

GOVERNANCE REPORT



Governance at a glance	110
Board of directors	112
Our executive committee	114
Our Chair's view on governance	116
Corporate governance report	118
Audit committee report	126
Nominations committee report	130
Directors' report	134
Directors' remuneration report	138
– Letter from the committee chair	138
– Policy	141
– Implementation	149
Statement of directors' responsibilities	163

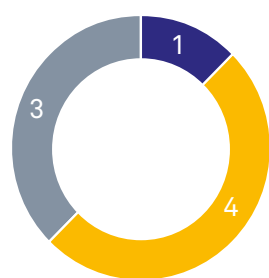


GOVERNANCE AT A GLANCE

OUR BOARD

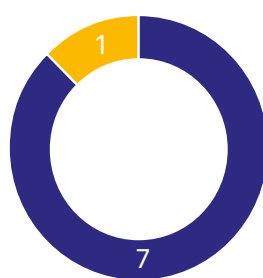
The board comprises eight directors with a diverse and complementary range of industry experience, technical knowledge, perspectives and personal strengths.

Independence



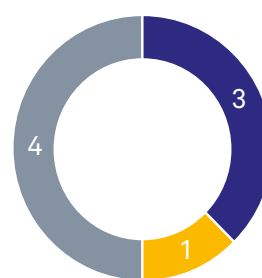
● Chair
● Independent
● Non-independent

Gender diversity



● Male
● Female

Length of tenure



● 1–5 years
● 6–10 years
● 10+ years

BOARD AND COMMITTEE ATTENDANCE

	Board	Audit committee	Remuneration committee	Nominations committee
Total number of meetings	11	3	7	7
Executive directors				
Alan Dunsmore	11			
Derek Randall	11			
Adam Semple	11			
Ian Cochrane ¹	3			
Non-executive directors				
Kevin Whiteman ²	11	0	7	3
Mark Pegler	11	3	7	7
Louise Hardy ³	11	2	7	6
Alun Griffiths	11	3	7	7
Rosie Toogood ⁴	9	2	6	5
Tony Osbaldiston ⁵	4	1	3	1

¹ Ian Cochrane attended all board meetings held prior to his resignation on 26 July 2023

² As Chair, Kevin Whiteman was not a member of the audit committee but attended meetings as a guest. Kevin was conflicted from attending four nominations committee meetings held to discuss the recruitment of his successor

³ Louise Hardy was unable to attend one audit committee meeting and one nominations committee meeting due to an unavoidable clash with other board commitments

⁴ Rosie Toogood attended all board and audit, remuneration and nominations committee meetings held prior to her resignation on 12 February 2024

⁵ Tony Osbaldiston attended all board and audit, remuneration and nominations committee meetings held prior to his retirement on 31 July 2023

SKILL AND DIVERSITY MATRIX

We truly value diversity and a culture of inclusion at all levels within the Group.

Skill/area of expertise/experience

Business development and strategy	7	1
Mergers and acquisitions	7	1
Banking and finance	6	2
Legal and regulatory	5	3
Innovation and technology	5	3
Client relationship management	8	
Construction/engineering industry experience	7	1
Sustainability	3	5
Workforce engagement	8	
Procurement and large capital programmes experience	7	1
International experience	6	2
Risk management	7	1
Governance	7	1

- No. of directors with skill/experience
- No. of directors without skill/experience



BOARD OF DIRECTORS

EXECUTIVES AND NON-EXECUTIVES

The quality of our workforce, senior leadership team and board leaves us well placed to deliver on our strategic expectations and for long-term growth.



ALAN DUNSMORE
Chief Executive Officer

- Independent: No
- Appointed: 2010

Alan was appointed Chief Executive Officer in February 2018. Prior to this he held the position of Group finance director from March 2010 to March 2017 and acting chief executive officer from April 2017 to January 2018. He joined the Group from Smiths Group plc. He joined Smiths Group's medical division in 1995, holding various positions throughout the business and from 2004 was director of finance for Smiths Detection. Prior to joining Smiths, he was with Coopers and Lybrand in Glasgow, where he qualified as a chartered accountant in 1992.



ADAM SEMPLE
Chief Financial Officer

- Independent: No
- Appointed: 2018

Adam joined the Group in 2013 from Firth Rixson Group, prior to which he was with PwC in both Leeds and London, where he qualified as a chartered accountant in 2002. He was appointed as Chief Financial Officer in February 2018, having held the role on an acting basis since April 2017. He was previously the Group's financial controller.



LOUISE HARDY
Non-executive director
and workforce engagement
director

- Independent: Yes
- Appointed: 2019

As an executive director, Louise was the European project excellence director at AECOM, responsible for project management across a portfolio of 10,000 projects and between 2006 and 2013, was a director at Laing O'Rourke, the largest privately owned construction company in the UK. At Laing O'Rourke she worked within the CLM as the delivery partner to the Olympic delivery authority for the London 2012 Olympics.

Louise is a Fellow of the Institution of Civil Engineers, the Chartered Management Institute and the Women's Engineering Society. Louise won the European Women in Construction and Engineering, lifetime achievement in construction award 2019.

