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Welcome to CALA Group’s Sustainability Report covering our financial year ending June 2014.

At CALA, we recognise that when we build homes, we are using a precious resource. What we build, and how we build it, has a long-term impact on local communities and we strive to make a positive contribution to those communities; not just now but for years to come.

This report highlights the importance that CALA places on sustainability and shows our commitment to maximise resources, maximise the positive impact of development and create sustainable, well-designed communities for future generations.

Being a responsible homebuilder, whose contribution goes far beyond the homes we build, is part of CALA’s DNA. It is inherent in our culture and integral to our day-to-day business operations; from the way we buy land through community consultation to how we design and build our homes and beyond.

There are few other industries within which sustainability has such an important role. We are custodians of one of our country’s most precious resources – land. It is not just our responsibility, but our desire, to have a positive impact in the communities where we build and to leave a valuable legacy.

I am proud of where we are as a company today. This report demonstrates a respect for the environments and communities in which we build, a commitment to design excellence, an investment in our people and good corporate governance. It also shows an exemplary approach to health and safety and customer service, where we lead the industry in key metrics.

Our focus in 2014/15 will be to maintain or improve on our high standards and we will be reporting on our progress on an annual basis from hereon in.

CALA has ambitious growth plans over the next few years, with an aim to almost triple in size by 2017. With increased scale comes increased responsibility.

Continuing to achieve ambitious targets will be a central part of our growth strategy to ensure that we continue to deliver quality new homes in a responsible and sustainable way.

If you have any questions or comments on our Sustainability Report, please email sustainability@cala.co.uk

INTRODUCTION
FROM ALAN BROWN,
GROUP CHIEF EXECUTIVE

ALAN BROWN
Group Chief Executive
ABOUT CALA HOMES

CALA Homes, part of the CALA Group, is the UK’s most upmarket major housebuilder operating in the South of England, the Midlands and Scotland. We focus on high quality, well designed homes in premium locations.

TOP 10 UK HOUSEBUILDER

BEST MEDIUM HOUSEBUILDER 2013

493 EMPLOYEES

743 HOMES PER YEAR

AVERAGE SELLING PRICE OF £423,000

LANDBANK OF 12,690 PLOTS

8 OPERATING REGIONS

1 NORTH
2 EAST
3 WEST
4 MIDLANDS
5 NORTH HOME COUNTIES
6 CHILTERN
7 THAMES
8 SOUTH HOME COUNTIES

Figures as at June 2014
OUR SUSTAINABILITY PLEDGE

For the team at CALA, sustainability is simply about people; our staff and the teams that work on our homes, our customers and the communities in which we operate. Our aim is to make a positive contribution to those affected by our business activities with a responsible approach to development that is ingrained in every stage of our process:

THE LAND WE BUY
We take a partnership approach with landowners, buying well-located sites and promoting sustainable and deliverable developments through the planning process.

THE COMMUNITIES WE BUILD
We give local communities a say on new developments, invest in local facilities and services and aim to leave a lasting legacy for future generations.

THE HOMES WE CREATE
We design high quality, sustainable homes that reflect and enhance their surroundings, with practical layouts and design details that will stand the test of time.

THE SAFETY WE FOLLOW
We create sites that are safe for our staff, considerate of our neighbours and sensitive to local ecology and wildlife.

THE CUSTOMERS WE CARE FOR
We are committed to providing an exceptional customer experience, with a professional, friendly and knowledgeable approach from first enquiry to moving day and beyond.
WHAT WE ACHIEVED IN 2013/2014

- 743 New homes completed
- 37 New sites contracted
- £4.25m contributed to local community facilities and infrastructure
- 66 Affordable homes delivered in partnership with social housing providers
- 67% of waste from our building sites recycled
- 93% of development on Brownfield (previously used) land
- 5 Independent 5 star customer satisfaction rating for the fifth consecutive year
- £100,000 invested in the training and development of our people
- £100,000 Best Medium Housebuilder at the 2013 What House? Awards
- Pride in the Job Award-winning site managers
OUR PLEDGE IN ACTION: LAND

CALA is committed to working closely with landowners, communities and local authorities to deliver attractive and sustainable homes in which people aspire to live.

In 2013/14, we contracted on 37 new sites which will deliver 1,948 homes. Although we are a national company, our network of regional offices allows us to develop a local perspective and take an individual approach to each site. Our bespoke solutions to development allow us to progress these sites effectively through the planning process, often giving us success where others have failed.

Our land teams are experienced and have a detailed understanding of sustainable development and the built environment. This has given CALA a successful track record in land acquisition and planning. We identify sites that are suitable for development and offer carefully tailored solutions that take into account the priorities of landowners, planners, the communities surrounding our new homes and our home buyers.

Government policy in both England and Scotland is focused on ensuring that sufficient homes are built to meet people’s needs. The National Planning Policy Framework (in England) and National Planning Framework (in Scotland) provide policy direction and CALA’s skilled land and planning teams work within that guidance to acquire sites that will gain planning permission and allow future development to go ahead.

Two thirds of our developments are on Brownfield land and, where necessary, we undertake complex remediation, demolition and engineering works to prepare the ground for housing development. This often involves bringing back into public use areas for public land and green open space.

We aim to get our developments underway as soon as possible and all sites in our land bank are put into production as soon as planning permission is granted and all other necessary permissions are in place.

AT A GLANCE

- 37 NEW SITES CONTRACTED IN 2013/14
- 67% OF DEVELOPMENT ON BROWNFIELD SITES
- PLANNING PERMISSION FOR 3,256 HOMES
- 48% OF PLANNING CONSENTS FROM OUR STRATEGIC LANDBANK
NASCOT GRANGE, WATFORD

In 2013, CALA Homes completed its Nascot Grange development in Watford, on the former site of West Herts College’s Cassio Campus. CALA Homes was selected as the preferred developer for the 4.7 hectare site located in the sought-after residential area of Nascot Wood.

