

## **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.

The Company aims to deliver strong profits via an optimisation of sales opportunities throughout its branch network and centralised sales functions. The Company has a lean management cost structure, giving the ability to adapt to market changes and resulting opportunities. Sequence recognises that the housing market is cyclical and can vary widely from one location to another, and it actively encourages and supports its managers in running successful and profitable offices. This "grass roots" awareness has been at the core of the business' success and is a key component to its future strategy.

The Company aims to grow its operations through both new branch openings and via acquisition. Where a good strategic fit exists, the Company pro-actively explores the possible 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.

### ***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. In 2020 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 July, 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***

The Company 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 have our customers' best interests at heart at all times. Management seek to develop and maintain this ethos within the culture of the business overall.

The Company has enjoyed a long-standing partnership with CLIC Sargent, from 2001 until 2021. During this period, over £420,000 has been raised through a number of individual, company-wide and head office function fundraising efforts.

In January 2021, the Company launched a new charity partnership with Mind UK, which combines the efforts of fellow subsidiary Connells Residential and Sequence (UK) Limited, together with supporting Group head office functions. 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 has really resonated with our workforce, particularly at this time, and the Company will provide support through a range of fundraising activities and campaigns across the network.

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, the head offices based in Leighton Buzzard work with various partners on local community initiatives.

### ***Environmental matters***

The Board recognises 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's Environmental Policy outlines the ways in which the Company reduces the use of paper, utilises recycling options, reduce pollution and levels of energy use. Initiatives such as the reduction in company car CO2 emissions, the replacement of lighting with low energy units (e.g. LED spot lights and panels) and the roll out of smart meters 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 allow it to provide its customers with excellent service across the range of services offered. 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 the key supplier, 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 complementary products and services to assist them throughout their property related transaction and beyond.

The Company'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 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 Company 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 Company and its stakeholders. Proposals are discussed in detail, approved and documented by the Board which ensures key decisions are taken considering the Company's risk management framework detailed below. Examples of key decisions taken during 2020 include:

- The annual corporate plan was approved following a robust and comprehensive review process. It was decided the plan 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 corporate plan indicates the dividend level to be sustainable and still allow the Company to invest in growth.
- The decision was made to pay all employees 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.