

GOVERNANCE

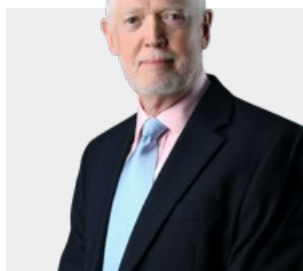




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BOARD OF DIRECTORS



Peter Mawson
Chair

N **B** **R**

Date of appointment
October 2015

Independent
Yes

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.

Additional roles held
Non-executive Chairman of Nexus Planning Limited, independent Board Representative for the Paradise Circus Project on behalf of Birmingham City Council.



Tim Roberts
Chief Executive Officer

B

Date of appointment
January 2020

Independent
No

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.

Additional roles held
Chair of Business in the Community's Sheffield Pride of Place Board.



Darren Littlewood
Chief Financial Officer

B

Date of appointment
January 2016

Independent
No

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.

Additional roles held
Director and Trustee of South Yorkshire Community Foundation Limited and Member of the CBI Yorkshire and Humber Regional Council.



Joanne Lake
Senior Independent Director

A **R** **B**

Date of appointment
October 2015

Independent
Yes

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 Pricewaterhouse. 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. Joanne became the Senior Independent Director on 26 May 2022.

Additional roles held
Non-executive Chair of Made Tech Group plc, Non-executive Director of Gateley (Holdings) Plc, Non-executive Director of Pollen Street Group Limited and Non-executive Director of Braemar PLC.

Key

Committee Membership

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



James Sykes
Non-executive Director

N B

Date of appointment
March 2011

Independent
No

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.

Additional roles held
Chairman and Partner in the London office of Saffery LLP Chartered Accountants, which he joined in 1987. He is a Non-executive Director of Saffery Trust International business in Guernsey.



Talita Ferreira
Non-executive Director

N A R B

Date of appointment
January 2024

Independent
Yes

Brings to the Board
Key strengths:

- Extensive finance, risk and governance experience
- Extensive experience in leadership, culture and transformation programmes
- Certification from Cambridge Institute for Sustainability Leadership
- Strong strategic and corporate experience across multiple industries

Prior to joining Henry Boot PLC, Talita held a Non-executive Director and Chair of Audit role at Tandem Bank Ltd and executive roles as CFO and People Director at BMW UK Ltd, BMW Automotive Ireland Ltd, BMW Group Financial Services Ltd (UK and Ireland) and Alphabet (GB) Ltd.

Additional roles held
Non-executive Director and Chair of the Audit Committee of FCE Bank plc, CEO and Founder of Authentic Change Solutions Limited, Course Leader and Facilitator for the Institute of Directors.



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

N A R

Date of appointment
October 2015

Independent
Yes

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.

Additional roles held
Non-executive Chairman of Social Communications (Leeds) Limited and Director of G R Jennings Properties Ltd.



Serena Lang
Non-executive Director

N A R B

Date of appointment
August 2022

Independent
Yes

Brings to the Board
Key strengths:

- Extensive strategic leadership, growth and digital transformation experience
- Experience in industrial, engineering and construction environments and culturally diverse markets
- Strong sustainability credentials, specifically in the built environment
- Diversity of thought to the Board having worked across multiple industries

Prior to joining Eleco plc in 2014, she previously held executive roles as Enterprise Client Executive at Invensys (now Schneider Electric), Global VP of Transformation at BP plc and as an Executive Consultant at Capgemini Ernst & Young.

Additional roles held
Chair of Trifast plc and Non-executive Director of Ainscough Crane Hire Ltd.

EXECUTIVE COMMITTEE



Amy Stanbridge

General Counsel and
Company Secretary

Date of appointment

October 2018

Independent

No

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.

Additional roles held

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



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. Nick is an Exco Sponsor for the Group's Community and Educational Investment working with the relevant sub-committees that have oversight of our responsible business activity.



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 and Humber Regional Board for LandAid, following which he assumed the position of Chair in January 2023.



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, bringing with him extensive experience in hospitality and facilities management. He began his career as a General Manager with Whitbread before transitioning into sales and management within facilities management. At the Algeco Group, Jonathan worked as an Account Director before being promoted to Regional Director, overseeing four production facilities. He also served as UK Sales Director before becoming Managing Director at Banner Plant. In addition to his professional achievements, Jonathan is a foundation governor at his local high school.



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 40-year career. Darren founded Stonebridge Homes in 2010, a jointly owned company with Henry Boot PLC. Darren is the Chairman of The Yorkshire Children's Charity and Vice Chair of Zarach, a charity who provide beds to children living in poverty.



Rachel White
Henry Boot PLC

Date of appointment
HR Director in 2022

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 People team, before taking the role of HR Director in July 2022. Rachel leads the delivery of our People Strategy to meet the requirements of our internal stakeholders, including employee relations, succession planning, talent management, diversity and inclusion, wellbeing, reward and recognition, employee benefits and employee engagement.

Rachel is also a Trustee Director for Henry Boot Pension Trustees Limited and is a member of the Governance Committee for the Henry Boot PLC Group Stakeholder Pension Plan. In 2022, Rachel became a Trustee of The Children's Hospital Charity and is also a volunteer befriender to lonely older people through b:Friend.

Additional Executive Committee Members



Tim Roberts
Chief Executive Officer



Darren Littlewood
Chief Financial Officer

CHAIR'S INTRODUCTION



PETER MAWSON
CHAIR

“

We have weathered 2023 well and look forward to building on the foundations of success, through several Group-wide initiatives, that we believe stand us in good stead to come together and work more collaboratively as a Group of companies.”

During 2023 there have been no changes within the Board composition, giving us an opportunity to embed the changes within the Board that took place during 2022 and reflect on our next steps in succession planning. Serena Lang has assumed the role of Chair of the Responsible Business Committee, to which she brings her wealth of knowledge and experience in this arena. We have, in early 2024, welcomed Talita Ferreira to our Board and anticipate several forthcoming changes as Joanne Lake and Gerald Jennings prepare to step down after their nine-year tenure, towards the end of 2024. This will include changes to the Chairs of Audit and Risk and Remuneration Committees, as well as the designated Group Employee Forum liaison and Senior Independent Director, which are outlined in the Nomination Committee Report on pages 102-108.

2023 has been a year of challenges within our industries and one which the Board has keenly managed during this period. The economic climate in which we operate has increasingly turned our focus to managing and mitigating risk and a thorough review of our strategic approach, in common with many other businesses of our nature. The Board has a dynamic approach to setting its agendas and pivoting to focus on the issues that require the closest attention, underpinned by our November Strategy Days which allow us to examine in greater detail what our direction of travel is and how we are responding to the issues we are seeing in our key markets. In this way, we have weathered 2023 well and look forward to building on these foundations of success during the forthcoming years. This includes having an ever more cohesive approach to a number of Group-wide initiatives that

we believe stand us in good stead to come together and work more collaboratively as a group of companies.

Performance and Cohesion

A number of important developments in our ways of working have taken place with Board oversight during 2023 such as the move of our head office to the Isaacs Building in Sheffield City Centre, and the progression of key Group activities relating to IT, marketing and communications (including Brand Value and Employer Value Propositions), people and reward, to name but a few. We view these developments as important building blocks to enable us to realise our ambition of being a modern and progressive business, and consideration of how we achieve these elements formed an integral part of our Strategy Days in November 2023. The focus of the Strategy Days, as it had been throughout the year, was maintaining focus on achievement of our medium-term objectives whilst also ensuring an appropriate focus on cost consciousness and maximising efficiencies. We believe that these efficiencies will be enhanced in their delivery by continuing the appropriate focus on delivering those key Group activities which will promote our resilience, ambition and focus. Whilst the main strategic direction of the Group has not changed, by being able to discuss issues directly with a range of senior leaders, we had a great opportunity to challenge our thinking and come together as a senior leadership team.

Leadership Development and Oversight

The initiatives that were launched in 2022 have been embedded and enhanced in 2023 in relation to our approach to reward and recognition, leadership development and broader succession issues. Thinking about how we communicate programmes such as this also touches on how we bring our leaders along with us on important initiatives and we have overseen a programme of development activity for our Executive Committee, as well as thinking about how this learning can be cascaded down including through the rollout of our Management Development Programme.

Succession Planning and Diversity

During 2023 we have continued the work that was outlined in our reports from previous years to implement our succession planning approach for the Board. As highlighted above, we have been very pleased to welcome Talita Ferreira to the Board at the start of 2024, following a recruitment exercise in the latter part of 2023, and you can read about our approach in more detail in the Nomination Committee Report on pages 102-108, as well as our further plans for 2024. We will naturally be sad to lose the skills and experience that have been brought to the Board by Gerald Jennings and Joanne Lake over their tenure with us, as well as the excellent working relationships we have always enjoyed as a team.



However, within any period of change we recognise the benefits of welcoming fresh perspectives to our collective. I am looking forward to realising these during 2024 and continuing to bolster those excellent relationships with our refreshed Board.











Responsible Business

Delivering on our Responsible Business goals remains key and, as we reported on last year, we continue to refine the ways in which the Board oversees and contributes to this important work. One major development was the adoption by each member of the Responsible Business Committee of a 'Sponsorship' role for essential aspects of our Responsible Business Strategy, enabling Directors to become more acquainted with the excellent work that is taking place throughout the Group and improving its visibility, as well as contributing their own valuable insights. We continued to welcome a range of guest speakers to help us develop our understanding of key drivers for changes within our industries, such as the UK Green Building Council, and you can read more about this in detail on pages 116. In addition, we continue to improve our focus on ensuring that we support the businesses with their Responsible Business ambitions, overseeing a number of working groups focusing on important subjects such as climate change and health and wellbeing.

Code Compliance

During 2023 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, as well as the report set out at page 113 for more information.

Given our long 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.

	Division and responsibilities	 Read more on pages 87 to 89
	Board leadership and Company purpose	 Read more on pages 90 to 96
	Composition, success and evaluation	 Read more on pages 97 to 108
	Audit, risk and internal control	 Read more on pages 109 to 112
	Remuneration	 Read more on pages 119 to 141

The following report sets out our structure, governance processes and key activities undertaken by the Board and its Committees during 2023. We welcome feedback from our stakeholders and I would encourage you to get in touch with us on any governance matters.

I hope to see many of you at our AGM on 23 May 2024 (see page 212 to 215 for full details).

PETER MAWSON
CHAIR

11 April 2024

GOVERNANCE AT A GLANCE

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. We have now oriented our successful strategy to the five 'P's - People, Places, Planet, Partners and Performance, an overview of which is set out below.

Performance:

During the year, the Board considered several investment decisions from the businesses. The Board examines a number of factors before making a decision, such as:

- the risks involved in the project and any mitigations
- lessons learned from similar projects
- the alignment to the Group strategy
- the impact on cashflow and return on investment
- the social value and net zero carbon credentials
- views and impacts on stakeholders

Projects that were approved in 2023 include the acquisition of land at Barmby Dunn, Doncaster for Stonebridge Homes and proceeding with the contract for AMRC3 at Sheffield Business Park.

People:

The Board meets with the Group Employee Forum twice annually and receives updates at every meeting about their work through Gerald Jennings, our designated Non-executive Director. In September, the GEF presented their proposals for increasing collaboration throughout the Group with the Board discussing their ideas and approving eight of their recommendations to be implemented. Alongside detailed reports on the employee engagement survey results from our specialist providers in February, the Board regularly considers the views of the workforce and seeks their input. You can read more about our people and culture on page 60-64 and 91-96.

Places:

It was a significant decision to leave our old HQ, Banner Cross Hall, and the Board engaged with the workforce before making the decision to relocate to the Isaacs Building in Sheffield City Centre. The Board oversaw this process to ensure that the new environment would be a collaborative space, fit for modern-day working and would attract and motivate people to work for Henry Boot. It was ensured that the space was flexible, could accommodate future growth and that local and sustainable materials and suppliers were used where possible.

Board Activities in 2023

Planet:

Throughout the year, training sessions led by the UK Green Building Council and Deloitte were held to increase awareness and understanding of how the wider built environment is demonstrating best practice in climate change adaptation and how the ESG regulatory and legislative framework is evolving.

In addition, the Remuneration Committee included targets to reduce our Scope 1 and 2 carbon emissions in the LTIP plan for the Executive Directors and all senior management in line with our net zero carbon aspirations.

Partners:

At various meetings in the year, the Board has overseen an ongoing project to redefine the Henry Boot brand. In a bid to produce an authentic and considered outcome, internal and external interviews were conducted to understand what Henry Boot represents to a wide range of stakeholders. This process included internal workshops with approximately 15% of the workforce. At each step, the Board has listened to feedback from our external consultants, our in-house specialists, the Executive Committee and the employee workshops to inform their decision-making. We look forward to sharing the results with you during 2024.

CORPORATE GOVERNANCE REPORT

DIVISION OF RESPONSIBILITIES

UK Corporate Governance Code 2018

The Board is committed to achieving high governance standards and following best practice. Where we do not strictly follow the UK Corporate Governance Code 2018 (Code), considerable thought is given to ensuring that our approach aligns with the spirit of good governance, helps to promote high ethical standards and sustains the success of the Company over the long term.

For this financial year, as a premium listed company, the Company was subject to compliance with the Code. Further details of how the Code has been applied are set out throughout this Corporate Governance section and a statement of Code compliance is presented on page 113.

The Board

The names, responsibilities and other details of each of the Directors of the Board are set out on pages 80 and 81. There have been no Board changes during 2023 but Talita Ferreira joined as a Non-executive Director on 1 January 2024. Biographies for each Director are shown on page 80 and 81 and roles and responsibilities can be viewed on the website.

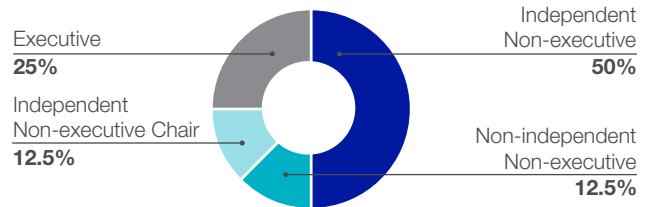
Throughout the year, there have been six scheduled Board meetings attended by all Directors, and one separate Board meeting to approve the appointment of the new Director. In addition to the formal Board meetings, two Strategy Days were held in November with a selection of sessions attended by the Executive Committee and senior management.

The number of Committee meetings are reported in each Committee report.

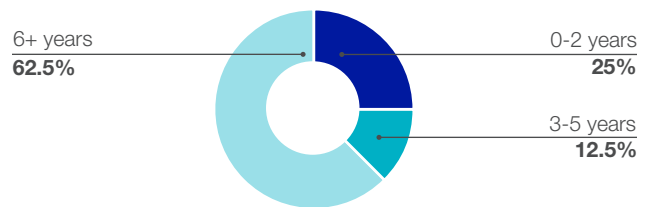
Peter Mawson Non-executive Director	7	7
Tim Roberts Chief Executive Officer	7	7
Darren Littlewood Chief Financial Officer	7	7
Joanne Lake Senior Independent Director	7	7
James Sykes Non-executive Director	7	7
Gerald Jennings Non-executive Director	7	7
Serena Lang Non-executive Director	7	7

□ Meetings attended ■ Eligible meetings

Board composition



Board tenure



Board composition and independence

The governance structures in place are designed to reflect the individuality of the Company and the composition of both its institutional shareholders and individual shareholders, many of whom have family ties to the Company. James Sykes is classed as non-independent, having been appointed to represent the substantial shareholdings of the Reis family interests (see page 144).

The Company values the importance of its independent Non-executive Directors who provide objective advice and challenge the Executive Directors. Their diverse backgrounds in various sectors and knowledge of the wider business environment are critical when it comes to strategy development. The Non-executive Directors meet without the Executive Directors present, usually the evening before the Board meetings and on other occasions throughout the year.

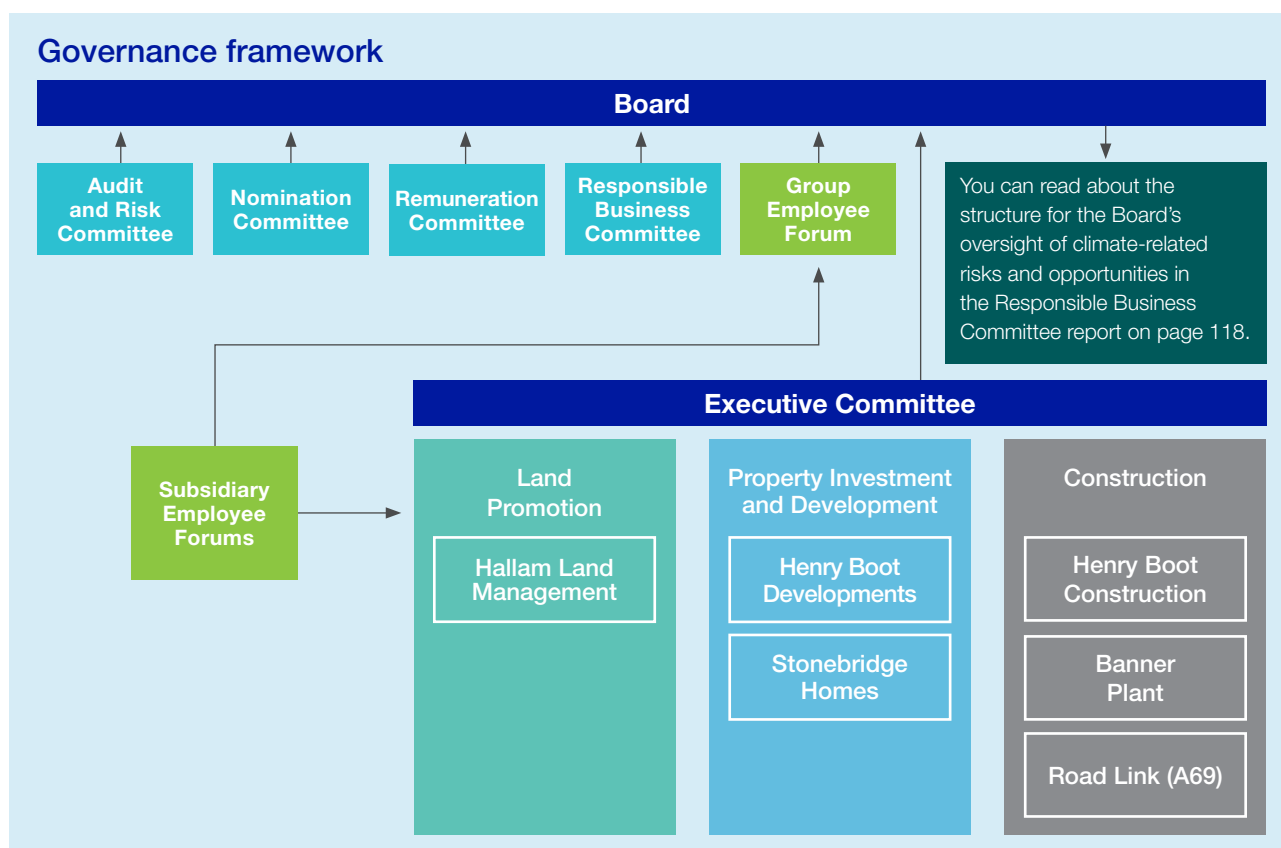
CORPORATE GOVERNANCE REPORT CONTINUED

Board Diversity Disclosures

In accordance with the Listing Rules, the disclosures relating to gender identity and ethnic background are set out below. These were self-reported by members of the Board and ExCo, having been asked to select which of the categories within each of the tables below the recipients identified as.

