

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. We operate through five regional housebuilding divisions. In addition, a centralised specialist Partnerships & Strategic Land division (CNPSL) focuses on partnerships, a multi-channel approach and strategic land. Our operational focus remains concentrated in the southern half of England 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.

The Group's purpose is to improve the quality of life for individuals and communities by building attractive homes in desirable surroundings. To deliver on this, we have five strategic priorities (placemaking and quality, land portfolio, operational efficiency, five-star customer service and multi-channel approach). These priorities are underpinned by four foundations (safety, health and environment, sustainability and social value, people, and financial targets).

We recognise the responsibilities we have as a Group to maintain the natural, human and social capital we engage with while creating value for business and society. This is why sustainability is an integral part of our business strategy and culture. We are committed to reducing carbon emissions and waste and we are working proactively both internally and externally with our stakeholders to deliver on this. We aim to reduce the impact our homes and developments have on the environment and create developments that are well adapted and future proofed for a changing climate. We are also committed to creating social value, delivering a positive impact through our relationships with customers, the communities in which we operate, suppliers and our people.

We continue to innovate, whether carrying out 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 stakeholders.

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	Select the number of past reporting years you will be providing emissions data for
Reporting year	November 1 2019	October 31 2020	No	<Not Applicable>

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 chairs the Sustainability Committee, which aims to ensure that sustainability is integrated within the business. The Committee also has oversight of major issues and policies relating to sustainability and is responsible for overseeing the development and delivery of the strategic aims and initiatives to improve our ESG performance, including our response to climate change. With the CEO having responsibility for sustainability, this ensures there is accountability for climate change at the highest level of the corporation. As an example of a climate-related decision made in 2020, the CEO approved the Group's carbon emission, waste and renewable energy targets.

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	Scope of board-level oversight	Please explain
Scheduled – some meetings	<ul style="list-style-type: none"> Reviewing and guiding strategy Reviewing and guiding risk management policies Reviewing and guiding annual budgets Reviewing and guiding business plans Setting performance objectives Monitoring implementation and performance of objectives Overseeing major capital expenditures, acquisitions and divestitures Monitoring and overseeing progress against goals and targets for addressing climate-related issues 	<Not Applicable>	The Group Production Director provides an update on our sustainability strategy and performance at each main Board meeting. Discussion at the meeting includes initiatives to mitigate our climate impact, progress against our targets, future climate strategy and how the business is responding to emerging regulations. The Group Production Director also provides a report and verbal update to the Executive Committee on a monthly basis. The report provides an update on key initiatives to mitigate our climate impact, as well as other sustainability issues. It also provides updates on performance against our targets. The Executive Committee has three Board members in attendance, including the CEO. We also have 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. The Climate Change, Sustainability, Sustainable Procurement and Sustainable Timber policies are all reviewed and signed off by the CEO.
Scheduled – all meetings	Overseeing major capital expenditures, acquisitions and divestitures	<Not Applicable>	All potential development projects must be reviewed and signed off by the Executive Leadership Team, including 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.

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)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	More frequently than quarterly
Sustainability committee	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly
Other, please specify (Group Production Director)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	More frequently than quarterly
Other committee, please specify (Executive Committee)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	More frequently than 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).

Chief Executive Officer (CEO)

The 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 is responsible for the Group Sustainability policies, targets and initiatives to achieve the set targets. This ensures that accountability for climate-related issues is at the highest level of the corporation. The CEO chairs the Sustainability Committee, which meets on a quarterly basis.

Sustainability Committee

The Sustainability Committee is delegated authority from the Executive Committee to ensure sustainability matters are integrated within the business. The Committee has oversight of issues relating to sustainability throughout the Group and is responsible for overseeing the development and delivery of strategic aims and initiatives to improve performance. The CEO has ultimate responsibility for sustainability, including climate change, and chairs the Committee.

Key responsibilities of the Sustainability Committee include:

- Developing and monitoring the Group's approach to sustainability, including the impact on the environment and climate change
- Reviewing policies relating to sustainability
- Reviewing suitability of and making recommendations to the Executive Leadership Team or Board in relation to sustainability metrics, KPIs and targets
- Reviewing the ongoing performance of agreed metrics, KPIs and targets
- Assessing ESG risks and opportunities
- Keeping abreast of current and emerging legislation, ensuring business compliance

Executive Committee

Regular updates on sustainability, including climate change, are provided to the Executive Committee and Board. Any major strategic and expenditure issues will be taken to the Executive Committee and Board for approval. The Executive Committee monitors progress against climate-related KPIs and initiatives to reduce carbon emissions.

Group Production Director (GPD)

The GPD sits on the Sustainability Committee and 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 provide a monthly update report to the Executive Committee, which includes sustainability and climate-related issues. 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 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.

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 provide feedback on 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. The Group also feeds into cross-sector initiatives such as the Future Homes Taskforce.

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	Our company car scheme incentivises 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.
Corporate executive team	Monetary reward	Emissions reduction target	A % of the annual bonus depends on achieving a reduction (of at least 5%) in scope 1 and 2 emissions intensity compared to the 2019 equivalent.

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 consider 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, including management of climate-related issues. 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 change. 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 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. The assessment is used to inform our corporate business strategy, which is published in our 2020 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, energy consumed in the in-use stage of the home life-cycle and regulatory changes driving decarbonisation of the sector. 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 current example is the Future Homes Standard, which will impact future building regulations in order to deliver 'zero carbon ready' homes with no fossil fuel heating. A series of workstreams are now in place to mitigate the risks associated with this emerging regulation. This transitional regulatory risk was highlighted in the ESG risk assessment. The ESG risk 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 and build cost management risks.

