

Governance

Corporate governance:

Composition, succession and evaluation

Nomination and Governance Committee report

Nomination and Governance Committee summary

The Committee is chaired by Irene Dorner, Chairman of the Board. The Committee consists of six Non Executive Directors and the Chairman of the Board.

Committee meetings were also attended, by invitation, by the Chief Executive, Group Finance Director, Group Operations Director, Group General Counsel and Company Secretary, Deputy Company Secretary, Assistant Company Secretary, Group HR Director, Head of HR (Strategy), and the National Employee Forum (NEF) Chairman.

| Committee members | Meetings attended |
|-------------------------------|-------------------|
| Irene Dorner (Chair) | 5/5 |
| Robert Noel | 5/5 |
| Gwyn Burr | 5/5 |
| Jitesh Gadhia ^(a) | 4/4 |
| Scilla Grimble ^(a) | 4/4 |
| Angela Knight | 5/5 |
| Humphrey Singer | 5/5 |

(a)

Appointed to the Committee on 1 March 2021.

Main objectives

- To ensure there are formal, rigorous and transparent procedures for the appointment of new Directors to the Board, its Committees and other senior positions in the Company
- To keep the Board’s corporate governance arrangements under review and to ensure that both the Company and the Board operate in a manner consistent with corporate governance best practice

2022 objectives

- Ensure an effective induction programme takes place for the new Chief Executive
- Ensure a formal, rigorous and transparent recruitment process for the appointment of new Non Executive Directors takes place, followed by an effective induction programme
- Continue to drive the equality, diversity and inclusion agenda to make progress towards the Company’s targets and to ensure it is embedded within the Company’s culture and aligned to the strategy
- Continue to monitor succession and contingency plans across the Company
- Ensure the Company continues to have the necessary level of skills and leadership on the Board and Group Management Team (GMT) to effectively deliver the strategy
- Continue to develop the Company’s corporate governance processes and to maintain corporate governance best practice



Irene Dorner

Chairman of the Nomination and Governance Committee

Non Executive Directors and will be kept under review during 2022.

Corporate governance

The Committee’s objectives include oversight of the Company’s corporate governance practices, and we have successfully undertaken this role during 2021 through regular updates to the Committee and monitoring of the proper operation of the Company’s governance processes. Throughout 2022 we will continue to develop these processes to ensure that corporate governance best practice is complied with at all levels of the organisation.

Board evaluation

During 2021, the Board’s annual internally facilitated evaluation was successfully undertaken by myself with the assistance of the Group General Counsel and Company Secretary. The Committee assessed the progress made towards addressing the key points raised as part of the 2020 externally facilitated Board evaluation. Following the conclusion of the 2021 Board evaluation, a number of key actions to be taken during 2022 were identified and progress towards these will be reported in the 2022 Annual Report and Accounts.

I am proud of the results of the evaluation and consider our Board to be operating well with a healthy balance of discussion, debate and expertise. More information about the Board evaluation process, key actions and progress made can be found on page 92.

for oversight of the Company’s ESG initiatives has now been handed over to the Board and more information as to the rationale for this change and our plans for 2022 can be found on page 79.

Equality, diversity and inclusion

Throughout 2021, and continuing into 2022, equality, diversity and inclusion remain a key priority for the Committee and I am proud of our continued progress in this area. During 2021, the Committee oversaw the development and implementation of the Company’s revised Equality, Diversity and Inclusion Policy. More information about the revised Policy and actions taken in this area can be found on pages 93 to 97.

The Committee looks forward to supporting Jennie as she takes on the role as the Company’s Chief Executive during 2022 and also to the recruitment and induction process of our new Non Executive Directors. I believe these new appointments to the Board will all further enhance our strong culture of corporate governance and ensure our Board and Committees continue to operate effectively for the benefit of our stakeholders.



Irene Dorner

Chairman of the Nomination and Governance Committee

2 March 2022

Dear Shareholder

As Chairman of the Nomination and Governance Committee (the Committee), I am pleased to present the 2021 report of the Committee on behalf of the Board.

Board composition

2021, and the beginning of 2022, have introduced a new period of transition for our Board and the Company following the announcement that Pete Redfern, Chief Executive, would be leaving the Company following nearly 15 years of outstanding service.

We have undertaken a formal, rigorous and transparent recruitment process to appoint a successor and we are very pleased to announce the appointment of Jennie Daly, our Group Operations Director, as the Company’s next Chief Executive following the conclusion of the 2022 Annual General Meeting (AGM) on 26 April 2022. More information about this process can be found on page 90.

