are identified at that stage as having a medium or high risk of overheating, they will undergo dynamic overheating modelling. This second analysis is not a requirement of building regulations, but it provides us with a hierarchy of solutions to mitigate the overheating risk. To further combat overheating risk across our future portfolio of homes, our new range of house designs has been modelled for the worst case scenario of overheating, allowing us to mitigate the risk through design.

Designing out and reducing the risk of overheating in our homes is part of our normal course of business.

Comment

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Use of more efficient production and distribution processes

Primary potential financial impact

Reduced indirect (operating) costs

Company-specific description

The business spends approximately £5,000,000 per year on waste skips, energy and red diesel consumption. The true cost of waste will be much higher when the original cost of the material is factored in. There is scope to reduce waste and energy and save a significant amount of money.

Time horizon

Medium-term

Likelihood

Virtually certain

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

250,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

The combined waste and energy spend is approximately £5,000,000. If a 5% saving is achieved, this would equate to a saving of £250,000. This would be a conservative saving as it does not take into account the saving on materials purchased.

Cost to realize opportunity

250,000

Strategy to realize opportunity and explanation of cost calculation

Increasing our operational efficiency is one of our strategic priorities. We have continued to implement a Pallet Return Scheme, following circular economy principles, and continue to benchmark and report site performance and increase our use of renewable energy. Our proportion of electricity that was renewable was 32% in 2019, up from 6% in 2018.

The business is also implementing new house designs that will incorporate design features to reduce waste during production. We are also researching off site manufacturing techniques, which could also contribute towards less waste and diesel use on site.

Resource efficiency is part of business as usual. We are also working to drive innovation across the business through research and development of new technologies, building design and the use of OSM. The cost of £250,000 is a conservative estimate of consultant fees and time spent on R&D.

Comment

Identifier

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Energy source

Primary climate-related opportunity driver

Use of lower-emission sources of energy

Primary potential financial impact

Reduced indirect (operating) costs

Company-specific description

The cost of fossil fuels is likely to increase through both diminishing natural resources and Government policy to reduce the reliance on fossil fuels. Substituting the use of fossil fuels with renewable energy will reduce the business exposure to these increases.

Indeed, as the renewable energy capacity increases, and energy storage technologies improve, we could see cost savings through the use of renewable energy.

Time horizon

Medium-term

Likelihood

Virtually certain

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

500,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

The Department for Business, Energy and Industrial Strategy (BEIS) state that the cost of non-renewable energy is increasing. If we assume a 20% increase, this will increase our energy and fuel costs by around £500,000 per year. On top of this is the additional £675,000 per year due to the scrapping of the red diesel tax allowance. There is an opportunity to save this cost by moving away from fossil fuels and this does not include the further opportunity to reduce consumption of energy and fuel.

Cost to realize opportunity

0

Strategy to realize opportunity and explanation of cost calculation

The business is currently purchasing renewable electricity and biogas for both the Chertsey (HQ) and Bristol offices. Renewable energy is also being purchased on a selection of construction sites for our site compounds.

There is a negligible cost difference between the renewable and non-renewable energy tariffs.

Comment

Identifier

Opp3

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Development of new products or services through R&D and innovation

Primary potential financial impact

Other, please specify

Cost effective compliance with building regulations

Company-specific description

It is crucial that new homes built are climate resilient, comfortable to live in and have low running costs through efficient use of energy and water. As a result, UK Building Regulations, including Part L (conservation of energy and power) will be progressively updated. The Government is currently reviewing feedback following a consultation on the Future Homes Standard.

By considering potential impacts of climate change in our home designs and evaluating the building's performance, the business can increase the skills, knowledge and expertise of employees and supply chain partners; continually improve the homes' in-use performance; and be well placed to find cost effective methods to meet future regulatory requirements.

Time horizon

Medium-term

Likelihood

More likely than not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

The business could reduce the potential design, build and time costs of meeting new building regulations. It could also help to achieve planning consents by demonstrating

to local councils and communities that we are proactively considering climate change in the homes and developments we build, and efficiently meeting any planning requirements they set.

Cost to realize opportunity

0

Strategy to realize opportunity and explanation of cost calculation

We regularly communicate with stakeholders such as the Ministry of Housing, Communities and Local Government (MHCLG), Department for Business, Energy and Industrial Strategy (BEIS), Home Builders' Federation (HBF), and Homes England to understand and influence future changes in regulation. We also partner with Planning Authorities and skilled consultants to achieve consensual cost-effective outcomes. This is part of the normal course of business.