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	5	62.5	3	7	78
Women	3	37.5	1	2	22
Not specified/ prefer not to say	0	0	0	0	0

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	8	100	4	9	100
Mixed/Multiple Ethnic Groups	0	0	0	0	0
Asian/Asian British	0	0	0	0	0
Black/African/Caribbean/Black British	0	0	0	0	0
Other ethnic group, including Arab	0	0	0	0	0
Not specified / prefer not to say	0	0	0	0	0



DIVISION OF RESPONSIBILITIES

Key features

Board	<ul style="list-style-type: none"> The Board maintains a formal schedule of matters reserved for its decision that cannot be delegated elsewhere (available to view on the website) This schedule is reviewed at least annually and includes: <ul style="list-style-type: none"> establishing long term strategy and objectives overseeing culture and stakeholder engagement approval of annual budgets, financial results and the dividend policy approval of capital expenditure above an agreed amount the determination and monitoring of the Company's principal and emerging risks, including the effectiveness of internal controls 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
Board Committees	<ul style="list-style-type: none"> Delegated authority from the Board to look after specific areas of responsibility Each Committee operates under its own written Terms of Reference which are reviewed at least annually and are available on the website 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 Have access to external consultants where necessary See pages 102 to 141 for more information on the work of each Committee
Executive Committee	<ul style="list-style-type: none"> Members are set out on pages 82 to 83 Re-formed in December 2020, the Board has reviewed and approved its updated Terms of Reference and delegated levels of authority Meets at least ten times a year to debate strategic issues that affect the Group, to collaborate and share best practice and make recommendations to the Board Appointments to the Executive Committee are overseen by the Nomination Committee and the Board. Members of the Executive Committee attend the Board meetings regularly and are part of the Board Strategy Days
Subsidiary Boards	<ul style="list-style-type: none"> Day-to-day operational management of the subsidiary companies sits with their respective boards and MDs The CEO and CFO sit on all the principal subsidiary company boards The MDs are invited to attend the Strategy Days and the Board meetings on a rotational basis to discuss business plans and strategy

CORPORATE GOVERNANCE REPORT

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 strategy, risk, operations and governance, providing updates as well as seeking discussions and approvals on key Board issues. It includes routine items that are included on every agenda as well as one-off topical items or decisions, and ensures that all stakeholder groups are discussed as well as scheduling attendance from leaders and colleagues across the Group. Below are set out some of the key areas of strategic focus for 2023.

Area	Stakeholders considered	Link to Strategy	What was reviewed and considered?
Overseeing and reinforcing health and safety practices	E Sh En Co Cu		The safety of our people, particularly given the industries in which we operate, is paramount. Alongside our routine health and safety reporting and monitoring our KPIs, the Board has been paying particular attention to emerging trends and linking Group MDs with other business leaders to promote knowledge transfer and best practice. In 2023, there were some areas in which we missed our Group KPIs (see page 29), particularly due to some incidents within Banner Plant. As a result, the Board has recognised that it is crucial to lead from the top and further strengthen the safety culture within the businesses, working alongside the Group Safety Manager who compiles the annual Health and Safety reports for each of the principal businesses and outlines his recommendations for improvement.
Ensuring understanding of the business, culture and ESG priorities	E S Cu En Sh	 	Site visits carried out in 2023 to the Disabilities Trust and Cocoa Works in York, as well as Stonebridge Homes' site at Great Ouseburn, provided the Board with an opportunity to meet our employees, customers and suppliers, as well as demonstrating the breadth of the schemes in which we are involved. Other engagements this year have included sessions with the UK Green Building Council and Deloitte to provide opportunities for the Board to deepen its understanding of the regulatory framework in which we operate, and ways in which we can seek to contribute to policy in the future.
Focusing on brand and customer engagement	E S Cu Co		The Group's developing approach to its purpose, vision and values, through its Brand Value Proposition and Employer Value Proposition work, is summarised on page 7. This strategic rethink of the structure of the Group's engagement with its internal and external stakeholders has been discussed with the Board on multiple occasions during the year, touching as it does on key areas such as customer focus, employee engagement, and brand values.
Evaluating Group Strategy	Sh E Cu	  	The Board held a productive session over two days, joined by the Executive Committee and other senior management. Strategies for each of the subsidiary businesses were debated with a renewed focus on the types of opportunities we want to pursue and how to build upon existing relationships with customers. Alongside this, time was dedicated to ensuring that the strategies for some of the central support functions (IT, Marketing and People) were aligned and able to help the businesses deliver their long term ambitions. The key themes, actions and decisions from the sessions were captured, shared with senior management and will be regularly reviewed.
Reviewing and managing risk	E Cu Sh		Given the evolving picture in relation to the UK Corporate Governance Code and associated legislation during 2023, the Board (and the Audit and Risk Committee) has maintained a watching brief on developments in this area. The Committee and the Board review the Group's principal and emerging risks twice a year (see pages 48-55 for more information). However, there have been heightened levels of uncertainty in the market, as well as the upcoming changes to risk management and internal controls as announced in early 2024. In response, the Board has kept risk management practices as a priority, both through overall risk reviews and in-depth reviews on individual projects. This has included updates to the Board on the risk management capabilities that can be offered by insurance advisory services, which have been the subject of a tendering exercise in 2023. These benefits are to be maximised through the appointment of a new insurance broker, Locktons, in early 2024, who will assist the Board and the Audit and Risk Committee in reviewing all risk management protocols during the course of 2024.
Managing budget, gearing and financing	E Cu S Co En		The Board has been maintaining a keen oversight of the Group's budget and gearing during 2023, noting the risk environment as referred to in the section above and the wider macro-economic climate in which we are operating. The Group's refinancing activities have been undertaken with a conscious decision to ensure plenty of time has been allowed to conduct negotiations in a more straitened financial climate, ensuring that we are best placed to maximise the benefits of existing relationships with financial institutions. See Note 26 to the Financial Statements for more information.

Stakeholders

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

Group strategic priorities

 People
  Partners
  Places
  Planet
  Performance

BOARD LEADERSHIP AND COMPANY PURPOSE

Our Culture

The Henry Boot Way – our articulation of the Group’s vision and values - has been in place since 2017, and has remained a vital part of our Group’s overall cultural articulation during this time. Towards the end of 2022, the Board approved a wholesale review of this approach, taking place during 2023, to supplement and develop our refreshed approach to purpose, vision and values – looking at our Brand Value Proposition and Employer Value Proposition. This work will involve us evolving away from the Henry Boot Way, which focused on being purpose-led, to being more impact driven and incorporating wider thinking about how we deliver our strategic priorities. Further details of this are set out on pages 7 and 59.

This work has been overseen by the Board and is due to be launched in 2024, and has given additional opportunities during the measures set out below to re-examine the views of our employees from across the Group on the culture of our business.



CORPORATE GOVERNANCE REPORT

How the Board monitored culture in 2023

	Action	Link to culture, and effectiveness of engagement method	Values upheld or impacted	Outcomes, development of culture and addressing culture issues
Engagement surveys	In 2023 we continued refining our cycle of engagement surveys to capture our eNPS and other valuable information about how our people feel about working for the Group.	The outcomes of an engagement survey build a picture year on year to give us an insight into how our people feel about the culture of our business. 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 those employees feel that the culture of the business is being upheld, and where it is not, what employees feel could be done to address this.	Loyalty Integrity Collaboration	The Board reviewed the survey outcome as a whole, and with direct engagement with the GEF. A number of ongoing activities had been spearheaded by the GEF in response to prior years' surveys, such as launch of the Health and Wellbeing Strategy, and embedding culture and performance within the Group's reward strategy. In agreement with the GEF for 2023, there were no stand-out areas arising from the engagement survey which merited addressing within the year. The engagement survey provides an important check-in and capability for the Board to reflect on important issues affecting our people on a regular basis.
BVP and EVP focus sessions	As mentioned above, a number of sessions have been held with employees from across the Group to review perceptions around purpose, vision and values, to inform the Brand Value Proposition and Employer Value Proposition approach.	Obtaining the views of our people on how we progress and implement our Employer Value Proposition, in particular, is vital. The Henry Boot Way was developed by our people and it is crucial to us that any development of this approach is done in the same way. Focus groups including employees from across the Group have helped to shape this work.	Collaboration Adaptability	Page 7 sets out the BVP and EVP work, which will also be launched fully during 2024. This development of how we articulate our culture is an essential step forward as we look to be more connected within the Group.
Health and Wellbeing	The Health and Wellbeing Strategy, and the work that has been done to produce this (including substantial input by the Group Employee Forum) and launch it, is covered in more detail on pages 116 within the Responsible Business Committee Report.	The formulation of the Health and Wellbeing Strategy reflects the outcomes of our engagement surveys and issues that have particularly resonated with our employees, as set out above. Engagement methods in developing our Strategy included: <ul style="list-style-type: none"> – GEF reflection and Board presentations (see more on pages 94-96) – Health and Wellbeing Working Group – HR Management team – A range of other internal engagements 	Respect Adaptability Integrity	The Health and Wellbeing Strategy aims to develop our culture as a progressive and proactive, supportive employer of choice. The Board recognises that our people are critical to the delivery of our commercial priorities and helping our people flourish by providing a framework of support will mean fulfilled and healthier colleagues which supports retention, creativity and innovation.

BOARD LEADERSHIP AND COMPANY PURPOSE

	Action	Link to culture, and effectiveness of engagement method	Values upheld or impacted	Outcomes, development of culture and addressing culture issues
Head office move	As we highlighted in last year's Annual Report, the Group faced a significant change touching on culture when it decided to move from its existing head office at Banner Cross Hall to Isaacs Building in Sheffield City Centre.	A major consideration in relation to the move has been to enhance our key cultural priorities relating to the promotion of greater collaboration across the Group. By moving to a more integrated space, with many facilities and meeting areas to allow internal and external stakeholders to use the building, the move provides an unparalleled opportunity to live our values. The Board has been kept regularly updated of engagements that have taken place with employee working groups and steering groups that guided the eventual office move in late 2023.	Adaptability Delivery Collaboration	The successful move into the new head office and the impacts on culture have been felt immediately, and longer-term benefits will continue to be monitored by the Board.
Employee forum	As well as the direct Board interaction outlined above, and as described on page 94, linkage to the Board is provided by the designated Non-executive Director appointed to liaise with the GEF, so that the entire Board can benefit from hearing the feedback and respond to issues as necessary.	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.	Collaboration Respect	The Board, represented by the designated NED, attended all GEF meetings in the year and provided insight to the GEF around several matters, including Executive Director remuneration, IT and systems, and marketing strategy. 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 94-95.
Strategy Days	The Group's People Strategy, alongside the wider Group and subsidiary strategies, was discussed at the 2023 Strategy Days with the Board and Executive Committee.	The culture of the business and how this can be influenced by the Board and Executive Committee, was a key part of the People Strategy and also an underlying element of the Marketing and Communications Strategy, focusing on the offer to our people through its EVP.	Delivery Integrity	The Board and ExCo recognise that culture is the key to success, and that without a positive and engaging culture even the best formulated strategies will struggle. We have placed our people at the heart of all we do and therefore the focus that the Board and Executive Committee are giving to the People Strategy as a key lever of change and also a shared priority will be more meaningful to our wider internal stakeholders.

CORPORATE GOVERNANCE REPORT

Employee Engagement

In our refreshed strategic pillars, a focus on one of the five Ps is 'People' – Henry Boot's greatest asset is its people and, as such, are a key focus across the organisation, including at Board level, to ensure that employee views are being taken into account. The Board has established two key methods of direct Board employee 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 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 Strategy on pages 30-34, 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 2023. 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 employees. The Group and Subsidiary Employee Forums have refreshed their memberships throughout the year, to renew their commitment to ensuring representation from across the Group and add new voices to the teams. The Chair and the Chief Executive Officer have also worked with the designated NED to structure a series of attendances at the GEF by them and also by senior leaders within the businesses to present on key initiatives. The GEF has worked with the Marketing and Communications team to ensure that the outcomes of their work and engagements are more widely publicised to the Group.

Outcomes

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

Consultation activities	Method and outline of engagement	How the Board responded
GEF Collaboration Project	Instead of focusing on the lowest scoring areas from the Employee Engagement Survey results, this year the Group Employee Forum decided to look at the general topic of 'Collaboration within the Group'. This was inspired by work presented by Jon Fisher, MD of Banner Plant, around his work to integrate Banner Plant into the wider Group with a greater strategic focus, as well as the opportunities identified for collaboration by the new Head Office working groups. The GEF also felt that there were no new areas of focus that had arisen through the employee engagement survey, which had been the focus of previous projects. Following discussions with each of the Subsidiary Employee Forums, the GEF produced a presentation which outlined areas of focus for 2023, examples of successful collaboration, areas of improvement and what any solution will need to cover.	The initial proposal around collaboration was shared with the Board in March 2023, who concurred that the areas of focus felt appropriate and relevant to our areas of strategic focus. The GEF members, together with the SEFs, then developed the proposal into a number of key actions, such as maximising cross-Group learning and development activities, sharing expertise and best practice, and using process mapping to increase efficiencies. This action plan was shared with the Board in September 2023, who were again supportive, with Executive Directors pledging the support of the Executive Committee to deliver it.
Reward strategy implementation	Elements of the Group-wide reward strategy, launched in 2022, continued to be implemented in 2023, with further consultations taking place with the GEF and points raised by the GEF being fed into the communications around the rollout.	The designated NED liaison fed back any areas raised to the Board and these areas were also addressed directly with the GEF for cascade throughout the business as well as tailoring relevant communications.
Directors' Remuneration Policy	The consultants appointed by the Remuneration Committee, Korn Ferry, attended a GEF meeting to discuss various elements of Executive Director remuneration and the approach being taken for the updated Remuneration Policy being proposed for 2024, to aid understanding and also explain the alignment with the Group's wider remuneration policy.	The Remuneration Committee is conscious of the drive to engage with employee representatives whenever a new Remuneration Policy is being proposed, and to ensure that employee views are heard. The designated NED liaison fed back any topics discussed, and information provided to the GEF, noting that no concerns had been raised with the proposed new Remuneration Policy.

Consultation activities	Method and outline of engagement	How the Board responded
Head Office relocation	Cross-Group working groups formed in 2022, as reported on in our previous Annual Report and Accounts, continued to meet in 2023 to shape further aspects of the move to the new Head Office and provide input to the updates provided to the Board on areas such as travel and parking, personal safety and culture and heritage.	The Board was keen to ensure that it understood the employee views and were kept updated as to the progression of the plans for the Head Office move throughout the period up to the transition date.
SheNetWORKS	A number of networking groups were established during 2022/2023 as part of the Group's EDI Strategy; for parents and carers (Family Matters); mental health first aiders; menopause and perimenopause (Pause to Talk) and females within the business (SheNetWORKS). An event set up towards the end of 2023 welcomed female attendees from across the Group to start to create better opportunities for the women within the businesses to discuss important issues affecting them.	Non-executive Director Serena Lang attended the event alongside the excellent turnout of women from across the business, and gave a lunchtime talk about her experiences within the industries she had worked in and advice to the attendees.
Board and ExCo Sponsorship Roles	Executive sponsorship roles were proposed at the Responsible Business Committee in December 2023, to provide senior leadership support and guidance for strategic projects, demonstrate leadership, role model positive behaviour and connect senior leaders to strategic issues and the workforce.	<p>The Responsible Business Committee members (as well as the Executive Committee members) will take on a variety of sponsorship roles, looking to achieve the following:</p> <ol style="list-style-type: none"> 1. To champion their respective initiative when relevant at any PLC Board and/or Committee meetings, encouraging other members to consider their chosen initiative when decisions are made to ensure that all commercial decisions consider ESG factors. 2. To engage with the respective employee working groups at least once per annum to share knowledge, exchange views and display leadership. 3. To attend and be involved (wherever possible) with any Group events, webinars or updates about the chosen subject. 4. To share with fellow Committee members information about any related themes, trends or updates observed in the market.

CORPORATE GOVERNANCE REPORT

CASE STUDY

Peter Mawson and Tim Roberts engagement visits

Throughout 2023, Peter and Tim have undertaken a programme of visits and engagements with employees across the Group, meeting employees at a number of our Banner Plant depots, Hallam Land and HBD regional offices, construction sites and other locations.

This has enabled Peter and Tim to hold one-to-one meetings with teams and individuals across the business, to provide visibility of their respective roles and to get to know as many of our people as possible, facilitating meaningful discussions on issues relevant to each of the businesses. In addition, Peter participated in a male health campaign video for Henry Boot employees, to raise awareness and highlight avenues of support.

“With our people being located in various different areas across the UK, it is important to me that I can take time to go to them and make sure that they are able to speak to me directly, which helps me to understand how we as a Board are overseeing and implementing measures that touch on the whole Group and its operations.”

PETER MAWSON,
PLC BOARD CHAIR



Q&A with recently joined GEF members

Amric Manku has assumed the role as Chair of the Group Employee Forum at the close of 2023 – here he gives his views on the roles of the GEF.

Q How has the Board supported and interacted with the GEF over the past year?

A: The two main forms of support that is given to the GEF by the Board are time and consideration. The GEF is invited to attend and present at the Board meetings twice a year, and a Board member attends all of our meetings. All items discussed at both GEF meetings and presentations are carefully considered and action is taken where needed.

Q How do you feel the GEF supports the culture of the business?

A: The people-first approach of the culture of the business is most clearly reflected in the GEF and each of the Subsidiary Employee Forums, which allows for direct communication with the leaders of the business throughout the year.

Q What areas does the GEF want to focus on in the future?

A: The main area of focus for the GEF will always be the well-being of the employees, and creating effective changes to reflect the employee requirements by maintaining direct and meaningful communications with the Board.



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 2023. Whilst the value of such a process was fully appreciated, the Committee concluded that it was not the right time to conduct such an exercise due to upcoming Director changes and would review the decision again in 2024.

