



Sustainability Report 2012

millershomes

the place to be®



Being a responsible and sustainable business that considers and addresses the social, economic and environmental issues our stakeholders are concerned about is just good business practice to us. We've been doing it for years.

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We're proud of our approach and firmly believe that it has made a significant contribution to our continuing high levels of customer satisfaction (97% of our customers would recommend us to a friend) and employee engagement (85% of our employees are engaged). In fact 92% of our employees agree that we are committed to operating in a sustainable manner.

Our approach has been externally recognised as industry-leading by the NextGeneration Sustainability Benchmark. In 2012, for the fifth year in a row, we achieved third place out of the top 25 housebuilders.

In 2011 we launched our 2011-2013 CR strategy. A year into the strategy we produced a report on progress to show how we had delivered the strategy so far. This report follows on from this and shows what we've achieved during 2012. Going forward we will be working to complete the few remaining actions in the report and following some extensive stakeholder engagements, we will be launching a new CR strategy in 2013. This strategy will set out the steps we will take to be a sustainability leader for years to come.

Garry McDonald
Procurement and Sustainability Director

We are pleased with our continued improvement against our key performance indicators

Satisfied customers

97%

Legal completions

1,831

Hours of training

13,331

Engaged employees

85%

Contribution to UK GDP

£126m

Appropriate CSCS cards

98%

Reportable incidents per 100,000 employees

614

NHBC Quality Award winning sites

27

Proportion of construction waste recycled

91%

Reduction in water consumption since 2010

16%

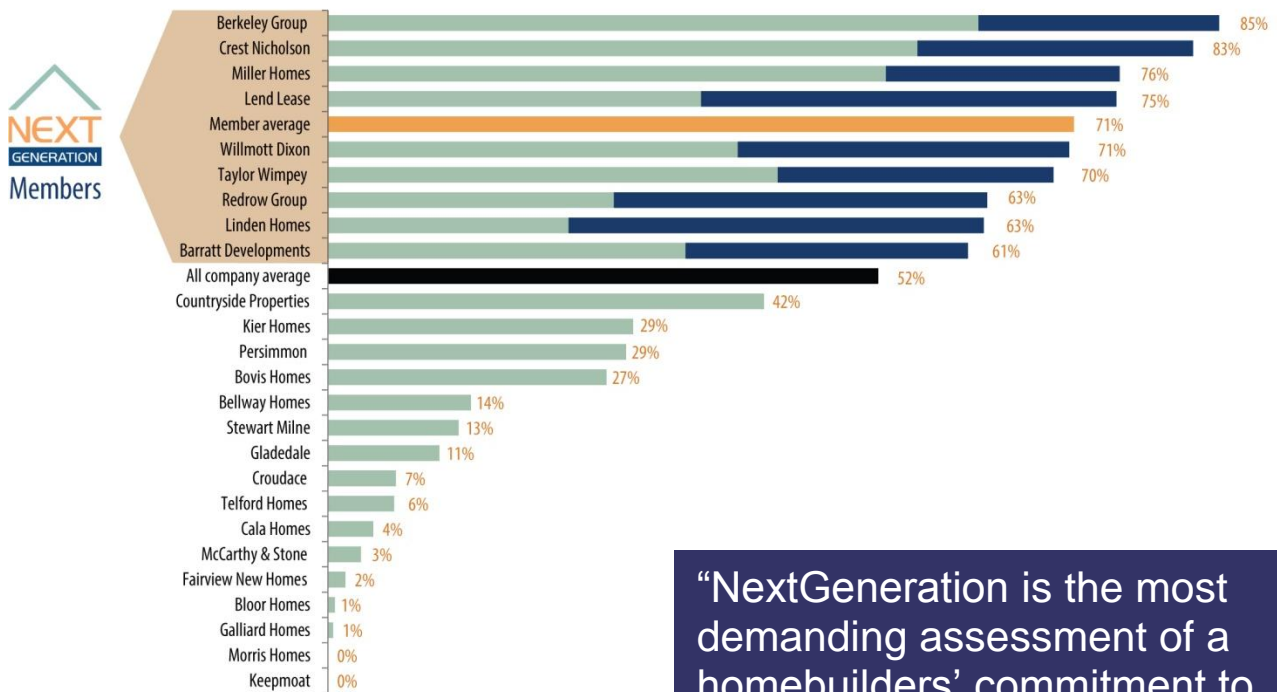
Reduction in carbon emissions since 2010

11%

Reduction in waste generated per build unit since 2010

10%

Third place in the NextGeneration Sustainability Benchmark for the fifth year running. This benchmark evaluates the sustainability performance of the top 25 largest housebuilders in the UK. We improved our score by 5% in 2012 (from 71% in 2011 to 76% in 2012).



“NextGeneration is the most demanding assessment of a homebuilders’ commitment to sustainability and Miller Homes is to be commended on retaining its top three position in the 2012 benchmark. Along with other homebuilders participating in the benchmark, Miller Homes is helping to drive sustainability into the heart of the home-building sector.” (Philip Hirst, NextGeneration)

Examples of how we work

Admirals Wood, Sarisbury Green

Our Admirals Wood development is set in the spacious and beautifully landscaped grounds of Sarisbury Green. The development consists of 142 new build units and the redevelopment of 11 previously derelict properties, some aging from the 1800s.

All of the homes have been built in line with the Secured by Design standard and include energy saving measures. Nine of the renovations have been completed to the Code for Sustainable Homes Level 4 standard. One property also has photovoltaic panels. As with all our projects, waste was reduced, reused and recycled where possible and the demolition waste was even crushed and re-used on site.

The surrounding woodlands and wildlife inspired a development with generous gardens and large public open spaces. To retain the biodiversity of the area we constructed a specially designed and heated bat house and installed further bat boxes throughout the development. Trees were retained where possible, with any ivy and dead wood removed to increase their life expectancy. Where trees were removed, the logs were left to form habitats for slow worms.

To educate our customers and the local community on biodiversity issues we ran a 'Feed the Birds Day' at the Sarisbury Infant School, and provided them with two bird feeders and seed. Residents and visitors to the development were also invited to experience wildlife first hand (including a royal python, scorpions and geckos) during a visit to the development by Jonathan's Jungle Roadshow.

To improve safety for the residents, speed bumps were built on the roads and local children were provided with reflective armbands. Bus bollards were installed to allow access for buses only on certain parts of the site.

Local neighbours were notified by letter in advance of any activities which could be noisy and the local school has been given a guided tour of the site to encourage young people into construction and raise awareness of health and safety. Thirty children from the Sarisbury Infant School were also invited to decorate construction hard hats as part of the Miller Homes Easter Bonnet Parade. All the children were rewarded for their creativity with Easter eggs.



4 Case studies

Started in 2009, h2010 will ultimately provide 281 homes when it is completed in 2015. The site won the 'What House' Gold award for Best Brownfield Development in 2012 and includes a range of innovative carbon reduction initiatives.

All rubble was crushed on site and re-used in driveways. To reduce energy consumption a communal gas heating and hot water system has been installed which is expected to significantly reduce the energy bills of the residents. Sun shields have also been included in the design of apartment buildings. To encourage recycling, individual composting bins have been provided in some of the dwellings. Bat and bird boxes have been incorporated into the design to increase the biodiversity of this urban site.

All Phase 1 and 2 properties have been provided with cycle storage and the traffic routes within the development have been specifically designed as 'home zones', which prioritise pedestrians and cyclists, and also reduce the speed of car traffic. A formerly disused canal tow-path has been redeveloped to link to the Trans Pennine Trail, allowing residents easy walking access to the city centre along the picturesque River Aire. Further water recreation opportunities will be encouraged through the addition of jetties.

Several community areas exist within the development (including public gardens and a children's play area) and all apartments within the development have access to shared raised amenity decks with seating.

h2010, Leeds



Our new range of MH16 homes are being constructed as part of our Dukes Mead development. The designs for these new house types take into consideration the learnings from our Miller Zero project and accord with the Fabric Energy Efficiency Standard (FEES). This standard was developed by an industry task group in response to a call for guidance by the Department for Communities and Local Government.

The sustainability features of these homes include 150mm wall cavities, storage space for renewable technologies, use of trickle vents rather than mechanical ventilation heat recovery systems, and compliance with day lighting, space standards and elements of the Lifetime Homes standard. Furthermore all the homes include designated home office/study spaces.

As part of our on-going research and development we are working with the Zero Carbon Hub to build some of the homes to more stringent energy efficiency performance levels in anticipation of progressive tightening of the Building Regulations.

Dukes Mead, Bingham



Managing sustainability risks

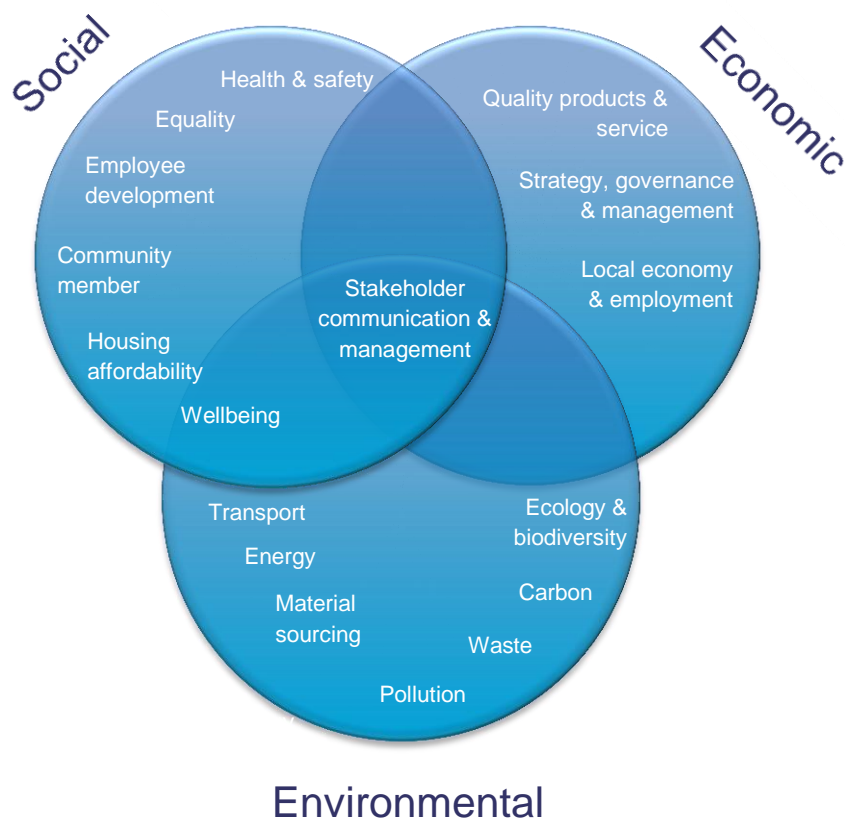
Social, economic and environmental risks all have a big impact on our business. Failure to manage these risks effectively can lead to reputational damage, dissatisfied customers and fewer development opportunities, which can all adversely affect our financial performance. Effectively managing these risks can have a positive impact on our employees, save us money and provide a better environment for us all to live in the long term. We are committed, and have been for a long time, to

proactive and effective management of these issues.

Every year our senior management team conduct a risk analysis to identify the key risks facing our business and the housebuilding industry. More detailed risk reviews at different levels of the business (including at the individual development level) are conducted to complement this. A risk review of the key social, economic and environmental issues facing our business was conducted as part of

the development of our 2011 CR Strategy and this has been reviewed and updated during 2012. In 2013 we are revising our approach to CR risk identification and management in line with the AA1000 approach.

The key issues facing our business are set out in the diagram below and over the following pages we explain why these are important to us, what we've been doing to address them and the success of our approach.



Key issue	Risk	Opportunity
Stakeholder communication & engagement	Investment in social, economic and environmental issues is not in-line with stakeholder expectations reducing brand, sales and reputational benefits of being sustainable.	Business approach aligned with stakeholder needs/values improving relationships and increasing sales.
Economic issues		
Strategy, governance & management	Lack of clarity on our approach and roles leading to failure to deliver on expectations.	Fully engaged workforce that delivers on strategy expectations.
Quality products & service	Poor customer satisfaction; reputation damage; cost of resolving issues.	Improved brand value and trusted company leading to delighted customers and more house sales.
Local economy & employment	Future skills shortages; people unable to afford to buy houses.	Wider pool of potential employees and customers.
Social issues		
Health & safety	Injury or ill health of employees can lead to reputational damage and financial loss.	Healthy, engaged employees are more productive.
Employee development	Employees are not equipped with skills to do their roles.	Attract and retain key personnel and promote internally to reduce employment costs.
Equality	Legal consequences; not attracting and retaining the best staff.	Creativity within the business; diversity of ideas.
Wellbeing	Stress and other health issues for employees leading to loss of productivity and financial loss from absence; high staff turnover.	Healthy, engaged employees are more productive; providing an environment that facilitates customer wellbeing should lead to improved satisfaction.
Community member	Conflict with community members; poorly integrated communities leading to poor customer satisfaction.	Happy, healthy customers improving their customer satisfaction and our brand value.
Housing affordability	Decrease in our sales and public discontent from being unable to purchase a home.	Providing financing options will make buying a house more accessible and increase sales.
Environmental issues		
Energy	Carbon emissions contributing to global warming; legal consequences for Building Regulation non-compliance; fuel poverty.	Lower costs from energy saving; lower energy bills for customers increasing their satisfaction.
Transport	Carbon emissions from transport contribute to global warming.	Reduce costs and carbon footprint; improve brand.
Waste	Carbon and methane emissions contribute to global warming; pollution; unlawful behaviour causing brand/financial damage.	Financial savings from reduced cost of disposal and reduced consumption in the first place.
Carbon	Global warming.	Reduce costs; improve brand; more efficient living.
Ecology & biodiversity	Loss of habitats leading to impacts on fuel, water, air, food & medicine.	Enhanced physical space promoting greater wellbeing.
Water	Water scarcity leading to reduced food production and loss of wildlife; flood risk.	Reducing water consumption lowers our costs and customer bills.
Pollution	Damage to the health of people on and around our sites; degradation of wildlife and destruction of habitats; penalties for non-compliance.	Develop good relations with the local community; protect biodiversity.
Material sourcing	Social, economic and environmental harm caused along the supply chain; reputational damage.	Leverage benefits in managing social, economic & environmental impacts to our supply chain.

Stakeholder communication & engagement

We are committed to engaging with our key stakeholders on all aspects of our business. We recognise that the more aligned we are with their needs and views, the more benefits our corporate responsibility approach brings to both them and us.

