

STAKEHOLDER RELATIONS

HOW WE LISTEN AND ENGAGE

Stakeholder

Director involvement in 2020

Investors

Both individual and institutional investors



What matters to our investors

- Consistent level of total shareholder return
- Robust corporate governance and management of environmental, social and governance (ESG) matters
- Operational efficiency
- Clear and transparent reporting and communications.

- Following the COVID-19 pandemic, the Board made the difficult decision to cancel the final FY19 dividend and suspend financial guidance. We communicated to shareholders regularly on our trading performance and response to COVID-19
- Annual General Meeting (AGM) and other shareholder meetings following the announcement of final and half-year results
- Engaged with shareholders about our new strategy, led by the Chief Executive and Group Finance Director
- Consultation with shareholders on the Remuneration Policy led by the Chairman and Chair of the Remuneration Committee
- Investor Relations programme and reporting to the Board.

Customers

The people who purchase our homes



What matters to our customers

- Location, quality and service is reflected in the value of the homes we build
- Excellent service and after care
- Amenities, infrastructure and open spaces
- Support to enable sustainable lifestyles
- Strong social and environmental legacy.

- Five-star customer service set as a strategic priority with regular updates given to the Board, and detailed ongoing consideration by all Directors
- Customer service and quality bonus targets as part of the Executive Directors' bonus plan
- Increased focus on the small number of customers that are less satisfied with the service they receive
- Specific focus embedding our new Crest Nicholson Partnership and Strategic Land (CNPSL) division as they develop relationships with partners including those providing alternative tenures such as shared ownership
- Led the partnership with Heylo, aimed at increasing the number of people able to live in a Crest Nicholson home.

Our people

Those directly employed by Crest Nicholson both now and in the past



What matters to our people

- A safe and healthy working environment
- Supportive, diverse and inclusive culture
- Fair benefits and reward
- Professional development and career opportunities
- Challenging and meaningful work
- Flexible and agile working arrangements.

- Regular direct email communications from the Chief Executive to all employees
- Regular update call from the Executive Leadership Team to wider management
- Representation on all the restructuring consultation groups
- Employee health and wellbeing roadshows with engagement from Non-Executive Director, Octavia Morley, the chair of the Remuneration Committee
- Non-Executive Director site visits across the business, and one-to-one meetings between the Non-Executive Directors and functional directors
- Regular updates to the Board and its Committees on people matters
- Engagement with pension trustee in relation to Group developments, investment risk and payment terms.

We have responsibilities to a range of stakeholders and are focused on building constructive relationships with them. By considering the impact to our stakeholders we make more effective and balanced decisions. In addition, the Directors' section 172 statement can be found on [page 75](#).

Group engagement in 2020

Outcomes

- Our Head of Investor Relations engages regularly with our shareholders
- Shareholder information available on our website
- Tracing programme initiated to attempt to distribute unclaimed dividends to shareholders
- Responses to shareholder information requests
- Responses to, and engagement with, voting agencies in relation to AGM resolutions.

- Understanding and responding to matters of interest and concern to shareholders for example the implementation of our Remuneration Policy and reflecting shareholders' views
- A member of the FTSE4Good and increased our CDP rating from B to A-
- Carefully considering what investors expect from engagement with voting agencies.

78

Meetings with investors

A-

We increased our CDP rating from B to A-

- Participated in the Home Builders Federation's (HBF) Customer Satisfaction Survey with an aim to consistently achieve a five-star performance
- Introduced new processes for service and after care with site teams having more direct responsibility for quality
- Our CNPSL division focused on developing relationships with institutional customers
- Responded to existing customer queries.

- The HBF awarded us five-star housebuilder status during the year making us one of the UK's best performing housebuilders
- A 'right first-time' culture, supported by restructured divisional customer service teams
- Relationships strengthened with institutional investors in the Private Rented Sector and Registered Providers.

2,118

Number of units in our portfolio under partnership

2,247

Number of home completions

- Health and wellbeing training
- Annual launch of our all employee sharesave scheme
- Regular communications about mental health awareness
- Regular communication with pensioner and deferred pension scheme members
- Dedicated internal recruitment team to attract new talent
- Employee pulse surveys.

