

## MORTGAGE AND SURVEYING SERVICES LIMITED DIRECTORS REPORT (FY23)

### Section 172 (1) Statement and Stakeholder Engagement

The Board of Mortgage and Surveying Services Limited ("the Company") consider that they have adhered to the requirements of section 172 of the Companies Act 2006 ("the Act") and have, in good faith, acted in a way that they considered would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so, have had regard to and recognised the importance of considering all stakeholders and other matters (as set out in s.172(1)(a-f) of the Act) in its decision-making.

As part of the wider Mortgage and Surveying Services Group ("the group"), taking into account the relative size of the Company and centralised nature of the group, the Board may consider it reasonable for decision making to be handled by the Group Board.

The new reporting legislation around stakeholder engagement is welcomed by the Board and the commentary and table below sets out our s.172(1) statement. This statement provides details of key stakeholder engagement undertaken by the Board during the year and how it helps the Board to factor potential impacts on stakeholders in the decision-making process.

#### General

The group promotes the highest standards of corporate governance and ensures that these standards cascade throughout the group and its subsidiaries. Guiding principles are in place for the relationship between the group board and the boards of the group's subsidiaries. This framework promotes full and effective interaction across all levels of the group to support the delivery of strategy and business objectives within a framework of best corporate governance practice.

Corporate governance underpins how we conduct ourselves as a board, our culture, values, behaviours and how we do business. As a board we are conscious of the impact that our business and decision have on our direct stakeholders as well as our wider societal impact.

As part of the director induction process, the directors are briefed on their duties, including their duty under s.172 of the Act. The directors are entitled to request from the Company all such information they may reasonably require in order to be able to perform their duties as a director.

For each transaction approved by the Board discussion takes place around employee impact and impact on other stakeholders, such as customers. The relevance of each stakeholder group may vary by reference to the issue in question, so the Board seeks to understand the needs of each stakeholder group and potential conflicts as part of its decision-making. Additionally, the group company secretary is on hand to provide support to the Board ensuring that sufficient consideration and time is given to stakeholder issues during these discussions.

Each year the directors deliver a forecast which includes a three-year plan prepared in accordance with the long-term strategy of the group. The directors have also acted in the long-term interest of the group by supporting policies, behaviours and actions which promote the interest of people, customers, and other stakeholders.

## Stakeholder Engagement

The table on the following pages sets our key stakeholders and provides examples of how we have engaged with them in the year, as well as demonstrating stakeholder consideration in the decision- making process.

Stakeholders	Our Approach	Decision Making Considerations
<p><b>Shareholders</b></p> <p>Our shareholders are vital to the success of our business, challenging strategic thought and providing financial support to aid business growth</p>	<p>Our Board includes key shareholder representatives and relevant performance metrics are provided to them on a monthly basis.</p> <p>Management and shareholders meet regularly to discuss results, business growth projects and development initiatives.</p> <p>Additional shareholder meetings to discuss acquisitions, disposals, strategic issues or changes of ownership structure.</p> <p>Our audit committee meets regularly and feeds back any significant audit or accounting issues, including challenges to risks and controls.</p>	<p>As a Board, we aim to provide clear information to shareholders, being honest and transparent as to the performance of the business and actively engaging with key strategic and operational developments.</p> <p>Our ability to deliver to our agreed business plan impacts on shareholder value generation.</p>
<p><b>Customer &amp; Product Providers</b></p> <p>We work closely with our customers and product providers to understand their evolving needs. The Company seeks to improve and adapt its offering to meet those market needs</p>	<p>Dedicated relationship managers maintain strong communication with customers and product providers, actively seeking regular performance feedback.</p> <p>We have a daily focus on key metrics to ensure high levels of service delivery.</p> <p>In consultation with our stakeholders, we work hard to develop and innovate new products which are better placed to meet their needs.</p>	<p>Long term engagement is a key part of the process in developing new propositions and progressing existing ones. MSS' growth will reflect our ability to maintain high service levels, whilst innovating our offering to meet changing market demands.</p> <p>MSS aims to provide a consistently high quality of service at a fair market price to fulfil customer requirements.</p>
<p><b>Employees</b></p> <p>Our people have a crucial role in delivering against our strategy and creating value.</p>	<p>We conduct regular Employee Engagement Surveys to seek wide ranging feedback about the business and the culture we are building. Engagement Surveys and more informal feedback are actively followed up with line managers to create action plans for improvement.</p> <p>An employee panel comprising representative employees from each area of the business enables the employees to</p>	<p>Feedback from the employee surveys, as well as the employee panel is reviewed at Operating Board and Executive level and forms the basis of proposals and actions for senior management and the Board. We recognise that our people of fundamental to the success of our business and invest in their welfare accordingly.</p>