In 2010 we commissioned Jones Lang LeSalle to analyse the views of our stakeholders and the feedback from this formed the foundation of our Corporate Responsibility Strategy in 2011. In 2013 we will be refreshing our CR strategy and so to ensure we remain in line with our key stakeholder views we have conducted another series of stakeholder engagements. In accordance with the AA1000 framework, feedback from these will be analysed to identify the material issues for our business and appropriate responses.

We provide public information about Miller Homes on our website, blogs, press releases, Facebook, and Twitter. In 2013 we will be reviewing and updating our social media strategy to improve our communication further.

Customers

Our customers are our priority and we extensively engage with them during the sales process and after they move in through the [mymillerstreet](http://www.mymillerstreet.com) portal. We listen to all the feedback that we receive and use this to drive continuous improvement in our business. For more information on this, see pages 16-17. In 2013 we will be further emphasising the value we give to our customers in a new marketing campaign.

To retain our leading position in our approach to customer satisfaction we have conducted the following strategic research:

- **Mymillerstreet:** Feedback on the usability and content of www.mymillerstreet.com (which includes information on sustainable living, the local area etc.) has been conducted and proposals for improvements are due to be implemented during 2013.
- **CR strategy:** A survey has been developed to identify the CR issues of most concern to our customers. The results from this will help inform our CR strategy going forward.
- **House design and functionality:** Existing customers and people who have not yet purchased a Miller home have been surveyed about our house designs and the way they function in practice. Combined with academic research, these findings will shape the design of our next generation of homes so that we continue to make the places where our customers want to live, work and relax.

Employees

Employee opinions are actively sought and are always highly valued. Our people are able to raise concerns at any time to their line manager or HR and additional engagements are conducted as follows:

- **Employee survey:** An annual survey is conducted to understand employee opinions on a wide range of issues. In 2012, 63% of employees completed this survey and an overall engagement score of 85% was achieved, well above the national average.
- **Performance Development Review (PDR):** Every employee has a one-to-one performance review session with their manager at least annually.
- **Training:** In 2012 over 6,900 hours were spent training employees on corporate responsibility-related topics. After training, feedback is sought and where appropriate changes made going forward.
- **Roadshows:** All employees attend annual roadshows during which senior management give a series of presentations about the business and employees can raise any questions.
- **Intranet:** Articles on the business are regularly published on our intranet. These cover topics including sales, customer satisfaction, well-being and how to live more sustainably.
- **Quarterly brief:** Each quarter, a report on Miller Homes' progress is published on M'power, our intranet site. This report covers developments in each of our regions, safety, health and the environment, customer satisfaction and corporate responsibility.

6,900 hours
spent training
employees on
corporate
responsibility-
related topics

Employees

- **Noticeboards:** Noticeboards are easily visible in all our offices and include information on our policies, approach to health and safety and office guidelines.
- **Grievance and whistleblowing:** Any serious issues or concerns can be raised in accordance with our formal grievance and whistleblowing procedures.
- **Charity nomination:** Employees can nominate charities for the company to support on an annual basis.

To help shape our sustainability approach going forward a series of interviews have been conducted with senior management and board members, and a survey has been sent to all employees. Feedback from these will be integrated into our updated CR strategy to be published in 2013.

Supply chain

We work in partnership with all our supply chain and consider dialogue vital to working effectively together. As well as regular phone calls, e-mails and meetings with all our suppliers we also engage with our supply chain in the following ways:

- **Supplier selection process:** We talk to suppliers prior to inviting them to tender to ensure they understand the process. Detailed information is distributed in each tender pack and the responses are analysed using a well-defined and consistent approach. All short-listed suppliers can receive feedback on the strengths and weaknesses of their bid, regardless of whether we select them. Further detailed feedback is given to short-listed suppliers as requested.
- **Quarterly review meetings:** Detailed review meetings are held with divisional suppliers covering trading and market conditions, management reports, risk management, performance issues, sustainability and improvement strategies.
- **Supplier survey:** All our divisional and key regional suppliers were invited to complete a survey investigating the CR issues facing their businesses (see key results on page 11). Detailed results from this will be shared with all suppliers who completed the survey.
- **Supplier Forum:** Fourteen of our divisional suppliers have been invited to be involved in our Supplier Forum, which will meet on a quarterly basis to share best practice and discuss common issues.

Shareholders and other Miller divisions

Shareholders can raise any concerns throughout the year through our communications team as well as the Shareholders Annual General Meeting attended by the senior management team.

We meet periodically with Miller Construction to share best practice across the divisions and have interviewed Miller Group board members as part of our stakeholder engagements to shape our strategy going forward.

95% of our suppliers are interested in working with us to
address sustainability issues

Professional institutions and trade associations

We engage with a wide number of industry and trade bodies in developing our approach. These include:

- **House Builders Federation (HBF):** We are members of the HBF and several of our employees participate in committees including the National Technical Committee, Carbon Reporting Committee, H&S Group, Sustainability Forum and SAP Forum. Our CEO, Chris Endorsor, is a member of the Majors Group and Burden of Regulation Committee.
- **NextGeneration:** Miller Homes is member of NextGeneration supporting their events and the NextGeneration Sustainability Benchmark.
- **Zero Carbon Hub:** We work closely with the Zero Carbon Hub on several topics. Our Procurement and Sustainability Director is involved with the 'Closing the Design v As-Built Performance Gap' Projects and leads the Procurement Working Group.
- **Chartered Institute of Building (CIOB):** Many of our employees are CIOB members. Our Divisional Development Director is chairman of the Chartered Environmentalist Panel and involved in the CIOB Carbon Action 2050 Committee.
- **Lloyds Register Quality Assurance (LRQA):** Miller Homes is regularly audited by the LRQA to ensure on-going compliance with our ISO 14001 and OHSAS 18001 certificates.
- **UK Contractors Group (UKCG):** The Miller Group is a founding member of the UKCG and has representatives on many of its committees.
- **National House-Building Council (NHBC):** Our Divisional Development Director is an active member of the NHBC Standards Review Group.
- **Royal Town Planning Institute (RTPI):** Our Planning and Technical Director is a member of the RTPI, as are some of our planners.
- **Modern Masonry Alliance:** Our Divisional Design Director participates in the quarterly Futures Group which looks at the challenges of the Code for Sustainable Homes and zero carbon.
- **British Safety Council:** We are members of the British Safety Council and regularly use their resources.
- **Design Council Caba:** Our Divisional Planner is one of the Built Environment Experts at Design Council Caba.

NGOs

NGOs provide us with a vital source of information and advice and we regularly engage with them on sustainability topics. Examples of our recent engagements include:

- **PEFC:** We have worked with the PEFC to review and update our timber policies and procedures and in 2013 we will be working together to deliver training to our purchasing team.
- **The Wildlife Trusts:** We have taken advice from The Wildlife Trusts on our approach to biodiversity and will be incorporating this into our CR strategy.

Every year The Miller Group selects six charities to be 'charities of the year'. Employees from Miller Homes and the other divisions are encouraged to give time and expertise to the causes. In 2012/13 these charities are St Columba's Hospice, Place2Be, Project Dream: The Lyceum Theatre, Royal Blind, Camphill Communities and UpRising.





Communities

In line with our procedures, all projects conduct the following community engagements as a minimum and these are complemented by development specific engagements as appropriate:

- **Public consultation:** We conduct public consultation sessions prior to development on any of our sites.
- **Websites:** Websites are set up for all our developments and provide another mechanism for community members to provide feedback about our projects. The websites include information on public exhibitions, background to the project, development masterplans, environmental and community features as well as an on-line feedback form. In 2013 we will be standardising the format and design of these sites across the business.
- **24/7 contact details:** Through our Miller Respect scheme all our sites have prominently displayed contact details which allow the public to be in contact with our staff 24 hours a day, seven days a week.
- **Complaints procedure:** All sites follow a formal complaints procedure where all issues are documented, solutions identified and training provided where appropriate. Anyone can raise a complaint in this way on site.
- **Site information:** We contact neighbours by letter regarding the progress of the development and notify them in advance of any potentially disruptive activity.
-

Government and its agencies

We regularly interact with the following government agencies:

- **Health and Safety Executive (HSE):** One of our Safety, Health and Environment team members is the HBF representative on the HSE's Construction Industry Advisory Committee (CONIAC).
- **Environment Agency:** We seek advice where appropriate.
- **Scottish Environment Protection Agency (SEPA):** We seek advice where appropriate.
- **Homes and Communities Agency (HCA):** We engage with the HCA at various levels and recently advised them technically on contaminated land. We are a member of the Northern Cluster of the HCA's Delivery Partner Panel (a framework for procuring land opportunities).

Our Divisional Development Director is heavily involved in the development of future policy and guidance with DEFRA. He has been selected to be a member of the Building Regulations Advisory Committee (BRAC) which provides technical and scientific guidance to the relevant secretaries of state in England and Wales.

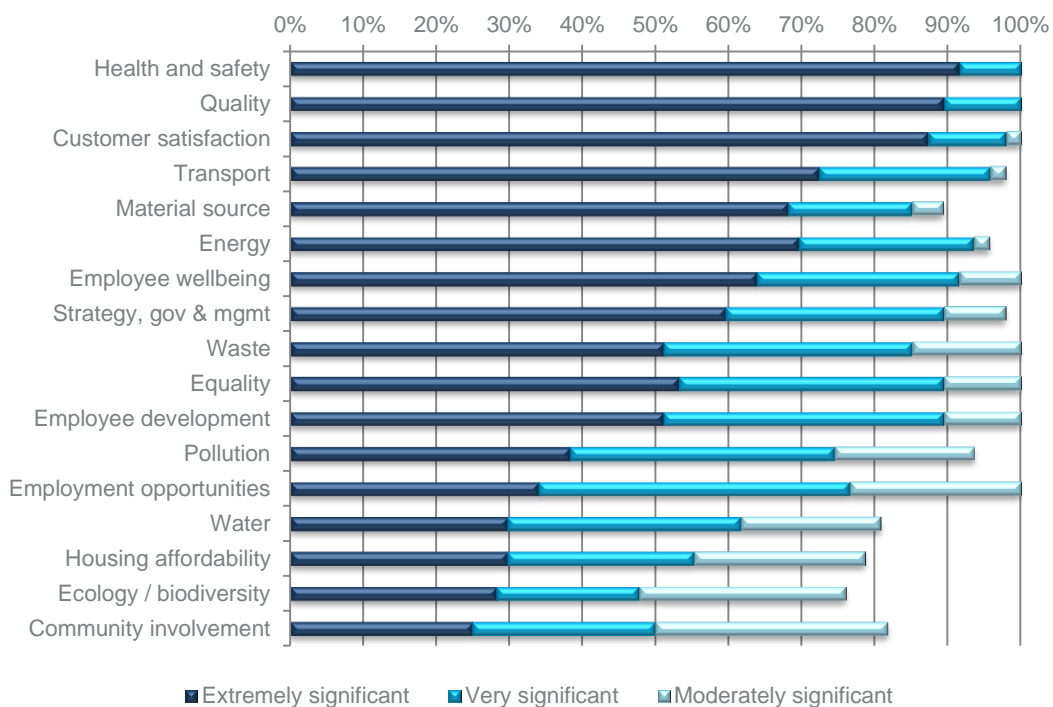
As well as using these channels of communication, if you have queries, comments and/or suggestions in relation to our approach to corporate responsibility please feel free to send an e-mail to caroline.johnstone@miller.co.uk.

Feedback from our supplier CR survey

Fifty-eight of our suppliers responded to our CR survey providing the following results.

- **98%** are addressing at least some of the CR issues significant to their business and **76%** are tackling all of them.
- All social, economic and environmental issues identified as significant are thought to impact on financial performance, brand and employee and customer satisfaction to some extent.
- **61%** have worked with an external organisation to address CR issues.
- **80%** think Miller Homes addresses environmental issues appropriately.

Significant issues facing our suppliers' businesses



Our commitment	2011	2012	Comments on progress
Retain the CR website and continue to update with additional information, particularly case studies, where relevant.	☑	☑	In 2012 we continued to update the CR website, publish our latest policies and this report. In 2013 we will be making further enhancements to our public reporting.
Assess the feasibility of introducing GRI reporting into the business, initially to Level C.	○	☑	We have chosen to delay aligning our reporting with the Global Reporting Initiative (GRI) until the new GRI criteria, G4, is launched in May 2013.

89% of our suppliers have a commitment to being responsible at all levels of their business

Our commitment	2011	2012	Comments on progress
Engage with key stakeholders in 2011 with a view to inviting input from them on what issues they would like to see covered in the next biennial engagement (2012).	○	☑	Systematic engagements with all our key stakeholders (and in-line with the AA1000 approach) have been conducted and the outputs from these will inform our next CR strategy due to be published in 2013. We will also produce a case study on our approach to engagement.
Ensure that employee communication remains a key priority.	☑	☑	In 2012 we have expanded the ways in which we engage with employees, including launching our first employee survey and publishing more intranet articles.
Improve the demonstration of our engagement of local communities and stakeholders in the development process through case studies and wherever possible formalise procedures for dealing with this important aspect.	☑	☑	Our formal process for engaging with communities is shown on pages 27-28 and case studies of best practice have been included in this report. Standardisation of our public consultation websites will further improve communication.
Carry out an engagement exercise with customers in 2011 to understand how current attitudes to sustainability are changing and how this will inform future designs and specification.	○	☑	Customer attitudes to sustainability have been assessed in our mymillerstreet survey and will also be evaluated in our customer CR survey. Feedback from the latter will help shape our updated CR strategy.
Continue to engage with suppliers in relation to this strategy, identifying initiatives and setting improvement targets for the supply chain to deliver.	☑	☑	We engage with our suppliers on an on-going basis and have conducted a formal sustainability survey (see page 11).
A reciprocal performance measure for suppliers will be introduced.	☑	☑	We are developing a way for suppliers to provide feedback on our performance and this will be launched in 2013.
The format of pre-commencement meetings will be developed to ensure CR issues are fully explained to contractors.	☑	☑	The Supplier Code of Conduct (see page 46) will explain the key CR issues which we expect all our suppliers to consider.

