

Section 172 statement

The revised UK Corporate Governance Code ('2018 Code') was published in July 2019 and applies to accounting periods beginning on or after 1st January 2019. The Companies (Miscellaneous Reporting) Regulations 2018 ('MRR 2018') require Directors to explain how they considered the interests of all stakeholders of the business and the broader matters set out in section 172 (1) (A) to (F) of the Companies Act 2006 ('S172').

This includes considering the interest of other stakeholders which will have an impact on the long term success of the Company. The Board welcomes the direction of the UK Financial Reporting Council ('FRC').

This S172 statement which is being reported for the first time for the year ended 30th June 2020, explains how the Directors of Churchill Retirement Plc:

- **Have engaged with Colleagues, suppliers, Customers and other stakeholders of the business; and**
- **Have had due regard to Colleague interests, the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial year**

The paragraphs below set out how the Directors fulfil their duties under the Section 172 requirements.

DECISION MAKING OF THE BOARD

When making decisions, each Director ensures he acts in the way he considers, in good faith, to promote the long term success of the Company for the benefit of its Colleagues, Customers, suppliers and other stakeholders of the business.

COLLEAGUES

We see engagement with our Colleagues as of primary importance ensuring that we are including them in key business updates, listening to the feedback and concerns and giving regular updates on their progress.

With extraordinary levels of engagement, as certified by the Best Companies 3 star accreditation award, we know there is a correlation between happy Colleagues and happy Customers as shown in feedback and our HBF 5 star rating. For further details refer to page 1 of the following Corporate Social responsibility extract.

MEETING OUR CUSTOMERS' NEEDS

We conduct regular Customer feedback and research to ensure that every detail of our developments is specifically designed to meet the needs of our Customers. Developments are built to a high standard with specifications designed around this feedback and research. A review committee is in place to continually assess our offering, ensuring our Customers' changing needs remain central to everything we do. For further details refer to page 2 of the following strategic report extract.

SUPPLIERS AND SUBCONTRACTORS

The Group seeks to build strong relationships with a network of trusted suppliers and subcontractors across all regions that produce high quality outputs in line with the standard specification. This ensures high standards and efficiencies are met for both parties. Details of engagement with other stakeholders of the business can be found on page 3 of the following strategic report extract.

FINANCIAL STAKEHOLDERS

The Group has complete transparency with its financial stakeholders and seeks to provide on-time information to ensure they are aware of the Group's performance and funding requirements to operate at full potential. This has proved particularly important through the COVID-19 outbreak. Agreeing heads of terms for an additional £10 million funding facility during a difficult economic period.

COMMUNITY, ENVIRONMENT AND SUSTAINABILITY

CRL continues to incorporate social responsibility and promote sustainability throughout its processes. These techniques are integrated within the development process through to the occupation and ultimately by our Customers. For further details refer to page 4 of the following strategic report extract.

BUSINESS CONDUCT

CRL has built an industry-leading reputation as a high-quality, highly trusted, highly successful, multi-award winning business. Protecting and further enhancing this reputation is extremely important to our stakeholders. For further details refer to page 5 of the following strategic report extract.

ACTING FAIRLY BETWEEN BUSINESS OWNERS

The Company has just one class of ordinary share in issue and so all such shareholders benefit from the same rights, as set out in the Company's articles of association and the Companies Act 2006.

CORPORATE SOCIAL RESPONSIBILITY

Our People



Colleagues at Head Office in Ringwood

COLLEAGUE VALUES

Our TORCH (Trust, Openness, Respect, Communication and Honesty) values are at the heart of everything we do and feature throughout our people development programmes and recruitment campaigns. It is our firm belief that our values should represent how we would like to be treated and in turn how we treat our Colleagues, Owners and Partners. The Company takes pride in Colleagues who go above and beyond demonstrating the Company values and these Colleagues are rewarded through a peer to peer recognition award known as Churchill Heroes.

EXTRAORDINARY ENGAGEMENT

We hold the firm belief that happy Colleagues means happy Customers so we work hard to ensure our Colleagues are engaged. For 2020, this has been more complex due to the COVID-19 pandemic and ensuring those on furlough are aware of the key messages from the Company on matters important to them. Regular communications from our Chairman and CEO provided a sense of unity during a challenging global crisis.

The Board of Directors took part in their very own Clap for Lodge Managers, recognising the tireless work that this group of Colleagues did to keep our Owners safe during the unprecedented times. In 2020, the Company was awarded 3rd Best Company to Work to for in the UK and maintained its 3 star accreditation for extraordinary levels of engagement. Meaning that for the 3rd year in a row we have been in the top 5 Best Companies to work for.

