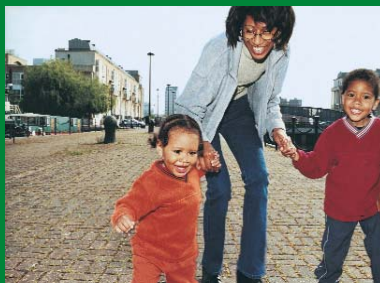




Crest  
NICHOLSON

# Listening to the communities we build



**Social and Environmental Report 2003**

# Crest Nicholson PLC - Sustainable Development Policy



Chief Executive John Callcutt

This policy covers all residential and mixed-use development operations including land buying, planning, design, procurement, construction and the supporting office services. The Group is seeking to achieve partnership in community

regeneration and the provision of housing to a broader section of society. The Board is committed to higher levels of customer satisfaction by constructing well built sustainable homes and creating communities using designs and materials that respect our heritage and living environment.

The Board recognises that economic, environmental and social responsibilities must be linked to clear commercial objectives if shareholder value is to be increased through higher levels of environmental and social responsibility.

A 'Committee for Social Responsibility' has been established to develop positive relationships with our employees, our supply chain and the communities that we create.

## The Board commits to:

- Provide capital for sustainable development that yields a fair return to our shareholders
- Implement and maintain high standards of corporate governance
- Comply with all relevant social and environmental legislation
- Prevent pollution and waste of resources through our management framework
- Provide customers with a high quality product and service
- Report annually in accordance with recognised guidelines

## Operationally Crest Nicholson commits as follows:

- Land Buyers - to address community and environmental issues when seeking to secure our future land supply
- Designers - to seek community input to achieve mutually acceptable social and environmental development solutions and to protect the environment
- Procurement - to develop long term, non-adversarial partnerships with contractors and suppliers promoting higher environmental awareness and standards
- Project Directors - to develop good local relations, raise site health and safety standards and improved control over environmental impacts
- Regional Managers - to help promote local employment by forming partnerships with voluntary groups to help train the unemployed
- Office Managers - to improve environmental performance and cost effectiveness in the areas of paper use, waste, recycling, water, energy and transport

A 'Sustainable Development' working party monitors social and environmental performance and training with the aims of achieving continual improvement in these and other areas. Auditing and management reviews will ensure the communication of these policy objectives to all stakeholders and also that the relevant targets are met.

A handwritten signature in black ink, which appears to read 'J Callcutt'.

John Callcutt, Chief Executive

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# 1. Chief Executive's Statement

## Vision

Crest Nicholson is committed to sustainable urban renewal. It seeks to play a leading role in creating well-balanced and economically viable communities that have the ability to exist, change and adapt in perpetuity. By creating better-balanced, more stable local communities in this way, the Company believes it can contribute to global sustainability and a better standard of life.

Taking this positive approach helps to reverse long term social injustices. We recognise that many of our poorest and most needy fellow citizens have been effectively abandoned in ghettos or sink estates that suffer from a lamentable cycle of crime and social deprivation. The Company believes we must build a better quality of urban living. City dwellers, in particular those on a modest income, should be able to buy properties that are good value for money and retain their worth.

To achieve this, the communities that we build must be economically sustainable, maintaining businesses, services and access to work for the community. The wider issues of public services, law and order, health and education, are all essential elements of our vision. These new urban living environments need a much higher quality of management and administration than in the past. Developers, housing associations, local authorities and other agencies will need to work together in close co-operation to make sure that these seemingly secondary matters are not neglected.

## Strategy

Communities are the fundamental starting point for the process of regeneration. Key factors such as social justice, economic viability, the planning system and stakeholder participation must be addressed for the regeneration process to be successful. In order to meet



the housing needs of our population we must produce homes where they are required, for the people that need them. We will increase shareholder value by making a major contribution to the rebuilding of our decaying towns and cities and meeting the housing needs of our population.

We will, through increased supply, help moderate price inflation which has placed such a burden, especially on the lower paid and the young, preventing those wishing to start out on the housing ladder from getting a home of their own.

We aim to deliver the social, economic and environmental 'triple bottom line' by planning, designing, managing and



Mixed income homes at  
Park Central, Birmingham



The Forum, Bath



building high quality regeneration projects in many of our major towns and cities. This entails revitalising run-down and crime-ridden sectors of our cities through the creation of market-driven developments which will bring affordable, high quality homes within the price range of a much wider section of society than is the case at the moment. To make better use of our urban land we need to achieve the difficult double act of high quality and high-density developments. Our strategic mission is to improve the quality of the built environment, thereby tempting people to stay in or return to the cities. We aim to build the homes that people actually need and in surroundings in which they want to live.

# Chief Executive’s Statement

## Highlights

Crest Nicholson’s economic, social and environmental performances during 2003, is shown by the use of key indicators and targets, some of which were set in our 2002 report. In many areas we have met and exceeded key targets, in some cases well beyond compliance requirements. We are achieving commercial success with an operational performance that has increased shareholder value whilst meeting the need for quality housing for a wider section of society. Operational efficiency is benefiting from more effective management systems and feedback on customer satisfaction.

## Progress and Challenges

### Environmental Objectives Achieved in 2003

- Gained entry to FTSE4 Good index series, meeting stringent corporate responsibility criteria.
- Entered the Business in the Community Corporate Responsibility Index with a 72.86% score.
- Entered the Business in the Environment Index with a 61.17% average score.
- Ranked fifth in the WWF-Insight Investment sustainability survey of UK listed house-builders.
- Attained one ‘Very Good’ and two ‘Good’ EcoHome ratings on a sample of three developments.
- Implemented an environmental assessment procedure for our main contractors.
- Completed a 2.5-day training programme for senior management with The Natural Step.
- Increased public-sector recognition through sustainability, regeneration and biodiversity awards.
- Increased measurement of environmental performance data.

## Performance, Objectives & Targets

### Financial

- Profits increased by **18% (target met)**
- Earnings per share increased by **16%**
- Return on average capital employed increased by **1.6%**

### Operational

- Housing portfolio development value increased by **7.5%**
- Plots with consent for housing increased by **17%**
- Number of house sales increased by **2%**

### Workplace

- Net employment creation
- Permanent staff turnover down by **2% (22% target exceeded)**
- Health and safety inspections up by **41% (625 target exceeded)**

### Community

- Social housing % of total housing turnover (**6% target exceeded**)
- Charitable donations exceeded **0.05%** of pre-tax profit target

### Marketplace

- National Customer Satisfaction Survey (MORI) maximum star rating

### Environmental

- Brownfield regeneration increased by **5% (target met)**
- Construction waste remains below **0.5%** of build costs
- New Homes Energy Efficiency (SAP) rating up **5.6%**
- Office water use reduced (**good benchmark 7.7m3/person/year**)\*\*
- Office waste nears good benchmark (**target 200 kg per person**)\*\*\*

\* 2002 data re-stated from 5.5 to 6.6%

\*\* Source of benchmark: National Water Demand Centre, On the Right Track.

\*\*\* Source of benchmark: Building Research Establishment Office Toolkit.

2002	2003
£63.0m	£74.6m
38.8p	45.2p
21.8%	23.4%
£2,127m	£2,287m
11,264	13,204
1,899	1,936
10%	10%
23%	21%
624	882
6.6%*	9.3%
0.06%	0.09%
N/A	3
70%	75%
0.46%	0.48%
90	95
7.0	5.0
253	208

## Social Objectives Achieved in 2003

- Review and revision of the Human Resources Employee handbook;
- Establishment of a Group wide training monitoring and recording system.
- Establishment of an annual staff appraisal system.
- Customer Services consultation with our homebuyers facilitated by independent consultants.

The 2004 sustainable development programme is set out in the table on page 7.

## Scope

This report is for the financial year to 31st October 2003, unless otherwise stated. The report covers all of our Group development operations.

## Report format

The format is designed to meet our own business requirements and those of our stakeholders. Social and environmental performance measurement therefore follows the Global Reporting Initiative (GRI) guidelines. GRI Content Index and Performance Indicator Sections give a range of economic, environmental, social and society performance indicators which show the extent to which the guidelines have been met. This Index enables performance comparison both within the development sector and across other business sectors.

The format is also designed to make information more comparable to the FTSE4 Good reporting criteria and facilitates performance benchmarking. The main section headings also allow for easier comparison with the Business in the Community (BiC) Corporate Responsibility Index criteria. This report contains summaries of our main impacts at the beginning of key sections on Human Resources, Community, Environment, Supply Chain and Stewardship.

## Chief Executive's Statement

Public Realm Art, Port Marine, Portishead

In 2003, more quantitative performance data has been used to illustrate how both our stakeholders and the environment are affected by our business activities. Benchmarks and targets are tabulated in the performance section. Crest Nicholson's detailed social and environmental objectives are set out, along with case studies, on our website [www.crestnicholson.com](http://www.crestnicholson.com)

### Data

The Group's Committee for Social Responsibility has reviewed the performance indicators that were established in 2002, with the objective of introducing further indicators that were both useful in assessing the Group's performance and were repeatable, allowing tables to be produced which chart progress over the years. Within the Performance Indicators section we indicate where we do not have data or the management systems to collect data. Where national benchmarks are not available we compare our performance against previous years' measurements. We have used re-stated data from our Social and Environmental Report 2002 and previous Annual Reports. Financial data from 2000 to 2002, (excluding that on divested construction interests), has been used to evaluate environmental performance over a longer period of time and enabled us to select more realistic objectives and targets for future performance. The greater use of historic performance data has given us a more reliable basis against which we have committed to the external verification and audit of our progress for the current and future years.





## 2004 Sustainable Development Programme

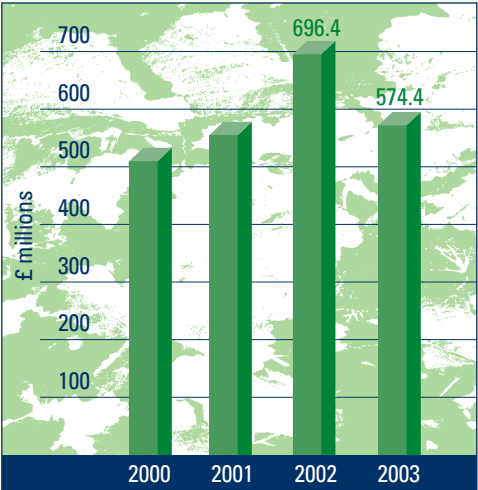
Management	Initiative	Target
<b>Integrated</b>		
Stakeholders	Analysis of engagement from web site and project feedback	Policy Review
Communication	Raise awareness of policy, legislation, procedures and best practice	Web sites
Governance	Improve FTSE4 Good benchmark performance	Good ratings
<b>Environmental</b>		
Design	Specifications to achieve EcoHome ratings above a 'pass'	'Good' ratings
Specification	Improve the new home average SAP rating	97
Projects	Reduce average new home greenhouse gas (CO2) emissions	27kg/m2/yr
Contractors	Record the Carbon index (CI) for new homes where required	-
Suppliers	Develop assessment forms for timber, materials and goods	-
Training	Management specific best practice and emergency procedures	Group Intranet
Audit	Conduct preliminary environmental system audit	-
	Achieve national good office benchmark targets:	
	Group office energy use / CO2 emissions per square metre	69 CO2/m2
	Group office waste reduction per person per year	200kg
	Headquarters recycling of office waste to increase	To 60%
Performance	Improve Business in the Environment (BiE) rating	To 65% rating
<b>Social</b>		
Communication	Complete implementation of annual staff appraisal system	All employees
Measurement	Reporting of training performance data	Annual report
Health & Safety	Establish standard sector performance measurement	Annual report
	Increase Health and Safety site inspections	970
	Increase Health and Safety training	123 man days
Monitoring	Assess feasibility of attaining Investors in People (IIP) Standard	IIP Standard
Contracts	Assess social responsibilities of our contractors and suppliers	-
	Charitable donations to exceed 0.05% of pre-tax profits	>0.05%
Performance	Improve Business in the Community (BiC) Performance	To 75% rating
<b>Financial</b>		
Operations	Increase number of regeneration of brown field sites	To 80%
	Social housing unit numbers to double	700 units
	Reduce build skip waste costs as a % of total build cost	<0.45%
	Assess build energy and water consumption costs	-

## 2. Company Profile

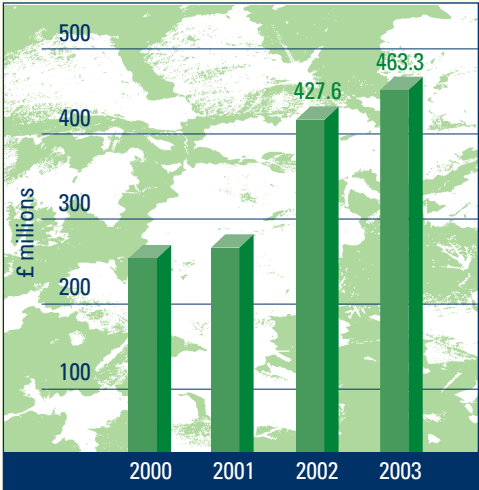
### Operations

We have in-house expertise and also utilise independent consultants in land buying, planning, architecture, specification and management of contractors. Operations are controlled by the Group's six regional Companies, namely: London, South, South East, Eastern, South West and Midlands. Crest Nicholson Developments, based in Weybridge, forms a seventh company specialising in urban regeneration throughout all regions. The Crest Nicholson Group continues to progress as a medium sized, predominantly residential and mixed-use developer that consistently delivers good economic and social performance. A financial summary, including turnover and net sales figures is set out below in graph format.

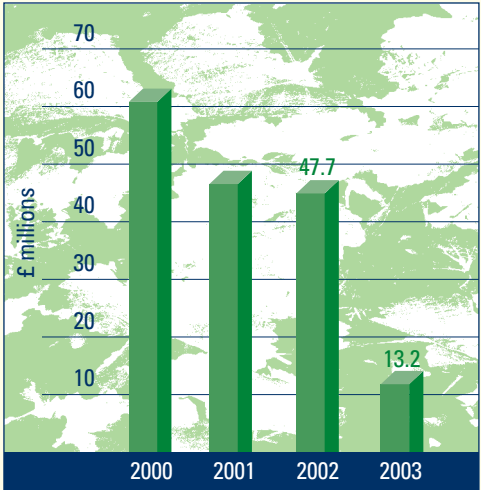
We are providing an increasing number of houses meeting the needs of a wide section of society. Affordable housing and commercial development form an increasingly significant part of Group activities. Long term future development is secured by a strong land bank.