C2.2a

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

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	As a housebuilder in the UK, our industry is highly regulated, both from a business operations perspective as well as the homes and developments we create. It is crucial that 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 and we ensure compliance with the Streamlined Energy and Carbon Reporting regulations. During the development of our new house types, we worked closely with our energy assessors to ensure the designs comply with current energy and carbon requirements. 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 consultants, and attending relevant events.
Emerging regulation	Relevant, always included	Emerging regulation has the potential to significantly impact our operations, build costs, and supply chain requirements. Building Regulations continuously evolve to reduce carbon emissions from new homes and given the potential impact of emerging regulation, it is included in the climate-related risk assessment and our Group Risk Register as one of our principal risks. 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 with industry bodies, the supply chain and government departments. This includes our Group Production Director engaging with the Future Homes Taskforce and 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 participate in consultation processes and respond to the resulting outcomes of the regulation in a proactive manner. Reporting requirements at a company level also evolve and these are included in the climate-related risk assessment. Examples include the recent Streamlined Energy Carbon Reporting requirements (SECR) and the requirement to report against the Taskforce on Climate-related Financial Disclosure (TCFD) recommendations for reporting years beginning 1 January 2021. The Group Sustainability team reviewed the SECR requirements to ensure business compliance and are working towards alignment with the TCFD recommendations. Government papers and strategies, such as the Clean Growth Plan, 25-year Environment Plan, and the Resources and Waste Strategy together with updates from the Climate Change Committee are also reviewed, monitored, and used to help predict potential future regulation and inform our strategy. An example of an emerging policy that has come from this is the development of the Future Homes Standard, which includes the Government's ambition for all new homes to be heated by alternatives to fossil fuel-powered boilers. A project team, headed up by the Group Production Director, continues to monitor the development of this policy and is researching the most effective and consumer-friendly routes for compliance.
Technology	Relevant, always included	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. The Future Homes Standard will mean new, unfamiliar technologies will be used as a replacement for fossil fuel heating systems. While there are opportunities to reduce 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. 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. With the use of electric heating and a likely increase in requirements for electric vehicle charging, infrastructure on our developments will need to accommodate for this increased use of electricity. The Group Production Team are actively engaging with our supply chain, consultants, Government and the wider industry to research a range of technologies and are also researching offsite manufactured (OSM) construction methods. A previous study has taken place to compare the embodied carbon of traditional versus timber and steel frame systems.
Legal	Relevant, always included	Our corporation is required to meet a range of environmental reporting legislation, including Streamlined Energy and Carbon Reporting (SECR) and will be required to report on progress against the TCFD recommendations. Reporting requirements are included in our climate-related risk assessment and the Audit and Risk Committee is updated on the risks and associated management control measures. As an example, TCFD requirements and our current progress against them were presented to the Audit and Risk Committee in 2020. 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. An example of compliance with climate-related legal requirements in the last year was compliance with the Streamlined Energy and Carbon Reporting (SECR) regulations. We have also undertaken a gap analysis on our progress against the TCFD recommendations.
Market	Relevant, always included	The climate-related risk and opportunity assessment considers shifting consumer demand, including preferences for sustainable products that can both mitigate and adapt to climate change. Recent research is highlighting a growing shift in consumer preferences. One such report from JP Morgan notes that "ESG considerations will increasingly drive consumer purchasing decisions" and points to increasing internet searches for statements such as "sustainable products", "eco-friendly" and "environmentally friendly". Growing societal awareness of climate change and initiatives such as the Barclays Green Home Mortgage and NatWest Green Mortgage could increase demand further for lower carbon, sustainable homes. 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 and monitor consumer opinion on issues such as the energy efficiency of homes and will allow us to monitor feedback on potential changes to the technology used in new homes.
Reputation	Relevant, always included	Societal awareness of climate-related issues, such as air quality, flooding, warmer temperatures and water shortages is increasing, and society is looking to corporations 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 developments through the planning process with local authorities, together with our ability to work with partners through our multi-channel approach. It also has an impact on our ability to attract and retain employees as people are increasingly looking to work for ethical businesses that respond proactively to environmental and societal issues. 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. While it is unlikely to be at the top of the checklist for most home purchasers, if we are not putting in place effective adaptation methods, it could have a future negative impact on our reputation and reduce customer satisfaction. Furthermore, if new technology doesn't perform as intended, is not installed correctly, or how to use it is not communicated adequately to customers, this has the potential to impact customer satisfaction and therefore our reputation. Investors and lenders are also paying increasing attention to how businesses are managing ESG risks and scrutinising public disclosures relating to climate change. This has been observed through recent communication with investors, together with the fact that increasing numbers of investors and lenders are signing up to the Race to Zero. For these reasons, the reputational impact of climate-related risks and opportunities is considered and included in the climate-related risk assessment.
Acute physical	Relevant, always included	A key acute physical risk for the business is the increasing frequency of severe weather events and their associated impact on the construction of homes, as well as the sale of homes. This risk is considered in the climate-related risk assessment. The recent Independent Assessment of UK Climate Risk (CCRA3) highlights an observed increase in very wet days, which increases flood risk and impacts our ability to build, slowing sites down and can lead to damage of existing work and materials on site. To combat the risk from more severe events, we have robust risk assessment plans in place for each site and our new house types incorporate offsite manufactured components that reduce the requirement for materials to be stored on site. Heavy rainfall events can also lead to flash flooding events, having a knock-on impact on the build 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 drainage systems, are in place to minimise the risk from both pluvial and fluvial flood events. In 2020, 78% of our developments incorporated sustainable drainage systems. Severe weather can also increase health and safety risks on-site and can have an impact on our supply chain, leading to constraints in material availability and increased lead times and costs.
Chronic physical	Relevant, always included	Chronic physical climate-related risks are included in the climate-related risk assessment. For example, estimated human-induced global warming has reached 1.2 degrees Celsius above pre-industrial levels and the last six years have been the six warmest on record globally (CCRA3). We are observing increased occurrences of high temperatures in the UK and continued increases in temperature will lead to a higher risk of overheating in homes, which impacts comfort levels and air quality for the homeowner. Our Group Production Team considers the risk from overheating and potential changes in policy to ensure we can respond appropriately and implement measures to reduce overheating risk for our customers. Precipitation patterns are also changing. The 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. The Independent Assessment of UK Climate Risk (CCRA3) also expects an increase in the number of wet winter days as well as an increase in the intensity of rainfall in both summer and winter. Our development teams monitor updates to flood risk maps and monitoring protocols as a consequence of changing precipitation patterns, which impact where we build and the required flood mitigation measures. With changing precipitation patterns, together with a high demand for water, there could be an increased likelihood of drought events with the likelihood of hotter and drier summers. We design our homes to consume less water than building regulations demand in order to mitigate our impact on water scarcity.

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 direct costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

There is a clear understanding that the built environment can play a significant role in helping to minimise the impacts of climate change. The UK Government has committed to achieving world-leading levels of energy efficiency and halving energy use in new buildings by 2030. With these ambitions, together with the government's legislated target to achieve net-zero carbon emissions by 2050, UK Building Regulations are progressively enhanced to reduce emissions from new homes. A good example is the Future Homes Standard, which will be implemented through the UK Building Regulations, Part L (conservation of energy and power). There will be an initial update to Building Regulations that require new homes to deliver a 31% reduction in carbon emissions (against current regulations). This is followed in 2025 by the Future Homes Standard, delivering at least a 75% reduction in emissions and fossil fuel heating will no longer be used. This will impact the technology used in the home as well as the specification of building fabric. This is likely to increase build costs. We engage closely with Government and responded to the consultation in 2020. We also engage with an industry task force and our supply chain to prepare for future requirements. 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 a new home and/or their occupancy experience, as well as our reputation. There is also an increasing number of Councils across the UK declaring a climate emergency (currently 74% of Councils) and setting targets to achieve net-zero. There is a risk that some local authorities may request more ambitious carbon reductions than Building Regulations, which would make it challenging to plan for and likely increase costs. 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)

2250000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Until the Government has confirmed the final detail on the Future Homes Standard, it is uncertain as to what extra costs would be associated with complying with new regulations. However, we have analysed the expected cost increase associated with both the interim update to Building Regulations in 2023 and the cost of delivering the Future Homes Standard from 2025. We have factored the increased cost per plot into our land value calculations, which is expected to offset the impact. However, some of our land portfolio purchased prior to the announcement of regulatory updates may result in a financial impact. Multiplying the increased cost of building a home under new regulations by the number of plots acquired prior to the new regulations, the cost increase is approximately £2,250,000. In all cases, these long-term land parcels will be replanned and optimised in order to reduce the potential impact and it is possible that they will be built prior to the new regulations coming into force (dependent on market conditions and sales rate). There could 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 is not included in this figure. Unpopular technologies could also make homes more challenging to sell.