A development of 226 homes was built, including apartments, townhouses and detached family homes, with 30% being affordable homes. The properties occupied just 20% of the land within this mature setting, with the remainder dedicated to green open space, a grocery store, a children’s play area, an adult trim trail and preserved mature woodland.

The development proved extremely popular with a range of buyers and is now a thriving new community with facilities used by residents living within the development and from neighbouring areas.

FOCUS FOR 2014/15

• Increase in the number of sites purchased
• A careful evaluation process to ensure all land is in sustainable locations and has good planning prospects
• All developments to start within six months once there are no planning or other barriers to development
For every site, we identify and evaluate the impact of our development proposals and ensure appropriate mitigation procedures are put in place. We plan for sustainable homes that are effectively linked to local transport networks. We give careful consideration to connections to public transport, for example, building new footpaths to bus stops where required. For larger sites we plan for transport improvements, from new junctions and crossings to major infrastructure such as roundabouts and bypass roads.

In 2013/14, over two thirds of our sites were built on brownfield land and, wherever we build, we take our responsibility for protecting wildlife, watercourses, neighbouring land and property very seriously. Developments are sympathetic to local architectural heritage, reflective of the style of surrounding properties and promote a strong sense of community spirit.

We appreciate that the construction of new homes can affect those living and working in the immediate area and we aim to keep noise and disruption during the construction phase to a minimum. We communicate with local residents to inform them of the nature and duration of forthcoming work which is likely to impact on people locally.

Our homes feature excellent thermal insulation and clever use of renewable technologies including solar PV, solar thermal and air source heating. One in 10 of our homes in 2013/14 were built with renewable energy components. We also aim to reduce our carbon footprint by reducing energy consumption in our offices and controlling the use of diesel, electricity and water on our sites.

CALA has a ‘fabric’ first approach to building sustainable homes, paying attention to features such as high quality insulation and high performing windows, doors and lintels to ensure properties have...
a thermal performance that exceeds that required by
building regulations.

We have waste reduction plans across the business and
aim to recycle and reuse as much as possible. The year
to 30 June 2014 saw 93% of construction waste on our
sites recycled.

We have excelled in many areas and have put a
number of initiatives in place including:

- The introduction of a dedicated Environmental
  Management System in 2014, to deliver best
  practice for key areas including site waste
  management, contamination, protection of wild
  species and water courses
- The use of sustainable urban drainage systems
  (SUDS) on all sites
- A commitment to protecting wildlife and not just
  as the result of planning requirements. Examples
  include the creation of wildlife corridors in larger
developments, safe rehoming of great crested
newts and bird and bat boxes to protect local,
indigenous species
- Timber kits for timber frame houses (where built)
  from sustainable sources
- Design criteria to improve thermal performance in
  the Signature house type range
- Commitment to research, monitoring and
  implementation of evolving renewable technology
  to provide customer-friendly, low maintenance and
cost effective solutions that will assist our drive for
energy efficient homes and reduce our customer’s
energy bills

Each CALA development aims to make a positive
contribution to the local built environment through
attractive landscaping and the creation of new green
spaces that bring communities together.

We work with local planning authorities to preserve
and protect precious wildlife, trees and other heritage
features. We minimise the environmental impact of our
developments by creating homes that encourage our
purchasers to live in an ecologically-friendly way, and
at the same time enable them to benefit from lower
energy costs.

We design our developments to encourage pedestrian
journeys and the use of bicycles. Our homes are created
with sustainability in mind, making use of solar energy
where appropriate and maximising natural light to
reduce the use of electricity.

Communication and training, both with our own
employees and our subcontractor partners, ensures
that environmental issues stay high on the agenda
within the CALA business. Our environmental policy
statement is communicated throughout the organisation
and is publicly available. Environmental issues are also
included in all board meetings and our performance is
part of our annual report.
At our Moreton Park development in the Cotswold town of Moreton-in-Marsh, it isn’t just local families for whom we have created a dream home. The former Fire Service College contained a large population of Great Crested Newts living within the water pits used for the firefighters’ training.

As part of our development proposals, we set aside an area for a new bespoke habitat for the newts, creating a two hectare newt reserve including a specifically constructed newt pond, log piles and hibernacula. The newts were then carefully relocated to their new home.

Further ecological enhancements on site included the introduction of swales and balancing ponds and the provision of barn owl and bat boxes within an existing woodland area.
We have an experienced and specialist team working on every new proposal to ensure we design the best possible development solution for the location. We also involve a trusted team of independent expert advisors who provide us with specialist advice, where necessary, on a range of issues such as highways, ecology and landscaping.

CALA implements a programme of community consultation for any development of significant size to find out local views and opinions and give communities the opportunity to provide feedback which can help shape development in their local area. In 2013/14, community consultation was carried out on 63% of the sites on which we received planning permission.

Our initial plans for a development are presented at consultation events where local people can come and meet the CALA team. Information is also uploaded on our website where feedback can also be submitted.

All responses from the local community during the consultation process are taken into consideration before submitting our planning application to the local authority. We listen to any local concerns and reservations and address them wherever we can.

Details of our community consultation activity, the feedback we receive and the action taken as a result is submitted as part of our planning application.

£4.25 MILLION INVESTMENT IN COMMUNITY SERVICE AND INFRASTRUCTURE IMPROVEMENTS IN 2013/14

OUR PLEDGE IN ACTION: COMMUNITY

At CALA, we take a proactive role in local communities and always aim to have a positive impact in the areas in which we operate. This begins at a very early stage, before we even begin to design our developments. We see planning as a collaborative process between local communities, the local planning authority and our teams.
COMMUNITY CONTRIBUTIONS

It is important to us at CALA that the new homes we build become part of the communities where they are located. On every site, in discussion with the relevant planning authority, we make substantial investments in improvements to services, facilities and infrastructure in areas where we are developing new homes. Over the last three years, these investments have totalled almost £14 million. This does not include affordable homes provision over that period valued at circa £88 million. In the last year alone, we invested £4.25 million in community services and infrastructure. This included £1.8 million each in schools and transport improvements. Other contributions included investments in landscaping, healthcare, libraries, play areas and drainage improvements.