Turnover (£ millions) per annum



Net house sales (£ millions) per annum



Commercial building turnover (£ millions) per annum



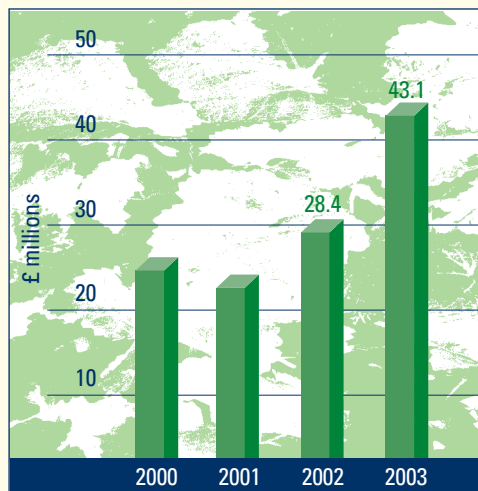
## Subsidiaries and Joint Ventures

Crest Nicholson Marinas complements our regeneration developments in waterside locations, such as Portishead and Bristol Harbourside.

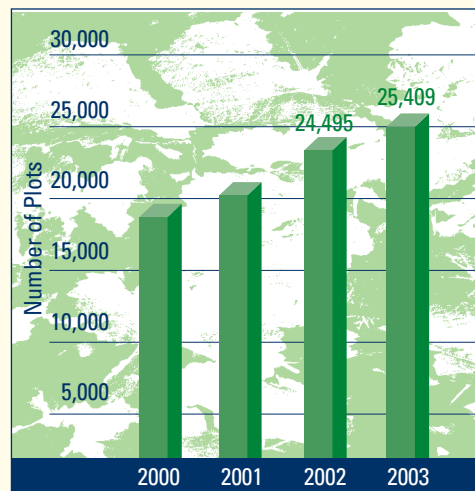
Joint ventures comprise the Century House Property Partnership and Brentford Lock Limited, both of which are 50% owned and are residential development projects.

A further 50% joint venture has been set up to develop a 315 acre commercial site at Chertsey.

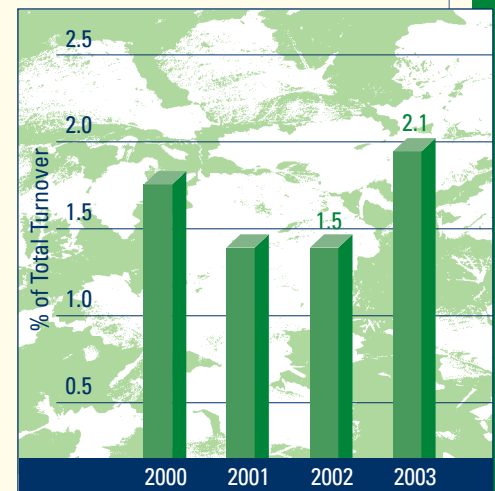
We have no overseas operations.



Housing association turnover (£ millions)  
per annum



Number of land bank plots at year end



Joint venture turnover as a percentage  
of total turnover per annum



## 3. Governance Structure

### Structure

Crest Nicholson has a corporate governance structure that follows traditional lines with the Main Board meeting regularly throughout the year, supported by sub-committees that report to it within defined areas of responsibility. As a listed Company, we apply the principles of the Combined Code as set out within the Corporate Governance section of the Annual Report and Accounts 2003.

### Main Board Committees

The Main Board currently consists of a Chairman, three independent non-executive directors, and four executive directors, including the Chief Executive. Four sub-committees of the Board consist wholly or partly of independent directors selected for their experience and expertise. These committees are:

- Audit Committee
- Remuneration Committee
- Nomination Committee
- Committee for Social Responsibility



Crest Nicholson's Committee for Social Responsibility with Forum for the Future attendees

### Executive Committee

The Executive Committee comprises the executive directors and the company secretary with supporting sub-committees for:



- Project appraisal and authorisation
- Health and Safety
- Business Improvement
- Risk Review

### Risk Control

The Risk Review Committee is responsible for identifying significant project and non-project risk types and ensuring that responsibility for managing those risks has been allocated. It also reviews how those responsibilities are being discharged. Compliance with certain of the legal and regulatory obligations is set out within the Health and





Ingress Park, Greenhithe, Kent, an example of sustainable development recently awarded the Government's Building for Life Gold Standard Award

Safety, Environment and Stewardship sections of this report. Compliance data is also tabulated in the Performance Indicators Section.

## Management Responsibilities

The Chief Executive assigns key commercial, environmental, employee and other responsibilities to the following:

- the Chief Operating Officer
- the Finance Director
- the Land Director
- the Company Secretary

## Policies

This year saw the continued communication of our 'Sustainable Development' policy that addresses environmental and social issues relating to our projects, employees, supply chain and customers, as well as the communities surrounding our developments. The policy is communicated via office and site posters, the Company web site and the Annual Report. Our Employee Handbook and the Company Intranet communicates the following workplace policies and procedures:

- Training and Development
- Equal Opportunities
- Pay and Benefits (bonus schemes, pensions and life assurance, health, insurance, advice, SAYE, etc)
- Risk Control (fidelity, confidentiality, whistle blowing, non-solicitation, outside interests etc)
- Health, Welfare & Safety (accidents, alcohol, drugs, fire, emergency, smoking, stress etc)
- Capability, Discipline and Grievance (parental leave, study leave, cautions, appeals, retirement)

Marketplace policies such as contractor assessment, Group buying agreements, a 'Customer Promise' and 'Building Relationships' Guide for homebuyers are described within the Supply Chain and Stewardship sections of this report.

## 4. Stakeholder Engagement

The establishment of our Sustainable Development policy, together with a number of key performance indicators has been based on development sector best practice and feedback from a variety of stakeholder engagements. The Social and Environmental Report 2002, defined our main stakeholders, their roles and their relevance to the Group's commercial and corporate activities. We summarise our methods of engagement within this section and set out how stakeholder issues are related to our performance indicators within the main body of this report. References are also made to stakeholders' case studies within the Sustainable Development area of our web site.



Public exhibition and consultation at Ealing

### Shareholders

Communication with our shareholders takes place via our Annual and Interim Reports, the Company website and the Annual General Meeting. We also communicate with providers of capital by providing presentations to Institutional Investors and by responding to ethical research and benchmarking surveys for socially responsible investment, as described within the Financial Community section of this report.

### Government and the Development Sector

As a Group we subscribe to development sector associations for sustainable development policy formulation and representation to Government, providing input and receiving feed back via committees and seminars. We also continue our engagement with trusts and charities in joint business initiatives and wider community obligations as described in the Community and Public Sector sections of this report.

### Local Government and Communities

On a project by project basis we have communicated our Sustainable Development policy and performance to planners and architects in order to secure land supply, planning consent and optimise sustainable land use through design. Our opinion researchers have communicated with local authorities and communities on the potential impacts of our development plans and provided feedback into the design process. These consultations are described by our Group website case studies, referenced in the Community Section of this report. Successes are recorded in the awards table in the Public Sector section of this report.



## Employees, Consultants, Contractors and Suppliers

Throughout 2003, we have communicated our sustainable development policy and initiatives in the workplace via training programmes, agreements and web sites. We have promoted community and environmental good practice in project management, construction and supply of materials and products as described in the Human Resources and Supply Chain sections of this report.

## Customers

In the marketplace, we have engaged with our stakeholders via independent quarterly customer surveys and facilitated meetings. These have provided feedback to our Sales and Marketing and Customer Service Departments to ensure that we are meeting the needs of our customers in terms of our quality of service, building environment and sustainable occupation. The Customer Stewardship section of this report describes the types of engagement and outcomes for 2003.

# 5. Management systems

Crest Nicholson follows standard management system models. Sustainable development policy values are integrated into management systems through the Committee for Social Responsibility and as tabulated below.

Financial and non-financial incentives are awarded to Senior Managers via a discretionary bonus scheme. The 2004 sustainable development management programme will be implemented through the Committee for Social Responsibility.

## Target Setting

The Main Board sets financial, operational and other non-financial objectives and targets annually. It monitors commercial and non-commercial progress regularly, both directly and through its sub-committees, and regional project managers review community and environmental policy objectives and targets. Numerical targets achieved in 2003 are summarised in the highlights of the Chief Executive’s Statement in this report. All targets for 2004 are recorded in the Performance Indicators section of this report. Regional and departmental teams regularly review

the progress of all targets and their reports are consolidated at Group level and reported to either the Main Board or the Committee for Social Responsibility.

## Audit and Review

Group managers and their consultants carry out reviews on a number of key areas such as training, health and safety, customer satisfaction and environmental assessments. Environmental management audits are planned to cover design, specification, building operations and sales in 2004. Annual performance reviews take place in December of each year after all data for the preceding year has been collected.

## Voluntary initiatives

In 2003 Crest Nicholson continued to engage with a variety of community partners and some new relationships were formed with the Office of the Deputy Prime Minister, the Town and Country Planning Association, The Surrey Wildlife Trust and the Natural History Museum. More detailed information on voluntary initiatives and how they guide our management objectives can be found in the Community and Financial Community sections of this report.

Sustainability Issue	Responsibility
Workplace and Community	Group Human Resources Executive
Health and Safety	Group Health and Safety Manager
Environmental Sustainability	Group Environmental Manager
Marketplace - Contractors	Group Surveying Manager
Marketplace - Buying	Group Buyer
Marketplace - Customers	Sales and Marketing Executive



## 6. Human Resources

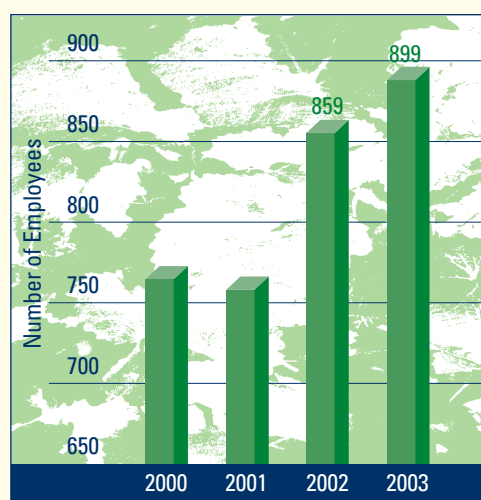
We recognise that our people are our biggest asset and therefore support staff to develop both professionally and personally. Our commitment to staff encourages excellence in all business areas including corporate and social responsibility. Human Resource policies, objectives and procedures are communicated via the Employee Handbook, the Company Intranet and staff presentations. The key employee issues for Crest Nicholson, are addressed in our Employee Handbook and may be summarised as follows:

- Equal Opportunities and employee rights
- Professional Development, Training and Retention
- Skills Management, Life Long Learning and Welfare
- Health and Safety

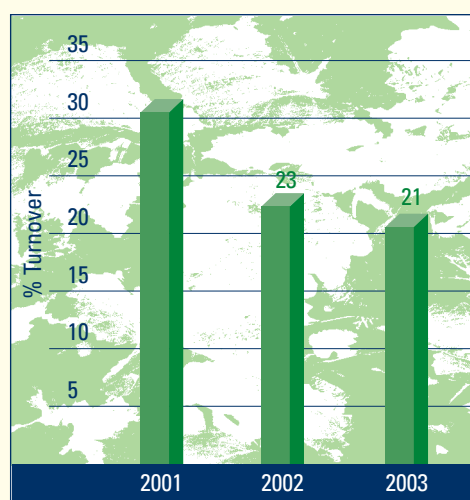
These and other issues relating to employment, management relations and diversity are recorded in the Social Performance Indicators section of this report. The status of training and human resource policies are described here and within the Health and Safety section.

### Equal Opportunities

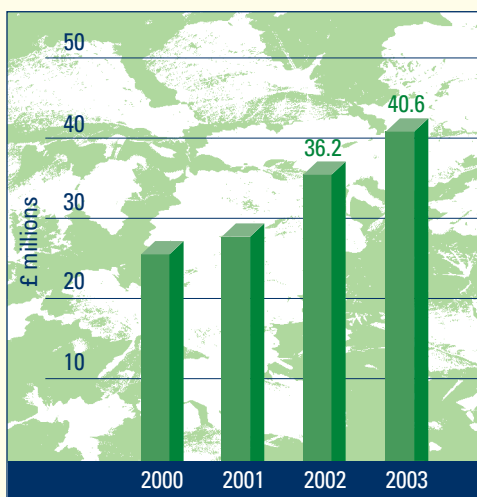
An Equal Opportunities policy has been developed and communicated to employees through the Employee Handbook and via the Company Intranet. The policy commits to treating all employees, job applicants, customers, consultants, sub-contractors and suppliers equally. None of these stakeholders will receive less favourable treatment or consideration on the grounds of disability, race, colour, religion, nationality, ethnic origin, sex, sexual orientation or marital status. The Company also commits to appoint, train, develop and promote on the basis of merit and ability. No employee or potential employee will be disadvantaged by any condition of employment or company requirement that cannot be justified on health and safety or operational grounds. The Employee Handbook also documents other key issues such as employee responsibilities, the grievance procedure, whistle blowing and disciplinary procedures.



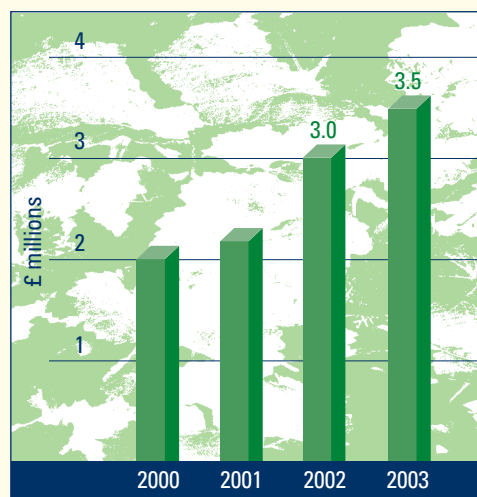
Number of full time employees



Percentage of permanent staff turnover



Total payroll & benefits (£ millions) per annum



Social security benefits (£ millions) per annum

## Professional Development

Average full time employee figures have been increasing with annual growth and we have estimated net employment creation of about 10% in 2002 and 5% in 2003. Improved employee relations has resulted in the Group meeting its 2003 target for staff retention. This has created a more stable working environment and achieved a reduction in recruitment costs.

We are establishing a Performance and Development Review process for all employees in 2003 and 2004. This will enable individuals and their managers to set and achieve clear objectives for job performance for the mutual benefit of themselves and the Company.

## Retention

The Company believes that high levels of staff retention depend upon a continuous and progressive commitment to competitive salary structures, friendly and supportive working environments, ongoing training and reasonable levels of job security. Along with growth, all of these factors have contributed to the continued increase in payroll and social security benefits since 2000.

## Training

Training programmes cover Health and Safety, Management Skills, and job specific courses to support skills enhancement and the continuing development of employees. We evaluate all training and receive feedback from delegates and course instructors. In 2004 we plan to collect regional training statistics centrally as a key performance indicator.

