

Travis Perkins Trading Company Limited

Strategic report for the year ended 31 December 2020 (continued)

S172 statement

Engaging with stakeholders

Travis Perkins Trading Company Limited ("Travis Perkins") is a wholly owned subsidiary of Travis Perkins plc (the "Group") and therefore is subject to and abides by all Group policies and procedures. The governance framework of the Group delegates authority for local decision making to Travis Perkins up to defined levels of cost and impact. Reports are regularly made to the Group Board by the business units about the strategy, performance and key decisions taken which provides the Group Board with assurance that proper consideration is given to stakeholder interests in decision making.

The Board of Travis Perkins places significant importance on the strength of its relationships with all its stakeholders to promote the sustainable success of the Company. In order to fulfil their duties, the Directors of Travis Perkins, and the Group itself take care to have regard to the likely consequences on all stakeholders of the decisions and actions which they take. Such considerations ensure the business is making decisions with a longer term view in mind and with the sustainable success of the business at its core.

Where possible, decisions are carefully discussed with affected groups and are therefore fully understood and supported when taken. Details of the Company's key stakeholders and how they are engaged with is set out below.

Shareholders

We rely on the support of our shareholder, Travis Perkins plc, and its opinions are important to us. We have an open dialogue with our shareholder through regular one-to-one meetings and reporting to the Group Board. Discussions cover a wide range of topics including financial performance, strategy, outlook, governance and ethical practices.

Colleagues

Our people are key to the Company's success and we want them to be successful individually and as a team. We works hard to engage with and listen to our people in a number of different ways, including through colleague listening groups, 'You Talk We Listen' surveys, regional groups and forums, sales boards, an 'ask the MD' email, commercial and supply colleague groups, head office huddles and a newspaper. Key areas of focus include business updates, new products and services, health and wellbeing, development opportunities, pay and benefits. Regular reports about what is important to our colleagues are made to the Board ensuring consideration is given to colleague needs.

Customers

Our Customers fall into two key categories - 'generic' and 'bespoke'. Our generic customers comprise primarily professional tradespeople and self-builders. For the Company's bespoke customers we provides a supply chain and procurement service to the repairs and maintenance market. These arrangements are more complex and contracts have detailed requirements and tightly defined terms and conditions and may require liaison with banks in relation to funding (for example for regional housing projects). Some of our customers are Housing Associations and the Company must be mindful of the increased restrictions in the way they are managed and how they must procure.

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Suppliers

We work with a large number of suppliers based around the world. We undertake risk assessments on all our suppliers as we recognise the importance of their role in our continued success. If an assessment deems a supplier high risk, this brings a higher level of monitoring and scrutiny to manage the relationship and the supply. Other suppliers are required to sign up to a statement of expectations. We work closely with our suppliers using innovation days to feedback market intelligence and to help inform the range for the following year. We have a number of own brand products and we pride ourselves on working closely with the manufacturers to ensure the integrity of the products we supply.

Communities and the environment

We engage with the communities in which it operates to build trust and understand the local issues that are important to them. Key areas of focus include how we can support local causes and issues, create opportunities to recruit and develop local people and help to look after the environment. In consultation with our colleagues we select one main charity partner to work with across the business but also work with local charities and organisations at a site level to raise awareness and funds. The impact of decisions on the environment both locally and nationally is taken into account with plans to reduce plastic packaging and usage where possible and research the potential use of electric vehicles to reduce the impact on the carbon emissions.

Government and regulators

We engage with the government and regulators through a range of industry consultations, forums, meetings and conferences to communicate its views to policy makers relevant to our business. Key areas of focus are compliance with laws and regulations, health and safety and product safety. The business works closely with HMRC in relation to importing products and continues to build that relationship to ensure the ongoing operations. The Board is updated on legal and regulatory developments and takes these into account when considering future actions.

Decision making in practice

One of the key decisions made by the Board during the year was to review our network plans in the light of the ongoing COVID-19 pandemic. This review looked at the plans we have for investing in bigger, better, safer branches that are in the right part of town combined with the significant market impact of the pandemic. This led us accelerating our plans and to the closure of 82, mostly smaller & less profitable, Travis Perkins branches across the country.

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Stakeholder	Stakeholder views	Conclusions
Shareholders	Our shareholder wants us to operate in the most cost effective way, thereby creating value for shareholders and ensuring the long term sustainable success of the Company.	To ensure the long-term sustainable success of the business it must operate in the most cost effective and efficient way. The review concluded that, in a constrained market, these branches would be operating with low or negative returns. By closing the branches and retaining a good proportion of the sales at nearby alternative branches, we expect to see an overall increase in profits as well as accelerating our strategic network plans.
Colleagues	Our colleagues want to be kept informed of changes to the business and to be listened to in relation to changes which will affect them and their teams. They also want the business to provide security and opportunities to develop.	Travis Perkins cares about its colleagues and was mindful of the impact these closures would have had on them. Not only was a thorough communication and consultation process carried out but a good proportion of impacted colleagues were retained at alternative branches in order to service the retained customers. By moving towards safer, more modern branches we are also showing a commitment to providing a better working environment for our colleagues.
Customers	Our customers want propositions that work for them and for the business to operate in an ethical way.	Customer contract plans were drawn up at each of the impacted branches and best efforts were made to provide alternative solutions for their business. Between 30% and 40% of business was retained within the remaining network. Our plans for investing in bigger, better, safer branches will provide our customers with a more modern and consistent service throughout our network.
Suppliers	Our suppliers want to have confidence that the business will continue to trade with them in the long term.	As with our colleagues, a communication plan was put into place with our suppliers via official notification and also less formal channels thanks to good relationships with our category teams.
Communities	Our communities want its continued support with local causes and issues. They want us to be considerate of their local communities.	The work done by Travis Perkins in the community and with charity partners was not affected by the decision.
Government and regulators	The government and regulators want us to operate in an ethical way and comply with laws and regulations	The business must be compliant and cognisant of many regulations and pieces of legislation that apply to the business and be able to implement changes in a timely manner. Having more efficient, modern and cost effective network enables the business to focus on doing business safely and compliantly.