Louise is a non-executive director at Travis Perkins plc, Balfour Beatty plc and Crest Nicholson Holdings plc.



MARK PEGLER
Non-executive director

- Independent: Yes
- Appointed: October 2022

Mark is an experienced FTSE 250 board director, having spent over a decade as Chief Financial Officer at Hill & Smith PLC, overseeing significant growth through international expansion and acquisitions.

Mark is a non-executive director and chair of the audit committee at ELE Advanced Technologies Ltd, a specialist in the production of complex and high integrity super alloy components for the aerospace, industrial gas turbine and commercial diesel engine markets. He is also non-executive Chair of IWS Group, a privately owned group of market-leading product brands, manufacturers and service companies, providing essential services and products to the logistics, material handling and other industrial sectors primarily across the UK and Europe.

He is a Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW).

CURRENT MEMBERS RETIRING AT THE AGM

KEVIN WHITEMAN (A) (N) (R)
Chair

- Independent: Yes
- Appointed: 2014 to the board and 2020 as Chair

ALUN GRIFFITHS (A) (N) (R)
Senior independent director

- Independent: Yes
- Appointed: 2014

Key to committee membership:

 Nominations
  Audit
  Remuneration
  Committee chair







CHARLIE CORNISH
Non-executive director
(and Chair designate)

- Independent: Yes
- Appointed: May 2024

Charlie, who joined the board on 1 May 2024, is set to take over as chair following the AGM on 30 July 2024 when Kevin Whiteman steps down.

Charlie spent 13 years as CEO of Manchester Airports Group ('MAG') and managing director of United Utilities Group plc's ('UU') Utilities Solutions business, and brings a wealth of experience to Severfield.

During his time as CEO of MAG, he was responsible to the board for developing corporate strategies, delivering financial returns, securing stretching growth targets, leading M&A opportunities, developing relationships with key governmental officials and leadership of the Group.

He has substantial experience of developing strategy, leading, and managing change in large complex businesses in a variety of different sectors in the UK and internationally.



DEREK RANDALL
Executive director and Chair
at JSW Severfield Structures

- Independent: No
- Appointed: 2011

Derek previously held the position of executive director for business development and was managing director of JSW Severfield Structures Limited (JSSL), our joint venture in India, for 11 years until April 2024. He is now non-executive Chair of JSSL. Before joining the Group, most of Derek's career was with Corus Group (now Tata Steel) where his last position was as commercial director of the long products division. Derek has held a number of international board positions with Corus and served on the executive council of the Steel Construction Institute.






KEVIN WHITEMAN
Chair

- Independent: Yes
- Appointed: 2014 to the board and 2020 as Chair

A chartered engineer, Kevin was chief executive of Kelda Group and Yorkshire Water for a period of eight years. Kevin was non-executive Chair of both companies from 2010 to March 2015. He was Chair of the privately owned NG Bailey from 2013 to 2023, and a non-executive director and chair of the remuneration committee of Cadent Gas Limited from 2018 to 2021.

Kevin was previously Chief Executive Officer for the National Rivers Authority, regional director of the Environment Agency, and has held a number of senior positions within British Coal. He was also chair for Wales and West Gas Networks (UK) Limited and has been a trustee for WaterAid UK.







ALUN GRIFFITHS
Senior independent director

- Independent: Yes
- Appointed: 2014

Alun was a main board member at leading engineering consultancy WS Atkins plc from 2007 to 2014 and held a number of business leadership and corporate roles, most recently as Group HR director.

Alun has significant experience in HR and organisation development, business development and project delivery. He chairs the transaction committee at the Ramboll Group (providing oversight for major bids and M&A), is an independent board member of the Remuneration Consultants Group, a member of the council of the University of Bath and is on the board of the Ports of Jersey.

OUR EXECUTIVE COMMITTEE

EXECUTIVES AND NON-EXECUTIVES

The quality of our workforce, senior leadership team and board leaves us well placed to deliver on our strategic expectations and for long-term growth.



ROB EVANS

Divisional managing director, Severfield Commercial & Industrial

Rob became managing director of Severfield (UK) in February 2020, during which he was responsible for all aspects of the contracting business for both Severfield (UK) and Severfield Europe B.V. Rob joined the Group over 24 years ago and during that time has performed various commercial and quantity surveying roles within the Group, including at Severfield (Design & Build) and Severfield (NI).

Rob has been involved with many iconic projects, including Everton FC stadium, Tottenham Hotspur FC stadium, Liverpool FC stadium, 22 Bishopsgate and several projects at Wimbledon.



JIM MARTINDALE

Divisional managing director, Severfield Nuclear & Infrastructure and Modular Solutions

Jim joined Severfield in 1994 as a design engineer, which saw him heavily involved with the commercial department. He became engineering manager in 2002, design director in 2007 and deputy managing director in 2010, a role that he performed until his appointment as managing director in January 2014.

Jim has been involved in the successful delivery of many major projects throughout the UK during his career. He is also an associate member of the Institution of Structural Engineers.