## Skills Management

To combat the shortage of skilled labour within the industry, Crest Nicholson offers competitive benefits and has good working relationships with sub-contractors who assist in some staff training programmes. We are also investigating ways of promoting apprenticeships. Currently we run a Construction Trade Trainee Programme that allows us to offer school leavers the opportunity to evaluate various disciplines in the build industry as part of a careers selection process. At the end of the programme we have been able to secure employment for some students.

## Life Long Learning

Some employees attend college on day release schemes. They come from many levels of management and within all areas of the business including building, surveying and finance. We also encourage university students to gain job experience through the Construction Industry Training Board (CITB) approved gap year placement scheme and offer some students staff positions after they have completed their degrees.

## Retirement

The Group offers all employees a flexible, contributory Company pension scheme. We can also offer continued

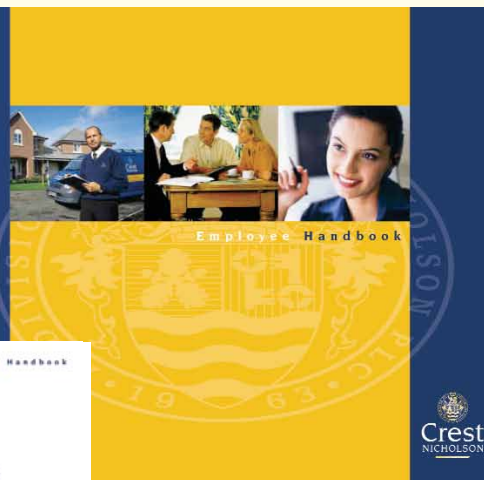
part-time work, contracts, out-placements and, subject to a medical report confirming fitness, allow selected employees to continue in work after retirement age.

## Welfare

We also acknowledge that employees may experience difficulties arising from home or work related matters. We therefore offer an Employee Assistance Programme which is available to all employees, including those approaching retirement, and their families. It is there to provide confidential help and advice through trained counsellors. This service covers various issues including stress, relationships, grief and financial problems.

1	Welcome	21	Absence
2	Training and Development	22	Sickness
3	General Standards	23	Notification
4	1.0 Flexibility	24	Payment
5	2.0 Personal Presentation	25	1.0 Sickness Pay
6	3.0 Appearance	26	2.0 Sickness Pay
7	4.0 Mobility	27	3.0 Sickness Pay
8	5.0 Policy Statement	28	4.0 Sickness Pay
9	6.0 Management	29	5.0 Sickness Pay
10	7.0 Pay and Benefits	30	6.0 Sickness Pay
11	1.0 Pay	31	7.0 Sickness Pay
12	2.0 Benefits	32	8.0 Sickness Pay
13	3.0 Pension	33	9.0 Sickness Pay
14	4.0 Insurance	34	10.0 Sickness Pay
15	5.0 Holiday Pay	35	11.0 Sickness Pay
16	6.0 Maternity Leave	36	12.0 Sickness Pay
17	7.0 Paternity Leave	37	13.0 Sickness Pay
18	8.0 Shared Parental Leave	38	14.0 Sickness Pay
19	9.0 Family Leave	39	15.0 Sickness Pay
20	10.0 Family Leave	40	16.0 Sickness Pay
21	11.0 Family Leave	41	17.0 Sickness Pay
22	12.0 Family Leave	42	18.0 Sickness Pay
23	13.0 Family Leave	43	19.0 Sickness Pay
24	14.0 Family Leave	44	20.0 Sickness Pay
25	15.0 Family Leave	45	21.0 Sickness Pay
26	16.0 Family Leave	46	22.0 Sickness Pay
27	17.0 Family Leave	47	23.0 Sickness Pay
28	18.0 Family Leave	48	24.0 Sickness Pay
29	19.0 Family Leave	49	25.0 Sickness Pay
30	20.0 Family Leave	50	26.0 Sickness Pay
31	21.0 Family Leave	51	27.0 Sickness Pay
32	22.0 Family Leave	52	28.0 Sickness Pay
33	23.0 Family Leave	53	29.0 Sickness Pay
34	24.0 Family Leave	54	30.0 Sickness Pay
35	25.0 Family Leave	55	31.0 Sickness Pay
36	26.0 Family Leave	56	32.0 Sickness Pay
37	27.0 Family Leave	57	33.0 Sickness Pay
38	28.0 Family Leave	58	34.0 Sickness Pay
39	29.0 Family Leave	59	35.0 Sickness Pay
40	30.0 Family Leave	60	36.0 Sickness Pay
41	31.0 Family Leave	61	37.0 Sickness Pay
42	32.0 Family Leave	62	38.0 Sickness Pay
43	33.0 Family Leave	63	39.0 Sickness Pay
44	34.0 Family Leave	64	40.0 Sickness Pay
45	35.0 Family Leave	65	41.0 Sickness Pay
46	36.0 Family Leave	66	42.0 Sickness Pay
47	37.0 Family Leave	67	43.0 Sickness Pay
48	38.0 Family Leave	68	44.0 Sickness Pay
49	39.0 Family Leave	69	45.0 Sickness Pay
50	40.0 Family Leave	70	46.0 Sickness Pay
51	41.0 Family Leave	71	47.0 Sickness Pay
52	42.0 Family Leave	72	48.0 Sickness Pay
53	43.0 Family Leave	73	49.0 Sickness Pay
54	44.0 Family Leave	74	50.0 Sickness Pay
55	45.0 Family Leave	75	51.0 Sickness Pay
56	46.0 Family Leave	76	52.0 Sickness Pay
57	47.0 Family Leave	77	53.0 Sickness Pay
58	48.0 Family Leave	78	54.0 Sickness Pay
59	49.0 Family Leave	79	55.0 Sickness Pay
60	50.0 Family Leave	80	56.0 Sickness Pay
61	51.0 Family Leave	81	57.0 Sickness Pay
62	52.0 Family Leave	82	58.0 Sickness Pay
63	53.0 Family Leave	83	59.0 Sickness Pay
64	54.0 Family Leave	84	60.0 Sickness Pay
65	55.0 Family Leave	85	61.0 Sickness Pay
66	56.0 Family Leave	86	62.0 Sickness Pay
67	57.0 Family Leave	87	63.0 Sickness Pay
68	58.0 Family Leave	88	64.0 Sickness Pay
69	59.0 Family Leave	89	65.0 Sickness Pay
70	60.0 Family Leave	90	66.0 Sickness Pay
71	61.0 Family Leave	91	67.0 Sickness Pay
72	62.0 Family Leave	92	68.0 Sickness Pay
73	63.0 Family Leave	93	69.0 Sickness Pay
74	64.0 Family Leave	94	70.0 Sickness Pay
75	65.0 Family Leave	95	71.0 Sickness Pay
76	66.0 Family Leave	96	72.0 Sickness Pay
77	67.0 Family Leave	97	73.0 Sickness Pay
78	68.0 Family Leave	98	74.0 Sickness Pay
79	69.0 Family Leave	99	75.0 Sickness Pay
80	70.0 Family Leave	100	76.0 Sickness Pay
81	71.0 Family Leave	101	77.0 Sickness Pay
82	72.0 Family Leave	102	78.0 Sickness Pay
83	73.0 Family Leave	103	79.0 Sickness Pay
84	74.0 Family Leave	104	80.0 Sickness Pay
85	75.0 Family Leave	105	81.0 Sickness Pay
86	76.0 Family Leave	106	82.0 Sickness Pay
87	77.0 Family Leave	107	83.0 Sickness Pay
88	78.0 Family Leave	108	84.0 Sickness Pay
89	79.0 Family Leave	109	85.0 Sickness Pay
90	80.0 Family Leave	110	86.0 Sickness Pay
91	81.0 Family Leave	111	87.0 Sickness Pay
92	82.0 Family Leave	112	88.0 Sickness Pay
93	83.0 Family Leave	113	89.0 Sickness Pay
94	84.0 Family Leave	114	90.0 Sickness Pay
95	85.0 Family Leave	115	91.0 Sickness Pay
96	86.0 Family Leave	116	92.0 Sickness Pay
97	87.0 Family Leave	117	93.0 Sickness Pay
98	88.0 Family Leave	118	94.0 Sickness Pay
99	89.0 Family Leave	119	95.0 Sickness Pay
100	90.0 Family Leave	120	96.0 Sickness Pay

1	Welcome	21	Absence
2	Training and Development	22	Sickness
3	General Standards	23	Notification
4	1.0 Flexibility	24	Payment
5	2.0 Personal Presentation	25	1.0 Sickness Pay
6	3.0 Appearance	26	2.0 Sickness Pay
7	4.0 Mobility	27	3.0 Sickness Pay
8	5.0 Policy Statement	28	4.0 Sickness Pay
9	6.0 Management	29	5.0 Sickness Pay
10	7.0 Pay and Benefits	30	6.0 Sickness Pay
11	1.0 Pay	31	7.0 Sickness Pay
12	2.0 Benefits	32	8.0 Sickness Pay
13	3.0 Pension	33	9.0 Sickness Pay
14	4.0 Insurance	34	10.0 Sickness Pay
15	5.0 Holiday Pay	35	11.0 Sickness Pay
16	6.0 Maternity Leave	36	12.0 Sickness Pay
17	7.0 Paternity Leave	37	13.0 Sickness Pay
18	8.0 Shared Parental Leave	38	14.0 Sickness Pay
19	9.0 Family Leave	39	15.0 Sickness Pay
20	10.0 Family Leave	40	16.0 Sickness Pay
21	11.0 Family Leave	41	17.0 Sickness Pay
22	12.0 Family Leave	42	18.0 Sickness Pay
23	13.0 Family Leave	43	19.0 Sickness Pay
24	14.0 Family Leave	44	20.0 Sickness Pay
25	15.0 Family Leave	45	21.0 Sickness Pay
26	16.0 Family Leave	46	22.0 Sickness Pay
27	17.0 Family Leave	47	23.0 Sickness Pay
28	18.0 Family Leave	48	24.0 Sickness Pay
29	19.0 Family Leave	49	25.0 Sickness Pay
30	20.0 Family Leave	50	26.0 Sickness Pay
31	21.0 Family Leave	51	27.0 Sickness Pay
32	22.0 Family Leave	52	28.0 Sickness Pay
33	23.0 Family Leave	53	29.0 Sickness Pay
34	24.0 Family Leave	54	30.0 Sickness Pay
35	25.0 Family Leave	55	31.0 Sickness Pay
36	26.0 Family Leave	56	32.0 Sickness Pay
37	27.0 Family Leave	57	33.0 Sickness Pay
38	28.0 Family Leave	58	34.0 Sickness Pay
39	29.0 Family Leave	59	35.0 Sickness Pay
40	30.0 Family Leave	60	36.0 Sickness Pay
41	31.0 Family Leave	61	37.0 Sickness Pay
42	32.0 Family Leave	62	38.0 Sickness Pay
43	33.0 Family Leave	63	39.0 Sickness Pay
44	34.0 Family Leave	64	40.0 Sickness Pay
45	35.0 Family Leave	65	41.0 Sickness Pay
46	36.0 Family Leave	66	42.0 Sickness Pay
47	37.0 Family Leave	67	43.0 Sickness Pay
48	38.0 Family Leave	68	44.0 Sickness Pay
49	39.0 Family Leave	69	45.0 Sickness Pay
50	40.0 Family Leave	70	46.0 Sickness Pay
51	41.0 Family Leave	71	47.0 Sickness Pay
52	42.0 Family Leave	72	48.0 Sickness Pay
53	43.0 Family Leave	73	49.0 Sickness Pay
54	44.0 Family Leave	74	50.0 Sickness Pay
55	45.0 Family Leave	75	51.0 Sickness Pay
56	46.0 Family Leave	76	52.0 Sickness Pay
57	47.0 Family Leave	77	53.0 Sickness Pay
58	48.0 Family Leave	78	54.0 Sickness Pay
59	49.0 Family Leave	79	55.0 Sickness Pay
60	50.0 Family Leave	80	56.0 Sickness Pay
61	51.0 Family Leave	81	57.0 Sickness Pay
62	52.0 Family Leave	82	58.0 Sickness Pay
63	53.0 Family Leave	83	59.0 Sickness Pay
64	54.0 Family Leave	84	60.0 Sickness Pay
65	55.0 Family Leave	85	61.0 Sickness Pay
66	56.0 Family Leave	86	62.0 Sickness Pay
67	57.0 Family Leave	87	63.0 Sickness Pay
68	58.0 Family Leave	88	64.0 Sickness Pay
69	59.0 Family Leave	89	65.0 Sickness Pay
70	60.0 Family Leave	90	66.0 Sickness Pay
71	61.0 Family Leave	91	67.0 Sickness Pay
72	62.0 Family Leave	92	68.0 Sickness Pay
73	63.0 Family Leave	93	69.0 Sickness Pay
74	64.0 Family Leave	94	70.0 Sickness Pay
75	65.0 Family Leave	95	71.0 Sickness Pay
76	66.0 Family Leave	96	72.0 Sickness Pay
77	67.0 Family Leave	97	73.0 Sickness Pay
78	68.0 Family Leave	98	74.0 Sickness Pay
79	69.0 Family Leave	99	75.0 Sickness Pay
80	70.0 Family Leave	100	76.0 Sickness Pay



The handbook distributed to employees

# 7. Health and Safety

The Company's policy is to conduct its operations with due regard to the health and safety of employees, contractors, visitors and members of the public. Policy obligations require assessment of the risks to everyone who is or could be directly affected by the Group's commercial activities.

In 2003 the Chief Executive took responsibility for Health and Safety and welfare matters. The policy is implemented and reviewed regularly through a Health and Safety Committee which is made up of the Company's independent consultants, nominated regional directors/senior managers and the newly appointed Group Health and Safety Manager.

An analysis of our accident statistics revealed three major injuries and sixteen 'over three day' injuries.

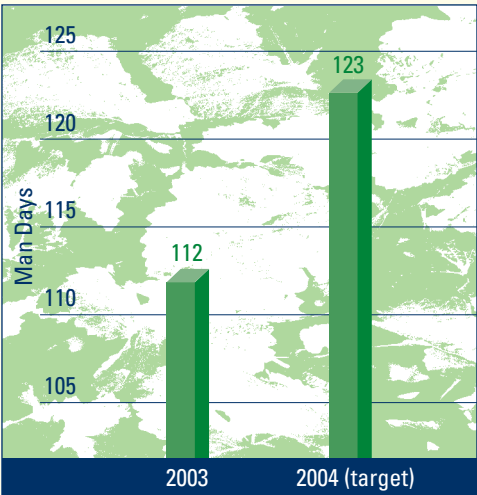
In 2003 we re-evaluated the management of Health and Safety as well as our safety procedures on all sites, in order to improve our performance and reduce or eliminate the number of prosecutions and notices. The Group's independent safety consultants have been instructed to increase training to a target of 123 man days and the number of site inspections to a target of 970. Training data, from our consultants, is being recorded as from 2003 to establish an accurate and consistent basis upon which to monitor the Group's commitment to training in health and safety.