A formal and rigorous internal performance review was undertaken by the Board, its Committees, the Chair and each individual Director. Attendees at Board meetings were again 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.

The process and results are set out below.

Process



CORPORATE GOVERNANCE REPORT

COMPOSITION, SUCCESSION AND EVALUATION

BOARD

2023 action areas Progress during 2023

<p>Marketing and branding</p> <p>Oversee the marketing, branding, and communications strategy as it develops and is rolled out.</p>	<ul style="list-style-type: none"> The Brand Value Proposition was presented to the Board in July. The overall Brand, Marketing & Communications strategy was debated at the November Strategy Days. The Board approved the Brand Value Proposition and the Employer Value Proposition in December, alongside initial discussions on the corporate identity.
<p>Agenda</p> <p>Build time into the Forward Business Schedule to concentrate on innovation, idea generation, and opportunity identification.</p>	<ul style="list-style-type: none"> Initial discussions held in during 2023. Time set aside during 2024 to dedicate to an innovation session.
<p>Culture</p> <p>Formulate an approach to understanding and assessing culture within the business.</p>	<ul style="list-style-type: none"> Culture was discussed at the July meeting including the various ways in which we assess culture such as the engagement survey, the whistleblowing internal audit, the brand audit consultation and engagement with the employee forums.

Action areas for 2024

<p>Marketing and branding</p> <p>Monitor the roll out of the internal and external branding project.</p>	<p>Idea generation</p> <p>Hold a productive session which focusses on innovation, idea generation, and opportunity identification.</p>	<p>Training</p> <p>Create a dynamic training schedule that incorporates softer skills and ensures the successful induction of new directors and handover of roles.</p>	<p>IT Strategy and implementation</p> <p>Oversee the delivery of the new system implementations and IT strategy.</p>
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AUDIT AND RISK

2023 action areas Progress during 2023

<p>Specialist training</p> <p>Provide specialist training for the Committee on the new audit reform when the guidance is finalised.</p>	<ul style="list-style-type: none"> Training delayed due to the new UK Corporate Governance Code not being published until January 2024.
<p>Internal controls preparation</p> <p>Begin internal preparations to our systems and processes to be in the best position to adapt to the new audit reform.</p>	<ul style="list-style-type: none"> Despite the delays mentioned above, initial discussions commenced on: <ul style="list-style-type: none"> Assessing the new requirements with a view to preparing a gap analysis Process mapping the various internal controls within the Group and bringing together relevant people within the teams to undertake this work.
<p>Risk review</p> <p>Agree new risk review procedures to be implemented and rolled out in 2023 (supported by Board and ExCo training).</p>	<ul style="list-style-type: none"> Again, deferred to 2024 to ensure that any changes to the risk procedures take into account the new governance requirements.
<p>Cyber and IT</p> <p>Oversee a wholesale review of the Group's cyber and IT security approach, receiving updates arising from the cyber internal audit of 2022 but placing these into a broader perspective of the overall risk management for IT and cyber.</p>	<ul style="list-style-type: none"> The IT Strategy was debated during the November 2023 Strategy Days. A new Cyber Strategy was approved in the February 2024 meeting alongside a review of all the updated IT policies.

Action areas for 2024

<p>Specialist training</p> <p>Provide specialist training for the Committee on the internal controls requirements arising from the new UK Corporate Governance Code and develop a roadmap for compliance.</p>	<p>Internal controls preparation</p> <p>Carry out an assessment of our internal controls in preparation for the requirement for the Board to make an attestation in compliance with the updated UK Corporate Governance Code.</p>	<p>Risk review</p> <p>Review, in conjunction with external advisers, risk management procedures to agree any changes to be implemented and rolled out in 2024 (supported by Board and ExCo training).</p>	<p>Internal audit</p> <p>Review internal audit approach to determine optimal number and mixture of internal audit activities to be carried out annually.</p> <p>Chair succession</p> <p>Ensure that the new Chair is successfully transitioned into the role.</p>
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NOMINATION

2023 action areas Progress during 2023

<p>Equality, diversity, and inclusion Oversee the development of wider diversity reporting in categories other than gender (e.g., ethnicity, disability).</p>	<ul style="list-style-type: none"> The introduction of a new HR system during 2023 now facilitates capturing diversity data on categories beyond gender. The ability to report on wider data will become possible in 2024.
<p>Executive succession Hold a session with the EDI Steering Group to gain insight into barriers to recruitment / progression and understand how this could be improved.</p>	<ul style="list-style-type: none"> The EDI Steering Group was relaunched in early 2024 and Joanne Lake attended the forum's first meeting. Once the Steering Group's priorities have been finalised, a meeting with the Committee will be arranged for summer 2024.
<p>Skills development Oversee a reverse mentoring programme with a diverse employee and one of the ExCo members plus one of the Board members.</p>	<ul style="list-style-type: none"> As mentioned above, with the relaunch of the EDI Steering Group in early 2024, this action will be presented to the Committee as a proposal later in 2024.

Action areas for 2024

<p>Skills development Oversee a reverse mentoring programme with a diverse employee and one of the ExCo members plus one of the Board members.</p>	<p>Recruitment barriers Hold a session with the EDI Steering Group to gain insight into barriers to recruitment/progression and understand how this could be improved.</p>	<p>Diverse initiatives Work with management and the EDI Steering Group to develop two meaningful medium-term initiatives to increase the number of diverse recruits into the Group.</p>	<p>Non-executive recruitment Carry out further successful recruitment exercise for a Non-executive Director and ensure a thorough and effective induction and embedding process.</p>	<p>Chair succession Discuss Chair succession plan with a view to agreeing timescales and procedures.</p>
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CORPORATE GOVERNANCE REPORT

COMPOSITION, SUCCESSION AND EVALUATION

REMUNERATION

2023 action areas Progress during 2023

Employee communications

Oversee improved communications between the Committee, ExCo and employees particularly with regards to the roll out of the workforce reward strategy and PDR process, seeking feedback from the GEF at various stages.

- The workforce reward strategy and PDR launch was discussed in February with the Committee setting actions for management.
- There were further discussions in March on feedback received from the workforce.
- Reward strategy feedback was discussed by the GEF in various meetings throughout the year with Gerald Jennings relaying comments back to the Board.
- The Board has also been given regular updates throughout the year on the move to a more transparent reward structure for the workforce as part of the CEO Report.

Exec Directors targets

Ensure targets for Executive Directors are sufficiently stretching at the time of setting and seek advice from advisors on best practice and market expectations.

- Targets for Executive Directors were set in early 2023 with support from Korn Ferry.
- Annual Bonus targets increased back up to -10/+10% range from -10/+5% the previous year.
- Challenging PBT target set for 2023 amidst difficult market conditions.

Benefits alignment

Check for consistency across workforce benefits, particularly with regards to pension contribution.

- Decisions made to ensure a consistent approach to benefits across the Group, including aligning employee pensions contribution levels for all.

Action areas for 2024

Chair succession

Ensure that the new Chair is successfully transitioned into the role.

PDR processes

Oversee the PDR process implementation during the year and the integration with the PeopleXD software, gaining insight from the Group Employee Forum.

Committee visibility

Increase visibility and understanding of the Committee's role throughout the business and raise awareness of how the executive directors' remuneration aligns to the company's long-term strategy and workforce remuneration.

Bonus framework

Review the annual bonus framework across the Group to ensure it remains appropriate.



RESPONSIBLE BUSINESS

2023 action areas

Progress during 2023

Guest speakers

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.

- A session was held with the UK Green Building Council covering best practice in how the built environment is adapting to climate change and a session with Deloitte covered the evolving ESG 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.

- See above

Employee engagement

Engage with Henry Boot working groups focusing on responsible business throughout the year to understand their roles, opinions, and aspirations.

- All Committee members were appointed Executive Sponsors of Responsible Business Strategy pillars and are collaborating with the Responsible Business Manager to undertake working group engagement throughout 2024.

Benchmarking

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.

- Committee members routinely support the Responsible Business Manager to benchmark the Group's responsible business performance against good practice in the market.

Materiality assessment

To support the development and delivery of the materiality assessment to be undertaken with key stakeholders.

- The materiality assessment has been delayed to 2025 to align with the development of Phase 3 of the Responsible Business Strategy.

Action areas for 2024

Training

Continue engagement with specialists to inform the Committee on the ESG regulatory and legislative framework.

Employee Engagement

Fulfil the role profiles of Executive Sponsorship and engage with Henry Boot working groups and subject matter experts focusing on responsible business throughout the year to share knowledge and provide executive insight.

Benchmarking

Identify peers that are performing well on ESG and continually work to benchmark Henry Boot's performance, and support knowledge transfer, and industry collaboration.

Paper Preparation

Implement a collaborative process to ensure that Committee papers are concise, informative and easy to understand.

CORPORATE GOVERNANCE REPORT

COMPOSITION, SUCCESSION AND EVALUATION

Nomination Committee Report



PETER MAWSON
CHAIR

“

Within any period of change we recognise the benefits of welcoming fresh perspectives, and I am looking forward to realising these during 2024, and continuing to implement our succession planning approach for the Board.”

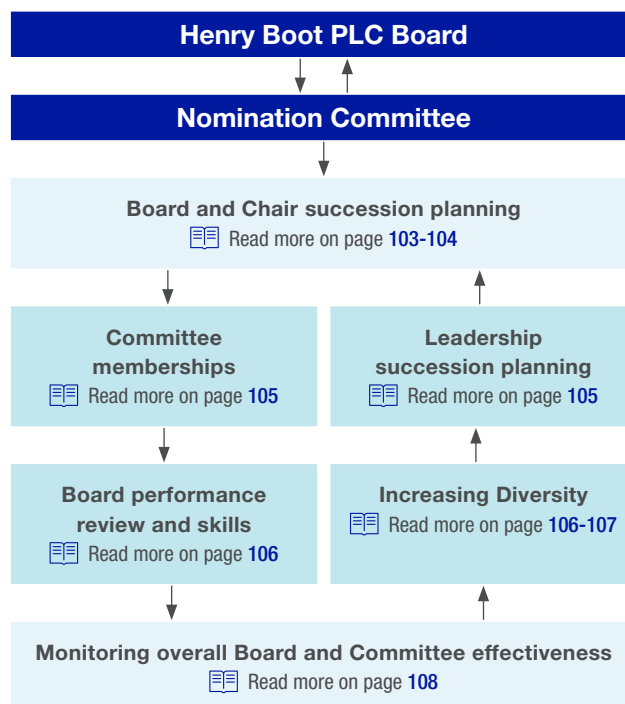
Review of the year





The Nomination Committee (the Committee) met three times during 2023 to review and discuss matters such as succession planning, diversity and inclusion, skills and leadership development. You can read an in-depth review of the approach we have taken to Non-executive Director recruitment, and how we have taken steps during this process to support greater diversity and inclusion within our Board. We have thought carefully about the appropriate ways of undertaking our recruitment activity to constantly strive for balance on our Board in as many areas as possible, including in relation to the mix of skills and experience.

We have continued to broaden our understanding of the talent below the Board level, with the Executive Committee having taken a number of steps to develop its own knowledge and expertise and updating the Committee on how these activities are intending to flow down to the leaders within the Group. The Committee continues to monitor an evolving picture of succession planning activities across the entire business, to ensure greater resilience and insight into the Group.

Further details of 2023's activity can be found below. Those serving as members of the Committee for 2023 were myself, Gerald Jennings, James Sykes and Serena Lang. Talita Ferreira joined the Committee on 1 January 2024.

On behalf of the Board and the Committee, I am pleased to present the Directors' Nomination Report for the year ended 31 December 2023.



			
Peter Mawson Chair of the Nomination Committee	James Sykes Committee member	Gerald Jennings Committee member	Serena Lang Committee member
4 4	4 4	4 4	4 4
Nomination Committee attendance key			
<input type="checkbox"/> Meetings attended <input checked="" type="checkbox"/> Eligible meetings			

Board Succession Planning

The Committee continued the work commenced in previous years regarding succession planning for the Board, reviewing its proposed activity for 2023/2024 alongside its ambitions in relation to diversity and inclusion, as well as the need to plan for the future and to consider appropriate methods of addressing outcomes of its skills evaluation.

2023 Recruitment Activity

External recruitment partners were selected by the Committee to assist with the recruitment process for a new independent Non-executive Director to the Board in the latter part of 2023. Norman Broadbent, the Committee's appointed partner, helped to shape the requirements for the role, acknowledging that the substantive aim of the role was to provide succession planning for the Audit and Risk Committee Chair, and to propose strategies to achieve greater diversity on the Board.

Timeline



CORPORATE GOVERNANCE REPORT

COMPOSITION, SUCCESSION AND EVALUATION

Nomination Committee Report

Recruitment of Non-executive Director

Q&A with Talita Ferreira

Q: What attracted you to a role as a Non-executive at Henry Boot PLC?

A: Henry Boot is a company with a strong heritage, having survived and thrived for over 130 years. I have always worked for brands with strong heritage and cultures, like BMW and Ford Credit Europe Bank. During my interviews, I sensed a very people-orientated culture at Henry Boot, which attracted me to the brand and company. Although my executive career has included other industries, my current and former NED positions have been in banking. Henry Boot allows me to broaden my experience in construction, property development and property investment.

Q: What are you looking forward to becoming involved with as part of your Board and Committee roles?

A: I look forward to being involved in the Corporate Governance Code amendments and Directors' attestation from 2026 on the internal control and risk environment with my former experiences in regulated banking. It will be my first Responsible Business Committee (sustainability) membership role. I am eager to apply some of the knowledge I gained from completing the Cambridge Business Sustainability Management certificate.

Q: What do you think are the key issues a Board should be considering when viewing their overall succession planning approach?

A: Succession planning should allow for a blend of diverse cognitive thought, skills, industry experience, and an assessment of the organisation's strategy and industry horizon trends to determine gaps, for instance, generative AI, sustainability and innovation expectations.

The succession plan should ensure enough diverse thinking around the board table to avoid groupthink and, combined with strong leadership from the Chair, create the conditions for constructive challenge in a psychologically safe environment.

Recruitment for 2024

Further recruitment activity is planned for H1 2024, utilising again the resources of an external recruitment partner to assist us with confirming the requirements of this role as well as achievement of our broader ambitions on diversity and inclusion.

February 2024	Finalise person specification and role profile as well as preferred recruitment partner, with refreshed look at any required skills or experience
March 2024	Preferred recruitment partner to commence seeking candidates for longlist
May 2024	Shortlisting
June 2024	Committee members meet shortlisted candidates informally
July 2024	Formal interview of candidates to select appointee, for recommendation to the Committee
August 2024	Appointee commences role as Non-executive Director.

The Committee fully recognises the commitments within its Board Diversity Policy (see below) to achieving greater diversity and inclusion within its members and will be seeking to meet these objectives within these recruitment activities, 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 Chair requirements and Committee membership.

Future Chair succession

It is anticipated that a further period during which the flexibility permitted by Provision 19 of the Code will be utilised to allow me to remain in my role as Chair past the nine-year period of tenure. This is to ensure that all new Non-executive Directors who have been recruited have had the opportunity to develop detailed knowledge of the business, before becoming eligible to be considered for the Chair role. Whilst it has not yet been determined how long this period of flexibility will be utilised for, this will form part of 2024's further succession planning approach in order to provide appropriate visibility to the Board and wider stakeholders.

Review of Roles and Responsibilities

The Committee has considered the most appropriate method of ensuring an appropriate period of handover for Non-executive Directors joining the Board during 2024, and has determined that in order to achieve this, the following changes are to be made to various roles within the Board:

Role	Current appointee	Proposed appointee
Audit and Risk Committee Chair	Joanne Lake	Talita Ferreira (1st September 2024)
Remuneration Committee Chair	Gerald Jennings	Serena Lang (1st September 2024)
Nomination Committee Chair	Peter Mawson	No change
Responsible Business Committee Chair	Serena Lang	No change
Senior Independent Director	Joanne Lake	Serena Lang (1st October 2024)
Group Employee Forum liaison	Gerald Jennings	Peter Mawson (summer 2024)

This will be reviewed after 12 months to determine if any other alterations to roles would be beneficial.

Leadership succession planning

Succession planning at all levels within the Group is an area of significant interest and the Board has continued to support the development of our people through a variety of mechanisms, including formalised Leadership Development Programmes, coaching and mentoring.

For Executive Directors and the Executive Committee, the Committee regularly reviews the talent grids which are overseen by our HR Director with input, where appropriate, from our leaders and external partners who have gained insight into our people through the delivery of our suite of development opportunities. The aim of the regular review is to identify suitable internal talent who are capable of taking on senior roles within the Group in the future and to ensure that we nurture and address any identified development needs to support success.

The Committee has oversight of the Company's Senior Leadership Development Programme (SLDP) through which we have given development opportunities to a significant number of senior management. Our Leadership Development Programme (LDP), which was launched in 2020, is a cohort-led development opportunity to address the needs of the next level of leadership below Executive Committee and Director level. The SLDP and LDP

will continue to be available for our people as required and identified by the business as being a priority.

We continue to run cohorts of our Management Development Programme (MDP) which aims over a period of nine months to develop junior managers and aspiring managers personally and professionally to become more effective in their roles and drive performance in their teams. During 2023, we had 23 colleagues participate and have a strong demand for delivery in 2024.

