

OUR CHAIRMAN'S VIEW ON GOVERNANCE



KEVIN WHITEMAN
NON-EXECUTIVE CHAIRMAN



This year we have ensured that strong and robust corporate governance continues to be at the heart of everything we do. We have updated our remuneration policy in consultation with our major shareholders, taken steps to ensure strong audit and remuneration committee chair succession and fully aligned executive pension contributions with the wider workforce.”

Dear shareholder

I am pleased to introduce the Group's corporate governance report (on pages 118 to 129) on behalf of our board of directors ('the board'). The Group is committed to business integrity, high ethical values and professionalism in all of its activities and this report explains how we manage the Group and comply with the provisions of the UK Corporate Governance Code ('the Code').

Leadership and board composition

We continue to evolve the board to ensure that it has the right balance of knowledge, experience and outside in perspective. In October 2022, we welcomed Mark Pegler as a non executive director, who brings with him over many years of business and leadership experience in manufacturing and international businesses and is a strong addition to the board. His appointment forms part of the board succession process and it is intended that Mark will become audit committee chairman following the retirement of Tony Osbaldiston in July 2023.

Board evaluation

During the year, we undertook our first externally facilitated board evaluation, performed by Gould Consulting. This included an evaluation of my own performance as well as that of the other directors and the board's committees. Overall, the evaluation was positive. The key points arising from the evaluation have been documented and at the time of writing this report are being discussed with the board members with a view to developing a board improvement plan, further details of which we aim to disclose next year.

Audit, risk and internal control

The board has confirmed that this annual report is fair, balanced and understandable. The audit committee, supported by management, has adopted a process to enable the board to take this view. You can find an explanation of the process we have used to make this determination in the audit committee report on page 130.

The board delegates certain of its responsibilities to the board committees to enable it to carry out its functions effectively. A diagram of the board governance structure is set out on page 118.

In July 2023 Tony Osbaldiston will retire as audit committee chair and we thank him for all his hard work and excellent stewardship over the last nine years. Mark Pegler will succeed him in this role.

Remuneration

Our executive director remuneration arrangements are intended to support the achievement of the Group's objectives and strategy. With the support of the remuneration committee's oversight, we continue to believe that the current remuneration packages help to appropriately incentivise management to sustain long-term value for shareholders.

This year we have made a number of changes to our remuneration policy as part of the normal three yearly cycle, consulted with our major shareholders and taken on board their views in the policy which is tabled in this annual report for approval at the 2023 AGM. Our new remuneration policy a summary of how we intend to operate that policy in 2024, and a review of the remuneration committee's activities, together with bonus and PSP performance in 2023, can be found in the remuneration report on pages 140 to 164.

In September 2023 Alun Griffiths will step down as remuneration committee chair. We thank him for his hard work and excellent stewardship over the last nine years. Louise Hardy will succeed him in this role.

Talent and diversity

The board is mindful of diversity and we are committed to building a supportive, diverse, and inclusive working environment where all colleagues feel they belong. The board is represented by a range of industry experience and personal strengths and consists of two female and eight (soon to be seven) male directors. Further details of their skills and experience can be found on pages 110 to 113.

The board is committed to ensuring it and our wide employee base remains diverse and the Group has an equal opportunities and diversity policy to support this. As an equal opportunities employer, we are committed to encouraging diversity and eliminating discrimination in both our role as an employer and as a provider of services and to achieving and maintaining a workforce that broadly reflects the communities in which we operate.

During the year, we continued to monitor the gender pay gap and our gender balance across all tiers of management. We are confident that our gender pay gap does not stem from paying men and women differently for the same or equivalent work. We are mindful though, that the sector in which we operate is male dominated and we are now monitoring diversity in our recruitment and to seek to attract a more diverse workforce over time.

Relations with shareholders

The board and I recognise the responsibility we have to a range of stakeholders, including customers, employees, subcontractors and suppliers and the environment and communities in which we operate.

We have an open and effective dialogue with shareholders, with regular meetings being held with institutional shareholders, including a Capital Markets Day which was held at Lord's in March 2023. The AGM will be held on 6 September 2023 and I encourage all shareholders to submit any questions in advance and to vote via proxy for the resolutions.

Kevin Whiteman

Non-executive chairman

14 June 2023

UK Corporate Governance Code

Throughout the accounting period, the Company has fully complied with the requirements of the 2018 Code, except for provision 38, requiring alignment of pension contributions between directors and the wider workforce. Our transition to being compliant with this provision has been mapped out in previous years' reports. As of 1st April 2023 we are now fully compliant with the 2018 Code.