

**Hillreed Homes Limited**

Registered number 01203345  
31 December 2020

## Strategic report (continued)

### Section 172 statement

The following disclosure describes how the directors have had regard to the matters set out in Section 172 (1) (a) to (f) and forms the Directors statement required under Section 414 CZA of the Companies Act 2006.

<b>Stakeholder</b>	Customers
<b>Why?</b>	<p>Engaging with our customers helps us to identify their changing needs, set our strategy accordingly and ensure that we continue to deliver good quality homes and customer service.</p> <p>Engaging with our Housing Association partners ensures that we provide the appropriate range of affordable homes to meet the needs of local communities.</p> <p>Maintaining positive relationships with our customers minimises reputational risk to the Persimmon Group (the Group and drives long term demand for our homes).</p>
<b>How?</b>	<ul style="list-style-type: none"> <li>• We communicate with our customers in a number of ways: through our sales teams, who are in regular contact with our customers from the point of reserving their new home to moving in day, through our site staff who attend key release meetings with our customers and through our customer care teams, who support our customers once they have moved into their new home.</li> <li>• Our sales teams have worked throughout the year, including during the period of site shutdown in March and April 2020, supporting our customers on the phone, on e-mail and on-line.</li> <li>• We have a comprehensive communication approach for each customer including: new home demonstrations, courtesy calls, a seven day inspection and a one month home inspection.</li> <li>• Participation in a National New Homes survey run by the Home Builders Federation to obtain feedback from our customers.</li> </ul> <p>We engage with our housing association partners through regular contact and meetings.</p>
<b>What did they tell us?</b>	<ul style="list-style-type: none"> <li>• We need to have consistency on construction quality and assurance.</li> <li>• Customers want regular communication with us, particularly regarding the timing of their 'move in' date.</li> <li>• The customer care service they receive needs to be efficient and effective. Where a home appointment is necessary, these should be at times convenient for the customer.</li> <li>• Customer service needs to continue after moving in day and snagging works have been completed.</li> </ul>
<b>How did the Board respond?</b>	<ul style="list-style-type: none"> <li>• Consistently building good quality homes and providing high levels of customer service remains a key focus for the Group.</li> <li>• Continued to invest in and progress the Persimmon Way, our Group wide consolidated approach to new home construction which is considered to be a key driver to deliver consistent quality across our business.</li> <li>• Continued to put customers before volume <ul style="list-style-type: none"> <li>- Improving build quality and assurance processes</li> <li>- Improving customer communication throughout our customers' journey with us</li> <li>- Improving consumer rights through the Homebuyer Retention Scheme</li> </ul> </li> </ul> <p>For further details see pages 28 to 33 of the annual report of Persimmon Plc</p>

## Strategic report (continued)

<b>Stakeholder</b>	Communities
<b>Why?</b>	<p>Engaging with our local communities, throughout all phases of the development more accurately identifies their needs and addresses issues they may have.</p> <p>During this collaboration, we aim to address and minimise the impact of our activities during the construction phase of our developments through our 'Planning and Environmental Risk Assessments'.</p>
<b>How?</b>	<ul style="list-style-type: none"> <li>• Consultation throughout the planning and development process to more accurately identify the needs of the local community.</li> <li>• Feedback from our local pre-launch marketing campaigns.</li> <li>• Being actively involved in the communities in which we operate, through employing local people and supporting local charities and community groups through the Persimmon Charitable Foundation.</li> </ul>
<b>What did they tell us?</b>	<ul style="list-style-type: none"> <li>• Demand for homes in communities with high amenity value is strong.</li> <li>• Local infrastructure investment is important in improving community environments.</li> <li>• Be an active part of the community through supporting local charities and community groups.</li> <li>• Be positive and responsive to the views of local people.</li> </ul>
<b>How did the Board respond?</b>	<ul style="list-style-type: none"> <li>• Continued investment in skilled land, planning and design teams to provide communities with the range of well-designed affordable homes that best suit the needs of the local community (see page 43 of the annual report of Persimmon Plc).</li> <li>• Signed up to the Covid-19 business pledge supporting colleagues, customers and communities through the crisis.</li> <li>• Continued the Community Champions and the Building Futures Campaign (see page 35 of the annual report of Persimmon Plc).</li> </ul>

## Strategic report (continued)

<b>Stakeholder</b>	Suppliers and subcontractors
<b>Why?</b>	<p>The Group benefits from robust and long standing relationships with many of its suppliers and subcontractors. This assists in securing the quality and supply of materials to deliver the Group's build programmes effectively.</p> <p>We engage with them to ensure adherence to our stringent health and safety standards and required standards of ethical behaviour and integrity.</p> <p>Engagement with our suppliers assists us in continuing to improve the long- term sustainability of our supply chain.</p>
<b>How?</b>	<ul style="list-style-type: none"> <li>• Regular, informal discussions with our key suppliers through our Group Procurement department, who are responsible for arranging and negotiating group supply deals.</li> <li>• Our local operating businesses' buying and technical teams regularly engage with local suppliers and subcontractors.</li> <li>• Our 'Toolbox Talks' ensure our subcontractors understand and adhere to the health and safety standards required on our sites.</li> <li>• All suppliers sign up to the Group's supplier principles which describe our requirements and expectations.</li> </ul>
<b>What did they tell us?</b>	<ul style="list-style-type: none"> <li>• The Group works in partnership with its suppliers, providing continuity and visibility of future work flows.</li> <li>• Timely payment of invoices is important to them.</li> <li>• They continue to monitor the impact of the UK's exit from the EU on supply chains.</li> </ul>
<b>How did the Board respond?</b>	<ul style="list-style-type: none"> <li>• Maintain a set of Supplier Principles which all suppliers must sign up to.</li> <li>• We are a signatory to The Prompt Payment Code (PPC) (see page 51 of the annual report of Persimmon Plc).</li> <li>• Joined the Gang Masters and Labour Abuse Authority's Construction Protocol (see page 41 of the annual report of Persimmon Plc).</li> </ul>