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

Following on from team development undertaken by the Executive Committee in 2023, which focused on collaboration, authentic and



CORPORATE GOVERNANCE REPORT

COMPOSITION, SUCCESSION AND EVALUATION

Nomination Committee Report

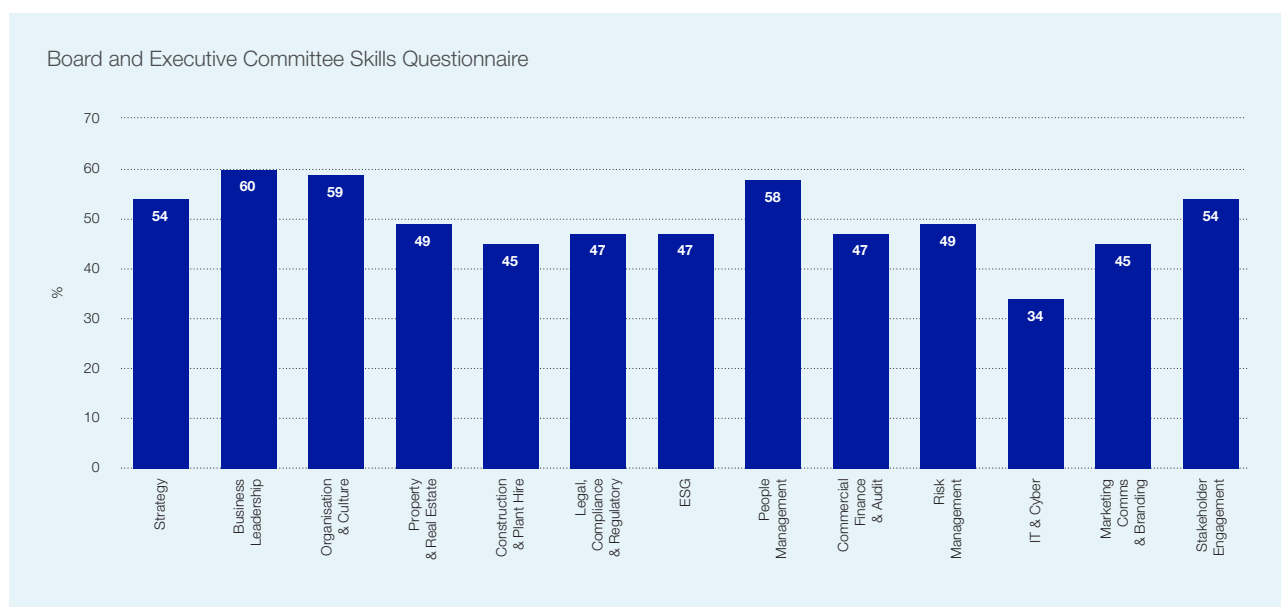
compassionate leadership and change management, in 2024 we will be focusing on a roll-down of this development to our leaders and managers to support cohesion across the Group.

The Committee will continue to oversee the leadership development opportunities in the business and monitor the ongoing impact on succession planning and talent pipelines throughout the Group.

Board performance review and skills assessment

Formal performance reviews were carried out at the end of 2023, and you can read about the process and results on pages 97 to 101.

In addition to the performance reviews outlined above, the Committee reviewed the assessment of the Board's key skills and experience. We have streamlined the skills evaluation activity to align more with the core expertise required, to ensure strong links between the skills evaluated and the core strategic objectives and focus on those areas most relevant to an effective overall governance structure. In addition, given the closer ways of working and inputs received from the Executive Committee in relation to a number of key strategic areas, the assessment of skills has been extended to all Executive Committee members as reflected below.



The Skills Matrix will be key to determining the role profile for recruiting new Board members as it aims to address any areas in which skills could be usefully supplemented, and will be refreshed following the anticipated Board changes later in 2024.

Board Diversity Policy

The Committee reviewed and approved an updated 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 ethnic minority Board representation, as well as reflecting the amended targets introduced by the updated Listing Rules. The full policy is available to view at henryboot.co.uk/our-responsibility. The Committee ensured that the objectives set out within the Board Diversity Policy were fully incorporated within the recruitment activity undertaken during 2023 and will also ensure that our ambitions in this area are captured in forthcoming rounds of recruitment. As such, we anticipate being

able to make progress towards achievement of those objectives through this further period of Board refresh.

We are committed to improving our position on Board diversity when appropriate opportunities arise. It is recognised that there will be periods of change on the Board and that these objectives may be reliant upon the Board being refreshed; however, it is our longer-term intention to achieve these objectives. The Board and Nomination Committee will also consider the prevailing skills and diversity of the Board and the wider Group as and when seeking to appoint a new Director to the Board.

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 40% of our Board members are women.	At the commencement of 2024, our proportion of female Board members is 37.5%, recognising that this will be subject to alteration during the year with the changes anticipated to the Board composition. At least 40% female representation remains our goal and we will continue to ensure that our recruitment processes maximise the gender diversity included in our long and shortlists. We are fully committed to achieving and exceeding this goal with our Non-executive Director succession planning and Group-wide diversity initiatives.	●
3 In addition, the Board shall have as its objective that at least one of the four senior board positions (Chair, Chief Executive Officer (CEO), Chief Financial Officer (CFO) or Senior Independent Director (SID)) shall be a woman, as per the Listing Rules objective.	The role of Senior Independent Director is held by Joanne Lake, who is female. During 2024, this role will be adopted by Serena Lang when Joanne Lake steps down from the Board.	●
4 The Board has set a target to meet the objectives of the Parker Review for at least one Board member to be from an ethnic minority background excluding white ethnic groups (as set out in categories used by the Office for National Statistics).	We currently have no members on the Board from an ethnic minority background. We will be looking to address this objective over the next round of Board recruitment and internal progress.	●
5 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 have consciously worked with our recruitment partners to ensure that our briefs for Non-executive Director appointments encouraged diverse candidates, and a number of those on our longlist had no previous FTSE experience. We will continue to ensure that previous FTSE experience is not a specified requirement in future recruitment rounds in order to attract a broad pool of applicants.	●
6 The Board will work with external recruitment consultants to provide support for Board appointments and will ensure that Non-executive Director longlists include both women and candidates from an ethnic minority background excluding white ethnic groups.	In 2022, we appointed external recruitment partners to work with us on our recruitment exercises, an appointment that continued throughout 2023. This ensured that the longlist for the candidates for both recruitment exercises provided a wealth of individuals from diverse backgrounds. We will continue this approach for 2024. As previously disclosed last year, 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 after Jamie Boot, a major shareholder and Boot family member, retired as a director after almost 37 years' service.	●
7 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 underrepresented 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 and in conjunction with our Responsible Business Strategy delivery, we have worked to elevate the built environment and real estate as a positive career option for women and underrepresented 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.	●
8 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.	The Responsible Business Strategy, reviewed by the Responsible Business Committee and approved by the Board, includes people-related targets. ESG-related targets now also form part of the personal objective element of the Annual Bonus award for Executive Directors and senior leaders within the whole Group. These include quantitative targets for improving the gender mix and reducing the gender pay gap.	●
9 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. Activities may include, but not be limited to, the hiring of diverse external senior managers and internal promotion activity but also a continued emphasis on a diverse pipeline and graduate and apprentice recruitment to support this objective long term.	●

Key: ● Objective achieved ● Objective achieved in part ● Objective remains a work in progress

CORPORATE GOVERNANCE REPORT

COMPOSITION, SUCCESSION AND EVALUATION

Nomination Committee Report

The gender balance of those in senior management positions is shown on page 63. You can read more about our EDI Strategy and workforce diversity initiatives on pages 62 to 63.

Terms of reference

In December 2023, 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, as set out within this report, 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 2023 performance reviews (see pages 97 to 101 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 chairperson role at Made Tech Group plc. Joanne's time spent at her other directorships 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 will seek re-election at the upcoming AGM, biographies are shown on pages 80 to 81, and a further summary of Board roles and responsibilities can be found on our website at henryboot.co.uk.

PETER MAWSON
CHAIR OF THE NOMINATION COMMITTEE

11 April 2024






AUDIT, RISK AND INTERNAL CONTROL



JOANNE LAKE
CHAIR OF THE AUDIT AND RISK COMMITTEE



This year, the Audit and Risk Committee has approved an internal audit plan to focus on some key areas connected with our principal risks. Time has been spent discussing and planning for the updates to the UK Corporate Governance Code and how the new requirements will impact our material controls processes.”

 Joanne Lake Chair of the Audit and Risk Committee 4 4	 Gerald Jennings Committee member 3 4	 Serena Lang Committee member 4 4
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Audit and Risk attendance key
4 Meetings attended 4 Eligible meetings

Review of the year

On behalf of the Board and the Audit and Risk Committee (the Committee), I am pleased to present the Directors’ Audit and Risk Committee Report for the year ended 31 December 2023. This report will be my last as Chair as I step down from the Board on 30 September 2024, having reached my nine-year tenure. Our new Non-executive Director, Talita Ferreira, will take over as Chair from 1 September 2024.

This year, the Audit and Risk Committee has continued to work with KPMG as the internal auditor and approved an internal audit plan to focus on some key areas connected with our principal risks. Time has been spent discussing and planning for the updates to the UK Corporate Governance Code and how the new requirements will impact our material controls processes.

We continue to strengthen our relationship with EY, our external auditors, in overseeing our full-year results and assessing the Group as a going concern. The Committee has also considered the principal and emerging risks and, alongside the Responsible Business Committee, the climate-related risks and opportunities for the TCFD disclosures. The level of risk appetite and risk tolerances are also debated and agreed for various risks.

Those serving as members of the Committee were myself (Committee Chair), Gerald Jennings and Serena Lang. Talita Ferreira joined the Committee on 1 January 2024.

CORPORATE GOVERNANCE REPORT

AUDIT, RISK AND INTERNAL CONTROL

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. The Committee consider a range of potential audit areas including those linked to the Company's principal risks, routine financial and operational processes and specific requests from the Committee to determine which audits to prioritise in any given year.

From early 2022 onwards, our internal audit partner has been KPMG LLP (KPMG). During 2023, internal audit reviews carried out by KPMG included:

Topic	Outline
Whistleblowing	<p>Designed to test the tone and culture of the organisation, the objective of this audit was to provide assurance that there was an effective whistleblowing process in place that was easily accessible and allowed people to speak up in a safe environment without fear of reprisal or victimisation. The review consisted of interviews with key stakeholders, testing of previous incidents reported during the last ten years and a workforce survey to collate the views from a broader audience. Insight was also gained from KPMG's subject matter expert to leverage insight into best practice procedures at similar organisations.</p>
Safety Incident Management	<p>With safety as one of the Group's key risks, this audit evaluated the safety incident management procedures with specific focus on controls for improvement process and reducing the number of incidences and/or near misses. It also considered the culture and behaviours and how this compared to market leaders.</p> <p>The scope considered three key areas:</p> <p>Recording and reporting – Processes for accurately and timely recording, tracking, actioning, analysis, oversight and reporting of all safety incidents and near misses;</p> <p>Supplier management – Processes and controls for engagement with business partners to ensure compliance with safety incident management policies and standards; and</p> <p>Communication and awareness – Processes to create and raise awareness on how staff identify, report and minimise the safety incidents and near misses.</p>
Follow-up Action Tracking	<p>A detailed review was undertaken of the previously agreed internal audit actions to allow the Committee to understand the level of progress made and provide comfort that recommendations had been followed through. KPMG independently verified whether actions had been completed sufficiently and, where any deadlines had been extended, reviewed whether there was a clear rationale for doing so.</p> <p>The tracker document sits as a regular item on the Committee's agenda so progress can be monitored.</p>

AUDIT AND RISK COMMITTEE REPORT

Internal audit effectiveness review

The Committee undertook a performance review of the internal auditor's effectiveness in the July meeting. The review consisted of questionnaires with each of the Committee members and the sponsors and main contacts for each of the audits in that period. Under review was their scope, expertise and resource, the level of responsiveness, the clarity of reporting, value for money, quality of recommendations and relationships with key contributors. KPMG scored highly in most areas with no major concerns found. The results were shared with the internal auditors and feedback taken on board. The Committee was satisfied that the internal auditors are performing their duties to a high standard and add value to the business.

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 48-55. The Committee, and ultimately the Board, oversee these processes and review the risk reporting and principal and emerging risks on an ongoing basis.

Audit Reform

We have been monitoring the updates on the new UK Corporate Governance Code and the now withdrawn draft bill on audit reform over the past year. We are working with our advisers to fully understand the implications of the new Code and prepare to meet the new requirements. Whilst the Committee already reviews the internal controls and processes across the Group, we recognise that this is a good opportunity to strengthen our governance procedures and we will conduct a thorough gap analysis to highlight any areas that need to be addressed, ready for 1 January 2025 and 2026.

Cyber Security

Cyber security is one of the Company's key risks (see page 51) and continues to be an area of focus for the Committee. In February 2024, the Committee reviewed and approved an updated Cyber Strategy which allows the Group to further enhance our security stance.

The Group has not been subject to an information security breach within the past three years (the last incident having occurred in 2018), and is accredited by Cyber Essentials (IASME), an externally audited certification recognised within the security industry. We have cyber insurance in place to mitigate financial losses and liabilities resulting from potential cyberattacks, data breaches, or other cybersecurity incidents.

The Group mitigates these risks in other ways too, through the biannual provision of detailed security e-learning, supplemented by security awareness training. Where training is not passed successfully, we carry out additional, targeted training which sits alongside our suite of information security policies and protocols which have been recently updated in line with ISO27001 recommendations.

NCSC and CIS frameworks are also now being followed as part of our Cyber Strategy to ensure that the measures we have are in line with best practice, and any investment in future technologies is focused on where we can add the most value.

Following the recommendations of KPMG during the 2022 internal audit, the Group has put additional measures in place, including: USB disablement; multi-factor authentication for all our people and cloud systems; procurement of new backup technologies; and data migrated from on premise to cloud storage to help visibility and cleansing exercises.

External audit effectiveness review

The Committee oversaw a full review of the effectiveness of the external auditor in July 2023, which collated feedback from the Committee, finance teams, ExCo members and other key stakeholders within the Group on the 2022 full year audit. A detailed questionnaire sought views on the external auditor's understanding of the business, engagement levels of senior audit staff, how risks are assessed, working relationships, constructive challenge, audit planning and hitting deadlines.

Overall, the survey results were very positive with the review concluding that EY conducted a thorough and comprehensive audit, providing robust and independent challenge where needed. Strong scores were received in relation to the senior staff understanding our business and any audit differences being resolved on a timely basis. There were some minor areas of improvement identified in relation to ways of working, as might be expected, but these were discussed as part of a two way debrief with EY in the summer with suggestions for how the process could be fine-tuned for the following year. The Committee is confident that there are no concerns that impact the quality of audit work or audit opinion.

Independence of the external auditor

In order to ensure the independence of the external auditor, the Committee monitors the non-audit services provided by EY 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. Deloitte will provide the Group's corporation taxation services for the year ended 31 December 2023.

In accordance with best practice, the Company will require its external audit partner to rotate every five years, this being the fourth year to which this relates. The statutory auditor signing the Audit Report for 2023 is Victoria Venning.

CORPORATE GOVERNANCE REPORT

AUDIT AND RISK COMMITTEE REPORT

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. 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 reviews 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 which does not compromise the overall quality and rigour of the work undertaken.

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 152-159 discusses other key audit matters which were also considered by the Committee.

In addition, an External Auditor Independence Policy has been developed to supplement our approach on external auditor independence, which was approved in early 2023.

Extent to which external auditor challenged management

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

Focus	Matters considered	Committee outcome
Valuation of investment properties	<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 held 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>	The Committee critically reviewed the valuations and any key movements during the year. Having discussed the valuations during the meeting and considered EY's independent valuations, the Committee was comfortable with the values adopted.
Valuation of housebuilder inventory	<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>	During the year, the Committee critically reviewed the carrying value of housebuilder inventories and judgements in relation to recoverable amounts. Following discussions with EY on the thoroughness of their testing processes, the Committee was satisfied that the carrying values are appropriate.
Construction accounting estimates	<p>As explained more fully in our accounting policy on construction contracts on page 167, 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>	During the year, the Committee examined the judgements and methodologies applied to uncertainties, reviewed the sensitivity analysis around the future costs on construction contracts and agreed that the valuation of contract balances and associated revenue are not materially misstated.

Terms of Reference

During 2023, 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. There were no amendments proposed during this review but the Committee will consider the matter again in 2024 to incorporate the updated requirements of the Code. The Terms of Reference 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

11 April 2024

CORPORATE GOVERNANCE STATEMENT

Compliance statement

During 2023, the Board and its Committees continued to monitor their compliance with the requirements of the UK Corporate Governance Code, as well as the upcoming amendments to the same as published in early 2024. The Company has complied with all the principles of the UK Corporate Governance Code 2018 for the year ended 31 December 2023 and the vast majority of the provisions. This is demonstrated throughout this Corporate Governance Report, and of particular note are the issues below 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. We are conscious of the updated requirements within the recently published UK Corporate Governance Code in 2024 and will be providing further updates on our levels of compliance, and any measures in progress, in next year's Annual Report.

Given our 138-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.

Provisions 9 and 19

Peter Mawson, an independent Non-executive Director of the Company, was appointed as the new Chair and the Company is now compliant with provisions 9 and 19. However, there will be a period of non-compliance with provision 19 from 1 October 2024 when Peter Mawson will remain as Chair, despite his nine-year tenure. This period of time will allow the Non-executive Directors recently recruited to the Board to have the opportunity to develop detailed knowledge of the business, before becoming eligible to be considered for the Chair role. As referred to in the Nomination Committee Report at pages 102-108, this period is currently undetermined but will be for such duration as will enable the Board as a whole to be comfortable that Peter's replacement has garnered sufficient knowledge and experience of the business to enable Peter to step down from the Board.

DTR 7.2.8A

The Board's Diversity Policy, including its objectives, how these have been implemented and the results of the same, is reported on at pages 106-107.

Provision 20

During the succession planning for the Chair role, 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 was appointed to carry out the search for Serena Lang and Talita Ferreira, and will be used for future Non-executive Director appointments, as reported on page 103-104.

Provision 24

Peter Mawson became Chair on 26 May 2022 and remained a member of the Audit and Risk Committee until 16 September 2022. The Committee composition is now in line with provision 24, and will remain so notwithstanding the upcoming changes to the Board's constitution during the year, with only independent Non-executive Directors as its members.

20% vote against – AGM

At the AGM in 2023, no resolution proposed received more than 20% of the vote against it.

AMY STANBRIDGE
COMPANY SECRETARY

11 April 2024

CORPORATE GOVERNANCE REPORT

RESPONSIBLE BUSINESS COMMITTEE



SERENA LANG
CHAIR OF THE RESPONSIBLE
BUSINESS COMMITTEE

“

In 2023, we continue the work to embed our responsible business ambitions within our wider commercial strategies, and think broadly about the ways in which we can have the greatest amount of positive impact on our climate, communities and stakeholders.”

Review of the year

In 2023, the Responsible Business Committee (the Committee) met three times, providing oversight and leadership on the Company's strategic approach to, and performance on, all responsible business practices. Committee members also attended two engagement sessions with guest speakers to provide insight on some key areas of practice. The Committee provides an independent review and oversight of the ongoing 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. For each year, objectives in the Responsible Business Strategy are broken down into annual targets within a Responsible Business Plan to provide an attainable roadmap towards achievement of the 2025 ambitions, on a Group and also a subsidiary basis, which the Committee reviews and tests.

During the year, as well as having this broader oversight of the Responsible Business Strategy and associated Plan, the Committee has overseen the setting of an annual Equality, Diversity and Inclusion plan, the roll-out of the Health and Wellbeing Strategy, reviewed progress on agile working, early careers and sustainable transport, to name but a few. Further details of areas of focus for 2023 are provided below. The Committee is also alive to the interactions required in relation to incorporation of ESG-related targets into executive remuneration (in conjunction with the Remuneration Committee) and review of climate-related risks (along with the Audit and Risk Committee).