LEVENTE HEGEDUS

Group manufacturing director

Levente joined Severfield in January 2024 and has over 25 years of experience in operations and business management. Before joining Severfield, he held successive and increasing roles of responsibility, including as vice president of manufacturing at Vibrantz Technologies, and director of operations at Imerys.

Prior to that, he served in various management and leadership positions with KUKA Robotics and ZENNER. Levente received a master's degree in mechanical engineering from Politehnica University of Timisoara and a postgraduate degree in Economics from the University of Szeged.



NORBERT NIJHUIS

Divisional managing director, Severfield Europe

Norbert joined Severfield in January 2024 and brings a wealth of experience with a career spanning 25 years within the construction industry.

Norbert has held a number of diverse roles in production, sales, and general management. His latest role was with a family-owned company in the Netherlands as managing director of their prefabrication division.



MARK SANDERSON
Group legal director and
company secretary

Mark joined Severfield in 2013 and his previous role was as group legal director for the utility specialist Enterprise plc until its acquisition by Ferrovial in April 2013. He also worked in private practice as a projects partner, most recently at Walker Morris and prior to that, Pinsent Masons.

Mark has over 20 years of experience in the construction and engineering sector and is also a non-executive director and trustee at Fitzroy Support, a learning disabilities charity.



SAMANTHA BROOK
Group HR director

Sam joined Severfield in 2020 and has a HR career spanning over 25 years in manufacturing, construction, energy, hospitality, retail and financial services. The majority of her career has been spent in Yorkshire based businesses and her previous HR senior leadership roles were in Drax Plc and Croda International Plc.

She is a Fellow of the Chartered Institute of Personnel and Development, holds a Master's Degree in Career Management from the University of London, and a Management Degree from Aston University. Throughout her career she has overseen all aspects of HR transformation from learning and development to reward, HR systems, recruitment, diversity, engagement, talent and organisational design.



RICHARD DAVIES
Group IT director

Richard joined Severfield (Design & Build), formerly Atlas Ward Structures, in 1997 as an apprentice plater welder, which provided valuable experience and insight into key production activities. He moved into IT support in 1999 and went on to perform various roles within IT, until his appointment as Group IT director in January 2016.

Within this role, Richard is responsible for all aspects of IT across the Severfield Group.

With more than 20 years of experience in the construction sector, Richard has been involved in the successful delivery of many innovative IT projects.



KEVIN FURNISS
Group SHE director

Kevin joined the Group in May 2024. During his 30-year career, Kevin has held executive leadership positions in complex and high hazard industry sectors including for some of the world's leading Companies.

In addition to his day-to-day role, Kevin holds several non-executive board positions in global and regional NGOs supporting and contributing to the United Nations 'Make Roads Safe' campaign.

He is also a board trustee of the Institute of Occupational Safety and Health (IOSH), the world's leading professional body for people responsible for safety and health in the workplace.

ALAN DUNSMORE
Chief Executive Officer

For details, see board of directors on page 112.

ADAM SEMPLE
Chief Financial Officer

For details, see board of directors on page 112.

DEREK RANDALL
Executive director and
Chair at JSW Severfield
Structures

For details, see board of directors on page 113.

OUR CHAIR'S VIEW ON GOVERNANCE



“This year we have ensured that strong and robust corporate governance continues to be at the heart of everything we do, and I am confident that this will continue to be the case. We have implemented a board improvement plan this year and made a number of changes in personnel at Board level.”

KEVIN WHITEMAN
NON-EXECUTIVE CHAIR

This is my last annual report as Chair as I am retiring at the AGM following the appointment of a new chair, Charlie Cornish, to succeed me.

Dear shareholder

I am pleased to introduce the Group's corporate governance report (on pages 118 to 125) on behalf of our board of directors (the 'board'). The Group is committed to business integrity, high ethical values and professionalism in all of its activities and this report explains how we manage the Group and comply with the provisions of the UK Corporate Governance Code (the 'Code').

Leadership and board composition

We continue to evolve the board to ensure that it has the right balance of knowledge, experience and outside in perspective. I handed over chairship of the nominations committee to Alun Griffiths this year, and he oversaw a process for recruiting a new chair with a specification which ensured that we retained the right mix of skills around the board table.

Board evaluation

During the year, we developed and implemented a board improvement plan, further details of which are set out in the governance report.

Audit, risk and internal control

The board has confirmed that this annual report is fair, balanced and understandable. The audit committee, supported by management, has adopted a process to enable the board to take this view. You can find an explanation of the process we have used to make this determination in the audit committee report on page 128.

The board delegates certain of its responsibilities to the board committees to enable it to carry out its functions effectively. A diagram of the board governance structure is set out on page 62.

Remuneration

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

Last year, we made a number of changes to our remuneration policy as part of the normal three-yearly cycle, and these were supported overwhelmingly at last year's AGM. Following that vote, Alun Griffiths was able to step down as Chair of the remuneration committee and is ably succeeded by Louise Hardy. A summary of our new remuneration policy, a summary of how we intend to operate that policy in 2025, and a review of the remuneration committee's activities, together with bonus and PSP performance in 2024, can be found in the remuneration report on pages 138 to 162.