Cost of response to risk

400000

Description of response and explanation of cost calculation

Potential regulatory changes and consultations are reviewed closely by the Group Production team and updates are provided regularly to the Executive Leadership Team. Detailed analysis of the potential cost increase has been carried out and these costs are factored into land valuations. 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. We 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. The new house types were modelled for overheating during the design stage. 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 £400,000 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

Technology	Transitioning to lower emissions technology
------------	---

Primary potential financial impact

Other, please specify (Cost to adopt/deploy new technology and performance risk)

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

New technology carries risks of gaps between how it is designed to perform and its actual performance, which could lead to issues during construction and the use of the homes we build. If new technology does not perform as it is designed to, or customers are unfamiliar with how to use it, the benefits of the technology may not be realised. This could result in customer dissatisfaction, increased after-sales and maintenance costs or reduced demand for products. It is also important that new products are certified and come with warranties and appropriate insurance. There is also a risk of lack of capacity for the technology as well as a need to upskill and retrain the labour force in the installation and use of new technologies. This may increase costs within the supply chain and also risks delays to production.

Time horizon

Medium-term

Likelihood

About as likely as not

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

250000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The business has currently factored in an extra cost of £1,000 per home which takes into account additional subcontractor resource and potential maintenance costs (this excludes the cost of the technology itself). We have factored the increased cost per plot into our land value calculations, which is expected to offset the impact. However, some of our land portfolio purchased prior to the announcement of the regulatory update may result in a financial impact. Multiplying the potential increased cost by the number of plots acquired prior to the new regulations, the cost increase is approximately £250,000.

Cost of response to risk

400000

Description of response and explanation of cost calculation

Potential regulatory changes and consultations are reviewed closely by the Group Production team and updates are provided regularly to the Executive Leadership Team. The business keeps track of new technologies and continues to engage closely with suppliers. A cost analysis has been completed and expected additional cost is now factored into land valuations. Pilot trials and communication with customers are key work strands planned for the business in order to implement new regulations and associated new technology effectively and provide a good customer experience. We are working to drive innovation across the business through the research and development of new technologies, building design and the use of OSM. The cost of £400,000 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

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

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. It is almost certain that the red diesel tax allowance will be scrapped from spring 2022. This is a good example of a pricing mechanism to drive innovation and move towards lower-carbon energy. Materials within the supply chain may also be subject to an increase in cost if they are impacted by carbon taxes, increases in global energy costs or are investing heavily in decarbonising their business.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

390000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The scrapping of the red diesel tax allowance is likely to increase the cost of red diesel by 46.81 pence per litre. If our consumption of red diesel remains as it was in 2020, the increased cost for our directly purchased red diesel would equate to around £390,000 per year.

Cost of response to risk

70000

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. 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 engaging with our supply chain to research new low/zero carbon technology, such as electric telehandlers and hybrid and hydrogen generators. The cost of £70,000 is an estimate based on the additional rental cost associated with replacing five traditional generators with hybrid alternatives. While this technology continues to develop, we are taking immediate carbon reduction action by piloting the use of biodiesel, which currently comes at a slight uplift in cost. Energy, fuel and water dashboards are issued to our site teams. The dashboards highlight anomalously high consumption and their associated cost. We run divisional initiatives (training, site visits) that help improve resource efficiency and awareness of the importance of improving resource use. Our new house type range will drive building efficiencies and this together with using OSM components 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 the site as more materials are constructed 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 a 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

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

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%. The recent Independent Assessment of UK Climate Risk (CCRA3) also highlights an observed increase in very wet days, which increases flood risk and impacts our ability to build, slowing sites down and can lead to damage of existing work and materials on site. 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, delivery and cost of materials to our sites. Recent examples include the major winter storm in Texas closing many chemical plants and disrupting supply of plastics and the increasing occurrences of forest fires that can result in reduced supplies, impacting prices, or delays in receiving supplies, leading to project delays.

Time horizon

Long-term

Likelihood

About as likely as not

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

300000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

It is challenging to quantify the likely impact as this will depend on a project by project basis. However, there is a risk from potential lost working time and production delays on site. These will vary depending on the impact and circumstances. According to a study detailing the effect of weather in construction, UK weather already extends project durations by an average of 21%. (Pablo Ballesteros-Pérez, Stefán Thor Smith, Josephine Gwen Lloyd-Papworth & Peter Cooke (2018) Incorporating the effect of weather in construction scheduling and management with sine wave curves: application in the United Kingdom, Construction Management and Economics, 36:12, 666-682, DOI: 10.1080/01446193.2018.1478109) If an extra 10 days are lost per year due to severe weather events, the increased variable cost of site preliminaries and site overheads could equate to £500 per day. £500 multiplied by 10 days and across 60 sites gives a potential financial impact of £300,000. Greater occurrences of severe weather also have the potential to increase costs through: - Damage to materials and work in progress on site. - Weather events disrupting our supply chain, leading to delays and/or cost increases for the impacted materials. - Increased insurance premiums and excesses as risk and severity of flooding increases.

Cost of response to risk

0

Description of response and explanation of cost calculation

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. Flood risk assessments are completed on all developments with mitigation measures implemented. Mitigation costs are factored into the land valuation. In 2020, 78% of our sites had sustainable drainage systems in place to manage site runoff and flood risk. The business has updated its house type range and incorporates offsite manufactured (OSM) components. Manufacturing in a factory environment will mean that production is less susceptible to adverse weather. These 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 direct costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

The Independent Assessment of UK Climate Risk notes that by 2050 the UK's average summer could be around 1.5C warmer and the record summer of 2018 could be the norm. The hottest temperature of the year is likely to increase more than the average summer temperature increase and 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 more than triple the number of heat-related deaths by 2050 and managing overheating risk in buildings is a crucial step while delivering improvements in carbon and energy efficiency. The business conducts overheating assessments across all developments and implements the necessary requirements to reduce the risk. Additional mitigation measures in a warming climate could lead to increased operating costs.