☑ Complete ☑ Work on-going to deliver commitment ○ Work to commence in 2012

Our suppliers believe that waste, energy, transport and material sourcing significantly impact on their business' financial performance

Economic issues

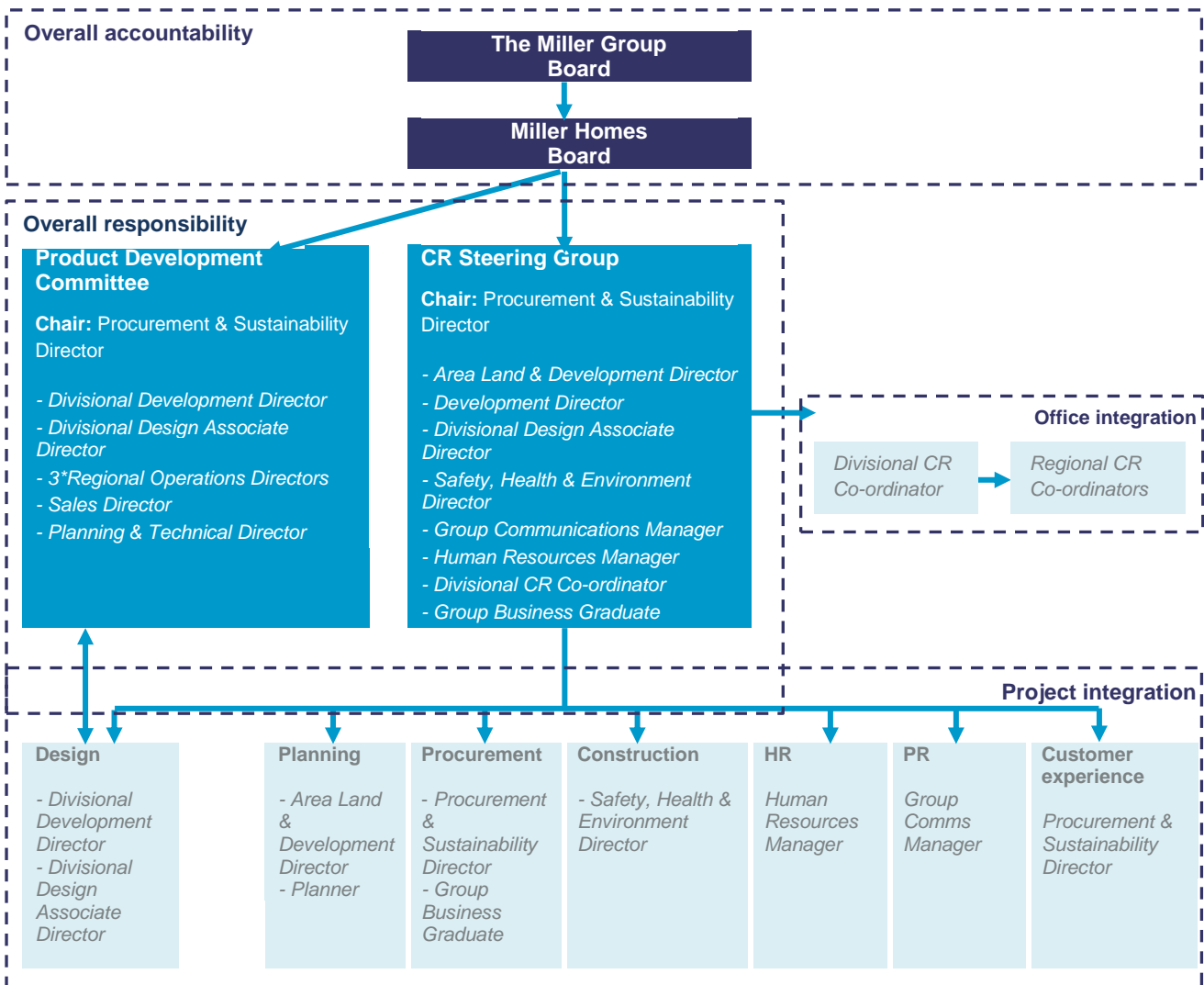
Strategy, governance & management

In our 2011 CR Strategy we set out our internal governance structure to implement our strategy. The Miller Homes board has overall responsibility for the delivery of the strategy under the wider umbrella of The Miller Group. Periodic reviews of performance against the strategy, including the review of targets and KPIs, are undertaken by the Homes board. The board is supported in the delivery of its approach by the

CR Steering Group and Product Development Committee [PDC] which meet four and three times a year respectively. These two groups in turn are supported by a divisional CR coordinator and regional CR co-ordinators.

In 2012 we expanded the functional diversity of the CR Steering Group. We now have representatives from each part of our business sitting on

the Steering Group and they have responsibility for integrating the strategy into relevant processes at a site and office level. The CR Steering Group continues to be supported by the Divisional CR co-ordinator who centrally collates all CR KPI data from sites and offices. The regional CR co-ordinators ensure CR strategy implementation at the office level.



To facilitate integration of our CR strategy we encourage all to include an objective relating to a social, environmental or economic issue in their Performance Development Review (PDR) objectives. The employee and manager selected objectives should directly reflect the requirements of the individual's role, as well as the divisional objectives. By the nature of their role, individuals heavily involved in our CR strategy will already have CR-related objectives, but with the addition of a company-wide objective, the prevalence of CR-related objectives has widened.

Our commitment	2011	2012	Comments on progress
Deliver recommendations to the Homes Board on proposed changes not yet factored into this strategy as a result of the stakeholder engagement exercise carried out by Jones Lang LaSalle.	☑	☑	Philip Hirst, Next Generation, presented to the Homes Board in September 2012 on our approach. Additional stakeholder engagements have been conducted to further clarify our approach. These will be integrated into our new, board approved, CR strategy due to be published in 2013.
Review the way in which sustainability issues can be more formally incorporated into the business objectives of senior managers.	○	☑	Clear CR divisional objectives have been set which will be cascaded into the objectives of all employees, including senior management, during the annual Performance Development Review process.
Further develop the risk rating procedure and consider extending the scope of the external auditing to include ESG issues.	☑	☑	We have increased the reporting of ESG risks in this report (see page 6) to provide greater transparency on our approach.
Develop, publish and communicate 2011 CR Strategy.	☑	☑	The Corporate Responsibility Strategy was completed and published in April 2011. This is a three year strategy which will be reviewed and updated annually. It has been communicated internally and all employees are made aware of it in their induction. An updated strategy will be published in 2013.
Consider the implications associated with third party assurance for delivery of this strategy.	☑	☑	We already have third party verification of our approach through our ISO 14001 certificate, OHSAS 18001 certificate and Investors in People Silver Award. We are now updating our strategy in-line with the AA1000 approach and in the future will seek external assurance of this.
Develop internal processes to ensure procedures can be updated quickly in light of changing legislation or best practice requirements.	☑	☑	Key personal who are involved in regulatory and industry bodies are part of the CR Steering Group meaning the group is kept up-to-date with regulation changes and can implement change accordingly.

☑ Complete ☑ Work on-going to deliver commitment ○ Work to commence in 2012

Quality products & service

Providing high build quality and excellence in sales and post occupation support is vital in ensuring we delight our customers, retain the quality of our brand position and continue to attract as many new customers as we do.

To deliver high quality homes we procure quality materials and follow detailed procedures with a rigorous sign-off process. Build quality is checked and recorded using the 'Quality Control Plot Book,' and similarly the customer engagement aspect is monitored using the 'Customer Journey Plot Book'. Together these require sign-off by the Contracts Manager, Site Manager, Sales Advisor and often a Director will be involved in the process. In 2013 we will work to increase the number of Director sign-offs.

We are confident in our ability to deliver excellent quality up front and give all of our customers seven

times longer than the standard NHBC commitment to report any damage to their properties, as well as a 10 year NHBC Buildmark warranty.

Improving paint quality

Based on feedback from our customers, and by working together with our supplier, Crown, from mid-2012 we have only used water-based paint on our sites. This not only prevents the widely reported discolouring issues which have been seen with solvent based paint (as a result of EU regulation changes) but also means the carbon emitted during the manufacture of the paint is reduced by 20%. Any waste generated is also now non-hazardous. To ensure we have a consistent and high quality finish when using this new type of paint, Crown has delivered training to our supply chain painters.

NHBC Pride in the Job Quality Awards

In 2012, 27 of our site managers received NHBC Pride in the Job Quality Awards, the fifth year in a row that we have increased the number of awards won. This means that 34% of our live sites won awards, the highest ratio of awards to sites of any housebuilder. Of these 27, 12 were further recognised with Seals of Excellence, with two of those winners, Scott Brown and Wayne Eccles, going on to receive Regional Awards and representing Miller Homes at the Supreme Awards.



34% of our live sites won NHBC Pride in the Job Quality Awards

Builder's Tea Break

In 2012 we launched a 'Builder's Tea Break Tour' initiative where visitors to our Deansleigh development in Lincolnshire and Lakeside Country Park development in Leicestershire were invited to share a cup of tea with the builders working on the property they were interested in.



Customer satisfaction

The success of our approach is evident from our customer satisfaction surveys. All customers are surveyed independently by our appointed external agency, In-house Research after six weeks and then by the NHBC eight weeks and nine months after moving in. The results from the NHBC eight week survey are used by the House Builders Federation in their Star Rating System, which ranks homebuilders based on customer referral levels. Miller Homes scored the highest available rating of five stars for the second year running in 2013.

97.2% of our customers would recommend us to a friend

Communicating with our customers

Site brochures

Our site brochures are available both on-line and at our sites, and provide information about the site location, home floor plans, build specifications, local amenities and sustainability-related information.

Dedicated sales staff

Our sales team are based on site and have extensive knowledge of the development, sales process and build process.

Marketing suites

Every development has a sales centre where our sales consultants are able to provide comprehensive advice on the site and the buying process. We have recently examined ways to improve the customer experience which has led to the launch of our new look marketing suite. These now include a light, contemporary interior and use the latest technology to provide customers with all the information they need about the development through interactive touch-screens. This includes Wi-Fi access to the Miller Homes website, online brochures, site information, choice of house-types and specification together with information about local schools and amenities. The first of these suites were launched in early 2013 and all new sales centres will utilise this new format going forward.

Homeowner manual

This is given to all customers at the point of house reservation and includes detailed information about the house and moving process. It also contains a copy of our Customer Charter (which gives clear guide on the procedures we follow), and our Health and Safety Booklet.

To drive improvements in the consistency and quality of manuals across the housebuilding industry our Customer Service Director has been supporting NHBC in the development of its on-line Home User Guide. This tool will provide a central and easily navigable location for all information relating to the home purchase and is due to be launched by the NHBC mid-2013.



Mymillerhome

All customers are given private access to the www.mymillerhome.com website, which presents information to keep them informed about the construction and buying processes.

Progress updates

After reservation customers will receive a weekly phone call (as a minimum) updating them of the sale and construction process, and text updates too.

Site visits

Customers are invited to visit the construction site at various times during the construction process.

Pre-plaster inspection

After the electrics and plumbing are installed customers are invited to come to the site to inspect the work prior to plastering.

Demonstration meeting

At least one week before completion, the Site Manager and Sales Manager will give the customer a technical tour of the house, showing them how everything works and preparing them for the move.

Handover meeting

On the day of completion the house is formally handed over to the customer who will be given a folder containing information about their home (including user guides, warranties, cleaning guides etc.). This information will also be included in the NHBC on-line Home User Guide when it is launched in 2013.

mymillerstreet

After completion, all customers are given access to www.mymillerstreet.com which includes tools to help them meet their neighbours, information on the local area and tips to living more sustainably. A survey has been conducted to identify ways to enhance this site further and actions arising from this will be implemented in 2013. Encouragingly 51% of respondents found the information on sustainable living to be of interest.

On-going support

A dedicated team of customer service professionals are available during working hours to deal with any queries and 24 hour assistance is available for emergency situations. Courtesy calls are made at least one week and one month after the completion and letters are sent providing time-relevant information one and two years after the purchase.

Exquisite Homes and Gardens magazine

Towards the end of 2012 we launched our new customer magazine which includes ideas for interior design, lifestyle information (places to visit, recipes etc.) and news about our business.



Voice of the customer

In addition to the NHBC surveys, we commission In-house Research to conduct a telephone interview with all our customers approximately six weeks after they move in. In 2012, In-house Research found that 97.2% of customers would recommend us to a friend.

Using telephone interviews with no time restrictions and encouraging conversation with the customer means we are able to gain a deeper insight into the ‘Voice of the Customer’. The survey goes beyond conventional scoring and taps into emotional experiences and helps us understand ‘why’ the customer feels that way about us.

One element of the survey is the ‘Net Promoter™’ score. This measures the extent to which the customer would recommend Miller Homes on a 10-point scale, and is used by high value retail organisations. A company’s overall net promoter score is the balance of those customers who are highly enthusiastic about Miller Homes and who would recommend without hesitation, and those who would not recommend. Miller Homes currently has a Net Promoter™ rating of 71, which is extremely high and compares well with the best in other industries (e.g. Apple = 67, First Direct = 61 etc.)¹. The findings from the interviews are documented in comprehensive

reports which are presented to us by In-house Research. All of the comments from our customers are extensively analysed to identify and deliver targeted solutions to our customer’s needs.



Our commitment	2011	2012	Comments on progress
Review all initiatives relating to customer engagement during the course of 2011.	○	☑	Over 2011 and 2012 we have reviewed and enhanced our customer journey to deliver the process we have detailed on pages 16-17. We continue to review, analyse and address the customer feedback we receive on an on-going basis.
We will continue to report customer satisfaction results externally and find new ways of making these more meaningful (for example using the Net Promoter™ tool).	☑	☑	We have continued to report our customer satisfaction results externally and work with our independent assessors to analyse results and implement targeted improvement initiatives. Improving customer satisfaction remains something we work on every day.

☑ Complete ☑ Work on-going to deliver commitment ○ Work to commence in 2012

¹<http://www.netpromoter.com/why-net-promoter/compare/>

Local economy & employment

The success of our business is dependent on people being able to afford to buy our homes and high calibre people wanting to work for us. We are therefore committed to contributing to the local economy, creating employment opportunities, and attracting people into construction.

Graduates and apprentices

To make working with us as accessible as possible, we offer apprenticeships, work experience and graduate schemes. In 2012 we directly employed 12 apprentices. The Miller Group also took on four new Group Business Graduates, which is a total of nine people currently on the Group Business Graduate Scheme. The graduates are given opportunities to learn in a diverse way about how the Miller businesses operate. This is achieved through placements with all the Miller divisions, with a focus on business simulations, presentations, knowledge sharing workshops and group projects.



Teaching young people about construction

To attract young people into the construction and housebuilding industries we actively educate them about the roles available.