The appointment of Scilla Grimble and Jitesh Gadhia as Non Executive Directors on 1 March 2021 enhanced the range of skills and diversity on our Board and Committees. More information about Scilla and Jitesh’s recruitment and induction process can be found on page 91.

However, following our announcement that both Gwyn Burr and Angela Knight, Non Executive Directors, will be stepping down from the Board on 26 April 2022 due to changes in their commitments to other Boards, a recruitment process is underway to identify new Non Executive Directors to join our Board. Further details of the process and the skills and expertise we are seeking can be found on page 91.

During 2021, the Committee considered the balance of skills and experience of the Non Executive Directors, their time commitments and succession plans and at that time considered the balance to be appropriate. This balance has been reassessed whilst preparing for the recruitment of the new

Committee activities during 2021

| Topic | Activity / review | February 2021 | May 2021 | June 2021 | October 2021 | December 2021 |
|--|---|---------------|----------|-----------|--------------|---------------|
| Succession planning | Considered performance, succession and contingency planning for the Executive Directors and all employees | | ● | | | |
| | Received an update on the GMT’s performance and continued development | | | ● | | |
| | Chief Executive succession planning | | ● | ● | ● | ● |
| Equality, diversity and inclusion | Considered the Company’s approach to equality, diversity and inclusion, including new and revised policies and progress made in these areas | | ● | ● | | |
| ESG | Received an update on ESG, including a progress update on the Company’s Environment Strategy and approval of the Company’s Water Policy | | | ● | | |
| National Employee Forum (NEF) | Received an update on the enhanced structure and role of the Board’s Employee Champion | | ● | | | |
| | Received an update from the NEF Chairman | | ● | | | |
| Annual Report and Accounts | Reviewed and approved the Committee’s report in the 2020 Annual Report and Accounts | ● | | | | |
| | Reviewed and approved the 2021 Notice of Annual General Meeting | ● | | | | |
| Governance | Recommended to the Board the approval of the Directors’ Conflicts of Interests Register | ● | | ● | ● | |
| | Received an update on the Company’s corporate governance activities | | ● | | | |
| | Reviewed and approved the Matters Reserved for the Board and Division of Responsibilities documents | ● | | | | |
| | Agreed the policies published on the Company’s website | | ● | | | |
| | Reviewed and approved the approach to the 2021 Board evaluation process | | ● | | | |
| | Reviewed and recommended to the Board the amendments made to the Company’s Articles of Association | ● | | | | |
| | Reviewed the independence of the Non Executive Directors | ● | | | | |
| | Recommended the renewal of a Non Executive Director’s three year term | | | | ● | |
| | Reviewed and recommended to the Board a fee for the role of the Board’s Employee Champion | ● | | | | |
| | Reviewed the Committee’s performance and compliance with its Terms of Reference during 2020 | ● | | | | |
| Reviewed and agreed the Committee’s annual plan for 2022 | | | | | | ● |

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Corporate governance: Composition, succession and evaluation continued



Chief Executive succession planning and recruitment process

In December 2021, it was announced that Pete Redfern would be stepping down from his role as the Company’s Chief Executive after nearly 15 years of outstanding service in the role.

The Committee, led by Irene Dörner as the Committee Chairman, undertook the search and recruitment process for Pete’s successor. An additional Committee meeting, outside of the usual meeting calendar, was held in December 2021 to ensure the careful management and execution of the recruitment process. A small working hub was formed at the outset consisting of the Chairman, Senior Independent Director, Group HR Director and Group General Counsel and Company Secretary. The working hub was responsible for the day to day oversight of the recruitment process to ensure progress was being made against the agreed plan.

The Committee appointed Egon Zehnder in 2021 to assist with the search process. Egon Zehnder confirmed that they had no other connection to the Company or any Director other than as appointed by the Company to assist with executive and non executive appointments.

Key to the recruitment process was the Committee’s development of the role profile to ensure that the process would identify the best candidate and the appointment

would be based on merit and objective criteria. The Committee requested Egon Zehnder to conduct an internal and external market scanning exercise and produce a diverse longlist of candidates for consideration against the role profile by the Committee.

After considering the longlist the Committee produced a shortlist of preferred candidates. A four phased approach to the interview process was agreed, consisting of an interview with the Chairman and Senior Independent Director; a separate interview with the Audit and Remuneration Committee Chairs; an additional interview with the Chairman; and finally a presentation to, and a Q&A opportunity for, the Committee. The external candidates were also invited to meet with the Group Finance Director. Following each interview, feedback was provided to the Chairman and working hub; and discussed by the whole Committee at its meetings during the process. A final meeting was held in February 2022 for the Committee to discuss their views and agree a recommendation to the Board.