Talent and diversity

The board is mindful of diversity and we are committed to building a supportive, diverse, and inclusive working environment where all colleagues feel they belong. The board is represented by a range of industry experience and personal strengths and consists of one female and seven male directors. Further details of their skills and experience can be found on pages 112 to 113.



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

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

Relations with stakeholders

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

The board recognises the importance of capital returns to shareholders and, given the strong financial performance of the Group, considered a share buyback to be in the interests of stakeholders.

We have an open and effective dialogue with shareholders, with regular meetings being held with institutional shareholders. The AGM will be held on 30 July 2024 and I encourage all shareholders to submit any questions in advance and to vote via proxy for the resolutions.

KEVIN WHITEMAN
NON-EXECUTIVE CHAIR

19 June 2024

UK Corporate Governance Code

Throughout the accounting period, the Company has fully complied with the requirements of the 2018 Code, except for:

- Kevin Whiteman and Alun Griffiths exceeded the nine-year term prescribed by provision 19 for the reasons explained in last year's AGM notice, namely the need to recruit a replacement chair. They were re-elected at last year's AGM with a 96% and 97% vote in favour, respectively and are stepping down at the AGM following the recruitment of a new chair and an effective handover.

CORPORATE GOVERNANCE REPORT

Board leadership and Company purpose

The Group is controlled through the board of directors of Severfield plc. We believe that, consistent with Principle A of the Code, the board is effective and entrepreneurial. We have described in the strategic report how opportunities and risks to the future success of the business have been considered and addressed, together with the sustainability of the Group's business model. In this section we describe how our governance contributes to the delivery of our strategy and how the board monitors and drives culture and purpose.

Structure of the board

The membership of the board is stated on pages 112 to 113. The board currently consists of the chair, four other non-executive directors and three executive directors.

Alan Dunsmore has board-level responsibility for health and safety matters, sustainability matters and employment matters.

Independence

All the non-executive directors are considered by the board to be independent in character and judgement and no cross-directorships exist between any of the directors.

At no time during the year ended 30 March 2024 did any director hold a material interest, directly or indirectly, in any contract of significance with the Company or any subsidiary undertaking other than the executive directors in relation to their service agreements. The directors have put in place procedures to ensure the board collectively, and the

directors individually, comply with the disclosure requirements on conflicts of interest set out in the Companies Act 2006. The interests of the directors in the share capital of the Company and its subsidiary undertakings and their interests under the performance share plan and other share schemes are set out in the remuneration report commencing on page 138. Save as disclosed in the directors' remuneration report, none of the directors, or any person connected with them, has any interest in the share or loan capital of the Company or any of its subsidiaries.

Directors to stand for election

The Company's articles of association require the directors to offer themselves for re-election at least once every three years. Notwithstanding this, and in accordance with the recommendations of the Code, the Group's policy is that all the directors retire at each AGM and may offer themselves for re-election by shareholders. Accordingly, all of the existing directors whose biographies are set out on pages 112 to 113 will be standing for re-election at the 2024 AGM, other than those who are retiring at the AGM.

The board is satisfied that the performance of all of the non-executive directors continues to be effective and that they continue to show commitment to their respective roles. Non-executive directors are not appointed for a fixed term. The terms and conditions of appointment of non-executive directors are available for inspection on request.

Role of the chair, Chief Executive Officer and senior independent director

The board has agreed a clear division of responsibility between the chair and Chief Executive Officer and their roles and responsibilities are clearly established and set out in writing.

Severfield board

The board is responsible for providing effective leadership to the Group to create and deliver long-term shareholder value. This includes setting the strategic direction of the Group, reviewing all significant aspects of the Group's activities, overseeing the executive management and reviewing the overall system of internal control and risk management. The board has a formal schedule of matters reserved for it. It is responsible for overall Group strategy, acquisition and divestment policy, approval of major capital expenditure projects and consideration of significant financing matters. It monitors the exposure to key business risks, including environmental and health and safety issues. It reviews the Group's strategic direction, codes of conduct, annual budgets, progress towards achievement of those budgets, significant capital expenditure programmes and the annual and half-year results.

The board also considers employee issues and key appointments. It also ensures that all directors receive appropriate training on appointment and then subsequently as appropriate. Other specific responsibilities are delegated to the board's committees described as follows.