Strategic Indicators Health & Safety		2000	2001	2002	2003
Enforcement	Number of Prosecutions	1	0	0	1
Enforcement	Improvement Notices	1	1	1	5

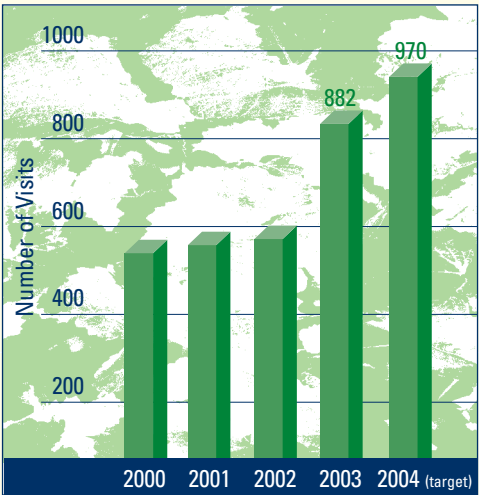
Health and Safety measurements, such as standard injury and work related fatalities, are recorded in the Social Performance Indicators section of this report under Labour and Management Relations. Additional compliance, training and inspection data is also recorded in this section of the report.

In the past twelve months the Health and Safety Executive (HSE) has issued a total of five notices to our sites. The Company was also prosecuted by the HSE for an accident that occurred in 2001.

In 2004, the Health and Safety Manager's programme includes a review of procedures that will incorporate a recognised management standard and Key Performance Indicators (KPI) for sector comparison.



Health & safety training (man days)



Number of health & safety inspections per annum



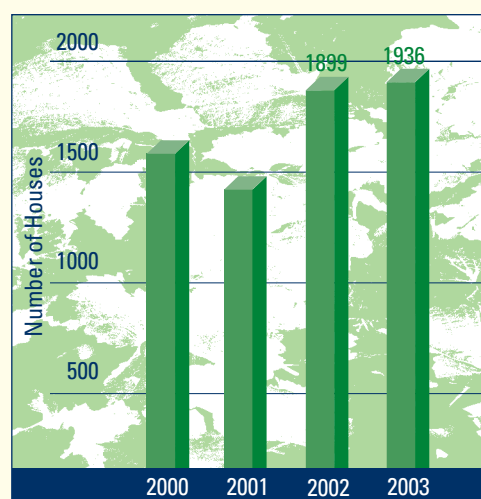
## 8. Community

The creation of sustainable communities is at the heart of the Group's commercial and environmental strategy. The Group's community strategy is comprehensively set out on its web site and a detailed list of its social objectives is provided under the heading of "sustainable development." These objectives differentiate our developments in the market place from those of other developers who may not share our values on the importance of a community in sustainable development. To meet the social needs of a community, it is necessary to work in partnership with local governing bodies in law and order, education, health and employment. Such partnerships can deliver more socially diverse, better managed neighbourhoods, creating stable

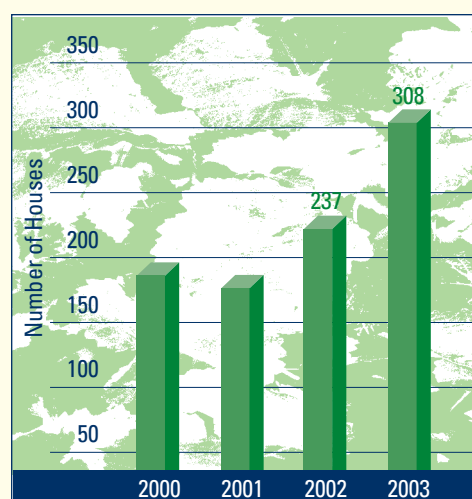
communities with a better quality of life than the traditional "housing estate."

Our Group website has a general stakeholder feedback form for development issues. For most major projects, public consultation takes place at the planning stage. Some examples can be found on our web site. Case studies such as 'Building for Life' (Ingress Park), 'Better Neighbourhoods' (Park Central) and 'Regeneration' (Portishead) describe how our community objectives have been met. We also measure our progress through a selection of community related performance indicators, some of which have targets and are recorded in the Society Performance Indicators section of this report.

Community Stakeholders	Social risk and opportunity objectives
The homeless and unemployed	Increasing numbers of affordable homes and employees
Inhabitants of sub-standard estates	Raising housing and public realm standards
Local businesses and enterprises	Planning for mixed tenure and using local resources
Local Government and utilities	Developing existing services and forming local partnerships
Local Charities	Improving consultation and feedback into planning



Total number of houses sold per annum



Number of housing association sales per annum

# Community

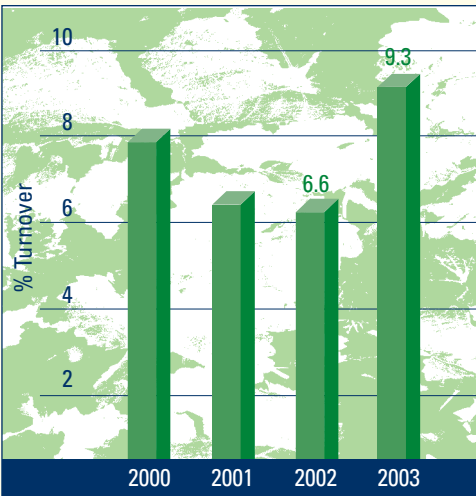
## The Housing Shortage

Crest Nicholson has been focussing its skills and resources on residential land buying and progressing planning applications in order to build more homes in mixed use and mixed tenure developments over the last few years.

In the longer term the use of innovative designs, products and materials can improve quality, build time and commercial viability. Private and partnership housing numbers are increasing. Affordable partnership housing is targeted to more than double in 2004, as recorded by the customer monetary flow indicator in the Economic Performance Indicators section of this report.

## Raising Standards and Affordable Housing

Increasing the number of bespoke and affordable homes to meet the community's current shortage of housing is partly achieved by increasing our partnership housing turnover as a percentage of total turnover, as indicated in the graphs below. The 2003 social housing turnover target of 6% was exceeded by 3.3%.

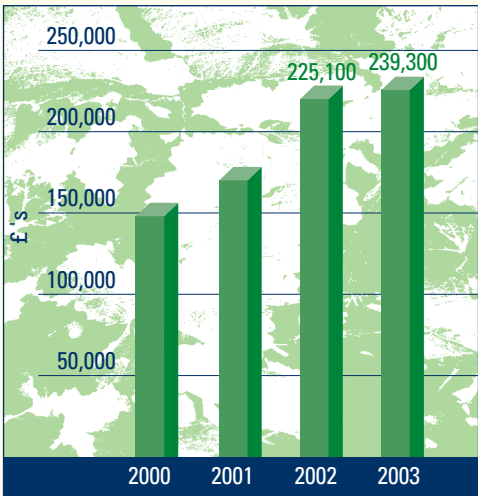


Housing association turnover as a percentage of total housing turnover

A significant proportion of affordable housing turnover is programmed to be delivered through our larger strategic developments pursuant to agreements with local planning authorities. We have set a social housing turnover target of £75m for 2004.

## Community Partnerships and Charities

Our Human Resources Department has started a working partnership in conjunction with Optima Housing Association in the regeneration of the Attwood Green area in Birmingham. This partnership has resulted in the employment of long-term unemployed people from the local community. Most sourcing of employees, contractors and the purchasing of goods and materials is carried out on a regional basis. Monetary flow indicators for local employment and supplier impacts are recorded in the Economic Performance and Supply Chain Indicator sections of this report. We have been actively engaged on several project specific business, charity and governmental initiatives in 2003. These initiatives have resulted in an increasing engagement by the Group in community, social and charitable work, as summarised in the table on page 22.



Average house price (£'s)



Resident Artist, Jo Naden with her sculpture 'wish' a symbol of community commissioned for Park Central, Birmingham

## Voluntary Initiatives

## Engagement (2003)

### Office of the Deputy Prime Minister

A series of ad hoc meetings with the Deputy Prime Minister and senior officials unit in his Ministry on housing production and urban regeneration.

### The Town & Country Planning Association

**Adoption:** 2003

**Status:** Corporate Fellowship

Involvement in the Sustainable Housing Forum, making recommendations to the Government and house building industry. Presentation on 'Creating Better Neighbourhoods' at a meeting of the Labour Party Conference.

### The Natural Step (TNS) Charity

**Adoption:** 2001

**Status:** Partners, International

Two day workshop to engage senior management in sustainable development using TNS Framework, a science based learning and decision-making programme.

### Shelter Charity

**Adoption:** 2002

**Status:** Partners, National

A three year partnership with Shelter to provide technical advice and donations to their help line for the homeless and badly housed.

### Construction Industry Research & Information Assoc.

**Adoption:** 2003

**Status:** Steering Group

Funded a research steering group to produce non-financial performance reporting guide for investors and developers for improved communication in annual reports.

### The Housing Corporation

**Adoption:** 2002

**Status:** Consultation Meetings

Presentation given at the National Housing Federation's (NHF) Annual Conference on the use of its 'Sustainability works' web based tool demonstrating good practice in project policy reports.

### Surrey Wildlife Trust (SWT)

**Adoption:** 1999

**Status:** Ambassador, South Region & Group

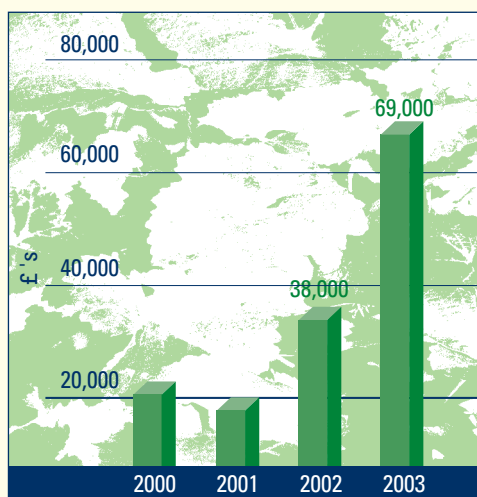
Significant donation to the acquisition and management of a Site of Special Scientific Interest (SSSI), floodplain habitat under threat from development. See Company web site Sustainable Development area case study 'Biodiversity in practice'

### The Natural History Museum

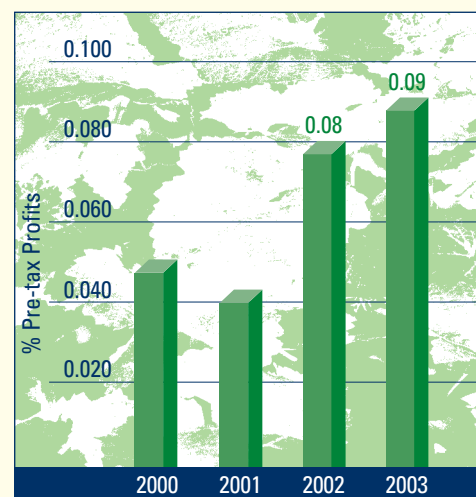
**Adoption:** 2003

**Status:** Patron (Collector)

Supporting research to conserve global biodiversity against the threats of habitat destruction, climate change, disease and famine.



Charitable donations per annum (£'s)



Charitable donations as a percentage of pre-tax profits

Charitable donations by the Company have met and exceeded the 2003 target of 0.05% by achieving 0.09% of pre-tax profits. In 2003 employee donations to Shelter from fund raising activities totalled just over £27,000 (2002: £32,000).



## 9. Financial Community

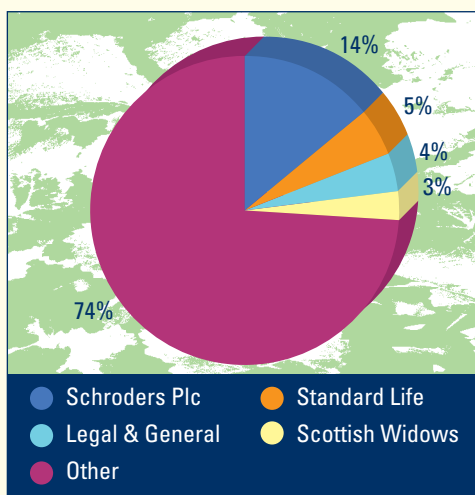
Crest Nicholson's final salary pension fund investment principles state that 'social, environmental and ethical considerations should be taken into account in the selection, retention and realisation of UK equity investments to the extent that such considerations will affect the financial performance of those investments'. In 2003 Crest Nicholson engaged in several benchmarking exercises with financial investment, business management and research service organisations, including:

- Ethical Investment Research and Information Service (EIRIS) for FTSE4Good membership
- Business in the Community Corporate Responsibility Index
- Insight Investment, corporate social responsibility benchmarking of UK house builders

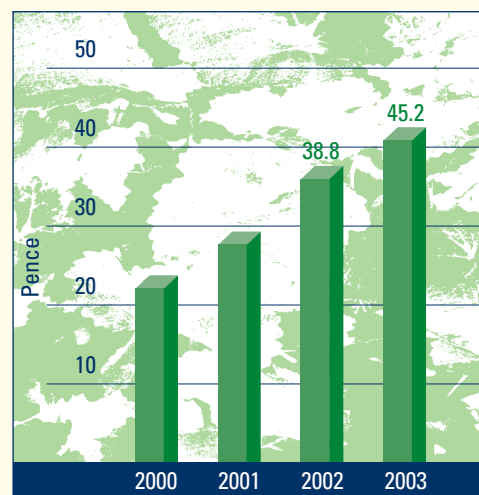
This year we became members of the FTSE4 Good Index series by satisfying the stringent criteria set by their Policy Committee. To achieve this we published non-financial, material information, regarding our stakeholders, human rights policy and environmental issues. Policy, management and performance in ethics, equal opportunities, health and safety and charitable donations demonstrated improvement. However, progress is still required in communication of employee development and relations. Investors in general, and especially pension funds, who may have substantial interests in our Company, use the FTSE4 Good to identify and invest in companies that exhibit and benefit from both good economic and corporate responsibility practices. Monetary flow indicators for providers of capital within the Economic Performance Indicators section of this report have shown continual improvement in earnings and dividends per ordinary share.

Insight Investment, the asset manager of the HBOS Group, one of the UK's larger institutional shareholders in Crest Nicholson, engaged proactively with our Company on material corporate responsibility issues. Substantial interests in the ordinary share capital are shown overpage. The consultation was residential sector specific and in partnership with the WWF, the global environmental network, in support of its recently launched One Million Sustainable Homes campaign. Supporters of the campaign included the Deputy Prime Minister, the House Builders Federation and regional planning authorities. Issues included social and environmental impact governance. The Group was benchmarked in 5th position against the top UK housebuilders, indicating an above average entry level. Crest Nicholson also took part in the 2003, Business in the Community (BiC) Corporate Responsibility Index, for the first time. BiC is an independent business led charity with the purpose of supporting business in continually improving its positive impact on society. This voluntary benchmark provided us with a business management tool comprising corporate strategy, integration, management, performance and impact assessment components.

