

Corporate Governance webpage

Last reviewed 21 October 2019

The Directors acknowledge the importance of high standards of corporate governance and have chosen to comply with the principles set out in the Corporate Governance Code for Small and Mid-Size Quoted Companies, as issued by the QCA (the **QCA Code**), to the extent that the Board considers appropriate for a business of the Company's size and nature. A summary of how the Company currently complies with the QCA Code is set out below to be updated at least annually in the manner recommended by the QCA Code.

As Chairman, my role is to lead the Board of Directors and to be responsible for ensuring that the Company adheres to and applies the standards of corporate governance.

The Board meets regularly to review, formulate and approve the Group's strategy, performance and corporate actions. The Company has established an Audit Committee, Nomination Committee and a Remuneration Committee with formally delegated duties and responsibilities and with written terms of reference. Each of these committees meets regularly as set out below. From time to time, separate committees may be set up by the Board to consider specific issues when the need arises, such as the Agent Recruitment Committee already formed.

Chris Bell
Chairman

Compliance with the QCA Code

Principle 1 - Establish a strategy and business model which promote long-term value for shareholders

Application:

The board must be able to express a shared view of the company's purpose, business model and strategy. It should go beyond the simple description of products and corporate structures and set out how the company intends to deliver shareholder value in the medium to long term. It should demonstrate the delivery of long-term growth is underpinned by a clear set of values aimed at protecting the company from unnecessary risk and securing its long term future.

Website Disclosure Requirements:

N/A

Disclosure:

The Group's stated strategy is to increase support for an agent-backed portal through sustainable competitive pricing for property advertisers, a premier search experience for property-seeking consumers and the targeted use of equity incentivisation to recruit key agents as customers on long term contracts.

To diversify the Group's customer base, it will also expand the offering to the new home developer and online agent markets and commercial and overseas property advertisers.

Additionally, it will look to develop and offer value added products to property advertisers and to target revenues from third party advertisers seeking to promote their goods and services to the property-seeking consumers viewing properties at OnTheMarket.com.

Principle 2 - Seek to understand and meet shareholder needs and expectations

Application:

Directors must develop a good understanding of the needs and expectations of all elements of the company's shareholder base.

The board must manage shareholders' expectations and should seek to understand the motivations behind shareholder voting decisions.

Website Disclosure Requirements:

Explain the ways in which the company seeks to engage with shareholders and how successful this has been. This should include information on those responsible for shareholder liaison or specification of the point of contact for such matters.

Disclosure:

The Board is committed to an open and ongoing engagement with its shareholders and it also reviews and discusses the make-up of the Company's shareholder base at Board meetings. The main methods of communication with shareholders will be the Annual Report & Accounts, the interim and full-year results announcements, the Annual General Meeting and the Company's website.

In addition, the Chief Executive Officer and the Chief Financial Officer meet regularly with institutional investors and analysts to ensure that the Company's objectives and any business developments are clearly communicated and they are available to respond to any enquiries following Company announcements, together with other Company advisers. The Non-Executive Directors are also available to discuss any matters that shareholders wish to raise and discuss.

Principle 3 - Take into account wider stakeholder and social responsibilities and their implications for long term success

Application:

Long-term success relies upon good relations with a range of different stakeholder groups both internal (workforce) and external (suppliers, customers, regulators and others). The board needs to identify the company's stakeholders and understand their needs, interests and expectations.

Where matters that relate to the company's impact on society, the communities within which it operates or the environment have the potential to affect the company's ability to deliver shareholder value over the medium to long-term, then those matters must be integrated into the company's strategy and business model.

Feedback is an essential part of all control mechanisms. Systems need to be in place to solicit, consider and act on feedback from all stakeholder groups.

Website Disclosure Requirements:

- *Explain how the business model identifies the key resources and relationships on which the business relies.*
- *Explain how the company obtains feedback from stakeholders and actions that have been generated as a result of this feedback (eg changes to inputs or improvements in products).*

Disclosure:

The Board is regularly updated on wider stakeholder engagement feedback to stay abreast of stakeholder insights into the issues that matter most to them and to the Company's business and to enable the Board to understand and consider these issues in decision-making.

Employees are one of the Company's most important stakeholder groups.

The Company has in place structured reporting lines. The senior management and Executive Board has regular dialogue with employees and is confident that frank and helpful feedback is given.

