**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 Group’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 colleagues to be the Group’s key stakeholders.

The Connells Group aims to deliver sustainable and growing revenues from efficient operations supported by a lean management cost structure, which enables the Group to adapt to market opportunities. Connells recognises that the housing market is cyclical and can vary widely from one location to another. Across the Group, 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 Group aims to grow its operations through both new branch openings and via acquisitions. Where a good strategic fit exists, the Group 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 Group‘s strategy for managing risk and overseeing its systems of internal control. The ongoing effectiveness of these internal controls is reviewed by the Board’s Audit & Risk Committee on a regular basis. The Group 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 Group, and its compliance is reviewed annually.

***Employee matters***

The Connells Group 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 Group seeks direct feedback from its workforce on areas such as leadership, reward, trust, respect, well-being and communication. The Group carries out employee engagement surveys periodically, in which all employees are invited to participate. As a result of the Covid-19 pandemic, no such survey has been carried out since early 2020, but one is planned for 2022. The results of such surveys enable the Board to make decisions about where to focus attention to best effect. In particular, following the most recent survey, the Board has established a Diversity and Inclusion group, aimed at ensuring that the Group’s policies and procedures continue to ensure that Connells supports a diverse and inclusive workplace. The Board also includes groups of employees in such activities.

The Group 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. In addition, the Board aims to promote a diverse and inclusive culture, and provide training to support mental health awareness. Remuneration structures are designed to reward high performance. The Group’s modern slavery policy supports the objectives of the Modern Slavery Act 2015, further details of which can be found on the Group website. Group policies are reviewed and monitored regularly to ensure they remain appropriate and fit for purpose. Throughout the Covid-19 pandemic, the Group has sought to operate with the safety of its colleagues and customers being its priority. It continues to invest in PPE, provide extensive training to all its people and has implemented a number of Covid-secure standards across the business.

The Group is committed to ensuring that there are no instances of bribery or corruption throughout the business. Group 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.

***Social matters***

The Group is firmly committed to delivering good outcomes for all customers. This means ensuring that the range of products and services offered meet the needs of customers, that the 'end to end' processes for delivering these services are appropriate and effective, and that our people always have our customers’ best interests at heart. Management seek to develop and maintain this ethos within the culture of the business overall.

In January 2021, the Group launched a new charity partnership with Mind UK, which combines the efforts of Connells Residential and Sequence, together with supporting head office functions and Countrywide, following its acquisition in March. Mind UK is the leading mental health charity in England and Wales (SAMH – Scottish Association for Mental Health – in Scotland), providing advice and support to empower anyone experiencing a mental health problem. The charity campaigns to improve services, raise awareness and promote understanding, and provide support directly to those who need it most. This is a cause that resonates well with colleagues and the Group provides support through a range of fundraising activities and campaigns across the network. Committed to raising over £20,000 over two years as part of its corporate partnership, the Group raised over £40,000 in its first year alone. 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.

The Group 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.  A number of subsidiaries also have their own charity partnerships and conduct their own local and community fundraising.

***Environmental matters***

The Board recognises that, as a responsible business, it has an obligation to operate in a manner that minimises the Group’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 Group policy is to seek to minimise our contribution to environmental damage and maximise our contribution to safe recycling and reprocessing of waste materials.

The Group Environmental Policy outlines the ways in which the Group 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 Group’s commitment to operating in an environmentally sustainable way.

The Group’s Environmental, Social and Governance committee, established in 2021, has a specific focus on reviewing where the Group’s CO2 footprint can be reduced, and implementing measures to do so. An example of this is in our John D Wood brand which has agreed that all new company car purchases will be entirely electric vehicles.

***Business relationships***

The Group 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 and GDPR, 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 Group actively 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 monthly and makes decisions which promote the success of the Group 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 2021 include:

* Final approval of the purchase of Countrywide plc in the early part of the year, and the taking out of a loan of £253m to fund the acquisition, pay off Countrywide’s external debt and provide working capital for the business. The Board concluded that the acquisition represented a great opportunity for the Group and was in the interests of all stakeholders.
* As explained in note 24, the Group acquired a further three small businesses during the year. The acquisitions support the strategy of acquiring good businesses either in new locations or that enhance our presence in existing postcodes. The acquisitions were made out of existing cash reserves.
* The sale of the Group’s 64.68% shareholding in TM Group (UK) Limited for proceeds of £58.7m. It was decided the sale represented an excellent return on the investment and was in the best interests of shareholders
* The sale of the Group’s 22.9% shareholding in Tactile Limited (trading as Fixflo) for proceeds of £7.8m. It was agreed the sale price represented an excellent return on investment and was in the best interests of shareholders.
* 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.
* The Board agreed to repay £125.0m of the capital on the loan, earlier than stipulated in the loan agreement. The Group had significant cash reserves following the excellent results for the year, and the Board agreed paying down the loan represented good value for the Group.
* 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.