CHURCHILL TRAINING ACADEMY

The Churchill Training Academy has gone from strength to strength this year and has focussed its support and development on our Sales teams. The weekly training sessions that have been delivered virtually by our dedicated training team have been instrumental in ensuring our teams are both supported and motivated to achieve sales targets, whilst delivering key skills and equipping them to meet the challenges of a difficult market.

HEALTH AND WELLBEING

Never has the health and wellbeing of our Colleagues been more important. The Company has continued to promote the Employee Assistance Programme (EAP) but has also offered further support to those Colleagues who were supporting our Owners during the challenges that 2020 brought due to the pandemic. Colleagues have access to a range of support services for whatever life throws at them.

In addition to health and wellbeing, the Company has offered face to face pension support and other guidance for financial planning, so that Colleagues make the right decisions for them about their future.

DIVERSITY AND INCLUSION

CRL has continued to support females in the housebuilding industry with 62% of its workforce and a third of the CRL Operations Board Directors being female. CRL is committed to continuing to reward its Colleagues based on their performance and maintains an equal and fair reward strategy to ensure that we are recruiting and retaining the best people, whilst encouraging diversity within our industry sector. CRL supports and encourages people from all backgrounds by providing equal opportunities through its recruitment and working culture.

OUR STRATEGY



Customer Satisfaction



Owners enjoying our annual Garden Party in 2019



Owner, Maddy Dougal

TO DELIVER A MARKET LEADING PRODUCT AND EXCEPTIONAL CUSTOMER SERVICE TO CREATE AN INDEPENDENT, SAFE AND SECURE LIFESTYLE.

STRATEGIC PRIORITIES

- Continue to achieve 5 star HBF rating
- Ensure our core product continues to meet the needs of our Customers
- Maintain an industry-leading approach to Customer service

PERFORMANCE IN FY 2020

- 95% of Customers would recommend us to a friend
- 5 star accreditation in recognition of Customer service at the HBF Awards 2020 for the 5th consecutive year
- Continuous improvements in our specification to meet Customers' needs.

MEDIUM-TERM TARGETS AND FUTURE OUTLOOK

- Ensure Customers are safe as we navigate through the COVID-19 pandemic
- Maintain 5 star accreditation with the HBF
- Continue with focus groups and competitor reviews to ensure our core product continues to meet the needs of our Customers
- Sustain our standing voice as a major authority in the retirement industry
- Further improvements in our specification
- Continued investment in MMS to ensure that we meet the needs of Customers on all new and existing developments, to include the launch of Careline Support Limited
- To reduce the likelihood of defects being reported within the first two years of occupation by:
 - Adopting a robust, in-house, pre-occupation inspection process
 - Working in partnership with suppliers and subcontractors regarding feedback received from our Customers

KEY RISKS TO MANAGE

- Loss of our 5 star HBF rating
- Construction quality failures that may cause damage to our brand, reputation and Customer satisfaction

OUR STRATEGY



Operational Performance

FORWARD FOCUS AND REMOBILISATION OF OUR WORKFORCE.

STRATEGIC PRIORITIES

- Focus on buying land as effectively and efficiently as possible by relying on both old and new techniques
- Ensure we maintain an intimate knowledge of suitable sites and develop relationships with owners and agents so we are a purchaser of choice when disposal decisions are taken
- Understand and deal with legal issues early in the process to help maintain our forecasted exchange dates
- Expand our Northern region
- Maintain a high level of planning applications approved at a local level
- Remobilise the construction teams with the focus on completing the sites that were already under construction prior to COVID-19
- Review the supplier and subcontractor network to support the future growth of the Group, with a focus on a controlled development delivery, on time and within budget

PERFORMANCE IN FY 2020

- Increased our average selling price
- Continued to operate using robust budgeting and project control processes, with reliable and transparent benchmarks, subsequently delivering sector leading build costs

MEDIUM-TERM TARGETS AND FUTURE OUTLOOK

- Recover to pre-COVID-19 volumes and growth trends whilst maintaining margins
- Achieve appropriate levels of land exchange in FY 2021 to support our medium term growth targets
- Ensure resources precisely match our forecasted activity levels
- Maintain focus on our core product, to drive further efficiencies

KEY RISKS TO MANAGE

- Impact of COVID-19 and the ability to keep our Colleagues, Customers and suppliers safe.
- Land supply and pipeline
- Planning success rates and timeframes with planning applications and appeals
- Change in planning and Government legislation
- Meeting programme starts to avoid production congestion
- Build cost inflation, which has been higher than property price inflation
- Monitor market conditions and respond appropriately
- Loss of key personnel
- Brand reputation
- Political uncertainty



Sales Executive Kay with Owner

CORPORATE SOCIAL RESPONSIBILITY

Community Involvement



Our developments are always located at the heart of thriving towns and communities. This naturally goes hand in hand with regenerating brownfield sites, enhancing the townscape and boosting local high streets by bringing older shoppers within walking distance of the shops and amenities they want to visit on a daily basis. In addition, our Owners tend to be the kind of positive thinking and active retirees who are keen to socialise and get involved in various initiatives that benefit their local communities.