For example, we invited 36 children from St George's Primary School to our Brooklands development in Gainsborough for a tour of the site to provide insight into building materials used in construction.

At the Kingsway Primary School near our Pippins Croft development in Quedgeley we ran a competition inviting the children to draw the house of their dreams and presented the images within our site offices.



Economic impact

As a UK-wide company we support the economy in two ways. First, we do this by sourcing 100% of our centrally procured materials from UK-based suppliers. Secondly, for all materials not sourced on a division-wide basis, and for all our sub-contractors, our regional buyers

work to source these from locations close to our development sites.

In 2013 we will be producing our Supplier Code of Conduct (see page 46) which will publicly communicate the requirements we expect of our suppliers and this in turn will assist smaller companies through the tendering process.

Our overall contribution to the UK economic output, gross domestic product and employment is a result of the following impacts that we have:

- Direct impact: Our direct financial contribution and the number of people who are directly used to generate this.
- Indirect impact: The impact our spend has on our supply chain's financial contribution and number of jobs.
- Induced impact: The financial and employment impact that the people hired by us and our supply chain have by spending a proportion of their income on goods and services in the UK.

We have used the UK and Scottish Government input-output tables to calculate the indirect and induced impact we have.

£126m contributed to UK GDP
(£51.4m direct and £74.6 indirect/induced)

Social issues

Social issues are those that affect people, be it our customers, our employees or someone in the community. We work hard to ensure we have a positive impact on all people, and in recognition of our efforts to address employee issues, we have been awarded a Silver Investors in People Award.

Investors in People

Investors in People is a cross-industry award scheme that recognises effective employee management, development and reward. There are three levels of award (bronze, silver and gold) and to achieve these, 10 criteria relating to the business' strategies, approach and performance must be met at

three levels of the business (people, managers and top managers). We achieved the silver award status in 2010 and will be re-assessed for the award when it expires in 2013.



Health & safety

The safety of our employees, our customers, our supply chain and the people around our sites is our top priority. Our approach to health and safety is shaped by our robust and externally certified OHSAS 18001 safety, health and environment

(SH&E) management system.



Compliance with our management system

is maintained through inspections and audits. Spot inspections are conducted six times a year on every site, with additional inspections being conducted by our Regional Directors on each of their site visits.

Internal audits covering all our departments and sites are then conducted by our dedicated SH&E team and led by our Divisional SH&E Director, following a yearly set schedule. Biannual external audits are then conducted by our external OHSAS 18001 certifier.

All our sub-contractors are required to have their health and safety systems certified by the SMAS Worksafe Scheme. This scheme externally validates that our suppliers meet the requirements set out by the HSE, covering areas such as policy, risk assessments, training, accident records etc.

The SMAS Worksafe Scheme is a member scheme of the Safety Schemes in Procurement (SSIP) which means that our suppliers who have the SMAS Worksafe Certificate are automatically compliant with several other SSIP schemes, making it easier for them to work with other developers.

We recognise the health and safety risk associated with alcohol and drug use so all employees are tested for these pre-employment, with additional testing in certain circumstances ('with-cause', post incident or random).



Redlands Community School children learn about health and safety

97.9% of people on our sites in 2012 had appropriate CSCS cards

Safety training

To support our culture of safety all employees receive health and safety training in their induction. This makes use of e-learning modules which allow for greater flexibility in time and location, and reduced travel requirements. Site specific health and safety training will also be conducted in the location the employee will be based. We then use a training matrix to identify if any further role-specific health and safety training is required.

All our senior executives have attained the IOSH Directing Safety qualification. In 2012 over 2,230 hours were spent training our staff on health and safety. We actively train our sub-contractors on site with regular toolbox talks as well as workshops headed by our senior directors.

Every person who comes to one of our sites will receive a health and safety induction before they are allowed onto the site and all customers are given a health and safety brochure.

We measure our SHE performance using a series of key performance

indicators which are available to all employees on our intranet. These statistics are reviewed in detail during meetings at all levels of the business, including the board.

SH&E Strategy

We seek to continuously improve our health and safety performance and each year implement a board-approved SHE Strategy. This strategy sets out the key risks facing the business and the mitigating actions agreed by each region. In 2012 our continuous improvement initiatives have included working with our supply chain to improve the quality of method statements (by identifying 'essential ingredients', using supplier self-assessment and more photographs), updating all our procedures and moving them to a more easily navigable and user friendly wiki format, and setting up our own award scheme to reward excellence.

614 reportable
incidents per
100,000
employees

Best Occupational Health Initiative in the NHBC Health & Safety Awards 2012

To understand the dust issues in our business we identified a number of activities that we know generate dust and monitored these over several months. We particularly focussed on high risk activities such as the cutting of silica containing products (which can cause silicosis). We used personal monitoring equipment to monitor the extent of dust exposure with each activity and also documented the effects of dry and wet cutting and weather conditions.

The results from the data indicated that water suppression significantly reduces exposure, and that the effectiveness of respiratory protection is dependent on the how well the mask fits the wearer. We shared these results with our sub-contractors who had helped with the research.

Taking on-board these findings we now have our own face-fit equipment and we test all our employees to ensure the seal on the respiratory protection has good contact with the wearer's skin, thus maximising its performance. Water suppression is also encouraged. To help our sub-contractors we produced a series of essential guides and run several training workshops. In 2012 we received the Best Occupational Health Initiative in the NHBC Health & Safety Awards 2012 in recognition of this project and we are now sharing information with other HBF members to deliver a more consistent approach to dust management across the whole industry.

Travel safety at the Kingsway Primary School

To encourage pupils to think about being safe and seen on their way to and from school we ran a competition to design a road safety poster. Winners were awarded book vouchers and the posters were displayed in our nearby Pippins Croft development. Two hundred pupils

were also given reflective armbands to wear on their journeys.



Our commitment	2011	2012	Comments on progress
Assess the feasibility of incorporating Secured by Design (Part 2 – Physical Security) into standard development designs and recommendations in relation to this will be made to the PDC before the end of 2011.	○	☑	Secured by Design has been delivered on some of our sites in 2012 and the Product Development Committee will be considering further inclusion of this in the coming year.
Consider appropriate actions to deliver a 10% improvement in RIDDOR rates compared to 2010.	☑	☑	Our yearly SHE strategies identify clear actions for improving our incident rate and progress against these is monitored.
Undertake a study to assess the feasibility of actions which would be required to deliver RIDDOR incident rates at a level no higher than the industry average.	☑	☑	Our yearly SHE strategies identify clear actions for improving our incident rate and progress against these is monitored. 100% of actions included in the 2012 strategy were completed.
Carry out a process of engagement with internal and external stakeholders to gain feedback on our approach to Health & Safety. This audit is to be complete by the end of Q3 2011 with a view to incorporating any recommendations into the 2012 strategy.	☑	☑	Internal stakeholders are engaged in the development of our SHE strategies on a yearly basis. Going forward we will investigate using external stakeholders in this process.
Quantitative target to assess the measures which would need to be implemented to achieve RIDDOR incident performance levels better than the national average.	☑	☑	Our SHE Strategy is designed to reduce incident rates to as low a level as possible. We continually seek to improve our performance in this area whilst maintaining a true and accurate record of events.
10% reduction in Reportable and All Injury AIR's in 2011 compared to the 2010 benchmark (and 10% reduction from 2011 to 2012).	☑	☑	In 2011 both our reportable (36%) and all injury (24%) incident rates increased however they both dramatically reduced in 2012 (53% reduction and 17% reduction respectively).
Minimum 95% in 2011 and 98% in 2012 of all operatives (including subcontractors) to have a valid CSCS card	☑	☑	Target achieved in 2011 (98.2%) and almost achieved in 2012 (97.9%).

☑ Complete ☑ Work on-going to deliver commitment ○ Work to commence in 2012

Miller Homes Safety, Health and Environment Awards
In our inaugural awards the winner of our 'Best in Company' title was given to David Mathie, site manager at Dalmore Mill, Penicuik. David was recognised for his great organisational skills and forward thinking to effectively manage the challenges presented, as well as ensuring all those involved played their part in supporting this. Specific factors recognised by the judges included liaison with SEPA, the implementation of measures to prevent contamination of water courses, rewards for co-operation and engagement for all those involved in the development, management of public safety, use of gated access, excellent directional signage and controls for exiting the compound.



Employee development

Training our employees is essential to ensure that they are able to carry out their current roles and that they will have the personal and technical skills to undertake any roles they aspire to have in the future. We are committed to having a professionally qualified workforce and providing training to both our employees and our sub-contractors on site.

All our employees (site or office based) are given the same robust induction process which covers health and safety, equality, the environment, occupational health,

HR issues and company structure and values. Managers also attend a two day 'Miller Management' workshop which covers human resource issues, equalities, alcohol/drug awareness and other management topics. Further role-specific induction training is given as necessary (e.g. specific training for managers, role specific SHE etc.). Thereafter individual training needs and career aspirations are identified and addressed as part of the Personal Development Review (PDR) process. Business training needs are also analysed and

additional training run as appropriate. For example in 2012 additional training was held on our newly introduced Alcohol and Drugs Policy and on our new capability procedure.

After training courses, we collect feedback on the effectiveness of the training from the attendees and use this to identify opportunities for improvement. For example, in 2012 the timings of the series of equalities training courses were changed following feedback from attendees at one of the first sessions.

13,331 hours spent training our employees



Our commitment	2011	2012	Comments on progress
Further improve the quality of our induction processes to address a more comprehensive range of CR issues.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Further to the enhanced induction process launched in 2011 a series of on-line environment training modules have been launched. These complement the equality, HR, capability, occupational health and SHE compulsory training modules.
Review procedures for delivering sustainability training for sales negotiators.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Sales negotiators receive all the additional CR-related training included in the induction (see above) as well as additional training on how to use smart meters. Further sustainability training will be conducted in 2013.

Complete Work on-going to deliver commitment Work to commence in 2012

Equality

The Miller Group is an Equal Opportunities Employer and we are committed to eliminating discrimination and encouraging diversity amongst our workforce. We do this not only for legal compliance with the Equalities Act 2010 but to encourage creativity within the business and to ensure we attract and retain the best talent. Our aim is for each of our employees to feel respected and able to give their best, regardless of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. We work hard to instil this culture within our business

Every employee receives training on our approach to equality in their induction and is also given a booklet relating to this topic. Further training is also given to managers and in

2012 all managers across the group attended a specific 'Equality Training for Managers' course. A total of 1,073 hours were spent on equality-related training in 2012.

All our recruitment advertising includes a statement about our commitment to equalities and we actively portray diverse images on our website and job adverts. As members of the 'Positive About Disabled' scheme we encourage disabled job applicants by guaranteeing interviews for those who meet the minimum criteria for the position, supporting them throughout their employment and increasing the awareness of disability issues within our business.

Any instances of harassment or bullying can be raised by employees to the person responsible, their manager, HR or one of the

dedicated, trained Equalities Administrators found in each of our regions. Formal complaints can also be raised through our grievance process.

The diversity profile of our employees is monitored regularly at board level and when we update our CR strategy in 2013 we will investigate setting some management targets in this area.



36.4% of our workforce is female

Women Leaders in Construction

Seven female employees across The Miller Group attended the 12 month Women Leaders in Construction course run by the Federation of Master Builders. The course covers a wide range of leadership skills, including influencing, networking, confidence, motivation and presenting skills.

The interactive course was well-received and as one attendee noted, "I have already found several instances in my day-to-day role where I have been able to apply the lessons learnt and the change in the confidence and ability of the whole group is already very evident. I would personally recommend the course to anyone"

Wellbeing

Healthy, happy people make for productive employees and satisfied customers so it's in our interest to do what we can to improve the wellbeing of our employees and our customers.

85% of our employees are engaged; 90% are proud to work for Miller Homes

Our employee programmes

Employee Assistance Programme (EAP)

Our EAP is provided by an external company and is designed to help employees deal with a range of personal issues and challenges they can experience in everyday life. The service is available free 24 hours a day, 365 days a year. The programme covers:

- **Health:** Motivational tips and information to encourage employees to take care of themselves including keeping fit, healthy eating, sleeping well and coping with diagnosed chronic conditions.
- **Family:** Practical help on taking care of the family including childcare, parenting, education, schools and older relatives.
- **Money:** Information on managing personal finances and advice on issues including budgeting, debt management, saving for retirement, buying, selling or renting a home, consumer issues and divorce.
- **Work:** Advice on work-related issues such as career development, coping with change, managing people, building working relationships and time management.
- **Personal wellbeing:** Support to help employees manage their emotional wellbeing including understanding anxiety and depression, managing stress, coping with bereavement and dealing with personal relationship issues.

Flexible working

Employees can request a change to their working pattern to help with family life or caring responsibilities. Nine per cent of our employees work part-time. With effect from March 2013 parents with one year's service or more and who have a responsibility for a child under the age of five are entitled to eighteen weeks unpaid leave for each child.

As well as our formal application process, we support ad-hoc arrangements which allow our employees to temporarily adjust their working arrangements for a variety of personal reasons such as school sports days, parent's evenings, medical appointments and domestic emergencies.

Childcare vouchers

We provide childcare vouchers to assist with on-going childcare costs.

Family advice

Factsheets giving parenting advice on education, health and wellbeing, pregnancy and other related issues are available, as well as a 24 hours a day Family Advice Line.

Occupational health

We will refer employees as necessary to an occupational health specialist and use these specialists for advice in relation to adjustments and back to work considerations.

Pension scheme

All employees are eligible to participate in the pension scheme.

Life assurance

All employees are covered by life assurance.

Private medical insurance

Employees have access to private medical insurance and can also elect to cover their spouse/partner and/or dependent children in this.

All of these programmes, as well as monthly articles on wellbeing related matters (e.g. exercise, healthy eating, healthy heart etc.), are published on our intranet which is available to all our employees in our sites and offices.

The success of our approach is evident from our first employee satisfaction survey which was conducted in 2012. The results from this found that 85% of our employees are engaged, significantly above the national average (53%, Towers Watson 2012). Furthermore 90% of our employees are proud to work for Miller Homes.

Our customers

We work hard to improve the wellbeing of our customers both throughout the move process and then once they have taken occupation of their homes.

Moving house is often thought to be one of the most stressful experiences in life so we take the stress out of the move process by keeping in regular contact with our buyers, providing them with all the information they need and even giving them labels to stick on their packed belongings! Some buyers will also be eligible for our Assisted Move scheme (where we hire professionals to sell your home for you) or Home Exchange scheme (where we purchase the buyer's house ourselves at the price of an independent valuation).