FOCUS FOR 2014/15

• We will hold community consultation events for all developments of more than 40 new homes
• We will communicate with the local community on smaller developments where appropriate
• In areas where a neighbourhood plan exists, we will engage with the plan team on the sites we are promoting for development
COMMUNITY PROJECTS

CALA Homes always looks to make a positive difference by supporting local communities – both near our developments and across our network of offices. We regularly partner with local schools and colleges to provide sponsorship, hold site visits and talks and contribute to educational fundraising. We support local sports clubs at both junior and senior level as well as local charities and fundraising appeals.

Initiatives in 2013/14 included donating high visibility bags to local primary school children as part of National Road Safety Week, providing new residents with Homes for Wildlife kits and supporting local businesses by sourcing hampers of local produce as part of our moving-in gift.

In 2013/14 we contributed over £80,000 to community, school and charity initiatives across our regions through donations and staff fundraising.
LISTENING TO LOCAL RESIDENTS

In 2013, CALA began a programme of community consultation for a development of 80 homes and office space in the Cotswold village of Mickleton. The local community were invited to view initial plans for the development and to meet the CALA team. At this meeting, residents living to the rear of the site expressed concerns about the proximity of the office units to their properties.

CALA took their concerns on board, redesigning the entire layout of the scheme to move the office space and introduce a 25 metre green corridor complete with a balancing pond and landscaped area along the boundary facing the existing properties.

In response to other feedback, and discussions with the town council, CALA also changed the mix of properties to include more bungalows and agreed to help fund a much needed village hall in addition to the contributions already agreed through planning.

“We raised our issues with CALA Homes and had a very cordial meeting with the team who went out of their way to quell our fears and subsequently came up with a revised plan. This is the first time that my wife and I have had any dealings with developments of this type and to be quite honest we feared the worst, but dealing with CALA has without question been nothing short of a most pleasant experience. They listened to our concerns and acted upon them.”

MRS AND MRS HINTON, MICKLETON RESIDENTS
OUR PLEDGE IN ACTION: DESIGN

At CALA, every new home we build is an opportunity to realise a vision of design excellence. From carefully considered master plans, through elegant home exteriors, to the professionally crafted and expertly detailed interiors, design is at the heart of everything we do.

Our design ethos is shaped by the desire to create homes and communities that reflect and enhance their setting and meet the needs of modern family life. We work closely with local planners and communities to ensure that the look of our homes and the materials we use are sympathetic to the local environment.

We also keep customers’ needs at the forefront of our minds, maximising light and space and creating practical living spaces from large kitchens with formal dining and relaxed family areas to bedrooms with separate en suites and dressing areas.

The design features and details that our customers love can be found across our range of homes but we also design individual properties when a more bespoke approach is needed. We pay particular attention to quality and detail with high ceilings, wide hallways, generous storage, subtle recessed lighting and quality fixtures and fittings.

Our approach to design is constantly evolving in response to market trends, customer feedback and new legislation.
SUSTAINABLE AND ENERGY EFFICIENT FEATURES IN ALL HOMES

We specify our homes to include all or some of the following sustainable features which combine to reduce our use of scarce resources:

- A or B rated appliances to reduce water and energy use
- Dual flush mechanisms on toilets to reduce water use
- Low energy lighting reducing electric use
- PV solar panels to generate electricity
- Air source heat pumps to reduce the burning of fossil fuels
- Double glazing and high levels of internal insulation to reduce heat loss
- Passive infrared motion sensors for external and internal lighting to reduce electricity use
- Provision of recycling bins to encourage domestic recycling
- Provision of water butts to reduce water use

HOMES FOR LIFE

Our vision at CALA is to leave a legacy of high quality, timeless homes, in sustainable communities that will benefit both our customers today and future generations. By monitoring and anticipating lifestyle trends we aim to design homes that meet the changing needs of homeowners. We ‘future-proof’ our homes with faster internet and broadband speeds and design them to interact with smart television and mobile devices within the domestic environment.

We consider the functionality of every home we build and we plan flexibility to allow for storage, spaces to eat, playrooms, relaxation zones and home working facilities. We always think about the way people will live in our homes and do our best to ensure that each home has the flexibility to develop as our customers’ lives develop and their requirements change.

HOMES DESIGNED IN KEEPING WITH LOCAL SURROUNDINGS

FUTURE-PROOFED HOMES

BEST USE OF LIGHT AND SPACE
In 2013, The Georgian Villa at our Trinity Park in Edinburgh was named ‘Best House’ at the national What House? Awards. On a development inspired by the architecture of the city’s historic Old Town, this 4/5 bedroom home combines Georgian-inspired design with contemporary and flexible living over three floors.

Testament to our principles of maximising light and space, The Georgian Villa offers ceiling heights of up to three metres, generous windows and a traditional cupola flooding light into the living area. Generous living space includes a large kitchen/dining room, a family room and a traditional drawing room leading onto a glazed terrace. Attention to detail gives this property real authenticity, from the masonry facades, ornate ironmongery and natural slate roofs to the intricate internal detailing.

FOCUS FOR 2014/15

- Appointment of a Group Product Director to focus on design and specification
- Strengthen and expand the central design teams in Scotland and England
- Group specifications and group procurement including the introduction of green product strategies
- A Group Design Code to deliver product consistency and high quality design
We are proud to work with a range of affordable housing partners where we build to provide high quality, low cost homes. Over the last three years we have completed an average of 859 homes a year, of which 21% have been affordable homes.

These have included properties for rent, shared ownership and low cost open market homes for local people. We seek to provide homes for a wide range of groups, depending on the need in the area concerned, including those with special needs, the elderly, starter homes and family properties.