Harnessing a sense of community spirit and engagement has never been more important than during the challenging times we've faced due to COVID-19. While this undoubtedly impacted our developments' usual programme of community events, it also provided an opportunity for individuals to really shine. This is especially true of our team of dedicated Lodge Managers, who really went the extra mile to ensure Owners remained connected to their communities.

BRINGING COMMUNITIES TOGETHER TO SUPPORT LOCAL BUSINESSES

During February and March we called on local communities to step in out of the cold and into the warmth of our Owners' Lounges to enjoy hot drinks and indulgent snacks in return for a small donation to a local charity.

Our special Warming Morning events raised over £14,000 for a range of local charities chosen by our apartment Owners. Events were held at 54 Churchill developments up and down the country from Cornwall to Formby, with 100% of the money raised going to the local causes.

BOOSTING LOCAL JOBS AND SKILLS - ENCOURAGING THE NEXT GENERATION OF HOUSEBUILDER

Our Allingham Lodge development in Eastbourne is an excellent example of Churchill's efforts to boost local jobs and skills. By going the extra mile to provide training opportunities for younger people in the area, the development earned an "Industry Champion" award which was presented to members of its construction team by local MP Stephen Lloyd.

As part of the county's "Skills East Sussex" skills and employment programme, the award recognised Site Manager Kevin Rowland and Senior Quantity Surveyor Joe Jarvis' efforts to work directly with young people in the county on a range of activities. These included running regular site visits for local students to find out first-hand what a career in the construction industry involves, as well as classroom talks, mentoring sessions and mock interview days with schools in the region.

A number of local students even had the opportunity to complete work experience placements at the site on Southfields Road, giving them a fully hands-on experience alongside Kevin and his team.

This is just one example of CRL's work to get involved with young people in the areas where we build, to give them an experience of what a career in the construction industry is all about, help inspire the next generation of Housebuilders and teach them some of the skills they need.

OUR STRATEGY



Company Reputation

TO BE THE HOUSEBUILDER OF CHOICE FOR AN INDEPENDENT, SECURE AND FULFILLING RETIREMENT.

STRATEGIC PRIORITIES

CRL has built an industry-leading reputation as a high-quality, highly trusted, highly successful, multi-award winning business. Protecting and further enhancing this reputation is extremely important to our stakeholders. To achieve this, we are focused on continually improving across each of the following key areas:

BRAND – Deliver clear and compelling brand values that resonate strongly with the expectations of our target audiences, and maintain confidence and trust in our business

SERVICE – Deliver a high-quality service that meets the needs and expectations of our key stakeholders, representing good value and reflecting our brand values

PRODUCT – Deliver a consistent, high-quality product that reinforces confidence and trust in our business among key stakeholders

PEOPLE – Ensure that every Colleague throughout the business, from the Boardroom to the construction site cabin, represents our brand values in a positive way

GIVING SOMETHING BACK – Through our charitable arm the Churchill Foundation and wider CSR initiatives, demonstrate an ongoing commitment to giving something back to the communities where we operate

PERFORMANCE IN FY 2020

- Maintained HBF 5 star rating with 95% of Customers saying they would recommend us to a friend
- Sunday Times Top 100 Best Companies to Work For – 3rd place
- Brand refresh exercise, involving feedback from stakeholders

MEDIUM-TERM TARGETS AND FUTURE OUTLOOK

- Maintain HBF 5 star performance
- Continue to win national and regional awards for our developments, our customer service, our business performance, and our people
- Keep all stakeholders safe through the COVID-19 pandemic

KEY RISKS TO MANAGE

- Customer or third party complaints
- Negative news reports about CRL and/or the wider retirement sector, particularly surrounding COVID-19 infection rates
- Construction site incidents or complaints
- Employee misconduct
- Legislation breaches
- Loss of HBF rating
- Cyber threats
- Data breaches or infringements (GDPR)



Colleagues celebrating the Best Companies success in February 2020