Time horizon

Long-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)

4800000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

It is challenging to quantify the potential impact. However, a Government publication on Research into overheating of new homes provided costs on various mitigation packages. The mitigation measures in the report range from £660 to £17,480 for a typical semi-detached home. Assuming a lower-end figure for glazing that reduces solar gain, the reported cost for this mitigation measure is £1,615 per home. Assuming a total of 3,000 homes completed in a year, the additional cost of this overheating mitigation measure is approximately £4,800,000. It is likely that future Building Regulations will take into account the growing risk of overheating in homes. We continue to monitor this risk and any additional costs will likely be accounted for in the land valuation calculation.

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

Identifier

Risk 6

Where in the value chain does the risk driver occur?

Please select

Risk type & Primary climate-related risk driver

Emerging regulation	Carbon pricing mechanisms
---------------------	---------------------------

Primary potential financial impact

Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

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) also show that average prices of oil and gas are forecast to increase by 25% and 55% respectively between 2019 and 2030 (based on BEIS Central scenarios). We may also be impacted by higher material costs due to the increasing costs of fuel and energy within our supply chain. As suppliers invest in decarbonising their business, this may also have an impact on costs.

Time horizon

Medium-term

Likelihood

More likely than not

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

300000

Potential financial impact figure – maximum (currency)

600000

Explanation of financial impact figure

It is not possible to accurately forecast how predicted increases in oil and gas will filter down to the tariffs we pay, but assuming a 10-20% increase, this could increase energy and fuel costs by £300,000-600,000 per year in addition to the cost impact associated with the removal of the diesel tax allowance. Increasing energy and fuel costs are also likely to impact costs within the supply chain.

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. 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 engaging with our supply chain to research new low/zero carbon technology, such as electric telehandlers and hybrid and hydrogen generators. While this technology continues to develop, we are taking immediate carbon reduction action by piloting the use of biodiesel. Energy, fuel and water dashboards are issued to our site teams. The dashboards highlight anomalously high consumption and their associated cost. We run divisional initiatives (training, site visits) that help improve resource efficiency and awareness of the importance of improving resource use. Our new house type range will drive building efficiencies and this together with using OSM components 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 the site as more materials are constructed 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 a normal course of business.

Comment

Identifier

Risk 7

Where in the value chain does the risk driver occur?

Downstream

Risk type & Primary climate-related risk driver

Technology	Transitioning to lower emissions technology
------------	---

Primary potential financial impact

Decreased revenues due to reduced demand for products and services

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

The Future Homes Standard will mean new, unfamiliar technologies will be used as a replacement for fossil fuel heating systems. While there are opportunities to reduce 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. If customers are not satisfied with new, unfamiliar technology within homes, there is a risk of lower demand leading to a reduction in revenues.

Time horizon

Medium-term

Likelihood

Unlikely

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

13600000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

If customers are not satisfied with new, unfamiliar technology within homes, there is a risk of lower demand leading to a reduction in revenues. If revenue was to fall by 2%, this would equate to a fall in revenue of approximately £13,600,000 based on the 2020 revenue figure of £678m.

Cost of response to risk

400000

Description of response and explanation of cost calculation

The potential impact that new lower-carbon products and technologies have on our operations and our customers is considered by the Group Production Team, who are actively engaging with the supply chain to research cost-effective and consumer-friendly technology solutions. The Group Production Director also leads the customer workstream as part of our Future Homes Standard implementation strategy. Engaging in pilot trials and transparent and regular communication with customers will reduce the risk of dissatisfaction and negative reputational impacts associated with new technology in the transition to zero-carbon ready homes. The cost of £400,000 is a conservative estimate of consultant fees and time spent on R&D.

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 consumes energy and fuel as part of its operations. Reducing our energy and fuel consumption is crucial for the business to help mitigate the impact of climate change, achieve the carbon emission reduction targets and help the UK to decarbonise the economy. The cost of energy and fuel is likely to increase as carbon pricing mechanisms are implemented to drive efficiencies and a move away from fossil fuels. Utilising resources more efficiently through the choice of equipment and practices and behaviour on-site provide scope to generate cost savings.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

300000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Reducing demand for energy and fuel through improving resource efficiency and the implementation of more efficient technologies will likely lead to a reduction in costs associated with energy and fuel. Achieving a 10% reduction would equate to a saving of approximately £300,000 per year based on data from 2020.

Cost to realize opportunity

70000

Strategy to realize opportunity and explanation of cost calculation

Increasing our operational efficiency is one of our strategic priorities. We have improved our reporting to allow divisional teams to track their consumption and use of equipment such as telehandlers on site. We are also engaging with our plant hire and fuel suppliers to ensure we have the correctly specified equipment on site as well as investigating new low and zero-carbon technologies. The cost of £70,000 is an estimate based on the additional rental cost if five traditional generators were replaced with hybrid alternatives. We established targets in 2020 to drive carbon reductions and increase the proportion of renewable electricity. Our proportion of renewable electricity was 56% in 2020, up from 32% in 2019. The business has developed a new house type range with efficient designs that will help reduce waste and associated material consumption. Resource efficiency is part of our normal course of business.

Comment

Identifier

Opp2

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 direct costs

Company-specific description

The construction industry consumes a significant quantity of natural resources and produces large volumes of waste. There are opportunities to improve resource efficiency through building design, construction methods, material choice and behaviours on-site.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

300000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The cost of construction waste in 2020 was approximately £2,000,000. A 15% saving against the 2020 cost equates to £300,000. This is a conservative estimate as it does not take into account the potential saving on materials purchased.

Cost to realize opportunity

0

Strategy to realize opportunity and explanation of cost calculation

Increasing our operational efficiency is one of our strategic priorities. We have recently launched a new house type range, with design efficiencies that will reduce material consumption and waste offcuts. The range also uses offsite manufactured components, further reducing the requirement for materials to be stored on-site that are at risk from damage. The business is also engaging with suppliers to explore waste reduction and circular economy opportunities. One example is the pallet return scheme, where unwanted site pallets are returned to the supply chain via a specialist pallet logistics company. Implementing resource efficiency measures are a normal course of business. The initiatives within the supply chain, such as the pallet return scheme, are a cost-saving over alternative disposal routes.

Comment

Identifier

Opp3

Where in the value chain does the opportunity occur?

Downstream

Opportunity type

Products and services

Primary climate-related opportunity driver

Shift in consumer preferences

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

Stakeholders, including customers, society, investors and employees (including potential employees) increasingly favour companies that are working to mitigate against and adapt to climate-related risks. Recent research from JP Morgan highlights this trend with increased online searches for 'sustainable products', 'eco-products', 'climate change' and 'environmentally friendly', which suggests a shift in consumer preferences related to product choice. Financial initiatives such as the Barclays Green Home Mortgage and NatWest Green Mortgage, could increase demand further for lower carbon, sustainable homes. There is an opportunity to benefit from increased demand for our homes where they meet or exceed shifting consumer preferences.