Of the affordable homes provided by CALA in 2013/14, 80% were built directly by CALA and 20% were provided as land or contribution payments to local authorities as specific planning requirements dictated.

In 2014, we appointed an Affordable Homes Director to oversee the planning and delivery of affordable homes across the group. This reflects CALA’s commitment to creating mixed and balanced communities where people in housing need aspire to live.

CALA works closely with Parish and Town Councils as well as local residents groups and organisations to ensure we build the right mix and types of tenure to satisfy local, and not just district-wide, housing need.

CALA’s focus on design means that affordable properties are indistinguishable from private homes whilst achieving the space, storage and layouts required by legislation.

**Focus for 2014/15**

- Continue to work with our affordable housing partner organisations and local authorities to deliver affordable homes as part of the overall planning of our developments
- Introduce a wider range of tenure choice, in partnership with affordable housing partners, particularly targeted at the starter home and elderly extra care markets
- Consider new low cost home ownership financial models to make them more accessible to those on lower incomes

**At a Glance**

- 554 Affordable homes built over the last three years
- Partnership approach with social housing providers
CASE STUDY

A DESIGN-LED APPROACH

The Hedgerows development in the Worcestershire village of Crowle is a collection of 25 properties including seven affordable homes. CALA designed a traditional scheme in keeping with the village location, but it was our unique approach to the affordable homes on site that received wide praise by Wychavon District Council’s planning committee.

The collection of houses and apartments were sympathetically designed in the style of a farmstead building with traditional finishes and materials such as wooden windows and doors. The approach ensured that the properties blended effortlessly with the rest of this prestigious development.

A mix of tenures was also introduced, including an open-market bungalow offered at a discounted price to those living in the immediate area.

Thank you to CALA and Link Housing for our splendid new home. It’s bright, spacious and energy efficient with beautiful fixtures and fittings topped off with a stunning view of the Marina and Union Canal. What’s not to love! Thank you again.

AFFORDABLE HOUSING TENANT, THE MOORING, RATHO
Effective management of health and safety is inherent in our culture and an integral part of our day to day business operations. We work closely with our employees and contractors across our regional offices and site locations to promote a cooperative, partnership approach that is vital in ensuring we maintain our excellent health and safety record.

OUR HEALTH AND SAFETY PLEDGE

- To comply with the Health and Safety at Work etc. Act 1974 and associated legislation and set standards above the minimum requirements
- To pursue a systematic, planned approach to the identification of hazards, assessing associated risks, and implementing suitable control measures where necessary
- To provide the necessary resources to reduce the risks to the health and safety of our employees, self-employed, clients, contractors and the public
- To ensure the provision of premises, plant, equipment and systems of work that contribute to a safe and healthy working environment
- To provide information, instruction, training and supervision necessary for employees to undertake work tasks competently and safely
- To ensure effective consultation and communication with all employees on all health and safety matters
- To regularly review, monitor and audit the effectiveness of the Health and Safety Policy and undertake to improve/amend where necessary
- To engage business partners who have the same Health and Safety ethos as CALA and check their competency levels in regard to their approach to the management of health and safety issues

CALA Group is committed to securing the health and safety of its employees, contractors, customers, the general public and anyone else who may be affected by our operations.
INDUSTRY-LEADING PERFORMANCE

CALA leads the industry when it comes to health and safety. Whilst we strive for a zero-accident target, we continue to maintain impressively low incidence levels and hold an exemplary health and safety record.

Our average Accident Injury Incidence Rate (AIIR) over the last five years to June 2014 is 195 incidents per 100,000 employees, placing us as the best performer in the benchmark group of companies participating fully for that period.

In the 12 months to 31 March 2014 we recorded six injuries reportable under RIDDOR. When the injury reporting criteria under RIDDOR was extended to “over 7 days” in April 2012, CALA continued to record, investigate and report internally, all “over 3 day” injuries. In addition and reflecting our proactive approach to health and safety, all near misses and first aid incidents are recorded and analysed to identify any trends and ensure these do not become future accidents.

A PROACTIVE APPROACH

Our commitment to maintaining the highest standards of health and safety is reinforced by the investment we make in ensuring our own staff, and our subcontractor partners, understand their health and safety responsibilities and have the resources, knowledge and capability to carry out their roles safely.

In 2013/14, CALA held 477 man days of health and safety training. All employees who are likely to visit a site must also hold a valid CSCS card (or equivalent) appropriate to their role which demonstrates a level of health and safety understanding relevant to their job.

Health and safety is the first item on the agenda at every CALA board and management meeting and latest results are measured against internal key performance indicators (KPIs). Group standards and KPIs, set by us, significantly exceed the minimum required by legislation.

CALA has introduced a fully integrated IT-based Safety Management System, which all Health and Safety Managers use when carrying out site inspections as part of our ongoing monitoring process. Data is then interrogated to allow a focus on trends and continual improvement.

COMMUNICATION

We have created internal communications programmes and initiatives designed to empower individuals on site to take ownership of health and safety before it becomes an issue. Another initiative highlighted the importance of the health and safety of wildlife throughout the lifecycle of a given development.

The introduction of a confidential, free telephone number and email address has enabled employees or sub-contractors to report any health and safety concerns anonymously with the knowledge that they will be investigated fully.
THE SEE IT SORT IT REPORT IT CAMPAIGN

The SEE IT SORT IT REPORT IT campaign was introduced to actively encourage individuals to identify and report any unsafe acts or conditions that could potentially become a near miss. A confidential phone number and email address was set up to enable staff to raise concerns in confidence, with these going directly and solely to the Director of Health and Safety.

The system encourages a culture of awareness and openness in which our teams have the confidence to raise any health and safety concerns or make suggestions for improvement. They can also use the system to escalate issues or concerns if they hadn’t been acted on locally.

The SEE IT SORT IT REPORT IT campaign was rolled out through a series of training programmes to site-based employees and subcontractors whilst cards and posters were put up on site to raise awareness of the campaign.