We have in place a number of effective technical procedures to assess the risks of climate change on the homes and developments we build, including flood risk assessment and dynamic overheating modelling.

We are demonstrating innovation in build construction through the launch of our new range of house designs and researching the use of off-site manufacturing (OSM) techniques. Both our new house type range and the use of OSM could potentially help us to:

- reduce waste and improve the efficient use of materials
- reduce energy consumed on site
- reduce transport movements
- reduce build disruptions and delays

Consulting with stakeholders and industry bodies is normal course of business.

Comment

Identifier

Opp4

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resilience

Primary climate-related opportunity driver

Other, please specify

Retaining and attracting talented employees

Primary potential financial impact

Reduced indirect (operating) costs

Company-specific description

Employees are increasingly looking to work for organisations that demonstrate high levels of environmental and social awareness. Therefore, by successfully managing our climate-related issues, we can enhance the business's ability to attract and retain employees.

This is particularly the case for younger generations, as research indicates a strong preference to work where they can make a positive difference to the environment and society and where the organisation aligns to their expectations for positive corporate purpose. In fact, our internal recruitment team monitors what influences graduates' choice when selecting a company to work for. In 2018, around 64% of the applicants to our graduate programme stated that they want to work for a business that is environmentally aware and prioritises sustainability.

Time horizon

Short-term

Likelihood

More likely than not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

200,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Improving our ability to retain talent can lead to a reduction in staff turnover and a reduction in recruitment costs. If our turnover reduced by 20%, our hiring costs could be cut by approximately £200,000 per year, based on data from FY19.

Cost to realize opportunity

0

Strategy to realize opportunity and explanation of cost calculation

We ensure that our homes are built to respond to the most pressing climate change impacts through effective (and sometimes leading) technical procedures, such as flood risk assessment and dynamic overheating modelling.

Through our masterplanning, we actively seek to design our developments to encourage residents to walk and cycle to local amenities. Our Garden Village principles, which we use across a number of our larger, long-term sites, encourage healthy living and engagement with nature.

We work to ensure that we are transparent about how we embed sustainability into our business practices and in the developments we build. Our corporate website (including our careers page), external communications, and reporting all reference our core policies and initiatives, and we aim to clearly communicate our good practice in these areas.

Embedding sustainability within the business and communicating our performance is part of normal business practice.

Comment

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform its strategy?

No, but we anticipate using qualitative and/or quantitative analysis in the next two years

C3.1c

(C3.1c) Why does your organization not use climate-related scenario analysis to inform its strategy?

Climate-related scenario analysis is not currently used to inform our business strategy. Instead, the likely impacts of future climate change are factored into our strategy and operational procedures. This includes the risks associated with overheating on our developments as warmer summer temperatures become more likely, as well as the risk from flooding due to more frequent occurrences of severe weather. Flood risk assessments are conducted prior to purchasing sites and the cost of flood mitigation measures are factored into the land value. We recognise the value of forward-looking scenario analysis and plan to review its use within the business within the next two years.

C3.1d

(C3.1d) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	<p>Climate-related risks and opportunities influence the development of our products and services. One such instance is the increasing risk from overheating in the homes we build. The potential impact of overheating is significant. If not alleviated appropriately, it can negatively affect comfort levels and air quality in the home, as well as customers' health.</p> <p>In response to this risk, all homes undergo an initial overheating risk assessment during the design stage. Homes that are at medium or high risk of overheating are then subject to dynamic overheating modelling. This second analysis is not required by building regulations, but it provides a hierarchy of solutions to mitigate the risk from overheating. To further combat the potential risk of overheating in our future builds, our new range of house designs has been modelled for the worst-case scenario of overheating, allowing us to mitigate this risk through design today.</p> <p>There are also a number of opportunities that arise from climate change, including driving the business to innovate and become more operationally efficient. One example of this is the development of our new standard house types. These will drive significant efficiencies for the business, which could include producing less waste per plot while maintaining and improving the quality and performance of the homes.</p> <p>Transitional climate-related risks also impact our strategy relating to the products we deliver. For example, the Future Homes Standard, which will be delivered via updated building regulations, will see a requirement for lower carbon homes. This is a clear example of a transitional risk influencing the homes we build. To respond to this risk, our Group Production team is in close consultation with our</p>