Those serving as members of the Committee during the year were myself, Joanne Lake, Peter Mawson, James Sykes, Tim Roberts and Darren Littlewood, and I assumed the role as the Chair of the Responsible Business Committee in January 2023. Talita Ferreira joined the Committee on 1 January 2024.

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 2023.













Henry Boot PLC Board



Responsible Business Committee – key responsibilities

- Setting and achieving of the objectives within the Responsible Business Strategy, and the creation of annual Responsible Business Plans to contribute towards this;
- Review of all sustainability and ESG reporting, including implementation of the recommendations of the Taskforce on Climate-related Financial Disclosures and all associated governance arrangements (see more on pages 66-76);
- 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 and supporting the development of employee diversity and inclusion across the Company and its leadership
- Monitoring and supporting employee engagement with the responsible business agenda.

Responsible Business Strategy

The Group's Responsible Business Strategy outlines a range of objectives and quantifiable targets to be achieved by the end of 2025. An annual Responsible Business Plan is developed to embed the Strategy within our commercial approach and culture, and to provide clarity for our people about how they can contribute to this in the short term. The Plan details the progress that needs to be made each year to ensure successful delivery of our medium-term (2025) targets. In addition, each year, a Responsible Business Strategy Progress Report details the progress the Group made against the previous year's Responsible Business Plan and the overall Strategy. Each Responsible Business Plan aims for incremental growth in key areas and seeks to embed a consistent approach to responsible business practice and to create a shared responsibility for delivery across the Group.

					
Serena Lang Chair of the Responsible Business Committee	James Sykes Committee member	Joanne Lake Committee member	Peter Mawson Committee member	Darren Littlewood Committee member	Tim Roberts Committee member
					

Responsible Business Committee attendance key
 Meetings attended  Eligible meetings

To provide further clarity and to enable effective governance, each subsidiary business works with the Responsible Business Manager to develop their own Responsible Business Plan which draws from the Group Plan and details how they are required to contribute to its success.

Delivery of the Responsible Business Plan and executive scrutiny and oversight of performance is the responsibility of the Responsible Business Committee. The Executive Committee, the

ESG Steering Group and the Responsible Business Manager are responsible for overseeing the implementation and strategic delivery of the Responsible Business Plan across the Group and reporting progress back to the Committee. Further details about roles and responsibilities of individual members can be found on page 117. However, in addition to this executive oversight and that of the Committee, the Board and Executive Committee have assumed sponsorship roles for individual Responsible Business Pillars.



CORPORATE GOVERNANCE REPORT








Other significant issues considered

Focus	Matters considered	Committee outcome
Health and wellbeing	Following a round of review by the Executive Committee, and having been contributed to by the GEF (see pages 92), initial implementation of the Health and Wellbeing Strategy was considered by the Committee in December 2023.	The Committee agreed that the Strategy, which was an evolution of the previous approach, was an appropriate response to provide a more collaborative and proactive support for our people. Alignment with other initiatives, such as the agile working approach and employee value proposition work, was noted.
Reporting frameworks	Deloitte provided the Committee with an in-depth overview of the ESG regulatory frameworks and requirements, including reporting frameworks such as TCFD and TNFD, that the leaders within the Group should be aware of.	The session provoked a thorough debate with the Committee and Executive Committee around the increasing regulatory framework that both bodies needed to be cognisant of and how this would feed into considerations around strategy and risk.
Early Careers Strategy	These discussions covered development of an Early Careers Strategy, focusing on two key areas: <ol style="list-style-type: none"> 1. Engaging Learners and Building Partnerships (by providing strategic education engagement, clarity of processes and engagement with our people) and 2. Early Career Pathways and Experience (by creating entry-level opportunity and tackling barriers, and developing a market-leading early-years careers journey). 	The progress on this Strategy is ongoing but the Committee provided input on some key areas requiring a steer and also overall agreement to the direction of travel.
Climate Change Framework (CCF)	Reporting on a variety of climate-related issues, which has been drawn into a consolidated framework, continued during 2023, focusing on net zero carbon, TCFD, biodiversity, nature stewardship and carbon offsetting. This internal reporting mechanism aligns the existing and forthcoming strategies, reporting requirements, and initiatives focused on how the Group is responding to climate change. This approach provides a clearer strategic structure and more clarity for monitoring progress and impact.	The individual strands within the CCF have continued to be developed and overseen by the Committee during the year.
TCFD and Scope 3 greenhouse gas emissions approach	In the year, the Group has developed its approach to Scope 3 greenhouse gas emissions evaluation, appointing the Carbon Trust to carry out baselining work. As noted in the TCFD report within this Annual Report and Accounts, further progress on Scope 3 and on scenario modelling is required, and the Committee has been reviewing the approaches to addressing this.	The ESG Steering Group continues to monitor the preferred approach to TCFD and Scope 3 reporting, including use of external consultants, with proposals being considered by the Committee during the year.
Engagement session	An engagement session was held with Simon McWhirter, Deputy Chief Executive of the UK Green Building Council, relating to climate change in the built environment, giving an overview of the ways in which climate change is affecting the real estate sector and how our industry is responding to these challenges.	These sessions have provided greater engagement of the Committee members with peers and subject matter experts, and upskilling in key areas relating to current topics of debate. The Committee, in conjunction with the Board and Nomination Committee, will continue to identify further areas for development through these engagement sessions.

Oversight of climate-related ESG disclosures and governance

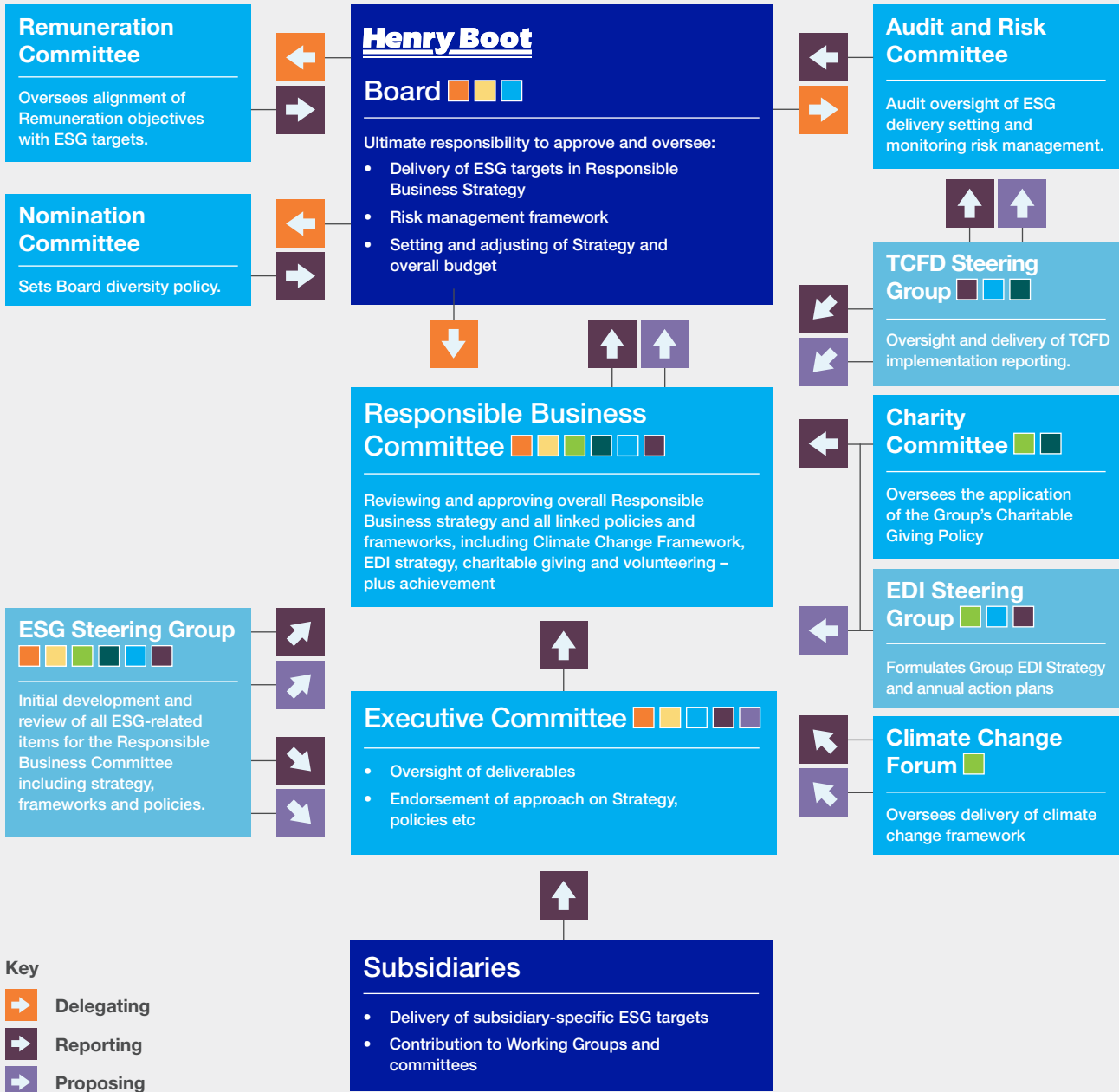
Set out below is a summary of the approach that has been developed within the Group to ensure that key stakeholders are involved in, and providing relevant reporting on, ESG-related activities throughout the business. These governance structures enable specialists and subject matter experts, as well as our people from throughout the various parts of the Group, to get involved in areas that are closest to them, and ensure that the input to our Committee comes from as broad a range of employee stakeholders as possible.

Responsibilities of senior leaders and management

Senior leader	Membership	Summary of role
Chief Executive Officer 	Board Responsible Business Committee ESG Steering Group Executive Committee	The Chief Executive Officer assumes overall responsibility for the delivery of the Group's Responsible Business Strategy and responsible business performance.
Chief Financial Officer 	Board Responsible Business Committee ESG Steering Group Executive Committee	The Chief Financial Officer supports the Chief Executive Officer to monitor and lead the Group's responsible business performance and to embed ESG within commercial decision making.
Responsible Business Manager 	Responsible Business Committee (attendee) ESG Steering Group Executive Committee (attendee) EDI Steering Group Climate Change Forum	The Responsible Business Manager: <ul style="list-style-type: none"> is responsible for preparing the Responsible Business Strategy and annual Responsible Business Plans, monitoring the Group's performance against the Strategy/Plans and routinely updating ExCo and the Responsible Business Committee assumes responsibility for the management and delivery of the Climate Change Forum and EDI Steering Group assists with preparation of the Group's TCFD disclosures
Finance Director 	Responsible Business Committee (attendee) ESG Steering Group Climate Change Forum	The Group Finance Director: <ul style="list-style-type: none"> collaborates with the Responsible Business Manager to monitor and measure progress against quantitative targets within the Responsible Business Strategy provides advice on alignment with the Group's risk framework and commercial opportunities assists with preparation of the Group's TCFD disclosures
General Counsel and Company Secretary 	Responsible Business Committee (attendee) ESG Steering Group Executive Committee EDI Steering Group Climate Change Forum	The Company Secretary is the Group's executive ESG Lead and assumes the responsibility to inform strategic direction on ESG and alignment with the expectations of shareholders and the market, as well as assisting with preparation of the Group's TCFD disclosures.
HR Director 	Executive Committee EDI Steering Group Responsible Business Committee (attendee)	The HR Director assumes responsibility for overseeing the alignment of the Responsible Business Strategy with the Group People Strategy and leads on early careers and health and wellbeing.
Managing Directors 	Executive Committee	The Managing Directors all advise on the Group's strategic approach to ESG and assume responsibility for the responsible business performance for their respective businesses.

CORPORATE GOVERNANCE REPORT

ESG Governance Structure



Terms of reference

During 2023, the Committee reviewed its terms of reference in line with the scope of its operations and key areas of focus to ensure that they remained appropriate. There were no amendments proposed as part of that review and the Terms of Reference were re-approved, and are available on the Company's website.

SERENA LANG
CHAIR OF THE RESPONSIBLE BUSINESS COMMITTEE

11 April 2024

CORPORATE GOVERNANCE REPORT

REMUNERATION




Directors' Remuneration Report



We engaged with shareholders representing over two-thirds of the register on the new Remuneration Policy and plans for implementation in 2024 and received strong levels of support for both.”

GERALD JENNINGS
CHAIR OF THE REMUNERATION COMMITTEE



		
Joanne Lake Committee member	Peter Mawson Committee member	Serena Lang Committee member

Remuneration Committee attendance key
 Meetings attended Eligible meetings

Annual Statement from the Chair of the Remuneration Committee

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 2023.

This report is divided into three sections:

- This Annual Statement, which summarises the work of the Committee and our approach to Directors' remuneration.
- The Remuneration Policy (on pages 123 to 130), which will be put forward for shareholder approval at the 2024 AGM.
- The Annual Report on Remuneration, which sets out the remuneration outcomes for the financial year ended 31 December 2023 and the proposed implementation of the Remuneration Policy for the upcoming year.

Remuneration outcomes

Annual Bonus

The 2023 annual bonus was based on financial measures (66.7%) and individual strategic objectives (33.3%).

At the start of the year, the Committee set stretching financial targets against a backdrop of a slowing economy and higher interest rates, acknowledging that it was unlikely to repeat the record underlying profit recorded in 2022. Despite activity in our key three markets decreasing during 2023, the business performed resiliently, exceeding its underlying profit target thanks to the focus on high quality land and development in prime locations. The business generated robust sales including growing Stonebridge Homes' output by 43% and achieving investment property sales at a premium to FY22 valuations. As a result, the formulaic payout under the profit element was 66.67% of maximum.

The personal objectives considered investment in people, IT infrastructure, marketing and advancements in our internal strategies which has driven progress towards our long term ambitions and contributed to a successful year operationally. As a result, for their personal objectives, the CEO achieved 85% of maximum under this element and the CFO achieved 82.5% of maximum. Therefore, the formulaic outcome under the bonus was 72.8% of maximum for the CEO and 71.9% for the CFO.

CORPORATE GOVERNANCE REPORT

REMUNERATION

Directors' Remuneration Report

The Committee reviewed the formulaic outcome under the bonus, taking into account the broader stakeholder experience including the bonus level more broadly across the workforce and the level of absolute profitability delivered over the year. After careful consideration, the Committee felt that despite strong performance from executives and employees in challenging market conditions, it would be appropriate to use discretion to reduce the formulaic bonus outcome by 11.65% for all employees, including Executive Directors. As a result, the CEO will receive a bonus of 64.3% of maximum and the CFO will receive 63.6%. One third of the bonus is deferred into shares and held for three years.

LTIP award for performance period FY21–23

The three-year performance period for the 2021 LTIP award ended on 31 December 2023. Performance was based on EPS (33.3%), ROCE (33.3%) and TSR (33.4%).

The three-year average ROCE was 10.18% which resulted in a payout of 54.5% of maximum under this element. The relative TSR and EPS elements did not reach threshold performance and so will lapse. Overall, 18.15% of the LTIP will vest. After reviewing wider business performance over the period, the Committee considered that this result was appropriate and did not apply discretion to adjust the outcome.

The Committee is comfortable that actions taken on pay during the year across the Company were appropriate and balanced the interests of all stakeholders and that the Remuneration Policy operated as intended.

Board Changes

There were no changes to the Board during 2023. We welcomed Talita Ferreira as a Non-executive Director on 1 January 2024.

Talita's fee is in line with the other Non-executive Director fees and she will receive an additional annual fee for chairing the Audit and Risk Committee from 1 September which will be prorated for 2024.

Joanne Lake and I are nearing our nine-year tenure on the Board and will step down as Directors in September 2024, making this my last report as Committee Chair. Serena Lang will take over as Committee Chair in the autumn, with Peter Mawson assuming my responsibilities as liaison to the Group Employee Forum.

Directors' Remuneration Policy

Our current Policy was approved at the 2021 AGM and is due for renewal at the 2024 AGM. The Committee has reviewed the current Policy, taking into account the Group strategy, corporate governance developments, institutional investor views and market practice.

The review concluded that our Policy is working effectively and is aligned to the Group strategy, provides a good link between reward and performance and is in line with institutional investors' best practice expectations. Alternative incentive models, such as replacing the LTIP with restricted shares, were considered, but there

was a consensus that long term share awards should be linked to performance targets for all of the LTIP population.

The only material change to the Policy is the reduction of the maximum LTIP grant from 175% of salary to 150% of salary. A summary of the review process and the factors considered by the Committee are set out on pages 123 to 124.

Application of the Directors' Remuneration Policy for 2024

The key decisions for 2024 are set out below.

Salary and fees

The Executive Directors received a salary increase of 3%, lower than the budgeted increase for the workforce of 4%. In addition, the Non-executive Directors and Chair also received a fee increase of 3%.

Annual Bonus

The maximum annual bonus for Executive Directors will remain at 120% of salary. The annual bonus will again be based two-thirds on financial measures and one-third on individual strategic objectives, including a number of ESG targets. One-third of the bonus is deferred in to shares and held for three years.

LTIP

The 2024 LTIP awards will be granted at 150% of salary for the CEO and 125% of salary for the CFO in line with the new Policy maximum. This is a modest increase to the normal LTIP grant level, as permitted under the new Policy, to increase the emphasis on long term performance, accompanied by stretching targets, so that Executive Directors will only receive increased LTIP pay-outs if excellent performance is delivered.

The FY24 LTIP awards will be subject to relative TSR, EPS, ROCE, and ESG related targets based on a reduction in Scopes 1 & 2 emissions and workforce gender balance. During the year, the Committee reviewed the weightings of each of the measures to ensure they aligned with the strategic priorities of the business over the longer term. As a result, the Committee increased the weighting on relative TSR from 30% to 40% to increase the emphasis on shareholder returns and provide stronger alignment with shareholders' interests. The weighting on EPS and ROCE have been reduced from 30% to 25% each. The weighting on Scopes 1 & 2 emissions and workforce gender balance targets have remained at 5% each.

The stretching targets that have been set are considered to be at least as challenging as targets set for prior years' awards, taking into account internal business plans and current market conditions.

Wider workforce considerations

The Committee has oversight of the salary increases, annual bonus and the long term incentive schemes across the business and ensures that a consistent approach is taken between executive schemes and those applying to the workforce generally.

In my dual capacity as Committee Chair and designated Non-executive Director for workforce engagement, I meet regularly with the Group Employee Forum to discuss remuneration and reward matters. In addition to a discussion with them on the new Remuneration Policy (see page 123), we also discussed the CEO's personal objectives in one session and held another session on the role of the Remuneration Committee and how the Executive Directors' packages link to the company strategy and encourage long term behaviours. During all our discussions, executive remuneration and the implementation of the Remuneration Policy were not raised as issues during the engagement and so no amendments were required to the Remuneration Policy or to the implementation of the Policy in 2024 as a result of this engagement.