FOCUS FOR 2014/15

• Continue our focus on our zero-accident target
• Maintain or improve on our AIIR and RIDDOR scores
• Deliver 500 days health and safety training
• Introduction of Near Miss and First Aid reporting

CASE STUDY

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SEE IT SORT IT REPORT IT

YOUR SAFETY MATTERS

Report any health and safety concern confidentially to: 0800 612 7984 or safetyhelpline@cala.co.uk

REPORT ALL NEAR MISSES. IT CAN PREVENT A FATALITY.

Report all near misses to your line manager who will pass it on to your health & safety manager.

CALL 0800 612 7984
Email safetyhelpline@cala.co.uk
At CALA, we pride ourselves on our industry-leading customer service. A commitment to customer service excellence is part of our culture, from the design and finish of our homes to the house buying process and post-occupation experience.

THE HOUSE BUYING PROCESS

Delivering a great experience to our customer relies on consistently high standards at every stage of our build process and it starts with the skill, care and attention shown by our site teams. In 2014, 7 site managers received a National House Building Council (NHBC) ‘Pride in the Job’ Quality Award which recognises the highest standards in housebuilding.

CALA is also committed to making the purchase and move-in process straightforward, informative and uncomplicated. CALA adopts the Consumer Code for Homebuilders which promotes fair treatment, the provision of reliable information, ensures purchasers know what service levels to expect and provides access to a dispute resolution scheme. In addition, CALA has its own Customer Charter which details, from the outset, the service our customers can expect when they buy a CALA home.

POST OCCUPATION

CALA ensures that our customers continue to receive a quality service even after they’ve moved into their new home.

Our dedicated customer service managers will contact homeowners shortly after completion to ensure everything in their home meets their expectations and answer any queries they may have. In addition, every customer will receive around the clock ‘emergency’ care to ensure that any issues are dealt with both inside and outside of normal working hours. All our homes come with a ten year warranty, the first two years of which are covered by CALA.
EXTERNAL BENCHMARKING

We use a range of measures from respected independent third parties to continually monitor the service our customers receive. On a range of factors, from the internal and external design of homes to the information we provide to customers, we continue to achieve consistently high scores against our benchmark group:

As of June 2014, we received the maximum five stars for customer satisfaction for the fifth consecutive year.

The national survey, undertaken by industry bodies the Home Builders’ Federation (HBF) and the NHBC, asked home owners how satisfied they were with the quality of their new property and whether they would recommend their housebuilder to a friend. CALA scored in excess of 90% on both measures.

The Net Promoter score is a global benchmark of customer service calculated on a company’s percentage of promoters minus its percentage of detractors. In 2013/14 CALA had an outstanding annual Net Promoter Score (NPS) of 72.5 which outperforms some of the biggest and top-scoring international brands.

External consultants In-house Research reported that in 2013/14, 95.7% of our customers would recommend CALA.

CALA was recognised in a number of awards in 2013/14 including ‘Best Medium Housebuilder’ and ‘Best Development’ at the national 2013 What House? Awards.

FOCUS FOR 2014/15

• Appoint a Group Customer Services Director to focus on the delivery of customer service excellence across the group
• Achieve the maximum five star rating for customer service for the sixth consecutive year as measured by the Home Builders’ Federation
The Finlay family moved into their five bedroom home at CALA’s Murieston Gait development in Livingston in the spring of 2014.

The moment I walked into the showhome I had goosebumps. Everything about the property leapt out to us, from the high ceilings to the state of the art kitchen and enormous back garden.

The experience with CALA was entirely different than with other builders. They were consistently on hand throughout the process. Nothing was ever too much trouble. The icing on the cake was the welcome pack we received when we moved in and the manuals that explained everything we needed to know about our new home.

GRANT FINLAY
OUR PLEDGE IN ACTION: OUR PEOPLE

CALA is a company that values its people. We understand that our success relies on the passion, quality, and hard work of our teams. We consider ourselves a single status company which provides all levels of employees with equal support and ensures that they are treated fairly.

In order to maintain our position as the UK’s most upmarket major homebuilder we need to attract and retain the best people. We do this by creating a great place to work, by engaging with our employees and by giving them the opportunity to make a difference. Employees are recognised and rewarded for the jobs they do and we invest in their ongoing development. Their success is our success.

OUR CULTURE

We are committed to providing an inclusive working environment, where everyone feels valued and respected. Our culture is a key ingredient in our ability to attract and retain excellent people and for the business to deliver to its potential. We encourage people to make a difference, pushing responsibility and decision-making further down the organisation in an open and supportive environment.

We are mindful of the challenge we face in a fast growing business to retain the culture we value so highly and this will remain a key focus as we expand.

In 2014, we created our Brand Values House which sets out our vision for the CALA brand, our aims and goals as a company and the values of our people.

ENGAGING WITH OUR EMPLOYEES

We believe it is essential to engage and communicate effectively with our staff and to that end we provide regular updates on company developments, news and financial performance via e-mail and our intranet.

Regular staff briefings are hosted at our regional and head offices to provide an update on how the business is performing and where it is going. In addition, we bring all our employees together for an annual briefing which provides an opportunity for them to hear about the group’s plans and vision for the future. It is also a chance for staff to put questions to the management team via an open Q&A session.
Individually and collectively, our directors visit our operating regions and sites frequently and engage with employees on a one-to-one basis in order to get feedback from our people and keep their finger on the pulse of the business.

RECOGNISING AND REWARDING OUR STAFF

We promote from within where possible and ensure that remuneration packages are competitive and clearly communicated through individual total reward statements. In 2014, we appointed a Remuneration & Benefits Manager who is responsible for the creation and development of reward policies that meet HR and business needs and fit with our culture.