Following approval by the Board, on 7 February 2022 it was announced that Jennie Daly would be appointed as the Company’s new Chief Executive from the conclusion of the AGM on 26 April 2022. More information about Jennie, her experience and previous roles can be found on pages 8 and 74.

Jennie and Pete will work closely on a thorough handover process ahead of Jennie’s formal appointment. More information on the handover process will be reported in the Company’s 2022 Annual Report and Accounts.

“I am delighted that, following a thorough recruitment and selection process, the Board has appointed Jennie Daly as the Company’s new Chief Executive. Jennie has extensive experience in the housebuilding sector and has demonstrated exceptional leadership and a razor-sharp operational focus. Her strong focus on execution, combined with her customer and people-focused skills, set her apart from the other candidates we were considering. I look forward to continuing to work closely with her as we execute our next phase of growth.”

Irene Dörner
Chairman

Committee purpose and responsibilities

The Committee is responsible for:

- Maintaining formal, rigorous and transparent procedures for Board appointments.
- Ensuring all Board appointments are made on merit and assessed against objective criteria.
- Overseeing and advising the Board on the identification, assessment and selection of candidates for appointment to the Board.
- Regularly reviewing succession planning at senior levels and contingency planning and procedures across the Company.
- Guiding the Board on diversity considerations and driving the Company’s equality, diversity and inclusion agenda.
- Regularly assessing the Board’s composition, balance, diversity, experience, skill sets and individual Directors’ time commitments.
- Leading the annual Board evaluation process.
- Regularly briefing the Board on corporate governance and compliance considerations and developments.

Board balance and skills

As at 31 December 2021, six out of ten Board members were Non Executive Directors, and the other members of the Board were the Chairman and three Executive Directors. The Committee considers this balance to be appropriate and this will be kept under review to maintain compliance with corporate governance best practice.

During 2021, the Committee considered the structure, size, diversity, and composition of the Board, as well as the skills, knowledge and experience of each Board member and confirmed that the appropriate balance has been maintained to provide constructive challenge as well as guidance and support in order to continue to deliver the Company’s strategy.

As announced in early 2022, Angela Knight and Gwyn Burr will be stepping down from the Board at the conclusion of the 2022 AGM. The Committee is leading the recruitment process, supported by an experienced executive search firm, for additional Non Executive Directors to join the Board. The Committee recognises this as an opportunity to replace Gwyn’s customer expertise and insights and to add to the Board’s operational experience. Further information about the recruitment and appointment process will be included in the 2022 Annual Report and Accounts.

Board appointments

The Committee ensures that all appointments to the Board are subject to formal, rigorous and transparent procedures, are based on merit and objective criteria and promote diversity of gender, social and ethnic background, and cognitive and personal strengths.

On 1 March 2021, Scilla Grimble and Jitesh Gadhia were appointed as Non Executive Directors and more information about the appointment process followed can be found in the 2020 Annual Report and Accounts.

More information about the recruitment process for the Chief Executive role can be found opposite.

Succession planning

In order to ensure there are effective succession plans in place for the Board, GMT and heads of functions levels within the Company, the Committee has visibility of a wide range of employees who have been identified as potential succession candidates in the short, medium and long term. The Committee reviews the Company’s development programmes for these individuals to ensure they have appropriate development plans in place.

The appointment of Jennie Daly as the Company’s new Chief Executive is a good example of our succession plans in action. More information about Jennie’s recruitment process can be found opposite.

One aspect of individuals’ development plans is for individuals below Board level to be given the opportunity to attend Board meetings to present on specialist topics, project work and specific divisions’ performance. This not only provides valuable exposure to the Board for these individuals, but is also valuable to the Board and Committee when assessing the strength of the succession plans in place. During 2021, a number of individuals were invited to present to the Board on topics such as customer service, supply chain, and the sales and marketing team’s roll out of our new customer relationship management system.

The Company also operates a Group Talent Management Board which is chaired by the Chief Executive and comprises of the Divisional Chairs, Group Managing Director of Strategic Land and HR representatives. The Group Talent Management Board, supported by the Divisional Talent Management Boards, regularly review succession plans and related development requirements across the operational roles within the Company. Actions taken to support succession plans include the development of career paths linked to experience, exposure and education, an assessment and development centre, and the promotion of the Company’s mentoring scheme.