## Strategic report (continued)

<b>Stakeholder</b>	Government, regulators and industry bodies
<b>Why?</b>	<p>We engage with Government in respect of Government policy that affects the Group.</p> <p>We meet with local authority planning departments to ensure we are able to provide sustainable communities with high amenity value in places where people wish to live and work.</p> <p>We engage with the Health and Safety Executive in relation to industry-wide initiatives to reduce health and safety risks to both our operatives and the local communities.</p>
<b>How?</b>	<ul style="list-style-type: none"> <li>• Participating in industry meetings with Ministers.</li> <li>• Engaging with Government departments directly, and working with the Home Builders Federation, to explain industry opportunities and challenges.</li> <li>• Member of Homes for Scotland.</li> <li>• Engaged with Home Building Skills Partnership.</li> <li>• Regular dialogue with the Health and Safety Executive.</li> <li>• Engaging with local planning authorities.</li> <li>• Engaging with Government regarding the Future Homes Standard.</li> </ul>
<b>What did they tell us?</b>	<ul style="list-style-type: none"> <li>• Government policy is supportive of the UK housing market and has introduced a number of measures to support the industry.</li> <li>• As part of the UK achieving its target of net zero by 2050, the Government is consulting on the Future Homes Standard which aims to reduce the carbon emissions of a home built to current regulations.</li> <li>• In August 2020, the Government consulted on the White Paper to reform England’s planning system. One that makes the system quicker and simpler, provides ‘sustainable, beautiful, useful and safe’ development and one that secures investment in local infrastructure.</li> <li>• Essential to maintain a skilled and adequately resourced Health and Safety Department and Covid secure sites, offices and manufacturing facilities.</li> </ul>
<b>How did the Board respond?</b>	<ul style="list-style-type: none"> <li>• The Board receives updates from the Chairman and Group Chief Executive regarding direct engagement with Government, Homes England and the Home Builders Federation</li> <li>• See page 46 of the annual report of Persimmon Plc for information on our Covid secure sites, sales offices and manufacturing facilities.</li> </ul>

## **Strategic report** *(continued)*

### **Principal Decisions**

We define principal decisions as both those that are material to the Group, but also those that are significant to any of our key stakeholder groups. In making the following principal decisions the Board considered the outcome from its stakeholder engagement as well as the need to maintain a reputation for high standards of business conduct and the need to act fairly between the members of the Company.

During the year, the Board has made a number of ‘principal decisions’ in the main in response to the onset of the Covid-19 pandemic and the resulting social distancing measures, health and safety regulations and social and economic disruption. A description of these principal decisions is provided below.

### **Principal decisions taken in the year to 31 December 2020**

#### **Orderly shutdown of site operations**

- From the start of the outbreak of the virus in the UK, the Group closely followed Public Health England’s guidance including implementing social distancing measures to ensure the safety of its customers, communities and workforce.
- Following enhanced Government and Public Health England guidance that was issued on Monday 23 March, the Board decided to take further measures from Thursday 26 March including:
  - Closing all of the Group’s sales offices, regional offices (with only a skeleton staff to facilitate the wider workforce working from home);
  - Commencing an orderly shutdown of its sites with only essential work taking place focusing on making partly built homes safe and legally completing homes where failure to do so would have left customers in a vulnerable position; and
  - Performing emergency customer care works only.
- The decision, and the structure of the Group’s closure, was guided by the Board’s long standing key priority of ensuring the health, safety and wellbeing of its customers, communities and workforce.

#### **Phased restart to site operations**

- In the period from 25 March 2020, the Group worked closely with its colleagues, sub-contractors and suppliers, in developing and testing a range of new Covid-secure operating protocols, in compliance with all relevant regulations, including the Construction Leadership Council’s Standard Operating Procedures.
- Once completed, the Board agreed a phased restart to work on-site with effect from 27 April 2020, taking into consideration:
  - the clear guidance issued by Government in April 2020, stating that it sees construction as a vital element of the UK economy and that where sites can comply with the Construction Leadership Council’s Standard Operating Procedures they should continue to operate, and,
  - The stringent Covid-secure operating protocols that the Group’s Health, Safety and Environment Department had tested and developed.

## **Strategic report** *(continued)*

### **Principal Decisions** *(continued)*

#### **Continuous employment for all colleagues without recourse to Government assistance**

- Throughout 2020, the Board decided to retain all of its colleagues on full basic pay, irrespective of whether or not any disruption in site operations impacted them, without any recourse to Government assistance. During the site disruptions in March and April 2020, approximately 30% of our colleagues were stood down from site operations.
- In assessing this decision, the Board placed great importance on supporting all colleagues through the crisis period and on ensuring that their skills were retained within the business into the recovery, considering this to be in the long-term interests of all stakeholders.