In the East Midlands we have recently piloted the use of welcome packs containing items that buyers might need during the first few days in their new home. The packs include everything from a range of kitchen equipment, refreshments and toys for children to general items for around the

home, such as paint rollers and cleaning products.

Once our customers have moved in we want them to enjoy a healthy, happy lifestyle so we provide them with information on local sports and leisure facilities, places of interest and healthcare providers as standard. Each of our developments is unique but include features that contribute to wellbeing such as public parks (e.g. Kingsmoor, Stockton; Brooklands, Gainsborough; Miller Central, Northfields), children's play areas (e.g. Miller Central, Northfield; Bishops Park, Gateshead), playing pitches (The Pastures, Darlington; The Meadows, Tewkesbury) and even skateboard parks (The Meadows, Tewksbury). The extensive landscaping at our Park View development in Gateshead even comes with bollards designed by sculptor Anthony Gormley.



Children's play area at The Meadows, Tewkesbury



The Galaxy Gardens at The Meadows, Framwellgate, which were collaboratively designed between sculptor David Edwick, poet Carolyn Jess-Cooke and landscape designer Tom Robinson.



Pergola and public space at Birkacre Park, Chorley

Our commitment	2011	2012	Comments on progress
Consider the feasibility of introducing Building for Life assessments and reporting on these for all sites.	✔	✔	After the launch of the new Building for Life 12 assessments in September 2012 our senior management received training from the Commission for Architecture and the Built Environment (Cabe) on their requirements and we are now engaging with the Design Council to incorporate these requirements in our projects as standard (see page 30).

✔ Complete ✔ Work on-going to deliver commitment ○ Work to commence in 2012

Community member

We recognise that integrating within the local community is vital for us as business, and for our customers. By having a close involvement with the communities around our developments we can understand their needs and concerns and we work to resolve issues so that the whole process is a positive experience for everyone. For our customers we recognise that being integrated into the community makes them happier and healthier so we also do what we can to facilitate this.

Consulting with our neighbours

We are committed to communicating with our neighbours from the point at which we start investigating the opportunity to develop a site, to the time that we complete the final home on the development.

Prior to submitting a planning application we seek feedback by conducting consultations with the public and others with an interest in the development. We use local and independent consultants for these engagements to ensure that our stakeholders feel comfortable sharing their views.

We also create websites which include information on the development as well as mechanisms for the public to provide feedback. All feedback is reviewed and referred to in our final submission for planning.

Community consultation at Leckhampton and Shurdington, Cheltenham

We are working with one of our community consultants, Curtin&Co, to consult with the local community and stakeholders on a proposed development in Leckhampton and Shurdington, Cheltenham.

Engagement has been conducted at three levels, with individuals, with the Leckhampton Forum and with the public in general.

- **Individuals:** Curtin&Co have held meetings with 19 individual organisations or representatives (including local head teachers, a Rector, the local MP, Council members, Ward members and the Rotary club) to date.
- **Leckhampton Forum:** This forum was established with the purpose of promoting discussion of the development proposals. Members of the forum include representatives from the Council, GPs, schools, Church and community groups. Eight forum meetings have been held to date and several design changes have been made directly as a result of this (e.g. inclusion of a GP surgery, realignment of a junction etc.).

- **Public:** Three public exhibitions were held in three different local facilities during 2012. Eight hundred and eighty one people attended these sessions with 60.8% returning feedback forms. Thirty two additional feedback forms were completed via the consultation website. Four key areas of concern were highlighted in this feedback and design changes (including a reduction in the number of homes, improved bus facilities, new location for the primary school etc.) were made as a result. Two further public exhibitions were held in February 2013 to communicate changes made as a result of the feedback and to provide more information on the areas of concern. Feedback from the 527 people who attended these exhibitions (301 feedback forms completed) indicated a positive response to the changes made. Outstanding concerns are again being reviewed and will be considered in the further development of the design.

Summer of Sport Competition

We ran a competition across our Yorkshire and North-East regions inviting local sports clubs to submit an explanation of why they deserved to receive £500. Judges included independent sportspeople.



Kool Kayakers Canoe Club

Minimising construction impact

During construction we require all our sites to keep neighbours informed of development progress and activities which may be disruptive. On our Aspect Development in High Wycombe neighbourhood surveys were sent to 200 local residents and 90% of the responses received were positive. We display 24 hour contact details on our hoardings and all sites adhere to a robust complaints procedure to document and resolve any issues. Compliance with these procedures is audited on every site by our SH&E team as part of the Miller Respect audit.



All our developments use traffic management plans and schedule deliveries and work to minimise disruption. Sites also work with local

charities, schools and other organisations to build relationships. The success of our approach is shown by our scores on our Miller Respect scheme (average = 98.8%) and Considerate Constructors Scheme (average = 33.8 / 40), both of which evaluate the impact our developments have on the community.

Designing to integrate communities

To support our customers to integrate into the community we use best practice guidance, including Building for Life 12, Urban Design Compendium, Manual for Streets and the DETR's Places, Streets and Movement, to influence the housing layout and design on our developments. Often our developments include green spaces and play areas (see page 26), and on our Aspect development in High Wycombe and Minster View

development in Gringley on the Hill we have contributed to the construction of community halls. At our Littleton Green development in Cannock we recently cleared a large area of land so that it could be developed into a community hall and play area.

We have developed the mymillerstreet website (www.mymillerstreet.co.uk) which provides information on the local area (public transport, local government, schools, local services, policing and maps), allows residents to introduce themselves to their neighbours and has a message board function encouraging residents to interact with one another. Further enhancements to this tool will be made in 2013 in response to feedback from our customers.



Our commitment	2011	2012	Comments on progress
Continue with the policy that 100% of sites must be compliant with Miller Respect.	☑	☑	All construction sites continue to be fully compliant with Miller Respect.
Engage with an appropriate external organisation to seek third party verification that Miller Respect would be an acceptable equivalent to the Considerate Constructors Scheme on Code for Sustainable Homes sites.	☑	☑	Miller Respect has elements which we believe are more onerous than some of the requirements of the Considerate Constructors Scheme (CCS). Where we are required to have CCS on a given site we also run Miller Respect alongside. STROMA reviewed Miller Respect in July 2011 and confirmed it is an acceptable equivalent to CCS.
All sites will be audited under Miller Respect and/or the Considerate Constructors Scheme twice per year.	☑	☑	100% of our sites were audited under the Miller Respect scheme in 2011 and 2012, with additional external audits by those schemes registered under the CCS scheme.
Minimum performance figure of 95% for sites audited under the Miller Respect scheme.	☑	☑	98.9% was the average Miller Respect score in both years.
Minimum score of 32 for sites being audited externally under the Considerate Constructors Scheme.	☑	☑	Our average CCS score in 2011 was 32.6, and in 2012 was 33.8.

☑ Complete ☑ Work on-going to deliver commitment ○ Work to commence in 2012

Considerate Constructors Scheme Bronze Award

Garry Bowler, site manager on our Deansleigh development in Lincolnshire, was awarded a Bronze National Site Award by the Considerate Constructors Scheme in 2012. This award recognises contributions to the community, environment and health and safety. Examples of the community initiatives which contributed to the prize include: personally visiting residents; putting steel fencing with two entrances around a nearby park which previously had nothing to protect children from the road; and including a cycle walkway through the site to retain access between two neighbouring areas.



Diwali celebrations



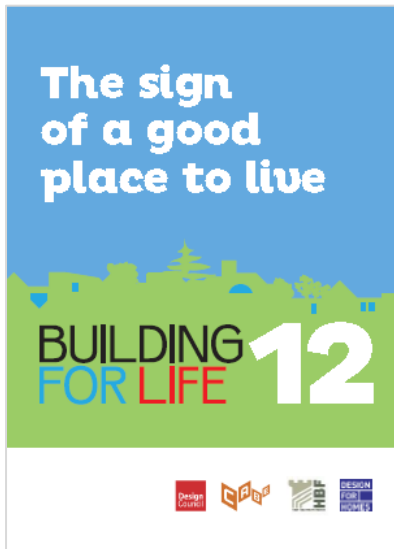
Pupils from the Humberstone Junior School located near to our Lakeside Country Park development in

Leicester were asked to help create Diwali decorations for the sales centre. Leicester is renowned for having one of the biggest Diwali celebrations outside of India so running the competition was a great way to involve the community in the celebrations.

Prizes for the decorations were presented during a special Diwali evening at the school.

Building for Life 12

Building for Life 12 is the industry standard, endorsed by government, for well-designed homes and neighbourhoods.



In partnership with the Home Builders Federation and Design for Homes, Cabe at the Design Council launched an updated version of

Building for Life, called Building for Life 12 in September 2012. This document reflects a vision of what new housing developments should be: attractive, functional and sustainable places. It is based on the new National Planning Policy Framework and the government's commitment to build more homes, better homes and involve local communities in planning.

Building for Life 12 stimulates a conversation between local communities, local authorities and developers about creating great places to live.

Miller Homes uses questions and prompts from Building for Life 12 as part of our internal design process for articulating our proposed developments and also during the pre-planning application dialogue with local authorities. We are also continuing to forge close linkages with Cabe at Design Council via engagement between our Senior

Managers and Technical Directors, with the aim of exploring mutual support and understanding.

In particular, our internal Cabe Built Environment Expert is on hand to promote Building for Life 12, and to work in partnership with Cabe at the Design Council.

Housing affordability

Buying a home is becoming increasingly difficult, with the average age of a first time buyer now 35 according to a recent Post Office survey². This is not good news when considered alongside the Office of National Statistics data that renters are significantly less satisfied than homeowners (68% satisfaction compared to 80%³) and a Barclays study showed that over a 50 year period renters pay significantly more than home owners (£623,000 compared to £429,000)⁴.

We're committed to making buying a home more affordable and work hard to keep our costs down so our house prices can be as low as possible without compromising on quality. We also offer a range of schemes to make funding the purchase of a home more accessible:

- **NewBuy** (in England) and **MI New Home** (in Scotland): 95% mortgage indemnity schemes available to buyers with a deposit of 5%. Available on new build properties up to the value of £500k (£250k in Scotland) and open to anyone who meets the qualifying criteria.
- **FirstBuy**: a part government funded equity loan scheme which was available in 2012 and aimed at first time buyers with a limited deposit who are able to fund a mortgage for 80% of the purchase price. Available on selected properties in England.
- **MiWay**: a Miller Homes' scheme offering an equity loan of up to 15% of the purchase price. Available on selected properties across the UK.
- **Deposit Match**: Miller Homes will match the customer's deposit (up to 5% of the purchase price) of the selected plot as agreed at the point of reservation.
- **Family Deposit**: if a relative pays a deposit on a Miller Home (up to 20% of the purchase price) they will receive the equivalent of 5% interest for five years in a lump sum when the buyer moves in.

Save Your Pennies and Build Your Future

To prepare our future generations in money management we have designed and piloted a 'Save Your Pennies and Build Your Future' campaign for 9-11 year olds. The interactive presentation aims to teach children the value of money and how to save. After the session each child is given a money box to help them put into practice what they've learnt.

The scheme has been such a success in the schools it has been piloted in that it is now being rolled out across all our regions.



² <http://www.postoffice.co.uk/news-ten-year-wait-for-first-time>

³ www.ons.gov.uk/ons/dcp171766_270690.pdf

⁴ <https://www.yourbank.barclays.co.uk/home/article/is-it-better-to-buy-a-property-or-carry-on-renting>

Environmental issues

We are committed to managing our impact on the environment and are encouraged that this is an important issue for our customers too. In fact, one of our research surveys in 2012 found that 77% of our customers care ‘very much’ or ‘quite a lot’ about the environment, and none said that didn’t care at all.

Our approach to environmental issues is guided by our ISO 14001 certified SHE Management System. Our system includes clear

procedures on how to manage environmental impacts through feasibility, planning, design and construction phases, alongside well defined procedures for the implementation of these which are applied on all of our sites. Compliance with the SH&E Management System is assessed through spot inspections six times a year on each site, internal audits in accordance with our audit schedule and twice yearly external audits. Our divisional SHE team, including the

SHE Director, complete the internal audits in all regions throughout the year.



373 hours spent on training covering environmental topics

Our commitment	2011	2012	Comments on progress
Continue to comply with ISO 14001 accreditation requirements.	☑	☑	We have retained our ISO 14001 accreditation for another three year period from 2012-2015, and have complied with all of the audit requirements during the course of 2011 and 2012.
Review environmental/ISO 14001 training provision.	☑	☑	Our training requirements in relation to environment and sustainability were reviewed during the course of 2011 and this has resulted in the introduction of the online briefing modules. During 2012, 373 hours were spent on training covering environmental topics.

☑ Complete ☑ Work on-going to deliver commitment ○ Work to commence in 2012



Energy

Energy consumption for construction processes and in completed housing are both significant contributors to UK carbon emissions which in turn contribute to global warming. This, compounded with rising fuel costs causing increased fuel poverty, means that reducing energy consumption is a key priority for both the government and for us.

Designing low energy homes

Our priority when designing any new home is to reduce the energy demand of the property through a fabric first approach. We achieve this by using the latest technologies and practices, and leveraging the expertise of our internal SAP and Code for Sustainable Homes Assessor. We are continually working with industry bodies and best practice experts to develop new and innovative ways to reduce energy demands and our new MH16 has been designed using the Zero Carbon Hub supported Fabric Energy Efficiency Standard approach. As standard our homes include appropriate insulation, A-rated double glazed windows, low-energy light bulbs and the highest available energy rated appliances (e.g. A, A+ or A++ depending on the appliance).

Where appropriate we will install low carbon and/or renewable technologies to complement the improved fabric efficiency of the building. These are selected based on the specific conditions of the site. For example, at our Brill development gas heating was not possible so air source heat pumps were used.