Time horizon

Medium-term

Likelihood

About as likely as not

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

13600000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

As stakeholder awareness of climate-related issues increases, shifting consumer preferences could increase demand for sustainable products from responsible businesses. Customers may also increasingly look towards new build homes and developments that are carbon efficient (allowing them to live more sustainable lifestyles) and resilient to a changing climate - potentially increasing comfort in new homes versus the second-hand market in which properties may need adapting. Increased demand for Crest Nicholson homes due to aligning with changing consumer expectations could lead to greater sales of new homes. It is challenging to predict the potential financial impact, but if sales revenues increased by 2%, this would increase revenue by approximately £13,600,000 based on 2020 figures.

Cost to realize opportunity

400000

Strategy to realize opportunity and explanation of cost calculation

Crest Nicholson is committed to mitigating its climate impact and creating developments that are resilient to a changing climate. The business also puts in place infrastructure such as cycle lanes, walkways, cycle storage and areas of recreational green space designed to help residents live a sustainable lifestyle and have a positive impact on health and wellbeing. The business is also researching cost-effective compliance for changes to Building Regulations and the Future Homes Standard, which will see progressive reductions in the carbon emissions associated with new homes. A conservative estimate on the R&D investment is £400,000

Comment

C3. Business Strategy

C3.1

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

Yes

C3.1b

(C3.1b) Does your organization intend to publish a low-carbon transition plan in the next two years?

	Intention to publish a low-carbon transition plan	Intention to include the transition plan as a scheduled resolution item at Annual General Meetings (AGMs)	Comment
Row 1	Yes, in the next two years	No, we do not intend to include it as a scheduled AGM resolution item	We currently report our scope 1, 2 and operational scope 3 emissions and have set short term targets out to 2025 to reduce our scope 1 and 2 emissions intensity by 25%. We are also targeting 100% renewable electricity by 2025. We are now working to broaden our calculation and reporting on the wider scope 3 emissions within our value chain and plan to establish longer-term climate targets with a transition pathway.

C3.2

(C3.2) 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

C3.2b

(C3.2b) Why does your organization not use climate-related scenario analysis to inform its strategy?

We have not conducted a detailed climate scenario analysis. However, the business does consider potential future climate-related risks and reviews existing documentation, including reports from the Climate Change Committee such as the recent Independent Assessment of UK Climate Risk. The likely impacts of future climate change are factored into our strategy and operational procedures. This includes transitional risks as we move towards a low carbon economy and physical 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 in the next two years.

C3.3

(C3.3) 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	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. 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. 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 while maintaining and improving the quality and performance of the homes. Transitional climate-related risks also impact our strategy relating to the products we deliver. For example, the Future Homes Standard, which will be delivered through updated building regulations, will see a requirement for new homes to deliver a 75% reduction in carbon emissions against current regulations. This is a clear example of a transitional risk influencing the homes we build. To respond to this risk, our Group Production team engages closely with the supply chain, industry peers, our industry trade body and Government to ensure we are well prepared for future requirements. Timescale: short to medium term for transitional risk. Medium-long term for physical risk.
Supply chain and/or value chain	Yes	The business strategy relating to our supply chain is currently influenced by transitional risks to mitigate the impact of climate change. We understand that carbon emissions within the supply chain are a significant proportion of our carbon footprint and while not mandatory, we have previously carried out embodied carbon analysis comparing different construction methods including traditional masonry, timber and steel frame systems. We are now developing our upstream scope 3 emissions data reporting and are engaging with the supply chain to obtain data and to research materials that are lower in embodied carbon. The supply chain has an important role to play in decarbonising our business and the wider economy. Our Group Procurement team regularly discuss what our key suppliers are doing to both reduce emissions and adapt to a changing climate. Physical risks could also cause potential 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. Recent examples include the major winter storm in Texas closing many chemical plants and disrupting the supply of plastics and the increasing occurrences of forest fires that can result in reduced supplies, impacting prices, or delays in receiving supplies, leading to project delays. This risk is considered in our climate-related risk assessment. 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 2020, 23% of our procurement spend with suppliers and sub-contractors was within 20 miles of site operations. Transitional risks are likely to be within the short to medium term. We may see a greater impact from physical climate-related risks within the supply chain in the medium to longer-term timescale.
Investment in R&D	Yes	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. A significant amount of R&D is going into our preparations for the Future Homes Standard and delivering zero carbon ready homes. The Group Production team has established a series of work strands that relate to this, including the research of new technology and the opportunity to conduct trials across our sites to test performance, buildability and user experience. The timescale is ongoing for our investment in R&D.
Operations	Yes	To reduce our operational impact, it is important to consider opportunities to reduce our carbon footprint. In 2020 we established carbon, waste and renewable energy targets associated with our operations. Over the course of 2020, 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 across our sites. The total proportion of renewable electricity in 2020 was 56%, up from 32% in 2019. The red diesel tax allowance will almost certainly 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 engaging with our plant hire suppliers to optimise the use of our generators while also exploring alternative energy sources. We are also piloting the use of biodiesel, which has an immediate impact on reducing emissions and improving local air quality. 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 and high temperatures. The timescale relating to the transitional risk and opportunity relating to resource efficiency is short to medium term. The physical risks impacting operations tend towards the medium to longer term.

C3.4

(C3.4) 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	Revenues Direct costs Indirect costs Capital expenditures Assets	<p>Indirect costs: Increasing operating costs are noted in our climate-related risks and opportunities assessment and the magnitude of this impact is low. This includes: - The rising cost of energy, with fossil fuel prices expected to increase by up to 55% by 2030. - Increased cost of fuel via taxation - Potential increased use of consultants for overheating modelling and requirements to put extra measures in place, to reduce overheating and flood risk. - R&D costs relating to compliance with new regulations such as the Future Homes Standard</p> <p>Direct costs: Increasing direct costs of materials is considered in our climate-related risks and opportunities assessment and is generally classified as medium magnitude. This includes: - Potential increased cost of materials and technology to deliver lower carbon homes. - A greater frequency of severe weather could result in an increase in damage to materials and infrastructure on our sites. 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. A good example is the analysis conducted on the likely increase in build costs to deliver zero carbon ready homes in line with the Future Homes Standard. The potential cost is now factored into the land value calculation. Another example is the forecast increase in the cost of red diesel. We understand the likely financial impact and are engaging with suppliers to research alternative lower carbon technology that can reduce reliance on red diesel. The time horizon relating to the transitional risks is short to medium term.</p> <p>Physical risks are medium to longer term. Revenues: Emerging regulations will change the technology used in our homes in the medium term. If there are complications with the rollout of new technology, there is a risk of customer dissatisfaction that could result in reduced demand for the home and impact 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. Building homes that are energy efficient, low carbon 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. The magnitude of the impact on revenue is medium and time horizon medium term. Capital expenditures and assets: 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. Emerging regulations including the Future Homes Standard will also increase build costs. The forecast additional costs are also factored into new land valuations. Our financial planning occurs over a three-year period and therefore sits within the short-term timescale.</p>

C3.4a

(C3.4a) 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?