Shareholder engagement

The Committee consults with its larger shareholders on executive pay matters, where considered appropriate. We engaged with shareholders representing over two-thirds of the register on the new Remuneration Policy and plans for implementation in 2024 and received strong levels of support for both.

Closing remarks

Throughout my time as Committee Chair, I believe that we have made great strides towards aligning executive remuneration with the interests of our shareholders and the workforce and I have welcomed engagement with many of you. Should you have any queries or comments, please do not hesitate to contact me, or the Company Secretary, as we do value your input.

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

GERALD JENNINGS

CHAIR OF THE REMUNERATION COMMITTEE

11 April 2024



CORPORATE GOVERNANCE REPORT

REMUNERATION Remuneration at a glance

Performance snapshot

2023 Annual bonus performance

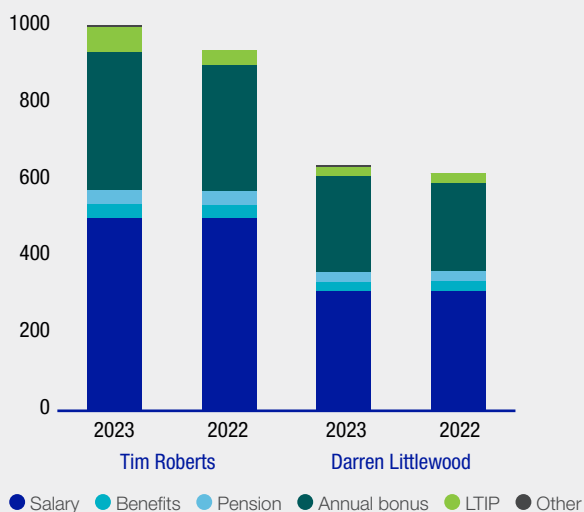
Measure	Performance	Achievement (% of max for each element)
Underlying PBT (66.7%)	£36.7m	66.67%
Individual Strategic objectives (33.3%)	See pages 133 to 134	85% (CEO) and 82.5% (CFO)

LTIP performance for 2021 award based on performance over three years to 31 December 2023

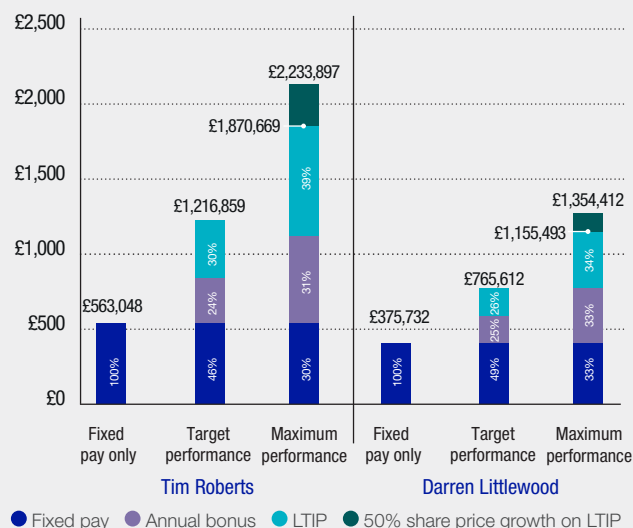
Measure	Performance	Achievement (% of max for each element)
Relative TSR vs FTSE Small Cap	Below median	0%
EPS	20.4p	0%
ROCE	10.18%	54.5%

Executive pay in 2023 and compared to prior year

Total remuneration (£'000)



Scenario charts (£'000)



Implementation of Policy for 2024

Base salary	3% increase for all Executive Directors <ul style="list-style-type: none"> CEO – £484,304 CFO – £318,270
Benefits	No change
Pension	8% of salary (in line with the wider workforce)
Annual bonus	<ul style="list-style-type: none"> Maximum opportunity: 120% of salary Subject to underlying profit and strategic objectives
LTIP	<ul style="list-style-type: none"> CEO – 150% of salary CFO – 125% of salary Subject to EPS, ROCE, TSR and ESG targets Two year holding period applies after vesting
Shareholding guidelines	200% of salary (to be held for two years post-employment)

REMUNERATION

Remuneration Policy

This section of the report sets out the Company's Policy on the remuneration of Directors which will be put to a binding shareholder vote at the 2024 AGM. Subject to shareholder approval, the Policy will take effect from the date of the 2024 AGM and is intended to apply for three years.

This report has been prepared in accordance with the provisions of the Companies Act 2006, The Large and Medium Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2008 and the subsequent amendments, and the UK Listing Authority Listing Rules. In addition, the report has been prepared on a 'comply or explain' basis with regard to the UK Corporate Governance Code 2018.

Determining the Remuneration Policy

The Committee is responsible for the development, implementation and review of the Directors' Remuneration Policy. In addressing this responsibility, the Committee works with management and external advisers to develop proposals and recommendations. The Committee considers the source of information presented to it, takes care to understand the detail and ensures that independent judgement is exercised when making decisions. The Committee works alongside other Board Committees as needed; for example, the Audit and Risk Committee confirms incentive plan performance results.

The Company 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.

When setting the Remuneration Policy, the Committee considered: market practice, Director remuneration at companies of comparable size and complexity, Group performance and the wider economic environment. In addition, the Committee reviewed pay across the wider workforce and stakeholder views. Set out below is a summary of the pay across the business and how employee and stakeholder views are taken into consideration.

Pay across the Group

Henry Boot aims to provide a remuneration package that is market competitive, complies with statutory requirements and is applied fairly and equitably across employees of the Group. Where possible, the Group operates the same core remuneration principles for employees as it does for Executive Directors.

These are:

- We remunerate fairly for each role with regard to the marketplace, consistency across comparable roles and consistency across each company within the Group.
- We remunerate people at a level that the Group has the ability to meet which is sufficient to retain and motivate our people to achieve our shared long term goals.

Bonus arrangements across the Group have a similar structure to the Executive Directors in that there is a measure of Group profitability, subsidiary profitability and personal performance through objectives measurement. The level of bonus potential varies across roles and Group companies.

Participation in the LTIP Scheme is extended to the senior management beyond the Executive Directors based on our grading structure and at the discretion of the Board. Share ownership amongst the wider workforce is encouraged but there is no formal requirement to hold shares. We encourage long term employee engagement through the offer of a SAYE share scheme and a CSOP scheme to all employees who don't participate in the LTIP Scheme.

How employee views are taken into account

Employee engagement on remuneration matters by the Committee is conducted through the Group Employee Forum (GEF). The GEF consists of employees from across the businesses and provides an opportunity for employees to voice their views and raise concerns. The GEF is attended by the designated Non-executive Director and Remuneration Committee Chair, Gerald Jennings, who acts as a conduit between the Board and the workforce and ensures a two-way dialogue.

During the Remuneration Policy consultation, a meeting was held with the GEF to discuss the overall remuneration approach for Executive Directors and to highlight how it was closely aligned to the remuneration approach for the wider workforce. The GEF members were invited to provide feedback on the Remuneration Policy and other remuneration structures and practices within the Group. Other meetings during the year take place with the GEF to discuss the Company strategy, the Executive Directors' personal objectives and the link between strategy, performance and reward. The executive Remuneration Policy and its implementation were not raised as material issues in the discussions at any point and therefore no amendments to the Remuneration Policy were required as a result of this engagement.

In addition to direct engagement with the workforce, the HR Director regularly summarises matters relating to the wider workforce, including relative levels of pay between companies in the Group, changes to other working conditions and changes within the composition of the workforce. Updates on GEF opinion on any remuneration matters are shared with the Committee at most meetings via the designated NED/Committee Chair.

CORPORATE GOVERNANCE REPORT

REMUNERATION Remuneration Policy

Consideration of Shareholder Views

Over recent months, the Committee consulted with major family and institutional shareholders representing over two-thirds of the shareholder base and proxy advisers to seek their views on the proposed Remuneration Policy and implementation. During the consultation, the major shareholders were supportive of our proposed changes to the Remuneration Policy and the proposed implementation of the policy in FY24, so we have proceeded with the planned changes. The Committee is thankful for shareholders' participation in this consultation process. 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.

Other considerations

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

- Clarity – the Committee believes the Remuneration Policy is clear and includes a simple annual bonus structure. The elements of the Remuneration Policy were described clearly to investors during the consultation process, to the workforce during the engagement with the Group Employee Forum and are set out in this report.
- Simplicity – 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 in the notes to the Policy table. 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 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 has been 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.

Conclusion of the review and changes to the Directors' Remuneration Policy

The Committee concluded that the Policy worked effectively and is aligned to the Group strategy, provides a good link between reward and performance and is in line with institutional investors' best practice expectations. On this basis and having explored alternative incentive models, such as replacing the LTIP with restricted shares, the Committee concluded that the Policy was fit for purpose. The only material change to the Policy is the reduction of the maximum LTIP grant from 175% of salary to 150% of salary. As we do not intend to grant LTIPs up to 175%, the additional headroom within the Policy is not needed.

Directors' Remuneration Policy

Element	Purpose and link to strategy	Operation	Opportunity	Performance measures
Salary	Core element of the Executive Directors' fixed remuneration reflecting the role, experience and set in part by reference to comparable companies in the FTSE and appropriate relativities within the broader executive team.	<p>The Committee reviews base salaries annually, taking into consideration:</p> <ul style="list-style-type: none"> i. the value of the individual to the Group, their skills, experience and performance; ii. pay increase levels in the Group and more generally in the marketplace; and iii. the Group profitability and prevailing market conditions. 	<p>Salary increases will normally be in line with the workforce average. The Committee will consider any increase above this level very carefully in the following circumstances, for example:</p> <ul style="list-style-type: none"> i. relevant commercial factors; ii. increasing scope and responsibility; iii. promotional increases; and iv. falling below market positioning. 	None.
Benefits	These are provided on a market competitive basis to assist in recruiting and retaining Executive Directors.	<p>Benefits include (but are not limited to):</p> <ul style="list-style-type: none"> i. a car allowance; ii. private health insurance; iii. permanent health insurance; iv. death in service cover; and v. the offer of participation in the SAYE Scheme. <p>The Committee reviews the level of benefit provision from time to time and has the flexibility to add or remove benefits to reflect changes in market practice or the operational needs of the Group.</p> <p>The cost of providing benefits is borne by the Company and varies from time to time.</p>	Set by reference to normal market practice.	None.
Pension	To provide a contribution towards retirement income.	Executive Directors are eligible for membership of the Henry Boot PLC Group Stakeholder Pension Plan (defined contribution pension scheme) or a cash supplement in lieu of this.	Executive Directors will receive a pension contribution in line with the rate applying to the majority of the workforce, currently 8% of salary.	None.

CORPORATE GOVERNANCE REPORT

REMUNERATION

Element	Purpose and link to strategy	Operation	Opportunity	Performance measures
Annual bonus	To incentivise the delivery of financial performance, operational targets and individual objectives over the financial year.	<p>Targets are reviewed annually and any payment is normally determined by the Committee after the year end based on targets set for the financial year.</p> <p>At least one-third of the bonus earned will be invested into shares and deferred for three years (during which time the shares cannot be sold).</p> <p>Malus and clawback provisions apply.</p>	The maximum bonus opportunity is 120% of salary.	<p>The majority of the bonus will be based on financial metrics.</p> <p>No more than 10% of the maximum bonus opportunity will pay out for threshold performance and no more than 50% for target performance where practicable. Payout between threshold, target and maximum will be calculated on a straight-line basis where practicable.</p> <p>The Remuneration Committee has the discretion to adjust the formulaic outcome of the bonus if they believe the outcome does not accurately reflect business performance.</p>
Long term incentive plan	The Long term Incentive Plan provides a clear and strong link between the remuneration of Executive Directors and the creation of value for shareholders by rewarding the Executive Directors for achieving longer-term objectives aligned closely to the business strategy and shareholders' interests.	<p>Conditional share awards are normally granted annually to Executive Directors.</p> <p>Awards vest after the third anniversary of grant subject to performance conditions and continued service.</p> <p>To the extent awards vest, the value of dividends payable over the vesting period will be added, usually in the form of an additional award of shares.</p> <p>After awards vest, subject to selling sufficient shares to pay tax, shares must be held for a further two years.</p> <p>Malus and clawback conditions apply.</p>	Up to a maximum of 150% of salary in any year.	<p>Performance conditions and targets will be set each year linked to business KPIs in line with the strategy, or a measure of total shareholder return.</p> <p>The Remuneration Committee has the discretion to adjust the formulaic outcome of the bonus if they believe the outcome does not accurately reflect business performance.</p> <p>No more than 25% of the award will vest for threshold performance where practicable.</p>



Element	Purpose and link to strategy	Operation	Opportunity	Performance measures
Shareholding guidelines	Direct share ownership by Executive Directors aligns their long term interests to those of shareholders.	<p>During employment, Executive Directors are required to build and maintain a shareholding equivalent to 200% of base salary. Executive Directors are expected to retain at least 50% of any LTIP awards or deferred bonus awards until holdings reach the required level.</p> <p>Post-cessation of employment Any Executive Director leaving the Company will be expected to retain the lower of the shares held at cessation of employment and shares to the value of 200% of salary, for a period of at least two years. Shares purchased voluntarily by the individual will be excluded from this requirement and the requirement only applies to awards made after the May 2021 AGM.</p>	Not applicable.	None.
Non-executive Director fees	Fee levels are set in order to recruit and retain high calibre Non-executive Directors with the relevant experience required to achieve success for the Company and its shareholders.	<p>The fees of the Chair are determined by the Committee and the fees of the Non-executive Directors are determined by the Board (minus the Non-executive Directors).</p> <p>Non-executive Directors are not eligible to participate in any of the Company's share schemes, incentive arrangements or pension schemes.</p> <p>The Company may pay any reasonable expenses that a Non-executive Director incurs in carrying out their duties as a Director.</p>	<p>Non-executive Directors are paid a basic fee.</p> <p>Additional fees may be paid for chairing committees or taking additional roles such as the Senior Independent Director or Director responsible for the Group Employee Forum liaison.</p> <p>Non-executive Directors are encouraged, but not required, to build up a shareholding in Henry Boot.</p>	None.

CORPORATE GOVERNANCE REPORT

REMUNERATION

Notes to the Policy table

Explanation of the performance measures chosen

Performance measures are selected to reflect the Group's strategy. Stretching performance targets are set each year for the annual bonus and long term incentive awards. In setting these performance targets, the Committee will take into account a number of different reference points which may include the Group's business plans and strategy and the market environment.

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.

Discretion

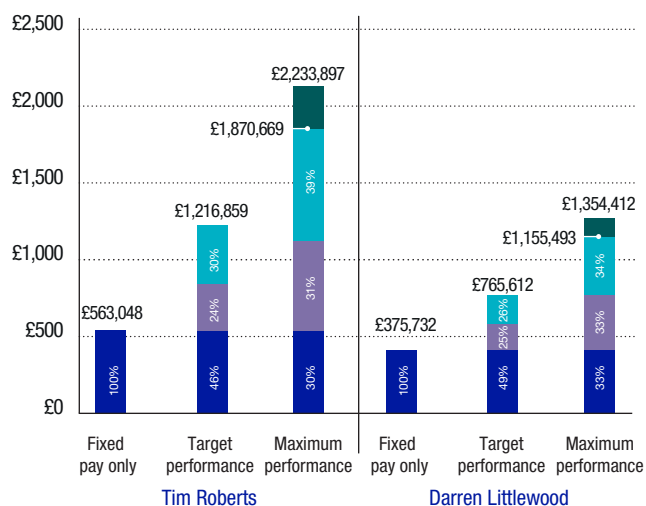
The Committee can exercise discretion in a number of areas when operating the Company's incentive schemes, in line with the relevant rules of the schemes. These include (but are not limited to):

- the choice of participants;
- the size of awards in any year (subject to the limits set out in the Directors' Remuneration Policy table);
- the extent of payments or vesting in light of the achievement of the relevant performance conditions;
- the determination of 'good' or 'bad' leavers and the treatment of outstanding awards (subject to the provisions of the scheme rules and the Remuneration Policy provisions); and
- the treatment of outstanding awards in the event of a change of control.

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).

Minimum	Fixed pay comprised of base pay as of 1 January 2024, benefits paid in FY23, and pension contributions in FY24.
Target	Fixed pay and 50% of the FY24 bonus and LTIP opportunity.
Maximum	Fixed pay and maximum payout 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 fee but no other benefits.

Remuneration element	Policy on recruitment
Base salary	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.
Benefits	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.
Pension	Contribution levels will be set in line with the Company policy.
Bonus	The Committee will offer the ability to earn a bonus in line with the Policy (maximum 120% of base salary). Bonus opportunities will be prorated for new employees that join during the year.
LTIPs	The Committee will offer LTIPs in line with the Policy in the year of joining. As a result, the maximum variable pay level which may be awarded to a new Executive Director is 270% of salary (i.e. 120% annual bonus and 150% LTIP award).
Buyouts	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.
Internal appointees	Any remuneration awards previously granted to an internal appointee to the Board will continue on their original terms. In the same way, if an appointee has deferred benefits in the Henry Boot Staff Pension and Life Assurance Scheme these will continue as before.

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	Policy
Base salary/fees and benefits	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 finds a new role prior to the end of the notice period, payments will be offset against earnings from the new role.
Pension/salary in lieu of pension	Pension contributions and any payments in lieu of pension will be provided over the notice period.
Bonus	For a 'good leaver', any bonus payment would be at the discretion of the Committee and would be prorated 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.
LTIP awards	<p>It is normal for awards to lapse on cessation of employment unless the Company and Committee agree that the Executive 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>

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Service contracts and letters of appointment

The Executive Directors have a service contract requiring 12 months' notice of termination from either party as shown below:

Executive Director	Date of appointment	Date of current contract	Notice from the Company	Notice from the individual	Unexpired period of service contract
Tim Roberts	1 January 2020	1 August 2019	12 months	12 months	Rolling
Darren Littlewood	1 January 2016	1 January 2016	12 months	12 months	Rolling

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.

The table below details the letters of appointment for each Non-executive Director.

Non-executive Directors	Date of appointment	Date of current letter of appointment	Notice from the Company	Notice from the individual
Peter Mawson	1 October 2015	30 July 2015	3 months	3 months
James Sykes	22 March 2011	21 August 2019	3 months	3 months
Joanne Lake	1 October 2015	30 July 2015	3 months	3 months
Gerald Jennings	1 October 2015	30 July 2015	3 months	3 months
Serena Lang	1 August 2022	28 July 2022	3 months	3 months
Talita Ferreira	1 January 2024	21 December 2023	3 months	3 months

Copies of Executive Directors' service contracts and Non-executive Directors' letters of appointment are available on request.