Our commitment	2011	2012	Comments on progress
Launch the new housing portfolio.	☑	☑	In 2011 we launched our MH16 portfolio (see page four)
Develop our KPI's for 2011 to differentiate between private and affordable Code units.	☑	☑	KPI's updated to reflect this.
Complete the operational transition to Smart Meters.	☑	☑	In 2012 100% of homes had smart meters (2011 = 87.7%).
Continue to measure plot use of gas, electricity and water prior to customer handover.	☑	☑	This is a standard procedure and the data is incorporated into our KPIs.
Through the PDC and during the course of 2011, develop a formal strategy for post occupation monitoring of houses in use.	☑	☑	Post occupation monitoring was conducted at Miller Zero and we are working to expand this in 2013 (see page four).
Undertake a feasibility study to assess the point at which community/district heating or CHP installations become viable.	☑	☑	Details of our trial of a community heating system at our h2010 development in Leeds are shown on page four.
Review our lighting specification in 2012 with a view to increase the amount of LED or low energy lighting fitted in units sold by 50%	n/a	☑	Our new national sales specification, issued mid-2012 specifies all lights within the dwelling to be low energy.
Quantitative targets will be set for 2011 relating to energy use.	☑	☑	10% reduction in CO ₂ from operations and offices target set (see page 39).
Quantitative targets will be set in relation to operational energy use.	☑	☑	10% reduction in CO ₂ from operations and offices (see page 39).
Continue to measure electricity, gas and diesel used in construction.	☑	☑	This is a standard procedure and the data is incorporated into our KPIs.
100% of completed units to have energy efficiency reported on.	☑	☑	100% coverage in both years. This is now part of our standard process.
15% of plots completed to have external air permeability tests.	☑	☑	10.3% in 2011; 9.3% in 2012. This will be increased in 2013.

☑ Complete ☑ Work on-going to deliver commitment ○ Work to commence in 2012

Ground source heat pumps have been installed on properties in our Minster View development in Lincoln, as well as for the Miller-built community hall. If renewables are found not to be appropriate then efficient and intelligent heating systems that heat up the house quickly and allow customers to tailor the temperature of each room easily are used.

Minimising our own energy use

As well as reducing the whole life energy demand of our homes, we are committed to reducing our own energy consumption on our sites and in our offices. All employees are encouraged to switch off monitors at the end of day. The lighting in some of our offices automatically switches off when no motion can be detected and heating is controlled on a room-by-room basis to avoid heating unused spaces.



25% reduction in our office energy consumption (gas and electricity combined) since 2011

Smart meters

Smart meters and smart energy displays can provide visibility on real time energy use, carbon generation and costs to our customers making it much easier for them to monitor energy consumption. Researchers found that customers who actively use smart meters reduce their energy consumption by an average of 7%⁵. We have been installing smart meters since 2009 and they are now fitted in all of our homes. Our customers are shown how to

use these during their home demonstration meeting and our sales advisors are trained in their use too.



⁵Faruqui, A., Sergici, S. and Sharif, A. (2010). The impact of information feedback on energy consumption – A survey of the experimental evidence. *Energy* 35(4), pp. 1598-1608.

Transport

Transport is a significant source of carbon emissions with approximately 25% of the UK's total carbon emissions coming from transport. We try to reduce the need for transport in the first place and promote the use of lower carbon-emitting forms of transport.

Reducing our carbon from transport

All our main offices are equipped with video conferencing facilities and telephone conferencing facilities are widely available. In 2013 we will be launching a new video conferencing facility which will be available on individual PCs and this will allow for employees not only to see each other but also to access the same documents on one screen. E-mail, the intranet and network drives are all accessible to employees remotely to enable working from home.

To encourage the use of more carbon efficient transport all our nine offices are located within an average of 1.5 miles from a railway or metro station, with four offices located less than a mile away. Car share schemes are available on the business parks used by our head office, Homes Scotland East and at our Homes West Midlands office. In 2013 we will be launching the government's Ride2Work scheme to all Group employees in conjunction with Evans Cycles. Over the last two years the maximum allowable carbon emissions for our company cars has shrunk from 200 g/km to 139 g/km. Sixty nine per cent of our available fleet cars are now below 120 g/km and the most efficient car produces only 79 g/km.

Helping our customers to reduce their carbon from transport

To support our customers in reducing their carbon emissions from transport we provide them with information on local public transport in our brochures. Our mymillerstreet tool enables customers to assess the environmental impact of their transport use (and other energy use), provides tips on how to reduce this and also has a message board which can be used to set up car shares. All of our new MH16 house types come with office space as standard. We use specialists to produce green transport plans on our larger sites (8% of our developments in 2012) but work to make all our sites accessible by public transport. In fact, 95.8% of our developments are within 500m of a public transport node. Forty five per cent of our developments in 2012 also included cycle storage.

69% of our available company cars emit less than 120g/km of carbon

Our commitment	2011	2012	Comments on progress
Introduce a section into land acquisition procedures to ensure that means of reducing car dependency is considered for all new proposed development sites.	☑	☑	We work to make all our sites accessible and consider public transport access and accessibility in all our developments.
Introduce recording of Section106 transport-related contributions.	☑	☑	All Section106 contributions are logged as part of our internal process.
Further develop the initiative to record the delivery mileage of key construction materials to Miller Homes sites and other associated transport movements.	☑	☑	We already monitor mileage for our badged fleet and are working with our supply chain to extend the scope of travel measurements to record the delivery mileage for key construction materials.

☑ Complete ☑ Work on-going to deliver commitment ○ Work to commence in 2012

⁶ <https://www.gov.uk/government/publications/provisional-uk-emissions-estimates>

Waste

We recognise that waste can have a significant, damaging impact on the environment by discharging carbon dioxide and methane (which in turn contribute to climate change) and causing air, water and soil pollution. We are committed to minimising waste to landfill caused by our construction processes, our suppliers and our customers.

Managing our waste

Since before there was a legal requirement for Site Waste Management Plans (SWMP) in April 2008 we have required all our sites to produce and implement these plans. We appreciate the performance benefits that these bring and since the end of 2012 we have worked with Reconomy to develop even more effective SWMPs on all our sites. These SWMPs clearly detail the steps to be taken to reduce, reuse and recycle all waste. We are committed to using SWMPs and will continue to do so regardless of whether the Site Waste Management Plan

90.6% of waste from construction recycled

Regulations 2008 are revoked. On all sites timber, plasterboard, hazardous, metal and inert waste is segregated on site where possible and the remaining waste is segregated off-site with all items being recycled that can be. In 2012, 90.6% of waste from construction was recycled. At our Park View development in Gateshead waste from demolition was reused on site, totalling 34% of the total waste arising, with a further 10% reused off-site and 49% recycled.

In 2012 we moved all our sites over to a single waste management provider, Reconomy. Using Reconomy has given us greater

transparency on our waste performance, as our waste figures are now electronically available through their on-line reporting tool.



To facilitate the use of this tool, and the move to Reconomy in general, Reconomy have delivered training to all relevant Miller Homes employees and have also offered training and brochures on waste segregation to the sub-contractors on all our sites. The validity of the data collated by Reconomy is validated by six monthly verification assessments of their key waste transfer stations, and they are also externally certified as ISO 14001 compliant.



“We had all the plastic and mess from the white goods being delivered and Peter [a Miller Homes employee] happened to walk by and noticed. He said he'd get that recycled for us.”

(feedback from one of our customers in our Voice of the Customer survey)

Our commitment	2011	2012	Comments on progress
Commit to an 'environmental specification' review in 2011, giving consideration to the inclusion of domestic waste facilities in standard build units.	○	☑	Our new housing portfolio has been designed so that every home comes with space for an eco-bin as standard. We also encourage customer recycling by providing information on waste reduction best practice (see www.mymillerstreet.co.uk).
Engage with an external organisation to promote recycling with residents on one site.	☑	☑	We worked with WRAP in 2011 to identify ways to encourage sustainable living by our customers and will be integrating this into our mymillerstreet tool.
Develop a procedure to deliver better outcomes relating to how we deal with demolition and excavation waste arisings. This should include improving our current data gathering on materials which are reused on site in order that we are able to demonstrate to stakeholders the scale of recycling being undertaken.	☑	☑	We have continued to improve the integrity of our data for site preparation waste during the course of 2011 and 2012. Over the next 18 months we will be conducting a thorough review of our whole groundwork process (including demolition and excavation) to seek opportunities for waste and cost improvements.
Engage the services of WRAP to help identify initiatives which would help us reduce overall waste volumes.	☑	☑	We worked with WRAP in 2011 to identify initiatives to improve our construction waste management and in 2012 worked on integrating this feedback.
Assess the procedural and commercial benefits which could arise from having a single provider to manage waste disposal across the business.	☑	☑	We have appointed Reconomy as our single provider for our Homes business. The commercial savings associated with this and target reduction in the quantum of waste to landfill will be significant.
10% reduction in the quantity of construction waste (per build unit) in 2011 and a further 20% reduction in 2012.	☑	☑	We have reduced our construction waste per equivalent build unit by 3.7% between 2011 and 2012 and further have reduced our total waste per equivalent build unit in the same timeframe by 9.7%.
15% improvement in the quantity of site preparation waste which is retained and re-used on site rather than being disposed off-site.	☑	☑	In 2012 we reused 93k tonnes of site preparation waste, an increase of 29% compared to the 72k tonnes reused in 2010.

☑ Complete ☑ Work on-going to deliver commitment ○ Work to commence in 2012

Aircrete block waste reduction

In 2012 we conducted a review of our aircrete block suppliers. Feedback from our site managers alerted us to a potentially high amount of waste being generated from this product, and in particular damage to the goods (approximated at 12%). We investigated this further by surveying all our site managers to understand the key drivers for the waste associated with this product. Seventy three per cent of the causes were related to product handling, and in particular how the blocks were transferred onto our own pallets when they arrived at site. Based on this, we then worked with a new supplier, H + H to develop a solution whereby the blocks arrive at our sites already shrink wrapped and with appropriately sized pallets provided by the supplier. As with the other pallets we use, these are returned to the supplier for re-use. This process change has not only resulted in significantly less waste being generated but is also expected to lead to cost savings of between 7-10%.



9.7% less waste generated per build unit since 2010

Timber pallet reuse scheme

We have always segregated and recycled our timber pallets as part of our general timber recycling process however recently we have taken this a step further and have worked with one of our suppliers, Scott ELM, to arrange for re-use of all our timber pallets. In less than two months of implementing this we have returned 329 pallets to Scott ELM for re-use. This not only saves us money in recycling costs, it saves Scott ELM money because they can re-use their products and, of course, environmentally it is far better too.

Supporting our suppliers and customers to reduce waste

As well as minimising our own waste, we work with our suppliers to minimise their waste too. For example we insulate our roofs with fibre glass made from recycled glass and we recently worked with our suppliers to reduce waste from timber pallets and aircrete blocks. Our new housing portfolio is designed to encourage resident recycling by including space for an eco-bin as standard.

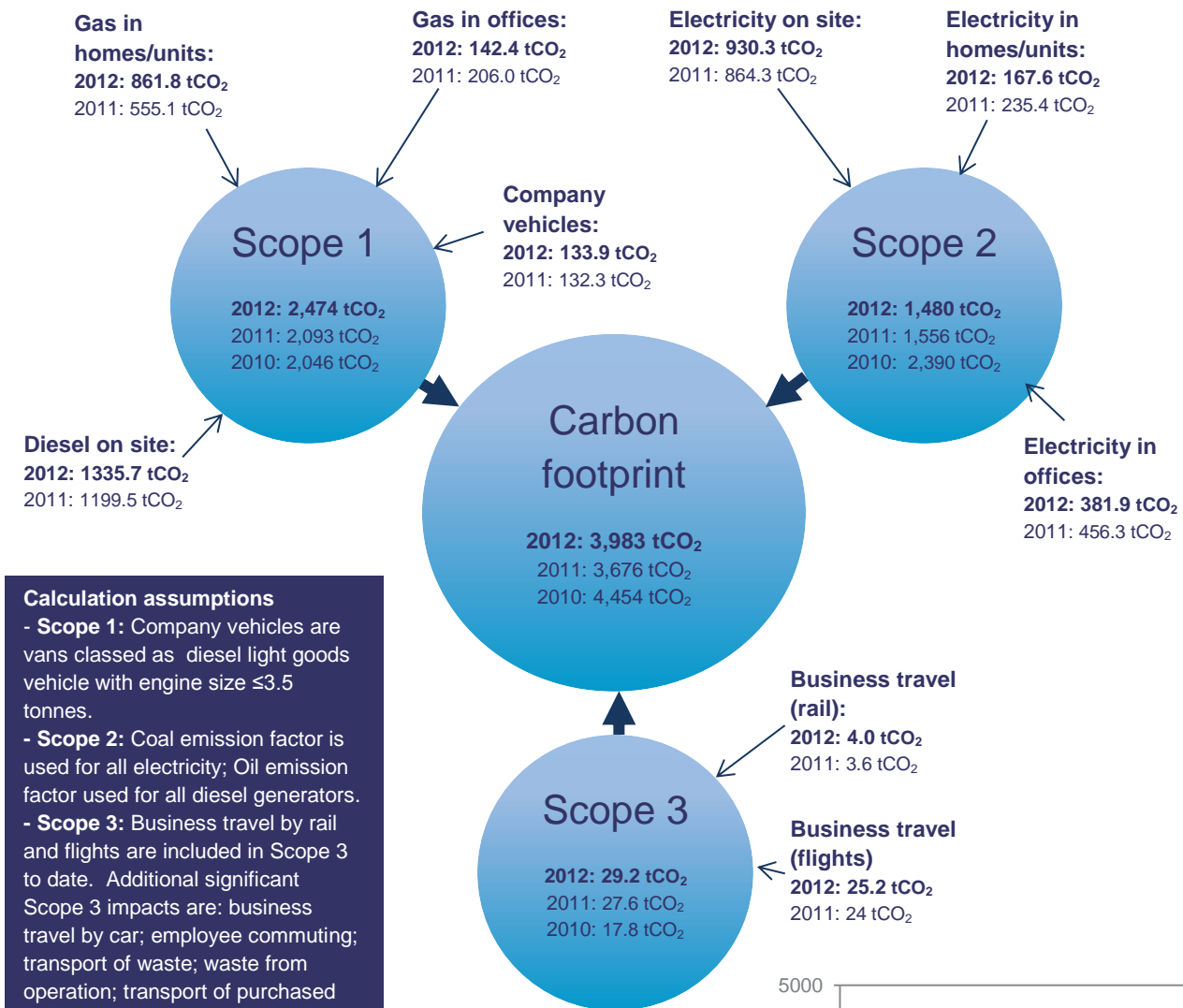


Carbon emissions

Carbon emissions are a key contributor to global warming, which has significant environmental and social impacts. We are committed to reducing the carbon footprint of our business.

Our carbon reporting has been developed following the Greenhouse Gas (GHG) Protocol Corporate Standard. The figures below relate only to Miller Homes and do not apply to the rest of The Miller Group.