Intensity target

C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

Target reference number

Int 1

Year target was set

2020

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (location-based)

Intensity metric

Other, please specify (tCO₂e per 100m²)

Base year

2019

Intensity figure in base year (metric tons CO₂e per unit of activity)

3.2

% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure

100

Target year

2025

Targeted reduction from base year (%)

25

Intensity figure in target year (metric tons CO₂e per unit of activity) [auto-calculated]

2.4

% change anticipated in absolute Scope 1+2 emissions

15

% change anticipated in absolute Scope 3 emissions

0

Intensity figure in reporting year (metric tons CO₂e per unit of activity)

3.08

% of target achieved [auto-calculated]

15

Target status in reporting year

New

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

Target ambition

<Not Applicable>

Please explain (including target coverage)

A target was set in 2020 to reduce carbon emissions associated with our location based scope 1 and 2 emissions. This includes site and office gas and electricity, diesel and LPG consumed to power site plant and equipment and business travel via company owned vehicles. The base year is 2019 with an intensity figure of 3.20tCO₂e/m². The target is a 25% reduction by 2025. In 2020 our intensity figure was 3.08tCO₂e/m², a reduction of 4%.

C4.2

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

Target(s) to increase low-carbon energy consumption or production

Other climate-related target(s)

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number

Low 1

Year target was set

2020

Target coverage

Company-wide

Target type: absolute or intensity

Absolute

Target type: energy carrier

Electricity

Target type: activity

Consumption

Target type: energy source

Renewable energy source(s) only

Metric (target numerator if reporting an intensity target)

Please select

Target denominator (intensity targets only)

<Not Applicable>

Base year

2019

Figure or percentage in base year

32

Target year

2025

Figure or percentage in target year

100

Figure or percentage in reporting year

56

% of target achieved [auto-calculated]

35.2941176470588

Target status in reporting year

New

Is this target part of an emissions target?

Our carbon emissions target is location based, so this target does not count towards our emissions target.

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain (including target coverage)

The business is targeting procurement of 100% renewable electricity by 2025. The % renewable in the reporting year was 56%.

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

Target reference number

Oth 1

Year target was set

2020

Target coverage

Business activity

Target type: absolute or intensity

Intensity

Target type: category & Metric (target numerator if reporting an intensity target)

Waste management	metric tons of waste generated
------------------	--------------------------------

Target denominator (intensity targets only)

Other, please specify (per 100m2 completed floor area)

Base year

2019

Figure or percentage in base year

9.6

Target year

2025

Figure or percentage in target year

8.2

Figure or percentage in reporting year

8.2

% of target achieved [auto-calculated]

100

Target status in reporting year

New

Is this target part of an emissions target?

This target is not part of a current emissions target

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain (including target coverage)

This target relates to construction waste from our sites and does not include office waste. Almost all our waste is generated on our sites, so this target covers the vast majority of our waste produced across the business. The target aims to achieve a 15% reduction in tonnes/m2 completed floor area by 2025, from a base year of 2019. Our performance in 2020 achieved a 15% reduction. The target remains to ensure there is a consistent reduction in waste and COVID-19 is likely to have had an influence on 2020 figures.

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	2	0
To be implemented*	1	120
Implementation commenced*	1	390
Implemented*	3	1410
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

Company policy or behavioral change	Other, please specify (Agile working policy)
-------------------------------------	--

Estimated annual CO2e savings (metric tonnes CO2e)

560

Scope(s)

Scope 1
Scope 3

Voluntary/Mandatory

Voluntary

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

500000

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

0

Payback period

<1 year

Estimated lifetime of the initiative

Ongoing

Comment

Agile Working Policy launched prior to COVID-19 with launch of Microsoft Teams. Colleagues encouraged to utilise Teams and the pandemic expedited the take up. Business travel mileage reduced by close to 50% in 2020 and mileage remains low post lockdowns. To avoid taking into account the downtime during the pandemic, carbon savings were calculated comparing the business travel emissions per plot for 2019 against 2020.

Initiative category & Initiative type

Low-carbon energy consumption	Low-carbon electricity mix
-------------------------------	----------------------------

Estimated annual CO2e savings (metric tonnes CO2e)

660

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 our procurement of renewable electricity, which equated to 56% of our total electricity consumed in 2020, up from 32% in 2019. There is a negligible cost difference between tariffs. The carbon emission reduction calculation is based on the additional renewable electricity purchased for our sites and the resultant reduction in the market-based emission factor.

Initiative category & Initiative type

Company policy or behavioral change	Change in procurement practices
-------------------------------------	---------------------------------

Estimated annual CO2e savings (metric tonnes CO2e)

190

Scope(s)

Scope 1

Voluntary/Mandatory

Voluntary

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

45000

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

0

Payback period

<1 year

Estimated lifetime of the initiative

Ongoing

Comment

Through engagement with plant hire suppliers and project teams, we have improved procurement practices around the use of generators on our sites. This has included: - Avoiding the prolonged use of generators by connecting to a temporary builders supply as early as possible - Development of reports that allow the business to monitor power draw and specify the correctly sized generators. Reductions have been observed in the number of generator days hired together with the average size of generator used. It is estimated to have saved around 70,000 litres of red diesel, which equates to approximately 190 tCO₂e.

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. In 2020, Crest achieved average carbon emissions from our new homes that were 7.5% lower than current regulations demand (based on SAP 2012). The business is investing in research and development into cost-effective, consumer-friendly solutions to achieve homes that are zero carbon ready that meet the Future Homes Standard. Crest Nicholson also reported in line with the Streamlined Energy and Carbon Reporting (SECR) regulations and is working towards compliance with the recommendations of the Taskforce on Climate-related Financial Disclosure (TCFD).
Dedicated budget for energy efficiency	Projects identified as having potential for yielding cost and carbon savings are assigned specific budgets and resources. Budget is also provided for R&D into new heating technologies and compliance with future Building Regulations and the Future Homes Standard.
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, meetings and site visits. Energy, fuel and water dashboards are provided to divisional business units to allow them to monitor performance and target areas for improvement. Recent examples of engagement include target performance updates via our employee newsletter, the Exchange and training for our build teams on the energy, fuel and water dashboards together with opportunities for resource efficiency improvements.
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	Our corporate executive team is incentivised to achieve carbon emission reductions through their annual bonus scheme. 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. Detail is provided in section 1.3a.

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 help enable sustainable lifestyle choices and a lower environmental footprint for our customers. This includes design features to minimise energy and water use 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 utilise low-carbon technologies, such as solar photo-voltaic and district heating systems.

