



## Annual General Meeting 2022 – Frequently Asked Questions

### 1. Why are you not holding a hybrid AGM?

Under our Articles of Association, we are unable to hold hybrid AGMs. We are holding our AGM at the Group's office at Crest House, Pycroft Road, Chertsey, Surrey KT16 9GN at 10.00 a.m. on Tuesday 22 March 2022.

Nevertheless, engagement with our shareholders remains important and arrangements have been made so that shareholders who are unable to attend the AGM can participate by submitting questions in advance.

Further detail can be found in the [Notice of 2022 AGM](#).

### 2. How has Crest Nicholson been impacted by COVID-19?

The UK housing market performed strongly during the COVID-19 pandemic and we received strong encouragement from the Government to keep building and to remain open. The Government's decision to suspend stamp duty and to allow the sector to remain open during COVID-19 restrictions has supported confidence and supply levels. Pent-up demand created by the lockdowns, coupled with changing working patterns and lifestyle choices, has underpinned demand for new homes.

Further economic support remained in place through the extension of the temporary reduction in Stamp Duty Land Tax (SDLT) which helped support customers' confidence levels. The effect of national lockdowns and work from home guidance advice challenged well established traditional living and working patterns. We benefitted from home buyers looking for extra space at home and more outdoor space as they adapted to their changing working practices.

In the second half of FY21, we started to see shortages of both labour and materials, once the global economy rapidly reopened when COVID-19 restrictions started being lifted. In the UK the full impact of Brexit, especially on labour availability, was also a feature. We were able to navigate these challenges successfully and delivered a strong operational and financial performance.

### **3. What are your Sustainability targets?**

The Board recognises the importance placed by our stakeholders on environmental, social and governance (ESG) matters and we are committed to adapting our operations to help tackle climate change.

In FY20 we launched the following Sustainability targets to achieve by 2025 (versus FY19 comparatives):

- Reduce scope 1 and 2 carbon emissions intensity (tonnes CO<sub>2</sub>e per 100 sq. m) by 25%
- Purchase 100% renewable electricity
- Reduce waste intensity (tonnes per 100 sq. m) by 15%.

We have continued to review our Sustainability strategy and at our recent Capital Markets Day in October 2021, we highlighted our commitment to mitigating climate change by joining the United Nations-backed Race to Zero and the Business Ambition for 1.5°C. This will see us set our future carbon reduction targets through the Science Based Targets initiative. These targets will be aligned with the latest climate science and have the aim of limiting the global temperature rise to 1.5°C above pre-industrial levels

For more information on our Sustainability initiatives please see pages 22 to 31 within our [Annual Integrated Report](#).

### **4. Why are you still printing an Annual Integrated Report?**

Under the Companies Act 2006, shareholders are entitled to receive a paper copy Annual Integrated Report. While many of our shareholders utilise a digital copy, a number of shareholders choose to receive a paper copy of the Annual Integrated Report.

This year we took a number of steps to reduce our carbon footprint in producing the Annual Integrated Report, including a review of the additional numbers we produce. This year's report has been printed on uncoated stock, made from 100% FSC recycled fibre. It was digitally printed without the use of film separations, plates and associated processing chemicals, and 100% of all the dry waste associated with production has been recycled. The paper has been manufactured at a mill that has ISO 14001 environmental standard accreditation. The paper is Carbon Balanced with World Land Trust, an international conservation charity, who offset carbon emissions through the purchase and preservation of high conservation value land.

**5. What is your position with regards to the Living Wage for both directly employed and third-party subcontracted staff?**

The Board is committed to remunerating all those working for Crest Nicholson fairly and commensurate with experience.

We want to provide work that people enjoy, where they can develop their skills and grow, and where they are safe and can maintain their health and wellbeing. Salaries are reviewed on an annual basis to ensure that all our employees are paid at or above the voluntary real living wage. It should be noted that our apprentices are subject to a different pay scale, which is in line with statutory guidelines.

Our Supply Chain Code of Conduct requires that at a minimum, supply chain partners must comply with all relevant legislation for employment, working hours, minimum wage and benefits in their country of operation.

Further detail can be found in our [Anti-Slavery and Human Trafficking Statement](#).

**6. Why have you decided now to increase the authorities for:**

- the general authority to allot shares from one-third to two-thirds
- a further resolution to disapply pre-emption rights for a rights issue?

These further authorities are in line with market practice and utilised by many of our peers with the sector and FTSE 250 companies.

The additional authorities can only be used in limited circumstance as outlined in the Notice of Annual General Meeting. Although, we do not have any present intention to exercise these additional authorities, by having this flexibility we are in a stronger position to respond to market developments and to finance business opportunities should any arise.

**7. Where can I find more detail on the Capital Markets Day you held 2021?**

The Group outlined its future growth strategy at the Capital Markets Day in October 2021, which focuses on further margin improvements and geographic expansion. The growth strategy is supported by new medium-term targets and guidance on number of completions, sources of revenue, operating profit margin, return on capital employed and land creditors.

Further detail can be found on our website [here](#).

**8. Approximately what percentage of your current sales volume are funded by Help to Buy mortgages? Would it be possible to supply the same information for your 2020 and 2019 sales?**

While we do not provide in the public domain the exact percentage of Help to Buy: Equity Loan transactions, for FY21 it is approximately one third of our completions. Since the changes to the Help to Buy: Equity Loan scheme in April 2021, the proportion of Help to Buy: Equity Loan transactions have been trending down in the housebuilding sector.

**9. How has the Grenfell disaster repatriations affected Crest Nicholson?**

The Group recorded a net combustibles materials charge (charges related to Grenfell disaster changes in Government fire related advice) in FY21 of £28.8m, FY20 of £0.6m and in FY19 of £18.4m. The rationale for the FY21 charge is explained in note 23 of the [Annual Integrated Report](#) (pages 173 and 174).

With respect to the APMs the explanation for their use is included on page 191 to 192 of the [Annual Integrated Report](#).

**10. What are the benefits to the new house designs?**

Our new house types benefit our customers and Crest Nicholson. They are efficient to build, easier to plot, offer flexible internal space and enable us to apply different elevations to create a variety of appearance while using just one core design. With all divisions building the same product range we have benefited from a standardisation of the core engineering, which has reduced complexity in our operations. They are also popular with our customers who like flexible options for their living space and who have found our homes fit their needs. Since the COVID-19 pandemic we have found our customers are seeking to move out of cities to homes with gardens and surrounding green space.