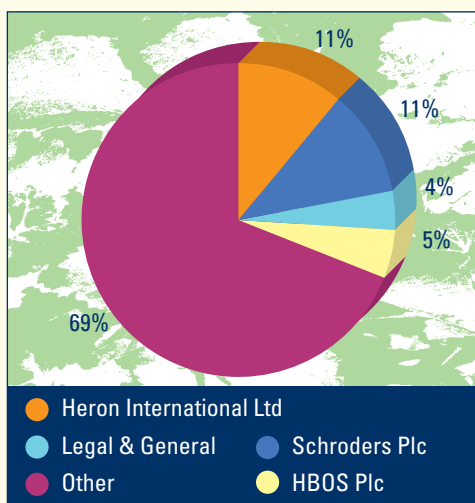




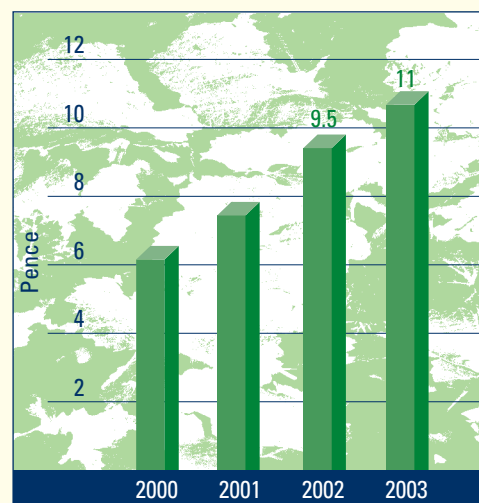
Substantial Interests in the ordinary share capital of the company in 2002



Earnings per share per annum (pence)



Substantial Interests in the ordinary share capital of the company in 2003



Dividends per share (pence)

# 10. Public Sector

## Awards

In 2003, our community engagement in planning and social issues was recognised by both the public and private sectors mainly in the areas of quality urban design, ‘brownfield’ regeneration, customer service and biodiversity. Public sector monetary flow indicators such as tax contributions and donations, recorded in the Economic Performance section of this report, have increased over several years. Awards for social and environmental achievements are recorded in the Society Performance Indicators section of this report and details are recorded below.



Ingress Park in Greenhithe, Kent was awarded the ‘Building for Life’ Gold Standard for character, environment, community, design, construction, roads, parking and pedestrianisation. The Tree Council presented our Ellenbury Park development, near Maidenhead in Berkshire with a special award for the protection of mature trees. Our development at Basted Mill, Borough Green in Kent won a ‘Green Leaf’ award for the conservation of ancient water features and a woodland valley walk. To offset development impacts the Group, in partnership with the Surrey Wildlife

Awarding Body	Category	2001	2002	2003
Royal Town Planning Institute (RTPI)	Planning and urban design	RTPI Award, Ingress Park, Greenhithe, Kent	-	-
Commission for Architecture and the Built Environment (CABE)	Architecture and urban design	-	CABE Citation Ingress Park, Greenhithe, Kent	-
Office of the Deputy Prime Minister	Building for life	-	-	Gold Standard Ingress Park, Greenhithe, Kent
South East England Development Agency- SEEDA	Sustainable Business Awards for the South East	-	-	Finalist - Highly Commended Biodiversity Winner
Surrey County Council Chamber of Commerce	The Surrey Sustainable Business Awards	-	-	Finalist - Highly Commended Biodiversity Award
The Daily Mail	Tree Council Special Award	-	-	Ellenbury Park, Berks
	Green Leaf	Wellington Park-1999	-	Basted Mill, Kent
	Green Leaf	Cepen Park-1999	-	
The Daily Express British house builder of the year	Quality Service Award	-	Quality	Quality
	Best national builder	Gold (751-1500)	Silver	Silver (1500+)
	Best builder	Silver	-	Silver
	House beautiful	Award	-	-

Awarding Body	Category	2001	2002	2003
What House?	Best development	Gold (Marshfield) Silver (Butler's Wharf)	- -	- -
	Best house	Gold (Gainsborough)	-	-
	Best volume builder	Silver	-	-
	Best 'brown field' site	Gold (Butler's Wharf)	Silver (Greenhithe)	-
	Best exterior design	-	Silver (Port Marine)	-
	Best landscape design	-	Bronze (Bolnore)	Silver (Repton)
	Best apartment	-	Bronze (Matiere)	Bronze (Westminster)
Building Homes Quality	Customer strategy	Best	Best	Second
	Creative marketing	-	-	Second (Park Central)
The Mail on Sunday National Homebuilder Design Awards	Best use of 'brown field' site	-	-	Gold (Portishead)
		-	-	Commendation (Greenhithe)
		-	-	Gold (Repton Park)
Evening Standard, New homes	Best 3 bedroom house	Best (Gainsborough)	-	-
	Apartment	Best (Chislehurst)	-	-
	New conversion	Best (Butlers & Colonial)	-	-
	Best new development	-	-	Best (Ingress Park)
Retail Property Awards	Most innovative town centre shop/store design	-	(Northgate Quarter)	-
		-	-	-
Insider Property Magazine (West Midlands)	Developer of the year property awards	-	(Northgate Quarter)	First (Residential developer of the year)
Your New Home Magazine Design Awards	Property-Best luxury home	-	-	Second (Manor Park)
Birmingham Post	Best luxury apartment	-	-	Commended (B-Central)

- not entered or awarded

Crest Nicholson sponsored the protection of a flood plain meadow at Send near Woking

Trust, facilitated the acquisition of a 47acre flood plain meadow near Woking. The aim was to discourage detrimental property speculation within a flood plain area, conserve wildlife and improve community relations. The Surrey Sustainability Business Awards and SEEDA commended our actions later in the year.





# 11. Construction Environment

Global environmental pressures and related national issues such as land use, building regulations and resource wastage, as well as the associated pollution due to improperly managed construction operations, will increasingly constrain developers’ “freedom to operate”. Our Sustainable Development policy and environmental objectives address these impacts to avoid damage to the environment and create commercial opportunities as summarised below.

- Regeneration and alternative transport plans
- Control of construction impacts
- Protection of biodiversity and heritage
- Construction waste reduction, re-use and recycling
- Energy efficient buildings and water conservation
- Innovative material and product selection

This section and the following Supply Chain and Building Stewardship sections provide environmental performance indicators and targets for these objectives.

## Regeneration and Alternative Transport Plans

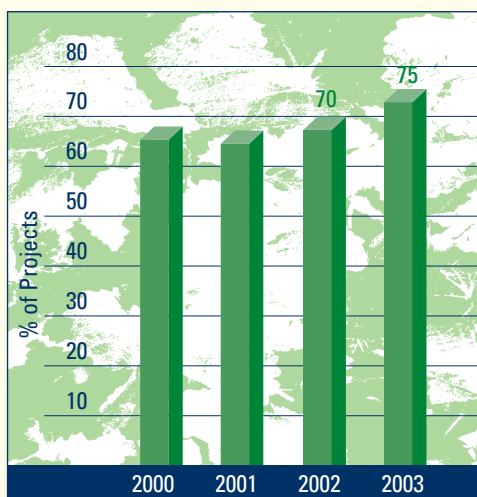
We measure our land supply in terms of location and numbers of plots. We also monitor the number of brownfield sites held by the Company for regeneration as recorded in the Environmental Performance Indicators section of this report. In 2003 we exceeded the Government’s target of 60% development on brownfield sites by 15%. By meeting our 75% target we have taken the opportunity to remediate and regenerate polluted and derelict land, bringing it forward for sustainable redevelopment or set aside to increase biodiversity in the private and public realm.

Key developments have won public sector awards for the best use of brownfield land, the protection of trees and for best landscaping as listed in the awards table in the Public Sector section of this report. More details on regeneration, including transport planning, can be found within the Sustainable Development Section of our website under case studies. The case studies are ‘Building for Life’ (Ingress Park, Greenhithe, Kent) and ‘Regeneration’ (Port Marine, Portishead). For 2004, we have set an 80% target for brownfield regeneration.

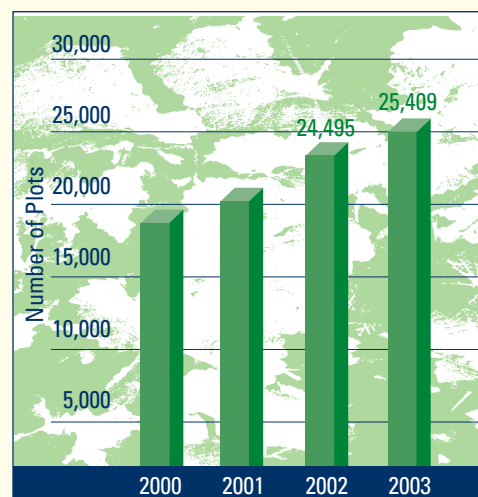
## Construction Impacts, Compliance and Emergency Preparedness

All regions have been instructed to report environmental incidents relating to such impacts as noise, vibration, air/water/ground pollution, historical contamination and wildlife/heritage disturbance, to the Group Company Secretary. The Group monitors environmental notices and prosecutions as a measure of the effectiveness of management over environmental risks. The Company once again maintained a clean sheet on environmental notices and prosecutions in 2003 for the fourth consecutive year. We have adjusted our 2002 environmental notice record to zero as a communication with the Environmental Agency (EA) was later identified as a consultation letter regarding historical ground contamination. Build site run-off complaints are recorded in the Environmental Performance Indicators section of this report. In 2003, one sewage incident was reported but after taking mitigating actions no notice was served. Due to an increase in incidents, EA guidance on pollution prevention for construction sites was distributed to provide the build managers of all operational companies with additional good practice and control guidance.

Strategic Indicators Environmental	Measure	2000	2001	2002	2003	2004
Brownfield developments	% of all projects	60	60	70	75	80
Environmental prosecutions	Number	0	0	0	0	0
Environmental notices	Number	0	0	0	0	0



Percentage of brown field development projects



Number of land bank plots

## Biodiversity and Heritage

Development on protected sites is generally excluded by planning controls. Ecology and conservation initiatives, such as the acquisition of the Papercourt Meadow flood plain in partnership with the Surrey Wildlife Trust in 2003, were undertaken to protect endangered wild life habitats and protect flood plain marshland to generally help offset the adverse impact of our land developments for the benefit of the community at large. Our biodiversity and land use policies are based on the EcoHomes environmental assessment criteria which we have adopted for site selection, i.e. building on land of low ecological value, enhancing the ecological value of the site, protecting existing ecological features and making effective use of the building footprint. We strive to meet these objectives by increasingly building on brownfield sites, commissioning ecological survey reports that list species endangered or vulnerable flora and fauna in, or affected by, project areas. We commission expert environmental surveys

and reports, implementing their recommendations to minimise adverse impacts, raising customer awareness of wildlife gardening through our Home Care Programme and meeting/exceeding housing density planning guidelines. Objective and target data are summarised in the Building Stewardship Indicators section of this report.

At Ingress Park in Greenhithe, Kent, effective use of building footprints met and exceeded the 30-50 dwellings per hectare density set, as indicated in the table opposite. The master plan conceived nine separate character areas. Good design achieved surprisingly high densities in a unique quality environment.

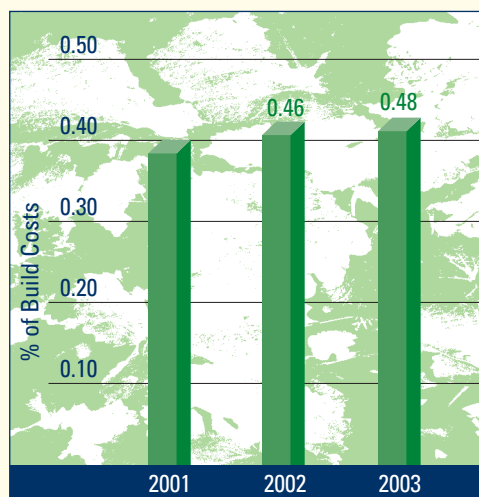
'Good practice' case studies on landscape and ecology include 'Biodiversity in practice' (Papercourt Meadow, Send Marsh) and the award winning Ingress Park, Ellenbury Park, Basted Mill and Repton Park development sites.

Ingress Park, Greenhithe	No. of units	Area (Acres)	Units sq.ft/acre	Dwellings/Hectare	Target Density
<b>Village Heights</b>	89	4.52	18,370	<b>47</b>	<b>30-50</b>
<b>Abbey Environs</b>	48	3.13	19,355	<b>38</b>	<b>30-50</b>
<b>Village Quarter</b>	92	5.22	21,159	<b>43</b>	<b>30-50</b>
<b>Village Boulevard</b>	92	7.28	62,084	<b>126</b>	<b>30-50</b>
<b>The Woodlands</b>	276	13.67	20,469	<b>50</b>	<b>30-50</b>
<b>Waterfront</b>	40	2.10	18,602	<b>47</b>	<b>30-50</b>

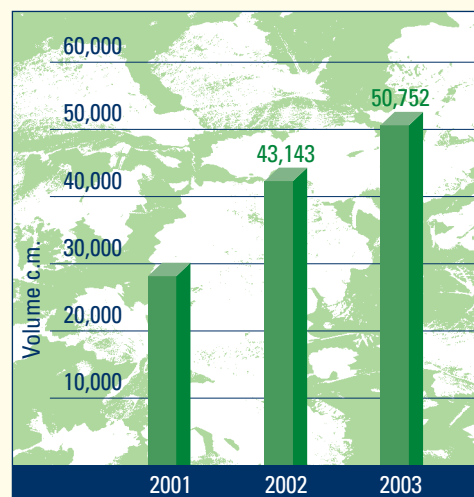
## Construction Waste Management

Crest Nicholson provides skips for its main contractors for general build waste. Our contractors are responsible for site clearance, demolition and ground-works waste management that includes bulk waste and material for re-use or recycling. Towards the end of 2004 we shall be able to audit contractor environmental vetting records with the objective of working with them to improve their performance on a range of environmental issues including waste reduction and recycling. We will also seek to implement on-site efficiencies such as remediation and recycling to reduce costs on waste disposal through our contractors, designers and specialist remediation consultants.

In 2003, analysis of Crest Nicholson's waste skip costs indicated a rise to just under 0.5% of total build costs. From this data we have estimated waste volume to be just under 51,000 cubic metres in 2003. During 2004, Crest Nicholson intends to benchmark its contractor waste management practices and communicate best practice guidance to site managers on the reduction, re-use and recycling of waste. The effectiveness of waste reduction initiatives will be measured. In the short term we intend to keep skip waste costs below 0.5% of total build cost.