Contingency planning

During 2021, the Committee reviewed the Company’s contingency cover to ensure that the Company can respond to the unforeseen unavailability of any member of the Board, the GMT or other senior roles without impacting the current and long term performance of the Company. Following this review, the Committee was confident that all key roles have an appropriate contingency plan in place.

Non Executive Director induction process

Following the Committee’s review of the Board and Committee composition and a formal and rigorous recruitment process, on 1 March 2021, Jitesh Gadhia and Scilla Grimble were appointed to the Board.

The importance of an effective induction is recognised by the Committee. The Chairman is responsible for ensuring all newly appointed Directors, including Non Executive Directors, receive a formal induction. The induction process includes training, as appropriate, on the Company’s strategy, operations, directors’ duties, the housebuilding sector, meetings with key members of senior management and heads of functions, external advisors, site visits and business unit visits.

Jitesh and Scilla were provided with a comprehensive pack of documents, including information about the Company

and the Board, broker reports on the Company and the housebuilding sector, and information on directors’ duties.

In addition, Jitesh and Scilla undertook the following induction activities during 2021:

- Meetings with each of the Chairman, Executive Directors and Non Executive Directors
- A meeting with the Group General Counsel and Company Secretary
- Meetings with members of the GMT and heads of functions
- A meeting with the Company’s external Auditors
- Meetings with the Company’s key advisers and brokers
- Visited a regional business unit office and sites
- Visited a site where the new standard house type range was available to view

“The induction process was thorough, highly valuable, and provided a useful insight into the Company’s operations.”

Jitesh Gadhia
Non Executive Director



Board evaluation

In line with the Code, there should be a formal and rigorous annual evaluation of the performance of the Board, its Committees, the Chairman and individual Directors. As the 2020 Board evaluation was undertaken externally, during 2021 the annual evaluation was undertaken internally by the Chairman and the Group General Counsel and Company Secretary.

The 2021 Board evaluation focused on the following areas:

- Board leadership
- Strategy, culture and purpose
- Board composition and succession planning
- The Board’s Committees
- Stakeholder engagement
- Support for the Board

The following process was followed to complete the 2021 Board evaluation:

1. Each Director was asked to participate in the Board evaluation by completing a questionnaire
2. Five members of senior management who regularly present to the Board or one of its Committees were invited to provide feedback to the Board
3. Responses to the questionnaire were collated by the Group General Counsel and Company Secretary and shared with the Chairman on a non-attributable basis
4. Any comments specifically relating to the Chairman were shared with the Senior Independent Director
5. The Non Executive Directors met without the Chairman to review the Chairman’s performance based on the non-attributable feedback
6. Each Non Executive Director was invited to have an optional one to one discussion with the Group General Counsel and Company Secretary to provide more detailed feedback
7. Feedback was shared and discussed by the Board at one of its meetings
8. The Board approved an action plan to be implemented during 2022 which will address the key comments made throughout the evaluation process

The overall conclusion of the internal Board evaluation was that the Board is considered to be operating well with a healthy balance of discussion, debate and expertise.

| 2020 recommendations | Actions taken during 2021 |
|--|---|
| Review Board paper structure and issue guidance on drafting Board papers. | The Chief Executive’s Board report paper has been revised to include operational detail as appendices. |
| Recruit additional Non Executive Director(s). | On 1 March 2021, Jitesh Gadhia and Scilla Grimble were appointed to the Board. |
| Focus on ESG matters. | ESG was added to the responsibilities of the Nomination and Governance Committee and subsequently handed to the Board to oversee. The Board and the Nomination and Governance Committee considered ESG matters during 2021 and more information can be found on pages 79, 82 and 89. |
| Regular Board training / information sessions. | During 2021, several Board training and teach-in sessions were held, on topics including: <ul style="list-style-type: none">– ESG– Customer service– Sales and marketing, including a demonstration of the Company’s new Microsoft Dynamics customer relationship management system |
| 2021 recommendations | Actions to be taken during 2022 |
| Completion of a rigorous and thorough recruitment process to appoint the next Chief Executive and prepare a comprehensive induction programme. | The Company has announced the appointment of Jennie Daly as the Company’s Chief Executive from the conclusion of the 2022 AGM on 26 April 2022. A thorough handover process from Pete Redfern is underway and the Committee will oversee an effective induction once Jennie Daly has started in her new role. |
| Review the role of the Board’s Employee Champion and consider ways to further strengthen engagement with employees. | The Board’s Employee Champion role has been reviewed and the Board has approved the role’s main activities. Additional engagement sessions, Employee Focus Groups, will be arranged for the Board’s Employee Champion outside of the NEF and without senior management being present to further encourage openness. |
| Further develop the Board’s oversight of the Company’s ESG priorities and determine ways to measure ESG progress consistently. | The Board will consider how to monitor our ESG progress and how to improve our communications in this area to ensure this progress is visible to all of our stakeholders. |
| Arrange additional site visits for Board members. | Additional site visits will be offered to Board members, both on a group and individual basis as appropriate. |