	<p>share their views and concerns on specific topics.</p> <p>Our success in managing our people is monitored through a review of key performance indicators (such as attrition rates, reasons for leaving and recruitment effectiveness) at both a Group and divisional level at monthly board meetings.</p> <p>We take health and safety seriously, with a review of any issues of significance taking place at Monthly board meetings.</p> <p>We communicate with our employees regularly through various technology platforms and hold Bi-annual executive Q&amp;A sessions with all employees to update on business growth and address queries.</p> <p>We have a well-defined whistleblowing and grievances process. Any reports are investigated, and appropriate changes implemented to prevent re-occurrence.</p>	
<p><b>Regulator</b></p> <p>We have a strong, open and honest relationships with both the Financial Conduct Authority and the Royal Institute of Chartered Surveyors in relation to our regulated entities ensures the Group works to the best possible standards.</p>	<p>We maintain close contact with the regulators and proactively engage on any issues where the answer is not sufficiently clear.</p> <p>Our compliance team monitor any correspondence and emerging issues flagged by the regulators in order to ensure we are fully up to date with the latest guidance.</p> <p>Well invested compliance functions which closely monitor business activity to ensure it is completed in line with the regulator's requirements.</p>	<p>Both the head of compliance and an independent non-executive director focussed on compliance attend the subsidiary board meetings in order to have the opportunity to raise any relevant issues. These are then escalated to the Group board meeting if they are considered relevant to the Board's decision making.</p> <p>A compliance report of any issues identified within the subsidiaries is escalated to the group board meeting for consideration where relevant.</p> <p>We recognise the value of compliance and the vital need to maintain regulatory standards in order to ensure the continuation of our business.</p>

An overview of the Board's principal decisions throughout the year, including how the Board has considered the factors set out in Section 172 of the Companies Act 2006 is set out below.



<b>Decision Taken</b>	<b>Actions Taken</b>	<b>Key Stakeholder Considerations</b>
Approval of business plans	<p>A detailed annual budget was reviewed and approved by Board Members and shared with operational team members. Monthly (and in some cases daily) performance was measured against budget KPIs to ensure delivery against plans. In year re-forecasts were used to reset KPI metrics, where they were deemed necessary to reflect the changing market environment or changing business needs.</p> <p>Budgets and re-forecasts were shared with our bankers and used by the Board to assess any ongoing cash needs and maintain covenant compliance.</p> <p>Covenant compliance was measured on a monthly basis and confirmed with our bankers on a quarterly basis.</p> <p>Budgets and forecasts included forward looking cash flows which enabled the Board to effectively conclude on any going concern considerations.</p>	<p>Up to date expectations of profitability were communicated to Shareholders and bankers in order to ensure they were kept informed in a changing environment.</p> <p>Budgets and re-forecasts were used as a means to ensure the business had appropriate resourcing to meet its plans and maintain its' regulatory obligations.</p>
Investment in Connect IFA Ltd	<p>Prior to the investment in Connect IFA Ltd, the Board were kept fully informed of all commercial arrangements and negotiations thereon.</p> <p>Where key decisions were required Board consent was obtained in advance.</p> <p>The Connect investment was concluded after an extensive legal, financial, commercial and regulatory due diligence process completed by a mix of internal resource and external advisors. Board members were provided with to due diligence reports prior to formally approving the investment.</p>	<p>It is recognised that whilst strategic investments have the ability to add significant value, if in-appropriately concluded, they also have the potential to introduce incremental risks which can destroy shareholder value. Furthermore, these risks can extend to other stakeholders and include the existing business' reputation.</p> <p>The Board approval process is an important tool to help protect shareholder, and wider stakeholder, interests.</p> <p>Furthermore, openness and transparency with Board members it is something which is embedded in our culture; as well as being formally required under our constitution.</p>
Capital expenditure and ongoing investment in software platforms	<p>The Board regularly reviews and monitors performance against an agreed groupwide technology roadmap.</p> <p>Before being added to the roadmap, new development projects have to be supported by an approved business case which includes an assessment of scope, functionality and, most importantly, anticipated costs and returns on investment.</p>	<p>We recognise that our software platforms are vital to the ongoing success of business but they inevitably need a level of ongoing development to meet both changing business needs and technology advances.</p> <p>Having invested significantly in our own in house resource, we have an appropriate framework to ensure that their efforts are focussed on those parts of the business which will have maximum benefit to stakeholders (including: users, employees, shareholders and regulators). We use this framework as a</p>

		means to monitor and manage development activities.
Approval of extension of banking and shareholder loan facilities	Reviewed and approved key changes to revised lending agreements, including the impact on ongoing covenant compliance. Approval of Board Members was received in writing.	Provide certainty to Shareholders about the stability of the Group.

