PAYMENT IMPROVEMENT PLAN
MAY 2026

Context

Morrisroe has a strong payment performance track record and reputation with its supply chain.

	Payments within 60 days	**Average payment terms**	**% paid beyond contract terms**
Morrisroe *(latest payment performance report)*	93%	37 days	7%
Build UK *(Peer group)*	80%	44 days	16%
Morrisroe – Board target	>95%	35 – 40 days	0%

‘***Responsible procurement’*** and ‘***prompt payment’*** are long-standing Morrisroe objectives – see Page 52 of the Annual Report at https://www.morrisroe.co.uk/financial-performance

Board target

- See table above.

Primary cause of payment performance delays

- The primary cause of payment delays is resolving invoice queries. Accordingly, speeding up query resolution is central to improving payment performance.

- Morrisroe processes a high volume of supplier invoices monthly. Given the complexity of construction supply chains, ‘order-to-pay’ processes, and variability in the quality of suppliers’ invoices, this gives rise to high volumes of supplier invoice queries. Query resolution prior to payment is a critical step but can be intensive and inefficient.

- Morrisroe takes a proactive approach to resolving queries irrespective of the root cause and has an experienced Accounts Payable (‘AP’) team to manage resolution.

- The primary causes of invoice queries include poor quality supplier invoices, price discrepancies, missing GRNs, part loads, waiting time.

Action to address primary causes

- From June 2026, Morrisroe’s AP team will be recording the reasons for invoice disputes via its invoice processing software (‘Docuware’). This will enable structured reporting and monitoring of invoice queries. Reporting will be shared across the business (i.e. project management, buying team, and senior management) to ensure action is taken promptly to resolve. Docuware has been commissioned to write a bespoke query management report, which is being beta tested by the AP team in late May 2026.

- Where queries are due to supplier-based issues, account management meetings will be held with the supplier to agree an action plan.

- The action plan below is based a rolling program of measuring & reporting queries on a regular basis, identifying the root causes, and taking appropriate corrective action.

Payment to terms

- This plan will also ensure payments are made to agreed terms.

Resources

- Morrisroe's accounts payable team is well established, highly experienced and stable. It is also well resourced and has strong relationships with both project teams and the supply chain. This plan is incremental and additional resources are not required.

Responsibilities

Responsibility	Who
Board responsibility	Group CFO
Management oversight	Financial Controller
Operational lead	AP manager

Board reporting and accountability

- The Group CFO is responsible for the delivery of this plan.

Website

- Group CFO to ensure the plan is published on the Morrisroe website.

Plan approval

Approved on behalf of the Board.

Andrew Kerr

Group CFO

14th May 2026

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Plan detail

Item	Detail	Who	When
AP Team engagement	Formal AP team meetings to review performance reports, root causes & discuss improvement actions. To be minuted. Group CFO to chair. *(This is in addition to existing team meetings & informal reviews, which are to continue)*	AP team FC Group CFO	Monthly June 2026 onwards
Prompt payment reminder	Reminder of Board's commitment to Prompt Payment to be communicated to Project Teams and buyers	Group CFO	June 2026
Query capture	(No change required - query capture already in place via Docuware software)		
Query reporting – software development	New query report has been commissioned from Docuware. Will be able report root causes at any point in time. Beta version expected May 2026	Docuware / FC	June 2026
Query reporting - process	• Report to be monitored on an on-going basis by AP manager and team to identify day-to-day issues for timely resolution. • Query report to be analysed by AP manager monthly identifying & commenting on key root causes	AP manager	June 2026
Payment Performance reporting	Payment Performance report to be prepared monthly to monitor progress (internal reporting only)		
Review	Monthly review of: • Key root causes & action being taken. • Support required • Payment Performance report	AP Manager FC Group CFO	Monthly June 2026 onwards
Board reporting	Performance report & update to be added to monthly Board pack	Group CFO	July 2026

Definitions:

AP – Accounts payable
FC – financial controller
Docuware – invoice processing software
Group CFO – Chief Financial Officer