We reward our staff with a benefits package that includes:

- Childcare vouchers
- Bike to work schemes
- Hotel discounts
- Enhanced paternity and maternity pay
- Flexible working hours
- Buying and selling holidays
- Private health care
- Bonus
- Free to use holiday home
- Access to a confidential employee assistance programme that offers telephone support, advice and counselling

INVESTING AND DEVELOPING OUR PEOPLE

In 2014 we recruited a dedicated Training & Development Manager and launched an online induction & training portal. This provides easy access to key information for new employees and helps them to understand CALA’s values and aspirations, and the skills required for their role.

We have an annual performance appraisals process and invest in training for all staff which is identified through this process, in addition to group-wide core training initiatives for our key teams. We also support our staff through further education qualifications.

OVER 90% UNDERSTAND THEIR INDIVIDUAL ROLE IN CALA’S SUCCESS

OVER 80% ARE ‘VERY CLEAR’ ON THE VISION OF THE COMPANY

7 NEW GRADUATES, TRAINEES AND APPRENTICES RECRUITED IN 2013/14

26 INTERNAL PROMOTIONS

26
FOCUS FOR 2014/15

- Work with the Home Builders’ Federation (HBF) and the Construction Industry Training Board (CITB) to improve the image of the sector and highlight the range of careers on offer
- Recruit 70 graduates, trainees, placement students and apprentices over a three year period (10% of our workforce)
- Roll out training for all employees on equality and diversity
- Establish links with the Career Transition Partnership to enable us to recruit ex-service personnel
- Comprehensive culture survey to measure our effectiveness as a business with a view to establishing a starting point against which to measure future surveys

FUTURE PRESENCE

Our third talent management programme, the Future Presence Experience (FPE) launched in August 2013. The purpose of the programme was to develop the leadership skills, self-awareness and business knowledge of our current managers and directors, the learning from which they took back into the business.

FUTURE LEADERS

Investing in new talent for the future is key to the business remaining open to new thinking and fresh ideas and creating the next generation of managers and leaders.

We regularly accept school and university student placements with a view to potentially providing long-term employment for local young people. We also remain committed to working with the charity Career Academies UK, whose aim is to work with businesses and High Schools to raise the aspirations of 16-19 year olds.

We have always recruited graduates into our business, however this year we are developing a more structured approach to graduate recruitment to nurture their development and maximise their potential for the benefit of the company and the industry.

APPRENTICESHIPS

2013/14 has seen the eight apprentices we recruited in 2010 complete their qualification and training, while a further apprentice has also been recruited. All apprentices benefitted from the support provided – time off to attend college and practical experience on-site – and also the tangible support the CALA team gave them in a coaching and mentoring capacity.
CASE STUDY

ASHLEY AND LEE’S STORY

Ashley Cumming and Lee Hickey joined CALA Homes’ Thames region in 2010 aged 18. Both joined as apprentices on our Ickenham Park site. At the end of their apprenticeship, Ashley joined the Commercial function as a Trainee Surveyor and Lee joined the Construction team as a Trainee Site Manager in 2012.

Both Ashley and Lee went on to study for HNC qualifications and upon finishing these, they commenced degree level study on a part time basis, while continuing to work for CALA. Their story reflects that of a number of staff within CALA, and a continued commitment to developing and supporting new talent in the business.

Ashley’s enthusiasm and passion for learning has made a positive contribution to the Thames Region. He is dedicated to completing his degree and progressing within CALA which we are encouraging. Ashley is the sort of person we would welcome when recruiting candidates for our Apprenticeship and Graduate Programmes.

NICK TWINE, MANAGING DIRECTOR, CALA HOMES THAMES
According to the Home Builders Federation, every £1 spent on housing puts £3 back into the economy. The housing industry is a major employer too, supporting 600,000 jobs directly and via the supply chain. £5.5bn is spent every year on suppliers, with 90% of that staying in the UK.

Housebuilding is a major industry in this country, contributing £19.2bn of economic output annually to the UK economy. £1.4bn of tax is also paid every year through stamp duty land tax, corporation tax, NI, PAYE and homeowner council tax.

Private sector housing makes a substantial investment in local infrastructure, education and community facilities. Agreed with local authorities as part of the planning process, the industry contributes around £576m every year; much needed investment that otherwise would not be available. Every year, as an industry, we fund new schools, health centres, sport facilities, and improvements in roads and public transport. Hectares of public land is also reclaimed through the creation of green open spaces, play areas and the opening up of disused land.

Since 2010, additional funding has been made available to local councils through the New Homes Bonus. The scheme, introduced by the Coalition Government, supports the delivery of new homes by matching the council tax receipts from new homes for the first six years. The NHB allocations between 2011 and 2016 total £3.4 billion.

**OUR PLEDGE IN ACTION:**

**ECONOMIC FOOTPRINT OF UK HOUSEBUILDING**

Housebuilding plays an important role in the UK economy. From job creation and investment in local services to addressing our current chronic housing shortage, the new homes industry is a key driver of growth.

**UK HOUSING INDUSTRY CONtributes £19.2BN TO THE UK ECONOMY**

**600,000 JOBS SUPPORTED DIRECTLY AND INDIRECTLY**

**£576 MILLION INVESTMENT IN LOCAL COMMUNITIES EVERY YEAR**

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**HOUSEBUILDING CONTRIBUTION**

- **Education facilities** £225.3m
- **Public open space** £72.6m
- **Healthcare facilities** £5.9m
- **Youth and community facilities** £40.2m
- **Sport and leisure facilities** £18.2m
- **Other (inc. public transport, highways and public art)** £213.8m
Housing is not just a social priority – it’s a key business issue. Building new homes is a powerful source for growth, creating jobs across the country and supporting hundreds and thousands of businesses and their supply chains.

KATJA HALL, CBI DEPUTY DIRECTOR-GENERAL
OUR PLEDGE IN ACTION: GOVERNANCE

The success of our business depends on earning the trust of our customers, our employees, our shareholders and other stakeholders. That’s why we place such importance on strong governance practice and a commitment to conducting our business based on CALA’s values of passion, respect, quality and delivery.

