



SECTION 172 STATEMENT

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Section 172(1) of the Companies Act 2006 requires a director of a company to act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole.

In so doing, s.172 requires directors to have regard (amongst other things) to:

1. The likely consequences of any decisions in the long term.
2. The interests of the Company's employees.
3. The need to foster the Company's business relationships with suppliers, customers and others.
4. The impact of the Company's operation on the community and the environment.
5. The desirability of the Company maintaining a reputation for high standards of business conduct; and
6. The need to act fairly between members of the Company.

DELIVERING SUSTAINABLE VALUE

Our stakeholders include our people (including contingent labour and subcontractors), our financial stakeholder (banks, credit insurers and bond providers), our clients and suppliers, the communities we operate in, and the planet.

S.172(A) – LONG TERM DECISION-MAKING

Our long-term strategy is described in our strategic report. The Group Board meets regularly and considers amongst other things the following key areas:

- Principal risks, governance and compliance
- Commercial and Investment Strategies
- Financial matters including budgets and forecasts.
- Business Development including market trends, risks and opportunities.
- Key appointments
- People and Safety Strategies
- Sustainability
- Responsible Business commitments

In relation to the above, our approach, activities, key decisions and commitments are set out in our strategic report.

S.172 (B) THE INTERESTS OF OUR PEOPLE

We aim to be a place where our people feel happy, safe and supported. The board regularly considers opportunities for staff engagement, workplace wellbeing regularly considers opportunities for staff engagement, workplace wellbeing initiatives, organisational development and individual competence and upskilling needs. We have a fair, inclusive and merit-based approach to recruitment and an exemplary gender diversity record particularly in relation to engineering positions. Our approach to this area is described in the Responsible Business section of this report.

S.172 (C) – FOSTERING RELATIONSHIPS WITH CUSTOMERS, SUPPLIERS AND OTHER STAKEHOLDERS

As members of the Construction Productivity Taskforce, we are committed to the spirit and principles described in the Private Sector Construction Playbook 'Trust & Productivity'. This supports relationships with our clients and signals that we can be relied on to deliver projects both productively and with professionalism.

In line with our responsible business approach, we operate ethically and with integrity. This approach extends to our supply chain through our sustainable procurement policies and practices.

Our commitment to fair procurement process and payment practice maintains strong and healthy relationships with our supply chain. We encourage all group businesses to follow the Industry Prompt Payment Code administered by the Chartered Institute of Credit Management on behalf of BEIS and continue to rank well on the Build UK Fair Payments Index. We work with our suppliers to ensure that materials are responsibly sourced.

S.172 (D) OUR IMPACT ON COMMUNITIES AND THE ENVIRONMENT

We aim to develop enduring relationships with communities local to our offices and our operations. The Board regularly considers requests for sponsorship from a range of community organisations and charities, our approach to community investment and engagement, and employment opportunities we can offer. Our wide-ranging social value activities are reported in our **'Many Small Steps' social impact report** within the Responsible Business section of this report.

We aim to minimise and mitigate any negative impacts on the environment arising from our operational activities. The Board regularly considers the impact it has the wider environment and regularly considers how it can make a positive impact. Our approach and activities in this area are set out in the sections of this report entitled **'Decarbonisation and Net Zero Commitments'**, and our performance is recorded in our SECR report.

S.172 (E) MAINTAINING A REPUTATION FOR HIGH STANDARDS OF BUSINESS CONDUCT

The Morrisroe Group and its subsidiaries are well respected in the Sector having built a reputation not only for delivering consistent quality but for maintaining high standards of business conduct and integrity in all business dealings. Our approach is described in the section of this report entitled **'Governance'**.

Our responsible business strategy also informs our approach in this area and generates trust with our key stakeholders. Pursuant to this we have appropriate policies and procedures in place to ensure responsible business practices across a range of business activities from procurement and tendering, through to our recruitment practice.

S.172 (F) THE NEED TO ACT FAIRLY BETWEEN MEMBERS OF THE COMPANY

Day to day decisions are delegated to a number of executives across the company. All matters affecting the overall health of the Group, its respective parts, and shareholders interests are fully balanced by the CEO and Group Board to ensure fairness.

COMPETITION COMPLIANCE

In FY22, the Competition and Markets Authority (CMA) concluded its investigation into the demolition sector. It was found that Cantillon Limited and Cantillon Holdings Limited had infringed the prohibition imposed by section 2(1) of the Competition Act 1998 by participating in nine cover bidding infringements. Cantillon Holdings Limited had made provision for the fine imposed by the CMA and reached an agreement with the CMA about payment.

It was further found that following his appointment as a director of those companies, Mr Cluskey was personally involved in and/or aware of five of the cover bidding arrangements. On 23 March 2023, the CMA accepted a Competition Disqualification Undertaking from Mr Paul Cluskey which had the same legal effect as a Competition Disqualification Order. In the Undertaking, Mr Cluskey admitted to satisfying the conditions for a competition disqualification order, and he agreed that for a period of 4 years and 6 months, not to (a) be a director of a company, act as a receiver of a company's property or in any way, whether directly or indirectly, be concerned to take part in the promotion, formation or management of a company unless (in each case) he has the leave of the court; or (b) act as an insolvency practitioner. The disqualification period commenced on 1 May 2023.

Under section 17 of the Act, an individual who is subject to an Undertaking may apply to the court for permission to act as a director or otherwise be concerned in the management of a company. On 3 April 2023, Mr Cluskey had applied to the High Court for permission to continue to act as a director of Cantillon Limited, notwithstanding his disqualification. Following hearings that took place on 24 April, 10 and 25 May 2023, and subject to a series of conditions prescribed in the Order, the High Court granted Mr Cluskey leave to continue to act as a director and take part in the management of Morrisroe Demolition Limited (a company name change having taken place from Cantillon Limited to Morrisroe Demolition Limited).

Amongst other conditions, Morrisroe Demolition Limited implemented governance changes and compliance measures to ensure that there was no risk of a repeat infringement of competition law.

Competition compliance measures implemented in Morrisroe Demolition include the following:

- The appointment of a pre-construction director responsible for demolition tendering.
- The establishment of a tender evaluation panel to monitor the tendering process and sign off the submission of each tender.
- The appointment of two new statutory board directors.
- The appointment of a Solicitor (Adrian Luto) as a non-executive director to the board with the sole responsibility of monitoring competition compliance within the business. This wide-ranging role includes the monitoring of server-based communication, the review of internal electronic devices, regular compliance meetings with relevant staff members and monthly reporting to the Cantillon board of directors.

Competition compliance training continues to be delivered to all relevant members of staff across the group.



BRIAN MORRISROE
CEO MORRISROE GROUP

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