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.

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 primary role of the Committee is to:

- Review, recommend and monitor the level and structure of the remuneration packages of the Executive Directors and senior management;
- Set and approve the remuneration package for the Executive Directors; and
- Determine a balance between base pay and performance-related elements of the remuneration package in an effort to align the interests of stakeholders more widely (including shareholders) with those of the Executive Directors.

The members of the Committee and their attendance at Committee meetings is set out on page 119. The key activities of the Committee during the year are set out below:

- Oversight of the Remuneration Policy and its implementation.
- Reviewed and approved salaries for the Executive Directors and senior management.
- Reviewed formulaic incentive outcomes for the Executive Directors, senior management and the wider workforce. Considered whether they were aligned to Company performance over the short and long term.
- Reviewed the LTIP awards for the Executive Directors and senior management.
- Engaged with the wider workforce on the alignment between executive pay and the wider workforce.

External Advisers

Following a formal and robust tender process, the Committee appointed Korn Ferry as its advisers with effect from 11 June 2020.

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. Korn Ferry provided advice on market practice updates, benchmarking and supported management with undertakings such as producing the Directors' Remuneration Report and reviewing the Remuneration Policy to the extent this did not impact the independence of its advice. The fees paid to Korn Ferry for providing advice to the Committee in relation to Directors' remuneration was £47,600.

There were no other services provided by Korn Ferry during the year and, as a result, the Committee is satisfied that the advice received was objective and independent.

Statement of voting at the last Annual General Meeting (AGM)

At the 2023 AGM, shareholders were asked to approve the 2023 Annual Report on Remuneration. The Directors' Remuneration Policy was approved by shareholders at the 2021 AGM. The votes received are set out below:

2023 AGM (25 May 2023)	Nature of vote	Votes for	%	Votes against	%	Votes total	Votes withheld
Approve the 2022 Directors' Remuneration Report	Advisory	91,422,990	98.05	1,816,561	1.95	93,239,551	40,672

2021 AGM (20 May 2021)	Nature of vote	Votes for	%	Votes against	%	Votes total	Votes withheld
Approve the Directors' Remuneration Policy	Binding	87,300,759	98.03	1,754,384	1.97	89,055,143	9,626

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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 ¹	Taxable benefits	Pension-related benefits	Other ²	Total fixed	Annual bonus	Long term incentives ³	Total variable	Total remuneration
31 December 2023	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Tim Roberts	470	40	38	5	553	363	79	442	995
Darren Littlewood	309	32	25	5	371	236	40	276	647
James Sykes	53	0	0	0	53	0	0	0	53
Joanne Lake	61	0	0	0	61	0	0	0	61
Gerald Jennings	60	0	0	0	60	0	0	0	60
Peter Mawson	109	0	0	0	109	0	0	0	109
Serena Lang	55	0	0	0	55	0	0	0	55

Year ended	Salary and fees ¹	Taxable benefits	Pension-related benefits	Other ²	Total fixed	Annual bonus	Long term incentives ⁴	Total variable	Total remuneration
31 December 2022	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Tim Roberts	457	37	37	0	531	338	60	398	929
Darren Littlewood	300	31	24	0	355	224	35	259	614
James Sykes	51	0	0	0	51	0	0	0	51
Joanne Lake	58	0	0	0	58	0	0	0	58
Gerald Jennings	58	0	0	0	58	0	0	0	58
Peter Mawson	89	0	0	0	89	0	0	0	89
Serena Lang	21	0	0	0	21	0	0	0	21

¹ Salary includes the value subject to salary sacrifice.

² Tim Roberts and Darren Littlewood participated in the SAYE all employee plan, further details are set out on page 137. Both Directors withdrew from the 2022 scheme and joined the 2023 scheme. The figures in the table above have been restated to reflect this.

³ Value of shares based on a three-month average share price of 1.90p to 31 December 2023. This value will be restated next year based on the actual share price on the date of vesting.

⁴ The 2020 LTIP award vested on 22 June 2023, the value included in the table has been restated and is now based on the value of the award on vesting and includes dividend equivalents shares. The value is based on the share price on the date of vesting (219p).

⁵ Taxable benefits include the provision of a company car or a cash allowance alternative and private medical insurance. The value of benefits is not pensionable.

The information in the single total figure of remuneration in the table above is derived from the following:

Salary or fees	The amount of salary or fees received in the year.
Taxable benefits	The taxable benefits received in the year by Executive Directors.
Annual bonus	The value of bonus payable and the calculations underlying this are disclosed on pages 133 and 134.
Long term incentives	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.
Pension-related benefits	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 both Tim Roberts and Darren Littlewood.
Other	SAYE awards granted to Executive Directors during the year.

Individual elements of remuneration

Pension entitlement

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

2023 bonus

The maximum annual bonus opportunity for the Executive Directors was 120% of salary. Two-thirds of the bonus was subject to stretching PBT targets and one-third personal strategic objectives. Performance against the targets is set out in the table below.

Measure	Weighting (% of award)	Threshold	Target	Stretch	Actual result	Outcome (% of maximum)	
		10% of maximum	50% of maximum	100% of maximum		Tim Roberts	Darren Littlewood
Financial							
Underlying PBT	66.7%	£32.0m	£35.5m	£39.1m	£36.7m	66.67%	66.67%
Non-financial							
Personal objectives	33.3%		See below			85%	82.5%
Formulaic outcome						72.8%	71.9%
Outcome following Committee discretion						64.3%	63.6%

The proportion of personal strategic objectives achieved was assessed by the Committee as follows:

2023 personal objectives – Tim Roberts

Objective	Details	Weighting (% of salary)	Performance against objective	Outcome (% of max)
1	Implement Group strategy, grow capital employed, progress internal business improvements	15%	Strong: Despite cost pressure, ambitions on corporate and longer-term strategic objective progress at pace. Capital deployed carefully whilst remaining in the optimum gearing range.	87%
2	Enhance the Henry Boot profile through effective external and internal communications	4%	Excellent: Increased level of communications internally through various channels, including a live strategy session with ExCo to the workforce. The Brand Value Proposition and Employer Value Proposition work streams remain on track to deliver rebranding in 2024.	100%
3	Drive high-performance culture within senior leaders and review organisational structures	4%	Excellent: Successful progress made with ExCo development enhancing the quality of decision making and collaboration across the Group. Reporting and progress structures refreshed in some subsidiaries.	100%
4	Lead good Health and Safety practices around the Group to avoid any major Health and Safety incidents	4%	Satisfactory: Reporting structure revised and improved Group approach to setting targets. High safety standards expected with most subsidiaries achieving the majority of their KPIs.	50%
5	Evolve the Investor Relations policy, agree the equity narrative and attract new shareholders to the register	3%	Strong: Positive investor feedback received from the investor roadshows. Ongoing engagement with new and potential shareholders.	67%
6	Implement Responsible Business Strategy, and promote an open, diverse and progressive organisation	10%	Excellent: Gender balance target achieved for the year and positive progress on the gender pay gap. Health and Wellbeing Strategy launched internally alongside significant support to charity and community partners. Reduction in energy usage in line with net zero carbon targets.	90%
Total		40%		85%

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2023 personal objectives – Darren Littlewood

Objective	Details	Weighting (% of salary)	Performance against objective	Outcome (% of max)
1	Implement Group strategy, grow capital employed, progress internal business improvements	10%	Strong: Despite cost pressure, ambitions on corporate and longer-term strategic objective progress at pace. Capital deployed carefully whilst remaining in the optimum gearing range.	80%
2	Implement IT strategy with a focus on identifying business process improvements, efficiencies and systems	10%	Strong: New core HR system implemented and CRM system identified and beginning first stages of implementation. IT team upskilled and evolving, and Cyber Security essentials accreditation successfully renewed.	80%
3	Encourage strategic development of senior leadership and increase influence within the business and profile within the wider industry	2%	Excellent: ExCo development has been a core focus during the year, alongside continued investment in the Leadership Development Programmes and Management Development Programmes. Attendance and presenting at industry events has increased and building networks with regional stakeholders.	100%
4	Support the modernisation agenda, develop direct reports and prepare for the banking facility renewal	4%	Excellent: Banking facility renewal progressing on time Brand Value Proposition and Employer Value Proposition work streams remain on track to deliver rebranding in 2024.	100%
5	Evolve the internal budgeting process and Investor Relations policy and attract new investors	4%	Strong: Improved, revised approach taken to budgeting processes ensuring alignment across the Group. Investor Relations Policy evolved with positive investor feedback received from the roadshows. Ongoing engagement with new and potential shareholders.	75%
6	Implement Responsible Business Strategy, support the TCFD steering group and progress other initiatives including the head office move and Health and Wellbeing Strategy.	10%	Strong: Oversaw successful head office move including a change in working practices and establishment of the sustainable transport policy. Health and Wellbeing Strategy introduced. TCFD scenario planning continues to be work in progress.	80%
Total		40%		82.5%

As set out in the Chair's statement on page 119, the Committee reviewed the formulaic outcome under the bonus, taking into account the broader stakeholder experience. After careful consideration, the Committee felt that despite strong performance from both Executive Directors, it would be appropriate to use discretion to reduce the formulaic bonus outcome by 11.65%. This reduction is aligned with the treatment of the bonus outturn for the wider workforce and was felt to be a fair outcome in the broader business context.

Based on performance to 31 December 2023, and downward discretion used by the Committee, the adjusted annual bonus outcomes for Executive Directors during the year are shown below.

Executive	Annual bonus outcome		
	% of maximum	% of salary	Bonus outcome (£)
Tim Roberts	64.3%	77.2%	£362,786
Darren Littlewood	63.6%	76.3%	£235,682

Two-thirds of the bonus will be payable in cash. The remaining one-third will be invested in shares and deferred for three years. No further performance conditions or service requirements apply.

Long term Incentive Plan (LTIP)

LTIP awards were granted to Tim Roberts and Darren Littlewood on 23 June 2021. The LTIP shares in this award were subject to the performance criteria set out in the table below.

Performance condition	Weighting (% of award)	Threshold (25% vesting)	Maximum (100% vesting)	Actual performance	Outcome (% of maximum)
EPS in 2023	33.3%	22p	28p	20.4p	0%
ROCE	33.3%	9%	12%	10.18%	54.5%
TSR vs FTSE Small Cap (excluding investment trusts)	33.4%	Median	Upper quartile	Rank 75 out of 112 TSR: -19%	0%
Total vesting (out of 100%)					18.15%

After reviewing wider business performance over the period, the Committee considered that this result was appropriate and did not apply discretion to adjust the outcome. As a result, the following shares will vest.

Executive Director	Number of shares granted	Number of shares due to vest	Estimated number of shares for dividend equivalents	Total
Tim Roberts	206,899	37,549	3,960	£78,867
Darren Littlewood	104,695	19,000	2,004	£39,908

- The share price was 263p at the time of grant, compared to the three-month average share price of 190p to 31 December 2023. Therefore, no part of the award is currently attributable to share price appreciation.
- After awards vest, subject to selling sufficient shares to pay tax, shares must be held for a further two years.
- Dividend equivalent shares will be awarded on the shares that vest and will be valued on an average share price for the three business days before the vest date of 23 June 2024. For the purpose of the table above, the estimated number of dividend equivalents has been based on the three-month average share price up to 31 December 2023. For the FY24 Annual Report, this figure will be restated.
- The total value above has been calculated based on the three-month average share price up to 31 December 2023 of 190p.

LTIP awards granted in the year (audited)

LTIP awards were granted during the year to Tim Roberts and Darren Littlewood on 26 April 2023.

	Type of award	% of salary	Number of shares	Face value of grant at 235.67p per share ¹	% of award vesting at threshold
Tim Roberts	LTIP – nil cost options	125%	249,397	£587,754	25%
Darren Littlewood	LTIP – nil cost options	100%	131,117	£309,003	25%

- The share price is calculated based on the average share price for the three days preceding the grant.

The awards are subject to the following performance conditions which will be measured over the three-year period ending 31 December 2025:

Measure	Weighting	Threshold (25% of max)	Maximum (100% of max)
EPS in 2025	30%	20p	28p
Return on Capital Employed (average over three years)	30%	9.5%	12%
TSR relative to the FTSE Small Cap Index (excluding investment trusts)	30%	Median performance	Upper quartile
Greenhouse gas emissions in 2025	5%	2,650 tonnes	
Gender balance at 31 December 2025	5%	70 male : 30 female*	

* Individuals identifying as male or female

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Sharesave options granted during the year (audited)

During the year, Tim Roberts and Darren Littlewood were granted options under the Company's Sharesave scheme. The details are set out below:

Name	Number of options granted ¹	Exercise price ²	Face value at grant ¹	% of award vesting at threshold	Date on which exercisable
Tim Roberts	11,967	155p	£23,156	N/A	1 December 2026
Darren Littlewood	11,967	155p	£23,156	N/A	1 December 2026

¹ Both Directors opted to save £500 a month over the three-year savings period which, including the bonus rate amount, equates to 11,967 shares based on the exercise price.

² The exercise price is calculated based on the average share price for the three days preceding the grant (193.50p). The Board then applied a 20% discount on the price for all participants in line with HMRC rules.

Payments to past Directors

There were no payments made to past Directors during the year.

Payments made for loss of office

There were no payments made for loss of office.

Statement of Directors' shareholdings and share interests (audited)

The following table sets out the shareholdings and share interests in ordinary shares of the Directors and connected persons in the Company as at 31 December 2023. The Executive Directors are subject to a shareholding requirement of 200% of salary under the Remuneration Policy. Executive Directors are expected to retain at least 50% of any LTIP awards or deferred bonus awards until holdings reach the required level. There are no holding requirements for Non-executive Directors.

Director	At 31 December 2023						Shareholding as a % of salary or fees
	Beneficially owned at 1 January 2023	Beneficially owned	Unvested options with performance conditions	Unvested options without performance conditions	Vested unexercised options	Total interests	
Tim Roberts	303,258	383,838	632,234	11,967	–	1,028,039	165%
Darren Littlewood	225,380	265,958	328,309	11,967	–	606,234	174%
Peter Mawson	13,200	13,200	–	–	–	13,200	24%
Talita Ferreira	N/A	–	–	–	–	–	0%
Gerald Jennings	19,900	19,900	–	–	–	19,900	66%
Joanne Lake	10,710	10,710	–	–	–	10,710	35%
Serena Lang	N/A	–	–	–	–	–	0%
James Sykes	20,000	20,000	–	–	–	20,000	77%

¹ All outstanding scheme interests are in the form of options.

² The table above includes the holdings of persons connected with each of the Directors.

³ The shareholding as a percentage shown above is based on the share price at 31 December 2023 (208p). The salary used for this calculation is that which commences on 1 January 2024.

There have been no other transactions between 31 December 2023 and 31 March 2024.

LTIP

	Date of grant	Market price at date of grant	At 1 January 2023	Grant during the year	Exercised during the year ^{1,2}	Lapsed during the year	At 31 December 2023	Actual exercise date/earliest vesting date
Tim Roberts	22/06/2020	256.17p	168,039	–	27,428	140,611	–	22/06/2023
	23/06/2021	262.67p	206,899	–	–	–	206,899	23/06/2024
	29/04/2022	324.33p	175,938	–	–	–	175,938	29/04/2025
	26/04/2023	235.67p	–	249,397	–	–	249,397	26/04/2026
			550,876	249,397	27,428	140,611	632,234	
Darren Littlewood	22/06/2020	256.17p	97,592	–	15,929	81,663	–	22/06/2023
	23/06/2021	262.67p	104,695	–	–	–	104,695	23/06/2024
	29/04/2022	324.33p	92,497	–	–	–	92,497	29/04/2025
	26/04/2023	235.67p	–	131,117	–	–	131,117	26/04/2026
			294,784	131,117	15,929	81,663	328,309	

¹ Shares exercised under the LTIP includes 2,059 and 1,196 dividend equivalent shares respectively for Tim Roberts and Darren Littlewood.

² Tim Roberts and Darren Littlewood exercised options during the year under the LTIP. The aggregate gain on exercise was £60,067 for Tim Roberts and £34,885 for Darren Littlewood based on a share price on the date of exercise of 219p.

Sharesave plan

	Date of grant	At 1 January 2023	Granted during the year	Exercised during the year	Lapsed during the year ¹	At 31 December 2023	Exercise price	Date from which exercisable	Expiry date
Tim Roberts	21/10/2022	9,090	–	–	9,090	–	198p	–	–
	20/10/2023	–	11,967	–	–	11,967	155p	01/12/2026	01/06/2027
Darren Littlewood	21/10/2022	9,090	–	–	9,090	–	198p	–	–
	20/10/2023	–	11,967	–	–	11,967	155p	01/12/2026	01/06/2027

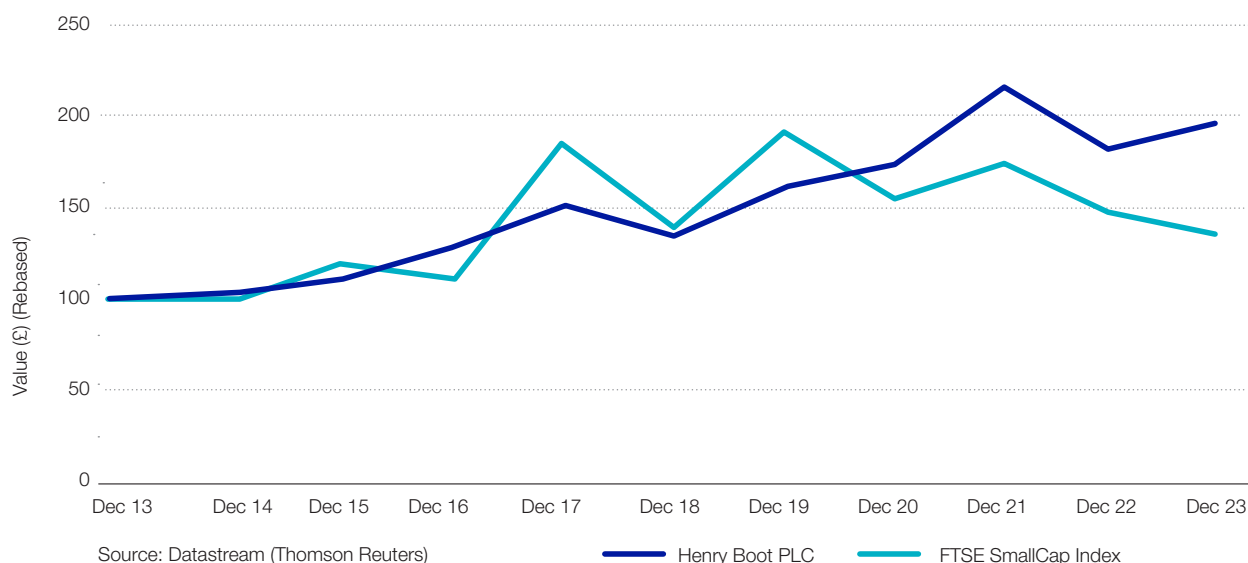
¹ Both Tim Roberts and Darren Littlewood withdrew from the 2022 Sharesave plan and opted to join the 2023 Sharesave plan instead.