Build skip waste costs as a percentage of total build costs



Estimated volume of waste per annum (cubic metres)

# 12. Office Environment

The Group Sustainable Development policy commits to run cost-effective and efficient offices that have the least detrimental impact on the environment. The Company's head office at Weybridge has a wildlife garden while other offices are mainly based on impermeable surfaces. Office space has only increased by about 750 square metres in recent years. Within the Environmental Performance Indicators section of this report we have used financially based data from 2000 to 2002 to estimate energy, waste and water use. In 2003, we have taken more accurate, direct measurements, and aim to meet national good office benchmark targets provided by the Environmental Technology Best Practice Programme.

## Energy

In recent years, total permanent office emissions of carbon dioxide have increased in absolute terms but they have decreased relative to rising turnover, employment and related office space.

Emissions have exceeded the typical office benchmark and group target of 69kg CO<sub>2</sub>/sq.m for the past four years. With the

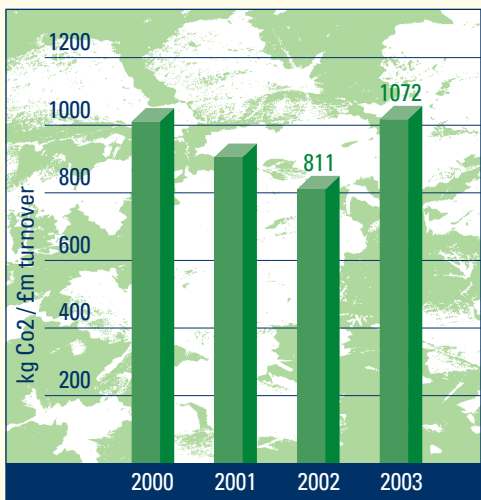
objective of reducing emissions, we launched an awareness campaign encouraging the prudent use of all office resources. This programme will continue throughout 2004.

## Waste

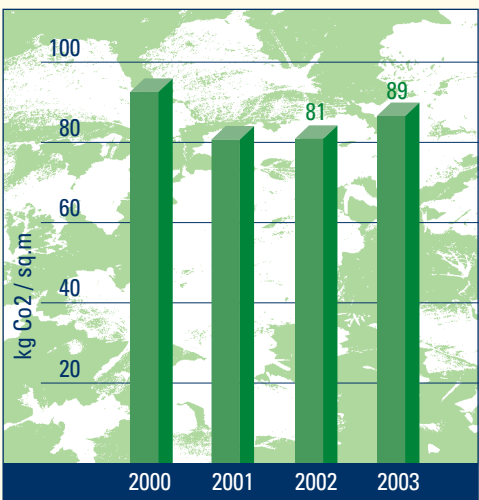
In 2002, an assessment of waste at the head office indicated a predominance of paper and cardboard. In 2003 paper and cardboard recycling skips were introduced at head office and waste volume to landfill decreased by about 17%. Our recycling target for the head office in 2004 is 60%. Our waste target for 2004 for the Group is the good practice benchmark of 200kg of waste per person per year. Other waste streams, such as fluorescent light bulbs, batteries, toner cartridges, mobile phones, redundant computer equipment and old furniture are all recycled through a variety of divisional initiatives.

## Water

Office mains water usage has been on average 13% less than the office good practice benchmark of 7.7cu.m per person per year. Our water consumption was higher during 2001 and 2002 due to a supply leak. The water company is crediting the Company for this overcharge.

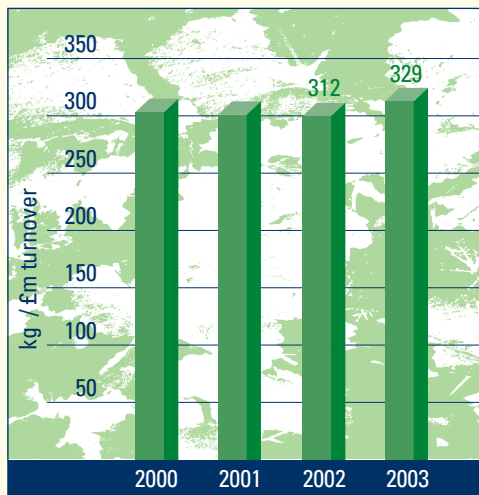


Office energy emissions in Kg Co<sub>2</sub> per £m turnover

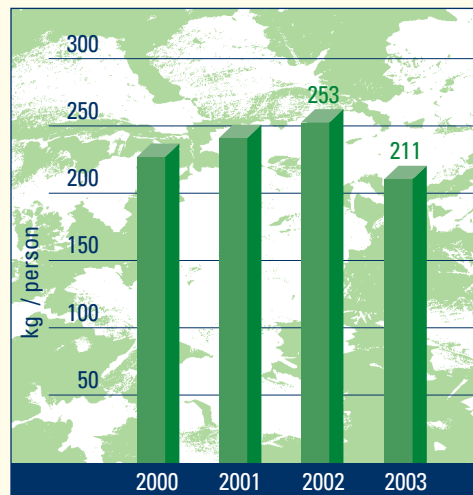


Office energy emissions in Kg Co<sub>2</sub> per square metre of office space

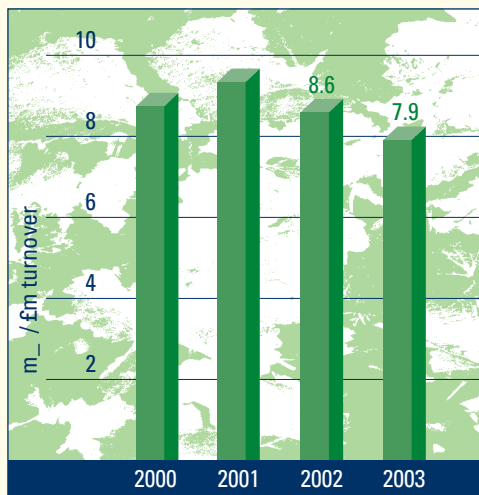




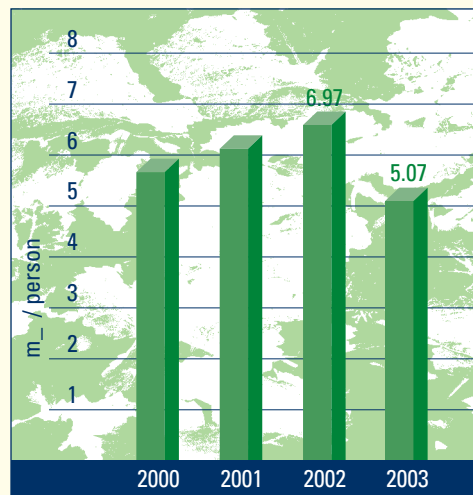
Office waste in Kg per £m turnover



Office waste in Kg per person



Office water usage in cubic metres  
per £m turnover



Office water usage in cubic metres  
per person

## 13. Supply Chain

Our Sustainable Development policy commits to 'develop long term, non-adversarial partnerships with contractors and suppliers to promote, inter alia, environmental awareness and standards. Developing mutual, social and environmental policy objectives with our suppliers and subcontractors will drive improvements down the supply chain on building materials and products. This will improve our environmental rating and differentiate our operations in the marketplace on selection for major projects and with our purchasers. In 2004, human rights issues in the supply chain, such as forced and child labour, will be assessed in respect of materials derived from overseas sources. The main current impacts that we aim to address will be recorded via a contractor environmental assessment form. Our objectives are summarised as:

- Awareness of regional resource impacts and prudent use of materials
- Consultant / contractors partnerships and compliance
- Supply chain waste management
- Verifiable product eco-labels and timber sources

### Regional resource impacts

In 2003 contractor and supplier resource use was assessed to identify significant economic, social and environmental impacts. The 'cost of goods, materials and services', a direct economic monetary flow indicator, is recorded in the Economic Performance Indicator section of this report. This shows that the Group has invested significantly in the London and South Eastern regions but in recent years the emphasis has shifted to the Midlands and South West.

The South East region build cost data has been used to illustrate in the pie chart opposite, the impacts at different stages of developments over a three-year period. The implications of this data are:-

2001 - predominantly ground worker resource use in improving the quality of brownfield land.

2002 - using bulk construction materials, products and skilled services to build the houses.

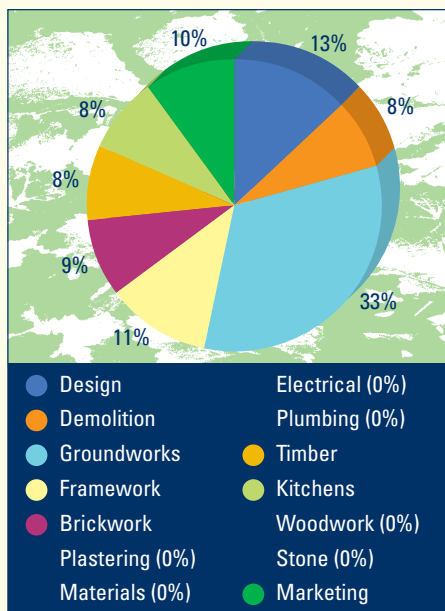
2003 - a new framework phase of development indicating a much higher level of apartments and higher density building.

### Contractors

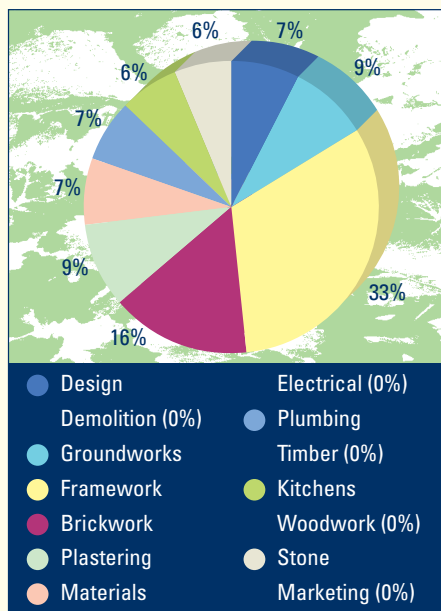
The most significant positive economic impact is on regional contractor employment. In recent years, no single contractor has received more than 10% of our Group build costs. In summary, the table opposite indicates a descending order of impacts on regional contractor employment skills and material resource types. Contractor selection procedures were re-assessed in 2003. Economic, technical and quality criteria were supplemented with an environmental assessment form for contractors in the areas of policy, responsibility, compliance, waste management, material / product selection and emergency preparedness. Our objective is to form partnerships with our contractors for sharing the economic benefits of improved environmental practice and innovation. In 2004, Crest Nicholson will be able to benchmark its main contractors, start to assess the relative performance of its consultants and control significant environmental costs based on the return of the environmental assessment forms.

### Material and Product Suppliers

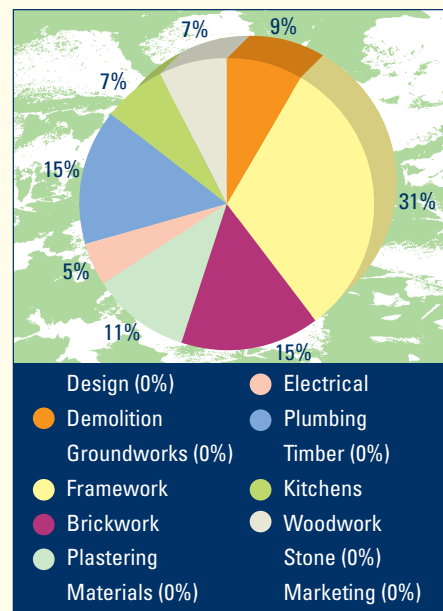
If suppliers of building materials and products are regionally procured then transportation impacts will be reduced. Total material use by weight or volume could not be measured so a review of Group trading and pricing agreements was conducted in 2003. Environmental data and policies were requested from a sample of our brick, white goods, timber, stone, fixtures and fitting suppliers. This data will be used to develop environmental assessment forms for suppliers in 2004. We intend using this information to begin to reduce the environmental impacts of materials and transportation and aim to improve our EcoHomes performance from these initiatives.



South east region resource use 2001



South east region resource use 2002



South east region resource use 2003

### Significant Regional Contractor & Material Resource Use Impacts (Based on the South East Region)

Contractor & Material Use	% of Build Cost
1. Frame workers, Steel, Concrete and Cement	11% - 33%
2. Ground workers and Waste	0% - 33%
3. Bricklayers and Bricks	9% - 16%
4. Pluming, Heating, Metals and Plastic	0% - 15%
5. Designers	0% - 13%
6. Plasterers and Gypsum	0% - 11%
7. Electrical and White Goods	0% - 11%
8. Marketing	0% - 10%
9. Demolition	0% - 9%
10. Joiners, Timber and Kitchens	6% - 8%
11. Stone	0% - 8%

Timber

Analysis of regional resource costs demonstrate that the use of timber, re-constituted wood and wood working services amounts to between 6% and 8% of total build costs depending on the type of construction. In 2003 we began to identify all our main suppliers of timber and wood products. By 2004, having identified all our main suppliers, we will then benchmark their product stewardship performance.

Energy

We have increased our specification to high energy efficient condensing boilers over the past few years and will switch to 100% condensing boilers by 2005. In 2003, we measured the improvement of thermal efficiency of our homes as recorded by our average SAP ratings in the following Building Stewardship section.

Water

From 1998 to 2000 Crest piloted a mains water supply recycling system that used filtered and treated bath water to flush toilets. We worked with Water Dynamics, Thames Water and Cranfield University to save up to 40% of domestic water consumption and monitor the systems efficiency and reliability within 13 homes. A case study will be available on our web site in 2004.

Our central buying agreement with Hansgrohe, for taps and showers, has been increased from an estimated 30% of our total requirement in 2001 to about a 75% in 2003. Our target for 2004 is 85%. These products provide water savings of up to 68%. Standard shower dimmers or Eco-sprays save from 15% up to 50% on household water flow. Hansgrohe also has a global Environmental policy and all of its production facilities are certified to the International (ISO 14001) or European (EMAS 1836) Environmental Management System standards.

Crest Nicholson Water Conserving Taps and Shower Valves Supply				
	2000	2001	2002	2003
Estimated % of Crest Nicholson market	30	50	75	85



## 14. Building Stewardship

Apartments, Perspective, London

Crest Nicholson's Sustainable Development policy commits to 'protecting the environment' and to 'higher levels of customer satisfaction by constructing well built sustainable homes'. Product stewardship involves taking careful account of the social and environmental impacts of our buildings. There are business opportunities that can arise by differentiating our product in the market place on the basis of quality, overall customer satisfaction and environmental performance. Build quality information, energy efficiency and other key data is monitored in the Society Performance Indicators section of this report. The Building Research Establishment's (BRE's) EcoHomes tool and the Building Regulations Standard Assessment Procedure (SAP), for energy efficiency in homes, help us set environmental objectives and targets that can be measured on an annual basis for improvement.