MEMBER(S)/COMMITTEE	RESPONSIBILITIES
Non-executive Chair Kevin Whiteman	<p>The Chair, Kevin Whiteman, is mainly responsible for managing the business of the board, evaluating its performance and setting the agenda for board meetings to ensure that adequate time is allocated to the discussion of all agenda items, facilitating the effective contribution of all directors. The chair acts as an ambassador for the Company and provides effective communication between the board and its shareholders.</p> <p>The chair, together with the Company secretary, ensures that the directors receive clear information on all relevant matters in a timely manner. Board papers are circulated sufficiently in advance of meetings for them to be thoroughly digested to ensure clarity of informed debate. The board papers contain the Chief Executive Officer's and the Chief Financial Officer's written reports, high-level papers on each business area, key metrics and specific papers relating to agenda items. The board papers are accompanied by a management information pack containing detailed financial and other supporting information. The board receives occasional ad hoc papers on matters of particular relevance or importance. The board also receives presentations from various business units and senior managers, including members of the executive committee.</p>
Chief Executive Officer Alan Dunsmore	<p>As the senior executive of the Company, Alan Dunsmore is responsible to the chair and the board for directing and prioritising the profitable operation and development of the Group. The Chief Executive Officer is responsible for the day-to-day management of the operational activities of the Group, assessing and implementing strategy and implementing the board's decisions.</p> <p>The Chief Executive Officer chairs an executive committee consisting of the members indicated on pages 114 and 115. This committee assists the main board by focusing on strategic and operational performance matters relating to the business and meets formally on a monthly basis. He also, together with the Chief Financial Officer, holds quarterly meetings with each of the business unit boards to review all operational issues and meets with an executive risk committee comprising himself, the Chief Financial Officer and the Group legal director on a weekly basis to discuss any key issues affecting the business.</p> <p>In addition, he chairs a safety meeting once a month with other members of the executive management team and business unit managing directors, and meets regularly with the Group HR director. Alan is also chair of the sustainability committee, which meets every six weeks to oversee implementation of our sustainability strategy and review progress against our strategic objectives.</p>
Senior independent director Alun Griffiths	<p>The role of the senior independent non-executive director is to provide a sounding board for the chair and to serve as an alternative source of advice to the chair for the other non-executive directors. The senior independent director is available to shareholders if they request a meeting or have concerns, which contact through the normal channels has failed to resolve, or where such contact is inappropriate. He also leads the performance review of the chair and the board, taking into account the views of the executive directors.</p>
Board committees	<p>The board has established three standing committees, all of which operate within defined terms of reference, which are available from the Company secretary by request and published on the website.</p> <p>The committees established are the audit committee, the remuneration committee, and the nominations committee. Trading companies are managed by separate boards of directors. Any matters of a material nature concerning the trading companies are reported to the board on a monthly basis.</p> <p>Details of the work of the audit, nominations and remuneration committees are set out on pages 126 to 162.</p>

CORPORATE GOVERNANCE REPORT

Board meetings

The directors' attendance record at the scheduled board meetings and board committee meetings for the year ended 30 March 2024 is shown on page 110.

Meetings were held at the Group's offices in Dalton and York, North Yorkshire and at the offices of the Group's other operating subsidiaries to provide non-executive directors the opportunity to increase their knowledge and understanding of the Group's operations. During the year, some of these meetings were held remotely by video conference, in the interests of sustainability and efficiency.

Board strategy review

In addition to regular scheduled board and board committee meetings, the board undertakes an annual strategy away day each year in December. The agenda for the strategy away day is agreed in advance, including specific strategic issues that have been raised at previous board meetings or requested by the board.

Board principal activities

During the financial year, the board discussed and implemented the following key actions:

STRATEGY	BUSINESS AND OPERATIONAL
<ul style="list-style-type: none"> • Presentation to the board on our strategy for growth in India • Off-site strategy day • Presentation on capital markets from Jefferies, the Company's brokers • Presentation on the Modular Solutions division from the divisional managing director Jim Martindale • Regular updates of progress in delivering the Group's strategic objectives from the executive directors 	<ul style="list-style-type: none"> • Regular updates on progress of our key contracts and projects and on the markets we serve, our order book and pipeline • Regular updates on health and safety, sustainability and people matters • More detailed briefings on key sustainability-related developments and monitoring and reporting requirements
FINANCIAL	LEADERSHIP AND PEOPLE
<ul style="list-style-type: none"> • Reviewed and approved annual report and accounts and results announcement for the year ended 25 March 2023 • Reviewed and approved proposed payment of a final dividend for the year ended 25 March 2023 • Assessed going concern and longer-term viability of the Group and reviewed the effectiveness of internal controls • Reviewed quarterly financial forecasts • Reviewed and approved a change in our agreed method of satisfying share scheme awards by buying forward the required shares via our EBT and satisfying out of market purchase rather than free issue shares • Reviewed and approved an on-market share buyback proposal • Reviewed and approved proposed auditor fees for the year ended 30 March 2024 • Reviewed and approved the final budget for the year ended 30 March 2024 • Reviewed and approved half-year results for the year ended 30 March 2024 • Approved interim dividend for the year ended 30 March 2024 • Approved Group tax strategy 	<ul style="list-style-type: none"> • Regular updates on health and safety, sustainability and people matters including updates from the MyVoice forum • Management briefing from the Group HR director including approval of gender pay gap report • Management briefing from the Group SHE director including new Group SHE strategy • Annual update on succession plan and talent review • Reviewed proposed pay review for the wider workforce • Approved the launch of a new savings plan under the rules of the Severfield Sharesave Scheme and the relevant share options that would be granted as a result • Search process for a new chair to succeed Kevin Whiteman at the end of his nine-year tenure
RISK MANAGEMENT AND CONTROLS	GOVERNANCE AND STAKEHOLDERS
<ul style="list-style-type: none"> • Assessed the effectiveness of our internal control and risk management systems • Approved changes to the Group Authorisation Policy • Reviewed and approved an update to the Company's conflicts of interest policy, received annual statements of compliance from directors and approved related parties list and conflicts of interest disclosed • Received an update on cyber risk from the Group IT director • Reviewed the Group's risk register • Briefing on the new failure to prevent fraud offence under the Economic Crime and Corporate Transparency Act 	<ul style="list-style-type: none"> • Received feedback from the chair of the nominations committee on the results of the externally facilitated board effectiveness review and developed a board improvement plan • Reviewed and approved AGM notice • Reviewed investor feedback on year-end results for the year ended 25 March 2023 and interim results for the year ended 30 March 2024 • Reviewed a paper summarising investor representatives' comments ahead of the AGM • Received an update on the Atlas Ward pension scheme valuation • Reviewed the register of directors' interests in shares • Reviewed the statement of compliance in accordance with the Modern Slavery Act

