

**Pictured:** Island, Manchester,  
capable of delivering 91,000  
sq ft of Net Zero Carbon  
office space





# GOVERNANCE

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## BOARD OF DIRECTORS

**1 TIM ROBERTS**  
CHIEF EXECUTIVE OFFICER

**2 AMY STANBRIDGE**  
GENERAL COUNSEL AND  
COMPANY SECRETARY

**3 DARREN LITTLEWOOD**  
GROUP FINANCE DIRECTOR

**4 JOANNE LAKE**  
DEPUTY CHAIR





**5 GERALD JENNINGS**  
NON-EXECUTIVE DIRECTOR

**6 PETER MAWSON**  
NON-EXECUTIVE DIRECTOR

**7 JAMIE BOOT**  
CHAIRMAN

**8 JAMES SYKES**  
NON-EXECUTIVE DIRECTOR

# BOARD OF DIRECTORS



**JAMIE BOOT**  
Chairman

**N**

**Date of appointment**

June 1985.

**Independent**

No.

**Brings to the Board**

Key strengths:

- Extensive Group and leadership experience.
- Long-term track record in delivering sustainable growth to the Group.

Jamie, who is a member of the founding family, has over 36 years' experience as a Director of Henry Boot PLC. He has been a Director of the Company's principal operating subsidiaries and his role now sees him responsible for the leadership of the Board. He will step down from the Board on 26 May 2022.

**KEY**

**Committee Membership**

- N** Nomination
- A** Audit and Risk
- R** Remuneration
- B** Responsible Business
- Committee Chair



**TIM ROBERTS**  
Chief Executive Officer

**B**

**Date of appointment**

January 2020.

**Independent**

No.

**Additional roles held**

Previously Director of British Land PLC, and Non-executive Director of Songbird PLC.

**Brings to the Board**

Key strengths:

- Strong strategic and corporate experience accumulated as past longstanding Director.
- Strong property and leadership experience.
- Extensive experience in delivering significant property development projects.

Tim joined Henry Boot as Chief Executive Officer in January 2020. He is responsible for developing and implementing Group Strategy and has ultimate responsibility for Group profitability. Tim leads the engagement with all the Company's stakeholders, including interaction with investors and our people. He is also the Director responsible for all health, safety and environmental matters.



**DARREN LITTLEWOOD**  
Group Finance Officer

**B**

**Date of appointment**

January 2016.

**Independent**

No.

**Additional roles held**

Director of the Company's six principal operating subsidiaries.

**Brings to the Board**

Key strengths:

- In depth Group and financial experience.
- Establishing and delivering strategy, whilst protecting assets in the Group.

Darren joined the Group in 1999 prior to his appointment as Group Finance Director in 2016. He became qualified as a member of the Chartered Institute of Management Accountants in 2007 and is responsible for all financial and risk matters relating to the Group. He is heavily involved in investor communications and, along with Tim Roberts, is also responsible for communicating strategy and results to both private and institutional investors.



**JOANNE LAKE**  
Deputy Chair and Non-executive Director

**N A R B**

**Date of appointment**

October 2015.

**Independent**

Yes.

**Additional roles held**

Non-executive Chair of Made Tech Group plc, Non-executive Director of Gateley (Holdings) Plc, Non-executive Director of Honeycomb Investment Trust PLC, Non-executive Director of Braemar Shipping Services PLC.

**Brings to the Board**

Key strengths:

- Extensive financial and investment banking experience.
- In depth knowledge of strategy and governance.

Joanne has over 30 years' experience in accountancy and investment banking, including with Panmure Gordon, Evolution Securities, Williams de Broe and Price Waterhouse. She is a Chartered Accountant and a Fellow of the Chartered Institute for Securities & Investment and of the ICAEW, and is a member of the ICAEW's Corporate Finance Faculty. The Deputy Chair role will be retired and Joanne will become the Senior Independent Director from 26 May 2022.

**JAMES SYKES**

Non-executive Director

**Date of appointment**

March 2011.

**Independent**

No.

**Additional roles held**

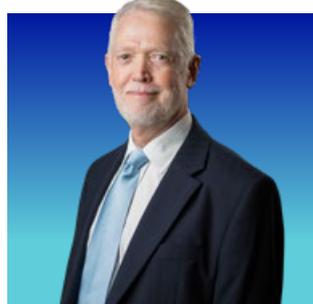
Chairman and Partner in the London office of Saffery Champness Chartered Accountants, which he joined in 1987. He is a Non-executive Director of Saffery Champness business in Guernsey.

**Brings to the Board**

Key strengths:

- Significant strategic land knowledge.
- Sound financial background and experience.

As a partner in the Private Wealth and Estates Group at Saffery Champness he has many years' experience in the UK strategic land market and brings that experience to Board decision making generally but particularly to Hallam Land Management Limited.

**PETER MAWSON**

Senior Independent Director and Non-executive Director

**Date of appointment**

October 2015.

**Independent**

Yes.

**Additional roles held**

Non-executive Chairman of Nexus Planning Limited and Board Representative for Paradise Circus Project for the Greater Birmingham and Solihull Local Enterprise Partnership.

**Brings to the Board**

Key strengths:

- Wide-ranging experience in senior leadership and practitioner roles across the built environment.
- Property development and planning knowledge in both the public and private sector.

Peter has a wealth of experience in the management and leadership of professional service firms, together with senior practitioner expertise across the built environment, from both public and private sector perspectives. Peter will be appointed Chair on 26 May 2022.

**GERALD JENNINGS**

Non-executive Director and Designated Non-executive Director for Workforce Engagement

**Date of appointment**

October 2015.

**Independent**

Yes.

**Additional roles held**

Non-executive Chairman of Social Communications (Leeds) Limited, Non-executive Director of the Ahead Partnership and Director of G R Jennings Properties Ltd.

**Brings to the Board**

Key strengths:

- Widespread industry experience in retail and property.
- Successful track record of delivering significant development projects and working with a wide range of stakeholders.
- Extensive experience in asset management.
- A variety of executive and non-executive roles over the years within the private, public and third sectors.

Gerald has over 30 years' experience in the retail and property industry and the delivery of major development projects and adding value through proactive asset management.

**AMY STANBRIDGE**

General Counsel and Company Secretary

**Date of appointment**

October 2018.

**Additional Roles Held**

Trustee of St Luke's Hospice, Sheffield and member of Business in the Community's (BITC) Yorkshire and Humber Board.

**Brings to the Board**

Key strengths:

- Significant legal, compliance, regulatory and corporate governance experience.
- Robust knowledge of all aspects of commercial law and practice

Having obtained her qualifications at the Universities of Nottingham (LLB Hons) and Sheffield (PG Dip LP), Amy qualified as a solicitor in 2006 and as a Chartered Secretary in 2019. She is an experienced lawyer with a demonstrated history of working in-house in the public sector and construction industry. With a broad range of expertise across contract and commercial law and practice, construction matters, corporate governance and compliance matters, Amy has worked at Henry Boot PLC since 2014, becoming Company Secretary in 2018 and General Counsel in 2021.

## EXECUTIVE COMMITTEE

**NICK DUCKWORTH**

Hallam Land  
Management Limited

**Date of appointment**

Managing Director in 2016.

**Brings to the Executive Committee**

Nick Duckworth MRTPI began his career in a private sector planning consultancy, Phillips Planning Services, in 1990. He left there in late 1992 and joined Hallam Land's then newly established Northampton office. In 1997, Nick set up the South West office of Hallam Land in Bristol and became the Regional Manager. He was appointed a Director in 2002.

**EDWARD HUTCHINSON**

Henry Boot  
Developments Limited

**Date of appointment**

Managing Director in 2018.

**Brings to the Executive Committee**

Edward Hutchinson BSc (Hons), MRICS started his career in quantity surveying before quickly progressing into project management. He joined Henry Boot Developments in 2004 as a Project Manager rapidly rising to the position of Senior Project Manager in 2006. Edward was appointed a Director in 2012 and became Managing Director in 2018. In January 2021, he became a board member of the Yorkshire Board of LandAid.

**TONY SHAW**

Henry Boot  
Construction Limited

**Date of appointment**

Managing Director in 2021.

**Brings to the Executive Committee**

Tony Shaw joined Henry Boot Construction Limited as a Trainee in 1985 and with a background in production planning and project management, he has held a number of positions in the business including Regional Manager and Operations Director. Tony is North East Regional Chair and a Director of the National Federation of Builders (NFB) and a Director of the Yorkshire Builders Federation (YBF). Tony took over as Managing Director in July 2021.

**JONATHAN FISHER**

Banner Plant Limited

**Date of appointment**

Managing Director in 2021.

**Brings to the Executive Committee**

Jonathan Fisher joined the Henry Boot Group in 2021. He started his career in hospitality, working as a General Manager in a variety of roles for Whitbread before moving into facilities management in sales and management. In 2016, Jonathan joined Elliott Group working as an Account Director for the first two years managing a large portfolio of Tier one contractors. Jonathan was promoted to Regional Director managing the North of the Elliott business, which included four production facilities. Jonathan moved back into a commercial role as UK Sales Director before moving to be Managing Director at Banner Plant.


**DARREN STUBBS**

Stonebridge Homes  
Limited

**Date of appointment**

Chief Executive in 2010.

**Brings to the Executive Committee**

Darren Stubbs has a wealth of experience in the housebuilding industry and a proven track record in delivering successful housing developments, spanning a 38-year career. He started work at Tay Homes plc at the age of 16 and just nine years later he was Managing Director of his own Leeds-based housebuilding company. Darren formed a new housebuilding company, Stonebridge Homes Limited, in 2010, which is a jointly-owned company with Henry Boot PLC.


**RACHEL WHITE**

Henry Boot PLC

**Date of appointment**

Head of HR in 2015.

**Brings to the Executive Committee**

Rachel White joined Henry Boot PLC in 2001 as a graduate. She has held a number of roles in the HR team, before taking the role of Head of HR in July 2015. Rachel has responsibility for HR, Employee Benefits, Reward and Remuneration, Learning and Development and Payroll. Rachel is also a Trustee Director for Henry Boot Pension Trustees Limited, which oversees the Henry Boot Staff Pension and Life Assurance Scheme, and is a member of the Governance Committee for the Henry Boot PLC Group Stakeholder Pension Plan.

Rachel leads the development of our People Strategy to meet the requirements of our subsidiary businesses including succession planning, talent management, diversity and inclusion, wellbeing, reward and recognition and employee engagement.

**ADDITIONAL EXECUTIVE COMMITTEE MEMBERS**

**TIM ROBERTS**

Chief Executive Officer


**DARREN LITTLEWOOD**

Group Finance Director


**AMY STANBRIDGE**

General Counsel and  
Company Secretary

# CHAIRMAN'S INTRODUCTION

## DEAR SHAREHOLDERS



**JAMIE BOOT**  
CHAIRMAN

### DEAR SHAREHOLDERS,

Naturally the business has continued to respond to the ongoing challenges posed by the COVID-19 (CV-19) pandemic, which continues to require us to adapt our operational practices, governance and strategy planning. In the meantime, as a Board we have also been continuing to develop our approach in relation to newer governance challenges, such as ESG and TCFD reporting, which stretches out further our engagement with stakeholders and requires us to think differently about risks and opportunities facing the business. Change continues apace in many areas, such as our approach to diversity and inclusion, and more widely, though linked to this, how we approach remuneration and reward for our people.

Within that context, we have been working with the Executive Committee, which reformed towards the end of 2020, to ensure the senior management of the business is considering and inputting into major decisions affecting the Group. We welcomed two new Managing Directors this year, with Tony Shaw taking over at Henry Boot Construction Limited, and Jon Fisher at Banner Plant Limited. Many thanks are given to Giles Boot and Simon Carr for their leadership of those businesses over many years, and we wish them all the best in their retirement.

### SUCCESSION PLANNING

As many of you will be aware, following my announcement in February, I will be stepping down at the 2022 Annual General Meeting (AGM), and it is my privilege and honour to have served the business through my years within the business and on its Board. I am confident that I leave the Group in great shape, having weathered the storm of the pandemic and also having adapted in numerous ways to face the new needs of our business, stakeholders, our people and the wider environment. I know I leave the Chair role in the very capable hands of Peter Mawson, who has

been serving on the Board for the past six years, and who brings a wealth of leadership, development and planning experience. We have been carefully thinking about our wider succession planning approach and how we ensure a diverse representation of views on our Board, which you can read about in more detail in the Nomination Committee Report on pages 102 to 107.

### ESG AND TCFD

I am proud to say that our focus on being a responsible business, and ensuring that we capture all of the good work we do across the Group, has escalated rapidly during 2021, with the implementation of Phase 1 of our Responsible Business Strategy, 135 Henry Boot. The Board has taken its own role in delivering this strategy seriously, having formed a Responsible Business Committee (which you can read more about on pages 114 to 115 in the Responsible Business Committee Report). During the year, we have also been overseeing the development of the longer-term Phase 2 Responsible Business Strategy, more details of which are on pages 66 to 67, and I believe I will be leaving the business in an incredibly strong position of having found its own authentic way of incorporating responsible business practices within its wider business strategy.

### STRATEGY

This year, we have further strengthened our focus on Company strategy, holding two Strategy Days as a Board, together with the Executive Committee towards the end of the year. Whilst the main strategic direction of the Group has not changed, as a Board together with the Executive Committee, we have been able to delve into the ways in which the various parts of the business are contributing to the overall strategy, overlaid with our approach to our people and to ESG, which gives us greater clarity and focus as we move forwards. More details on this can be found on pages 26 to 29.



## ENGAGEMENT WITH STAKEHOLDERS

We have continued to consider effective stakeholder engagement during 2021, looking to areas where more effective or direct engagement could be facilitated, and we welcomed the Group Employee Forum to our Board meeting in October 2021 to hear their views on a key issue arising from the employee engagement survey. Through our report on stakeholder engagement activities on page 92, and our Section 172 Statement on page 50, you will be able to see in more detail the ways in which we have ensured that engagement has been tailored to adapt to the needs of our stakeholders, and that their views have been factored into important decision making.

The following report sets out our structure, governance processes and key activities undertaken by the Board and its Committees during 2021. We welcome feedback from our stakeholders and I would encourage you to get in touch with us on any governance matters. I'm very pleased that this year we will be meeting in person for our AGM after two years of being unable to see our shareholders at the event in person, and so I hope to see many of you at our AGM venue on 26 May 2022 (see page 204 for full details).

**JAMIE BOOT**  
CHAIRMAN

### Code Compliance

During 2021, the Board and its Committees have continued to keep their focus on ensuring wherever possible that compliance with the Code can be achieved, improving its operations and governance. This is demonstrated throughout this Corporate Governance Report and of particular note are the Code principles below with references to further detail as applicable.

Given our 135-year history as a family business, and as a FTSE Small Cap Company, we have adopted alternative solutions to the provisions where we believe this is appropriate. The Code recognises that good governance can be achieved by other means, and the Board believes the approach we have taken is the most appropriate for the Company and its shareholders, while remaining consistent with the spirit of the Code.

	<b>DIVISION OF RESPONSIBILITIES</b>	<a href="#">➔ Read more on pages 83 to 85</a>
	<b>BOARD LEADERSHIP AND COMPANY PURPOSE</b>	<a href="#">➔ Read more on pages 86 to 97</a>
	<b>COMPOSITION, SUCCESSION AND EVALUATION</b>	<a href="#">➔ Read more on pages 98 to 107</a>
	<b>AUDIT, RISK AND INTERNAL CONTROL</b>	<a href="#">➔ Read more on pages 108 to 113</a>
	<b>REMUNERATION</b>	<a href="#">➔ Read more on pages 116 to 135</a>

**“IT IS MY PRIVILEGE AND HONOUR TO HAVE SERVED THE BUSINESS THROUGH MY YEARS WITHIN THE BUSINESS AND ON ITS BOARD, AND I KNOW I AM LEAVING IT IN FANTASTIC SHAPE FOR THE YEARS TO COME.”**

# GOVERNANCE AT A GLANCE

## HIGHLIGHTS

### PROMOTING LONG-TERM SUCCESS

- The Board has increasingly monitored risks arising from CV-19 and the current economic uncertainty such as cost inflation, rising interest rates and workforce retention. The Group has remained agile and mitigated these risks swiftly where possible to ensure sustainable long-term stability and success.
- The two-day strategy sessions held in November 2021 consolidated the Group's strategic approach and focus on its key markets. The Board debated the people, IT and ESG strategies to ensure that the business has the right approach and necessary resources to achieve its medium-term targets.

[➔ Read more on pages 86 to 97](#)

100% increase in Board and Committee meetings during the year from 2019, attributed to the focus on the 2021 Remuneration Policy, Non-executive and Executive Committee succession and the creation of the Responsible Business Committee.

### RESPONSIBLE BUSINESS

- The Board approved the creation of a Board-level Responsible Business Committee in March 2021.
- Following consultation with stakeholder groups, the Board oversaw the development and launch of Phase 2 of the Responsible Business Strategy, which sets out ambitious targets aimed at embedding the Group's ESG approach into commercial and strategic decision making.
- ESG metrics linked to the Responsible Business Strategy are now included in the Annual Bonus personal objectives for the Executive Directors and the Executive Committee.

[➔ Read more on pages 51 & 114 to 115](#)

Agreed and published 35 targets to achieve by 2025 to strive for meaningful change across our four key pillars; our people, places, planet and partners.

### SUCCESSION PLANNING

- A key area of focus throughout the year was developing the succession plan for the Chair and Non-executive Directors to facilitate progressive refreshment of the Board's membership.
- The Nomination Committee and the Board led the recruitment process for two new appointments at Executive Committee level; one internal promotion and one external recruitment hire for the Managing Directors (MDs) of Henry Boot Construction and Banner Plant.
- Clear EDI targets introduced to encourage greater levels of gender diversity throughout the workforce, including a target of 30% female representation for line manager positions.

[➔ Read more on pages 102 to 107](#)

Women on Boards co-appointed alongside Norman Broadbent to ensure that the recruitment process during 2022 for a Non-executive Director is as diverse as possible.

### STAKEHOLDER ENGAGEMENT

- 2021 has seen increased interaction between the Board and the workforce. The Group Employee Forum has collaborated in the design of the new workforce remuneration strategy and performance management processes.
- Following a stakeholder mapping exercise, a comprehensive consultation process was undertaken with the results helping to shape the Responsible Business Strategy.
- There has been a commitment to enhance the level of customer feedback to the Board, this will continue to be a focus for 2022.

[➔ Read more on pages 92 to 97](#)

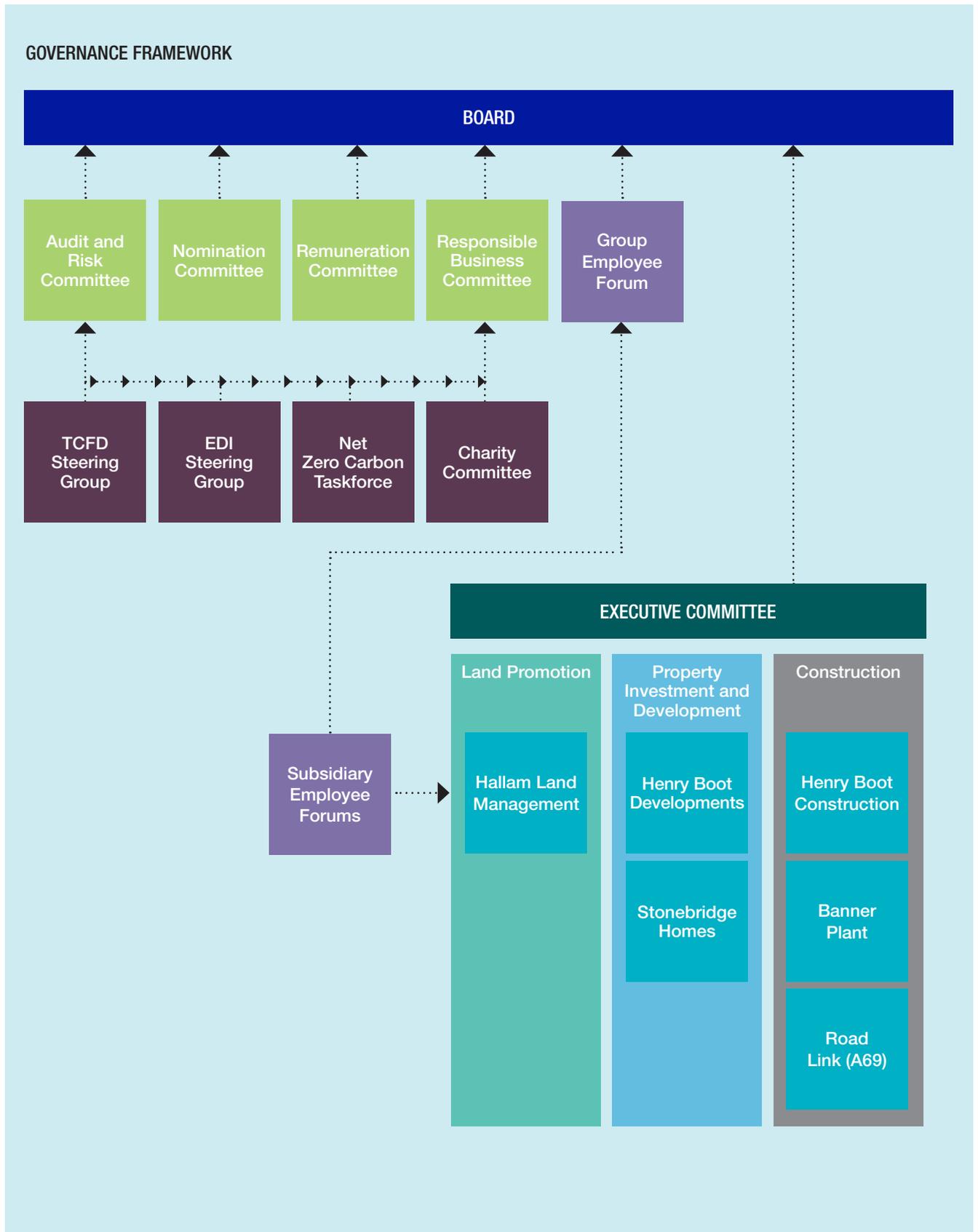
"We will only achieve our ambitions if all of our people and stakeholders come on this journey with us."