Governance

Following the expansion in 2020 of the Committee’s responsibilities to take the lead in respect of the Board’s corporate governance, during 2021 the Committee has continued to oversee the embedding of good governance practices at all levels of the Company and its operations. The Committee also acts as the first filter on all governance developments, and continues to make the appropriate corporate governance related recommendations to the Board. This additional responsibility has been embraced by the Committee and has been considered a positive change which has allowed the Committee to dedicate time and attention specifically to governance matters.

More information about the Committee’s activities in relation to corporate governance can be found in the Committee activities table on page 89.

During 2021 a working party, comprising representatives from the Company Secretariat and Internal Audit departments, undertook a number of activities in order to support the Committee to evolve the Company’s governance processes to become more resilient, efficient and effective. These activities included:

- Reviewed and completed a gap analysis on the Matters Reserved for the Board.
- Reviewed the Company’s policies and publication of them on the Company’s website.
- Confirmed that the Company’s delegated authority framework remains appropriate.

Annual re-election to the Board

In line with the Code, each Director is required to seek election or re-election, as appropriate, at each year’s AGM. The Committee is satisfied that each Non Executive Director remains independent in nature and did not identify any circumstances that are likely to impair, or could impair their independence. In addition,

the Committee is satisfied that the Chairman met the independence criteria as set out in the Code when she became Chairman.

The Committee also considers that each Director is able to allocate sufficient time to discharge their responsibilities to the Company effectively. This not only included Board and Committee meeting attendance, but also preparation time for meetings, visits to our operating businesses and other additional time commitments that were required during the year.

Accordingly, at the 2022 AGM, each Director, except Pete Redfern, Angela Knight and Gwyn Burr, irrespective of the date of their appointment, will be submitted for re-election.

Details of the resolutions to be proposed, alongside supporting biographical details, can be found in the Notice of Meeting on pages 184 to 191.

Equality, diversity and inclusion

Equality, diversity and inclusion remained a key focus area of the Company in 2021 and this will continue in 2022.

Board diversity

It is recognised that boards generally perform better when they include the best people from a range of backgrounds and experiences. When assessing the composition of the Board, the Committee recommends appointments and the Board makes appointments based on skills, experience and merit, but equality, diversity and inclusion will continue to be key considerations.

The Committee and the Board fully support the FTSE Women Leaders Review which seeks to improve the diversity of boards and senior leadership and sets the target of 33% of female representation on the Board and the Leadership Team (comprised of the GMT and their direct reports).

We recognise the need to make further progress in the gender diversity of our Leadership Team (as can be seen in the graph below), however we are pleased to note that female representation in the GMT is 36%.

The Committee and the Board also welcomes the Parker Review’s ‘Beyond One by 21’ recommendation and can confirm that the Company is in compliance with this recommendation as at 31 December 2021.

More information about the Committee’s consideration of equality, diversity and inclusion when considering the succession of the Chief Executive can be found on page 90.

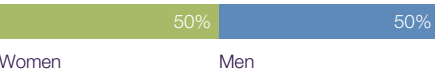
Employee diversity

The Board believes that by embracing equality, diversity and inclusion across the Company as a whole, we will better understand how people’s differences and similarities can be harnessed for the benefit of all of our stakeholders and improve the Company’s ability to deliver the strategy. Equality, diversity and inclusion are considered at Board, Committee and GMT meetings each year to ensure the Company regularly reviews progress against its goals to be a diverse and inclusive organisation.

The Company’s Grievance and Harassment Policies are strong and well embedded in the organisation, ensuring that any reports are investigated and addressed appropriately and the Company’s Whistleblowing Policy enables employees to raise concerns internally or via an external whistleblowing hotline if preferred, to give confidence that there is no risk of suffering any form of retribution as a result.

As at 31 December 2021

Percentage of plc Board positions held by women



Percentage of GMT positions held by women



Percentage of Leadership Team positions held by women^(a)



(a) The definition of our Leadership Team is our GMT and their direct reports.