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

91

% of total portfolio value

<Not Applicable>

Asset classes/ product types

<Not Applicable>

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 that were built in 2020 was 81.1, compared to an average SAP of a home in England of 62 (as reported in the MHCLG English Housing Survey 2017-2018). Compared to the average home in England, new homes delivered by Crest Nicholson in 2020 will deliver approximately 6,000 tCO₂e saving per year based on the SAP calculation (for regulated consumption only). All homes are required to have an energy performance certificate (EPC). Ratings are provided for environmental impact (carbon emissions) and energy efficiency, ranging from A-G, with A being the highest score (least impact on the environment). 91% of our homes constructed in 2020 achieved an environmental impact rating of A or B. Other measures included: 35% of our completed homes in 2020 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 90% of our completed homes in 2020 within 1,500m of a bus service. Furthermore, 57% of our completed homes have access to safe cycle storage and 34% 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)

6721

Comment

Scope 2 (location-based)

Base year start

November 1 2018

Base year end

October 31 2019

Base year emissions (metric tons CO2e)

1737

Comment

Scope 2 (market-based)

Base year start

November 1 2018

Base year end

October 31 2019

Base year emissions (metric tons CO2e)

1171

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 Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance, 2019

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)

4232

Start date

<Not Applicable>

End date

<Not Applicable>

Comment

Includes gas, diesel, lpg, refrigerant gas loss from offices and fuel from company owned vehicles

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 2020 and in our ESG Data Handbook.

C6.3

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

Reporting year

Scope 2, location-based

1771

Scope 2, market-based (if applicable)

500

Start date

<Not Applicable>

End date

<Not Applicable>

Comment

Includes site and office electricity consumption.

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

28.4

Emissions calculation methodology

GHG Protocol / Defra voluntary reporting guidance. Metered activity data from offices and sites. Emissions calculated using Defra 2020 conversion factors. GWPs from IPCC Fourth Assessment Report (AR4 – 100 year). Total water consumed (82,657 m3) multiplied by the Defra 2020 conversion factor 0.34 = 82,657 x 0.34 = 28.4tCO2e.

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. We are broadening our calculation of scope 3 emissions to include purchased goods and services and will report the data in future years.

Capital goods

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

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 the production of capital goods.

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

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

1100.5

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 were calculated using Defra 2020 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 losses 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

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

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

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

1.7

Emissions calculation methodology

GHG Protocol / Defra voluntary reporting guidance. Activity data from waste contractor for offices and sites. Emissions calculated using Defra 2020 conversion factors. GWPs from IPCC Fourth Assessment Report (AR4 – 100 year). Includes construction waste sent to landfill (664 tonnes), office waste sent to landfill (1 tonne), recycled office waste (27 tonnes), office food waste (5 tonnes) and waste to energy (3 tonnes) multiplied by the relevant Defra 2019 conversion factor = (664, 1, 27, 5, 3 multiplied by 1.25, 99.76, 21.35, 21.35 and 21.32 respectively)/1000 = 1.7tCO₂e.

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

707

Emissions calculation methodology

GHG Protocol / Defra voluntary reporting guidance. Based on employee expenses and fuel card records. Emissions were calculated using Defra 2020 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 2020 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

483

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 2020 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 2020 conversion factor.

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

100

Please explain

This figure includes scope 3 commuting and Well to Tank (WTT) emissions data. 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

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

Upstream emissions associated with the use of leased assets are included in our reported Scope 1 and Scope 2 emissions.

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

Downstream transportation and distribution is not relevant to our operations.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

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

Use of sold products

Evaluation status

Relevant, calculated

Metric tonnes CO2e

193490

Emissions calculation methodology

The emissions associated with the in-use phase of our homes is a significant part of our carbon footprint. The estimated lifetime emissions from the use of homes has been calculated by multiplying the Dwelling Emission Rate (DER) (KgCO2/m2/year) by the floor area of our homes and then multiplied by 60 years. The DER is calculated using the UK Government's Standard Assessment Procedure (SAP) methodology. This calculation is based on 97% of our build complete plots in 2020 for which the relevant information was available.

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

Please explain

Data is based on the Dwelling Emission Rate calculated using the UK Government's Standard Assessment Procedure (SAP) methodology.

End of life treatment of sold products

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

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

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

Not relevant for our operations.

Franchises

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

Our operations do not include any franchises.

Investments

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

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

Other (upstream)

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

Not applicable

Other (downstream)

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

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, but we 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

8.86

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

6004

Metric denominator

unit total revenue

Metric denominator: Unit total

677.9

Scope 2 figure used

Location-based

% change from previous year

14

Direction of change

Increased

Reason for change

Total scope 1 and 2 emissions decreased by 29%, but revenue decreased by a greater amount (around 38%) due to the impact COVID-19 had on the industry.

Intensity figure

3.08

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

6004

Metric denominator

Other, please specify (100m2 completed homes (floor area))

Metric denominator: Unit total

1947.34

Scope 2 figure used

Location-based

% change from previous year

4

Direction of change

Decreased

Reason for change

The area of our completed homes generally provides a better normalisation factor as it is an indication of our level of activity on site, where our most significant scope 1 and 2 emissions occur. Significant reductions in total scope 1 and 2 emissions were observed in 2020, resulting in a 4% reduction in emissions intensity. A significant proportion of our carbon emissions come from red diesel consumed on our sites, predominantly resulting from generators and telehandlers. Our emissions associated with red diesel in 2020 were 47% lower than the prior year. We have collaborated with our plant hire companies to improve performance reporting in this area, which is helping to optimise the equipment we have on site. Emissions from business travel were also significantly lower than in 2019. At the start of the year, we implemented an agile working policy as part of our commitment to support employee wellbeing. This policy, alongside improvements to communications technology and the roll-out of Microsoft Teams, resulted in fewer car journeys as well as making our business more resilient during the COVID-19 pandemic. Business travel emissions remain significantly lower than pre-COVID-19 levels.