### EcoHomes

Product stewardship, as embodied by EcoHomes, set us several environmental objectives and targets for improving the environmental efficiency of our homes and improving occupier health and well being. These are intended to improve upon building regulation standards for energy, water efficiency and the overall environmental impact of the method of construction of a building and the materials and products used. Crest's social responsibilities are to create healthy, comfortable and flexible living environments giving access to local amenities and enabling less dependency on the car.

In 2003, Crest Nicholson applied the EcoHomes assessment methodology summarised in the table below. A Group committee was set up to use the predictive EcoHomes benchmarking tool on three of Crest Nicholson's major development sites. The sites achieved two 'Good' (good practice in most areas) and one 'Very Good' (progressive environmental performance) ratings as recorded by the table overleaf.



EcoHomes 2003 Predictive Performance				
Objectives	1. Park Central Points	2. Pitwines Points	3. Ashlands Points	Group Rating (Max. Targets)
<b>1. Energy:</b> <ul style="list-style-type: none"> <li>to achieve low carbon dioxide emissions;</li> <li>improve building envelope performance above regulations;</li> <li>provision of drying space;</li> <li>provision of eco labelled white goods or information; and</li> <li>low energy external lighting.</li> </ul>	10	11	11	7(20)
<b>2. Transport:</b> <ul style="list-style-type: none"> <li>good access to public transport;</li> <li>provision of cycle storage;</li> <li>proximity to local amenities; and</li> <li>home office space and services.</li> </ul>	6	8	5	Site Dependent (8)
<b>3. Pollution:</b> <ul style="list-style-type: none"> <li>ensure no ozone depleting substances are used;</li> <li>specification of low nitrous oxide emitting boiler burners; and</li> <li>reduction of rain water runoff.</li> </ul>	5	4	6	6(7)
<b>4. Materials:</b> <ul style="list-style-type: none"> <li>increase percentage of certified timber;</li> <li>recycled / reused timber and UK grown timber;</li> <li>provision of storage for recyclable domestic waste; and</li> <li>'Green Guide for Housing' 'A' rating for roof, walls, etc.</li> </ul>	23	19	6	9(31)
<b>5. Water:</b> reducing consumption.	0	2	2	5(6)
<b>6. Land use &amp; ecology:</b> <ul style="list-style-type: none"> <li>building on land of low ecological value;</li> <li>enhancing the ecological value of the site;</li> <li>protecting existing ecological features; and</li> <li>making effective use of the building footprint.</li> </ul>	8	5	5	Site Dependent (9)
<b>7. Health &amp; well being:</b> <ul style="list-style-type: none"> <li>provision of adequate daylight according to BS 8206 part 2;</li> <li>Designing sound insulation above Building regulations; and</li> <li>provision of private or semi-private space;</li> </ul>	5	1	1	6(8)
<b>EcoHomes Rating</b>	<b>Very Good</b>	<b>Good</b>	<b>Good</b>	<b>Excellent</b>

EcoHomes provides a rating expressed on a scale from 'Pass' (minor design improvements) to Excellent (exemplary environmental performance in all areas). An independent assessor was commissioned to assess our Group wide designs and specifications, excluding site-specific conditions, and his overall rating is presented in the final column opposite. As a Group, the ratings indicated that we performed near maximum target ratings in pollution prevention, water reduction, health and well being. Categories that were not measured were those that were site dependent, the objective being to assess strengths and weaknesses in our design and build and materials use. Our Group target for 2004 is to achieve on average an EcoHomes 'Good' rating across all of our developments and to achieve at least very good on all public sector partnership projects. Higher targets will be set in subsequent years and our improvement will be measured on an annual basis.

Accurate measurement of habitat protected or restored is not monitored across all development sites at present. However, the sample of three of our largest developments in the previous table, indicates that we are achieving a range from just over half to just under maximum EcoHome ratings for ecology and land use.

The independent EcoHomes assessment also provided an estimate of indirect greenhouse gas emissions from our homes. An average new home emissions figure for 2003 of less than 30 kg CO<sub>2</sub>/m<sup>2</sup>/year is recorded in the Environmental Performance Indicators section of this report. Improvements in 2004 to below 27 kg/m<sup>2</sup>/year will be achieved through more progressive energy efficient condensing gas boiler specifications.

### SAP Energy Ratings for Homes

The Standard Assessment Procedure (SAP) rating is the Government's approved method for calculating energy efficiency ratings for new homes. The energy efficiency depends upon factors such as:

- thermal insulation of the building fabric
- space and water heating efficiency and control
- ventilation characteristics of the dwelling
- solar gain characteristics such as house shelter, shade and orientation

There are two editions of this method (SAP1998 and SAP2001) and the version used is determined by local building control. The SAP scale currently runs from 1 (extremely poor) to 120 (extremely good). The following table is a summary of the average regional and group SAP ratings for 2003.

SAP Rating Table		
Regions	2003 Average SAP Ratings	2004 Average SAP Rating Target
London	107	107
Midlands	101	101
South East	99	99
South	95	95
Eastern	85	90
South West	82	90
Group Average	95	97

The average UK home (not brand new) has a SAP rating of 40-50. Our new home energy efficiency is measured for individual houses and is available to purchasers. The Group average SAP rating in 2003 was estimated at 95. In all regions the average SAP ratings for all developments and unit types built within the past 4 years have shown a steady improvement. Within most regions high SAP ratings have been achieved within high-density apartments and houses due to the installation of high efficiency condensing gas boilers. Eastern and the South West region will improve their average SAP ratings as they progressively upgrade to condensing boilers. We aim to achieve an average SAP rating of 97 in 2004 and start to monitor under the new Carbon Index method.

## Carbon Index Method

Part L of the SAP 2001 method recommends the use of a Carbon Index (CI) that has a value generated as part of the SAP rating. The CI is based on the total annual CO<sub>2</sub> emissions associated with space and water heating per square metre floor area. It is expressed as a number between 0 and 10. To comply with Part L, the dwelling must achieve a CI of at least 8.0. These figures will be collected and assessed in 2004.

Creating higher quality public realm spaces at Port Marine, Portishead





# 15. Customer Stewardship

Crest Nicholson's Sustainable Development policy commits to 'higher levels of customer satisfaction by constructing well built sustainable homes'. Our 'Customer Promise' and home guide "Building Relationships" provide documented objectives and control measures. Customer satisfaction surveys and service awards based on external assessments help us to measure our performance and stewardship across all key areas of sales, marketing and customer service. Other issues, such as customer health and safety, consumer privacy and compliance with advertising regulations are monitored and recorded in the Society Performance section of this report.

The Customer Promise sets out Crest's obligations to the customer clearly. In summary the promise commits to:

- a dedicated, responsive and professional service through the house buying process
- provide the opportunity to view the build progress of each new home at its key construction stages
- the opportunity to personalise your new home from Crest Nicholson's extensive range of options (subject to stage of construction)
- detailed final inspection and verification to stringent quality standards by Crest Nicholson's Build Department
- upon completion, the provision of a comprehensive demonstration to the customers of fixtures, systems and appliances within the home
- provision of a fully comprehensive Crest Warranty for the first two years of occupancy including a 24-hour emergency cover

The Customer Services Guide documents the Home care programme, including:

- a twenty one day home care review meeting with Crest's Customer Service Department
- a six month property inspection by Customer Services upon request
- a two year Crest emergency service covering defects in the home
- an NHBC Buildmark Information Pack
- an NHBC Buildmark Protection Policy - guarantee for 10 years
- a house maintenance section
- advice on garden planning
- environmental guidance on saving water, improving soils and waste recycling

All regions have a Customer Service Manager who links all facets of customer liaison. Their programmes have been recognised by building sector awards for 'Best Customer Strategy' in 2001, 2002 and 2003. (See Community section - Awards Table)

To monitor and measure our progress in achieving customer policy objectives, quarterly customer satisfaction surveys are carried out by an independent assessor to provide feedback on aspects such as:

- design and sound proofing
- internal and external build standard and quality
- development layout, parking and internal spaces
- neighbourhood location and communal environment
- customer service communication and commitment
- value for money

Customer satisfaction Survey Type	Measure	2000	2001	2002	2003	2004 (target)
Independent Consultant	Average % rating	72	76	76	75	78
National Customer Poll	star rating	3	3*	N/A	3	3

\* In 2001 Crest achieved 2 out of 3 stars for "value for money" but overall achieved a total of 20 out of a maximum 21 stars for quality and service.

This survey provides an overall rating for measuring year on year progress pointing to areas where further improvement is needed or customer policy needs to be changed. The customer satisfaction target set by the Group was a 75% average across the three disciplines of Sales, Build and Customer Service (Warranty). All customer feedback is collated and regulated by an independent external organisation, The Leadership Factor. In 2003, the overall average satisfaction rating by customers went from 76% to 75%, due in the main to a slightly lower average achieved within the Sales function. However, over the same period, gains in scores within the construction function indicate that the target for 2004 of an average of 78% should be achievable.

In 2003 special focus meetings held with our customers were facilitated by our independent consultants. This process allowed us to review our customer satisfaction survey questionnaire to ensure it remains in touch with customer requirements. It also demonstrates that as a company we are continually listening to the needs and wants of our customers.

The National Customer Satisfaction Survey for new homes is the key customer satisfaction benchmark for all house builders as it is commissioned independently by the Housing Forum. The survey was not conducted in 2002, but in 2003 we maintained our maximum overall three star rating achieved in the previous years 2000 and 2001. The 2003 survey was based on telephone interviews with 10,000 customers covering the top 37 house builders. Crest Nicholson was one of six companies that scored a maximum three stars out of three for all six categories that covered the quality of the home and the service provided. Survey results gave Crest an above industry average rating in the areas of:

## Quality of home

- value for money;
- construction and finish; and
- overall satisfaction;

## Service

- condition on moving-in day;
- likelihood of recommending; and
- overall satisfaction.

## Advertising Standards

The Advertising Standards Authority (ASA) administers the rules by which the marketing industry regulates the content of non-broadcast marketing communications. They investigate complaints that advertisements have broken the British Code of Advertising, Sales Promotion and Direct Marketing, prepared by the Committee of Advertising Practice (CAP).

Once again, there have been no prosecutions within the Group relating to sales and marketing material within the reporting period. However, the ASA did receive two complaints regarding Crest Nicholson, during the period, neither of which were upheld. Our marketing department is committed to full compliance to the spirit and letter of the code.

## Consumer Privacy

Crest Nicholson is committed to safeguarding the privacy of the users who visit their websites. In summary, we state the customers' rights and that we will only use their information to respond to requests for brochures, enquiries or to communicate information about developments that may be of interest to them.

## 16. GRI Content Index

### Global Reporting Initiative (GRI) Content Index

GRI section number and heading (description)	Report section & page
<b>1 Vision &amp; Strategy</b>	Section 1, page 2
1.1 Statement - issues; stakeholder impact; values; objectives	Section 1, pages 2 to 5
1.2 CEO statement – highlights; commitment; targets; engagement	Section 1, pages 4 to 7
<b>2 Profile</b>	Section 2, page 8
2.1 Name of reporting organisation	Front Cover
2.2 Products, services and outsourcing	Section 2, pages 8 to 9
2.3 Operational structure and the organisation	Section 3, page 10 to 11
2.4 Major divisions, subsidiaries and joint ventures	Section 2, page 8 to 9
2.5 Countries of operation	Section 2, page 8 to 9
2.6 Nature of ownership and legal form	Section 2, page 8
2.7 Nature of markets served	Section 2, page 8
2.8 Scale: employees; products; net sales	Section 2, page 8 and Section 6
equity; value added; total assets; total revenues; regional revenues services;	Section 17, page 43
regional costs; employees by region	Section 13, page 32
2.9 List of stakeholders, attributes and relationships	Section 4, page 12
<b>Report scope</b>	Section 1, page 5
2.10 Contact person(s) email and web address	Back cover
2.11 Financial / calendar reporting year	Section 1, page 5
2.12 Date of most recent previous report	Section 1, page 4
2.13 Boundaries of the report	Section 1, page 5
2.14 Significant changes in size, structure, ownership, products / services	Section 1, page 6
2.15 Basis for reporting on joint ventures, subsidiaries for comparability	Section 2, page 9
2.16 Effect of any re-statements of information provided in earlier reports	Section 1, page 6
<b>Report Profile</b>	
2.17 Areas where GRI is not applied and reasons	Section 1, page 6
2.18 Criteria used in accounting for sustainable costs and benefits	Section 1, page 6
2.19 Significant changes from previous years in measurement methods	Section 1, page 6
2.20 Policies to provide assurance on accuracy, completeness, reliability	Section 18, page 49
2.21 Policy on providing independent assurance for the full report	Section 1, page 6
2.22 Report users accessibility to additional information and reports	Back cover
<b>3 Governance Structure and Management Systems</b>	
<b>Structure and Governance</b>	Section 3, page 10
3.1 Major committees under the board of directors and responsibilities	Section 3, page 10
3.2 Determination of independence and percentage of non-executive members	Section 3, page 10
3.3 Determining board expertise for strategy and sustainability	Section 3, page 10
3.4 Board level processes for identification of sustainability risk and opportunities	Section 3, page 10
3.5 Executive compensation and achievement in non-financial goals	Section 5, page 14

# GRI Content Index

## Global Reporting Initiative (GRI) Content Index

GRI section number	Report section & page
3.6 Organisational structure and key economic, social and environmental roles	Section 5, page 14
3.7 Internal economic, social and environmental policies and implementation status	Section 3, page 11
3.8 Board of directors and shareholder mechanism for engagement	Section 4, page 12
<b>Stakeholder Engagement</b>	
3.9 Identification of major stakeholders and selection for engagement	Section 4, page 12
3.10 Approaches to stakeholder consultation, type, frequency and group	Section 4, page 12 to 13
3.11 Stakeholder consultation key issues	Section 4, page 12 to 13
3.12 Use of stakeholder information and relation to performance indicators	Section 4, page 12 to 13
<b>Broader Policies and Management Systems</b>	
3.13 Precautionary principle application and risk control	Section 3, page 10
3.14 Voluntary charters, principles, initiatives and subscriptions	Section 8, page 22
3.15 Membership to business sector and international organisations	Section 8, page 22
3.16 Supply chain management policies and product and service stewardship	Sections 13, 14 and 15
3.17 Managing indirect sustainability impacts from activities	Sections 12, 13, 14 and 15
3.18 Office location expansion or closures	Section 12, pages 30 to 31
3.19 Procedures for sustainability targets, programmes, training, audit etc.	Section 1, pages 6 and 7
3.20 Certification of management systems	N/A
<b>5 Performance Indicators</b>	Section 17, pages 43 to 48