		industry trade body and supply chain to ensure we are well prepared for future requirements. Timescale: short to medium term.
Supply chain and/or value chain	Yes	<p>The business has not yet experienced direct effects from deforestation, but we understand the huge importance this has on the environment and climate change, as well as on our methods of construction and supply chain reliability. In response, we have developed a rigorous procurement process for our Commercial teams to procure sustainable timber as well as set clear expectations for our suppliers and subcontractors through our Supply Chain Code of Conduct, Sustainable Timber Procurement Policy, and contractual terms and conditions.</p> <p>While embodied carbon assessments are not mandatory, we understand that the embodied carbon involved with building homes can be high. We undertook an embodied carbon assessment to understand what impact the materials we use in offsite manufacture (both timber and steel frame), as well as the techniques used, would have on the environment versus traditional construction methods.</p> <p>We monitor the locations of our supply chain partners, reporting the % purchased from local suppliers annually. We actively encourage our commercial teams to work with local businesses, and a preference for local companies and products is stated in our Sustainable Procurement Policy. In 2019, 29% of our procurement spend with suppliers and sub-contractors was within 20 miles of site operations.</p> <p>We have not been significantly impacted by climate-related issues in our supply chain, but we expect to see a greater impact in the medium to longer term timescale.</p>
Investment in R&D	Yes	<p>Climate-related risks and opportunities influence our strategy around research and development. As an example, while researching different construction methods, we wanted to ensure any decisions did not lead to significant increases in embodied carbon. We completed a research project to compare the embodied emissions associated with the different build methods.</p> <p>We continue to research and review the performance of alternative construction methods, materials and technology in order to ensure we can meet future regulations and deliver homes and developments that mitigate and are</p>

		<p>adapted to a changing climate.</p> <p>The timescale is ongoing for our investment in R&D.</p>
Operations	Yes	<p>To reduce our operational impact, it is important to consider opportunities to reduce our carbon footprint. Over the course of 2019, renewable energy continued to be purchased for two offices to reduce the business's scope 2 market-based emissions. The business further increased the procurement of renewable energy contracts for some site compounds. The total proportion of renewable electricity in 2019 was 32%, up from 6% in 2019.</p> <p>The Government have recently announced that the red diesel tax allowance will be scrapped from 2022, which is designed to drive innovation into plant and equipment powered by alternative fuels. This will result in a significant increase in the cost of red diesel. We are working with our plant hire suppliers to optimise the use of our generators while also exploring alternative energy sources.</p> <p>Changes in the frequency and severity of weather events can also impact our ability to build homes. We have robust safety, health and environmental procedures in place to minimise the risks of hazards caused by extreme weather events.</p> <p>The timescale relating to the transitional risk is short term. The physical risks impacting operations tend towards medium term.</p>

C3.1e

(C3.1e) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	<p>Revenues</p> <p>Direct costs</p> <p>Indirect costs</p> <p>Capital expenditures</p>	<p>Indirect costs:</p> <p>Increasing operating costs are noted in our climate-related risks and opportunities assessment and the magnitude of this impact is medium. This is due to a number of factors:</p> <ul style="list-style-type: none"> - the rising cost of energy, with fossil fuel prices expected to increase by up to 55% by 2030 - Increased use of consultants for overheating modelling and requirements to put extra measures in place, to reduce overheating and

		<p>flood risk.</p> <p>Direct costs: Increasing direct costs of materials is considered in our climate-related risks and opportunities assessment. A greater frequency of severe weather could result in an increase in damage to materials and infrastructure on our sites.</p> <p>The costs are reviewed regularly by the project teams within each division of the business. We also forecast future cost increases based on emerging policy and other available data to ensure the business is prepared and implements action to mitigate the increases.</p> <p>Revenues: Physical risks from climate change, such as an increased frequency of severe weather, are expected to cause increasing disruption at building sites in the medium term timeframe. The knock-on impacts can result in build programme delays and temporary loss of revenue. It is challenging to predict such occurrences, but if one week was lost (around 2% of revenue) it equates to the significant sum of £22m at current revenue. Building homes that are energy efficient and well adapted for a changing climate could also lead to increased revenue. For example, green mortgages are likely to become increasingly available. These can allow customers to obtain better mortgage rates for energy efficient homes.</p> <p>Capital expenditures: Changing precipitation patterns are leading to an increased risk of flooding and subsequent changes to the flood risk of land. Flood risk assessments are conducted prior to purchasing sites and the cost of flood mitigation and adaptation measures are factored into land values. Flood risk mitigation and adaptation measures within the business are robust and the magnitude of the impact is currently low.</p> <p>Our financial planning occurs over a three-year period and therefore sits within the short-term timescale.</p>
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C3.1f

(C3.1f) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

No target

C4.1c

(C4.1c) Explain why you did not have an emissions target, and forecast how your emissions will change over the next five years.