Peter Mawson



# CORPORATE GOVERNANCE REPORT

## DIVISION OF RESPONSIBILITIES



## KEY FEATURES

<b>BOARD</b>	<ul style="list-style-type: none"> <li>• The Board maintains a formal schedule of matters reserved for its decision that cannot be delegated elsewhere (available to view on the website)</li> <li>• This schedule is reviewed at least annually and includes: <ul style="list-style-type: none"> <li>– establishing long-term strategy and objectives</li> <li>– overseeing culture and stakeholder engagement</li> <li>– approval of annual budgets, financial results and the dividend policy</li> <li>– approval of capital expenditure above an agreed amount</li> <li>– the determination and monitoring of the Company's principal and emerging risks including the effectiveness of internal controls</li> </ul> </li> <li>• When matters require Board approval, management is required to present a detailed paper, which includes any input or feedback received from stakeholders, assessment of key risks and how the matter links to Group strategy</li> </ul>
<b>BOARD COMMITTEES</b>	<ul style="list-style-type: none"> <li>• Delegated authority from the Board to look after specific areas of responsibility.</li> <li>• Each Committee operates under its own written Terms of Reference, which are reviewed at least annually and are available on the website.</li> <li>• Report to the Board and work alongside the other Committees e.g. the Responsible Business Committee works alongside the Audit and Risk Committee to fully consider the TCFD reporting requirements.</li> <li>• Responsible Business Committee formed in 2021 – see pages 51 and 114–115 for more information.</li> <li>• Have access to external consultants where necessary.</li> <li>• See pages 102 to 135 for more information on the work of each Committee.</li> </ul>
<b>EXECUTIVE COMMITTEE</b>	<ul style="list-style-type: none"> <li>• Members are set out on pages 78 to 79.</li> <li>• Reformed in December 2020, the Board has reviewed and approved their updated Terms of Reference and delegated levels of authority.</li> <li>• Meets ten times a year to debate strategic issues that affect the Group, to collaborate and share best practice and make recommendations to the Board and also all Executive Committee members attend the Strategy Days with the Board.</li> <li>• Appointments to the Executive Committee are overseen by the Nomination Committee and the Board. Two new members, Jonathan Fisher (an external recruit) and Tony Shaw (an internal promotion) were appointed during 2021. Both presented their 90-day plans to the Board and returned to provide feedback and give their initial impressions.</li> </ul>
<b>SUBSIDIARY BOARDS</b>	<ul style="list-style-type: none"> <li>• Day-to-day operational management of the subsidiary companies sits with their respective boards and MDs.</li> <li>• The CEO and Group Finance Director sit on all the principal subsidiary company boards.</li> <li>• The MDs are invited to attend the Board meetings on a rotational basis to discuss business plans and strategy.</li> <li>• Board Directors attend the meetings as a guest from time to time to offer support and guidance, and improve their own knowledge of the different businesses.</li> </ul>
<b>MANAGEMENT COMMITTEES</b>	<ul style="list-style-type: none"> <li>• EDI Steering Group – a committee comprising of people from across the Group who have been responsible for developing our EDI Strategy and are now responsible for delivering strategic objectives.</li> <li>• TCFD Steering Group – a committee of individuals specialising in risk, strategy and ESG across the Group who are responsible for developing the Group's response to the recommendations of the TCFD</li> <li>• Net Zero Carbon Taskforce – a committee comprising of people from across the Group who have been responsible for developing our NZC Framework (now replaced by the Group Climate Forum – see page 64 for more details).</li> <li>• Charity Committee – a committee comprising of people from across the Group who meet fortnightly to allocate charitable funding in alignment with the Group's Charitable Giving Pillars.</li> </ul>
<b>EMPLOYEE FORUMS</b>	<p>Please see pages 94 to 96 for more information.</p>

# CORPORATE GOVERNANCE REPORT

## BOARD LEADERSHIP AND COMPANY PURPOSE

### ENABLING LONG-TERM SUSTAINABLE SUCCESS

Henry Boot’s long-term success is founded upon a clear purpose and supporting strategy, which considers the views and needs of its many stakeholders.

Details of the Board’s contribution to the long-term success of the Company, whilst ensuring responsible governance, strategy implementation and oversight of operations is set out below.



## BOARD LEADERSHIP AND COMPANY PURPOSE

The Board has a rolling 12-month Forward Business Schedule, which is regularly reviewed to check that there is appropriate balance across the year between forward-looking versus backward-looking discussion and between strategy, risk, operations and governance. It includes routine items that are included on every agenda such as health and safety and financial updates as well as one-off topical items or decisions for approval.

The schedule ensures that all stakeholder groups are discussed and, where appropriate, attendance from management and colleagues across the different businesses is encouraged.

Area	Stakeholders considered	Link to Strategy	What was reviewed and considered?
Contributing to the Group's Strategy Days	Sh E Cu	 	Whilst strategy remains a focus all year, the Board held two full days dedicated to strategy in November 2021 with the Executive Committee invited to join for some of the sessions. The Board explored long-term trends and forecasts affecting the Group, the refreshed five-year strategic priorities, as well as the People, IT and ESG Strategies.
History of managing gearing and the balance sheet effectively through the cycle	E Cu S Sh Co En P	 	Throughout our 135-year history, Henry Boot has successfully navigated its way through many economic crises and cyclical downturns thanks to its sustainable business model.  Against an uncertain backdrop in 2021, the Board considered a number of key investment decisions and debated how best to employ capital to maximise returns and progress the agreed strategic objectives.  Before coming to a decision, the Board considered gearing, the Group's positioning in each of its key three markets and the level of risk involved, particularly when approving speculative developments such as Setl, a residential scheme in Birmingham, that received Board approval in July 2021.
Consideration of the risk and opportunities facing the businesses	E Cu Sh	   	Whilst a consideration in every meeting, the Board and the Audit and Risk Committee discuss the Group's principal and emerging risks in detail twice a year – see pages 108 to 112 for more information. The Responsible Business Committee also oversees any risks relating to climate change and have been involved in developing our approach to reporting against the TCFD requirements – see pages 68 to 71.  Time is set aside at the Strategy Days to reflect on the Group's competencies, external trends and to explore where strategic opportunities may exist in the market.  Risk and opportunities relating to individual investment decisions are outlined and debated in detail by the Board before approval is given.
Overseeing the health and safety arrangements in place	E S En Co Cu	 	As one of Henry Boot's core strategic objectives, safety remains a key priority at Board level. The importance of fostering a strong health and safety culture has been heightened even further during the CV-19 pandemic to ensure that sites and depots remain operational and our people stay safe.  Health and Safety reports are received at every Board meeting with updates performance against KPIs and scrutiny over incidents and near misses.
Commitment to development and increasing our knowledge of the business and culture	E Cu S Sh En	   	The Board has participated in various sessions over the year including Equality, Diversity and Inclusion leadership training as well as various briefings from external advisers on upcoming legislative changes and best practice. The Board also invited an external expert to lead on a tailored economic outlook debate covering issues such as inflation, interest rates and the levelling up agenda.  On an operational level, in July, the Board visited the Wakefield Hub and Markham Vale development sites and Henry Boot Construction's The Glass Works in Barnsley. In October, there were tours around the Preston East site and the Kampus development in Manchester. All the visits enabled the Board to meet with wider members of the team, suppliers and contractors giving an insight into culture and the focus on health and safety.

### Group strategic priorities

 Safety  People  Growth  Delivery

### Stakeholders

**E** Employees **S** Suppliers **Sh** Shareholders **En** Environment  
**Cu** Customers **P** Pensioners **Co** Communities

# CORPORATE GOVERNANCE REPORT

## BOARD LEADERSHIP AND COMPANY PURPOSE

### OUR CULTURE

The Henry Boot Group adopted its Purpose, Vision and Values in 2017 after extensive work had been carried out through numerous Group employee engagements – this is referred to as the ‘Henry Boot Way’. By approaching the definition of our culture in this way, we ensured that we could capture the thoughts of our people through a ‘bottom-up’ approach and articulated a culture that reflected all. Since then, we have been on a journey to reflect the Henry Boot Way throughout our business, and it remains a key element in our Group strategy. The Board recognises that not only does it have a key role to play in living the Values itself, ensuring that the overall culture of the Group is embedded within its strategy and general approach to business as well as the way the Board conducts itself.

THE HENRY BOOT WAY

STRATEGY

**OUR PURPOSE**  
To empower and develop our people to create long-term value and sustainable growth for our stakeholders

VALUES

## HOW THE BOARD MONITORED CULTURE IN 2021

	<b>Action</b>	<b>Link to culture, and effectiveness of engagement method</b>	<b>Values upheld or impacted</b>	<b>Outcomes, development of culture and addressing culture issues</b>
<b>ENGAGEMENT SURVEYS</b>	<p>The cycle of undertaking and reflecting on the outcomes of the main employee engagement survey has now become well established by the Board, Executive Committee and subsidiary boards. To further develop this approach during 2021, the Group Employee Forum (GEF) was asked to reflect on some of the areas identified as requiring further focus within the survey results, and attended a Board meeting to discuss their views and proposals for addressing the issues raised.</p> <p>In addition to the main employee engagement survey, a Responsible Business Survey was also sent to a sample group of our people in October 2021 who were chosen.</p>	<p>The outcomes of the engagement survey are essential and can build a picture year on year regarding the shift of attitude by our people relating to culture, are essential. It gives a good baseline for the Board to measure against, and as a method of engagement it ensures that it reaches all areas of the Group. In addition, being able to hear directly from GEF members on issues that impact them and their areas of the business enables the Board to understand directly whether our people feel that the culture of the business is being upheld, and where it is not, what could be done to address this.</p> <p>The Responsible Business survey took a more focused approach asking stakeholders their views on how the Responsible Business Strategy linked in the most appropriate way to our business and its values.</p>	<p><b>Loyalty</b></p> <p><b>Integrity</b></p> <p><b>Collaboration</b></p>	<p>The Board reviewed the survey outcome as a whole and through the direct engagement with the GEF, focused on areas that had not scored as well within the survey, such as whether people feel that they are being rewarded fairly. The Board has incorporated these suggestions within the wider reward and recognition strategy for our people to be progressed in 2022, which looks at further embedding culture within measures such as the annual performance development review, with links to financial incentives.</p> <p>The Board received a summary of the Responsible Business Survey results, which influenced the development of our Responsible Business Strategy.</p>
<b>EMPLOYEE FORUM</b>	<p>As well as the direct Board interaction outlined above, and as described on pages 92 to 96, linkage to the Board is provided by the designated Non-executive Director (NED), Gerald Jennings, appointed to liaise with the GEF, so that the entire Board can benefit from hearing the feedback and respond to issues as necessary.</p>	<p>The Group and Subsidiary Employee Forums provide a key method of employee engagement on several issues including cultural matters and perceptions throughout the Group. The designated NED feeds back on issues discussed by the GEF at every Board meeting, to ensure that relevant issues are taken into account in decision making as well as the general view across the Group on matters impacting on culture. Bringing together interested members of the Group, who can speak directly to the designated NED, means that a cross section of views from around the Group can be heard.</p>	<p><b>Collaboration</b></p> <p><b>Respect</b></p>	<p>The Board, represented by the designated NED, attended all GEF meetings in the year and provided insight to the GEF around several matters, including the socialisation of our revised Remuneration Policy for the Executive Directors. Other NEDs and the Executive Directors have also attended the GEF by invitation, where relevant to the agenda. Views of the GEF have been taken into account when discussing those issues at the Board, as reported in more detail on pages 94 to 95.</p>

# CORPORATE GOVERNANCE REPORT

## BOARD LEADERSHIP AND COMPANY PURPOSE

	<b>Action</b>	<b>Link to culture, and effectiveness of engagement method</b>	<b>Values upheld or impacted</b>	<b>Outcomes, development of culture and addressing culture issues</b>
<p><b>CORONAVIRUS COMMITTEE</b></p>	<p>Established in February 2020, and comprising both Board and non-Board members from across the Group, this team has continued to meet during 2021 to ensure that the Group remains flexible in adapting to the challenges posed by the CV-19 pandemic.</p>	<p>This forum has enabled feedback from the Group to be filtered up to the Board on various measures taken and views across the Group on matters relating to the pandemic response. By including the CEO and Group Finance Director on the Committee, to hear input from across the Group from our people, this has enabled a more informal interaction, which has been flexible to accommodate the Committee's requirements.</p>	<p><b>Adaptability</b> <b>Collaboration</b></p>	<p>Issues such as the Agile Working Framework, developed partially as a result of the CV-19 pandemic, was carried out by this Committee, with the broad range of representatives across the Group able to input on ways this would feed into the culture of their respective parts of the Group. This was considered when it was agreed by the Board.</p>
<p><b>WEBINARS</b></p>	<p>The Responsible Business Committee launched a series of ESG-related webinars during 2021 including Board members, focusing on the three strands of the 135 Henry Boot Responsible Business Strategy.</p> <p>135 Henry Boot was launched in March 2021 with a webinar featuring our CEO. Our Equality, Diversity and Inclusion Strategy was also launched with a webinar in April 2021 and this was supported by members of the Board.</p>	<p>This enabled the Committee members to interact directly with webinar attendees to respond to matters such as diversity and inclusion within the Group, and the Group's community engagement and charitable giving initiatives. Webinars were chosen as an effective method of engagement because they gave the ability for real-time interaction, but also were recorded for later access by those who could not attend at the time of broadcast.</p>	<p><b>Adaptability</b> <b>Collaboration</b></p>	<p>As a result, our people were provided with a clear demonstration of the Group's leadership from the top on responsible business issues. The Board's focus and commitment to responsible business was clearly demonstrated.</p>

	<b>Action</b>	<b>Link to culture, and effectiveness of engagement method</b>	<b>Values upheld or impacted</b>	<b>Outcomes, development of culture and addressing culture issues</b>
<b>STRATEGY DAYS</b>	The Group's People Strategy, alongside the wider strategy of the operational businesses, was discussed at the 2021 Strategy Days with the Board and Executive Committee.	Issues such as attraction and retention of talent, and their link to key strategic objectives, enabled the Board and Executive Committee to consider how this could enable the delivery of the key strategic objectives.	<b>Delivery</b> <b>Integrity</b> <b>Collaboration</b>	The Board and the wider Executive Committee debated the key strategic objectives relating to our people for 2022 and beyond reflecting on the pressures that the business has felt in 2021, particularly in relation to recruitment and retention. The Board acknowledges that the Group has a positive culture and that we need to maintain this in order to ensure our ongoing and future success. The Board has agreed a number of key, people-related initiatives for 2022 and beyond, which will enhance our employer (EVP) value proposition and positively position us for future growth.
<b>RESPONSIBLE BUSINESS COMMITTEE</b>	The Board's establishment of a Responsible Business Committee (see pages 51 & 114 to 115 for the work of the Committee during the year) is a further strand of connection to the wider workforce as well as to the Group's customers, suppliers, professional service providers, professional associations and community, charity and education partners.	The Committee focuses on a number of issues that relate to culture in practice across the Group, and how this is also perceived by external stakeholders and our people, as well as the embedding of our Henry Boot Way culture-related activities and the Values within our Responsible Business Strategy.	<b>Respect</b> <b>Integrity</b> <b>Delivery</b>	The view of our people and external stakeholders influenced the shaping of the Phase 2 Responsible Business Strategy, such as the UN SDGs that most align to our business, and the material issues that the Strategy should address.

## CORPORATE GOVERNANCE REPORT

## BOARD LEADERSHIP AND COMPANY PURPOSE

## HOW THE BOARD ENGAGES WITH STAKEHOLDERS

**The Board identified our key stakeholders during our work on the Henry Boot Way in 2017, being those groups whose interests and views are vital to the operation and culture of the Group, as embodied within our Purpose:**

“To empower and develop our people to create long-term value and sustainable growth for our stakeholders.

Our stakeholders are our shareholders, employees, pensioners, customers and suppliers. More broadly, we recognise our duties to the environment and the communities in which we operate.”

In 2019, the Board formally adopted a Board Stakeholder Policy, which was key in setting the of current and future engagement with all of the Group’s key stakeholders.

During 2021, methods of engagement were kept under review and further developed wherever possible, to ensure that they were done in a way that was significant and relevant. Disruptions to normal working practices continued during 2021 due to the CV-19 pandemic and so every effort has been made to tailor engagement to stakeholders reflecting these challenges, with some methods of engagements being adopted permanently, such as colleague webinars.

Method	Information flow to Board	Direct Engagement
<b>EMPLOYEES</b>		
<b>Group Employee Forum (GEF) and Nominated Non-executive Director</b>  (discover more information on this on pages 92 to 96)	Nominated Non-executive Director fed back any issues arising and decisions required by the Board on issues presented by the GEF.	GEF meetings attended by Nominated Non-executive Director and CEO.  Attendance by GEF at October 2021 Board meeting.
<b>Attendance by Board at subsidiary meetings</b>	Subsidiary board MDs and department heads attended Board meetings to discuss issues relevant to their company and key issues throughout the Group.	Board members attended subsidiary board and other meeting opportunities throughout the year.
<b>Different forms of engagement</b> Interactive communications including webinars with Q&A sessions have continued to be used to engage with our people on a range of matters this year.	The wider Board were kept aware of the webinars, were able to attend them and received feedback on issues arising afterwards.	The CEO and Group Finance Director both participated in the webinars to our people, as well as other Board members on matters such as the launch of the Responsible Business Strategy initiatives.  Whilst restrictions allowed, the CEO also hosted numerous in person breakfast sessions throughout the year. Groups were chosen at random to spend time with CEO on an informal basis discussing any areas of interest and raise suggestions or issues directly with him.
<b>Employee engagement surveys</b> Employee engagement surveys were carried out in January and November 2021.	Results of the employee engagement surveys including actions arising are brought to the Board following completion for review and agreement of next steps.	Attendance by the GEF at October 2021 Board meeting to discuss significant issues arising from surveys.
<b>COMMUNITIES</b>		
<b>Environmental, social and governance</b>  (see more about this in our Responsible Business section on pages 51 & 114 to 115)	The Board has now formed a Responsible Business Committee, with Board Directors as members, which oversees the development and implementation of the Group’s Responsible Business Strategy. A key pillar of this relates to community engagement and partnerships, overseen by the Committee with ultimate responsibility to the Board.	Members of the Responsible Business Committee have been proactively involved in the development and initial delivery of the Group’s Responsible Business Strategy.  The Responsible Business Manager has met routinely with the Board and presented at Board meetings and the Strategy Days.
<b>Reserved matters</b>	Approvals now require specific consideration of stakeholder engagement.	
<b>Community engagement</b>	The Responsible Business Committee has formulated a Phase 2 Responsible Business Strategy and framework for reporting on ESG matters. This included stakeholder engagement across the Group and externally, in relation to all ESG matters, to determine the current state of play and opinions, for presentation alongside the Phase 2 Strategy.  Much work has been done on an individual project basis and also subsidiary and Group wide on community engagement, particularly through the 135 Henry Boot project. This is detailed further at pages 53 to 56.	Gerald Jennings is the Board Sponsor of the Community Partnership Plan (CPP) and will, in addition to attendance at the GEF meetings, meet with the Charity Committee and Responsible Business Working Group on an annual basis.

Method	Information flow to Board	Direct Engagement
<b>PENSIONERS</b>		
<b>Pensioners' lunch</b>		Usually arranged by the Company and attended by Board members (impacted by CV-19 in 2021).
<b>Ad hoc events for pensioners and family members</b>		Wherever possible these are attended by Board members.  Colleagues who were active contributory members to the defined benefit pension scheme were consulted on the closure of the scheme to future accrual with effect from 19 March 2021. The consultation was led by the Group Finance Director and the Head of HR and was conducted on a collective basis using video conferencing to provide information to affected members on the Company's proposal.
<b>Pensions Report</b>	The Group Finance Director provides pensions update at every Board meeting including details on any events notifiable to the Pensions Regulator. The Board were kept fully informed on the closure of the defined benefit pension scheme to future accrual and the process of consulting with individuals who were affected.	
<b>CUSTOMERS (including local authorities)</b>		
<b>Subsidiary engagement</b>	Formal and informal feedback methods are carried out throughout the Group. More rigorous methods of engagement are being introduced by each subsidiary business during 2022 and will be fed back to the Board on an annual basis, to enable the Board to consider any required direct engagement in due course.	
<b>Awards</b>	In conjunction with our clients and customers, we represent our joint success in schemes across the Group through achievement of numerous awards.	
<b>ENVIRONMENT</b>		
<b>Environmental, social and governance</b> <small>(see more about this in our Responsible Business section on page 66)</small>	The Responsible Business Committee oversees the development and implementation of the Group's Responsible Business Strategy.	Members of the Responsible Business Committee have been proactively involved in the development and initial delivery of the Group's Responsible Business Strategy.  The Responsible Business Manager has met routinely with the Board and presented at Board meetings and the Strategy Days.
<b>Current environmental assessment and reporting</b>	Reporting requirements and methodologies form part of reports to the Board in relation to formulation of the Group's Responsible Business Strategy.	
<b>Matters Reserved for the Board</b>	Reports from Group subsidiary companies now contain consideration of environmental issues.	
<b>SHAREHOLDERS</b>		
<b>Investor roadshows</b>	Structured feedback sessions are reported to the Board.	Take place annually with the CEO and Group Finance Director.
<b>Focused investor communication</b>	Outcomes of any investor consultations are reported to the Board.	Undertaken via letters/telephone calls regarding significant 'votes against' and other issues of interest to investors prior to AGM.
<b>Regular Board updates</b>	Provided in relation to investor and proxy advisor sentiment collated by management/brokers/PR.	
<b>Shareholder engagement with family members</b>		Done informally through family/other relationships with Board members, on ad hoc basis.
<b>AGM</b>		Usual formal and informal engagement by all Board members directly with shareholders sadly compromised again in 2021 due to CV-19. Read more about the AGM on page 204.
<b>SUPPLIERS</b>		
<b>Health and Safety</b>	This is continuously monitored and reported to the Board.	
<b>Interactions on site</b>	Operations on site are part of the observation and feedback process.	

## OUR ENGAGEMENT THROUGH THE ANNUAL GENERAL MEETING

The Board carefully considered the best method of engagement with its shareholders due to the difficulties of holding an in-person AGM in 2021. The AGM in May 2021 welcomed questions to be submitted by shareholders in advance, and proxy voting in advance of the meeting was strongly encouraged, with an online presentation containing business updates presented by the CEO available. Though the Board was saddened to be unable to welcome shareholders in its usual manner, it felt that the format provided appropriate avenues for engagement, and will be looking forward to welcoming shareholders in person again in 2022.

# CORPORATE GOVERNANCE REPORT

## BOARD LEADERSHIP AND COMPANY PURPOSE

### EMPLOYEE ENGAGEMENT

As we often state, Henry Boot's greatest assets are its people and as such are a key focus across the organisation, including at Board level, to ensure that our peoples views are being taken into account. The Board has established two key methods of direct Board engagement, also demonstrating compliance with provision 5 of the Code:

- the founding of a network of Employee Forums across the Group; and
- the appointment of a designated Non-executive Director (NED) of the Board to liaise with the Group Employee Forum.

In addition, there are a number of ways that employee engagement is addressed in our Responsible Business Report on pages 52 to 66, and in this section, we outline the ways in which that engagement has specifically taken place with the Board.

### EMPLOYEE FORUM

Our Group and subsidiary Employee Forums, launched in 2019, have continued to meet to discuss a range of key Group issues during 2021. Each main wholly-owned subsidiary (and Henry Boot PLC)

have their own Subsidiary Employee Forum (SEF), the Chair of each of which meets to form the Group Employee Forum (GEF).

The Group is constantly looking to develop and strengthen its approach to employee engagement, and recognises the Employee Forums as a pivotal route to hearing the voice of our people. As a result, in 2021, the Board has undertaken a number of initiatives to strengthen the arrangements for the GEF, such as coaching and training for its members, as well as raising their profile, to ensure that all Group colleagues have visibility over the work of the GEF. This work will continue in 2022, focusing on the role of the SEFs, and ensuring that subsidiary-specific matters equally receive the consideration required to ensure meaningful engagement with leaders of the respective businesses. This in turn will impact on issues being flowed up to the GEF and thereafter, the Board.