## 17. Performance Indicators (GRI)

### Global Reporting Initiative (GRI) Economic Performance Indicators

	2000*	2001	2002	2003
Core Direct Economic Impacts				
Customers monetary flow indicators				
EC1 Net sales - Homes £ m	279.0	288.1	427.6	463.3
Housing Association & JV turnover £m	23.6	21.4	28.4	43.1 (75)
Housing Association turnover as % turnover	4.3	3.7	4.1	7.5
Land Sales land £ m	67.4	54.8	40.2	74.0
Average house sale price (£)	162,500	186,700	225,100	239,300
Number of houses sold	1717	1543	1899	1936
Number of Housing Association houses	207	195	237	308 (600)
Commercial Turnover £ m	65.0	50.0	47.7	13.1
Joint Venture Turnover £m	10.6	8.5	10.4	12.0
EC2 National market share	Less than 25%			
	less than 5% of Gross Domestic Product (GDP)			
Suppliers monetary flow indicators				
EC3 Goods, materials & services £ 000	-	187,784	236,478	262,640
EC4 Agreed term contracts (%)	Measurement system introduction 2004 - 2005			
Employees monetary flow indicators				
EC5 Total payroll & benefits (£ m)	43.6	49.3	54.9	40.6
EC6 Distributions: providers (£ m) Interest	10.4	10.3	12.8	12.7
Providers of Capital monetary flow indicators				
EC6 Distributions: providers (£ m) Dividend	9.5	10.8	12.4	14.3
EC7 Retained earnings (ROACE) (£ m)	20.5	24.2	31.6	38.4
Public Sector monetary flow indicators				
EC8 Total sum of taxes	Not measured			
Corporation Tax only (£ m)	12.7	15.5	19.1	23.0
EC9 Subsidies received (£ UK only)	To be assessed in 2004			
EC10 Donations: community, etc. (£)**	24,500	22,500	47,584	56,500
Additional monetary flow indicators				
EC11 Suppliers >10% of costs (£000's)	Pearce Construction 16% (2001)			
London (Pearce - Construction Contractor)	-	30,031	22,059	14,072
South (Construction Contractor)	-	2,676	1,943	2,752
South East (Construction Contractor)	-	1,162	3,163	3,856
South West (Construction Contractor)	-	3,337	4,703	4,890
Eastern (Construction Contractor)	-	8,702	8,473	5,890
Midlands (Construction Contractor)	-	1,157	1,484	3,083
EC12 Non-core business spend (£)	See Community & Product Stewardship Sections			
EC13 Indirect Product Impacts (£)	See Community, Supply Chain & Product Stewardship Sections			

\* The Accounting policy changed in 2002. Detailed adjusted figures available for 2001 but not for 2000.

\*\* EC10 Donations 2000 – 2002 figures combine Company and employee donations. 2003 figure excludes employee contributions  
Target figures for 2004 are in brackets.

-no data available.



## Global Reporting Initiative (GRI) Environmental Performance Indicators

	2000	2001	2002	2003	2004 Targets
Materials (core)					
EN1 Total materials (weight / volume)	By build costs EC3 & 11 - Supply Chain Section				
EN2 Use of recycled waste %	Measurement system not developed				
Energy (core)					
EN3 Permanent Office Energy use (mj)*	7,027,462	6,454,056	6,282,625	7,119,930	-
Electricity (Mega joules)	3,451,791	2,868,750	3,499,102	3,453,480	-
Gas (Mega Joules)†	3,575,670	3,585,305	2,783,523	3,666,450	-
Electricity & Gas Site use (joules)	Significance to be assessed in 2004				
EN4 Indirect Energy use	See Supply Chain Section - used to produce & deliver materials				
Water (core)					
EN5 Office total water use (litres)*	4,861,000	5,493,000	5,990,000	4,556,000	-
Office (cubic metres per person per year)	6.2	7.1	7.0	5.0	7.7
Sites (litres)	Significance to be assessed in 2004				
EN6 Area of biodiversity rich land	Biodiversity (core) See case studies				
‘Brown field’ projects (%)	60	60	70	75	80
EN7 Impacts on biodiversity	See Construction Environment & Building Stewardship sections				
Emissions, Effluents and Waste (core)					
EN8 Permanent Offices CO2 ton. Equ.	601	532	565	616	-
Carbon Dioxide Emissions kg CO2/sq.m	97	86	81	89	69
Site Offices CO2 ton. equivalent	Temporary offices to be assessed for significance				
EN9 Ozone depleting substances	Assessment included in BRE EcoHomes ratings				
EN10 NOx, Sox & Others	See Building Stewardship section				
EN11 Office waste landfill (Metric Tonnes)*	178	186	217	190	-
Office waste kg per person per year	227	241	253	208	200
Office waste recycled (Metric Tonnes)	0	0	0	15.6	-
Office waste recycle %	0	0	0	8	60%
Construction waste (Skip Costs) £*	-	819,284	1,078,539	1,268,769	-
Estimated Number of 4 yd skips	-	7,124	9,379	11,033	-
Estimated volume of waste (m3)	-	32,770	43,143	50,752	-
Waste % of build costs	-	0.44	0.46	0.48	0.45
EN12 Water discharges Office (litres)*	4,603	5,235	5,5732	4,556	-
EN 13 Significant spills (litres)	See Construction Environment Section - Compliance				
Products and Services (core)					
EN14 Impacts of developments	See Construction Environment & Building Stewardship Sections				
E15 Reclaimable build % weight	Not Applicable				

\*data based on financial estimates (direct readings from 2003)

†does not include gas data for Avon House.

-no target set / not appropriate / no data available

BRE = Building Research Establishment

## Global Reporting Initiative (GRI) Environmental Performance Indicators

	2000	2001	2002	2003	2004 targets
	Compliance (core)				
EN16 Prosecution fines	0	0	0	0	0
	Energy (additional)				
EN17 Home Energy efficiency (Av. SAP)	-	-	90	95	97
EN18 Building lifetime energy (J)	BRE EcoHomes CO2 kg /m2 /year		-	<30	<27
EN19 Energy intensive materials usage	BRE LCA: A low, B medium, C high impact		-	A 50%	A 60%
	Office & Site Water (additional)				
EN20 Water sources impacted by use	Local water utility sources - mains supply				
EN21 Water use as % of renewable water	See our web site environmental case studies				
EN22 Water recycling & reuse	See our web site environmental case studies				
	Biodiversity (additional)				
EN23 Strategic development land (Acre)	1,020	720	900	-	-
Strategic & short term land banks (plots)	20,340	22,286	24,495	25,474	-
Short term land bank (plots)	7,280	10,424	11,264	13,204	-
Land leased for office space (m2)	6,203	6,203	6,949	6,949	-
EN24 Impermeable land as % of leased	~90%	~90%	~90%	~90%	-
EN25 Impact on protected sites	See Construction Environment and Stewardship Sections				
EN26 Habitat protected / restored %	See Building Stewardship EcoHomes & web site case studies				
EN27 Programmes, objectives & targets	See Building Stewardship Section - EcoHomes				
EN28 Listed species in project areas (No)	See Group web site environmental case studies				
EN29 Projects in protected areas (No)	Significance to be assessed in 2004				
	Emissions, Effluents & Wastes (additional)				
EN30 Indirect greenhouse gas emissions	See Building Stewardship – EcoHomes, SAP & CI Ratings				
EN31 Site hazardous / special waste (£)	To be assessed 2004				
EN32 Build site runoff (complaints)	0	0	1	1	0
	Suppliers (additional)				
EN33 Supplier with Policy/Certificate etc	See Supply Chain Section				
	Transport (additional)				
EN34 Transport - logistical impacts	See Supply Chain Section				
	Overall (additional)				
EN35 Total Environmental expenditure	Expenditure types to be defined				

\*data based on financial estimates (direct readings from 2003)

'does not include gas data for Avon House.

-no target set / not appropriate / no data available

LCA = Life Cycle Assessment

SAP = Standard Assessment Procedure

CI = Carbon Index

## Global Reporting Initiative (GRI) Social Performance Indicators

	2000	2001	2002	2003	2004 targets
Employment (core)					
LA1 Full time employees (average)	783	772	859	899	-
Temporary / part-time employees %	-	-	1	1	-
LA2 Net employment creation %	-	-	10	5	-
Average turnover %	-	33	23	21	-
Labour / Management Relations (core)					
LA3 Trade Union Employee %	Assessed as not significant				
LA4 Employee consultation	System to be introduced 2004				
LA5 Health & Safety reporting	See Health & Safety Section				
LA6 Health & Safety Committee	See Governance, Management & Health & Safety Sections				
LA7 Standard injury	-	-	9	1	0
Lost days	Not measured at present				
Absentee rates	Not measured at present				
Work related fatalities (incl. Contract)	0	0	1	0	0
Training (man days)	31	14	23	112	123
Site Inspections (Number of visits)	590	612	624	882	970
LA8 HIV /AIDS programmes	Assessed as not significant				
Training & Education (core)					
LA9 Training Average Hrs / employee	Measurement started 1 November 2003				
Diversity & opportunity (core)					
LA10 Equal opportunity policy	See Governance & Human Resources Sections				
LA11 Board of directors (male / female)	0	0	0	0	-
Senior management (male / female)	-	-	-	10	-
Female % of employees	-	-	-	29	-
LA12 Employee benefits	See Human Resources Section				
Social security (£ m)	3.3	3.7	4.4	3.5	-
Pensions (£ m)	2.4	2.6	3.0	-	-
Healthcare / Disability	Not currently measured				
Maternity	Not currently measured				
Education	Not currently measured				
Retirement	Not currently measured				
LA13 Worker representation					
Corporate governance	No representation				
Management / Decision making	No representation				
LA14 Health Management systems	See Human Resources & Health & Safety Sections				
LA15 Trade Union H&S agreements	0	0	0	0	-

- no target set / not appropriate / no data

## Global Reporting Initiative (GRI) Social Performance Indicators

	2000	2001	2002	2003	2004 targets
LA16 Career end support	See Human Resources Section				
LA17 Life long learning & skills	See Human Resources Section				
Human Rights (core)					
HR1 Policy & management	See Governance and Human Resources Sections				
HR2 Investment & procurement	See Investment Community & Supply Chain Sections				
HR3 Performance in contractors	See Supply Chain Section				
HR4 Non-discrimination control	See Human Resources Section				
HR5 Freedom of association	See Governance and Human Resources Sections - Grievance				
HR6 Child labour policy	See Supply Chain Section				
HR7 Forced labour policy	See Supply Chain Section				
Human Rights (Additional)					
HR8 Human Rights training	See Human Resources Section				
HR9 Appeal practices	See Governance and Human Resources Section				
HR10 Non-retaliation policy	See Governance and Human Resources Section				
HR11 Training for security	See Human Resources Section				
HR12 Indigenous people needs	See Community Section				
HR13 Community grievance	See Stakeholder, Community & Customer Stewardship Sections				
HR14 Revenue sharing	See Investment Community Section				

## Society Performance Indicators

	Core				
	2000	2001	2002	2003	2004 targets
S01 Community Policy		See Community & Stakeholder Sections			
Company contributions to charity	24,500	22,500	38,000	69,000	50,000
Employee contributions to charity	0	0	32,084	27,059	30,000
S02 Bribery & Corruption		See Governance & Human Resources Sections			
S03 Political contributions	0	0	0	0	-
Policy		See Community Section – Voluntary Initiatives			
	Additional				
S04 Awards-Social/Environmental		See Awards Table, Public Sector Section			
S05 Indirect political gifts	0	0	0	0	0
S06 Competition & pricing	0	0	0	0	0
Anti-trust & monopoly prosecution	0	0	0	0	0
S07 Ant-competitive behaviour		See Governance – Policies Section			
	Product Responsibility (core)				
PR1 Customer H&S Policy		See Health & Safety Section			
Use of home / building		See Customer Stewardship Section			
PR2 Products & services					
Information & Labelling		See Supply Chain & Building Stewardship Sections			
New home / building manual		See Customer Stewardship Section			
Average SAP Ratings	-	-	90*	95	97
BRE** Average Predictive EcoHomes	See Building Stewardship Section			good	good
PR3 Consumer privacy	See Customer Stewardship Section			0	0
PR4 Customer H&S non-compliant	See Health & Safety Section			1	0
PR5 Product H&S complaints	See Customer Stewardship Section			0	0
PR6 Labels / awards-Community Section	See Community, Supply Chain & Building Stewardship Sections				
PR7 Product Labelling Fines	0	0	0	0	0
PR8 Customer Satisfaction	Customer Stewardship Section				
Annual average score-Stewardship Section	72	76	76	75	78
The Housing Forum National MORI Poll (star rating)	3	3	N/A	3	3
PR9 Advertising Policy	See Customer Stewardship Section				
PR10 Advertising Regulation Breaches	See Customer Stewardship Section			0	0
PR11 Consumer privacy breaches	See Customer Stewardship Section			0	0

\*Estimated data by Design Executives

\*\*BRE = Building Research Establishment (UK)

- no target set / not appropriate



## 18. Verification Statement

### Objective

RPS Group plc has been commissioned by Crest Nicholson PLC to conduct an independent verification of this Social and Environmental Report 2003, "Listening to the communities we build". The overall aim of the verification statement is to provide assurance to all stakeholders that the information provided is accurate and reliable, and to provide independent comment on the social and environmental achievements of Crest Nicholson. The social and environmental report is the responsibility of Crest Nicholson and the verification statement is the responsibility of RPS.

### Scope

The terms of reference for RPS's verification were to assess the appropriateness, credibility and soundness of the claims and commitments made in the report. In addition, RPS was asked to judge the extent to which social and environmental measures are being embedded into the Company's overall business and operational activities. The scope of this verification is limited to the information published in this report. Further information published on the Crest Nicholson website has not been verified.

### Methodology

The process used in this verification statement is based on guidance published by GRI, and other supporting best practice. Statements and data were verified through a series of interviews with key individuals at corporate level, document review and data sampling. Evidence of target achievement was reviewed to ensure consistency with reported progress.

### Comment

Crest has demonstrated its commitment to ensuring that the information presented provides an accurate and clear picture of its current social and environmental performance.

Key personnel across the Group provide a consistent approach to delivering the Company's Sustainable Development Policy. Responsibilities have been allocated across all departments. The positive action in Human Resources and the appointment of a full time Health and Safety Manager are of particular significance in improving social performance. The adoption of EcoHomes as a benchmark and the target to achieve a 'Good' Rating as an average will drive the environmental efficiency of the design of all new developments.

### Conclusions

Based on the information reviewed, RPS is confident that this report provides a comprehensive and balanced account of social and environmental improvements achieved during 2003. The data presented is based on a systematic and sufficiently robust collection process, and we are satisfied that the reported performance data accurately represent the current social and environmental performance of Crest Nicholson.

**Charlotte Brewin**

April 2004

Senior Consultant  
RPS Group plc



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## **Access to Information & Feedback**

Crest Nicholson PLC provides public access and an opportunity for feedback on its social and environmental performance via its web site **[www.crestnicholson.com](http://www.crestnicholson.com)**