During 2021, the Company’s new Equality, Diversity and Inclusion Policy (the Policy) was launched, and more information about the Policy and the key areas of focus can be found in the table opposite. The Company took this opportunity to enhance the previous Policy and ensure it remains in line with best practice to drive equality, diversity and inclusion across the Company.

The Policy is supported by the work undertaken by the Diversity and Inclusion Committee (D&I Committee). The D&I Committee is made up of a variety of members from across the Company and is responsible for monitoring the Company’s progress towards operating in a truly diverse and inclusive manner.



The Company celebrated a number of equality, diversity and inclusion related initiatives and campaigns throughout 2021, including:

- **International Women’s Day:** The Company celebrated International Women’s Day for the third consecutive year. Employees took part in talks, debates and activities to recognise females across the Company and consider some of the barriers and challenges preventing women progressing.
- **Men’s Mental Health Month and International Men’s Day:** Webinars on men’s health and panel discussions on what it means to be a man, masculinity, health and vulnerability helped employees to understand and appreciate men’s issues in the workplace.
- **LGBTQ+ Pride Month:** In addition to flags and visual signage being displayed on sites during Pride Month, awareness sessions were run for employees to attend. The LGBTQ+ network was also launched which has encouraged positive discussions and given our colleagues the confidence to feel they are supported and listened to.
- **National Inclusion Week:** This enabled topics such as disability, neurodiversity, sexuality, gender and ethnicity to be brought to the forefront of employees’ conversations to help raise awareness and build an inclusive culture.
- **Black History Month:** The Company’s proactive recognition of black history helps our employees become more knowledgeable about race in the workplace and have greater understanding of and empathy for each other.

To help ensure the Company represents society, the D&I Committee, GMT and the Nomination and Governance Committee are in the process of setting a number of aspirational targets. Once set, progress will be regularly reported to the Committee which will monitor progress made towards them.

To support the Company’s objectives in relation to equality, diversity and inclusion, all senior leaders undertake training to build their knowledge, awareness and understanding of inclusion and are supported by our regional Diversity Champions who work with the regional Managing Directors to develop and deliver a local Diversity and Inclusion Action Plan. Each of these Diversity Champions, the Divisional Chairs and the regional Managing Directors attended the third annual Diversity and Inclusion Conference held in July 2021 at which topics including privilege, allyship, intersectionality, employee networks and neurodiversity were discussed.

We recognise the importance of gaining insight, knowledge and awareness from relevant external organisations and experts in equality, diversity and inclusion. During 2021, the Company became a member of the Employers Network for Equality and Inclusion, a non profit organisation and leading employer network to promote equality and inclusion in the workplace.

As well as working with others to help accelerate our plans, we have positively raised awareness and understanding on equality, diversity and inclusion matters throughout the Company and will continue to do so. Our actions during 2021 and plans for 2022 can be found on pages 95 to 97.

New and revised policies in 2021

The Company introduced a Menopause Policy which has raised awareness and understanding of how the menopause can affect people, both at work and at home. The Company is working towards becoming a menopause friendly accredited company by Henpicked, the leaders in advising on menopause at work.

A revised Maternity, Paternity and Adoption Leave Policy was published, enhancing the Company’s competitive maternity offer. More information can be found in the table opposite.

The Company’s new Wellbeing Policy, published in 2021, is designed to support employees and create a healthy and happy workplace where all employees feel appreciated and are treated fairly.

As at 31 December 2021

Percentage of the workforce that are women

32%

2020: 30%

Percentage of new starters during 2021 that are women

31%

2020: 33%

Percentage of the workforce that are BAME^(a)

5%

2020: 4%

Percentage of new starters during 2021 that are BAME^(a)

8%

2020: 7%

Please find our latest Gender Pay Gap report on our website.

(a) The term BAME (Black, Asian, Ethnic Minorities) has been used when referring to demographic information related to race for reporting purposes. However, we do understand and recognise that words matter, and that this acronym could lead to a misconception that all ethnic minorities are part of a homogeneous group, when used in the incorrect context.