Share price

The middle market price for the Company's shares at 31 December 2023 was 208p and the range of prices during the year was 170p to 253p.

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.



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CEO remuneration for the previous ten years

Year		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Name		Jamie Boot	Jamie Boot	Jamie Boot	Jamie Boot	John Sutcliffe	John Sutcliffe	John Sutcliffe	John Sutcliffe	Tim Roberts	Tim Roberts	Tim Roberts
Total Remuneration	(£'000)	1,054	1,000	981	1,118	1,277	1,250	912	715	982	929	995
Annual bonus	(% of max)	83.3	94.5	87.8	91.1	99.2	76.8	64.8	50.0	83.3	61.6	64.3
LTIP	(% of max)	50	25	25	67	100	87	65	nil	nil	15.1	18.15

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.

	Average percentage change 2022/23			Average percentage change 2021/22			Average percentage change 2020/21			Average percentage change 2019/20		
	Salary/ fees	Taxable benefits	Annual bonus	Salary/ fees	Taxable benefits	Annual bonus	Salary/ fees	Taxable benefits	Annual bonus	Salary/ fees	Taxable benefits	Annual bonus
Chief Executive Officer ¹	2.84%	8.11%	7.40%	-5%	6%	-22%	5%	0%	68%	0%	0%	N/A
Chief Financial Officer ¹	3.00%	3.23%	5.36%	0%	11%	-19%	9%	0%	87%	11%	0%	-51.10%
James Sykes ³	3.92%	N/A	N/A	6%	N/A	N/A	5%	N/A	N/A	3%	N/A	N/A
Joanne Lake ³	5.17%	N/A	N/A	21%	N/A	N/A	15.36%	N/A	N/A	3%	N/A	N/A
Gerald Jennings ³	3.45%	N/A	N/A	21%	N/A	N/A	20.55%	N/A	N/A	3%	N/A	N/A
Peter Mawson ⁴	22.47%	N/A	N/A	85%	N/A	N/A	27.81%	N/A	N/A	3%	N/A	N/A
Serena Lang ⁵	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Workforce	3.12%	0%	-9.39%	6.24%	0%	54.89%	9.55%	0%	0%	3.99%	0%	-40.81%

¹ Explanations for large increases in prior years are provided in the previous Annual Reports

² Peter Mawson was appointed as Chair on 26 May 2022 resulting in an increase in the fees received.

³ Serena Lang was appointed on 1 August 2022 and received a pro-rated fee. Therefore, the percentage change is not representative and so has not been included in the table above.

CEO pay ratio

The CEO pay ratio comparing the CEO single total figure of remuneration to the equivalent pay for the lower quartile, median and upper quartile of UK employees (calculated on a full-time equivalent basis). The ratios have been calculated in accordance with the Companies (Miscellaneous Reporting) Regulations.

	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2023	Option A	28:1	21:1	13:1
2022	Option A	28:1	20:1	12:1
2021	Option A	31:1	22:1	14:1
2020	Option A	26:1	18:1	11:1
2019	Option A	41:1	27:1	17:1

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 approach used historically. The pay and benefits for UK employees have been determined by reference to the last day of the financial year (31 December 2023) using the same method as used for the single total figure.

Each employee's pay and benefits were calculated using each element of remuneration on a full-time basis, consistent with the CEO. No adjustments (other than the approximate up-rating of pay elements to achieve full-time equivalent rates) were made, with the exception of annual bonuses for Stonebridge and Road Link where the amount paid during 2022 was used, as the FY23 bonus figures had not yet been determined at the time this report was produced. No components of pay have been omitted.

	25th percentile	50th percentile	75th percentile
Salary/wages	£31,500	£38,000	£57,750
Total remuneration	£35,128	£49,264	£73,673

The CEO pay ratio for FY 23 is broadly in line with the ratio in FY 22. This reflects similar proportionate salary increases for the CEO and the workforce in both years and the relatively low long-term incentive payout over this period compared to other years. There have been no changes to the Company's employment models or the calculation methods used in both periods. The Committee is satisfied that the median pay ratio reported this year is consistent with our wider pay, reward and progression policies for employees.

Relative importance of the spend on pay

The following table sets out the percentage change in dividends, and the overall spend on pay across our whole organisation:

	2023 £'000	2022 £'000	Change %
Ordinary dividends	9,785	8,876 ¹	10.3%
Overall expenditure on pay	39,912	39,088	2.1%

¹ Figure reinstated with the 2022 actual dividends over the period

Implementation of Remuneration Policy in 2024

The section below sets out the implementation of the Remuneration Policy in 2024.

Executive Directors

Base salary

The Executive Directors received an increase of 3%, lower than the budgeted increase for the workforce of 4%. The base salaries for 2024 are set below:

	Salaries effective from		
	1 January 2024 £	1 January 2023 £	Change %
Tim Roberts	£484,304	£470,200	3%
Darren Littlewood	£318,270	£309,000	3%

Pension

The Executive Directors will continue to receive cash in lieu of pension contribution at a level of 8% of base salary in line with the majority of employees.

2024 bonus

The maximum bonus opportunity for Executive Directors is 120% of salary. The 2024 bonus will be based two-thirds on financial measures and one-third on strategic personal objectives of which some are related to ESG targets. In line with the Policy, 10% of the bonus will pay out for threshold performance and 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 high-level strategic personal objectives for each Executive Director is set out below. The Committee has reviewed the detail and sub-objectives that sit behind the overarching personal objectives below and is satisfied that they are stretching, robust and will contribute to the Company's medium-term strategy.

2024 strategic personal objectives – Tim Roberts

	Objective	Weighting (% of salary)
1	Evaluate and oversee implementation of Group strategy	15%
2	Enhance the Henry Boot profile through effective communication of our strategy, purpose, vision and values	5%
3	Oversee and drive culture of high performance through enhancing leadership capabilities and developing strategic capacity	3%
4	Oversee and direct Group-wide health and safety practices to avoid any major health and safety incidents	6%
5	Create a compelling narrative to engage with our shareholders and customers	3%
6	Oversee implementation of Responsible Business Strategy and embrace new ways of working	8%

CORPORATE GOVERNANCE REPORT

REMUNERATION

2024 strategic personal objectives – Darren Littlewood

	Objective	Weighting (% of salary)
1	With CEO, support the implementation of the Group Strategy	10%
2	Oversee the implementation of the IT Strategy to encourage business improvement and efficiencies	10%
3	Encourage strategic development of talent in Group and continue to develop own profile amongst peers	4%
4	Support modernisation agenda and key internal changes across Group support functions to achieve a more aligned business partner model	4%
5	Oversee and develop financial reporting to support compelling equity narrative to encourage development of the shareholder register	4%
6	Support implementation of Responsible Business Strategy and influence our modernisation agenda	8%

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.

2024 LTIP awards

The 2024 LTIP awards will be granted at 150% of salary for the CEO and 125% of salary for the CFO in line with the new Policy maximum. This is a modest increase to the normal LTIP grant level, as permitted under the new Policy, to increase the emphasis on long term performance, accompanied by stretching targets, so that Executive Directors will only receive increased LTIP pay-outs if excellent performance is delivered.

The Committee will consider the share price at the date of grant in relation to the share price used for the prior year's grant. If the share price is materially lower it may scale back the grant level as a percentage of salary. Alternatively, the Committee will review the share price at the date of vesting and consider whether there has been any windfall gain through a strong recovery in share price that is not linked to business performance.

The 2024 LTIP awards will be subject to relative TSR, EPS, ROCE, and ESG related targets, based on a reduction in Scopes 1 & 2 emissions and workforce gender balance. During the year, the Committee reviewed the weightings of each of the measures to ensure they aligned with the strategic priorities of the business over the longer term. As a result, the Committee increased the weighting on relative TSR from 30% to 40% to increase the emphasis on shareholder returns and provide stronger alignment with shareholders' interests. The weighting on EPS and ROCE have been reduced from 30% to 25% each. The weighting on Scopes 1 & 2 emissions and workforce gender balance targets have remained at 5% each.

The stretching targets that have been set are considered to be at least as challenging as targets set for prior years' awards, taking into account internal business plans and current market conditions.

The detailed performance metrics, which will be measured over the three-year period to 31 December 2026, are as follows:

Total Shareholder Return (TSR) relative to constituent companies of the FTSE Small Cap Index excluding Investment Trusts (40% weighting)	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.
EPS (25% weighting)	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.
Return on Average Capital Employed (25% weighting)	We aim to deliver strong ROACE performance. This is a further driver to long term shareholder value growth.
ESG – Scope 1 and 2 Greenhouse Gas Emissions (5% weighting) Workforce Gender Balance (5% weighting)	We strive to ensure that our business decisions create sustainable and long term value for all our stakeholders. We want to deliver our commercial purpose whilst leaving a lasting positive legacy.

These performance criteria provide a good balance between financial and stock market performance and broader stakeholder interests. Set out below are the target ranges.

	Weighting	Threshold target (25% of maximum)	Maximum target (100% of maximum)
Henry Boot TSR relative to the FTSE Small Cap Index (excluding Investment Trusts)	40%	Median performance	Upper quartile performance or above
EPS in 2026	25%	19p	24p
Return on Average Capital Employed (average over 3 years)	25%	8%	11.5%
Scope 1 and 2 Greenhouse Gas Emissions in 2026	5%	2,612 tonnes	
Workforce gender balance by 2026	5%	68 male : 32 female*	

* Individuals identifying as male or female

The target ranges for the EPS and Return on Average Capital Employed elements, have been set to be at least as challenging to prior years' awards, taking into account internal business plans, consensus analyst estimates and the challenging market conditions.

During the year, the Company undertook a review of the carbon reduction trajectory to take into account when the initiatives set in place will start to significantly impact emissions. As a result, the Scopes 1 and 2 emissions target was set at 2,612 tonnes and is considered a stretching goal, even though this represents a relatively modest reduction in comparison to the 2025 target that was set for last year's award (2,650 tonnes).

The performance target has been determined based on the current size of the business and will be adjusted based on growth or contraction of the business, to ensure that it remains equivalently challenging irrespective of the size of the business in three years' time.

The workforce gender balance split was set taking into account our current gender balance of 72 male: 28 female and the limited recruitment opportunities within the market Henry Boot operates in. The target set for the FY24 award represents a clear and progressive goal for the business.

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

Non-executive Directors

Non-executive Director and Chair's fees have been increased by 3% for FY24, lower than the budgeted increase for the workforce of 4%.

	Fees effective from		
	1 January 2024 £	1 January 2023 £	Change %
Chair fee ¹	112,476	109,200	3%
Base Non-executive Director fee	54,234	52,654	3%
Remuneration and Audit & Risk Committee Chair fee	5,356	5,200	3%
Responsible Business Committee Chair	2,678	2,600	3%
Non-executive Director designated to workforce engagement	2,678	2,600	3%
Senior Independent Director	3,729	3,640	3%

¹ Fee includes role as Chair of Nomination Committee.

Approved by the Board and signed on its behalf by

GERALD JENNINGS

CHAIR OF THE REMUNERATION COMMITTEE

11 April 2024

CORPORATE GOVERNANCE REPORT

DIRECTORS' REPORT

The Directors' Report for the financial year ended 31 December 2023 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 for the year ended 31 December 2023 is set out on pages 14 to 77.

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 78 to 141, and also within this Director's Report.

Results for the year and dividends

The results are set out in the Consolidated Statement of Comprehensive Income on page 160. The companies affecting the profit or net assets of the Group in the year are listed in note 37 to the Financial Statements.

The Directors recommend that a final dividend of 4.40p per ordinary share be paid on 31 May 2024, subject to shareholder approval at the 2024 AGM to be held on 23 May 2024, to ordinary shareholders on the register at the close of business on 3 May 2024. If approved, this, together with the interim dividend of 2.93p per ordinary share paid on 13 October 2023, will make a total dividend of 7.33p per ordinary share for the year ended 31 December 2023. Further details are disclosed in note 10 to the Financial Statements on page 178.

Financial instruments

The Group's policy in respect of financial instruments is set out within the Accounting Policies on page 171 and details of credit risk, capital risk management, liquidity risk and interest rate risk are given respectively in notes 18, 26 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 54 to 55.

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 148.

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 2023 and as at the date of this Annual Report and Financial Statements can be found on pages 80 and 81. 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 2023, are disclosed in the Directors' Remuneration Report on page 136. Between 31 December 2023 and 31 March 2024, being a date not more than one month prior to the date of the Notice of the AGM, there were no 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 119 to 141.

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 23 May 2024 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 Chair, 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 proposed 2024 Directors' Remuneration Policy can be viewed on pages 123 to 130.

Training and development

Formal and tailored inductions are arranged for all new Directors and continued development is monitored by the Chair 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 including the Group Employee Forum Chair, site visits, training on director duties and other personalised development to encourage 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 engagement with employees and other stakeholders on pages 57-58 and 94-96.

Specific training requirements were considered as part of the Board's performance review, details of which can be found on pages 97 to 101. General updates on regulations and best practice are provided through a mixture of briefings, Board papers and email updates.

Employment policy and involvement

Employees

Employees are at the heart of all that we do; our culture ensures that employees 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 60 to 64, the employee engagement report on pages 94 to 96 and Nomination Committee Report on pages 102 to 108.

Employee engagement

Details of our employee engagement activities can be found on pages 94 to 96.

Employee communications

Employee engagement and best-practice internal communications was a key consideration for the Marketing and Communications team in 2023. Early in the year, detailed strategies and plans were created to support two major communications workstreams; the embedding of a refreshed reward strategy linked to employee objective setting and a major change management project focused on the head office move from Banner Cross Hall on the outskirts of Sheffield, to the Isaacs Building in the city centre. In September, a dedicated Internal Communications Manager was appointed to strengthen and upskill the existing team.

To ensure communications were as engaging as possible, regular monthly cross-departmental meetings prioritised the content workstreams and analysed engagement statistics to inform decisions. To reduce the number of emails being sent across the business, and to focus attention, a new monthly e-newsletter titled 'The Lowdown' was launched in May, which has proven successful in communicating important operational and people-focussed news. Also in September, a dedicated Events and Engagement Manager was appointed to create and curate a year-round programme of events at the Isaacs Building, promoting business updates, learning & development, health & wellbeing initiatives and charitable endeavours.

Employee share schemes

The Group encourages participation in the Company's employee share schemes to share in the potential growth and future success of the Group. From 2018, eligible employees have been invited to

participate in Sharesave and either the Company Share Option Plan or the Long Term Incentive Plan based on their grade on an annual basis. Details of employee share schemes are set out in note 31 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 employees and others is paramount.

Further information on our approach to health and safety is provided in the Our People section on page 64.

Relationship with stakeholders

Details of how we engage with stakeholders and uphold our Directors' duties more widely under s.172 of the Companies Act 2006 can be found on pages 56 to 59.

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, 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. During the last year, the Company also consulted with major shareholders on the new Remuneration Policy which you can read about on pages 123 to 130.

CORPORATE GOVERNANCE REPORT

DIRECTORS' REPORT

Greenhouse gas emissions

The greenhouse gas emissions disclosures required by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 are included within the Strategic Report on page 176. 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 2024, 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) ¹	20,532,155	15.40
David John Gladman	12,084,550	9.02
The London & Amsterdam Trust Company Limited	8,487,371	6.37
The Fulmer Charitable Trust ²	5,739,580	4.40

¹ 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.

² 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 136.

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 31 to the Financial Statements. The Trustee of the Trust, a subsidiary of the Company of which the Directors throughout 2023 were 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 2023, the Trust has waived the right to receive from the Company all dividends (if any) in respect of the shares held within the Trust.

During 2023, the Trust purchased 48,916 ordinary shares in the Company, as it does from time to time in order to satisfy upcoming grants. Further details are provided in note 33 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 14 to 77 and in note 36 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 2023 financial results. Resolutions re-appointing Ernst & Young LLP as auditors (Resolution 13) and authorising the Audit and Risk Committee to fix their remuneration (Resolution 14) will be proposed at the AGM.

Accountability and audit

Details of the Directors' responsibilities and the Statement of Directors' Responsibilities are contained on page 148. The Independent Auditors' Report is given on pages 152 to 159.

Annual General Meeting (AGM)

The Notice of the AGM can be found on pages 212 to 215, which also details methods of shareholder engagement to take place in conjunction with the AGM. It is also available at 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 31 to the Financial Statements. As at 31 March 2024, the ordinary shares represent 97.1% of the total issued share

capital of the Company by nominal value and the preference shares represent 2.9% 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.

The Notice of the AGM on pages 212 to 215 includes the following resolutions:

- An ordinary resolution (Resolution 15) to renew the authority of the Directors to allot shares up to a maximum nominal amount of £4,466,207 representing approximately one-third (33.33%) of the Company's issued ordinary share capital at 31 March 2024. The authority will expire on 23 August 2025 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 16) 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 £669,931 (approximately 5% of the Company's issued ordinary share capital at 31 March 2024). The authority will expire on 23 August 2025 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 17) to renew the authority of the Company to make market purchases of up to 13,398,621 of its own issued ordinary shares (10% of the Company's issued ordinary share capital at 31 March 2024). 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 (subject to Board approval) 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 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

For 2024, the Company has again determined that voting on each resolution will be conducted by way of a poll. The Company believes that a poll is more representative of shareholders' voting intentions because shareholder votes are counted according to the number of votes held and all votes tendered are taken into account. The results of the poll will be announced to the London Stock Exchange and will be made available on the Company's website at (add company link) as soon as practicable following the conclusion of the AGM. 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.

CORPORATE GOVERNANCE REPORT

DIRECTORS' REPORT

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 23 May 2024 are set out in the Notice of AGM on pages 212 to 215.

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.

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

11 April 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and regulations.

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 accounting 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 the company and of the profit or loss of the group and the company for that period.

In preparing these 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 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 inappropriate to presume that the company and/ or the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the company and the group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and parent company and group 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 company's website.

The directors confirm, 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;
- 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 company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- that they consider the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy.

Approved by the Board and signed on its behalf by

TIM ROBERTS
DIRECTOR

11 April 2024

DARREN LITTLEWOOD
DIRECTOR

11 April 2024

