

MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT**For the extended financial year ended 31 October 2019****Introductory Statement from the Chief Executive Officer**

This is McCarthy & Stone's fourth Modern Slavery and Human Trafficking Statement published in response to the Modern Slavery Act 2015 (the "Act"). Modern Slavery and Human Trafficking can take various forms including slavery, servitude, forced, compulsory and child labour, all of which have in common the deprivation of a person's liberty for personal or commercial gain. We maintain a zero-tolerance approach to these practices and we remain committed to acting ethically, transparently and with high integrity in all our business dealings and relationships.

We expect the same high standards from all our contractors, suppliers and other business associates and we expect them to hold the businesses within their own supply chains to the same high standards.

About McCarthy & Stone and its Business

McCarthy & Stone (*we, us, our* or *Group*) means all companies within the McCarthy & Stone Group. McCarthy & Stone plc is our parent company and is a FTSE250 company, listed on the London Stock Exchange. Further information about the Group can be found at - <https://www.mccarthyandstone.co.uk/about-us/>. Please also refer to our website to view our current Social Responsibility and Sustainability Report and other related information.

We are the UK's leading developer and manager of retirement communities, with over 40 years' experience in creating retirement communities which enrich our customers' quality of life. Our Head Office is located in Bournemouth and we operate from seven offices located within our four divisions. We acquire land for development, secure detailed planning consent and then design, construct, market and manage high-quality retirement housing to suit all lifestyles and stages of retirement. We also provide personal care, support and other services within our retirement communities as well as estate agency services. All our developments and services are based within the United Kingdom.

As at 31 October 2019, we employed c. 2,500 people and our revenue for the financial year ended on that date was £725.6m.

Our Supply Chain

It is widely acknowledged that the construction industry is a high risk sector for modern slavery and human trafficking, largely due to the demographics of the temporary labour workforce and complex supply chains.

We aim to ensure that we only work with credible suppliers and contractors so as to limit the potential risk of modern slavery or human trafficking within our business and supply chain.

We operate a centralised strategic Group Procurement function that procures approximately 80% of our house building materials through 65 framework agreements. Our four divisions - through co-located Group Buyers procure the remaining 20% of materials. 65% of our procured materials and

components are assembled and/or manufactured in the UK, with 26% from Europe and less than 9% from the rest of the world. Of those products manufactured in the rest of the world, we are instructing our Group Framework Suppliers to investigate their respective (2nd and 3rd tier) suppliers and provide assurance to us that the relevant checks have taken place to assure there is no modern slavery within their respective workforces and factories.

Our Finance teams in conjunction with the Group Procurement Team continue to operate a supplier on-boarding process which is designed to pre-qualify suppliers and sub-contractors on their ability to provide product/perform services to our Construction and Sales sites, Occupied Developments or our divisional offices. Our pre-qualification process requires all subcontractors to be registered with a Safety Schemes in Procurement (SSIP) member, which requires compliance with modern slavery, equality, anti-bribery and health & safety legislation. Furthermore, our contracts with our supply chain aim to ensure that

- they would be happy to provide us with reasonable access to their office or a selected site and records for inspection and audit;
- they are committed to ensuring that there is no modern slavery or human trafficking in their supply chains or business; and
- they have in place adequate systems to identify, assess, monitor and mitigate potential risk areas in their business and supply chains and to protect whistle blowers.

Operationally, we require our Divisional teams to further check the status of SSIP and relevant insurances as part of their development on-boarding process and our SHEQ function actively monitor SSIP status.

Employment and Recruitment Practices

As at 5 March 2020 our Group's workforce consisted of c.2,500 directly employed workers, c.84 temporary site-based workers and c.3097 active subcontractors. We pay all of our directly employed workers at least the statutory UK National Minimum Wage or the UK National Living Wage (as applicable to the age of the worker).

We take steps to ensure that all our workers are eligible to work in the UK, either as part of our own recruitment process for directly employed workers or via our agency suppliers' processes. We also carry out DBS (Disclosure and Barring Service) checks and PVG (Protecting Vulnerable Groups) checks where statutorily required.

Temporary Workforce

Our temporary site-based workforce is particularly vulnerable to the risk of modern slavery. We continue to be proactive in mitigating this risk by outsourcing the recruitment process of this workforce through a reputable third party company. All agency suppliers are required to agree to comply with the Act and to give various assurances that their personnel and temporary workers are not victims of slavery or trafficking. Agency suppliers are also required to complete an annual questionnaire relating to obligations under the Act so that any inadequacies can be identified and addressed.

To further strengthen the assurances detailed above, we require the outsourcing partner to undertake audits on our labour suppliers to ensure that they also comply with the Act and pay our workers no less than the statutory UK National Minimum Wage or the UK National Living Wage (as applicable to the age of the worker) and that these pay rates are not reduced by the treatment of travel and/or subsistence expenses. These audits may take the form of an on-site or remote review of the records

held by each labour supplier, including sight of workers' payslips, right to work documents and terms of engagement.