### OUTCOMES

A number of the key issues discussed, some of which have been referred up to the Board or elsewhere throughout the Group for resolution and/or discussion and feedback, are outlined here:

What employees requested or were consulted on	Method and outline of engagement	How the Board responded
<b>Employee survey results including approach to reward and recognition</b>	The Group results were shared with the Board who tasked the GEF with identifying priorities that they would like to investigate and develop a response to as a colleague led solution. The GEF considered that promotion and performance management were associated areas which could be considered in parallel. The GEF, in consultation with the wider workforce, developed an approach which could be incorporated into the reward strategy during 2022 particularly in relation to career pathways, performance management and performance-related pay mechanisms.	The Board and management through the NED liaison provided guidance to the GEF and provided scope for the integration of the outputs to the existing reward strategy project.  The GEF was invited to a Board meeting to present its preferred solution, where the Board sought to understand the rationale of the solutions offered and how this could be incorporated into Henry Boot.
<b>ESG</b>	Preliminary drafts of both phases of the Responsible Business Strategy were shared with the GEF to ensure that the strategic direction and aspirations would be engaging for our people. The GEF provided insightful feedback and, in particular, provided guidance on how best to engage our people when launching the strategies and guidance on the level of aspiration for specific targets.	The Board and management, through the NED liaison and CEO, supported the Responsible Business Manager to incorporate the feedback and guidance from the GEF.
<b>Agile Working Framework</b>	GEF members were canvassed for their views on the Group's proposed approach and were asked to contribute to the consultation activities (through surveys and webinars) being carried out widely across the Group. GEF members remain involved in reviewing the roll-out of this initiative, to ensure that the diverse needs of our people were considered.	The Responsible Business Committee has overseen the implementation of the Agile Working Framework, and will be monitoring its ongoing development throughout 2022, alongside the GEF, who will be focusing on this issue more widely alongside wellbeing to propose additional initiatives for our people.

What employees requested or were consulted on	Method and outline of engagement	How the Board responded
<b>Method of engagement</b>	GEF members were asked for feedback on initiatives such as Breakfast with the CEO and the strategy and Group update broadcasts by CEO and GFD, to understand how effective these methods of engagement had been.	Engagement with the GEF in relation to these methods will continue in order to refine and add to effective channels of communication.
<b>Closure of the defined benefit (DB) pension scheme</b>	Colleagues who were active contributory members of the DB scheme were consulted on the closure of the scheme to future accrual with effect from March 2021. The consultation was led by the Group Finance Director and the Head of HR and was conducted on a collective basis using video conferencing to provide information to affected members on the Company's proposal. Individual consultation meetings took place with each members by request, before the final decision to close was made with support of the Board. The final decision was communicated to all affected colleagues by letter, with the wider pension scheme membership being informed through the Spotlight pensions magazine.	The Board supported the decision to close the DB pension scheme to active members and future accrual, and delegated the management of the closure to the Group Finance Director and the Head of HR. The Board were kept informed at all stages of the consultation and the final decision to close was taken at the Board meeting in March 2021.
<b>Removal of company cars to be replaced by car allowance</b>	In line with our NZC ambitions, the Company reviewed our car fleet arrangements in light of the pandemic and the increased move by colleagues to car allowance. A consultation was held with all colleagues who had a company car, guidance and insight was sought from the GEF as to how best to approach this matter, as it was perceived to be very emotive. Consultation was led by the Head of HR with support from the Group Finance Director and was conducted on a collective basis, followed by individual meetings for those who wished to discuss specific circumstances. The GEF was consulted on the communication of the outcome of the consultation.	The Board supported the decision to move to a more progressive policy for fleet arrangements. The Board were kept informed at all stages of the consultation and were notified of the final changes in August 2021.

## CORPORATE GOVERNANCE REPORT

## BOARD LEADERSHIP AND COMPANY PURPOSE



## Q&amp;A

WITH JEN MCNAMEE  
(GEF CHAIR)

Q

**HOW HAS THE BOARD SUPPORTED AND INTERACTED WITH THE GEF OVER THE PAST YEAR?**

A

The Group Employee Forum comprises the chairs of each of the PLC, Hallam, HBD, Construction and Banner Employee Forums, in addition to Gerald Jennings, a Non-executive Director on the PLC Board. Having Gerald on the GEF enables us to have two-way communication between the GEF and the PLC Board. The agenda for every GEF meeting includes suggestions for Gerald to take to the Board, and questions received from the Board. Further, Tim Roberts, our CEO, whilst not a member of the GEF, is a very frequent attendee at the GEF meetings – we welcome Tim's commitment to the GEF and his involvement reflects the value the business places on the GEF and on seeking input from its employees on decision making. In November 2021, the GEF presented our proposed solution for improving both the Promotions and Review Processes within the business to the Board. This was really well received and will be used to shape future Henry Boot promotion and review policies.

Q

**HOW DO YOU FEEL THE GEF SUPPORTS THE CULTURE OF THE BUSINESS?**

A

Henry Boot is a great employer and a large part of that is down to its friendly, open and supportive culture. The GEF gives a voice to all employees across the Group. It encompasses the Values of Henry Boot: Respect – it facilitates two-way, clear and constructive communication; Adaptability – we challenge how we do things and consider how they can be improved; and Collaboration – the GEF and subsidiary employee forums bring together employees across all teams, locations and subsidiaries and strives to bring about positive change that meets the needs of the business as a whole.

Q

**WHAT AREAS DOES THE GEF WANT TO FOCUS ON IN THE FUTURE?**

A

As we did last year, the GEF are in the process of reviewing the low scoring areas from the most recent Employee Engagement Survey with a view to identifying areas for improvement for the GEF to focus on, and propose solutions to, over the coming year. In addition, the GEF is always open to hearing suggestions for how we might improve the business and tackling any issues which are raised. Before new policies, such as the Agile Working Framework and the Responsible Business Strategy, are rolled out across the Group, they are referred to the GEF first, who in turn ask the employees for their views. Given the value Henry Boot places on openness and transparency, the GEF periodically seeks feedback on Group-wide communications to check how these are perceived and whether the method of communication and level of detail is being pitched at the correct level.

## BREAKFAST CLUB WITH TIM



Tim Roberts commenced his role as Chief Executive Officer in January 2020. Less than three months later, the UK went into lockdown in response to the CV-19 pandemic. Whilst the Group continued to function effectively throughout this time, the pandemic and associated restrictions significantly curtailed the ability for Tim to engage with teams across the business in person. As a new CEO, Tim recognised the importance of getting to know colleagues from across the Group and for them to get to know him, whilst also being given the opportunity to find out about his vision for the business and ask of him any questions they may have or share feedback about their experiences of working for the Group.

To enable this, a new event series 'Breakfast Club with Tim' was launched in September 2021. Taking place approximately every six weeks, these events are hosted by Tim and find him inviting a group of colleagues to join him for an informal and complimentary breakfast and discussion. Each event is attended by approximately ten colleagues with events held alternately at Head Office (attended by a selection of colleagues representing each subsidiary) and regional locations (offices, sites or depots and attended by the teams in these locations).

The events have given a number of our colleagues the opportunity to get to know Tim and share with him their experiences of working for the Group, feedback on specific initiatives (e.g. agile working) and to offer ideas as well as to hear Tim's plans for the business. To date, three events have been hosted in September (Dronfield); October (Manchester); and November (Sheffield) with plans for further events in place throughout 2022.

**“HOSTING THE BREAKFAST CLUB HAS PROVIDED AN EXCELLENT OPPORTUNITY FOR ME TO GET TO KNOW MY BRILLIANT COLLEAGUES ACROSS THE GROUP AS WELL AS TO HEAR THEIR FEEDBACK AND IDEAS DIRECTLY ABOUT HOW WE DEVELOP OUR BUSINESS. THIS HAS BEEN INVALUABLE AND WE WILL CONTINUE TO EVOLVE THE EVENTS AND ENGAGE WITH OUR PEOPLE TO ENSURE THAT WE WORK CLOSELY TOGETHER AS A TEAM.”**

**TIM ROBERTS**  
CHIEF EXECUTIVE OFFICER

# CORPORATE GOVERNANCE REPORT

## COMPOSITION, SUCCESSION AND EVALUATION

### BOARD PERFORMANCE REVIEW

Although Henry Boot is not required to conduct an externally facilitated performance review, as it sits outside the FTSE 350, the Nomination Committee did seriously consider whether to engage an external provider for 2021. Whilst the value of such a process was fully appreciated, the Committee concluded that it would be preferable to delay to a year when face-to-face meetings had completely resumed in order to maximise the benefits. This decision will be reviewed again in 2022.

A formal and rigorous internal performance review was, undertaken for the Board, its Committees, the Chair and each individual Director. Given the increased attendance at meetings from management throughout the year, and in the spirit of eliciting feedback from stakeholders, all attendees at Board meetings were asked to complete an anonymous questionnaire seeking their thoughts on preparing for, attending and receiving feedback after the meetings. This step offered an additional layer of rigour to the evaluation process and introduced a new stakeholder perspective to the review.

The process and results are set out below.

### PROCESS



## COMPOSITION, SUCCESS AND EVALUATION

## BOARD

## 2021 action areas

## Progress during 2021

**Strategy**

Ensure there is a regular update to the Board on progress against the 2020 Strategy Day actions.

Progress against the Strategy Day actions were reviewed in the July Board meeting and again at the 2021 Strategy Day.

**Reporting**

Ensure that stakeholder engagement and views are built into Board reporting more robustly.

Stakeholder views are more consistently considered in meetings.

Work with the Executive Committee to develop consistency and brevity of subsidiary reporting and ensure that they contain clear and concise summaries.

KPIs are now reported in a consistent approach across all the different businesses and all Board papers across the Group are distributed on the same electronic platform.

There is still some further work to be undertaken to streamline the reports and oversee the governance framework.

## Action areas for 2022

**Customer**

Regular updates to the Board on the development of the customer feedback processes for each business and review where direct Board involvement would be beneficial.

**Agenda**

Review the Forward Business Schedule in H2 with the aim of reassessing agenda structure and priorities.

**Key Project Oversight**

Introduce a more structured process for monitoring projects that have received Board approval and increased focus to be given to capturing lessons learned.

## AUDIT AND RISK

## 2021 action areas

## Progress during 2021

**Risk review**

Continue ongoing review of risk appetite, principal and emerging risks and the mitigation measures in place.

Biannual updates on all risk aspects received by the Committee following a detailed review by the Executive Committee.

**Risk mapping**

Undertake a risk assurance mapping exercise in conjunction with internal/external auditors

Initial risk mapping exercise undertaken in conjunction with KPMG. This will be an ongoing exercise which will be kept under review.

**External audit**

Evaluate first full financial year audit carried out by EY to identify any pinch points or lessons learned.

The results of the evaluation, including a debrief with EY and feedback from senior internal stakeholders, was discussed in July 2021.

**Internal audit**

Tendering the position of internal auditor, and considering the approach and content for internal audit for 2022 onwards.

A tender was undertaken with three firms presenting to a panel. The decision to appoint KPMG was approved in September 2021.

## Action areas for 2022

**Internal controls**

Monitor and implement (as required) the new requirements arising from the BEIS consultation.

**Climate-related risks**

Evolve our approach to the assessment of climate-related risks and climate scenario planning in line with TCFD recommendations.

**Independence Policy**

Refine Company policy and protocols for maintaining independence from the external auditors.

# CORPORATE GOVERNANCE REPORT

## COMPOSITION, SUCCESSION AND EVALUATION

### NOMINATION

2021 action areas	Progress during 2021
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<p><b>Equality, Diversity and Inclusion</b> Continue to monitor and support Equality, Diversity and Inclusion (EDI) initiatives across the Group with the corresponding link that this represents in providing progress against diversity targets in the Board Diversity Policy.</p>	<p>EDI initiatives monitored and supported and EDI training undertaken for all Board members. Women on Board have been co-appointed to recruit the new NED with a view to improve diversity on the Board. Diversity-related people targets included in the Responsible Business Strategy and Executive Director remuneration.</p>
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<p><b>Skills development</b> Continue to consider the future Group strategy and the skills needed at Board level to bridge any skills gaps.</p>	<p>The Skills Matrix was reviewed in 2021 and will be carefully considered again in 2022 ahead of future Board appointments.</p>
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<p><b>Succession planning</b> Continue to review at least annually the succession plan for Executive Directors and senior management and, in light of the Senior Leadership Development Programme, invite the Executive Committee to prepare a succession plan for the senior leadership within their teams.</p>	<p>Talent grids for each subsidiary business were reviewed in March 2021 with a request to broaden further for 2022.</p>
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### Action areas for 2022

**Executive Succession**  
Review succession plans for each Executive Committee member and those prepared by the MDs of each business.

**Skills Matrix**  
Re-evaluate the approach to the skills mix on the Board, ensuring that skills required to deliver the Group’s future strategy are fully considered.

**Diversity**  
Work with recruitment partners to ensure that the long list and short list for the new NED appointment is adequately diverse to find the best possible candidate for the role.

**EDI**  
Continue to monitor and support Equality, Diversity and Inclusion initiatives across the Group with the corresponding link that this represents in providing progress against diversity targets in the Board Diversity Policy.



## REMUNERATION

### 2021 action areas

### Progress during 2021

#### Disclosure

Considering appropriate levels of disclosure in relation to the new Remuneration Policy and its application, as well as reporting against Code compliance achieved this year.

Increased level of disclosure made in the 2020 Annual Report and good progress towards best practice and code compliance with the introduction of the 2021 Remuneration Policy.

Strong support received at the 2021 AGM for the Remuneration Report and the Policy.

#### Stakeholder engagement

Ensure that stakeholder engagement and views are built into Committee reporting more robustly, in particular our peoples views of (linking into the Group Employee Forum as applicable).

The Group Employee Forum held a session with the Committee to present their view on reward and performance management.

Gerald Jennings holds a session every year with the GEF to discuss remuneration matters including the Executive Directors' personal objectives.

#### Workforce remuneration

Continue to gain further oversight into the reward strategy of the wider workforce and review appropriateness, seeking to align where appropriate with the approach across the Group and with Senior Management.

The Committee has overseen a review undertaken by Korn Ferry to initiate a new approach to workforce reward with a clearer link to performance.

Annual Bonus decisions have been aligned to the approach for the wider workforce.

### Action areas for 2022

#### Executive Committee pay

Review the salaries and structure of the Executive Committee members' variable pay to ensure a consistent approach and alignment with the Executive Directors and the wider workforce.

#### Workforce remuneration

Monitor the roll out of the new workforce Rewards and Recognition Strategy, seeking feedback from the Group Employee Forum at various stages.

## RESPONSIBLE BUSINESS COMMITTEE

### Action areas for 2022

#### Specialist speakers

To engage with a series of specialist guest speakers who will inform the Committee on a variety of ESG topics including the regulatory and legislative framework.

#### Training

Working with the Responsible Business Manager and Company Secretary, to identify and commission specialist third parties to provide training and/or updates on the ESG regulatory and legislative framework to the Committee and the workforce.

#### Engagement

To engage with all Henry Boot working groups, including the Group Employee Forum, focusing on responsible business throughout the year to understand their roles, opinions, and aspirations.

#### Best practice

To identify peers (in our sector and beyond) that are performing well on ESG and continually work with the Responsible Business Manager to benchmark Henry Boot's performance.

# CORPORATE GOVERNANCE REPORT

## COMPOSITION, SUCCESSION AND EVALUATION



# NOMINATION COMMITTEE REPORT

**PETER MAWSON**  
CHAIR OF THE NOMINATION COMMITTEE

6 6



**JAMIE BOOT**  
COMMITTEE MEMBER

6 6



**JOANNE LAKE**  
COMMITTEE MEMBER

6 6



**JAMES SYKES**  
COMMITTEE MEMBER

6 6



**GERALD JENNINGS**  
COMMITTEE MEMBER

6 6

Those serving as members of the Committee for the whole of 2021 were myself, Joanne Lake, Gerald Jennings, Jamie Boot and James Sykes. Within the year there have been no changes to the composition of the Committee.

On behalf of the Board and the Committee, I am pleased to present the Directors' Nomination Committee Report for the year ended 31 December 2021.

### Nomination Committee attendance key



Meetings attended



Eligible meetings

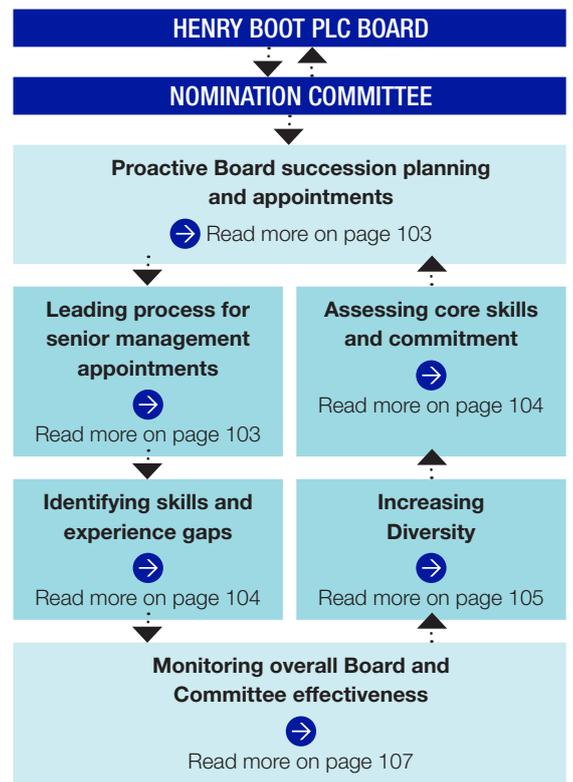
### REVIEW OF THE YEAR

2021 has been a busy year for the Nomination Committee (the Committee), we met six times to consider a wide variety of significant issues and initiatives. A key focus area for the year was succession planning, for the Board Chair, Non-executive Directors and the Executive Committee. We have also continued to broaden our understanding of the talent below these levels and have received updates on the Senior Leadership Development Programme and the Leadership Development Programme.

Time has been spent reviewing the skills, knowledge and overall effectiveness of the Board and its Committees and, as a result, the Committee approved the membership of the new Responsible Business Committee in March 2021, which works alongside the Committee and will lead the focus on ESG matters.

Diversity and inclusion remained a priority as we seek to improve diversity across all fronts. This has been at the forefront of our decision to appoint Women on Boards as a joint partner for the recruitment process to appoint a new Non-executive Director during 2022.

Further details of 2021's activity can be found over the next few pages.



## BOARD SUCCESSION PLANNING AND CHAIR APPOINTMENT

The Committee has been aware for some time that it needed to reconsider its succession planning approach, taking into account its aspirations for diversity and inclusion, the need to plan for the future and also to consider appropriate methods of addressing outcomes of its skills evaluation. Towards the end of 2021, the Committee reviewed the duration of service for all current Directors, and discussed with each Director their preferences for the remainder of their service.

During these conversations, it became clear that Jamie Boot would like the Committee to consider planning for his retirement during the course of 2022. As a result, an indicative timeline of potential recruitment and selection procedures was considered and agreed.



After undertaking a considered selection process to determine the Chair succession, inviting expressions of interest from all independent Non-executive Directors currently serving on the Board, I will be appointed as Chair with effect from Jamie's retirement in May 2022. I have been a member of the Board since 2015 and am determined to continue to drive Henry Boot's commitment to achieving high governance standards and following best practice, whilst ensuring that stakeholder engagement remains a key priority. I will be retaining my role as the Chair of the Nomination and Responsible Business Committees, the latter being in the short term prior to appointment of a new independent Non-executive Director later in 2022.

As a consequence of my changing role, the Senior Independent Director position will be assumed by Joanne Lake. The Board has taken the decision to retire the role of Deputy Chair, which was previously held by Joanne, as it is not considered to be usual for a Company of this nature.

Following Jamie's retirement, there will be a temporary imbalance in the number of independent and non-independent Directors on the Board for a short period of time. This will be addressed and actively managed through a thorough recruitment and succession programme, with the aim being to appoint an independent Non-executive Director in summer 2022, when we will return to being Code compliant. Further independent Non-executive Directors will be appointed during the following years, replacing those

**“WE INTEND TO SEE REAL PROGRESS ON OUR DIVERSITY TARGETS OVER THE COMING YEARS. AS A SIGN OF OUR COMMITMENT, WE HAVE ENGAGED WOMEN ON BOARDS AS A JOINT RECRUITMENT PARTNER ALONGSIDE NORMAN BROADBENT TO MAXIMISE THE DIVERSITY INCLUDED IN THE LONG AND SHORT LISTS FOR OUR NEW NON-EXECUTIVE DIRECTOR APPOINTMENT.”**

approaching their nine-year tenure, to ensure that Board membership is progressively refreshed. In addition, there is anticipated to be a further period during which the flexibility permitted by provision 19 of the Code, to allow me to remain in my role as Chair past the nine-year period of tenure, is contemplated. This is to ensure that all new Non-executive Directors who have been recruited will have developed detailed knowledge of the business, before becoming eligible to be considered for the Chair role anticipated in 2026.

The Committee took the informed decision not to appoint an external recruitment partner to select a new Chair, considering instead that maintaining continuity of experience was vital to ensure a smooth transition to a new Chair. However, the Committee considers it be a major step to have an independent Non-executive Director taking the Chair role, and that the approach taken ensures a good balance of independence alongside maintenance of the knowledge acquired from a Director who has been on the Board for over 36 years.

However, external recruitment partners have been selected by the Committee to assist with the recruitment process for new independent Non-executives to the Board. The Committee's appointed partner is Norman Broadbent, who will be used in conjunction with Women on Boards, to help the Committee to shape its requirements for the role and to propose strategies to achieve greater diversity on the Board.

The Committee fully recognises the commitments within its Board Diversity Policy (see page 105) to achieving greater diversity and inclusion within its members, whilst acknowledging that it will take time to be able to put these objectives fully into action through this succession approach. In addition, the Committee will be considering the extent to which it can address any outcomes from its skills assessment in the recruitment activities, whilst acknowledging that it will also need to fulfil any other regulatory requirements in relation to Committee Chairs and membership.

## EXECUTIVE APPOINTMENTS

The Committee oversaw the process for appointing two new Executive Committee members during 2021, due to the retirement of the MDs of Banner Plant and Henry Boot Construction. External recruitment consultants, Page Executive, who were our recruitment partner for the recruitment of Tim Roberts, but who were subject to the usual tender process for contacts of this nature, have no other connection to the Company or individual Directors, were engaged to support the process. Following a rigorous and formal procedure, the Committee appointed Jonathan Fisher (an external hire) as MD of Banner Plant and Tony Shaw (an internal promotee) as MD of Henry Boot Construction. It was encouraging to see a balance of internal and external routes into the roles; Tony's development is something we have been following for a while under the executive succession plans and Jon brings a fresh,

# CORPORATE GOVERNANCE REPORT

## COMPOSITION, SUCCESSION AND EVALUATION

### Nomination Committee Report

external perspective that has already added value. Both appointees have made a strong start at their respective businesses and have contributed positively to the Executive Committee dynamics.

Committee approval was also given during the year for two internal promotions to Directors of key subsidiary boards.

#### SUCCESSION PLANNING

The Committee reviews talent grids for its senior management on an annual basis, noting progress of individuals over the past 12 months. The Committee also oversees the Company's Senior Leadership Development Programme (SLDP) through successive cohorts of its senior management. Our investment in learning, development, talent and succession at all levels in the business is pivotal in achieving our key objectives:

- Delivering our purpose which is: "To empower and develop our people"; and ensure that this applies at all levels including our senior teams.
- To strengthen our short and medium-term succession planning across the whole business; whilst providing the foundations for longer-term talent planning.
- To provide the right level of development support to ensure that we all continue to make the maximum contribution to the wider business.

In 2020, the Committee initiated a programme aimed at our next layer of leaders. The Leadership Development Programme (LDP) has one additional objective:

- To facilitate and foster cross-Group working and learning.

Though implementation of the LDP has been hampered to some extent by the CV-19 pandemic, cohorts have still been undertaking the programme, leading to further development activities and succession planning outcomes as a result. This important work continues to establish a process for the Group to identify its future talent and ensure that they are given the environment in which to thrive. The Committee will be overseeing the continued delivery of the LDP during 2022 and monitoring its ongoing impact on succession planning throughout the business.

