

Section 172 statement - The Board's approach

Policies and Practices

The Board's objectives continue to be to maximise the long-term value and revenue streams for the Company's shareholders, to create secure and rewarding employment for its people and to deliver a high quality service to its customers. The Board considers its shareholders, customers and people to be the Company's key stakeholders.

The Company aims to deliver sustainable and growing revenues from efficient operations supported by a lean management cost structure, which enables the Company to adapt to market opportunities. Connells recognises that the housing market is cyclical and can vary widely from one location to another. Across the Company, local entrepreneurship is actively encouraged and supported. This "grass roots" awareness of customer service and profit management has been at the core of Connells' success and is a key component to its future strategy.

The Company aims to grow its operations through both new branch openings and via acquisitions. Where a good strategic fit exists, the Company proactively explores the acquisition of smaller regional players, who are often market leaders in their locality.

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, and this is reviewed annually by the Board.

Social matters

The Company is committed to ensuring that our colleagues have a great place to work by engaging with them, supporting and developing them in their careers and career aspirations, and by promoting inclusion and diversity in our workforce. We also encourage colleagues to engage in local community and charitable activities.

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. The Company carried out an employee engagement survey in 2022 which benchmarked colleagues' engagement and provided feedback for managers to implement measures relevant to their teams.

The Board has established a Diversity and Inclusion group, aimed at ensuring that the Group continues to ensure that Connells supports a diverse and inclusive workplace. During 2022 we initiated a Women in Leadership pilot which provides mentoring to develop colleagues for leadership in the Group. In 2023 the Group will deliver the Women in Leadership Programme, establish diversity and inclusion networks to cover gender, race, LGBTQI+ and wellbeing, deliver unconscious bias training for managers and leaders, and launch a Great Place to Work action plan covering values, mission, leadership and culture.

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 pathways, dignity at work, equal opportunities and a well embedded fire, health, safety and welfare policy. 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 website. The Company continues to operate with the safety of its colleagues and customers being a priority.

The Company is committed to ensuring that there are no instances of bribery or corruption throughout the business. Company's policies exist, drafted in line with best practice, 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 Group. The policies are readily available for employees to view on the internal intranet and employees are required to receive annual refresher training to ensure they can recognise and prevent the use of bribery.

The Company has a charity partnership with Mind UK, a leading mental health charity which provides advice and support to empower anyone experiencing mental health problems. This is a cause that resonates well with colleagues and the Company provides support through a range of fundraising activities and campaigns across the network. The business has also joined forces with Pennies from Heaven to help raise further funds for Mind. Pennies from Heaven is the UK's largest workplace micro giving scheme, taking the spare change from payslips each month and sending them directly to the charity. During 2022 the Group also donated £216,000 to support the victims of the conflict in Ukraine.

The Company also participates in supporting national charitable events such as Comic Relief, Children in Need, Jeans for Genes, Wear it Pink and Macmillan Coffee Morning, and on a local level, head offices based in Leighton Buzzard work with various partners on local community initiatives. Many colleagues across the Company actively participate in fundraising for local or chosen charities and we applaud this.

Environmental matters

The Board recognises that, as a responsible business, it has 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, 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's 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 progressive reduction in company car CO2 emissions, the replacement of lighting with low energy units and the roll out of smart electricity and gas meters are examples of the Company's commitment to operating in an environmentally sustainable way.

For further details around the Streamlined Energy and Carbon Reporting (SECR), refer to the parent company accounts, as detailed in Note 24.

Environmental, Social and Governance (ESG)

The Group is committed to being a responsible business and seeks to deliver positive impacts for our people, the environment and the communities we serve.

Business relationships

The Company closely monitors all of its business relationships in order to allow it to provide its customers with excellent service across the range of services offered. It assesses, on an ongoing basis, the risks of adverse impact on its customers, people and the environment in which the Group 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 Group and the environment are regularly assessed with options for improvement considered where available. Regular reviews of adherence to key policies, such as Modern Slavery, GDPR and tax fraud, are undertaken.

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

The Group's services are primarily delivered through its high street branch network, with support from centralised customer service teams who help ensure the delivery of positive customer outcomes. Customer interactions are underpinned by a range of proactive communications and online tools which support and inform customers by providing them with timely updates, useful guides and visibility of their transaction at each stage of the home buying, selling and renting journey.

The Company engages with its customers at key points during their transactions, through review platforms and customer care teams, to measure and maintain the quality of its service delivery. The Group continues to support industry initiatives that seek to improve and speed up the home buying process for the benefit of customers and other key stakeholder groups.

Decision making

The Board meets regularly and makes decisions which promote the success of the Company and its stakeholders. Proposals are discussed in detail, approved and documented by the Board which ensures key decisions are taken considering the Group's risk management framework detailed below. Examples of key decisions taken during 2022 include:

- The longer term strategy was discussed and agreed, and the annual corporate plan was approved following a robust and comprehensive review process. It was agreed the plan was an appropriate target for the Group to achieve an attractive shareholder return.
- Approved interim dividends – Meeting shareholder dividend expectations is a top priority to ensure the funds are able to benefit the wider Skipton Group. The corporate plan indicates the dividend level to be sustainable and still allow the Connells Group to invest in growth, and meet the needs of its pension scheme members.