	Primary reason	Five-year forecast	Please explain
Row 1	We are planning to introduce a target in the next two years	Output in 2020 will be lower due to COVID-19, but there is significant uncertainty as to how it will continue to impact the industry over a five-year time period. We are increasing our procurement of renewable electricity, which will have a positive impact on our Scope 2 market-based emissions. In 2019, the business also implemented a new flexible working policy. This, together with the impact that COVID-19 has had on increasing home working will likely reduce our emissions associated with business travel and commuting. We, therefore, expect our emissions, in the short term, to be lower than FY19. Due to the current uncertainty, we cannot accurately predict the five-year emissions forecast.	In 2018, the business began working with a specialist utilities management company. This has improved the robustness of our data and we plan to set a new baseline and target in the next year.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

No other climate-related targets

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	0
To be implemented*	1	98
Implementation commenced*	2	48
Implemented*	2	352
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Energy efficiency in production processes
Other, please specify
Upgrading IT equipment

Estimated annual CO2e savings (metric tonnes CO2e)

7.2

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

3,500

Investment required (unit currency – as specified in C0.4)

0

Payback period

<1 year

Estimated lifetime of the initiative

Ongoing

Comment

The energy consumption per laptop and desktop has fallen as old equipment has been replaced throughout the year. No extra investment required as this is part of rolling improvements in IT equipment.

Initiative category & Initiative type

Low-carbon energy consumption
Low-carbon electricity mix

Estimated annual CO2e savings (metric tonnes CO2e)

345

Scope(s)

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

0

Investment required (unit currency – as specified in C0.4)

0

Payback period

<1 year

Estimated lifetime of the initiative

Ongoing

Comment

We have increased the number of our sites that are purchasing renewable electricity. The cost difference between renewable and non-renewable tariffs is currently negligible.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	Compliance with, and where possible exceeding, current Building Regulations, which are designed to drive down carbon emissions of new homes. Crest Nicholson also meet, and where possible exceed, local planning requirements which means that many of our developments exceed Building Regulations by a considerable margin. In FY19, Crest achieved 12% lower average carbon emissions from our new homes than current regulations demand (based on SAP

	2012). Crest Nicholson also complied with the Energy Savings Opportunity Scheme (ESOS) in FY19.
Dedicated budget for energy efficiency	Projects identified as having potential for yielding cost and carbon savings are assigned specific budgets and resources.
Employee engagement	Construction-related environmental issues, including waste minimisation and efficient energy and diesel use, form part of our Supply Chain Code of Conduct. Employees receive sustainability-focused communication via the Group intranet, emails, workshops and noticeboards. Trainee site managers are given bespoke training by the organisation's sustainability team in reducing waste, energy and diesel use on our construction sites.
Financial optimization calculations	Our waste, fuel, and energy costs are monitored on a regular basis, both at a group-level and by divisional teams. This provides a useful baseline when considering resource reduction projects. Each project or initiative to reduce waste, energy, or water is reviewed on a case-by-case basis and will include a cost-benefit analysis. Among the issues reviewed are: payback period, the maturity of technology, and ease of implementation across the business.
Internal incentives/recognition programs	Employees who receive a car benefit are incentivised to reduce their vehicle emissions through a financial bonus for driving a low-emission vehicle. Employees are also encouraged to include cycling in their regular commute through the Cycle-to-Work Scheme.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Group of products

Description of product/Group of products

All of our homes are designed and built to enable sustainable lifestyle choices and a lower environmental footprint for our customers. This includes design features to minimise energy and water use, maximise daylight and shading, as well as other elements within the homes and across the development that make what we produce a low-carbon product. Some of our homes also utilise low-carbon technologies, such as solar photo-voltaic.

Are these low-carbon product(s) or do they enable avoided emissions?

Low-carbon product

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify

Energy performance ratings of the buildings as assessed by the Government's Standard Assessment Procedure (SAP)

% revenue from low carbon product(s) in the reporting year

100

Comment

At a minimum, we meet the Building Regulations that require a minimum energy performance standard for new buildings, in the form of Target CO₂ Emission Rate (TER) and Target Fabric Energy Efficiency rate (TFEE). However, when compared to other buildings, our new homes are designed to produce lower carbon emissions. The average SAP rating (based on SAP 2012) of our dwellings built in 2019 was 82.75, compared to an average SAP of a home in England of 62 (as reported in the MHCLG English Housing Survey 2017-2018), and an average of 81 for new-build homes in England (as reported in the 2015 DECC Energy Efficiency Statistical Summary report, page 19). The result of these high design standards is a 7,387 tCO₂e saving per year by Crest Nicholson customers, when compared to average UK homes (for regulated consumption only).