#### BOARD EVALUATION AND SKILLS ASSESSMENT

Formal performance reviews were carried out at the end of 2021 and you can read about the process and results on pages 98 to 101.

In addition to the performance reviews outlined above, the Committee reviewed the assessment of the Board's knowledge and experience, technical skills and understanding of the Henry Boot culture and behaviours. Following an in-depth review of the skills in 2020 as detailed in last year's report, the results were re-examined and assessed for 2021 in light of the Group's current and future strategic direction. The Committee also considered the necessary skills and experience for the new Responsible Business Committee.



For the scores that were at or below the mid-point of the 'Good' ranking, the Committee considered four potential courses of action:

- Do nothing.
- Buy in expertise (short term, targeted).
- Build expertise from within.
- Recruit expertise.

Actions were agreed and, overall, the Committee felt that there were no significant areas of concern. The Committee's view was that the low scores in these areas represented less of an issue as to their ability to challenge practices throughout the Group and it felt confident that it could assess and identify areas of challenge. The Skills Matrix will be reassessed during 2022 and will be key to determining the role profile for recruiting new Board members as it aims to address any key gaps.

### BOARD DIVERSITY POLICY

The Committee reviewed and approved its Board Diversity Policy during the year, which is aligned to the recommendations of the Hampton Alexander Review regarding gender diversity on Boards, and the Parker Review on B.A.M.E. Board representation. The full policy is available to view [athenryboot.co.uk/our-responsibility](http://athenryboot.co.uk/our-responsibility). The Committee is ensuring that the objectives set out within the Board Diversity Policy are fully incorporated within the recruitment activity being undertaken during 2022 and beyond, and anticipates being able to make progress towards achievement of those objectives through this period of Board refresh.

Our key strategic priorities, which are centred around safety, people, growth and delivery can only be enhanced by seeking diversity of opinion which is achieved through having a varied Board membership. One of the four pillars of our Responsible Business Strategy, launched in January 2022, is dedicated to Our People. This pillar aligns with our goal to champion diversity and incorporates the strategic objectives of our Group-wide People Strategy and EDI Strategy (see page 55 for more information).



## CORPORATE GOVERNANCE REPORT

## COMPOSITION, SUCCESSION AND EVALUATION

## Nomination Committee Report

Objective	Progress against objective	Status
1 The Board will ensure that it is made up of an appropriate mix of skills, experience and knowledge required to effectively oversee and support the management of the Group.	Detailed review of effectiveness undertaken confirming that the Board is adequately resourced and performing well.	■
2 The Board has set a target to meet the objective of the Hampton Alexander Review, in that at least 33% of our Board members are women, provided that this is consistent with the prevailing skills and diversity requirements of the Group as and when seeking to appoint a new Director to the Board. It is recognised that there will be periods of change on the Board and that this number may be smaller for periods of time while the Board is refreshed; however, it is our longer-term intention to achieve this target.	At least 33% female representation remains our goal but currently stands at 14% (1 out of 7). As a signal of our commitment, we have engaged Women on Boards as a joint recruitment partner alongside Norman Broadbent to maximise the diversity included in our long and short lists.  We are fully committed to achieving and exceeding this goal with our Non-executive Director succession planning and Group-wide diversity initiatives.	■
3 The Board has set a target to meet the objectives of the Parker Review for at least one Black, Asian and Minority Ethnic (B.A.M.E) Board member, provided that this is consistent with the prevailing skills and diversity of the Group as and when seeking to appoint a new Director to the Board. It is recognised that there will be periods of change on the Board and that this target is reliant upon the Board being refreshed; however, it is our longer-term intention to achieve this target.	We currently have no B.A.M.E members on the Board. As above, it is our intention to achieve this objective over the next rounds of recruitment and as we progress our EDI Strategy.	■
4 The Board will consider candidates for appointment as Non-executive Directors from a wider pool including those with little or no previous FTSE Board experience.	We are consciously working with our recruitment partners to ensure that briefs for Non-executive Director appointments encourage diverse candidates. Previous FTSE experience is not a specified requirement as we would like to attract a broad pool of applicants.	■
5 The Board will work with external recruitment consultants to provide support for Board appointments and will ensure that Non-executive Director 'long lists' include both women and B.A.M.E candidates.	This year we have improved our approach to diverse recruitment and will work with external partners for upcoming Board appointments.  As previously discussed on page 103, we did not engage an external recruiter for the appointment of the new Chair. This was a considered decision to prioritise the continuity of the Board as Jamie Boot, a major shareholder and Boot family member, is due to retire after over 36 years as a Director.	■

Objective	Progress against objective	Status
6 The Board (in conjunction with the Committee and the Responsible Business Committee) will support and monitor Group activities to increase the percentage of senior management roles held by women and other under-represented groups across the Group. Activities may include, but not be limited to, the hiring of diverse external senior managers and internal promotion activity but also continued emphasis on diverse pipeline, graduate and apprentice recruitment to support this objective long term.	Through a series of peer sharing forums and information exchanges, led by our HR team, we have worked to elevate the built environment and real estate as a positive career option for women and under-represented groups. Whilst there is still more to do in this area, the intent to develop a pipeline of talent for the Group, which meets our diversity aspirations, is crucial.  The Directors have recently approved vastly improved family leave policies, as well as the introduction of new policies aimed at improving the experience for women at work, such as our Menopause Policy.	■
7 The Committee (together with the Responsible Business Committee), on behalf of the Board, will monitor, challenge and support internally set targets for diversity and inclusion at all levels across the organisation.	Phase 2 of the Responsible Business Strategy launched in January 2022 and includes People-related targets. The Strategy was reviewed by the Responsible Business Committee and approved by the Board.  ESG-related targets now also form 25% of the personal objective element of the Annual Bonus award for Executive Directors. These include quantitative targets for improving the gender mix and reducing the gender pay gap.	■
8 The Committee (together with the Responsible Business Committee), on behalf of the Board, will report annually against these objectives and other initiatives taking place within the Company which promote gender and other forms of diversity.	We have improved disclosure of progress against our targets for this year. Whilst we have not achieved all our targets yet, we remain determined to drive improvements and hope to have made further progress during 2022.	■

**Key:**

- Objective achieved
- Objective achieved in part
- Objective remains a work in progress

The gender balance of those in senior management positions and their direct reports is shown on page 59. You can read more about our EDI Strategy and workforce diversity initiatives on page 62.

**TERMS OF REFERENCE**

In October 2021, the Committee reviewed its terms of reference in line with the scope of its operations, and the requirements of the Code, to ensure that they remained appropriate. Some minor amendments were proposed and approved, and the full terms of reference are available to view on the Company's website.

**BOARD EFFECTIVENESS AND TIME COMMITMENT**

The Board believes it has an appropriate balance of Executive and Non-executive, and independent and non-independent Directors having regard to the size and nature of the business. Further to a review by the Committee, it is felt that the overall combination of experience, skills, knowledge and lengths of service of the current Board members provides an appropriate level of balance which contributes to effective decision making and helps to mitigate risk. A detailed succession plan for the Non-executive Directors has been developed by the Committee and will address any gaps needed to achieve our strategic objectives.

The Committee discussed the skills, independence, length of tenure and time commitments of all the Directors and reviewed the results of the 2021 performance reviews (see page 107 for more information) as well as the Board skills evaluation completed during the year.

During this process, we noted that Joanne Lake held directorships in other publicly-listed companies including a chairship at Made Tech Group plc. Joanne's time spent at her other directorships now equates to, on average, ten days a month and, therefore, the Committee agreed that this leaves sufficient time to carry out her duties. Among other things, her experience from other listed businesses provides helpful insight into governance matters and best practice and we value her input. We do not see any indication that these other directorships negatively impact her contribution to the Group and remain wholly satisfied with her time commitments and performance.

Following the review, I can confirm on behalf of the Committee that the performance of the Directors, the Board and its Committees, continues to be effective and that all individuals show commitment to their roles. All Directors, apart from the retiring Jamie Boot, will seek re-election at the upcoming AGM, biographies are shown on pages 76 to 77, and a further summary of Board roles and responsibilities can be found on our website at [henryboot.co.uk](http://henryboot.co.uk).

**PETER MAWSON**  
CHAIR OF THE NOMINATION COMMITTEE

13 April 2022

# CORPORATE GOVERNANCE REPORT

## AUDIT, RISK AND INTERNAL CONTROL



# AUDIT AND RISK COMMITTEE REPORT

**JOANNE LAKE**  
CHAIR OF THE AUDIT AND RISK COMMITTEE



**GERALD JENNINGS**  
COMMITTEE MEMBER



### REVIEW OF THE YEAR

On behalf of the Board and the Audit and Risk Committee (the Committee), as Chair of the Committee, I am pleased to present the Directors' Audit and Risk Committee Report for the year ended 31 December 2021.

This year, the Committee has continued to develop its relationship with EY as the external auditor of the Group, overseeing all external and internal audit activity and internal controls regarding risk. Whilst the audit environment was by no means as challenging as that experienced during 2020, there were naturally some ongoing impacts relating to the CV-19 pandemic that related to both auditing and risk-related issues, which the Committee has monitored throughout the course of the year. In addition, due to the re-tendering exercise carried out during 2021 for the Group's internal audit partner, the Committee has been involved in ensuring that the existing internal audit work has been appropriately resolved, managing the tendering process and on-boarding the new internal audit partner, as is outlined below.

Those serving as members of the Committee were myself (Committee Chair), Peter Mawson and Gerald Jennings.



**PETER MAWSON**  
COMMITTEE MEMBER



### INTERNAL AUDIT

Given the size of the Group and extent of the internal audit activities required, the Committee considers that an externally appointed internal auditor is appropriate. This provides independence to the internal audit activities as well as ensuring that any required areas of specialism and knowledge of audit processes can be provided by the auditor.

Until early 2021, the role of internal auditor was held by BDO LLP (BDO). As we signalled during our 2020 report, we have carried out a tendering exercise during 2021 for the position of internal auditor, and from 2022 onwards our internal audit partner will be KPMG LLP (KPMG). Please pages 109 to 110 for further details of the tendering process and internal audit plan for 2022.

### Audit and Risk Committee attendance key



Meetings attended



Eligible meetings

During 2021 the following internal audit reviews were carried out by BDO:

Topic	Outline
<b>CYBER SECURITY AND PENETRATION TESTING CONTROLS</b>	To provide assurance over the controls in place around cyber security, including: <ul style="list-style-type: none"> <li>• Cyber security risk assessment in the Group.</li> <li>• Cyber security training arrangements.</li> <li>• The management of mobile and hardware assets.</li> <li>• Threat detection controls and the use of technical reviews such as penetration testing and appropriate remediation activity.</li> </ul>
<b>STONEBRIDGE ACCOUNTS PAYABLE</b>	To provide independent assurance as to whether appropriate controls are in place to mitigate the key risks over the accounts payable processes in Stonebridge Homes (our jointly-owned housebuilder).
<b>STONEBRIDGE CONTRACTORS</b>	To assess whether appropriate controls are in place to mitigate the key risks over development contractors in Stonebridge Homes, in relation to how contractors have been appointed and subsequently managed.
<b>CORE FINANCIAL CONTROLS</b>	This was an advisory review over the introduction of Evision, a new finance system that has been implemented within Henry Boot PLC over the last 12 months, to provide advice over the operation of general ledger processes and controls within the new system.

The results of this internal audit activity will be considered by the Committee on an ongoing basis including any recommendations and the overall status of the audit result. In 2021, BDO carried out a follow up exercise in relation to the results of the internal audit activities from 2020 and presented a review to the Committee in February 2021, to ensure that outstanding activities had been carried out.

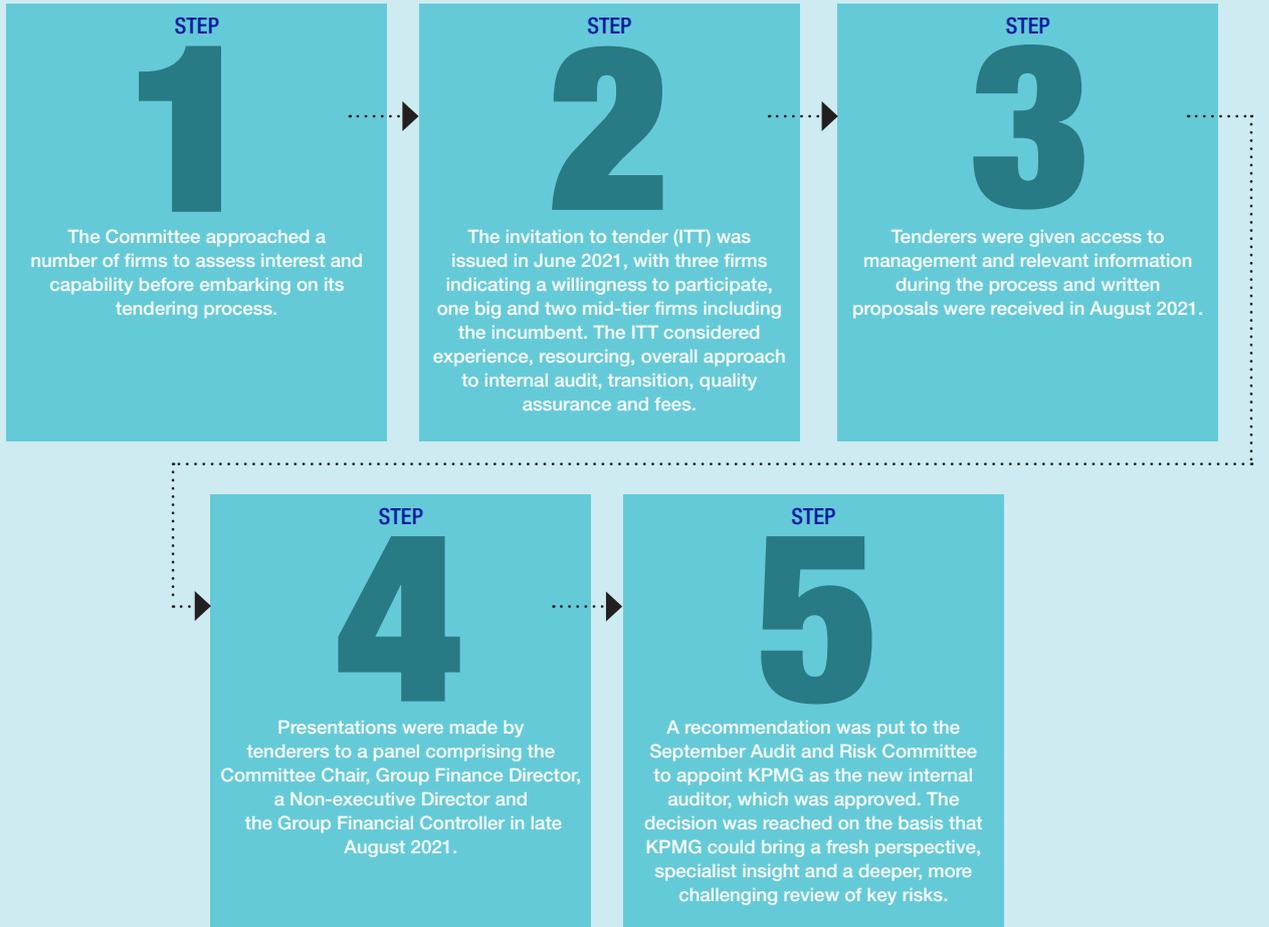
**“WITH THE DEVELOPMENT OF POSITIVE WORKING RELATIONSHIPS WITH OUR EXTERNAL AUDITOR, AND THE INTRODUCTION OF A NEW INTERNAL AUDIT PARTNER, OVERSIGHT BY THE COMMITTEE THIS YEAR HAS BEEN ROBUST AND PRODUCTIVE.”**

# CORPORATE GOVERNANCE REPORT

## AUDIT, RISK AND INTERNAL CONTROL

### Audit and Risk Committee Report

TENDERING PROCESS WAS AS FOLLOWS:



### **INTERNAL AUDIT EFFECTIVENESS REVIEW AND RE-TENDERING**

The Committee determined that an assessment of the effectiveness of the internal auditor was not appropriate for 2021 due to the fact that the Committee was carrying out a tendering exercise for its internal auditor during the year, which by its nature, would assess the services provided by BDO, who were considered as part of this exercise.

An onboarding process commenced towards the end of 2021, with the key internal audit Director meeting stakeholders from the Committee and throughout the Group to understand areas of potential focus and substantive processes, in order to develop the approach to internal audit for 2022.

### **EXTERNAL AUDIT EFFECTIVENESS REVIEW**

The full review of the effectiveness of the external auditor was carried out in July 2021, including feedback from the Committee, finance teams and Managing Directors within the Group. Within the scope of the review, the following were considered:

- Transition, planning and half year-work performed August to September 2020.
- Interim audit carried out November 2020.
- Year-end audit carried out January to April 2021.

The review highlighted a number of positive areas of feedback, including the development of strong working relationships with the external audit team, the collaborative nature of the work carried out on the going concern evaluation, and the level of challenge being fair and balanced. Particularly of note was the way in which the first full year of audit activity had been managed, such that any potentially difficult aspects of the transition to a new external audit partner were minimised. Constructive feedback had been provided to EY around some areas for improvement, which have resulted in some improved methods of engagement being put in place. It was also noted that many of these areas would naturally improve with the embedding of the external audit team and their increasing knowledge of the business, and so were not considered to be matters of any significant concern.

### **EXTENT TO WHICH EXTERNAL AUDITOR CHALLENGED MANAGEMENT**

The external auditor has provided robust challenges around areas of complexity or judgement, including contract, property and inventory valuations, as well as going concern and viability. Their procedures and findings are detailed in their report to this Committee.

### **INDEPENDENCE OF THE EXTERNAL AUDITOR**

In order to ensure the independence of the external auditor, the Committee monitors the non-audit services provided by it to the Group and has adopted a policy on the provision of non-audit services by the external auditor with the objective that such services do not compromise the independence or objectivity of the external auditor.

The Committee is required to approve services provided by the external auditor in excess of £25,000. All other services below this threshold are also monitored to ensure that the performance of regulatory requirements is not impaired by the provision of permissible non-audit services.

EY did not provide any non-audit services to the Group during the year. Details of amounts paid to the auditors for audit services are set out in note 3 to the Financial Statements. KPMG continued to provide the Group's corporation taxation services for the year ended 31 December 2021.

In accordance with best practice, the Company will require its external audit partner to rotate every five years, this being the second year to which this relates. The statutory auditor signing the Audit Report for 2021 is Victoria Venning.

The Committee members meet with the audit partner and other members of the audit team without management present to discuss any potential areas of concern. In addition, I have met separately with the statutory auditor on one occasion to discuss matters arising. There are no issues to report in relation to this. The Committee also reviews a letter from the external auditor on an annual basis outlining the measures taken by it to ensure that its independence is not compromised. The Committee review the safeguards and policies in place to maintain a high level of objectivity.

Following a review of all these elements, the Committee is satisfied that the independence and objectivity of the external auditor is not impaired and that the amount of non-audit fees is at a level that does not compromise the overall quality and rigour of the work undertaken.

### **EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROLS**

Risk assessment and risk management reporting across the Group has continued to be monitored during the year. Details of the key risks which the Group faces, the key controls in place to manage and mitigate those risks and the enhanced system of risk management adopted by the Company are set out in more detail on pages 42 to 49. The Committee, and ultimately the Board, oversee these processes and review the risk reporting and principal and emerging risks on an ongoing basis.

# CORPORATE GOVERNANCE REPORT

## AUDIT, RISK AND INTERNAL CONTROL

### Audit and Risk Committee Report

#### SIGNIFICANT ISSUES

The Committee considered the following key accounting issues and matters of judgement in relation to the Group's Financial Statements and disclosures. In addition to these disclosures, the Independent Auditor's Report on pages 144 to 151 discusses other key audit matters which were also considered by the Committee.

Focus	Matters considered	Committee outcome
<b>VALUATION OF INVESTMENT PROPERTIES</b>	<p>The investment property portfolio accounts for a large proportion of the Group assets and the assessment is subject to a degree of judgment and assumptions.</p> <p>In line with our accounting policy, completed investment properties are valued at fair value. Other than houses, the portfolio is valued twice a year by external, independent valuers. Assets under construction are valued by management at fair value using the residual method.</p>	<p>The Committee critically reviewed the valuations and any key movements during the year. Having discussed the valuations during the meeting and considered EY's assessment, the Committee was comfortable with the values adopted.</p>
<b>VALUATION OF HOUSEBUILDER INVENTORY</b>	<p>Inventories are stated at the lower of cost and net realisable value.</p> <p>Inventories comprise all the direct costs incurred in bringing the individual inventories to their present state at the reporting date, less the value of any impairment losses.</p> <p>Net realisable value of inventories is determined by reference to expected future sales value and costs to complete assumptions which are subject to estimation.</p>	<p>During the year, the Committee critically reviewed the carrying value of housebuilder inventories and judgements in relation to recoverable amounts. Following discussions with EY, the Committee was satisfied that the carrying values are appropriate.</p>
<b>CONSTRUCTION ACCOUNTING ESTIMATES</b>	<p>As explained more fully in our accounting policy on construction contracts, a significant element of turnover is attributable to construction contracts.</p> <p>Contract costs and revenues may be affected by a number of uncertainties that are dependent on the outcome of future events and, therefore, estimates may need to be revised as events unfold and uncertainties are resolved.</p>	<p>During the year, the Committee examined the judgements and methodologies applied to uncertainties and were in agreement with the position adopted.</p>

#### TERMS OF REFERENCE

During 2021, the Committee reviewed its terms of reference in line with the scope of its operations, and the requirements of the Code, to ensure that they remained appropriate. Some minor amendments were proposed and adopted as part of that review and the Terms of Reference were reapproved, and are available on the Company's website.

Approved by the Board and signed on its behalf by

#### JOANNE LAKE

CHAIR OF THE AUDIT AND RISK COMMITTEE

13 April 2022

## COMPLIANCE STATEMENT

During 2021, the Board and its Committees have been continuing its work to embed the requirements of the Code and improve wherever possible its operations and governance. The Company has complied with all the principles of the UK Corporate Governance Code 2018 for the year ended 31 December 2021 and the vast majority of the provisions. This is demonstrated throughout this Corporate Governance Report, and of particular note are the following issues with references to further detail as applicable. However, as in previous years, there are some instances where the Company has chosen to take advantage of the flexibility offered with the 'comply or explain' rule when applying certain provisions.

Given our 135-year history as a family business, and as a FTSE Small Cap Company, we have adopted alternative solutions to the provisions where we believe this is appropriate. The Code recognises that good governance can be achieved by other means and the Board believes the approach we have taken is the most appropriate for the Company and its shareholders, whilst remaining consistent with the spirit of the Code.

During 2022, the Company will endeavour to collate and detail complete explanations of its position against every principle and provisions, in order to provide greater clarity to shareholders, and provide this on its website.

### PROVISIONS 9 AND 19

As previously disclosed, the Chairman of the Board was not independent on appointment, having served as Group Managing Director and a member of the Board for 30 years. The Board has always supported this appointment based on the extensive knowledge of the Group and industry that Jamie Boot brings to the role and to Board discussions. As is discussed on pages 102 to 103 of the Nomination Committee Report, the role of Chair will be passing in May 2022 to Peter Mawson, an independent Non-executive Director of the Company, and at this point the Company will be in compliance with provisions 9 and 19.