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	4195.9	IPCC Fourth Assessment Report (AR4 - 100 year)
CH4	4.4	IPCC Fourth Assessment Report (AR4 - 100 year)
N2O	31.9	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	4232

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	78
Construction sites	3349
Business travel	806

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	1771	500	7598	4284

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	133	37
Construction sites	1638	464

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	0	No change	0	Our procurement of REGO backed renewable electricity increased in 2020 resulting in a reduction of 660 tCO2e on a market-based approach. However, our target is based on a location-based approach and this reduction does not impact our location based emissions.
Other emissions reduction activities	750	Decreased	9	Emissions value calculated as follows: Emissions reduction activity/2019 Scope 1 & 2 location based emissions = 750/8458 = 9%
Divestment	0	No change	0	
Acquisitions	0	No change	0	
Mergers	0	No change	0	
Change in output	1533	Decreased	18	The area of completed homes (our intensity metric) decreased by 26%. While it is likely the reduction in output due to restrictions during COVID-19 will have contributed towards a reduction in emissions, there is not a direct correlation between output and scope 1 and 2 emissions. It is estimated that the reduction in output has contributed towards an 18% reduction in scope 1 and 2 emissions.
Change in methodology	171	Decreased	2	This figure of 171 tonnes CO2e represents the carbon reduction associated with the reduction in UK grid emissions factors from 2019 to 2020. We have taken the amount of electricity consumed in this reporting year and compared the resulting carbon emissions using the 2019 grid factor and the 2020 grid factor. 171/total scope 1 and 2 emissions in 2019 (8458) = 2%
Change in boundary	0	No change	0	
Change in physical operating conditions	0	No change	0	
Unidentified	0	No change	0	
Other	0	No change	0	

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)	296	18477	18773
Consumption of purchased or acquired electricity	<Not Applicable>	4284	3314	7598
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Total energy consumption	<Not Applicable>	4580	21791	26371

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

7345

MWh fuel consumed for self-generation of electricity

MWh fuel consumed for self-generation of heat

7345

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

0.18387

Unit

kg CO2e per kWh

Emissions factor source

UK Government Greenhouse gas reporting conversion factors 2020:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/891106/Conversion_Factors_2020_-_Full_set_for_advanced_users_.xlsx

Comment

Fuels (excluding feedstocks)

Diesel

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

1835

MWh fuel consumed for self-generation of electricity

MWh fuel consumed for self-generation of heat

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

2.54603

Unit

kg CO2e per liter

Emissions factor source

UK Government Greenhouse gas reporting conversion factors 2020:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/891106/Conversion_Factors_2020_-_Full_set_for_advanced_users_.xlsx

Comment

Fuels (excluding feedstocks)

Motor Gasoline

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

585

MWh fuel consumed for self-generation of electricity

MWh fuel consumed for self-generation of heat

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

2.16802

Unit

kg CO2e per liter

Emissions factor source

UK Government Greenhouse gas reporting conversion factors 2020:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/891106/Conversion_Factors_2020_-_Full_set_for_advanced_users_.xlsx

Comment

Fuels (excluding feedstocks)

Liquefied Petroleum Gas (LPG)

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

268

MWh fuel consumed for self-generation of electricity

MWh fuel consumed for self-generation of heat

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

0.21448

Unit

kg CO2e per KWh

Emissions factor source

UK Government Greenhouse gas reporting conversion factors 2020:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/891106/Conversion_Factors_2020_-_Full_set_for_advanced_users_.xlsx

Comment

Fuels (excluding feedstocks)

Gas Oil

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

8741

MWh fuel consumed for self-generation of electricity

MWh fuel consumed for self-generation of heat

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

0.25672

Unit

kg CO2e per liter

Emissions factor source

UK Government Greenhouse gas reporting conversion factors 2020:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/891106/Conversion_Factors_2020_-_Full_set_for_advanced_users_.xlsx

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

United Kingdom of Great Britain and Northern Ireland

MWh consumed accounted for at a zero emission factor

4284

Comment

The electricity supplied to our Chertsey and Bristol offices is 100% renewable, backed by Renewable Energy Guarantees of Origin (REGOs). The site renewable energy contracts are also purchased from suppliers with Renewable Energy Guarantees of Origin (REGOs). In 2020, 56% of our purchased electricity was from renewable tariffs.

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

Unable to disaggregate by technology area

Stage of development in the reporting year

<Not Applicable>

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

≤20%

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

400000

Comment

The Group Production team, including the Group Production Director, Procurement Director and Head of Technical, have researched opportunities to improve building fabric together with new technologies, including heating technology, in preparation for updates to Building Regulations and the Future Homes Standard. This has included engagement with suppliers and energy assessors to research the potential carbon emission impacts of different building fabrics and technologies. The business is also monitoring feedback from stakeholders involved in delivering, and residing in, a net zero carbon site that is being developed by the business.

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

1.3

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

<Not Applicable>

Certification scheme(s)

<Not Applicable>

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

Crest Nicholson GHG 2020 carbon footprint verification.pdf
Crest Nicholson GHG 2020 carbon footprint verification.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

Crest Nicholson GHG 2020 carbon footprint verification.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

Crest Nicholson GHG 2020 carbon footprint verification.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

Crest Nicholson GHG 2020 carbon footprint verification.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

Crest Nicholson GHG 2020 carbon footprint verification.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

Crest Nicholson GHG 2020 carbon footprint verification.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

Crest Nicholson GHG 2020 carbon footprint verification.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, but we are actively considering verifying within the next two years

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. Our Group Procurement team are also engaging with suppliers to discuss how they are managing their carbon emissions and climate-related risks. Reducing emissions throughout the value chain will be crucial to decarbonise our business.

Impact of engagement, including measures of success

The Supply Chain Code of Conduct is included within the contractual terms and conditions. This means that all suppliers 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. During 2020, we issued a communication to all our supply chain partners, reiterating the importance of adhering to our Code of Conduct. 100% of our suppliers with group agreements responded with a signed statement of compliance.

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

Portfolio coverage (total or outstanding)

<Not Applicable>

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

A significant proportion of the lifecycle emissions of a home arise from the in-use stage. Large differences in consumption can occur based on how the homes are used. 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. Our site teams 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 the use of the boiler together with other technical features within the home. Any further queries our customers have can be discussed with our customer service teams. We also publish information on the sustainable features of our homes on our corporate website.

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 July 2021, over 91% of our customers were positive about their home demonstration experience. That is an increase of 3 percentage points compared with last year.

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). Our Directors engage directly with Government and policy makers and via our trade association, the HBF, with regards to future legislation relating to carbon emissions and energy efficiency. We also have representation on the HBF National Technical and Sustainability Committee, which has representation from MHCLG. A Director also engages with the Future Homes Taskforce.	We support the transition to a low carbon economy and the UK's ambition to reach net zero by 2050. All sectors have an important role to play and it is important there is a clear framework and timelines across all industry in the transition to net zero. Crucial for our industry is the 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. We are engaging with the Future Homes Taskforce to develop an industry framework.
Adaptation or resilience	Support	Regular communication and engagement with stakeholders such as the Home Builders' Federation (HBF) and relevant government departments, including MHCLG. A Director also engages with the Future Homes Taskforce.	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.

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 Group Production Director who sits on the HBF Future New Homes Standard subgroup. 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 and engagement activities are delivered during the course of the year. Examples include sustainability workshops for our site teams and site visits to drive performance improvements.

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-annual-integrated-report-2020.pdf

Page/Section reference

Page 14: KPI on carbon emissions Page 44-52: Environmental performance, including TCFD information Page 57-64: Risk assessment Page 119: GHG statement

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

Publication

In voluntary communications

Status

Complete

Attach the document

esg-data-handbook-2020.pdf

Page/Section reference

Pages 5-7: carbon emission data

Content elements

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	Board/Executive board

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