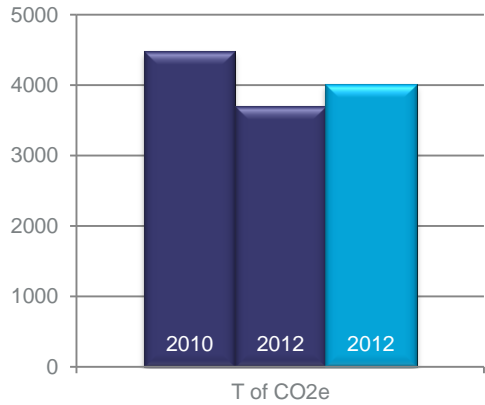
All calculations have been conducted using the '2012 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting' tool. 2010 and 2011 figures have been restated from our last report to reflect the 2010 conversion factors.



Calculation assumptions

- **Scope 1:** Company vehicles are vans classed as diesel light goods vehicle with engine size ≤3.5 tonnes.
- **Scope 2:** Coal emission factor is used for all electricity; Oil emission factor used for all diesel generators.
- **Scope 3:** Business travel by rail and flights are included in Scope 3 to date. Additional significant Scope 3 impacts are: business travel by car; employee commuting; transport of waste; waste from operation; transport of purchased materials; production of purchased materials; use of products. We will work towards reporting these in the future.

11% reduction in our carbon footprint since 2010



Scope	Unit	No.	CO ₂ (T of CO ₂)	CH ₄ (T of CH ₄)	N ₂ O (T of N ₂ O)	Total (T of CO ₂ e)
GHG Scope 1						
Diesel on site	Litres	502,744	1,335.7	0.02	0.5	9.6
Gas in homes/units	M ³	424,944	861.8	0.06	1.3	0.5
Gas in offices	M ³	70,198	142.4	0.01	0.2	0.1
Company vehicles	Miles	336,545	133.9	0.00	0.0	1.0
Subtotal			2,473.8	0.09	2.0	11.2
GHG Scope 2						
Electricity on site	kWh	1,799,593	930.3	0.02	0.5	5.7
Electricity in homes/units	kWh	324,209	167.6	0.00	0.1	1.0
Electricity in offices	kWh	738,851	381.9	0.01	0.2	2.3
Subtotal			1,479.8	0.04	0.7	9.1
GHG Scope 3						
Business travel (rail)	Miles	72,642	4.0	0.00	0.0	0.2
Business travel (flights)	Km	139,896	25.2	0.00	0.0	0.2
Subtotal			29.2	0.00	0.0	0.5
Total			3,982.8	0.00	2.7	20.7

Our carbon figures are audited by a third party and publicly disclosed under the Blackstone Carbon Reduction Commitment

Our commitment	2011	2012	Comments on progress
Gain an industry leading position in the understanding of zero carbon compliance and develop progressive new strategies with regard to low & zero carbon technologies.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Based on our learning from Miller Zero and the involvement of senior personnel in industry initiatives we have developed strategies to address more stringent energy performance requirements in our MH16 portfolio.
Consideration will be given to publishing a separate climate change report for 2011.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	We have chosen to expand our carbon reporting in this report rather than produce a separate report.
10% reduction in the quantity of CO ₂ from operations and offices (calculated at a quantity per build unit) during the next reporting year.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	In this report we have restated our 2010 and 2011 carbon figures using the DEFRA 2010 conversion factors. In 2010 we generated 4,297 tCO ₂ from operations and offices, and in 2011 we reduced this by 18% to 3,517 tCO ₂ . 2012 saw this increase by 9% to 3,819 tCO ₂ but the net effect is still a reduction of 10.6% between 2012 and 2010.

Complete Work on-going to deliver commitment Work to commence in 2012

Ecology & biodiversity

We recognise that maintaining the ecology and biodiversity of our shared environment is important to preserve a balanced ecosystem and prevent the loss of species, that as a society we depend upon for so many things (fuel, water, air, food, health care etc.).

Protecting biodiversity on our sites

Where possible we try to develop on brownfield sites, which tend to have a lower ecological value, and approximately 75% of our developments are built on these.

In 2008 we developed a pioneering 'Biodiversity Toolkit' which enabled us to assess the ecological and biodiversity merits of sites and from this identify clear action plans for how these can be maintained and/or enhanced. With the increasing importance of biodiversity, in 2012

we adapted our approach so that where sites are expected to have ecological impacts (e.g. they have existing buildings or trees, or are located near a water course etc.) we use ecology specialists to conduct a walkover survey of our sites and we then work with these specialists to identify appropriate actions. If there are no special ecological features we will still use our biodiversity toolkit.

We recognise the significant contribution that The Wildlife Trusts make to protecting and enhancing biodiversity, including their involvement in shaping green infrastructure design. We are in dialogue with them to help shape our joint approaches and are investigating options to work together at both the pre-planning stages of our projects, as well as on the long-term management of green spaces on our sites.

Red Kites in High Wycombe

Red Kites are birds of prey that have been saved from extinction by one of the world's longest running protection programmes. They are now seen frequently in the Buckinghamshire area, including around our Aspect development in High Wycombe. Every employee and person who comes to the site receives an RSPB pamphlet about Red Kites in their induction and further information about local wildlife is presented on the noticeboard.



Our commitment

Thinking will be developed and there will be a process of engagement with the wider business to better understand the implications relating to ecology in terms of planning, ecology and legacy.

2011



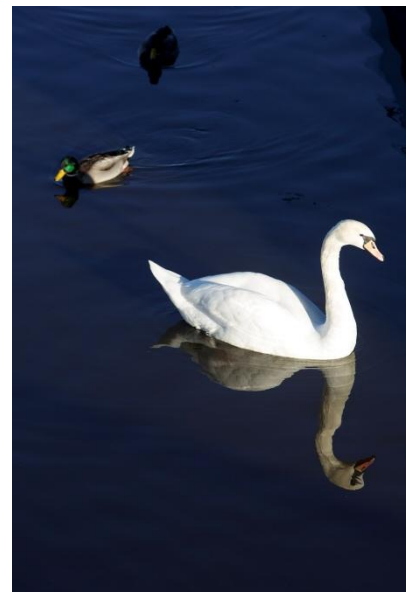
2012



Comments on progress

The use of ecology specialists from the feasibility stages of a project onwards means that we're able to integrate best practice solutions in our project approach.

Complete Work on-going to deliver commitment Work to commence in 2012



At our Dalmore Mill development the high water table meant we needed to pump some of the water in the ground into the surrounding River Esk and Glencorse Burn. We worked with SEPA to develop a filtering solution which prevented any cross contamination occurring. To encourage biodiversity at our Park View development in Gateshead vines have been planted to grow up the sides of some of the homes.

Educating others about wildlife

As well as enhancing the ecological value of a site in the longer term we are committed to educating our customers, employees and other stakeholders about wildlife issues too. That's why we include information on attracting wildlife in all our homeowner manuals and information on gardening in our customer magazine.



Fullwood Gardens, New Stevenston

This development is located on part of a Site of Importance for Nature Conservation. An Ecological Impact Assessment conducted by specialists found Grayling butterflies, frogs, newts, yellow bird's-nest plants and grassland all to be present on site. We worked with the specialists to develop appropriate strategies to ensure we did not

negatively impact on these species. The Grayling butterflies were caught and relocated to a nature reserve 10 miles away. Amphibian proof fences have been erected to protect the frogs and newts from the construction works. The yellow bird's-nest plants and grassland have been relocated to a specially prepared receptor site in the development, alongside the Willow trees they prefer to grow beneath.

Water

Increasing demand for water combined with climate change means that water scarcity is a real concern globally. Without sufficient water, food production is affected, and there are significant adverse impacts on wildlife. As well as the risk of drought, flooding has also become an increasingly important issue in the UK, with incidents occurring more frequently. This can make obtaining insurance for flooding more difficult and more costly. At Miller Homes we recognise the importance of effective water management and are committed to reducing flood risk and conserving the water we use, and our customers use.

Minimising our consumption

As standard we measure the amount of water used in all our offices and sites. At our Aspect development in High Wycombe, rainwater on top of the site cabins is collected and used to supply toilet cisterns.

Protection from flooding

Prior to developing any site we conduct a flood risk assessment which considers the flood risk not just on our immediate site but on the surrounding community. We implement flood risk reduction measures as appropriate as well as Sustainable Urban Drainage Systems (SUDs), which reduce surface water drainage discharges on our developments.

Helping our customers reduce their water use

We now design our homes to use no more than 125 litres per person per day (the UK average is around 150 litres per person per day). Over the last year we have worked with our brassware supplier to use water restrictors to aerate the water from our shower heads and taps and thus significantly reduce the water flow without comprising customer experience. Dual flush toilets that

16% less water
used in 2012
compared to
2010

use up to a third less water are also installed as standard. Water butts that collect rainwater for garden use have been installed throughout our Deansleigh and Dukes Mead developments to name a few.

To encourage water conservation by our customers we have included an online survey in mymillerstreet which allows customers to calculate their water consumption and then provides tips and advice on how to reduce this.



Our commitment	2011	2012	Comments on progress
Continue to monitor water performance on the completed units at Miller Zero and publish the results in 2011.	☑	☑	Water performance from Miller Zero has been monitored post-occupation and findings have been factored into the MH16 design process.
Consider the feasibility for measuring water performance on other developments.	☑	☑	Construction of our new MH16 house types is underway at Dukes Mead, Bingham, and we plan to measure the water consumption from these.
Although no specific water reduction targets are being set in relation to product we will commit to a review of specification for water consuming elements in 2011 and assess the feasibility of making changes to the materials we use.	☑	☑	In 2012 we updated our specifications for taps, showers and toilets to significantly reduce water consumption. We will review the inclusion of targets relating to the water consumption of our homes in our updated strategy to be published in 2013.
Set quantitative targets for the reduction in water use from operations.	☑	☑	We have set a 10% water reduction target for offices and operations.
Review our product specification in relation to water consuming elements. The objective will be that we are able to improve the designed water consumption of units constructed during 2012.	n/a	☑	Reductions in the water flow rates of taps and showers and the use of dual flush toilets as standard have reduced the water consumption of units.
10% reduction in of water use from operations and offices for 2011 compared to 2010, and 2012 compared to 2011.	☑	☑	In 2011 we reduced our water use from operations and offices from 47,117 litres in 2010 to 40,405 litres (14.2%). In 2012 this further reduced to 39,341 litres (2.1%).

☑ Complete ☑ Work on-going to deliver commitment ○ Work to commence in 2012

Smart water meters

Working with United Utilities we have transformed the process for measuring water consumption in the North West region. Together we have improved the water metering process by moving the difficult to access water meters located away from houses to using smart meters that are placed in easily visible locations on properties. This has significantly improved resident transparency over water consumption, improved United Utilities meter reading and maintenance efficiency (remedial work to meter housings and ironwork) costs and has also reduced our costs in connecting housing to the mains (waste and remedial works).

The scheme is now used by other developers in the region, with initial (conservative) estimates having identified cost savings of around £70k. We are working with other parties to encourage a change to this process across the whole country. In May 2013, we will be attending the next developers' forum with United Utilities where we expect to get an update on both the wider benefits of the scheme now that it has been in operation for close to two years and how far the concept has spread amongst the remaining nine water and sewerage companies in England and Wales.

Pollution

Our commitment	2011	2012	Comments on progress
Continue to develop a best practice approach to dust suppression on site.	☑	☑	We continue to use face-fit dust suppression marks and are working with the HBF to make our NHBC awarded approach an industry standard.

☑ Complete ☑ Work on-going to deliver commitment ○ Work to commence in 2012

Construction work can cause significant air, water and noise pollution. Air pollution, and in particular dust, is a hazard and can cause significant damage to health as well as impacting the quality of life of neighbours by leaving deposits on cars, windows and property.

We have worked hard over recent years to reduce the amount and impact of dust. Following extensive analysis we verified the importance of using correctly fitting face masks and now we test all our employees to ensure the seal on the respiratory

protection has good contact with the wearer's skin. We have been awarded the Best Occupational Health Initiative in the NHBC Health and Safety Awards 2012 for this initiative (see page 21).

Noise pollution is another issue and excessive noise can not only damage the hearing of people on site but can cause significant disruption to those people in and around our sites. We provide ear protection to minimise the impact of noise on directly affected employees and also schedule our work to minimise the disruption that noise

causes to our neighbours. Volume restrictors are used on any radios on site. Where significant noise is unavoidable we notify neighbours in advance.



Material sourcing

Ensuring our supply chain consists of sustainable, responsible businesses means that we reduce the risk of reputational damage to our business and we can leverage the impact we have on social, economic and environmental issues.

Selecting suppliers based upon their sustainability

We consider suppliers' sustainability behaviours in our selection process which weights suppliers more favourably when they have environmental management systems, lower energy, carbon, waste and water impacts as well as more environmentally sustainable (recycled, lower environmental impact) products. Using these criteria contributed to our selection of insulation made from recycled glass. We also evaluate the social and economic sustainability of our supply chain, and ensure that their employees have the right to work in

the UK and receive appropriate training. In 2013 we will be reviewing and revising our supplier selection process to make it simpler and easier for suppliers to complete.

Timber sourcing

During 2012 we have worked to improve the sustainability of our timber sourcing and now 100% of the timber used in our construction processes comes from sources certified by the FSC or PEFC as sustainable. This is evidenced by either the supplier having direct chain of custody or in circumstances where timber is not the main element of their product, by their suppliers having chain of custody. Where suppliers have direct chain of custody we have worked with them to ensure that every product we purchase is labelled as such on our invoices. We audit external verification of supplier's adherence to the chain of custody schemes by

checking they are listed on the relevant FSC/PEFC databases.

Helping our suppliers

Going forward we want to make it easier for suppliers to behave sustainably so we are developing a 'Supplier Code of Conduct' that sets out the sustainability expectations we have of our suppliers (incorporating elements such as the UN Global Compact and our own policies), and providing advice to them on how to achieve these.

We have internally tested the use of the AccountAbility Supply Chain Sustainability Tool as an information resource to help our suppliers become more sustainable and given that 28% of our suppliers would like to receive information on CR best practice we will be piloting the use of the Supply Chain Sustainability Tool with our suppliers in 2013.

