

# McCARTHY STONE

*Life, well lived*

## MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT

For the financial year ended 31 October 2021

### Introductory Statement from the Chief Executive Officer

This is McCarthy Stone's sixth Modern Slavery and Human Trafficking Statement published in response to the Modern Slavery Act 2015 (the "Act"). Modern slavery and human trafficking are abhorrent practices that still exist in many parts of the world, including the UK. 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 Ltd is our parent. Further information about the Group can be found at - <https://www.mccarthyandstone.co.uk/about-us/>.

As the UK's leading developer and manager of retirement communities, we provide high quality homes to exacting specifications. As of November 2021, McCarthy Stone operates 475 developments across the UK for more than 20,000 people. Our Head Office is located in Bournemouth, and we operate from a number of offices across our four divisions. We acquire land for development, secure detailed planning consent and then design, construct, market and run high-quality retirement housing to suit all lifestyles and stages of retirement. We provide property resales, management and maintenance services for our customers, and also personal care, support, cleaning and food and beverage services to those living in our Retirement Living PLUS developments. All our developments and services are based within the United Kingdom.

As at 31 October 2021, we employed c. 2,600 people and our revenue for the financial year was £336m.

### Our Supply Chain

It is widely acknowledged that the care and construction industries are high-risk sectors 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 77% (by value) of our building materials (excluding groundworks) through 38 National Framework Agreements. Our four divisions procure the remaining 23% of materials. 72% of those strategically procured materials and components are assembled and/or manufactured in the UK, with 16% from Europe and less than 12% from the rest of the world. Of those products manufactured in the rest of the world, we will work with our national framework suppliers to categorise sustainability risks. Based upon the level of risk, suppliers will be subject to further dialogue, desk-top based submissions and evaluation of the same in order to provide assurance to us that the relevant checks have taken place to ensure there is no modern slavery within their respective workforces and factories.

Our Finance teams in conjunction with the Strategic Procurement Team continue to operate a supplier on-boarding process for suppliers and sub-contractors. 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.

## **Employment and Recruitment Practices**

As at 31 October 2021 our Group's workforce consisted of c.2,600 directly employed workers, c.100 temporary site-based workers and c.3,000 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 reputable third-party companies. 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 and have met the right to work test.

To further strengthen the assurances detailed above, we require our outsourcing partners 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, Money Laundering and Terrorist Financing Prevention and our Anti-Bribery and Corruption and Fraud Policies. 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'. Details of our Whistleblowing hotline are displayed at our offices, construction sites and developments.

## **Grievances or Complaints Received**

There were no grievances or complaints related to modern slavery or human trafficking during the financial year end 31 October 2021.

## **Training and Awareness**

We continue to provide mandatory e-Learning training "*Understanding 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 1st March 2022 more than 90% of these workers had completed the e-Learning).

## **Environmental, Social and Governance Responsibility (ESG)**

We have increased the Group's commitment to environmental, social and governance (ESG) responsibilities through our Group Sustainability Committee chaired by the CEO. The aim of the committee is to establish a unified view of ESG, increasing understanding of all three aspects, environmental, social and governance, and to promote robust standards of corporate governance that integrate all these aspects including 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 progress we have made during this year, we aim to take the following steps during the financial year ending 31 October 2022:

### *Training – Supply Chain*

We will 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 have joined the Supply Chain Sustainability School as partner members which provides access to training materials, webinars and events organised by the school for our staff and free access to the same for all members of our supply chain.

We propose to raise awareness through our partnership with the Supply Chain Sustainability School 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.

#### *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.

#### *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, 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 Group Sustainability Committee. The working group will meet regularly and consists of executive level and divisional based directors with expertise in build, care, legal, compliance, procurement and supply chain management. The scope of the Working Group is 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*

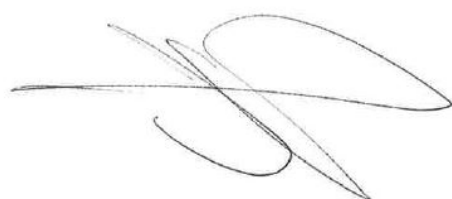
We review our Anti-Slavery and Human Trafficking Policy and other related policies on an annual basis.

#### **Key Performance Indicators**

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

KPI	Target
Percentage of employees who have completed the Modern Slavery eLearning modules.	95%
Supply chain code of conduct signed by key trades, high risk trades and framework partners.	70%

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 2021. This statement will be reviewed and published annually.



**John Tonkiss**  
Chief Executive Officer