Adherence to McCarthy & Stone's values and policies

We expect our employees (whether permanent, fixed-term or temporary), directors, casual and seconded staff, consultants, suppliers and subcontractors to share our own ethics and values by complying with our Anti-Slavery and Human Trafficking Policy, Money Laundering and Terrorist Financing Prevention Policy, and our Anti-Bribery and Corruption and Fraud Policy. We require suppliers and subcontractors to agree to representations and warranties contained in our standard Terms and Conditions, Subcontract Agreements and Framework Agreements relating to the prevention and detection of modern slavery and human trafficking. In addition, we require them to implement due diligence procedures within their own supply chains.

Whistleblowing

In order to detect, report and ultimately prevent modern slavery in any part of our business or supply chain we must encourage those working with, or for us, to raise any concerns or suspicions at the earliest possible stage and without fear of detrimental treatment. To achieve this, employees are given guidance on the intranet of our Whistleblowing Procedure and have access to an external and anonymous 'whistleblowing hotline'.

Grievances or Complaints Received

There were no grievances or complaints related to modern slavery or human trafficking during the financial year end 31 October 2019.

Training and Awareness

We continue to provide mandatory eLearning training "*What is Modern Slavery?*" to all employees, consultants and temporary non-site based workers of the Group. We believe that by completing this training employees will gain a wider knowledge of modern slavery and human trafficking and enable them to recognise potential areas of risk within the workplace.

(*As at 1 April 2020 more than 80% of these workers had completed the e-Learning).

Corporate Social Responsibility (CSR)

We have increased the Group's commitment to sustainability through a newly formed and independent Board CSR Committee chaired by a non-executive director. The Committee will be responsible for making recommendations regarding the Group's sustainability activities, including modern slavery including employee, societal and community engagement.

Future Steps

We aim to align our policies and procedures on modern slavery and human trafficking with best practice and changes in legislation. To that end, following a review of the steps we have taken during this year, we aim to take the following steps during the financial year ending 31 October 2020:

Training – Supply Chain

When our usual business operations have recovered sufficiently from the Covid-19 pandemic, we intend to introduce training specifically for those employees who have the ability within their job role

to identify modern slavery within our supply chain. To support this aim, we intend to join the Supply Chain Sustainability School which would allow us to gain access to training materials, attend events organised by the School and involve members of our supply chain.

We propose to raise awareness of modern slavery across our key trades and to engage with high risk supplier types such as suppliers providing labour (e.g. groundworkers and bricklayers) on our sites. We will be Issuing questionnaires to suppliers requiring them to detail the measures that they have taken to address the risks of modern slavery within their own operations. These questionnaires will be reviewed during our Modern Slavery working group and actions appropriately assigned.

Code of Conduct

To ensure our suppliers and sub-contractors are aware of and agree to comply with our standards in relation to ethical and compliance issues, we will produce a compulsory Code of Conduct for distribution to our suppliers and sub-contractors. We will measure sign up, monitor the respective KPI and take a zero tolerance approach to any suppliers or sub-contractors who do not accept or comply with our Code of Conduct.

Whistleblowing within Supply Chain

We intend to extend the scope of our anonymous whistleblowing service, which is currently only available to our employees, to all workers of our suppliers and subcontractors. In addition to you our usual programme of communications we will also raise awareness of this whistleblowing service and our whistleblowing policy to all relevant workers through awareness posters that we will distribute throughout all areas of the business.

Modern Slavery Working Group

We will establish a Modern Slavery Working Group to sit under the Governance pillar of our recently re-launched CSR Committee. The Working Group will meet regularly and will consist of executive level and divisional based directors with expertise in build, legal, compliance, procurement and supply chain management. The scope of the Working Group will be to ensure that good progress is made against the future steps set out within this statement and that the principals set out in this and future Statements are underpinned by appropriate operational practices that are continually reviewed and improved.

Policies

We review our Anti-Slavery and Human Trafficking Policy and other related policies on annual basis.

Key Performance Indicators

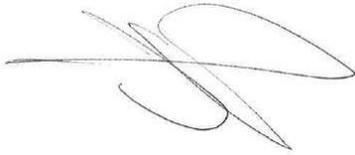
We intend to measure the following KPI's and aim to achieve the associated target*:

KPI	Target
Percentage of site managers and assistant site managers who have completed the Modern Slavery eLearning modules.	90%
Percentage of Directors, Function Heads and members of Procurement and Commercial Functions who have completed eLearning modules.	100%
Modern Slavery questionnaire's issued to high risk suppliers.	100%

Supply chain code of conduct signed by key trades, high risk trades and framework partners.	70%
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*All targets are subject to how much of our FY20 financial year is operational in light of the Covid-19 outbreak. Revised targets will be adopted where appropriate and fully disclosed in our next Modern Slavery and Human Trafficking Statement.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our Group's Slavery and Human Trafficking Statement for the financial year ended 31 October 2019. This statement will be reviewed and published annually.



John Tonkiss
Chief Executive Officer