Our Equality, Diversity and Inclusion Policy

The Company’s Equality, Diversity and Inclusion Policy is set out below in sections based on the key objectives of the Policy which are to be an employer of choice, offer 21st century leadership and to expand our reach.

| Employer of choice | | |
|--|---|---|
| Ensure that our working environment, policies, procedures and development and progression opportunities support greater diversity and inclusion. | | |
| | Progress made during 2021 | Future actions |
| Respectful workplace programme | <p>This programme involves webinar training for regional Managing Directors to understand the part they play in driving a respectful and inclusive site and office culture. The programme has resulted in visual signage reminding employees about their role in embedding a respectful workplace and how they can report any concerns. An updated site induction details our expectations of behaviour on site and there is a zero tolerance approach which has led to subcontractors being removed from site due to inappropriate comments or behaviours.</p> <p>Two business units took part in the first phase of the programme during 2021 and have seen positive changes.</p> | <p>The programme will be made available for the customer service, sales and office based teams at the business units which have undertaken the first phase of the programme during 2021.</p> <p>A respectful workplace pulse check on sites will be undertaken to understand how site culture has improved and to identify areas for future focus.</p> <p>Nine additional business units are scheduled to take part in the programme during 2022.</p> |
| Parent returners programme | <p>The Company’s Maternity, Paternity and Adoption Policy was updated to make it easier to understand and navigate, and it now includes an enhanced maternity leave offer including a guaranteed phased return to work and a comprehensive ‘leading your journey on parental leave’ guide and support from the parent returners network. This programme includes coaching by executive coaching company, The Tall Wall, before, during and after parental leave for all employees returning after taking parental leave.</p> | <p>Continue to provide guidance and support to those on and returning from maternity, paternity and adoption leave.</p> |
| Health and wellbeing | <p>Each business unit has a Wellbeing Champion and a Mental Health First Aider who are responsible for driving wellbeing events and providing support to colleagues throughout the year. Wellbeing Champions received training through two online modules which covered topics such as the role of an effective Wellbeing Champion, defining the difference between pressure and stress, identifying both internal and external signposting and supporting the wellbeing strategy.</p> <p>There have been a number of events and activities available for all employees and their families to join which have received high levels of engagement. Site teams have been given training on topics including stress, fatigue, resilience and managing mental health. These training sessions were attended by over 500 members of the site management teams.</p> | <p>Mental Health First Aiders will be given refresher training and offered quarterly supported facilitation sessions to ensure regular feedback and support in understanding and addressing mental health issues, so trends can be identified and dealt with effectively.</p> |
| Reverse mentoring programme | <p>This programme involves senior management building further understanding of the challenges faced by individuals from backgrounds different to their own whilst also providing under-represented individuals with access to senior leaders to discuss development and progression opportunities. Ten senior leaders undertook the programme with eight BAME^(a) and two LGBTQ+ colleagues and 100% of participants agreed that they had benefited from the programme and would recommend it.</p> | <p>Continue with this programme during 2022.</p> |

Corporate governance: Composition, succession and evaluation continued

| Employer of choice continued | | |
|---|---|---|
| | Progress made during 2021 | Future actions |
| Employee resource groups | A number of employee resource groups have been set up via Microsoft Teams and intranet pages for employees to engage with and support each other. Each network is sponsored by a member of the GMT. | Support the embedding of these networks to become integral voices of influence and support for our equality, diversity and inclusion related objectives. |
| | Working parents network This network forms a community of new, existing and soon to be working parents across the Company to support each other, share experiences and be a channel for education and awareness. | |
| | Embracing the change menopause network This network provides peer to peer support, raising knowledge, awareness and understanding of the menopause. Over a quarter of the attendees at the network launch webinar were men who wanted to learn more about this subject to support their colleagues and partners. | |
| | Proud2B LGBTQ+ network This network helps to create an environment where LGBTQ+ colleagues can be their authentic selves. The Company's status as a Stonewall Diversity Champion has been facilitated by the work of the network. | |
| | Race and ethnicity network This network provides a safe space for employees to connect, share lived experiences to help navigate the work environment and support the Company to ensure there are no barriers to career development due to race or ethnicity. | |
| Flexible working for site management teams | Following feedback including concerns about the culture, working hours and impact that having a family could have on female employees' ability to remain in the site management team, there have been trials advertising part time Assistant Site Manager vacancies in the anticipation that more female site managers would apply. The COVID-19 pandemic has changed employees' mindsets on ways of working and spending time with their families, so this is an important trial to see if more part time work can be facilitated on site. | Focus groups with site management teams will be undertaken to explore the appetite for part time roles, and consider how they could work, how challenges could be overcome and what flexible working in site based roles could look like. |
| 21st century leadership | | |
| Ensure that line managers understand their role and responsibility in developing a more diverse and inclusive culture through the provision of relevant training and building awareness across the Company. | | |
| | Progress made during 2021 | Future actions |
| Inclusive leadership coaching | Piloted coaching with a selection of regional Managing Directors focusing on enabling leaders to explore the attributes, mindset and skills required of an inclusive leader. This coaching aims to enable individuals to identify and understand what behaviours and beliefs may be preventing them from being inclusive and explores how to mitigate behaviours and beliefs and create an actionable diversity and inclusion plan to drive results. | Roll out to all regional Managing Directors. |
| Hiring and inclusion training | Training has been provided to all regional Directors and middle management roles focusing on attracting, selecting and retaining diverse teams. This training explores the challenges in hiring and retaining diverse talent, unconscious bias, privilege and action planning to drive results. The programme has been well received and positive action has been taken, leading to an increase in the diversity of applicants. | Continue to provide training throughout 2022. |
| Diversity and inclusion e-learning | This e-learning topic has been made available for all employees and focuses on ensuring everyone in the Company understands equality, diversity, inclusion, our strategy, values and their role in supporting positive change. | To be followed by further e-learning modules in 2022 and 2023 to focus on embracing and respecting differences, bias, stereotypes, microaggressions and prejudice in actions, psychological safety and belonging, privilege and allyship. |