CORPORATE GOVERNANCE REPORT

S172 statement

Details as to how the board took account of stakeholder views and the matters set out in section 172 of the Companies Act 2006 in board discussions and decision making are set out on page 105. An example of this is set out below.

Strategy day

At our annual off-site strategy day the directors undertook a comprehensive review of progress against the Group's four-year strategic plan and divisional strategic plans and priorities to ensure they remained fit for purpose. In doing so, they:

- reviewed market trends, including the macroeconomic environment, supported by comparative data and customer insight;
- considered the impact of the strategic plan on the retention and development of employees;
- reviewed the Group's long-term financial outlook; and
- assessed and prioritised growth opportunities.

In approving the strategy and business plans and purpose, the views of all our stakeholders were considered.

Engagement with stakeholders

The board considers the needs and priorities of each of the Group's stakeholders during its discussions and as part of its decision-making process. Further details of stakeholder engagement are set out at page 105 (s. 172 statement) and at pages 36 to 38 (Engaging with our stakeholders).

With regard to our customers, supply chain and communities, these groups are recognised by the board as integral to our business model and, as such, are considered regularly by the board. In practice, however, our customers, supply chain and communities vary with each Group company and, therefore, the Group companies manage day-to-day engagement with these important stakeholder groups.

Our Group SHE director and our Group head of procurement assist in managing relationships with those subcontractors and suppliers who are common to more than one Group company. Further details of our engagement with communities can be found on page 38. The board engages directly with the Group's shareholders and colleagues as set out below.

Shareholders

Providing sustainable returns to our shareholders is a key factor in the board's decision making. The chair and the non-executive directors are available to meet with shareholders to listen to their views.

The board recognises the importance of communicating with its shareholders to ensure that its strategy and performance is understood. The Group encourages two-way communication with both its institutional and private investors and attempts to respond quickly to all queries received verbally or in writing.

The executive directors undertake a programme of regular communication with institutional shareholders and with analysts covering the Group's activities, its performance and strategy, and issues regular trading updates to the market.

Alan Dunsmore and Adam Semple attended several meetings with institutional shareholders, private investors and analysts during the year, at the time of the announcements of the Group's annual and half-year results. Feedback from those meetings was reported to the board, including the non-executive directors, and was factored into the board's strategy review and its decision to declare a final dividend and after the year-end to implement a share buyback programme.

The board generally uses the AGM to communicate with private investors and encourages their participation. The notice of the AGM, detailing all proposed resolutions, is communicated to shareholders at least 20 working days before the meeting.

Colleagues

Recognising the importance of input and feedback from all colleagues in helping us deliver on our strategic goals, we continued to make good progress with our Group-wide MyVoice forum during the year, facilitated by Louise Hardy, the Group's designated non-executive director responsible for workforce engagement. The forum provides a formal way for colleagues and management to connect, gain feedback and exchange information and views on any business-related topic. Louise, the Chief Executive Officer and the Group HR director, attend all MyVoice forum meetings. Louise provides verbal updates to the board following each forum meeting and written updates on what was heard and discussed at the forums and the actions the executive committee have taken to address these points are provided to the board by the Group HR director on a quarterly basis.

In addition, during the year, members of the board visited various sites across the Group and met with groups of employees, discussing with them their experiences and views.

In 2024 we continued to develop our intranet, 'Severfield Connect'. This has enabled us to communicate with colleagues who are away from work, to share updates and information with them and to engage in dialogue through the comments feature. Colleagues across the Group have raised issues and questions with management, and these have been discussed openly with our executive directors and have informed our approach in many areas. Throughout the year, our executive directors have kept our employees informed of our financial performance through newsletters, email notifications and briefing sessions, and made colleagues aware of any external factors and significant events that might have an impact on our business.

Board's monitoring of culture

The Group's purpose and culture are closely aligned with our values, which are focused on driving the right behaviours for the Group to succeed. The Severfield Way gives each and every colleague clarity on our collective ways of working and expected behaviours so that we can continue to deliver effectively and focus on what's best for each other, our business, our clients and our communities.

Our culture provides an environment in which everyone understands that we are part of one team and that we are always looking for opportunities to improve. This way we can innovate, evolve and successfully deliver our strategic

objectives. We do not experience the typical indications of poor culture such as high staff turnover and absenteeism or a poor attitude to training.