### PROVISION 11

For 2021, we complied with this provision. However, following the retirement of Jamie Boot from the Board on 26 May 2022, there will be a temporary imbalance in the number of independent and non-independent Directors on the Board, with only two (excluding the Chair) independent Non-executive Directors being in place, versus three non-independent Directors (Tim Robert, Darren Littlewood, and James Sykes).

As explained on page 103, this is part of a wider programme of recruitment and succession planning work that commenced during 2021, which will see the Board appoint a further independent Non-executive Director in summer 2022, and then further independent Non-executive Directors over the following years, to ensure the progressive programme of supplementing the Board with additional external Directors. As a result, there will be a short period of non-compliance with provision 11 during 2022, with activities being underway to correct this as soon as possible.

## PROVISION 20

During the succession planning discussion referred to on page 103, the Board determined that its strong preference was not to appoint an external recruitment agency to source a new Chair for the Board, but to ensure continuity of experience within the Chair role by appointing one of its existing independent Non-executive Directors as the Chair. Within the longer-term succession plan, provision is made for a further Chair appointment process to commence within the next five years, which will once again enable all Non-executive Directors in post at that time to apply for the role as Chair. The Board feels strongly that it is important for its Chair to have had some knowledge and experience of the business prior to assuming the role as Chair, and accordingly has planned for this approach to maintain that continuity. An external recruitment agency has, however been appointed to carry out the search for new Non-executive Director appointments, as reported on page 103.

### PROVISIONS 17, 24 AND 32

It should be noted that throughout the planned changes to the Board as detailed within the succession plan, the balance and membership of each of the Committees will remain Code compliant.

### PROVISION 34

The remuneration of Non-executive Directors has been carefully considered during 2021 and, as a result, a tiered approach to remuneration for Non-executive Directors has been introduced, taking into account their differing roles and responsibilities. See page 135 for more details.

### 20% VOTE AGAINST – AGM

At the AGM in 2021, no resolution proposed received more than 20% of the vote against it.

### AMY STANBRIDGE COMPANY SECRETARY

13 April 2022

# CORPORATE GOVERNANCE REPORT

## RESPONSIBLE BUSINESS



# RESPONSIBLE BUSINESS COMMITTEE REPORT

**PETER MAWSON**  
CHAIR OF THE RESPONSIBLE BUSINESS COMMITTEE

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**JAMES SYKES**  
COMMITTEE MEMBER

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**JOANNE LAKE**  
COMMITTEE MEMBER

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**DARREN LITTLEWOOD**  
COMMITTEE MEMBER

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**GERALD JENNINGS**  
COMMITTEE MEMBER

3 3



**TIM ROBERTS**  
COMMITTEE MEMBER

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### Responsible Business Committee attendance key



Meetings attended



Eligible meetings

### REVIEW OF THE YEAR

As we reported on in 2020, one of the key actions for 2021 was for the Board to establish a Responsible Business Committee, which held its first meeting in June 2021 and met three times during the year. The responsibilities of the Committee are to provide oversight and leadership on the Company's strategic approach to, and performance on, responsible business practices. It provides an independent review and oversight of the development and delivery of the Group's Responsible Business Strategy, which guides the Company's approach to delivery of long-term ESG activity and objectives.

As such, during the year, the Responsible Business Committee (the Committee) has been accountable for overseeing the delivery of the first phase of the Group's Responsible Business Strategy, 135 Henry Boot, and the development of its Phase 2 Strategy. The Committee is also aware of the interactions required in relation to incorporation of ESG-related targets into executive remuneration (in conjunction with the Remuneration Committee) and oversight of climate-related risks (along with the Audit and Risk Committee).

Those serving as members of the Committee established in 2021 were myself, Joanne Lake, Gerald Jennings, James Sykes, Tim Roberts and Darren Littlewood. Within the year, there have been no changes to the composition of the Committee.

On behalf of the Board and the Committee, as Chair of the Committee, I am pleased to present the Directors' Responsible Business Committee Report for the year ended 31 December 2021.

### HENRY BOOT PLC BOARD

#### Responsible Business Committee

- Oversight of the Responsible Business Strategy's ESG objectives;
- Review of all sustainability and ESG reporting, including implementation of the recommendations of the Task Force on Climate-Related Financial Disclosures (see more on pages 68 to 71);
- Ensuring that the Board maintains up-to-date awareness of the Company's impact on the communities it serves, the environment it operates within and the charitable support it is able to give;
- Monitoring culture and alignment with the Company's Purpose, Vision and Values; and
- Monitoring the development of diversity across the Company and its leadership.

#### RESPONSIBLE BUSINESS STRATEGY

Throughout 2021, the Committee monitored the delivery of 135 Henry Boot – Phase 1 of our Responsible Business Strategy. Individual Non-executive Directors were assigned to represent key areas of the 135 Henry Boot strategy – with myself being sponsor of the NZC Framework, Joanne Lake sponsoring our EDI Strategy and Gerald Jennings sponsoring the Community Partnership Plan.

In September 2021, the Committee supported the process of stakeholder mapping ahead of the materiality assessment undertaken during the development of the Responsible Business Strategy. The materiality assessment found us engaging with selected stakeholders to understand the issues they thought were

the most material when considering how our business generates positive impact and social value and which of the United Nations Sustainable Development Goals (UN SDGs) our business could most positively impact. We conducted a Responsible Business Survey among a representative sample of our people, customers, suppliers, advisers, professional membership bodies, charity partners, education partners and community partners which asked them to rank a series of responsible business issues (identified by desk-based research, employee engagement and the ambitions of the UN SDGs). The Committee also participated in the Responsible Business Survey to identify the issues of highest importance to the business.

The feedback from our stakeholder engagement has informed the objectives of the Strategy and our decision to focus on addressing our material issues, whilst also incorporating a progressive and ambitious approach on key areas of responsibility to ensure our approach is holistic and focused. This has then influenced the development of our Phase 2 Responsible Business Strategy, the details of which can be found on pages 66 to 67.

## TERMS OF REFERENCE

During the process of establishing the Committee, it approved its terms of reference which outlined the scope of its responsibility as well as its operational procedures. The Terms of Reference are available on the Company's website.

**“TO OVERSEE THE INCEPTION OF A NEW COMMITTEE AT THE HIGHEST LEVEL OF THE COMPANY, WHICH HAS RESPONSIBLE BUSINESS AS ITS SOLE FOCUS IS A PROUD AND SIGNIFICANT STEP, BOTH FOR MYSELF AND FOR THE GROUP.”**

## SIGNIFICANT ISSUES CONSIDERED

Focus	Matters considered	Committee outcome
<b>NET ZERO CARBON FRAMEWORK</b>	Interaction with the Group's NZC Taskforce ensured that the NZC Framework developed and launched to the business during 2021 was overseen by the Committee.	Following the release of the NZC Framework, supported by the Committee, work continued to incorporate its aims and targets into the wider Responsible Business Strategy.
<b>DIVERSITY AND INCLUSION</b>	Issues such as the outcomes of the Group's EDI Steering Group and the resulting EDI Strategy, linking to the launch of the Agile Working Framework, were reviewed and overseen by the Committee.	Both the EDI Strategy and the Agile Working Framework were launched to the business during 2021 and remain under consideration by the Committee for further activities and support.
<b>TCFD</b>	The Committee considered the requirements introduced by the Taskforce on Climate-Related Financial Disclosures, and noted the progress made in relation to governance, risk and opportunity review and the introduction of metrics and targets within Phase 2 of the Responsible Business Strategy.	All outcomes were noted and approved, with a recognition that further work in relation to Greenhouse Gas emissions Scope 3 and climate scenario modelling would be required during 2022, to further strengthen the link between the Responsible Business Strategy and the Group's overall business strategy. It is anticipated that over the course of 2022, the Committee will oversee the achievement of all climate-related targets and metrics (alongside those set out within the wider Responsible Business Strategy) and also implementation of any further TCFD-related activities.
<b>COMMUNITY ENGAGEMENT</b>	The Committee carefully considered the development of community engagement targets contained in Phase 2 of the Responsible Business Strategy. It also provided further guidance on the engagement of education partners.	Appropriate targets have been included within the Responsible Business Strategy, linking closely to the objectives and presence of the business within its environment and industry.

## PETER MAWSON

CHAIR OF THE RESPONSIBLE BUSINESS COMMITTEE

13 April 2022

# CORPORATE GOVERNANCE REPORT

## REMUNERATION



# DIRECTORS' REMUNERATION REPORT

**GERALD JENNINGS**  
CHAIR OF THE  
REMUNERATION COMMITTEE



**JOANNE LAKE**  
COMMITTEE  
MEMBER



On behalf of the Board and the Remuneration Committee (the Committee), I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2021.

### REVIEW OF THE YEAR

We were delighted to see the Remuneration Policy and Remuneration Report receive strong backing at the 2021 AGM with 98.03% and 98.97% votes for respectively. We consulted widely on the new policy and I would like to thank our major shareholders for your engagement and all shareholders for your support.

During 2021, the Committee met nine times to consider a variety of important issues and initiatives. A summary of the key activities undertaken is shown below:

Executive Directors	Senior Management	Workforce	Governance
Approve FY22 salaries. Approve FY20 Annual Bonus (using downward discretion) and set appropriately stretching targets for FY21 Annual Bonus. Approve 2021 LTIP Grant and 2018 LTIP Vesting. Approval of alignment of pension contribution to 8% in line with the workforce as part of new policy.	Approve FY22 salaries including for the two new Executive Committee members. Approval of FY20 Annual Bonus and set targets for FY21 Annual Bonus. Approval of 2021 LTIP Grant and 2018 LTIP Vesting. Benchmark of packages for Executive Committee members.	Review average salary increase for FY22 and review interim pay increases during FY21. Review workforce annual bonus/profit share budget. Oversee the review of wider workforce remuneration strategy review. Met with the Group Employee Forum to understand their views on reward across the Group and its link to performance and to explain how Executive pay is aligned to broader work force pay.	Formation, stakeholder consultation and approval of the 2021 Remuneration Policy. Approval of the Directors' Remuneration Report. Review of Committee Terms of Reference. Committee Performance Review.



**PETER MAWSON**  
COMMITTEE  
MEMBER



### Remuneration Committee attendance key



Meetings attended



Eligible meetings

## OUR APPROACH TO CV-19

The Group has made a strong recovery during 2021, with performance exceeding the expectations set at the start of the year. The Committee remains mindful of the environment that the business operates in and the uncertainty that persists due to the CV-19 pandemic. Targets for variable pay were set at the start of the year and have not been adjusted. The Company has not taken direct support from the government. We have continued to support our people and there have been no redundancies related to the pandemic during 2021.

## PERFORMANCE IN 2021 AND EXECUTIVE REMUNERATION OUTCOMES

### Annual Bonus

The Group delivered an excellent financial performance in challenging circumstances caused by the continuing impact of the CV-19 pandemic. The FY21 profit of £35.1m exceeded the top end of the PBT target range and so the two-thirds of the bonus based on PBT performance was due to pay out in full. Of the remaining one-third, based on individual objectives, performance was, again, strong, leading to a potential pay-out of 80%. Based on the achievement of the performance conditions the overall bonus achievement was, therefore, 93.3% of maximum.

The Committee then assessed this outturn against broader performance factors, to consider whether any discretionary adjustment would be appropriate. Noting the following factors, the Committee decided to use discretion to reduce the formulaic outcome of the FY21 Annual Bonus award. You can read more about the reasons for this decision below.

Discretion Factor	Committee consideration
PBT	The PBT outturn was significantly ahead of the business plan numbers and a high bonus would have been payable even if a materially higher bonus range had been set. Countering this, the Committee reviewed the historical PBT levels and relative levels of payout and noted that 2021 PBT remained below pre-CV-19 levels.
SHAREHOLDER EXPERIENCE	Considered the dividend, which has increased by 10% since FY20 but still remains below pre-CV-19 levels, and the share price, which has remained relatively stable over the past 12 months.
EMPLOYEE EXPERIENCE	Considered alignment with the annual bonuses and profit share award for our people and the proportionate pay-out is broadly consistent with their bonuses. More generally, the Committee noted that there had been no significant redundancies during the year.
MARKET SENTIMENT	Discussed the expectations and views of other stakeholders.
EXTERNAL FACTORS	Considered whether there were any external factors that had a significant impact on the results and were outside of management control, e.g. a change in accounting standards, revised government policy, increase in property valuations. These were not considered to be a factor.
WIDER COMPANY PERFORMANCE	Discussed the overall annual performance as a responsible business e.g. whether there had been any significant health and safety incidents or reputational damage etc, and noted that there had been strong performance in this regard.
TOTAL REWARD PICTURE	Reviewed the overall remuneration position, noting that the LTIP payout for performance over the three years to FY21 would be low and noting that the Committee had used discretion to reduce the bonus outcome in FY20.
GOVERNMENT SUPPORT	Noted that no government support had been received during the year.

Taking into account the above factors, the Committee recognised that there had been strong underlying performance, but chose to override the formulaic award outturn of 93.3% of maximum and reduce this by 10% to 83.3% of maximum, equating to a bonus of 100% salary for both Executive Directors. One-third of the bonus is deferred in shares and held for three years.

# CORPORATE GOVERNANCE REPORT

## REMUNERATION

### Directors' Remuneration Report

#### LTIP AWARD FOR PERFORMANCE PERIOD FY19-21

The targets for the 2019 LTIP awards were set before the pandemic and given the circumstances, have proved difficult to achieve. The award will not pay out under the EPS or TSR performance conditions but will pay out a small amount under the ROCE performance condition, giving rise to an overall vesting level of 10.41% of the award.

#### APPLICATION OF THE DIRECTORS' REMUNERATION POLICY FOR FY22

The base salary for the CEO was increased by 5% in line with the standard increase for the workforce, recognising that this would deliver a package that would be slightly below a mid-market level. The base salary for the GFD was increased from £275,000 to £300,000 in line with the policy described in prior years' Remuneration Reports, for the salary to be brought closer to a mid-market level over time. This increase was determined after considering the Group and individual performance and represents the final step in this series of increases.

The pension contribution for the GFD reduced from 20% to 8% of salary on 1 January 2022 and both Executive Directors' pensions are now aligned to the rate applying to the majority of the workforce.

The annual bonus will remain two-thirds based on stretching PBT targets, with the entire target range requiring a significant build on the FY21 outturn. The remaining one-third will be based on a range of individual operational KPIs that are key contributors to the future growth of the business. The Company's commitment to being a responsible business has strengthened throughout the year with the creation of our Responsible Business Committee. The Committee felt strongly that ESG-related objectives should be incorporated into the Executive Directors' remuneration in a meaningful way. Accordingly, the Committee agreed that 25% of the individual's Annual Bonus personal objectives would relate to ESG matters, many taken directly from our Responsible Business Strategy launched in January 2022. Where possible, the targets are quantifiable and relate to a variety of issues such as improving our gender balance within the workforce, reducing Scope 1 and 2 Greenhouse Gas emissions and reducing the gender pay gap. You can read more about the Responsible Business Strategy on pages 66 to 67 and the high-level objectives for FY22 on pages 134.

The FY22 LTIP awards will be based on the same mix of EPS, ROCE and TSR in an equal one-third split. The EPS and ROCE target ranges have been increased compared to last year and are considered to be appropriately stretching in light of the business outlook. The Committee did debate the inclusion of ESG-related metrics for the Long-Term Incentive Plan but chose to retain a mix of financial measures for the grant in 2022 and review again for 2023.

#### CONSIDERATION OF STAKEHOLDER VIEWS

The 2020 Group-wide Employee Engagement Survey revealed that people felt reward and performance management to be two areas that required improvement. The Group Employee Forum took this feedback, engaged with the business and developed some recommendations. The outcome of this work was presented to the Committee in October 2021 and, as a result, their views are directly shaping the workforce reward and remuneration strategy discussed further on page 124.

In my dual capacity as Committee Chair and designated Non-executive Director for workforce engagement, I also met with the Group Employee Forum at a separate session to discuss the topics below.

- The CEO and GFD's Annual Bonus FY22 personal objectives and how they flowed down to the Executive Committee and then into the businesses.
- The inclusion of ESG metrics for FY22 and their sufficiently proportionate weighting relative to the overall opportunity.
- The link between executive performance and reward and how that approach would be mirrored with the revised workforce reward and recognition strategy.
- The structure of financial versus individual performance within the Annual Bonus scheme and how a similar structure was being developed for the workforce.
- The CEO and GFD's FY21 Annual Bonus outcome and in particular why the Committee chose to use discretion.

The session was very worthwhile and it was important to highlight the key aims of our reward approach, which is consistent across the Group, irrespective of seniority. We aim to have a clear, transparent framework that links performance to reward and has an appropriate balance of short-term reward with long-term incentives.

In the lead up to the 2021 AGM, the Committee undertook extensive consultation with major family and institutional shareholders, and proxy advisers to seek their views on the proposed Remuneration Policy and its implementation as detailed in last year's report. Given the strong support received at the AGM, and with implementation continuing to be in line with the Policy, there has been more limited additional engagement with shareholders during the year on remuneration matters.

The Committee will continue to monitor developments in corporate governance and market practice to ensure that the Policy and its implementation continues to be in line with best practice.

#### **CLOSING REMARKS**

Should you have any queries or comments, please do not hesitate to contact me or the Company Secretary as we value engaging with our shareholders.

I hope that you will be able to support the Directors' Remuneration Report at this year's AGM.

#### **GERALD JENNINGS**

CHAIR OF THE REMUNERATION COMMITTEE

13 April 2022

**“BUSINESS PERFORMANCE RECOVERED VERY WELL DURING 2021 AND IS REFLECTED IN THE PAY OUTCOME FOR THE YEAR. WE HAVE SET STRETCHING GOALS FOR THE FY22 INCENTIVE PLANS INCLUDING ESG-BASED METRICS, TO STRENGTHEN THE ALIGNMENT WITH OUR WIDER STAKEHOLDERS' INTERESTS. THIS CHANGE WAS ENCOURAGED BY OUR GROUP EMPLOYEE FORUM AND WE WILL LOOK TO BUILD ON THE LINK BETWEEN OUR RESPONSIBLE BUSINESS STRATEGY AND EXECUTIVE REMUNERATION FURTHER IN FUTURE YEARS.”**



# CORPORATE GOVERNANCE REPORT

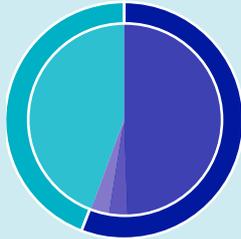
## REMUNERATION

### Remuneration at a glance

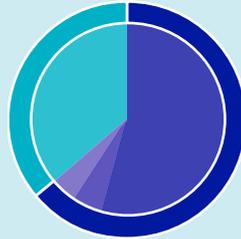
#### EXECUTIVE DIRECTORS' REMUNERATION POLICY Elements of Executive Directors' pay

**TIM ROBERTS** CHIEF EXECUTIVE OFFICER

2021



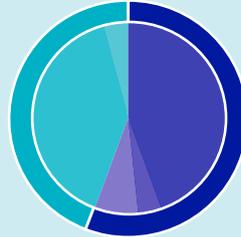
2020



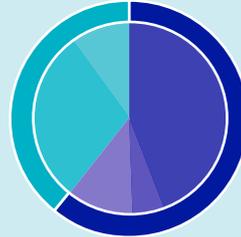
	2021 %	2020 %
<b>Fixed:</b>	<b>56</b>	64
Base salary	<b>88</b>	85
Taxable benefits	<b>6</b>	8
Pension-related benefits	<b>6</b>	7
<b>Performance-linked:</b>	<b>44</b>	36
Annual bonus	<b>100</b>	100
Long-term incentive plan	-	-

**DARREN LITTLEWOOD** GROUP FINANCE DIRECTOR

2021

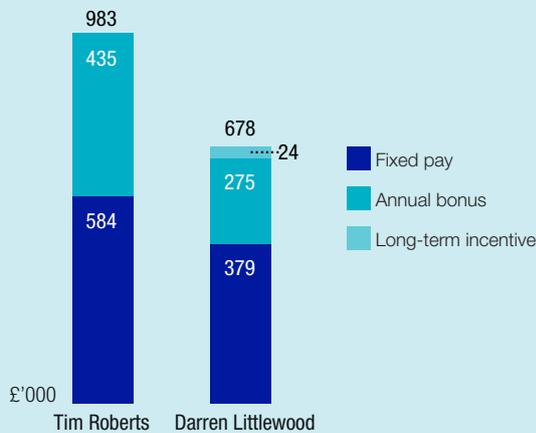


2020



	2021 %	2020 %
<b>Fixed:</b>	<b>56</b>	61
Base salary	<b>79</b>	73
Taxable benefits	<b>7</b>	9
Pension-related benefits	<b>14</b>	18
<b>Performance-linked:</b>	<b>44</b>	39
Annual bonus	<b>92</b>	76
Long-term incentive plan	<b>8</b>	24

#### Single total figure of remuneration for Executive Directors for year ended 31 December 2021



#### Key performance indicators (KPIs) performance for year ended 31 December 2021

##### Annual bonus

Profit before tax  
✓ **£35.1m**

##### LTIP 3-year performance

Earnings per share  
× **(22)%**

Total shareholder returns  
× **13%**

Return on capital employed  
- **10%**

##### KEY

✓ At or above stretch target

— Between threshold and stretch target

× Below threshold target

## REMUNERATION POLICY

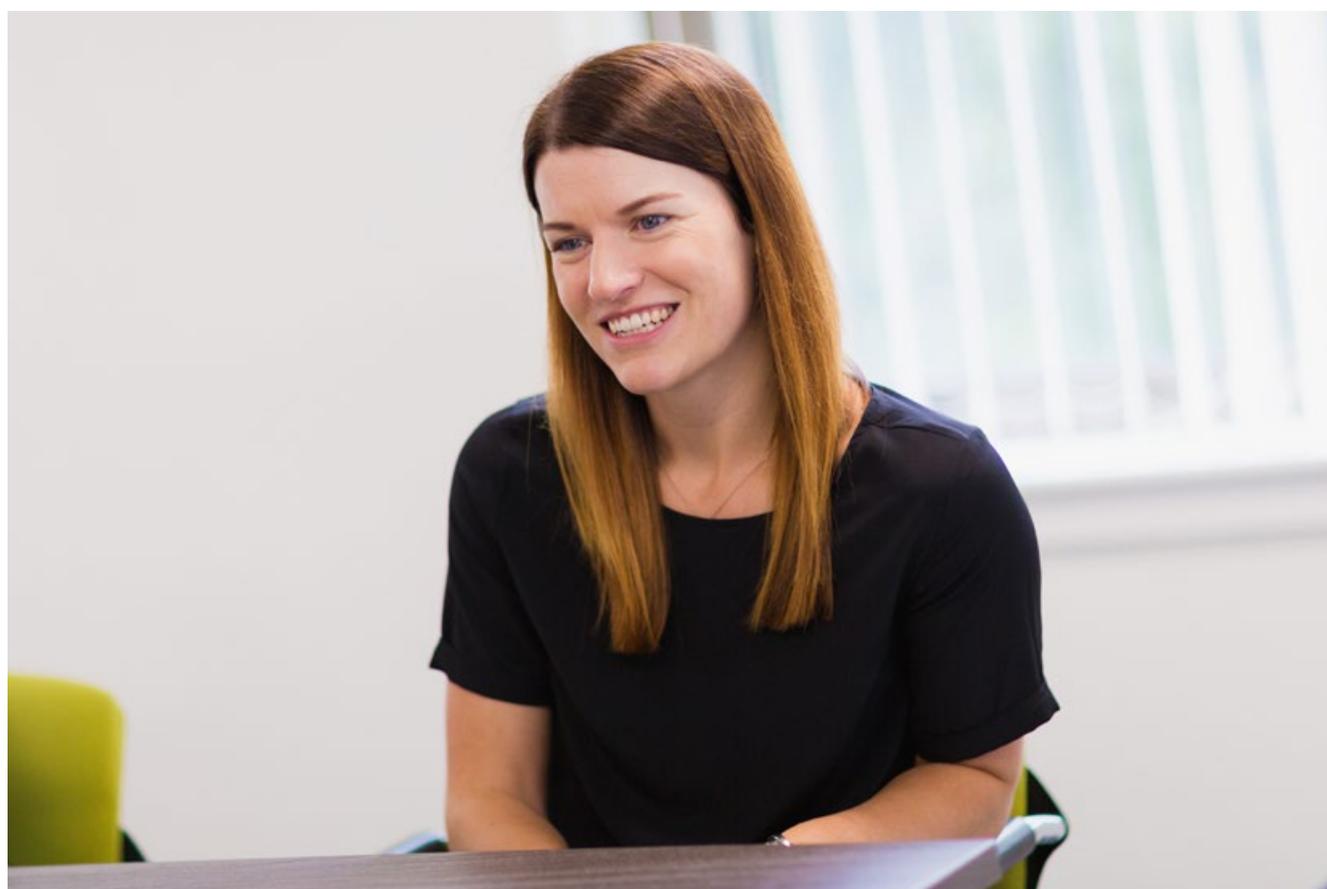
The current Remuneration Policy was approved by shareholders at the 2021 AGM. The Committee feel the Policy remains fit for purpose for FY22 and would expect to seek approval again in 2024.