Expanding our reach

| Develop broader recruitment channels and take positive action to expand the diversity of candidates we attract to the Company, including designing development programmes to attract and support new employees. | | |
|---|---|---|
| | Progress made during 2021 | Future actions |
| Future talent | Recruitment processes have been adjusted to be more inclusive. We continue to use Prospects.co.uk as our main online recruitment platform as they register more candidates from minority backgrounds compared to any other job board. Recruitment directly from universities has been focused on universities with a higher proportion of BAME ^(a) students. We continue to have a balanced gender split and for 2021 46% of our graduate intake were women and 34% of our management trainee intake were women. We have also increased the ethnic diversity of both our graduate and management trainee intake. | Ensure that all data collected regarding applicants and those hired is reviewed and scrutinised to prevent any bias and take positive action throughout the hiring process. Expand our reach by advertising via more job boards to encourage further diversity of applicants. |
| Social media | There have been focused posts on promoting the Company as an inclusive employer and there has been an encouraging level of engagement with diversity and inclusion related posts. | Focus on posting authentic content, tailored to the audience to encourage engagement. |
| Interview conversion | There has been an improvement in reaching a more diverse pool of candidates for roles advertised, however there is further progress to be made in translating this into a sufficiently diverse candidate pool being invited for interviews. | Focus on scrutinising hiring data to understand where further action is required. Drive awareness and provide training for interviewing managers to understand the importance and value of diversity in their team. |
| Attraction channels | We introduced an employer profile on Working Mums to promote the Company's status as a flexible employer, and added further content to Indeed, Glassdoor and LinkedIn profiles to promote our diversity and inclusion initiatives. Furthermore, we worked with Black Professionals in Construction to promote roles to an exclusively BAME ^(a) candidate audience, and through the HBF's Careers and Skills Partnership Attract group, we can partner with Women in Construction to provide basic career conversion training and work placements for women getting into the construction industry. | Offer a placement scheme with Women in Construction to provide work experience for this under-represented population in production based roles. Via our job board partnerships, we will target specific geographies that have a higher population of candidates from underprivileged backgrounds. |

(a) The term BAME (Black, Asian, Ethnic Minorities) has been used when referring to demographic information related to race for reporting purposes. However, we do understand and recognise that words matter, and that this acronym could lead to a misconception that all ethnic minorities are part of a homogeneous group, when used in the incorrect context.

Race and ethnicity network

The race and ethnicity employee resource network (the network) meets on a regular basis and every employee, regardless of race and background is welcome to join.

The purpose of the network is to promote awareness of race and ethnicity in the workplace, be inclusive and deliver objectives in a light but meaningful approach and to align objectives and activities with the Company's values and strategy.

This network provides employees with a safe environment to talk about positive and negative experiences; and enables them to question, challenge and support others. The network celebrates the cultural diversity of our employees, customers and communities and creates a culture of genuine inclusion through regular events centered around the celebration of cultural diversity and by encouraging positive conversations about race and ethnicity with everyone.

In addition, the network empowers our employees to reach their potential and elevates the voices of employees of all ethnicities. It also helps to identify specific barriers to retention and progression and will support the development of an action plan to combat any issues identified.

“As Sponsor for the Race and Ethnicity Network, I am proud of the progress we have made and the actions we have planned for the future.”

Chris Carney
Group Finance Director