Our executive directors promote our values throughout the Group. The board as a whole is responsible for ensuring that our culture is maintained.

It does this by meeting with employees and senior managers, undertaking regular site visits and reading regular reports and presentations from Group companies on how they are operating their businesses and taking into account internal audit reports on matters that are heavily influenced by culture and behaviour. The non-executive directors

also draw on their own experiences in other organisations in order to challenge and verify that the Group's values and behaviours remain effective, and we have continued to have regular board briefings on a wide range of topics from managers of the business at different tiers of the organisation.

We have continued to develop our intranet 'Severfield Connect' in 2024 to enable us to communicate better, develop a more integrated working culture and to track engagement.

The table below sets out how the board monitors our culture to ensure that behaviours remain aligned with our values.

WHAT WE MONITOR AND MEASURE	BOARD ACTION IN 2024
Client focus	
<p>The executive directors keep the board updated on key projects and customer relationships. The board reviews material issues arising on contracts that may impact a Group company or the Group as a whole.</p>	<p>Reviewed Group company board summaries, which included information on key clients and suppliers and the performance of contracts.</p> <p>Reviewed market information and tender feedback information, together with business development plans, which focus on key client relationships and new clients with whom we wish to have future business.</p> <p>Approved Group company strategic plans, which include information on key clients and client feedback.</p>
Safety focus	
<p>The executive reports include information on health and safety performance, including accident frequency rate, injury frequency rate, near misses and high potential incidents and absence days due to sickness/injury.</p> <p>The board regularly reviews information on the safety strategy, updates on personal injury claims, training records and performance, interaction with the HSE, occupational health initiatives and key developments in the market, which could impact on safety performance.</p>	<p>Regular monitoring of health and safety performance is a priority for the board and is the first agenda item for all board meetings.</p> <p>Board members attended site and factory safety visits during the year, encouraging employees to suggest improvements and share best practice and reported back to the board on the key messages taken away from these visits.</p> <p>Developed further our safety initiative 'Safer@Severfield', which has been designed to make sure that every individual's safety and wellbeing remains our top priority. By fostering a strong safety culture, we can create an environment where everyone feels confident to challenge unsafe behaviour, has respect for everyone's opinions when it comes to safety in their daily work, and feels secure in the workplace.</p>

CORPORATE GOVERNANCE REPORT

WHAT WE MONITOR AND MEASURE	BOARD ACTION IN 2024
Doing the right thing	
<p>The executive directors keep the board updated on the Group's ethical dealings with clients, suppliers and the workforce.</p> <p>We report on e-learning covering a range of ethical matters including supplier payment terms, gender pay and any issues of concern raised by employees whether by way of formal whistleblowing or otherwise.</p> <p>We have policies in place, including the Group's authorisation policy, ethics policy, competition law policy, anti-bribery policy and expenses policy and these are regularly reviewed.</p>	<p>Reviewed payment practices reporting submissions and prompt payment code disclosures.</p> <p>Reviewed and approved our modern slavery statement (see page 125).</p> <p>Reviewed statements of compliance from all directors and letters of assurance ('LoA') from the Group's managing directors.</p> <p>Asking colleagues, customers and suppliers on factory and site visits for feedback on our performance.</p> <p>Implemented a new fraud prevention plan.</p>
Setting the bar high and finding better ways	
<p>The executive directors keep the board updated on how the Group is meeting its contractual and commercial commitments to our customers, our suppliers and our workforce.</p>	<p>Challenging the executive directors on any relationship issues arising with any of our customers, suppliers or workforce.</p> <p>Asking colleagues, customers and suppliers on factory and site visits for feedback on our performance.</p>

Board evaluation process

The board considers that the balance of relevant experience amongst the various board members enables the board to exercise effective leadership and control of the Group. It also ensures that the decision-making process cannot be dominated by any individual or small group of individuals.

The Code attaches importance to boards having processes for individual and collective performance evaluation. The performance of individual directors is evaluated annually in conjunction with the remuneration review. The chair meets with the non-executive directors at least annually to review their performance.

During the early part of the year ended 30 March 2024, we developed a board improvement plan to implement some practical changes to further enhance engagement and contribution following last year's externally facilitated board effectiveness review. This involved amending our board schedule to allow more time for the board to review key strategic matters and to spend less time discussing routine operational matters.

There have been several changes to the composition of the board in the last year, which have seen the board reduce in size from ten to eight members:

- In July 2023, Tony Osbaldiston retired as non-executive director and chair of the audit committee, having completed his nine-year term, and has been succeeded by Mark Pegler, who joined the board in October 2022.
- In September 2023, Ian Cochrane, COO, left the Company in order to pursue other interests, and his position has, deliberately, not been replaced, with the COO's former duties being re-assigned to other executive directors and the senior leadership team.
- In September 2023, Louise Hardy, non-executive director, replaced Alun Griffiths as Chair of the remuneration committee.
- Between November 2023 and May 2024 Alun Griffiths chaired the nominations committee in its search for a new chair to replace Kevin Whiteman.