Principle 4 - Embed effective risk management, considering both opportunities and threats, throughout the organisation

Application:

The board needs to ensure that the company's risk management framework identifies and addresses all relevant risks in order to execute and deliver strategy; companies need to consider their extended business, including the company's supply chain, from key suppliers to end-customer.

Setting strategy includes determining the extent of exposure to the identified risks that the company is able to bear and willing to take (risk tolerance and risk appetite).

Website Disclosure Requirements:

N/A

Disclosure:

The Company's Risk Management and Principal Risks are set out on pages 14-15 of the Annual Report 2019 as published on the website.

Principle 5 - Maintain the board as a well-functioning, balanced team led by the chair

Application:

The board members have a collective responsibility and legal obligation to promote the interests of the company, and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chair of the board.

The board (and any committees) should be provided with high quality information in a timely manner to facilitate proper assessment of the matters requiring a decision or insight.

The board should have an appropriate balance between executive and non-executive directors and should have at least two independent non-executive directors. Independence is a board judgement.

The board should be supported by committees (e.g. audit, remuneration, nomination) that have the necessary skills and knowledge to discharge their duties and responsibilities effectively.

Directors must commit the time necessary to fulfil their roles.

Website Disclosure Requirements:

N/A

Disclosure:

The Board comprises the Non-Executive Chairman, three Executive Directors and one additional Non-Executive Director who meet regularly.

The Board is satisfied that it has a suitable balance between independence on the one hand and knowledge of the Company on the other, to enable it to discharge its duties and responsibilities effectively. All Directors are encouraged to use their independent judgement and to challenge all matters, whether strategic or operational. The Remuneration Committee regularly reviews the performance of each Director.

Principle 6 - Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

Application:

The board must have an appropriate balance of sector, financial and public markets skills and experience, as well as an appropriate balance of personal qualities and capabilities. The board should understand and challenge its own diversity, including gender balance, as part of its composition.

The board should not be dominated by one person or a group of people. Strong personal bonds can be important but can also divide a board.

As companies evolve, the mix of skills and experience required on the board will change, and board composition will need to evolve to reflect this change.

Website Disclosure Requirements:

N/A

Disclosure:

The Board is satisfied that between the Directors, it has an effective and appropriate balance of skills and experience, including in the areas of finance, innovation, ecommerce and marketing. All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. The business reports monthly on its headline performance against its agreed budget and the Board reviews the monthly update on performance and any significant variances are reviewed at each meeting.

Appointment, removal and re-election of Directors

The Board and the Nomination Committee makes decisions regarding the appointment and removal of Directors and there is a formal rigorous and transparent procedure for appointments.

The Company's Articles of Association require that one-third of the Directors must stand for re-election by shareholders annually in rotation; that all Directors must stand for re-election at least once every three years; and that any new Directors appointed during the year must stand for election at the AGM immediately following their appointment. As there has been only one AGM since appointment all Directors have been elected and the rotation will follow in subsequent years.

Independent advice

All Directors are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. In addition, the Directors have direct access to the advice and services of the Company Secretary and Chief Financial Officer.

Principle 7 - Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

Application:

The board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual directors.

The board performance review may be carried out internally or, ideally, externally facilitated from time to time. The review should identify development or mentoring needs of individual directors or the wider senior management team.

It is healthy for membership of the board to be periodically refreshed. Succession planning is a vital task for boards. No member of the board should become indispensable.

Website Disclosure Requirements:

Include a more detailed description of the board performance evaluation process/cycle adopted by the company. This should include a summary of:

- *The criteria against which board, committee and individual effectiveness is considered.*
- *How evaluation procedures have evolved from previous years, the result of the evaluation process and action taken or planned as a result.*
- *How often board evaluations take place.*
- *Explain how the company approaches succession planning and the processes by which it determines board and other senior management appointments, including any links to the board evaluation process.*

Disclosure:

The focus of Board activity is on the review of progress being achieved by the management team against a clearly expressed growth strategy with published KPIs which are well understood by stakeholders.

The Board has established a Remuneration Committee comprised of the Chairman and the Non-Executive Director which will meet at least twice in each calendar year. This committee, in the course of its work, reviews the performance of individual Directors and senior managers and the workings of the Board and its committees, in consultation with the Chief Executive Officer. The committee is also the primary forum within which Board development is discussed. The Nomination Committee, comprised of the Chairman, the Non-Executive Director and the Chief Executive Officer, is the formal decision-making body in relation to Board appointments, structure composition and resourcing. The Nomination Committee will meet as required.