34% of our completed homes in 2019 benefit from at least one renewable energy source, minimising the use of fossil fuels and reducing the homes carbon footprint. Our communities are well connected with 91% of our completed homes in 2019 within 1,500m of a bus service. Furthermore, 58% of our completed homes have access to safe cycle storage and 35% of our developments have cycle lanes. Placing less reliance on cars will help homeowners to reduce their carbon footprint.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

November 1, 2018

Base year end

October 31, 2019

Base year emissions (metric tons CO₂e)

6,721

Comment

Scope 2 (location-based)

Base year start

November 1, 2018

Base year end

October 31, 2019

Base year emissions (metric tons CO2e)

1,737

Comment

Scope 2 (market-based)

Base year start

November 1, 2018

Base year end

October 31, 2019

Base year emissions (metric tons CO2e)

1,171

Comment

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

Defra Voluntary 2017 Reporting Guidelines

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO₂e)

6,721

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

Scope 2 emissions reported as both market-based and location-based in our Annual Integrated Report 2019.

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO₂e?

Reporting year

Scope 2, location-based

1,737

Scope 2, market-based (if applicable)

1,171

Comment

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

43.8

Emissions calculation methodology

GHG Protocol / Defra voluntary reporting guidance. Metered activity data from offices and sites. Emissions calculated using Defra 2019 conversion factors. GWPs from IPCC Fourth Assessment Report (AR4 – 100 year). Total water consumed (127,354 m³) multiplied by the Defra 2019 conversion factor 0.344 = 127,354 x 0.344 = 43.8tCO₂e.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Water usage for offices and sites included. Other goods and services purchased from our suppliers and sub-contractors are relevant to our GHG footprint but not yet calculated.

Capital goods

Evaluation status

Relevant, not yet calculated

Please explain

Fuel consumption associated with site cabins, plant and machinery on site is included within the Scope 1 and 2 emissions. There is currently insufficient readily available data being produced by our supply chain in order to accurately report on emissions associated with materials used in production.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

1,529.2

Emissions calculation methodology

GHG Protocol / Defra voluntary reporting guidance. Metered electricity and gas data from offices and sites. LPG supplier data and site purchase records for diesel. Emissions calculated using Defra 2019 conversion factors. GWPs from IPCC Fourth Assessment Report (AR4 – 100 year). This includes the Transmission and Distribution and Well to Tank (WTT) emissions associated with electricity and gas consumption for offices and sites and the LPG and diesel consumption on site.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Transmission and Distribution and Well to Tank (WTT) emissions for electricity and gas consumption for offices and sites and LPG and diesel consumption on site.

Upstream transportation and distribution

Evaluation status

Relevant, not yet calculated

Please explain

Currently insufficient data but will be considered in future years.

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

3

Emissions calculation methodology

GHG Protocol / Defra voluntary reporting guidance. Activity data from waste contractor for offices and sites. Emissions calculated using Defra 2019 conversion factors. GWPs from IPCC Fourth Assessment Report (AR4 – 100 year). Includes construction waste sent to landfill (1044 tonnes), office waste sent to landfill (6 tonnes), recycled office waste (33 tonnes), office food waste (3 tonnes) and waste to energy (14 tonnes) multiplied by the relevant Defra 2019 conversion factor = (1044, 6, 33, 3, 14 multiplied by 1.26, 99.76, 21.35, 21.35 and 21.35 respectively)/1000 = 3.0tCO₂e.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Recycled, landfilled and incinerated office waste, office food waste and landfilled construction waste.

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

1,133.2

Emissions calculation methodology

GHG Protocol / Defra voluntary reporting guidance. Based on employee expenses and fuel card records. Emissions calculated using Defra 2018 conversion factors. GWPs from IPCC Fourth Assessment Report (AR4 – 100 year). Includes the Scope 3 Well to Tank (WTT) emissions for business travel, company owned vehicles and employee owned vehicles, multiplied by the relevant Defra 2019 conversion factors.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

This figure includes Scope 3 and Scope 3 Well to Tank (WTT) emissions for business travel, company-owned vehicles and employee-owned vehicles.

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

955.5

Emissions calculation methodology

GHG Protocol / Defra voluntary reporting guidance. Employee survey was carried out to ascertain distances travelled and type of transport used. Emissions calculated using Defra 2019 conversion factors. GWPs from IPCC Fourth Assessment Report (AR4 – 100 year). Includes Well to Tank (WTT) emissions associated with employee commuting, multiplied by the relevant Defra 2019 conversion factor.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

This figure includes Well to Tank (WTT) emissions. Commuting data from the annual survey was extrapolated based on the response rate to give 100%.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

Upstream emissions from leased assets are included in our reported Scope 1 and Scope 2 emissions.