CALA adopts clear governance policies and processes that provide a framework for the operation of the company in line with our values, our shareholders’ and stakeholders’ best interests and our legal obligations.

Although not a listed company, CALA has regard to the provisions of the UK Corporate Governance Code in the manner it has set up its governance framework.

We promote responsible business practices at every level of the company, governed through a framework of boards and committees. These boards and committees report regularly to the relevant board.
CALA GROUP (HOLDINGS) LIMITED

CALA Group (Holdings) Limited (the “Group Board”) has overall responsibility for guarding and serving the interests of shareholders and other stakeholders, including responsibilities to customers, investors, staff, suppliers and the community at large. The Group Board approves group strategy, group plans and policies and monitors performance and meets at least six times a year.

Other boards and committees have responsibilities as follows:

THE AUDIT AND RISK COMMITTEE
Assists the Group Board in relation to the disclosure of the financial affairs of the group, reviewing the adequacy and effectiveness of the group’s internal financial controls and internal control and risk management systems. It also monitors and reviews the group’s procedures for whistleblowing, prevention of bribery and non-compliance.

THE REMUNERATION COMMITTEE
Responsible for ensuring the appropriateness and relevance of the general remuneration policy for all CALA staff and also for ensuring that the executive directors and senior management are appropriately rewarded having regard to the financial performance of the group.

THE EXECUTIVE BOARD
Responsible for carrying out such plans and tasks specifically devolved to it by the Group Board. The Executive Board considers strategic decisions and matters of group policy.

THE OPERATIONS BOARD
Oversees the day-to-day operations of the business, promoting a common vision for CALA, maximising efficiency and effectiveness through sharing best practice. The Operations Board is responsible for achieving the operational targets set out in the group’s annual budget.

THE CONTRACT AUTHORITY GROUP
Provides an important control by reviewing and sanctioning all land acquisitions, land sales and development commencement proposals following a rigorous due diligence process by the regional land teams.
HR APPROVAL GROUP
Responsible for the approval of recruitment of staff and reviewing and agreeing requests for promotion and change of job roles.

GROUP HEALTH & SAFETY STANDARDS COMMITTEE
Responsible for approving Group Health & Safety Standards, implementing agreed standards and ensuring adequate monitoring of the standards is carried out.

IT BOARD
Responsible for ensuring that appropriate governance is being applied to all aspects of the IT function within CALA.

MANAGEMENT SHAREHOLDERS’ FORUM
The purpose of this forum is to give management shareholders an opportunity to influence the plans and operations of the Group.

GROUP SUPPORT
CALA has a Group Head for each key function within the business:
- Commercial
- Technical
- Production
- Customer service
- Sales
- Land
- Design
- Health and safety
- Affordable housing

They are responsible for setting policy and providing direction to the regional businesses and running and managing the Functional Forums which discuss operational issues, share solutions to problems and propose changes to processes. This structure is a key element in CALA’s governance framework.

REGIONAL BUSINESSES
The Group is organised into eight regional divisions, which are separate business units, overseen by two regional chairmen.

The divisions are run by local boards of directors with clear reporting and major decisions escalated to the Contract Authority Group, the Operations Board and the Executive Board.
OUR PLEDGE IN ACTION: RISK MANAGEMENT

Like every business, CALA faces numerous risks which have the potential to disrupt the Group’s strategic and operational objectives. The systematic identification, evaluation, management and monitoring of risks is embedded throughout our organisation and is an integral part of our day-to-day operations.

RISK MANAGEMENT PROCESSES

The Group Board has overall responsibility for our risk management processes and internal control. As part of the Risk Management Framework, it sets out clear responsibilities, policies, principles and methodologies for assessing, managing and mitigating the range of risks the Group is exposed to.

We have a robust governance structure supporting our risk management practices:

Risk Registers are maintained at all levels of the business and use a standard methodology for the assessment of risk whereby risks are assessed in the context of the likelihood and business impact of each risk occurring. Appropriate actions and controls are then put in place to mitigate the chance of these risks occurring.

GROUP BOARD
- Approve and issue Risk Management Framework
- Review Group-wide strategic and operational risks and responses and approve Principal Risks and Uncertainties
- Annually review the effectiveness of risk management and internal control systems

AUDIT COMMITTEE
- Review risk register and receive assurance that actions are being taken to manage risks
- Review regular reports from Internal and External Audit
- Regularly review the effectiveness of risk management and internal control systems

EXECUTIVE BOARD/OPERATIONS BOARD
- Creation and application of the Risk Management Framework
- Review group wide strategic and operational risks and receive assurances that these risks are being managed
- Review IT risk register and receive assurances that these risks are being managed
- Identification of emerging operational risks to the Board

CONTRACT AUTHORITY GROUP
- Ensure all land acquisitions are consistent with our overall land strategies and achieve CALA’s pre-determined financial targets
- For each proposed site ensure all acquisition risks are identified and mitigation strategies are in place

REGIONAL BOARDS
- Each Regional Board maintains its own Regional Board risk register
- Regular review of risks and making sure actions are being taken to manage risks
- Escalation of significant financial or reputational risks to the Operations Board
The Group’s strategic and operational risks are assessed and formally reviewed on a regular basis to ensure that the Group is fully aware of their potential impact on the overall business. The controls in place to manage identified risks are also reviewed to ensure that they remain effective. These processes are aligned with the Group’s annual budget setting process and subsequent bi-annual re-forecasting exercises.

In addition, each Regional Managing Director, with support from their Regional Finance Director, is responsible for maintaining a regional risk register that identifies and evaluates the significant risks applicable to their region together with the operation of their internal controls.

The two Regional Chairmen, with the support of the Group Company Secretary and the Director of Internal Audit, act as the conduit between the Executive / Operations Board and the Regional Boards, thus ensuring that the risk management processes are both top-down and bottom-up.