The Company's Policy on remuneration is designed to ensure that Executive Directors earn sufficient remuneration to be motivated to achieve our strategy with the addition of appropriate incentives, aligned to our vision and strategic objectives, that encourage enhanced performance without excessive risk.

The Committee annually reviews market practices and levels of remuneration for directors in similar roles within companies of comparable size and complexity. This review considers remuneration within our wider workforce, pay increases awarded and bonus levels generally in the Group, with the aim that we reward all our people fairly according to their role, performance, the economic environment and the Group's financial performance.

The Policy has been tested against the six factors listed in Provision 40 of the UK Corporate Governance Code:

- **Clarity** – the Committee made alterations to the Remuneration Policy to make it clearer, including a simplified annual bonus structure. The elements of the Remuneration Policy were described clearly to investors during the consultation process and to the workforce during the engagement with the Group Employee Forum.
- **Simplicity** – remuneration structures have been simplified. All structures are as simple as possible, whilst providing a strong link between reward and performance and avoiding reward for failure.
- **Risk** – the Remuneration Policy has been designed to discourage inappropriate risk taking including a balance between short-term and long-term elements, as well as bonus deferral, recovery and withholding provisions, in addition to in-employment and post-cessation shareholding requirements. To avoid conflicts of interest, Committee members are required to disclose any conflicts or potential conflicts ahead of Committee meetings. No Executive Director or other member of management is present when their own remuneration is under discussion.
- **Predictability** – elements of the Policy are subject to caps and dilution limits. An illustration of pay levels for different levels of performance are shown in the scenario charts on page 124. The Committee has the discretion to adjust the formulaic outcomes of the incentive arrangements if the outcome is considered inappropriate.
- **Proportionality** – There is a broadly equal balance between fixed pay and incentives at target performance and there is also a broadly equal balance between short-term and long-term incentives, reflecting the importance of both short-term and long-term performance.
- **Alignment to culture** – Henry Boot's distinctive company culture was taken into consideration with the incentivisation of the Executive Directors to continue to develop the Group with our people at the forefront of our strategies, whilst formulating a Policy to drive sustainable long-term growth.



## CORPORATE GOVERNANCE REPORT

## REMUNERATION

## THE APPLICATION OF DIRECTORS' REMUNERATION POLICY FOR 2022

Below is a summarised version of the Policy, but you can read the full Policy, as approved by shareholders last year, on our website: [henryboot.co.uk/investors/governance/remuneration-policy/](https://henryboot.co.uk/investors/governance/remuneration-policy/)

Element	Purpose and link to strategy	Key features	2022 implications
<b>SALARY</b>	Core element of fixed remuneration reflecting role, experience and market rates. Assists in recruitment and retention	<ul style="list-style-type: none"> <li>Reviewed annually.</li> <li>Increases generally awarded in line with the workforce average unless compelling reasons for a higher rise.</li> </ul>	<ul style="list-style-type: none"> <li>Tim Roberts 5% increase in line with standard applied to the workforce.</li> <li>Darren Littlewood £25k increase as previously communicated (see page 118).</li> </ul>
<b>BENEFITS</b>	Provided on a market competitive basis and assists in recruitment and retention	<ul style="list-style-type: none"> <li>Level of benefits reviewed to reflect market practice.</li> <li>Include car allowance, private health insurance, permanent health insurance, death in service cover and participation in SAYE scheme.</li> </ul>	<ul style="list-style-type: none"> <li>No change from last year.</li> </ul>
<b>PENSION</b>	Contribution towards retirement income	<ul style="list-style-type: none"> <li>Choice of participating in defined contribution scheme or cash in lieu.</li> <li>Aligned to the rate applying to the majority of the workforce (8%).</li> </ul>	<ul style="list-style-type: none"> <li>Tim Roberts and Darren Littlewood receive cash in lieu of pension contribution at a level of 8% of base salary in line with the majority of employees.</li> </ul>
<b>ANNUAL BONUS</b>	To incentivise the delivery of financial performance, operational targets and individual objectives over the financial year	<ul style="list-style-type: none"> <li>Targets set annually, majority of which will be financial.</li> <li>Maximum bonus opportunity of 120% of salary.</li> <li>No more than 10% pay-out for threshold performance and 50% pay-out for target performance.</li> <li>Two-thirds paid in cash and one-third invested in shares and deferred for three years.</li> <li>Committee discretion and malus clawback provision apply.</li> </ul>	<ul style="list-style-type: none"> <li>Personal objectives set for one-third of the opportunity. ESG targets introduced for 25% of this element.</li> <li>Stretching PBT target set for two-thirds of the opportunity.</li> </ul>

Element	Purpose and link to strategy	Key features	2022 implications
<b>LTIP</b>	Provides a clear and strong link between Executive Director remuneration and value creation for shareholders for achieving longer-term strategic objectives	<ul style="list-style-type: none"> <li>• Performance conditions and targets set annually linked to strategy/TSR.</li> <li>• Normal levels are 125% of salary for CEO and 100% salary for GFD (Maximum level is 175% of salary- above normal levels require major shareholder consultation).</li> <li>• No more than 25% vests for threshold performance.</li> <li>• Three-year award with two-year holding period.</li> <li>• Committee discretion and malus clawback provision apply.</li> </ul>	<ul style="list-style-type: none"> <li>• Expected grant in FY22 is 125% of salary for Tim Roberts and 100% salary for Darren Littlewood.</li> <li>• Mixture of EPS, ROCE and TSR performance criteria.</li> </ul>
<b>SHAREHOLDING GUIDELINES</b>	Aligns their long-term interests to those of shareholders	<ul style="list-style-type: none"> <li>• Requirement to build and maintain equivalent to 200% of base salary for Executive Directors.</li> <li>• Post-cessation requirement to hold lower of shares held or 200% of salary for at least two years (market purchased shares excluded).</li> </ul>	<ul style="list-style-type: none"> <li>• Current holdings for Executive Directors shown on page 131.</li> </ul>
<b>NON-EXECUTIVE DIRECTOR FEES</b>	Fee levels set to assist recruitment and retention of high calibre Non-executive Directors	<ul style="list-style-type: none"> <li>• Chair salary set by the Committee.</li> <li>• Non-executive Director fees set by the Board (excluding the Non-executive Directors).</li> <li>• Increases aligned generally to the workforce rate.</li> <li>• Non-executive Directors not involved in share schemes or pension arrangements.</li> </ul>	<ul style="list-style-type: none"> <li>• Chair increase of 5% salary in line with the standard applied to the workforce.</li> <li>• Non-executive Directors increase of 5% salary in line with the standard applied to the workforce.</li> <li>• Fees introduced for additional responsibilities in line with market practice.</li> </ul>

## NOTES TO THE POLICY TABLE

### Explanation of the performance measures chosen

The Committee has the discretion in exceptional circumstances to change performance measures and targets part-way through a performance year if there is a significant event which causes the Committee to believe the original measures and targets are no longer a fair and accurate measure of business performance.

### Malus and clawback

The Committee has discretion to claw back awards made under the annual bonus plan and LTIP in the event of a material misstatement in the audited consolidated accounts of the Company, a material error in assessing any performance condition, employee misconduct, serious reputational damage or corporate failure. In these circumstances, the Committee has discretion to reduce or cancel deferred awards, or require the participant to repay some or all of the value delivered from a bonus or LTIP awards, at any time up to the third anniversary of vesting of LTIP awards or payment of annual bonus.

# CORPORATE GOVERNANCE REPORT

## REMUNERATION

### WORKFORCE REWARD AND RECOGNITION STRATEGY

Following the work undertaken with the 2021 Remuneration Policy to simplify executive pay and ensure it was aligned with best practice, the Committee has subsequently been overseeing a reform of the workforce reward and recognition strategy, which aims to follow similar principles.

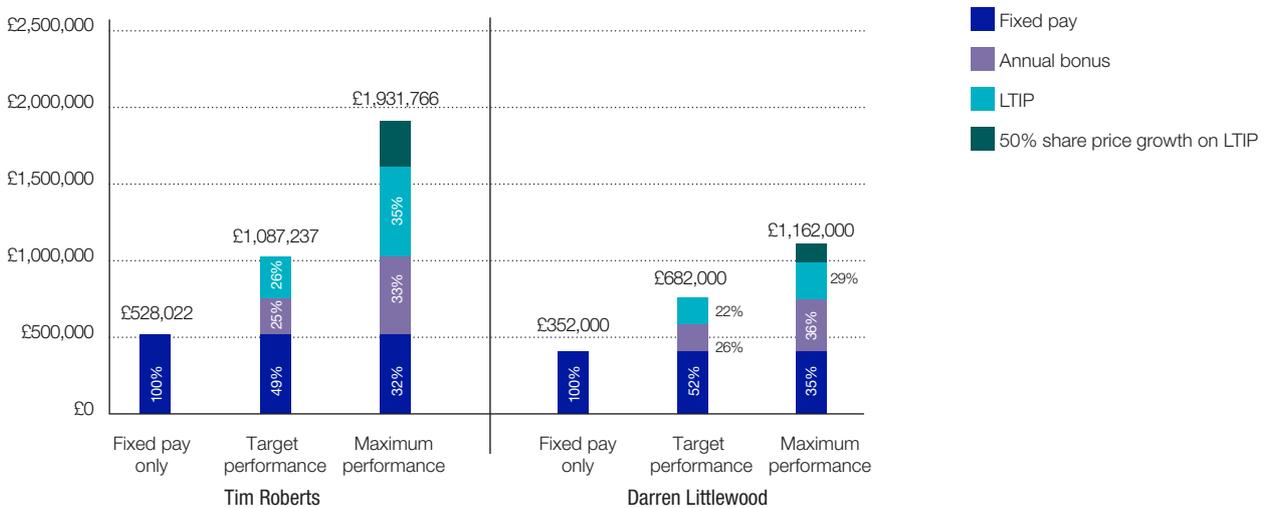
As previously mentioned on page 94, the 2020 Group-wide Employee Engagement Survey revealed that people felt reward and performance management were areas that could be improved. The Committee took this as an opportunity for the Forum to collaborate with the Committee and influence the process. The Group Employee Forum engaged with the business to understand the reasons behind the results and formulate recommendations. The outcome of this work was presented to the Committee during 2021 and, as a result, their views are directly shaping the workforce reward and recognition strategy.

The review, led by the Executive Committee and external consultants Korn Ferry, aims to create a clearer link between performance and reward and standardise the Group’s approach to the reward and remuneration of its people. The Committee approved the reward principles, the general approach and the timeline and will monitor its implementation, whilst continuing to seek feedback from the workforce at various stages.



### ILLUSTRATION OF THE APPLICATION OF THE REMUNERATION POLICY

The graph shows total remuneration under the new Policy, illustrating the minimum pay (fixed pay), on-target pay and maximum pay (assumptions are set out in the table below).



<b>FIXED PAY ONLY</b>	Fixed pay comprised of base pay as of 1 January 2022, benefits paid in FY21, and pension contributions in FY22.
<b>TARGET</b>	Fixed pay and 50% of maximum bonus and LTIP opportunity.
<b>MAXIMUM</b>	Fixed pay and maximum pay-out under the bonus and LTIP. This scenario also includes an additional element illustrating the impact of 50% share price growth on the LTIP.

### RECRUITMENT REMUNERATION POLICY

This table sets out the Company's policy on recruitment of new Executive Directors for each element of the remuneration package. Non-executive Directors are recruited on an initial three-year term and receive a base fee, plus additional responsibility fees but no other benefits.

<b>Remuneration element</b>	<b>Policy on recruitment</b>
<b>BASE SALARY</b>	The Committee will typically offer a salary in line with the Policy, whilst also considering the experience, ability to implement Group strategy, and the wider economic climate and pay and conditions throughout the Group, in order to facilitate the hiring of candidates of the appropriate calibre required to implement the Group's strategy.
<b>BENEFITS</b>	The Committee will offer benefits in line with the Policy for existing Executive Directors; however, the Committee has the flexibility to consider other benefits from time to time, including relocation expenses.
<b>PENSION/SALARY IN LIEU ON PENSION</b>	Contribution levels will be set in line with the Company Policy. Cash alternative available if joining the pension scheme is not appropriate for the Executive Director.
<b>BONUS</b>	The Committee will offer the ability to earn a bonus in line with the Policy (maximum 120% of base salary). Bonus opportunities will be pro-rated for new Executive Directors that join during the year.
<b>LTIPs</b>	The Committee will offer LTIPs in line with the Policy in the year of joining.
<b>BUYOUTS</b>	The Committee's policy on 'buying out' existing incentives granted by the Executive's previous employer will depend on the process of recruitment and be negotiated on a case-by-case basis. The Committee may make an award in order to 'buy out' previous incentives, but it will only be made if it is considered necessary to attract the right candidate and there will not be a presumption in favour of doing so. The award will in any event be no larger than the award forfeited and will resemble the arrangements forfeited as far as applicable and performance conditions will apply on a like-for-like basis.
<b>INTERNAL APPOINTEES</b>	Any remuneration awards previously granted to an internal appointee to the Board will continue on their original terms.

# CORPORATE GOVERNANCE REPORT

## REMUNERATION

### PAYMENT FOR THE LOSS OF OFFICE POLICY

The table below sets out the policy on exit payments. Treatment of different elements under the Policy may vary depending on whether the Executive Director is classified as a 'good' or a 'bad' leaver. 'Good leaver' status occurs upon the cessation of employment for a compassionate reason, such as death in service; ill health; injury; disability; retirement; redundancy; or for any other reason determined by the Committee.

The Committee will ensure that a consistent approach to exit payments is adopted and there is no reward for poor performance and any liability to the Group is minimised/mitigated in all areas. Where a compromise agreement is required, the Committee would consider contributing to the reasonable costs of legal and other expenses relating to the termination of employment and pay reasonable amounts to settle potential claims.

#### Remuneration element

<b>BASE SALARY/FEEES AND BENEFITS</b>	Base salary/fees and benefits will be paid over the notice period subject to mitigation. Compensation will be phased over the notice period. If the Executive Director finds a new role prior to the end of the notice period, payments will be offset against earnings from the new role.
<b>PENSION/SALARY IN LIEU OF PENSION</b>	Pension contributions and any payments in lieu of pension will be provided over the notice period.
<b>BONUS</b>	For a good leaver, any bonus payment would be at the discretion of the Committee and would be pro-rated to the time employed in the year that employment ceases. Any payment would be paid at the same time as other Directors, subject to the original performance criteria deferral and malus and clawback.
<b>LTIP AWARDS</b>	<p>It is normal for awards to lapse on cessation of employment, unless the Company and Committee agree that the Executive Director is a good leaver. Good leavers will be treated in accordance with the rules of the LTIP scheme, which has been approved by shareholders. Their awards are prorated for the proportion of the performance period that has elapsed. Any prorated shares vest at the normal vesting date and are subject to the same performance conditions as other LTIP award holders. The Committee retains discretion to allow vesting at the time of cessation of employment on a prorated basis. Good leavers will be subject to the clauses in the LTIP Scheme related to holding periods, malus and clawback.</p> <p>In the event of a change of control, Directors affected will be treated in accordance with the rules of the LTIP Scheme. Any early vesting as a consequence of a change of control would be based on the Committee's assessment of the performance conditions and would take into account the vesting period that has elapsed at the time of the change of control.</p>

### SERVICE CONTRACTS

Tim Roberts and Darren Littlewood each have a one-year rolling service agreement in accordance with our policy on Directors' contracts.

Termination of these arrangements would, therefore, be subject to their contractual terms and conditions that require a notice period of one year from either party. Contractual compensation in the event of early termination provides for compensation of basic salary, pension and benefits for the notice period, which would be payable on a phased monthly basis.

Non-executive Directors have letters of appointment and their appointment and subsequent reappointment is subject to approval by shareholders. Non-executive Director appointments are typically for three years, subject to a maximum of three terms totalling nine years; however, they may be terminated without compensation at any time.

### POLICY ON EXTERNAL APPOINTMENTS

The Company recognises that Executive Directors may be invited to become Non-executive Directors of other companies and that this can help broaden the skills and experience of a Director. Executive Directors are permitted to accept one external appointment with the approval of the Board. Any remuneration earned from such appointments is retained by the Executive Director.

## ANNUAL REPORT ON REMUNERATION

The following section provides details of how Henry Boot's Remuneration Policy was implemented during the financial year. The labelled parts of the Directors' Remuneration Report are subject to audit.

### THE REMUNERATION COMMITTEE

The role of the Remuneration Committee as well as members, meetings and key activities during the year are set out on page 116.

### EXTERNAL ADVISERS

Following a formal and robust tender process, the Committee appointed Korn Ferry as its advisers with effect from 11 June 2020. This relationship was reviewed in October 2021 and the Committee agreed to continue using their services.

During the year, the Committee received independent advice on Directors' remuneration from Korn Ferry who are a member of the Remuneration Consultants Group and adhere to its Code of Conduct, which requires its advice to be objective and impartial.

The fees paid to Korn Ferry for providing advice to the Committee in relation to Directors' remuneration was £9,907.50. A separate team within Korn Ferry have also been engaged to support the work on the wider workforce reward and remuneration strategy. The Committee is satisfied that the advice it received is objective and independent.

### STATEMENT OF VOTING AT THE LAST ANNUAL GENERAL MEETING (AGM)

The Company remains committed to shareholder dialogue and takes an active interest in voting outcomes. At the AGM on 20 May 2021, the resolution put to shareholders on an advisory basis to receive and approve the 2020 Directors' Remuneration Report was passed. The number of votes in favour of that resolution was 85,701,476 (98.97% of votes cast), against 887,718 (1.03% of votes cast), and withheld 2,478,575. The total number of votes cast in respect of this resolution represented 64.97% of the issued share capital.

A resolution put to shareholders on a binding basis to approve the Directors' Remuneration Policy was passed. The number of votes in favour of that resolution was 87,300,759 (98.03% of votes cast), against 1,754,384 (1.97% of votes cast), and withheld 9,626. The total number of votes cast in respect of this resolution represented 66.82% of the issued share capital.

### SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED)

The table below reports the total remuneration receivable by Directors in respect of qualifying services during the year.

Year ended	Salary and fees	Taxable benefits	Pension-related benefits	Total fixed	Annual bonus <sup>5</sup>	Long-term incentives <sup>3</sup>	Total Variable	Total Remuneration
31 December 2021	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Tim Roberts	478	35	35	548	435	—	435	983
Darren Littlewood	300	28	51	379	275	24	299	678
Jamie Boot	91	1	—	92	—	—	—	92
James Sykes	48	—	—	48	—	—	—	48
Joanne Lake	48	—	—	48	—	—	—	48
Gerald Jennings	48	—	—	48	—	—	—	48
Peter Mawson	48	—	—	48	—	—	—	48
	<b>1,061</b>	<b>64</b>	<b>86</b>	<b>1,211</b>	<b>710</b>	<b>24</b>	<b>734</b>	<b>1,945</b>

Year ended	Salary and fees	Taxable benefits	Pension-related benefits	Total fixed	Annual bonus	Long-term incentives	Total Variable	Total Remuneration
31 December 2020	£'000 <sup>1,2</sup>	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Tim Roberts	387	35	34	456	259	—	259	715
John Sutcliffe <sup>4</sup>	151	15	33	199	—	65	65	264
Darren Littlewood	221	28	54	303	147	53	194	497
Jamie Boot	81	1	—	82	—	—	—	82
James Sykes	43	—	—	43	—	—	—	43
Joanne Lake	43	—	—	43	—	—	—	43
Gerald Jennings	43	—	—	43	—	—	—	43
Peter Mawson	43	—	—	43	—	—	—	43
	<b>1,012</b>	<b>79</b>	<b>121</b>	<b>1,212</b>	<b>406</b>	<b>112</b>	<b>518</b>	<b>1,730</b>

<sup>1</sup> The Board voluntarily reduced salaries by 20% from 1 April 2020, for the duration of the most severe impact of the pandemic. Salaries and fees were reinstated in full on 1 October 2020. For Executive Directors, the total salary waived was £43,045.98 for the CEO and £25,000.00 for the GFD. These salary reductions for Tim Roberts and Darren Littlewood were repaid, to mirror the experience of the wider workforce in having received 100% of salary whilst furloughed, after the year-end.

<sup>2</sup> The Chairman's fee and the Non-executive Director's fees were reduced by 20%. The fee reductions were not reinstated.

<sup>3</sup> The value of long-term incentives has been calculated based on the average share price for the period 1 October to 31 December 2021 of £2.7799. No part of the award is currently attributable to share price appreciation. No discretion was applied.

<sup>4</sup> John Sutcliffe stepped down from the CEO role on 31 December 2019. He remained on the Board in an advisory role until 31 May 2020 when he stepped down from the Board.

<sup>5</sup> A third of this after payment is then invested in shares given it is a term of the bonus.

Taxable benefits include the provision of a company car or a cash allowance alternative, permanent health insurance and private medical insurance. The value of benefits are not pensionable.

## CORPORATE GOVERNANCE REPORT

## REMUNERATION

The information in the single total figure of remuneration in the table on page 120 is derived from the following:

<b>SALARY OR FEES</b>	The amount of salary or fees received in the year (including the amount waived during 2020 in relation to the CV-19 pandemic repaid in 2021).
<b>TAXABLE BENEFITS</b>	The taxable benefits received in the year by Executive Directors.
<b>ANNUAL BONUS</b>	The value of bonus payable and the calculations underlying this are disclosed on pages 117 and 129.
<b>LONG-TERM INCENTIVES</b>	The value of LTIP awards are those related to shares that vested as a result of the performance over the three-year period ended 31 December of the reporting year.
<b>PENSION-RELATED BENEFITS</b>	Pension-related benefits represent the cash value of pension contributions or salary in lieu of contributions received by Executive Directors at a rate of 8% salary for Tim Roberts and 20% of salary for Darren Littlewood. (Both will receive 8% of salary for FY22.)