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Please explain

Downstream transportation and distribution is not relevant to our operations.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Please explain

The processing of sold products is not relevant to our operations.

Use of sold products

Evaluation status

Relevant, not yet calculated

Please explain

Currently insufficient primary data but will be considered in future years.

End of life treatment of sold products

Evaluation status

Relevant, not yet calculated

Please explain

Currently insufficient primary data but will be considered in future years.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

Not relevant for our operations.

Franchises

Evaluation status

Not relevant, explanation provided

Please explain

Our operations do not include any franchises.

Investments

Evaluation status

Not relevant, explanation provided

Please explain

Not relevant to the business.

Other (upstream)

Evaluation status

Not relevant, explanation provided

Please explain

Not applicable

Other (downstream)

Evaluation status

Not relevant, explanation provided

Please explain

Not applicable

C-CN6.6/C-RE6.6

(C-CN6.6/C-RE6.6) Does your organization assess the life cycle emissions of new construction or major renovation projects?

	Assessment of life cycle emissions	Comment
Row 1	No, and we do not plan to for upcoming projects	

C6.7

(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

7.79

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

8,458

Metric denominator

Other, please specify

Unit total revenue (£m)

Metric denominator: Unit total

1,086.4

Scope 2 figure used

Location-based

% change from previous year

10

Direction of change

Decreased

Reason for change

Our carbon emissions intensity decreased by 10%. While revenue reduced by £35m year on year, our emissions fell significantly due to reductions in electricity and gas on our sites.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	6,657.2	IPCC Fourth Assessment Report (AR4 - 100 year)
CH4	6.6	IPCC Fourth Assessment Report (AR4 - 100 year)
N2O	56.9	IPCC Fourth Assessment Report (AR4 - 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
United Kingdom of Great Britain and Northern Ireland	6,721

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By activity

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Offices	143.4
Construction sites	5,475.2
Business travel	1,102.1

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
United Kingdom of Great Britain and Northern Ireland	1,737	1,171	6,834.42	2,139.76

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By activity

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Offices	167.8	45.4
Construction sites	1,569.4	1,125.5

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption				Renewable energy consumption has increased in 2019, but this does not impact our location-based Scope 2 emissions.
Other emissions reduction activities	7	Decreased	0.1	Emissions value calculated as follows: Emissions reduction activity/2018 Scope 1 & 2 location based emissions = $7/9654 = 0.1\%$
Divestment				
Acquisitions				
Mergers				
Change in output				
Change in methodology	184	Decreased	1.9	This figure of 184 tonnes CO2e represents the carbon reduction associated with the reduction in UK grid emissions factors from 2018 to 2019. We have taken the amount of electricity consumed in this reporting year and compared the resulting carbon emissions using the 2018 grid factor and the 2019 grid factor.
Change in boundary	1,545	Decreased	16	The area (sq ft) built in 2019 was approximately 16% less than that built in 2018. If no emission reduction activities had taken place and assuming a direct correlation with emissions, our Scope 1 and 2

				emissions would have decreased by 1,545 tonnes CO2e.
Change in physical operating conditions				
Unidentified				
Other				

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	No

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	288.4	28,677.43	28,965.87
Consumption of purchased or acquired electricity		2,139.76	4,573.28	6,713.04
Total energy consumption		2,428.2	33,250.71	35,678.9

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)

Natural Gas

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

8,603.63

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

8,603.63

Emission factor

0.18385

Unit

kg CO2e per kWh

Emissions factor source

UK government greenhouse gas reporting: conversion factors 2019.
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/904213/conversion-factors-2019-full-set-v01-02.xls

Comment

Fuels (excluding feedstocks)

Diesel

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

19,259.69

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

Emission factor

2.59411

Unit

kg CO2e per liter

Emissions factor source

UK government greenhouse gas reporting: conversion factors 2019.
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/904213/conversion-factors-2019-full-set-v01-02.xls

Comment

Fuels (excluding feedstocks)

Motor Gasoline

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

815.54

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

Emission factor

2.20904

Unit

kg CO2e per liter

Emissions factor source

UK government greenhouse gas reporting: conversion factors 2019.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/904213/conversion-factors-2019-full-set-v01-02.xls

Comment

Fuels (excluding feedstocks)

Liquefied Petroleum Gas (LPG)

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

287.01

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

Emission factor

0.21447

Unit

kg CO2e per kWh

Emissions factor source

UK government greenhouse gas reporting: conversion factors 2019.
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/904213/conversion-factors-2019-full-set-v01-02.xls

Comment

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero emission factor in the market-based Scope 2 figure reported in C6.3.