- 75% of our workforce were furloughed on full pay and benefits for two months of the year. Many employees participated in local volunteering and fundraising initiatives
- Launched an employee engagement survey
- Introduction of an agile working policy.

70%

Employee engagement survey index

45.5%

Sharesave participation across all plans

HOW WE LISTEN AND ENGAGE

Stakeholder

Director involvement in 2020

Supply chain



Including both our subcontractors and suppliers

What matters to our supply chain

- Mutually beneficial working relationships
- Sharing risk and reward
- Operational efficiency
- Projects delivered safely and on time, in line with financial targets
- Strong financial performance
- Timely payment.

- Regular updates provided to the Board on supply chain strategy, approach and simplification
- Focus on payment practices to suppliers
- Regular updates to the Board during the COVID-19 pandemic on disruption to the supply chain and the availability of materials and labour
- Chief Executive and Chief Operating Officer continued to maintain relationships with directors of the Group’s key suppliers with a focus on Safety, Health and Environment (SHE) matters.

Local communities



The environment and communities local to our offices and sites

What matters to our local communities

- Well-designed, quality homes with character
- Advanced investment in infrastructure
- School and health care facilities
- Engagement and two-way communication.

- Site visit to Curbridge Meadows to see the development and meet the South divisional leadership team
- Regular updates from the Chief Executive on key issues, including ESG matters
- During the period employees were furloughed, Board members donated 20% of their base salary or fees to charity.

Government and other bodies



Government departments, regulatory and industry bodies that shape the legislative environment and local planning departments in the areas where we operate

What matters to the Government and other bodies

- Increasing the number of homes
- Support for small and medium-sized enterprises
- Faster housing delivery
- Developments that support biodiversity and climate change priorities.

- Updates to the Board from the Chief Executive in relation to policy considerations arising from the outcome of the General Election, the impact of COVID-19 on the construction industry, Brexit and labour market challenges, home buying and the Stamp Duty suspension for properties under £500,000
- Updates to the wider workforce on industry developments
- Industry body memberships and attendance at events (including HBF and National House Building Council (NHBC)).

Group engagement in 2020

Outcomes

- Feedback on supplier performance shared at divisional board meetings
- Regular account review meetings held with key suppliers
- Divisions frequently met with key subcontractors
- Greater focus on sourcing from Group approved suppliers
- Commenced a review of anti-slavery processes with our major suppliers and subcontractors.

- Reviewed specifications, simplified product lists and enhanced relations with key suppliers
- Use of tablet-based Field View system supporting monitoring and feedback with subcontractors
- Reinforced the focus of modern slavery on our supply chain.

469

Number of formal SHE compliance inspections

41

Average number of days taken to pay invoices

- CNPSL division focused on investing in placemaking and design, working directly with trusted partners
- Engagement with communities through public meetings, consultations and publicly available documentation, ensuring we listened to their views and met local needs
- Opening of new schools and health facilities
- Focus on placemaking and sustainable communities.

- Development of attractive communities that are valued by our customers and communities
- Launch of a standardised house type range that draws upon build and design quality
- Receipt of Armed Forces Covenant Employer Recognition Scheme
- Formation of Sustainability Committee reporting to the Executive Committee and Board
- Feedback and communication from partners, provided at divisional board meetings.

66%

Developments with ecological enhancements or protection

£48.5m

Social infrastructure contributions

- Divisional local planning meetings and engagement with housing associations
- Divisional attendance at HBF and NHBC events
- Engagement with industry bodies and Government on policy, including the Future Homes Standard, New Homes Ombudsman and Building Safety Regulator
- Regular engagement with the Environment Agency and local water authorities.

- Better understanding of what housing association partners expect from our engagement with them
- Awareness of Government's requirements and changes to legislation so we can meet our obligations as developers
- Awards received from the NHBC and the HBF.

25%

Target to reduce carbon emissions intensity by 2025

49.1%

PRS/Affordable unit completions