## INDIVIDUAL ELEMENTS OF REMUNERATION

## 2021 bonus

The Executive Directors participate in an annual bonus scheme. This is calculated by reference to pre-tax profits achieved in the year compared to a target profit, which takes into consideration the year's financial budget, market expectations and previous years' profits.

	Profit Before Tax			Actual achieved
	Threshold	Target	Maximum	
Profit (£m)	£24.5m	£27.3m	£30.0m	£35.1m
% of salary payable under bonus (out of 80% of salary)	10%	40%	80%	80%

The Remuneration Committee also evaluated the performance of the Executive Directors against their 2021 personal objective. The proportion of objectives achieved was assessed as follows:

## 2021 personal objectives – Tim Roberts

Objective	Details	Performance on objective	Score
1	Reviewing and develop Group strategy, identifying and implementing strategic smart objectives taking account of risk.	<b>Strong:</b> Prudent deployment of capital into growth areas, closure of the DB pension scheme for active members. Targets embedded to encourage synergies and collaboration.	13/15
2	Communicating the Group's strategy, vision and values both internally and externally.	<b>Strong:</b> Greatly improved employee communications, good feedback on external communication of strategy.	3/4
3	Develop senior leadership team and review Group remuneration.	<b>Strong:</b> Enhanced ExCo with good succession process, new appointees and enhanced training and development. Successful employee-wide remuneration review.	3/4
4	Lead good health and safety practices around the Group to avoid any major health and safety incidents.	<b>Good:</b> We missed the main Group target relative to the AIR (Accident Incident Rate), we continue to set high standards for health and safety. New Group and subsidiary KPIs introduced.	2/4
5	Attract new shareholders to the register, achieving positive feedback from meetings with existing shareholders and analysts by clear key messaging and Investor Relations (IR) Policy	<b>Good:</b> New IR policy successfully introduced with good broker feedback. No significant new shareholders added.	2/3
6	Develop Environmental, Social and Governance (ESG) Policy, and support legal and regulatory compliance and initiatives around the Group meeting related deadlines.	<b>Excellent:</b> ESG strategy completed ready for full launch on time for January 2022. 135 Henry Boot plan launched, including community plan, EDI Strategy and net zero 2030 policy introduced and good feedback received.	6/6
7	Promote an open, diverse and progressive organisation and reduce the gender pay gap	<b>Strong:</b> EDI Strategy launched April 2021 Further steps have been taken to promote female senior talent and to reduce the gender pay gap.	3/4
Total (out of max 40%)			32%

## 2021 personal objectives – Darren Littlewood

Objective	Details	Performance on objective	Score
1	Reviewing and develop Group strategy, identifying and implementing key strategic smart objectives for the Group.	<b>Excellent:</b> Renewed strategy rolled out internally and externally to all stakeholders. five-year plan for capex and focus on key markets. Closure of DB pension plan for active members. Operational efficiencies delivered through the revised marketing and technology strategy.	12/14
2	Inform and develop IT strategy for each subsidiary business and the overarching Group with specific focus on innovation and technology.	<b>Good:</b> Good progress on cyber security testing. Review of core technology and applications with a roadmap to next steps. Improved financial reporting systems.	4.5/7
3	Developing strategic influence within the business and profile within the wider industry.	<b>Excellent:</b> Strong interaction and induction for new members of ExCo. Successful marketing campaign for potential investors. Strong representation through trade bodies (CBI, SBT, BITC).	2.5/3
4	Developing the Finance/IT/Communication team's profile and skillsets, developing their integration across the Group.	<b>Strong:</b> Strengthened further internal and external audit process. Strong interaction with Divisions on financial strategy and reporting.	3/4
5	Management and development of financial reporting within each business, to the Board and to the investor community.	<b>Strong:</b> Have developed the equity narrative further to make the business as attractive as possible to potential investors, albeit recognising liquidity constraints due to a large group of long-standing and supportive shareholders.	3/4
6	Undertake a review of internal audit following the three-year BDO programme and successful transitioning of the external audit from PWC to EY.	<b>Excellent:</b> Reviewed internal audit and after a tender process appointed KPMG to replace BDO. More refined internal audit programme. Review of EY as external auditor following first year of audit.	3/3
7	Support the development of an Environmental, Social and Governance (ESG) Policy.	<b>Excellent:</b> ESG strategy completed ready for full launch on time for 1 January 2022. 135 Henry Boot plan launched, including community plan, EDI Strategy and net zero 2030 policy introduced and good feedback received.	4/5
Total (out of max 40%)			32%

As detailed in the Chair's review on page 117, the Committee exercised discretion to scale back the formulaic bonus payable.

The table below sets out the calculation for the bonus payable based on the formula and then the bonus payable after the Committee used discretion to reduce this amount.

Executive Director	Formulaic payout under profit element (max 80% of salary)	Payout under personal element (max 40% of salary)	Total formulaic payout of bonus (max 120% of salary)	Total payout before Committee discretion	Total payout following Committee discretion
Tim Roberts	80%	32%	112%	£483,676	£434,765
Darren Littlewood	80%	32%	112%	£308,000	£275,000

## CORPORATE GOVERNANCE REPORT

## REMUNERATION

## LONG-TERM INCENTIVE PLAN (LTIP)

The Committee has reviewed the performance criteria for the LTIP shares awarded in 2019, based on performance for the years 2019, 2020 and 2021. The LTIP shares in this award were subject to the performance criteria set out in the table below. Based on performance, the award will only pay out under the ROCE element.

Performance condition	Weighting	Threshold (25% vesting)	Maximum (100% vesting)	Actual performance	Payout of element (max out of 33.3%/33.4%)
EPS growth	33.3%	RPI+3% p.a.	RPI+7% p.a.	(22%)	—
ROCE	33.3%	10%	13%	10.25%	10.41%
TSR <sup>1</sup>	33.4%	Median TSR: 27%	Upper quartile TSR: 61%	Below median TSR: 13%	—
<b>Total vesting (out of 100%)</b>					<b>10.41%</b>

<sup>1</sup> The TSR comparator group was comprised of the FTSE Small Companies Index.

## LTIP AWARDS GRANTED IN THE YEAR (AUDITED)

LTIP awards were granted during the year to Tim Roberts and Darren Littlewood on 23 June 2021. The Committee considered the level of the share price at the date of grant and determined that the award level should proceed at the usual level of 125% of salary for the CEO and 100% of salary for the GFD:

	Type of award	% of salary	Number of shares	Face value of grant at £2.6267 per share	% of award vesting at threshold
Tim Roberts	LTIP – nil cost options	125%	206,899	£543,461.03	25%
Darren Littlewood	LTIP – nil cost options	100%	104,695	£275,002.36	25%

The awards are subject to the following performance conditions, which will be measured over the three-year period ending 31 December 2023:

	% linked to award	Threshold (25% of max)	Maximum (100% of max)
EPS growth	33.3	22p	28p
Return on Capital Employed	33.3	Average three-year ROCE of 9%	Average three-year ROCE of 12% or more
TSR	33.4	TSR at median compared to the constituent companies of the FTSE Small Companies Index	TSR at or above the upper quartile

## PENSION ENTITLEMENT

Tim Roberts receives a salary supplement in lieu of pension contribution equivalent to 8% of salary, in line with the workforce rate.

Darren Littlewood is a deferred member of The Henry Boot Staff Pension and Life Assurance Scheme (Defined Benefit) from 31 March 2019. His normal retirement date within the Scheme would be in 2042, aged 67.

The annual allowance for tax relief on pension savings applicable to Darren Littlewood in 2021 was £4,000. He elected to receive a salary supplement in lieu of the employer contributions, which amounted to £51,000, following which he chose to contribute £4,000 into the Henry Boot PLC Group Stakeholder Pension Plan through a salary sacrifice arrangement. Darren Littlewood's pension contribution has now reduced to 8% of salary with effect from 1 January 2022, in line with the majority of the workforce rate.

The Henry Boot PLC Group Stakeholder Pension Plan provides a lump sum death in service benefit, a refund of contributions on death in service and, on death after retirement, a pension for dependants, subject to what the policyholder decides. The national leaving work age is currently 65.

## PAYMENTS TO PAST DIRECTORS

The only payment to a past Director during the year, in respect of services provided to the Company as a Director, was in relation to LTIPs granted to John Sutcliffe in 2018. As a good leaver, the number of shares available to vest was 25,845 shares, having been prorated for his time in employment. This equated to a market valuation on exercise of £71,856.21.

## PAYMENTS MADE FOR LOSS OF OFFICE

There were no payments made during the year in respect of loss of office to a Director.

## STATEMENT OF DIRECTORS' SHAREHOLDINGS AND SHARE INTERESTS (AUDITED)

The following table sets out the shareholdings and share interests of the Directors and connected persons in the Company as at 31 December 2021. The Executive Directors are subject to a shareholding requirement of 200% of salary under the Remuneration Policy.

	Number of ordinary shares held	LTIPs subject to performance measures	Total	Number of ordinary shares as a % of salary or fees	Total share interests as a % of salary or fees
Jamie Boot <sup>1</sup>	5,665,002	—	5,665,002	16,823.42%	16,823.42%
Tim Roberts	279,067	374,938	654,005	173.61%	406.87%
Darren Littlewood	205,404	284,906	490,310	194.45%	464.16%
James Sykes	20,000	—	20,000	112.19%	112.19%
Joanne Lake	10,710	—	10,710	54.68%	54.68%
Gerald Jennings	19,900	—	19,900	95.58%	95.58%
Peter Mawson	13,200	—	13,200	60.83%	60.83%

<sup>1</sup> Jamie Boot also holds 14,753 preference shares.

The share price at 31 December 2021 was 284p. The salary used for this calculation is that which commences on 1 January 2022.

Between 31 December 2021 and 31 March 2022, being a date not more than one month prior to the date of the Notice of the AGM, Tim Roberts purchased 24,191 ordinary shares and Darren Littlewood purchased 15,301 ordinary shares in relation to the FY21 Annual Bonus award where one third of the bonus amount after tax was used to purchase shares. There were no other changes in the beneficial interests of any of the current Directors during this period.

	Plan	Date of grant	Market price at date of grant	At 1 January 2021	Grant during the year	Exercised during the year	Lapsed during the year	At 31 December 2021	Actual exercise date/earliest vesting date	Market Valuation on exercise £
Tim Roberts	LTIP	22/06/2020	256.17p	168,039	—	—	—	168,039	22/06/2023	—
	LTIP	23/06/2021	262.67p	—	206,899	—	—	206,899	23/06/2024	—
				168,039	206,899	—	—	374,938		—
Darren Littlewood	LTIP	25/04/2018	294.33p	67,950	—	18,897	49,053	—	25/04/2021	52,539
	LTIP	30/04/2019	272.33p	82,619	—	—	—	82,619	30/04/2022	—
	LTIP	22/06/2020	256.17p	97,592	—	—	—	97,592	22/06/2023	—
	LTIP	23/06/2021	262.67p	—	104,695	—	—	104,695	23/06/2024	—
				248,161	104,695	18,897	49,053	284,906		52,539

## SHARESAVE PLAN

	Plan	At 1 January 2021	Granted during the year	Exercised during the year	Lapsed during the year <sup>1</sup>	At 31 December 2021	Exercise price	Date from which exercisable	Expiry date
Tim Roberts	2010	7,594	—	—	7,594	—	237p	01/12/2023	01/06/2024
	2020	—	8,000	—	—	8,000	225p	01/12/2024	01/06/2025
Darren Littlewood	2020	—	8,000	—	—	8,000	225p	01/12/2024	01/06/2025

Options cancelled during the year and savings withdrawn.

## SHARE PRICE

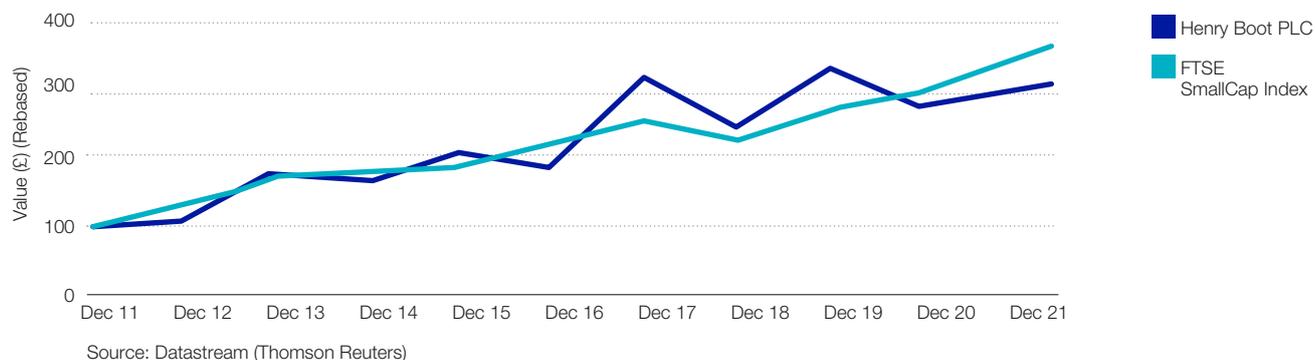
The middle market price for the Company's shares at 31 December 2021 was 284p and the range of prices during the year was 252p to 292p.

## CORPORATE GOVERNANCE REPORT

## REMUNERATION

## TEN-YEAR TSR PERFORMANCE GRAPH

The chart below shows the TSR for the Company compared to the FTSE Small Cap Index over ten years. The FTSE Small Cap index has been chosen as Henry Boot is a constituent of the FTSE Small Cap index.



## CEO REMUNERATION FOR THE PREVIOUS TEN YEARS

Year		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Remuneration	(£'000)	842	962	1,054	1,000	981	1,118	1,277	1,250	912	715	<b>983</b>
Annual bonus	(% of max)	66.7	58.3	83.3	94.5	87.8	91.1	99.2	76.8	64.8	50.0	<b>83.3</b>
LTIP	(% of max)	50	40	50	25	25	67	100	87	65	nil	<b>nil</b>

## PERCENTAGE CHANGE IN DIRECTORS REMUNERATION

The table below sets out in relation to salary, taxable benefits and annual bonus the percentage increase in remuneration for Directors compared to the wider workforce from 2020 to 2021. For these purposes:

	Salary/fees	Taxable benefits	Annual bonus
Chief Executive Officer	5%	0%	68%
Group Finance Director	9%	0%	87%
Jamie Boot	5%	n/a	n/a
James Sykes	5%	n/a	n/a
Joanne Lake	15.36%	n/a	n/a
Gerald Jennings	20.55%	n/a	n/a
Peter Mawson	27.81%	n/a	n/a
Workforce	9.55%	0%	48.92%

## CEO PAY RATIO

The table below illustrates the ratio of the CEO's latest single total figure of remuneration versus UK full-time equivalent (FTE) employees' remuneration.

	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2021	Option A	31:1	22:1	14:1
2020	Option A	26:1	18:1	11:1

In line with legislation, the analysis has been calculated using Option A, based on the single total figure for the CEO on page 127 and pay and benefits for UK FTE employees. The Committee selected Option A as the method of calculation as it is generally recognised as the most statistically robust and is consistent with the 2020 reporting.

The pay and benefits for UK employees was calculated on 17 March 2022, using the same method as used for the single total figure. No estimates or adjustments have been made.

	25th percentile	50th percentile	75th percentile
Salary/wages	£26,000.00	£35,000.04	£51,319.92
<b>Total remuneration</b>	<b>£29,900.00</b>	<b>£41,880.04</b>	<b>£67,397.39</b>

### RELATIVE IMPORTANCE OF THE SPEND ON PAY

The following table sets out the percentage change in dividends, profit attributable to owners of the business and the overall spend on pay across our whole organisation:

	2021 £'000	2020 £'000	% change
Ordinary dividends	8,016	7,319	10%
Profit attributable to owners of the business	28,160	11,921	136%
Overall expenditure on pay	38,144	31,125	23%

### IMPLEMENTATION OF REMUNERATION POLICY IN 2022

#### Executive Directors

##### Base salary and fees

The CEO will receive a base salary increase of 5% effective 1 January 2022, in line with the standard applied to the wider workforce. The GFD will receive a salary increase of £25k (9.09%) effective 1 January 2022, this is the second part of a two-stage increase to reflect his experience, the market rate for this role and his outstanding contribution to the business since his appointment.

	Salaries effective from		
	1 January 2022 £	1 January 2021 £	Change %
Tim Roberts	456,503	434,764	5%
Darren Littlewood	300,000	275,000	9.09%

##### Pension

Darren Littlewood's pension contribution paid as salary supplement reduced to 8% of salary on 1 January 2022, this representing the pension contribution that most employees are able to contribute to the pension. Tim Roberts will receive a salary supplement in lieu of pension of 8% of salary.

##### 2022 bonus

The maximum bonus opportunity for Executive Directors is 120% of salary. The 2022 bonus will be based two-thirds on financial measures and one-third on strategic objectives, of which a quarter are related to ESG targets. In line with the Policy, 10% of the bonus will payout for threshold performance, 50% at target. The profit targets are considered to be commercially sensitive and will, therefore, be disclosed retrospectively in next year's report. An overview of the strategic objectives for each director is set out on page 134.

Two thirds of any bonus earned will be payable in cash and for the remaining one third of the bonus, Executive Directors will be required to invest this into shares which must be held for three years.

## CORPORATE GOVERNANCE REPORT

## REMUNERATION

## 2022 personal objectives – Tim Roberts

	Objective	Weighting (% of salary)
1	Implement Group strategy, identifying strategic smart objectives, taking account of risk	15%
2	Communicating the Group's strategy, vision and values both internally and externally	4%
3	Develop senior leadership team and review Group remuneration	4%
4	Lead good Health and Safety practices around the Group to avoid any major Health and Safety incidents	4%
5	Attract new shareholders to the register, achieving positive feedback from meetings with existing shareholders and analysts by clear key messaging and Investor Relations (IR) Policy	3%
6	Implement Environment Social and Governance (ESG) Policy, and promote an open, diverse and progressive organisation	10%
Total		40%

## 2022 personal objectives – Darren Littlewood

	Objective	Weighting (% of salary)
1	Implement Group strategy, identifying strategic smart objectives, taking account of risk	10%
2	Implement IT strategy with a focus on identifying business process improvements, efficiencies and systems	8%
3	Developing strategic influence within the business and profile within the wider industry	3%
4	Developing the Finance/IT/Comms team's profile and skillsets, developing their integration across the Group and encouraging the departments to become more pro-active business partners	3%
5	Management and development of financial reporting within each business, to the Board and to the investor community	3%
6	Undertake a review of internal and external audit and tender the Group's provision of tax services	3%
7	Support the implementation of the Group's Environmental, Social and Governance (ESG) Policy	10%
Total		40%

## LTIP AWARDS EXPECTED TO BE GRANTED FOR THE FINANCIAL YEARS 2022–2024 IN 2022

The normal grant level is 125% of base salary for the CEO and 100% of salary for the GFD. The LTIP opportunities are designed to drive and reward management for achieving the stretching performance conditions, linked to the long-term strategy. We are comfortable with the slightly higher award level for the CEO, recognising his position as leader of the business and key driver of the success of the long-term strategy.

	Type of award	% of salary	% of award at threshold
Tim Roberts	LTIP – nil cost option	125%	25%
Darren Littlewood	LTIP – nil cost option	100%	25%

The performance criteria for these awards is as follows:

<b>EPS</b>	We strive to grow earnings per share sustainably over the long term. This should give rise to an ability to grow dividends faster than inflation; a key driver to long-term growth in shareholder value.
<b>RETURN ON CAPITAL EMPLOYED</b>	We strive to achieve a 10% profit before tax return on balance sheet net assets. This should give rise to at least two times dividend cover, thereby generating growth in the Group's retained capital to reinvest and grow. This is a further driver to long-term shareholder value growth.
<b>TOTAL SHAREHOLDER RETURN (TSR) RELATIVE TO CONSTITUENT COMPANIES OF THE FTSE SMALL COMPANIES INDEX</b>	We strive to achieve high shareholder returns. TSR reflects the extent to which shareholders and the market consider that the Company strategy is appropriate and is being implemented and articulated well by the Executive Directors.

These three performance criteria provide a good balance between financial and stock market performance.

The EPS target range, which is entirely ahead of the range set for last year's awards and represents CAGR growth from a 2021 EPS of between 8% and 16.4%, is considered by the Committee to be stretching in light of the business plan and the market outlook.

The ROCE range has been increased slightly from the prior year, recognising the improved outlook for performance.

The detailed performance metrics, which will be measured over the three-year period to 31 December 2024, for these awards is as follows:

	<b>Weighting</b>	<b>Threshold target (25% of maximum)</b>	<b>Maximum target (100% of maximum)</b>
EPS in 2024	33.3%	28p	35p
Return on Capital Employed (average over three years)	33.3%	11%	14%
TSR relative to the FTSE Small Cap Index	33.4%	Median performance	Upper quartile performance

Awards will be subject to a two-year holding period post vesting.

## NON-EXECUTIVE DIRECTORS

In line with general market practice, fees have been introduced for FY22 onwards for those Directors with additional responsibilities to reflect the increased time commitment required to effectively undertake these roles.

	<b>Fees effective from</b>		
	<b>1 January 2022 £</b>	1 January 2021 £	Change %
Chairman fee	<b>95,632</b>	91,078	5%
Base Non-executive Director fee	<b>50,629</b>	48,218	5%
Remuneration, Audit and Risk and Nomination Committee Chair fee <sup>1</sup>	<b>5,000</b>	–	100%
Responsible Business Committee Chair	<b>2,500</b>	–	100%
Non-executive Director designated to workforce engagement	<b>2,500</b>	–	100%
Senior Independent Director	<b>3,500</b>	–	100%

<sup>1</sup> Fee payable to Chair of Nomination Committee whilst the Committee Chair is not also Chair of the Board.

Approved by the Board and signed on its behalf by

**GERALD JENNINGS**  
CHAIR OF THE REMUNERATION COMMITTEE

13 April 2022

# CORPORATE GOVERNANCE REPORT

## DIRECTORS' REPORT

The Directors' Report for the financial year ended 31 December 2021 is detailed below.

### ACTIVITIES OF THE GROUP

The principal activities of the Group are land promotion, property investment and development, and construction.

### STRATEGIC REPORT

In accordance with the Companies Act 2006, we are required to present a fair review of the Group's business along with a description of the principal risks and uncertainties it faces. The Strategic Report including the business overview for the year ended 31 December 2021 is set out on pages 01 to 71.

### CORPORATE GOVERNANCE STATEMENT

The Disclosure Guidance and Transparency Rules of the Financial Conduct Authority require certain information to be included in a Corporate Governance Statement in the Directors' Report. Information that fulfils the requirements of the Corporate Governance Statement can be found in Governance on pages 80 to 141, and also within this Directors' Report.

### RESULTS FOR THE YEAR AND DIVIDENDS

The results are set out in the Consolidated Statement of Comprehensive Income on page 152. The companies affecting the profit or net assets of the Group in the year are listed in note 36 to the Financial Statements.

The Directors recommend that a final dividend of 3.63p per ordinary share be paid on 1 June 2022, subject to shareholder approval at the 2022 AGM to be held on 26 May 2022, to ordinary shareholders on the register at the close of business on 6 May 2022. If approved, this, together with the interim dividend of 2.42p per ordinary share paid on 15 October 2021, will make a total dividend of 6.05p per ordinary share for the year ended 31 December 2021. Further details are disclosed in note 10 to the Financial Statements on page 170.

### FINANCIAL INSTRUMENTS

The Group's policy in respect of financial instruments is set out within the Accounting Policies on page 162 and details of credit risk, capital risk management, liquidity risk and interest rate risk are given respectively in notes 18, 24, 25 and 27 to the Financial Statements.