Sourcing method

Unbundled energy attribute certificates, Guarantees of Origin

Low-carbon technology type

Low-carbon energy mix

Country/region of consumption of low-carbon electricity, heat, steam or cooling

Europe

MWh consumed accounted for at a zero emission factor

2,139.76

Comment

The electricity supplied to our Chertsey and Bristol offices is 100% renewable, backed up with Renewable Energy Guarantees of Origin (REGOs). The site renewable energy contracts are also purchased from suppliers with Renewable Energy Guarantees of Origin (REGOs).

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6

(C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6) Does your organization invest in research and development (R&D) of low-carbon products or services related to your sector activities?

	Investment in low-carbon R&D	Comment
Row 1	Yes	

C-CN9.6a/C-RE9.6a

(C-CN9.6a/C-RE9.6a) Provide details of your organization's investments in low-carbon R&D for real estate and construction activities over the last three years.

Technology area

Construction methods

Stage of development in the reporting year

Applied research and development

Average % of total R&D investment over the last 3 years

≤20%

R&D investment figure in the reporting year (optional)

Comment

The Group Production team, including the Head of Technical, review alternative construction methods with the aim of improving productivity, quality, and sustainability. Within the reporting year, the business has been part of a consortium researching the use of a new insulation material to be used in offsite manufacturing. A pilot construction utilising this material and construction method is due to be erected in 2020.

C-CN9.10/C-RE9.10

(C-CN9.10/C-RE9.10) Did your organization complete new construction or major renovations projects designed as net zero carbon in the last three years?

Yes

C-CN9.10a/C-RE9.10a

(C-CN9.10a/C-RE9.10a) Provide details of new construction or major renovations projects completed in the last 3 years that were designed as net zero carbon.

Property sector

Residential

Definition(s) of net zero carbon applied

National/local government standard, please specify

Planning Policy Statement 1: Eco Towns defines net zero as "over a year the net carbon dioxide emissions from all energy sources within the buildings on the development as a whole are zero or below".

% of net zero carbon buildings in the total number of buildings completed in the last 3 years

0.3

Have any of the buildings been certified as net zero carbon?

No

% of buildings certified as net zero carbon in the total number of buildings completed in the last 3 years

Certification scheme(s)

Comment

The site has achieved the highest rating using the CEEQUAL sustainability assessment tool.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

 Verco GHG verification statement_signed 070120.pdf

Page/ section reference

Pages 1 and 2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

 Verco GHG verification statement_signed 070120.pdf

Page/ section reference

Pages 1 and 2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 2 approach

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

 Verco GHG verification statement_signed 070120.pdf

Page/ section reference

Pages 1 and 2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

 Verco GHG verification statement_signed 070120.pdf

Page/section reference

Pages 1 and 2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Waste generated in operations

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

 Verco GHG verification statement_signed 070120.pdf

Page/section reference

Pages 1 and 2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Business travel

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

 Verco GHG verification statement_signed 070120.pdf

Page/section reference

Pages 1 and 2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Employee commuting

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

 Verco GHG verification statement_signed 070120.pdf

Page/section reference

Pages 1 and 2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

No, we are waiting for more mature verification standards and/or processes

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, and we do not anticipate being regulated in the next three years

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

No, and we do not currently anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, our customers

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Compliance & onboarding

Details of engagement

Code of conduct featuring climate change KPIs

% of suppliers by number

100

% total procurement spend (direct and indirect)

100

% of supplier-related Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement

Our suppliers and subcontractors must adhere to our Supply Chain Code of Conduct. This is included in our contractual terms and conditions. The Code of Conduct makes specific reference to environmental matters, such as climate change and the use of energy, fuel and water on our sites. It also reiterates the need for our supply chain to adhere to our Climate Change Policy.

Impact of engagement, including measures of success

The Supply Chain Code of Conduct was issued to all suppliers and it is now included within the contractual terms and conditions. This means that all suppliers now signing a contract to work with the business are confirming they will adhere to the items set out in the Code of Conduct. It is also available on our corporate website.

