

Section 172 statement – The Board’s approach

Policies and Practices

The Company’s objectives are to maximise the long-term value and revenue for its shareholders, to create secure and rewarding employment for its people and to deliver a high quality service to participants in the UK residential property market. The Board considers its shareholders, customers and colleagues to be the Company’s key stakeholders.

Corporate Governance

The Board is responsible for determining the Company’s strategy for managing risk and overseeing its systems of internal control. The ongoing effectiveness of these internal controls are reviewed by the Board on a regular basis. The Company maintains appropriate standards of corporate governance in order to conduct its business in a prudent and well organised manner. The Board’s approach is based on the principles and provisions of the UK Corporate Governance Code (the Code) published by the Financial Reporting Council. The Board’s philosophy is to comply with the Code where it applies to the Company.

Employee Matters

The Company seeks to attract great people and make sure they are highly engaged in an environment where they can perform to high expectations and have the opportunity for a long, rewarding and fulfilling career.

In order to help achieve this, the Company seeks direct feedback from its workforce on areas such as leadership, reward, trust, respect, well-being and communication. All employees were given the opportunity to participate in an externally facilitated engagement survey benchmarked against leading UK employers. The analysis of the results will enable Directors to make well-informed decisions about where to focus attention to best effect. The Board also further expects to involve groups of employees in any development activities. During 2020, despite colleagues being placed on furlough, the Company maintained regular communications with all its people and agreed, from March to June, to pay everyone 100% of their basic salary plus commissions earned; well above the Government’s minimum requirement under the CJRS scheme.

The Company has a number of policies and practices in place to help ensure that the working environment encourages trust, respect, recognition and good communication. These include, for example, structured career ladders, dignity at work, equal opportunities, and a well embedded health, safety and welfare policy. In addition, current projects include promoting a diverse and inclusive culture, and training to support mental health awareness. Remuneration structures are designed to reward high performance.

The Company’s modern slavery policy supports the objectives of the Modern Slavery Act 2015, further details of which can be found on the Company’s website. Company policies are reviewed and monitored on an ongoing basis to ensure they remain appropriate and fit for purpose. Throughout the Covid-19 pandemic, the Company has sought to operate with the safety of its colleagues and customers being its priority. It has invested heavily in PPE, provided extensive training to all its people and implemented a number of Covid-secure standards across the business.

The Company is committed to ensuring that there are no instances of bribery or corruption throughout the business. Company policies exist, drafted in line with government guidelines, to prohibit the offering, giving, solicitation or the acceptance of any bribe to or from any person or company by any individual employee, agent or other person or body acting on behalf of the Company. The policies are readily available for employees to view on our internal intranet and our employees are required to receive annual refresher training to ensure they can recognise and prevent the use of bribery.

Social Matters

During 2020 the Company supported Lionheart, the benevolent fund for the Royal Institution of Chartered Surveyors and their families.

Environmental Matters

The Board recognise that as a responsible business there is an obligation to operate in a manner that minimises the Company’s impact on the environment. We operate in a sector that has a relatively low carbon footprint and impact on the environment. However, we follow relevant environmental legislation in carrying out our business and Company policy is to seek to minimise our contribution to environmental damage and maximise our contribution to safe recycling and reprocessing of waste materials.

The Company Environmental Policy outlines the ways in which the Company reduces the use of paper, utilises recycling options, reduces pollution and levels of energy use. Initiatives such as the reduction in company car CO2 emissions and the replacement of lighting with low energy units (e.g. LED spot lights and panels) are examples of the Company’s commitment to operating in an environmentally sustainable way.

Further details around Streamlined Energy and Carbon Reporting (SECR) are set out in the accounts of the parent company, Connells Limited.

Business Relationships

The Company closely monitors all its business relationships which allows it to provide its customers with excellent service. It assesses, on an ongoing basis, any risk of an adverse impact on its customers, people and the environment in which the Company operates as a result of these relationships, or as a result of its policies.

Relationships with key suppliers are closely monitored to ensure services are being provided in line with the terms of documented agreements. Performance of key suppliers, along with associated risks to the Company and the environment are regularly

assessed with options for improvement considered where available. Regular reviews of adherence to key policies, such as Modern Slavery and GDPR are undertaken.

Board members are engaged when negotiating terms with key suppliers and in specific cases will attend strategic review meetings to guide the future approach with that supplier.

The Company is committed to providing its customers with a high level of service which is tailored to their individual needs, and provide a range of suitable products.

The Company's services are primarily delivered through surveyors, with support from centralised customer service teams who help ensure the delivery of positive customer outcomes.

Decision Making

The Board meets regularly and makes decisions which promote the success of the Company and its stakeholders. Proposals are discussed in detail and approved by the Board which ensures key decisions comply with the risk management framework detailed below. Examples of key decisions taken during 2020 include:

- The annual budget was approved following a robust and comprehensive review process. It was decided the budget would promote the success of the Company.
- Approved interim dividends – Meeting shareholder dividend expectations is a top priority to ensure the funds are able to benefit the wider Connells Group. The budget indicates the dividend level to be sustainable and still allow the Company to invest in future growth.
- The decision was made to pay all employees, from March to June, 100% of basic pay and any commissions due to those not required to work during the lockdown period; above the minimum of 80% up to £2,500 per month set by the Government.