Horizon scanning processes are in place to ensure emerging risks are identified and debated as soon as possible by the Executive and Group Boards and where required disseminated to each of the Regional Boards and the Group Board.
There is also a proactive insurance programme in place to ensure that those risks that cannot be fully managed are insured against.

ASSURANCE AND REPORTING

It is imperative that CALA receives regular assurances that the controls put in place to manage the principal risks and uncertainties across the business are being followed by staff and have been designed effectively.

As part of its three lines of defence model, CALA has a number of independent assurance reporting mechanisms that provide feedback to the Board that its principal risks are being effectively managed.

In addition to regular management reporting CALA has the following assurance functions in place:

- Dedicated Internal Audit Function
- Dedicated Health and Safety Function with Group-wide Health and Safety Standards Committee
- Independent Group Commercial Reviews of Regional Site Performance
- Independent Group Land Reviews on Compliance with Land Procedures
- Reviews on Regional Compliance with Anti-Money Laundering and Anti-Corruption Laws by the in-house legal team.

The outputs from each of these reviews are incorporated in the Group's risk reporting, providing real-time feedback to the Board that controls are being followed and that risks are being mitigated.
<table>
<thead>
<tr>
<th><strong>KPI DATA</strong></th>
<th><strong>2013 / 14</strong></th>
<th><strong>MEASURE</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing completions</td>
<td>743</td>
<td>CALA Data</td>
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<tr>
<td>Turnover (£)</td>
<td>298m</td>
<td>CALA Data</td>
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<tr>
<td><strong>LAND</strong></td>
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<tr>
<td>Land bank (homes)</td>
<td>12,690</td>
<td>CALA Data</td>
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<tr>
<td>Land bank (years)</td>
<td>5.6</td>
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<tr>
<td>Homes built on Brownfield land</td>
<td>501</td>
<td>CALA Data</td>
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<td>Homes built on Brownfield land (%)</td>
<td>67.4</td>
<td>CALA Data</td>
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<tr>
<td><strong>ENVIRONMENT</strong></td>
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<tr>
<td>Average SAP Rating (%)</td>
<td>83.6</td>
<td>SAP</td>
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<td>Waste Generated – Total (tonnes)</td>
<td>4,716</td>
<td>CALA Data</td>
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<td>Waste Generated – Per Unit (tonnes)</td>
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<td>CALA Data</td>
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<td>Waste Recycled (%)</td>
<td>93.2</td>
<td>CALA Data</td>
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<tr>
<td>Timber Sustainably Sourced (%)</td>
<td>91.1</td>
<td>FCS/PEFC</td>
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<td>Sustainable Drainage System (% sites)</td>
<td>100</td>
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<td>Code for Sustainable Homes Code Level 3 or above (total homes)</td>
<td>129</td>
<td>Code for Sustainable Homes</td>
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<td>KPI DATA</td>
<td>2013 / 14</td>
<td>MEASURE</td>
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<tr>
<td>----------</td>
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<tr>
<td><strong>HEALTH &amp; SAFETY</strong></td>
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<tr>
<td>Number of Reportable Incidents</td>
<td>6</td>
<td>RIDDOR</td>
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<tr>
<td>Reportable incidents per 100,000 employees</td>
<td>228</td>
<td>RIDDOR</td>
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<tr>
<td>CSCS carded workforce (%)</td>
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<td>CALA Data</td>
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<tr>
<td>HSE Prosecutions</td>
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<td>HSE</td>
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<td>HSE Enforcement Notices</td>
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<td>HSE</td>
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<tr>
<td><strong>PEOPLE</strong></td>
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<tr>
<td>Total employees</td>
<td>493</td>
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<td>Female employees</td>
<td>150</td>
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<td>Female employees (%)</td>
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<td>Female directors</td>
<td>11</td>
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<td>Female directors (%)</td>
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<td>Training days provided (total)</td>
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<td>Training days provided (per employee)</td>
<td>1.4</td>
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<tr>
<td>Trainees, apprentices and graduates</td>
<td>12</td>
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<tr>
<td>KPI DATA</td>
<td>2013 / 14</td>
<td>MEASURE</td>
</tr>
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</tr>
<tr>
<td><strong>PEOPLE (continued)</strong></td>
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<td></td>
</tr>
<tr>
<td>Voluntary staff turnover (%)</td>
<td>13.4</td>
<td>CALA Data</td>
</tr>
<tr>
<td>NHBC Pride in the Job Awards</td>
<td>7</td>
<td>NHBC</td>
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<tr>
<td><strong>CUSTOMER SERVICE</strong></td>
<td></td>
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</tr>
<tr>
<td>Customers who would recommend CALA (%)</td>
<td>95.7</td>
<td>In-house</td>
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<tr>
<td><strong>SOCIAL</strong></td>
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<tr>
<td>Social and Affordable Homes (total)</td>
<td>66</td>
<td>CALA Data</td>
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<tr>
<td>Social and Affordable Homes (%)</td>
<td>8.9</td>
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<tr>
<td>Considerate Contractors Scheme (sites)</td>
<td>17</td>
<td>CCS</td>
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<tr>
<td>Considerate Contractors Scheme (rate)</td>
<td>31.9</td>
<td>CCS</td>
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<tr>
<td>Charitable donations made (£ total)</td>
<td>22,688</td>
<td>CALA Data</td>
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<tr>
<td>Charitable donations made (£ per unit)</td>
<td>30.54</td>
<td>CALA Data</td>
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<tr>
<td>Sites that carried out community consultation (% of planning consents)</td>
<td>63</td>
<td>CALA Data</td>
</tr>
<tr>
<td><strong>ECONOMIC</strong></td>
<td></td>
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<tr>
<td>Contributions under Section Agreements (£)</td>
<td>4.25m</td>
<td>CALA Data</td>
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</tbody>
</table>
COMMENTS AND FEEDBACK

If you have any comments or feedback on our Sustainability Report, please email sustainability@cala.co.uk