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement

Education/information sharing

Details of engagement

Share information about your products and relevant certification schemes (i.e. Energy STAR)

% of customers by number

100

% of customer - related Scope 3 emissions as reported in C6.5

Please explain the rationale for selecting this group of customers and scope of engagement

The majority of the lifecycle emissions of a home arise from the in-use stage. It is therefore important to engage with our customers to ensure they understand the functionality of their home and how they can minimise their emissions, water and energy use.

Multiple methods are used to engage with our customers. Information on reducing energy and water use (lowering carbon emissions) is available in our Home Owner's Guides that are provided to each customer. Our employees on site provide home demonstrations to our customers. During these demonstrations we inform customers of how to maximise the performance of various pieces of technology within the home. For

example, we show customers how to optimise use of the boiler, while at home and while they are away. We worked with our ventilation manufacturers to design easy-to-read one page documents that explain to customers, in plain English, how to best use the system to optimise comfort and efficiency. These are also now included in our Home Owner’s Guide. Any further queries our customers have can be discussed with our customer service teams.

Impact of engagement, including measures of success

A measure of success is our customer satisfaction scores and comments on our home demonstrations and quality of the home.

Customers are asked to complete a satisfaction survey, via a third party, approximately eight weeks after moving into their new home. In our most recent satisfaction survey results in August 2020, over 86% of our customers were positive about their home demonstration experience.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

- Direct engagement with policy makers
- Trade associations

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Energy efficiency	Support	Energy efficiency of new build homes (Part L Building Regulations, England). One of our Directors sits on the HBF Future New Homes Standard subgroup and we have representation on the HBF National Technical and Sustainability Committee, which has representation from MHCLG.	Development of practical, cost-effective, customer friendly solutions ensuring that new regulations can be delivered effectively on site whilst having a positive impact on the operational emissions of homes.
Adaptation or resilience	Support	Regular communication and engagement with stakeholders such as the Home Builders' Federation (HBF) and relevant government departments, including MHCLG.	Development of practical, cost effective performance standards that ensure homes are resilient to a changing climate.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

Home Builders Federation (HBF)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The HBF keeps abreast of evolving standards and regulations. They engage with the housing industry and the UK Government to ensure that policy requirements with regards to climate change are effective, fair and proportionate.

How have you influenced, or are you attempting to influence their position?

Crest Nicholson interacts with the HBF in a variety of ways. A Crest Nicholson Director sits on the HBF Future New Homes Standard subgroup and we have representation on the HBF National Technical and Sustainability Committee: assisting in providing expert feedback to Government on the technical aspects and tools required to deliver comfortable low-carbon homes. The Sustainability Manager sits on the HBF Waste Group, which shares best practice on operational waste, energy and fuel efficiency.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

The Sustainability Committee (which reports to the Board) determines and develops the company's sustainability strategy and response to climate change. The Committee ensures that sustainability is integrated within the business and is responsible for overseeing the delivery of strategic aims and initiatives. The Chief Executive Officer chairs the Sustainability Committee and has ultimate responsibility for sustainability, including climate-related issues.

The Sustainability Committee contains Directors and Executive Leadership Team members that sit on industry-wide groups and liaise with the Government on policy, ensuring that our influence and work at the government and industry level are consistent with our commitments to sustainability and climate change. An example of this is our Head of Technical who sits on the National Technical and Sustainability Committee. This is part of the Home Builders Federation (HBF), the representative body of the housebuilding industry, and it reviews and engages with the Government on policy and regulations that impact the industry, including climate change.

The Group Production Director manages the disciplines that support the delivery of our Sustainability objectives and strategy. These disciplines, including the Sustainability team, assist the Sustainability Committee in monitoring performance against our objectives and targets and ensure we report publicly on progress. The Group Production Director also sponsors key Functional Forums that are responsible for ensuring delivery of our objectives, achieving targets, and embedding procedures within the business, and across the geographies in which we operate, through our operating divisions.

The Crest Nicholson development process is required to incorporate the Group's policies and aspirations in respect of sustainability, including Climate Change, Sustainable Procurement, and other environmental matters. These matters are part of the scheduled review and sign-off processes.

To help ensure that our onsite activities are consistent with our climate change strategy, various training courses are delivered during the course of the year. Examples include the sustainability workshop for our Site Managers on the Site Management Academy and our subcontractor inductions.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In mainstream reports

Status

Complete

Attach the document

 Crest Nicholson AIR 2019 interactive.pdf

Page/Section reference

38-43 Environmental performance

50-55 Risk assessment

104 GHG statement

Content elements

Governance

Strategy

Risks & opportunities

Emissions figures

Other metrics

Comment

C15. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Group Production Director	Other C-Suite Officer

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

Please confirm below

I have read and accept the applicable Terms