### GOING CONCERN AND VIABILITY STATEMENT

The Directors have, at the time of approving the Financial Statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Further detail is contained in the Strategic Report on pages 48 to 49.

### ACCOUNTABILITY AND AUDIT

Details of the Directors' responsibilities and the Statement of Directors' Responsibilities are contained on page 141. The Independent Auditor's Report is given on pages 144 to 151.

### FAIR, BALANCED AND UNDERSTANDABLE

The Audit and Risk Committee and the Board have assessed the tone, balance and language of the Annual Report and Financial Statements, being mindful of the requirements of the UK Corporate Governance Code and the need for consistency between the narrative section of the document and the Financial Statements. The Board's formal statement on the Annual Report and Financial Statements being fair, balanced and understandable is contained within the Statement of Directors' Responsibilities which can be found on page 141.

### POLITICAL DONATIONS

The Company made no political donations in the year or in the previous year.

### DIRECTORS AND THEIR INTERESTS

Details of the Directors who held office during the financial year ending 31 December 2021, and as at the date of this Annual Report and Financial Statements, can be found on pages 76 and 77. At no time during the year has any Director had any interest in any significant contract with the Company.

The interests of Directors and persons closely associated with them in the share capital of the Company as at 31 December 2021, are disclosed in the Directors' Remuneration Report on page 131. Between 31 December 2021 and 31 March 2022, being a date not more than one month prior to the date of the Notice of the AGM, Tim Roberts purchased 24,191 ordinary shares and Darren Littlewood purchased 15,301 ordinary shares in relation to the FY21 Annual Bonus award where one third of the bonus amount after tax was used to purchase shares. There were no other changes in the beneficial interests of any of the current Directors during this period.

Details of Directors' long-term incentive awards and share options are provided in the Directors' Remuneration Report on pages 130 to 131.

### DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Details of unexpired terms of Directors' service contracts and/or letters of appointment of the Executive Directors proposed for reappointment at the AGM on 26 May 2022 are set out in the Directors' Remuneration Policy.

Tim Roberts and Darren Littlewood each have a one-year rolling service agreement in accordance with our policy on Directors' contracts. Termination of these arrangements would, therefore, be subject to their contractual terms and conditions, which require a notice period of one year to the Director. Contractual compensation in the event of early termination provides for compensation at basic salary, pension and benefits for the notice period.

Non-executive Directors, including the Chairman, do not have service contracts. All Non-executive Directors have letters of appointment and their appointment and subsequent reappointment is subject to approval by shareholders. Non-executive Director appointments are typically for three years; however, they may be terminated without compensation at any time. The full 2021 Directors' Remuneration Policy can be viewed on the website, with a summary set out on pages 122 to 123.

### TRAINING AND DEVELOPMENT

Formal and tailored inductions are arranged for all new Directors and continued development is monitored by the Chairman as part of the evaluation process. The programme of induction includes attendance at PLC Board and subsidiary meetings, meetings with key internal and external stakeholders, training on director duties and other development to ensure a seamless integration into the business.

Non-executive Directors are encouraged to familiarise themselves with the Company's business, and throughout the year they have regularly attended subsidiary board meetings and other management meetings. You can read more about training during 2021 on page 87 and engagement with our people and other stakeholders on pages 92 to 97.

Specific training requirements were considered as part of the Board's skills evaluation, details of which can be found on pages 60 to 63. General updates on regulations and best practice are provided through a mixture of briefings, Board papers and emails.

## EMPLOYMENT POLICY AND INVOLVEMENT

### Our People

Our people are at the heart of all that we do; our culture ensures that they can grow, thrive and succeed. Details of how we seek to promote and achieve this are set out in the Responsible Business section on pages 58 to 61, the Employee Engagement report on pages 92 to 96 and Nomination Committee Report on pages 102 to 107.

### Employee engagement

Details of our employee engagement activities can be found on pages 92 to 96.

### Employee communications

As a result of the CV-19 pandemic, our employee communications have become more frequent and diverse. During 2021, we have had regular communications and interactions with our people and Directors through email, live webinars and recorded video messages from the CEO. Collaboration and inclusion is encouraged; live webinars are recorded so that they can be watched on demand and Q&A sessions are included where possible. During 2021, the Group's intranet function was refreshed following feedback from the Group Employee Forum and working groups and will continue to evolve.

### Employee share schemes

The Group encourages participation in employee share schemes of the Company to share in the potential growth and any future success of the Group. From 2018, all eligible colleagues were invited to participate in Sharesave and the Company Share Option Plan on an annual basis. Details of employee share schemes are set out in note 29 to the Financial Statements.

## DIRECTORS' INDEMNITY PROVISIONS

Directors risk personal liability under civil and criminal law for many aspects of the Company's main business decisions. As a consequence, the Directors could face a range of penalties including fines and/or imprisonment. In keeping with normal market practice, the Company believes that it is prudent and in the best interests of the Company to protect the individuals concerned from the consequences of innocent error or omission. As a result, the Company operates a Directors' and officers' liability insurance policy in order to indemnify Directors and other senior officers of the Company and its subsidiaries, as recommended by the UK Corporate Governance Code. This insurance policy does not provide cover where the Director or officer has acted fraudulently or dishonestly.

In addition, subject to the provisions of and to the extent permitted by relevant statutes, under the Articles of Association of the Company, the Directors and other officers throughout the year, and at the date of approval of these Financial Statements, were indemnified out of the assets of the Company against liabilities incurred by them in the course of carrying out their duties or the exercise of their powers.

## HEALTH AND SAFETY

The Health and Safety of our people and others is paramount.

Further information on our approach to Health and Safety is provided in the Responsible Business Section on page 61.

## RELATIONSHIP WITH STAKEHOLDERS

Details of how we engage with stakeholders and uphold our Director's duties more widely under s.172 of the Companies Act 2006 can be found on pages 50 to 51 and 92 to 96.

## SHAREHOLDER RELATIONS

The Company actively communicates with its institutional and private shareholders and values a two-way conversation on key Company issues. It is this close relationship with shareholders that is viewed as one of the Company's particular strengths.

During the year, a number of formal presentations were made by members of the Board to institutional shareholders and feedback from these meetings was provided to the Board by our brokers or through written reports. In addition, informal feedback sessions regarding the Annual Report were carried out with institutional investors. At every Board meeting an update is given to the Non-executive Directors on any feedback from investors, particularly after investor roadshow programmes. The Board receive a report at every meeting on share movements during the period and any market trends. The Company uses the Investor Relations section of its website, [henryboot.co.uk](http://henryboot.co.uk), to publish statutory documents and communications to shareholders, such as the Annual Report and Financial Statements. The website is designed to communicate with both present and potential investors and includes all London Stock Exchange announcements, investor presentations and press releases.

## GREENHOUSE GAS EMISSIONS

The greenhouse gas emissions disclosure required by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 are included within the Strategic Report on page 71. This information is incorporated by reference into (and shall be deemed to form part of) this report.

## SUBSTANTIAL INTERESTS IN VOTING RIGHTS

Excluding Directors, as at 31 March 2022, being a date not more than one month prior to the date of the Notice of the AGM, the information in the table below had been disclosed to the Company in accordance with the requirements in the Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority.

	Voting rights over ordinary shares	
	Number	% of issued
Rysaffe Nominees and J J Sykes (joint holding) <sup>1</sup>	20,532,155	15.40
The London & Amsterdam Trust Company Limited	8,487,371	6.37
Unicorn Asset Management Limited	6,429,320	4.82
The Fulmer Charitable Trust <sup>2</sup>	5,739,580	4.40
Polar Capital	4,176,337	3.14

<sup>1</sup> Rysaffe Nominees and James Sykes are joint registered holders on behalf of various Reis family trusts and are, therefore, not included under the beneficial interests of James Sykes set out in the Directors' Remuneration Report.

<sup>2</sup> The shares of the Fulmer Charitable Trust, a recognised charity, are registered in the names of Mr John Spencer Reis, Mrs Sally Anne Reis and Mrs Caroline Mary Mytum as Trustees.

These figures represent the number of shares and percentage held as the date of notification to the Company.

Details of Directors' holdings can be found on page 131.

# CORPORATE GOVERNANCE REPORT

## DIRECTORS' REPORT

### SHARES HELD BY THE HENRY BOOT PLC EMPLOYEE TRUST

The Company has an established Employee Trust (the Trust) for the benefit of the Group's employees to satisfy existing grants by the Company under various share-based payment arrangements. Details of the Company's share-based payment arrangements are provided in note 29 to the Financial Statements. The Trustee of the Trust, a subsidiary of the Company of which the Directors throughout 2021 were Jamie Boot, Tim Roberts, Darren Littlewood and Amy Stanbridge, exercises the voting rights in relation to shares held as it, in its absolute discretion, thinks fit, but having regard to the interests of the beneficiaries. In respect of the financial year of the Company ended on 31 December 2021, the Trust has waived the right to receive from the Company all dividends (if any) in respect of the shares held within the Trust.

There were no purchases during 2021 by the Trust who does make purchases of ordinary shares in the Company from time to time in order to satisfy upcoming grants. Further details are provided in note 31 to the Financial Statements.

### FUTURE DEVELOPMENTS

Important events since the financial year-end and likely future developments are described in the Strategic Report on pages 16 to 71 and in note 34 to the Financial Statements.

### STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

The Directors of the Company who held office at the date of approval of this Annual Report each confirm that:

- so far as they are aware, there is no relevant audit information (information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### INDEPENDENT AUDITORS

The external auditors, Ernst & Young LLP, have carried out the audit of the 2021 financial results. Resolutions re-appointing Ernst & Young LLP as auditors (Resolution 10) and authorising the Audit and Risk Committee to fix their remuneration (Resolution 11) will be proposed at the AGM.

### ACCOUNTABILITY AND AUDIT

Details of the Directors' responsibilities and the Statement of Directors' Responsibilities are contained on page 141. The Independent Auditors' Report is given on pages 144 to 151.

### ANNUAL GENERAL MEETING (AGM)

The Notice of the AGM can be found on pages 204 to 207, which also details methods of shareholder engagement to take place in conjunction with the AGM. It is also available at [henryboot.co.uk](http://henryboot.co.uk), where a copy can be viewed and downloaded.

### ADDITIONAL SHAREHOLDER INFORMATION

This section sets out details of other matters on which the Directors are required to report annually, but which do not appear elsewhere in this document.

The information below summarises certain provisions of the current Articles of Association of the Company (as adopted by special resolution on 27 May 2011) (the Articles) and applicable English law

concerning companies (the Companies Act 2006). This is a summary only and the relevant provisions of the Companies Act 2006 or the Articles should be consulted if further information is required.

### SHARE CAPITAL

The Company's issued share capital comprises two classes of shares being, respectively, ordinary shares of 10p each (ordinary shares) and cumulative preference shares of £1 each (preference shares). Further details of the share capital of the Company are set out in note 29 to the Financial Statements. As at 31 March 2022, the ordinary shares represent 97.09% of the total issued share capital of the Company by nominal value and the preference shares represent 2.91% of such total issued share capital. The ordinary shares and the preference shares are in registered form. Both classes of share are admitted to the Official List of the Financial Conduct Authority.

The Company's ordinary shares are categorised as 'Premium Listed' and its preference shares as 'Standard Listed'. A Standard Listing is based on EU minimum standards for floating a company on a public market whereas a Premium Listing requires compliance with additional requirements set out in the Listing Rules of the Financial Conduct Authority.

If the Directors wish to allot shares they must, subject to certain exceptions such as an allotment in accordance with an employees' share scheme, offer such shares to shareholders in proportion to their existing holdings in accordance with statutory pre-emption rights. A special resolution was passed at the Company's last AGM to disapply the statutory pre-emption rights provided that the aggregate nominal value of such shares does not exceed 5% of the Company's ordinary share capital. The Directors have not made use of this authority since its last AGM, but intend to renew this authority as set out below.

Further details of the shares allotted during the year can be found in note 29 to the Financial Statements.

The Notice of the AGM on pages 204 to 207 includes the following resolutions:

- An ordinary resolution (Resolution 12) to renew the authority of the Directors to allot shares up to a maximum nominal amount of £4,446,152 representing approximately one-third (33.33%) of the Company's issued ordinary share capital at 31 March 2022. The authority will expire on 25 August 2023 or at the conclusion of the next AGM, whichever is the earlier, but it is the present intention of the Directors to seek annual renewal of this authority. The Directors do not have any present intention of exercising the authority.
- A special resolution (Resolution 13) to enable the Directors to continue to allot equity securities for cash in connection with a rights or other issue pro rata to the rights of the existing shareholders, but subject to certain exceptions, and for any other purpose provided that the aggregate nominal value of such allotments does not exceed £666,922 (approximately 5% of the Company's issued ordinary share capital at 31 March 2022). The authority will expire on 25 August 2023 or at the conclusion of the next AGM, whichever is the earlier, but it is the present intention of the Directors to seek annual renewal of this authority. The Directors also confirm their intention that, in line with the Pre-Emption Group's Statement of Principles, no more than 7.5% of the issued ordinary share capital of the Company (excluding treasury shares) will be issued for cash on a non pre-emptive basis during any rolling three-year period without prior consultation with shareholders.

- A special resolution (Resolution 14) to renew the authority of the Company to make market purchases of up to 13,338,457 of its own issued ordinary shares (10% of the Company's issued ordinary share capital at 31 March 2022). The minimum price that may be paid under the authority for an ordinary share is 10p and the maximum price is limited to not more than 5% above the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days before the purchase is made. The Directors will exercise the authority only if they are satisfied that it would be likely to result in an increase in expected earnings per share of the ordinary share capital in issue and that any purchase will be in the best interests of shareholders generally. If the Directors do decide to exercise the authority, ordinary shares so acquired will either be cancelled or held as treasury shares, depending upon the circumstances prevailing at the time.

### RIGHTS AND OBLIGATIONS ATTACHING TO SHARES

Subject to the Companies Act 2006 and other shareholders' rights, any share may be issued with such rights and restrictions as the Company may by ordinary resolution decide or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Board of Directors for the time being of the Company (the Board) may decide. Subject to the Companies Act 2006, the Articles and any resolution of the Company, the Board may deal with any unissued shares as it may decide.

### RIGHTS OF PREFERENCE SHARES

The preference shares carry the following rights in priority to the ordinary shares but carry no further right to participate in profits or assets:

- the right to receive out of the profits of the Company a fixed cumulative preferential dividend, is at the discretion of the Board, at the rate of 5.25% per annum on the capital paid up thereon;
- the right on a return of assets on a winding up to payment of the capital paid up thereon together with a sum calculated at the rate of 6.00% per annum in respect of any period up to the commencement of the winding up for which such preferential dividend as referred to above has not been paid; and
- the right on a return of assets in a reduction of capital to repayment of the capital paid up thereon together with a sum equal to all arrears (if any) of such preferential dividend as referred to above. The preference shares shall not confer on the holders of them any right to receive notice of or to be present or to vote at any general meeting unless either:
  - a resolution is proposed directly affecting the rights or privileges of the holders of the preference shares as a separate class; or
  - at the date of the notice convening the general meeting, the fixed cumulative preferential dividend provided in the Articles shall be in arrears for more than six months.

### VOTING

Under and subject to the provisions of the Articles and subject to any special rights or restrictions as to voting attached to any shares, on a show of hands every shareholder present in person shall have one vote, and on a poll every shareholder who was present in person or by proxy shall have one vote for every share of which they are the holder. Under the Companies Act 2006, shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at a general meeting or class meeting.

### RESTRICTIONS ON VOTING

A shareholder shall not be entitled to vote at any general meeting or class meeting in respect of any shares held by him unless all calls and other sums presently payable by him in respect of that share have been paid. In addition, holders of default shares (as defined in the Articles) shall not be entitled to vote during the continuance of a default in providing the Company with information concerning interests in those shares required to be provided (following relevant notification) under the Companies Act 2006.

### DEADLINES FOR VOTING RIGHTS

Full details of the deadlines for exercising voting rights in respect of the resolutions to be considered at the AGM to be held on 26 May 2022 are set out in the Notice of AGM on pages 204 to 207.

### DIVIDENDS AND DISTRIBUTIONS

The Company may, by ordinary resolution, declare a dividend to be paid to the shareholders but no dividend shall exceed the amount recommended by the Board. The Board may pay interim dividends and also any fixed rate dividend whenever the financial position of the Company justifies its payment in the opinion of the Board. If the Board acts in good faith, none of the Directors shall incur any liability to the holders of shares with preferred rights for any loss they may suffer in consequence of the payment of an interim dividend on other shares.

### VARIATION OF RIGHTS

The Articles specify that the special rights attached to any class of shares may, either with the consent in writing of holders of three-quarters of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of such holders (but not otherwise), be modified or abrogated.

### TRANSFER OF SHARES

Under and subject to the restrictions in the Articles, any shareholder may transfer some or all of their shares in certificated form by transfer in writing in any usual form or in any other form which the Board may approve. Uncertificated shares must be transferred by means of a relevant system, such as CREST. The Board may, save in certain circumstances, refuse to register any transfer of a certificated share not fully paid up. The Board may also refuse to register any transfer of certificated shares unless it is:

- in respect of only one class of shares;
- duly stamped or exempt from stamp duty;
- delivered to the office or at such other place as the Board may decide for registration; and
- accompanied by the certificate for the shares to be transferred and such other evidence (if any) as the Board may reasonably require to show the right of the intending transferor to transfer the shares.

In addition, the Board may refuse to register any transfer of shares which is in favour of (i) a child, bankrupt or person of unsound mind or (ii) more than four transferees.

### REPURCHASE OF SHARES

Subject to the provisions of the Companies Act 2006 and to any rights conferred on the holders of any class of shares, the Company may purchase all or any of its shares of any class, including any redeemable shares.

### AMENDMENT TO THE ARTICLES OF ASSOCIATION

Any amendments to the Articles may be made in accordance with the provisions of the Companies Act 2006 by way of special resolution.

# CORPORATE GOVERNANCE REPORT

## DIRECTORS' REPORT

### APPOINTMENT AND REPLACEMENT OF DIRECTORS

The Directors shall not, unless otherwise determined by an ordinary resolution of the Company, be less than three nor more than 15 in number. Directors may be appointed by the Company by ordinary resolution or by the Board. A Director appointed by the Board shall retire from office at the next AGM of the Company but shall then be eligible for reappointment. The Board may appoint one or more Directors to hold any office or employment under the Company for such period (subject to the Companies Act 2006) and on such terms as it may decide and may revoke or terminate any such appointment.

At each AGM, any Director who has been appointed by the Board since the previous AGM and any Director selected to retire by rotation shall retire from office. At each AGM, one-third of the Directors who are subject to retirement by rotation or, if the number is not an integral multiple of three, the number nearest to one-third but not exceeding one-third shall retire from office. In addition, there shall also be required to retire by rotation any Director who at any AGM of the Company shall have been a Director at each of the preceding two AGMs of the Company, provided that they were not appointed or reappointed at either such AGM and they have otherwise ceased to be a Director and been reappointed by general meeting of the Company at or since either such AGM. The Company's policy is that all of the Directors should be, and are, subject to annual re-election.

The Company may, by ordinary resolution of which special notice has been given in accordance with the Companies Act 2006, remove any Director before their period of office has expired notwithstanding anything in the Articles or in any agreement between them and the Company. A Director may also be removed from office by the service on them of a notice to that effect signed by or on behalf of all the other Directors, being not less than three in number. The office of a Director shall be vacated if:

- i. they are prohibited by law from being a Director;
- ii. they become bankrupt or make any arrangement or composition with their creditors generally;
- iii. they are physically or mentally incapable of acting as a Director, in the opinion of a registered medical practitioner who is treating them;

- iv. a court makes an order that they are prevented from exercising their powers or rights by reasons of their mental health;
- v. for more than six months they are absent, without special leave of absence, from the Board, from meetings of the Board held during that period, and the Board resolves that their office be vacated; or
- vi. they serve on the Company notice of their wish to resign.

### POWERS OF THE DIRECTORS

The business of the Company shall be managed by the Board, which may exercise all the powers of the Company, subject to the provisions of the Articles and any resolution of the Company's shareholders.

The Articles specify that the Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets and uncalled capital and to issue debentures and other securities, subject to the provisions of the Articles.

### TAKEOVERS AND SIGNIFICANT AGREEMENTS

The Company is a party to the following significant agreements that take effect, alter or terminate on a change of control of the Company following a takeover bid:

- the Company's share schemes and plans; and
- bank facilities whereby upon a 'change of control' the lenders shall consult with the Company for a period not greater than 30 days (commencing on the date of the change of control) to determine whether and on what basis the lenders are prepared to continue the facility.

### INFORMATION RIGHTS

Beneficial owners of shares who have been nominated by the registered holder of those shares to enjoy information rights under Section 146 of the Companies Act 2006 are required to direct all communications to the registered holder of their shares, rather than to the Company's registrars, Computershare Investor Services PLC or to the Company directly.

Approved by the Board and signed by its order by

**AMY STANBRIDGE**  
COMPANY SECRETARY

13 April 2022

The following table sets out where stakeholders can find relevant Non-Financial information within this Annual Report, further to the Financial Reporting Directive requirements contained in sections 414CA and 414CB of the Companies Act 2006. Where possible, it also states where additional information can be found that support these requirements.

Reporting requirement	Relevant Henry Boot policies and procedures	Where to read more in this report	Page
BUSINESS MODEL		Business Model	18 to 21
PRINCIPAL RISKS AND IMPACT OF BUSINESS ACTIVITY		Risks and Uncertainties Audit and Risk Committee Report	42 to 49 108 to 112
NON-FINANCIAL KPIS		Strategy	28 to 29
EMPLOYEE ENGAGEMENT	Board Diversity Policy Board Stakeholder Policy	Our Responsible Business Our People Corporate Governance Report	53 to 65 58 to 61 92 to 93
HUMAN RIGHTS	Modern slavery statement and Policy Rights to Work Whistleblowing	Our People	61
SOCIAL MATTERS	Board Stakeholder Policy	Our Responsible Business	53 to 65
ANTI-BRIBERY AND CORRUPTION	Anti-bribery and Corruption Policy	Our People	61
ENVIRONMENTAL MATTERS	Board Stakeholder Policy	Our Planet	64

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

### ANNUAL REPORT AND FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation. Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Group and Parent Company Financial Statements in accordance with UK adopted International Financial Reporting Standards (IFRSs).

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group and Parent Company for that period. In preparing the Financial Statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Parent Company financial position and financial performance;
- in respect of the Group Financial Statements, state whether UK adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the Parent Company Financial Statements, state whether UK adopted international accounting standards, have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is appropriate to presume that the Parent Company and/or the Group will not continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006.

The Directors are also responsible for safeguarding the assets of the Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Parent Company's website.

### FAIR, BALANCED AND UNDERSTANDABLE

The Directors consider that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Parent Company's performance, business model and strategy.

### DIRECTORS' RESPONSIBILITY STATEMENT

Each of the Directors, whose names and functions are listed in Board of Directors, confirm that, to the best of their knowledge:

- that the Consolidated Financial Statements, prepared in accordance with UK adopted international accounting standards give a true and fair view of the assets, liabilities, financial position and profit of the Parent Company and undertakings included in the consolidation taken as a whole; and
- that the Annual Report, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Parent Company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Approved by the Board and signed on its behalf by

**TIM ROBERTS**  
DIRECTOR

13 April 2022

**DARREN LITTLEWOOD**  
DIRECTOR

13 April 2022