Principle 8 - Promote a corporate culture that is based on ethical values and behaviours

Application:

The board should embody and promote a corporate culture that is based on sound ethical values and behaviours and use it as an asset and a source of competitive advantage.

The policy set by the board should be visible in the actions and decisions of the chief executive and the rest of the management team. Corporate values should guide the objectives and strategy of the company.

The culture should be visible in every aspect of the business, including recruitment, nominations, training and engagement. The performance and reward system should endorse the desired ethical behaviours across all levels of the company.

The corporate culture should be recognisable throughout the disclosures in the annual report, website and any other statements issued by the company.

Website Disclosure Requirements:

Explain how the board considers that the company has the means to determine that ethical values and behaviours are recognised and respected.

Disclosure:

The Board promotes a corporate culture of integrity, honesty and equal opportunity.

This can be seen throughout the Company's activities:

- See page 18 in the Annual Report for the year ended 31 January 2019 available on the Company's website for a summary of the Company's equal opportunities employment policy.
- The Company's pricing strategy is designed to be sustainably fair and reasonable for customers.
- The Company came into being to increase competition in the UK portals market and is against any misuse of market position when dealing with stakeholders and particularly in relation to agents' reliance on its services.

Principle 9 - Maintain governance structures and processes that are fit for purpose and support good decision-making by the board***Application:***

The company should maintain governance structures and processes in line with its corporate culture and appropriate to its:

- *Size and complexity.*
- *Capacity, appetite and tolerance for risk.*

The governance structures should evolve over time in parallel with its objectives, strategy and business model to reflect the development of the company.

Website Disclosure Requirements:

In addition to the high level explanation of the application of the QCA Code set out in the chair's corporate governance statement:

- *Describe the roles and responsibilities of the chair, chief executive and any other directors who have specific responsibilities or remits (eg for engagement with shareholders or other stakeholder groups).*
- *Describe the roles of any committees (eg audit, remuneration and nomination committees) setting out the terms of reference and matters reserved by the board for its consideration.*
- *Describe which matters are reserved for the board.*
- *Describe any plans for evolution of the governance framework in line with the company's plans for growth.*

Disclosure:

The Chairman leads the Board and is responsible for its governance structures, performance and effectiveness. The Chairman is also responsible for ensuring that the links between the Board and the shareholders, are strong and efficient. Meanwhile, the Chief Executive Officer, the Commercial Director and the Chief Financial Officer and senior management are responsible for the day-to-day management of the business and for implementing the strategic goals agreed by the Board.

The effectiveness of the structures and processes described above is assessed by the Chairman as part of the annual Board evaluation.

The matters reserved for the Board are:

- Strategy and management
- Structure and capital
- Financial reporting and controls
- Risk management and internal controls
- Contract, bank facilities, guarantees and indemnities
- Communication with shareholders
- Board membership and other appointments
- Remuneration, employee benefits and employee issues
- Delegation of authority
- Corporate governance matters
- Policies

Principle 10 - Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders***Application:***

A healthy dialogue should exist between the board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the company.

In particular, appropriate communication and reporting structures should exist between the board and all constituent parts of its shareholder base.

This will assist:

- *The communication of shareholders' views to the board.*
- *The shareholders' understanding of the unique circumstances and constraints faced by the company.*

It should be clear where these communication practices are described (annual report or website).

Website Disclosure Requirements:

- *Disclose the outcome of all votes in a clear and transparent manner.*

- *Where a significant proportion of votes (eg 20% of independent votes) have been cast against a resolution at any general meeting, the company should include, on a timely basis, an explanation of what actions it intends to take to understand the reasons behind that vote result and, where appropriate, any different action it has taken, or will take, as a result of the vote.*
- *Include historical annual reports and other governance related material, including notices of all general meetings over the last five years.*

Disclosure:

The Company communicates with shareholders through the Annual Report and Accounts, full-year and half-year announcements, the AGM and one-to-one meetings with existing or potential new shareholders. A range of corporate information (including all Company announcements and presentations) is also available to shareholders, investors and the public on the Company's corporate website.