Our commitment	2011	2012	Comments on progress
Continue to undertake the biennial CR Audit of divisional suppliers.	☑	☑	Each new supplier we work with is required to provide evidence on their CR credentials prior to working with us. Given the planned changes to our supplier selection process further CR audits have been put on hold until this has been launched.
Assess the feasibility of having the Responsible Sourcing Policy externally audited.	○	☑	Due to the changes planned to our responsible sourcing procedures, we have delayed using external auditors at this point. We are investigating the option of obtaining external verification of our timber process in the meantime.



Our commitment	2011	2012	Comments on progress
We will consider the benefits of joining the WWF Forest and Trade Network.	○	☑	We have worked with both the PEFC and one of our main timber suppliers to develop our timber approach and will not be looking to expand our engagements beyond this at this time.
90% of timber purchased by the company to be chain of custody accredited by the end of 2011.	☑	☑	In 2011 88.9% of our timber suppliers use chain of custody certified timber. In 2012 we increased this to 100% [57% with direct chain of custody certification and the remaining suppliers all have evidence that their suppliers are certified]. All our most significant timber suppliers have direct chain of custody certification.
100% of divisional tier 1 suppliers to be audited on CR credentials in 2011.	☑	☑	Audits were conducted on a progressive basis over two years. Due to updates in our supplier selection process, audits have been put on hold until after the new process is in place.

☑ Complete ☑ Work on-going to deliver commitment ○ Work to commence in 2012



100% of our timber used in construction is sustainably sourced by suppliers with either direct chain of custody certification in their name, or chain of custody certification in their suppliers' names.

Key performance indicators

As part of our 2011 corporate responsibility strategy we set KPIs for the following areas. The individual sections relate to the principle subject headings which featured in our first strategy in 2007. These are as important and relevant today as they were in 2007 and we will continue to measure our performance against each area going forward.

Our commitment	UOM	2010	2011	2012	2012 +/-
Best employer in sector					
Total number of employees	No.	541	529	643	↑
Percentage of female employees	%	45.5%	42.7%	36.4%	↓
Percentage managerial grade female	%	14.1%	13.0%	15.6%	↑
Percentage of employees aged over 50	%	31.6%	32.5%	33.6%	↑
Number of training days provided per employee per year	No.	4.0 ¹	3.8 ¹	3.5	↓
Number of senior grades promoted from within	No.	2	11	19	↑
Number of apprentices	No.	18	19	12	↓
Net employee creation (i.e. new positions created each year)	No.	24	-12 ²	114	↑↑
Percentage of eligible employees receiving PDR's	%	42.5%	79.2%	n/a ³	↑↑
Percentage staff & subcontractors with CSCS	%	98.4%	98.2%	97.9%	↓
Waste management					
Total number of operational sites (i.e. with construction activity)	No.	86	80	80	←→
Overall total waste - sum of site preparation & construction process	T	219,601	284,577	275,266	↓↓
Total amount of site preparation waste generated	T	201,892	266,889	257,037	↓↓
Amount of site preparation waste retained/reused on site	T	72,223	109,070	93,197	↓
Amount of site preparation waste disposed off-site	T	128,393	157,819	163,839	↑
Total waste - construction process	T	17,709	17,687	18,238	↑
Amount of construction wastes that are recycled	T	16,020	15,670	16,526	↑
% of construction waste recycled	%	90.5%	88.6%	90.6%	↑
Number of sites practicing on-site waste segregation	No.	34	33	55	↑↑
% sites practicing on-site waste segregation	%	39.1%	40.7%	100% ⁴	↑↑
Amount of inert waste segregated into skips and recycled	T	1,993.8	3,087.4	3,019.5	↓

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Key performance indicators

Our commitment	UOM	2010	2011	2012	2012 +/-
Amount of timber waste segregated into skips and recycled	T	747.5	444.6	654.3	↑↑
Amount of packaging waste segregated into skips and recycled	T	225.6	208.4	166.7	↓
Amount of plasterboard waste segregated into skips (not via BG)	T	2,663.7	620.7	597.5	↓
Total amount of plasterboard recycled by British Gypsum	T	525.3	500.1	420.4	↓
Amount of mixed waste sent to a materials recovery facility	T	11,553.2	12,826.3	13,380.0	↑
% of mixed waste recycled on average by the materials recovery facilities	%	85.4%	84.3%	87.2%	↑
Disposal costs of construction waste (excluding muck shifts)	£	£1,046k	£1,040k	£1,001k	↓↓
Inert as a percentage of total construction waste	%	11.3%	17.5%	16.6%	↓
Timber as a percentage of total construction waste	%	4.2%	2.5%	3.6%	↓
Packaging as a percentage of total construction waste	%	1.3%	1.2%	0.9%	↓
Mixed as a percentage of total construction waste	%	65.2%	72.5%	73.4%	↑↑
Plasterboard as a percentage of total construction waste	%	16.3%	6.3%	4.2%	↓↓
Construction waste produced per equivalent build unit	T	9.7	10.8 ⁵	10.4	↓↓
Average cost per tonne of construction waste	£	£59.05	£58.82	£54.87	↓↓
Average cost per equivalent build unit of construction waste	£	£571.61	£634.46 ⁵	£569.74	↓↓
Understand the supply chain & its impacts					
% timber suppliers that provide from known and legal sources	%	100%	100%	100%	←→
% of timber suppliers with full chain of custody documentation	%	85.4%	88.9%	100%	↑↑
% of regional (only) suppliers with environmental policies	%	84.1%	89.4%	82.9%	↓
Divisional material suppliers	No.	67	78	89	↑↑
Divisional suppliers audited under the MH CR Assessment	No.	54	35	n/a ⁶	n/a
% of divisional material suppliers audited in the year under CR assessment	%	80.6%	44.8%	n/a ⁶	n/a
% audited divisional material suppliers with environmental policies	%	98.1%	100.0%	n/a ⁶	n/a
Products & design					
Total units completed during time period (legal completions)	No.	1,934	1,707	1,831	↑↑
Total number of equivalent build units in time period	No.	1,829	1,640 ⁵	1,757	↑↑
% of social (or affordable) housing units completed	%	12.5%	4.0%	10.5%	↑↑
% of housing units built to Lifetime Homes Standard	%	3.1%	1.2%	3.9%	↑↑
% units with SEDBUK 'A' rated boilers	%	94.1%	97.4%	94.7%	↓
Percentage of units with water butts	%	21.7%	15.6%	14.9%	↓

Our commitment	UOM	2010	2011	2012	2012 +/-
Percentage of units with SUDS drainage systems	%	59.0%	62.3%	60.1%	↓
% of units built using timber/metal frame	%	17.8%	26.3%	22.1%	↓
% of units classified as Secured by Design	%	9.8%	7.4%	13.1%	↑↑
Average SAP rating for new homes - pre-Part L	SAP Rtg	82.58	86.99	83.23	↓
Average SAP rating for new homes - post-Part L	SAP Rtg	82.33	80.22	83.06	↑
Number of units with EPC at Grade A	No.	2	10	2	↓
Number of units with EPC at Grade B	No.	1,359	898	756	↓
Number of units with EPC at Grade C	No.	530	722	972	↑↑
Number of units with EPC at Grade D	No.	41	77	20	↓↓
Number of units with EPC at Grade E	No.	2	0	0	←→
Number of units with EPC at Grade F	No.	0	0	0	←→
Number of units to BREEAM EcoHomes Standard - Good	No.	0	1	0	↓
Number of units to BREEAM EcoHomes Standard - V Good	No.	69	52	104	↑↑
Number of units to BREEAM EcoHomes Standard - Excellent	No.	26	15	2	↓
Total reaching BREEAM EcoHomes "Good" and above	No.	95	68	106	↑↑
% of homes reaching BREEAM/EcoHomes "Good" and above	%	4.9%	4.0%	5.6%	↑
No. sites with planning for Code for Sustainable Homes Level 3 or above (sites not started)	No.	0	0	3	↑
No. units sold at Code for Sustainable Homes Level 3	No.	96	98	118	↑↑
No. units sold at Code for Sustainable Homes Level 4	No.	1	12	3	↓
No. units sold at Code for Sustainable Homes Level 5	No.	1	2	0	←→
No. units sold at Code for Sustainable Homes Level 6	No.	1	0	0	←→
Designed water consumption of homes (av. litres per day)	l/day	162.1	166.2	166.0	↓
Reduce direct emissions of greenhouse gasses					
Total water consumption in site compounds	m³	29,692	15,980	14,595	↓
Total water consumption in offices	m³	3,701	3,207	3,464	↑
Total water consumption in units & houses	m³	13,723	21,217	21,482	↑
SUB-TOTAL: Water consumption	m³	47,117	40,405	39,541	↓
Electricity readings from offices	kWh	981,782	882,676	738,851	↓↓
Electricity readings from site compounds	kWh	2,780,390	1,671,929	1,799,593	↑
Electricity usage in units / houses	kWh	860,727	455,438	324,209	↓↓
SUB-TOTAL: Electricity consumption	kWh	4,622,899	3,010,043	2,862,653	↓↓
Gas (meter readings) at offices (metric reading)	m³	47,963	101,591	70,198	↓↓
Gas usage in units / houses	m³	355,257	273,739	424,944	↑↑

Our commitment	UOM	2010	2011	2012	2012 +/-
SUB-TOTAL: Gas consumption	m ³	403,220	375,330	495,142	↑↑
Diesel consumed at sites (litres)	Litres	410,160	451,455	502,744	↑
Energy use (kWh) - construction process (electricity & gas)	kWh	7,677,786	5,237,775	7,130,833	↑↑
Energy use (kWh) – office locations (electricity & gas)	kWh	1,526,767	2,037,021	1,536,487	↓↓
Carbon dioxide from energy use – construction process	T	3,692.5 ⁷	2,854.3 ⁷	3,295.4	↑
Carbon dioxide from energy use – offices	T	604.8 ⁷	662.3 ⁷	524.3	↓↓
Total carbon dioxide energy from operations and offices	T	4,297.2⁷	3,516.7⁷	3,819.7	↑
Miles travelled - rail travel	Miles	54,245	65,838	72,642	↑
Number of domestic air flights	No.	205	332	348	↑
Number of international air flights	No.	0	0	0	↔
Miles travelled in ALL company VANS fuelled by diesel	Miles	348,749	332,601	336,545	↑
Carbon dioxide tonnes from all travel	T	156.6^{7&8}	160.0^{7&8}	163.1	↑
Carbon dioxide from energy use – construction process	T	3,692.5 ⁷	2,854.3 ⁷	3,295.4	↑↑
Carbon dioxide from energy use – offices	T	604.8 ⁷	662.3 ⁷	524.3	↓↓
Carbon dioxide energy from operations and offices	T	3,692.5⁷	3,516.7⁷	3,819.7	↑↑
Carbon dioxide tonnes from all travel	T	156.6 ^{7&8}	160.0 ^{7&8}	163.1	↑
Carbon dioxide tonnes from all activities	T	4,453.8^{7&8}	3,676.6^{7&8}	3,982.8	↑
Customer satisfaction					
Percentage of units that are defect free at the point of hand-over	%	39.8%	44.2%	45.4%	↑
Percentage of customers that would recommend their house builder	%	96.5%	97.1%	97.2%	↑
NHBC PIJ awards	No.	22 ⁹	26 ⁹	27	↑
Safety, health & environment					
Percentage of units/homes on brownfield land	%	70.7%	74.5%	74.9%	↑
No. prosecutions for environmental offences - Miller Homes	No.	0	0	0	↔
No. prosecutions for environmental offences - subcontractors	No.	0	0	0	↔
Number of enforcement notices	No.	0	0	0	↔
Number of written complaints from Environment Agency	No.	0	0	0	↔
Safe place to work					
Reportable incident rates per 100,000 employees (incl. subs)	Rate	960	1,302	614	↓↓
AIR rates per 100,000 employees (including sub-contractors)	Rate	4,570	5,672	4,721	↓↓
Number of H&S prosecutions	No.	0	0	0	↔
Number of H&S prohibition notices	No.	0	0	0	↔

Our commitment	UOM	2010	2011	2012	2012 +/-
Number of H&S improvement notices	m	0	0	0	↔
Work-related injury & ill-health incident rates (days absence per 100,000 days worked)	Rate	N/D	17,281	17,422	↑
Site inspection reports - % scoring system and high risk allocations	%	85.4%	96.52%	94.0%	↓
A good neighbour					
No. sites registered under the Considerate Constructors Scheme	No.	23	9	10	↑
% sites registered under the Considerate Constructors Scheme	%	27%	11%	13%	↑
Average scores from Miller Respect site audits	%	87.4%	98.9%	98.9%	↔
Average scores from Considerate Constructors Scheme site audits (out of 40)	No.	32.6	32.6	33.8	↑
Number of complaints received through Miller Respect	No.	60	69	62	↓
No. complaints received via Considerate Constructors Scheme	No.	0	0	0	↔
Help homeowners live a sustainable lifestyle					
Percentage of developments with a green transport plan	%	17%	7%	20.3%	↑↑
Percentage of developments within 500m of a transport node	%	88.6%	82.0%	95.8%	↑↑

¹ Adjustments have been made to the historic average training days per employee to reflect reporting over a 12 month period instead of a three month period.

² Net employee creation in 2011 restated from 27 to -12.

³ Timing of the Performance Development Review (PDR) process means we are unable to report 2012 figures until 2013.

⁴ On-site segregation refers to segregation of at least one waste stream. As a minimum we have always segregated plasterboard but with the move to a sole waste provider in 2012 we have significantly increased the extent of our on-site segregation.

⁵ 2011 equivalent build units and associated calculations restated compared to our 2011 CR Report on Progress to reflect inclusion of management contracts.

⁶ Supplier CR Assessment audits and environmental audits have been postponed pending the launch of our new supplier selection process. All new suppliers used in 2012 have been evaluated on their CR credentials during the supplier selection process and relevant documentation, including environmental policies and timber certification have been collected and filed.

⁷ Carbon figures for 2010 and 2011 are restated compared to our 2011 CR Report on Progress based on the DEFRA 2010 conversion factors.

⁸ Carbon from domestic flights is approximated based on the flight distance from Birmingham to Edinburgh.

⁹ 2010 and 2011 figures restated from 34 and 36 respectively to 22 and 26.



the place to be®

Why Miller?

We've been building homes since 1934, that's three generations of experience. We've learned a lot about people and that's made a big difference to what we do and how we do it.

We're enormously proud of the homes we build, combining traditional craftsmanship with new ideas like low carbon technologies. The big difference is that we don't stop caring once we've finished the building, or when we've sold the house, or even once you've moved in. We're there when you need us, until you're settled, satisfied and inviting your friends round.