

## **Keyline Civils Specialist Limited (previously Keyline Builders Merchants Limited)**

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

#### **S172 statement**

##### **Engaging with stakeholders**

Keyline Civils Specialist Limited (“Keyline”) 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 Keyline 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 Keyline 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 Keyline, 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 is 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 we engage with them are set out below.

##### **Shareholders**

We rely on the support of our shareholder, Travis Perkins Merchant Holdings Limited which is 100% owned by 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 work hard to engage with and listen to our people in a number of different ways, including through a colleague board, ‘Tell it like it is’ feedback to the Board, newspapers, animations, colleague surveys, forums, annual conferences, induction days and training programmes and through our anonymous colleague concern line. The ‘Think different’ programme encourages colleagues to come up with ways to improve operations both in the yard and internally. 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 & Suppliers**

Keyline prides itself on its ability to provide expert advice and a wide range of effective solutions for Civils Specialist products along with a responsive service. These strengths are imperative to maintaining customer and supplier relationships. One of the main ways in which we engage with both stakeholder groups is to bring them together to understand their relationships with each other directly. In the market in which the business operates, the two groups are inextricably linked and the Board is mindful of this in all its decision making. Both stakeholders are closely managed with face to face supplier meetings every 1 or 2 months and an in-depth understanding of their financial position to protect the provision of credit. ‘Many to many’ meetings are being developed at management level to bring more perspective into review meetings.

## **Keyline Civils Specialist Limited (previously Keyline Builders Merchants Limited)**

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

#### **Communities and the environment**

We engage with the communities in which we operate 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 such considerations as reducing the movement of heavy materials by ensuring manufacturers are spread evenly around the country. The company's carbon footprint is a key consideration and 95% of its product is manufactured in the UK.

#### **Government and regulators**

We engage with the government and regulators through a range of industry consultations, forums, meetings and conferences to communicate our 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 Board is updated on legal and regulatory developments and takes these into account when considering future actions.

#### **Decision making in practice**

The main decision made by the board during 2020 was how to respond to the COVID pandemic, both in the short term during the initial lockdown, but also how to structure the business to reflect new ways of working and market fluctuations. As such, the Board took the decision to reduce the size of the branch network, identifying and closing 14 branches, and reducing the size of above-branch support functions.

## Keyline Civils Specialist Limited (previously Keyline Builders Merchants Limited)

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

Stakeholder	Stakeholder views	Conclusions
Shareholders	The Company's shareholders want the Company to operate in the most cost effective way, thereby creating value for shareholders and ensuring the long term sustainable success of the company.	It became clear early on in the lockdown that the market in which Keyline operates was highly likely to be significantly smaller than the market before lockdown. Initial estimates of 20% to 30% drop in the year meant that decisions needed to be made early on structuring the business to fit the market. Early work on reviewing and closing branches that would be loss making or non-strategic meant that significant cost savings could be realised, and net profit returns managed.
Colleagues	The Company's 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.	Colleague communication, engagement and wellbeing were key throughout the lockdown period. Early on, salaries were protected for colleagues whose branches remained shut, regular communication was sent from the MD, and regional leaders, as well as group comms. A weekly 'check-in' form was circulated to all colleagues to collate regular and timely feedback of any issues or concerns. Unfortunately the restructure did result in some roles being made redundant, but they were kept to a minimum and extensive searches through group took place to find new roles for anyone affected by risk of redundancy.
Customers	The Company's customers want propositions that work for them and for the business to operate in an ethical way.	Early on in lockdown, there was regular communication with customers, and questionnaires sent to understand their pressures. Focus was paid to critical infrastructure customers and ensured Keyline continued to supply key workers through the lockdown. Coming out of lockdown, detailed comms to customers explained any branch closures or flips and moved ownership of the account to the nearest branch where applicable. Retained sales were tracked to make sure the relationship was maintained.

## Keyline Civils Specialist Limited (previously Keyline Builders Merchants Limited)

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

Suppliers	The Company's suppliers want to have confidence that the business will continue to trade with them in the long term.	Discussions with strategic and core suppliers continued through lockdown, albeit over a video call rather than face to face. Thoughts were shared on progress through lockdown, and details on which branches or operations were closed were covered. Some suppliers reduced capacity and so close partnerships enabled Keyline to maintain the relevant stock holding. Range enhanced towards the end of lockdown through the launch of a plastic specialist branch.
Communities	The Company's communities want our continued support with local causes and issues. They want the Company to be considerate of their local communities.	PCUK is the strategic charity partner for Keyline, and throughout the lockdown Keyline has continued to raise funds and awareness for the charity. A number of quizzes were hosted where donations supported the charity financially, and issues discussed to keep the profile and charity in mind. Colleagues across Keyline have continued to raised additional funds for them, and whilst it's not been possible to run a charity rally event, we are closing the year with a '150' drive to get each team to raise much needed funds.
Government and regulators	The government and regulators want the Company to operate in an ethical way and comply with laws and regulations	Government regulation was regularly reviewed throughout the lockdown to ensure we were operating under all local and national requirements. Branches were open with full covid-safe procedures in place, whilst our BAU regulatory requirements continued to be monitored and adhered to (e.g. vehicle operator licence requirements). The PLC provided regular guidance to support and complement any brand specific actions, whilst group also directly engaged with the government during lockdown. Industry guidance such as the construction leadership council was also reviewed to ensure compliance across the industry.