- In February 2024 Rosie Toogood, non-executive director, stepped down from the board in order to avoid a conflict of interest with a new executive role she had taken up at Wates, a key client of the Group.
- More recently, since the year-end, a new chair has been appointed leading to the planned retirement of Kevin Whiteman as Chair and Alun Griffiths as SID, both of whom have completed their nine-year terms, at this year's AGM.

In the light of these changes, it was decided this year the board evaluation normally undertaken in March 2024 would be postponed until October 2024 once the new chair and the new board had been operating for a meaningful period of time.

Professional development

Appropriate training and briefing is provided to all directors on appointment to the board, taking into account their individual qualifications and experience. This is supplemented with visits to the Group's operations and meetings with senior business unit management to develop each director's understanding of the business.

Training and updates in relation to the business of the Group and the legal and regulatory responsibilities of directors was provided throughout the year by a variety of means to board members, including presentations by executives, visits to business operations and circulation of briefing materials. Individual directors are also expected to take responsibility for identifying their training needs and to ensure they are adequately informed about the Group and their responsibilities as a director.

Non-executive directors are continually updated on the Group's business, its markets, social responsibility matters, changes to the legal and governance environment and other changes impacting the Group. During the year, the directors received updates on various best practice and regulatory and legislative developments.

All directors have access to the advice and services of the Group legal director and Company secretary who ensures that board processes are followed and good corporate governance standards are maintained. Any director who considers it necessary or appropriate may take independent professional advice in furtherance of their duties at the Company's expense. No directors sought such advice in the year.

The board is confident that all its members have the knowledge, ability and experience to perform the functions required of a director of a listed company.

Audit, risk and internal control

Financial and business reporting

The financial statements contain an explanation of the directors' responsibilities in preparing the annual report and the financial statements (page 163) and a statement by the auditor concerning their responsibilities (pages 166 to 173). The directors also report that the business is a going concern (page 180) and detail how the Group generates and preserves value over the longer term (the business model) and the Group's strategy for delivering its objectives in the strategic report (pages 22 to 106). The directors have also made a statement about the long-term viability of the Group, as required under the Code (page 52).

Modern slavery

The board annually reviews and approves the Group's modern slavery statement. The 2024 statement is available on our website at www.severfield.com and explains the actions taken to ensure that we provide the appropriate level of training to members of our workforce, raise awareness of modern slavery amongst all members of staff, and do not undertake activities or engage suppliers or subcontractors who undertake activities that may be in breach of the Modern Slavery Act 2015. This year, we continued to focus on our supply chain, refreshed and added to our training of relevant staff in awareness of modern slavery and encouraged key suppliers to undertake training through the Supply Chain Sustainability School. We also sought and obtained suitable assurance from our newly acquired Europe division that they were complying with local best practice in this area (in the absence of any equivalent legislation) and from our joint venture in India.

Annual report

The board is responsible for the preparation of the annual report and the financial statements to ensure that the annual report taken as a whole is fair, balanced and understandable.

The annual report is drafted by executive management with reviews undertaken by third-party advisers as required. Additional steps have been built into the reporting timetable to ensure that directors are given sufficient time to review, consider and comment on the annual report. Our external auditor reviews the narrative sections of the annual report to identify any material inconsistencies between their knowledge acquired during the audit and the directors' 'fair, balanced and understandable' statement and whether the annual report appropriately discloses those matters that they have communicated to the audit committee. A substantially final draft is reviewed by the audit committee prior to approval by the board.

Remuneration

The directors' remuneration report is on pages 138 to 162. It sets out the activities of the committee, the levels and components of remuneration and refers to the development of the remuneration policy.

AUDIT COMMITTEE REPORT



“The audit committee reviews and reports to the board on the Group’s financial reporting, internal control and risk management systems and the independence and effectiveness of the auditors.”

MARK PEGLER
CHAIR OF THE AUDIT COMMITTEE

Number of meetings

3

Members

Mark Pegler (Chair)
Alun Griffiths
Louise Hardy
Charlie Cornish (from 1 May 2024)
Rosie Toogood
(until 12 February 2024)
Tony Osbaldiston
(until 31 July 2023)

2024 key achievements

- Oversaw the continued development of the Group’s systems of risk management and internal control.
- Reviewed and recommended to the main board the report and accounts for the 2024 interim accounts and the year ended 30 March 2024.
- Agreed to undertake a tender in 2025 for the appointment of the external auditor for 2026 and agreed a process for the appointment of the internal auditors for 2025.
- Reviewed and approved the Group’s tax strategy.

Membership

All committee members during the year were independent non-executive directors in accordance with the Code.

The members have been selected to provide the wide range of financial and commercial expertise necessary to fulfil the committee’s duties. Mark Pegler is a chartered accountant.

By invitation, there were a number of other regular attendees, including internal and external auditors. Kevin Whiteman, Alan Dunsmore, Adam Semple, Mark Sanderson and Matt Gamble, our Group financial controller, also attended each meeting by invitation.

Meetings are held at least three times per annum and additional meetings may be requested by the external auditor.

There were three meetings in the year.

Role and key responsibilities

The primary function of the committee is to assist the board in fulfilling its oversight responsibilities. This includes reviewing the financial reports and other financial information before publication. The committee assists the board in achieving its obligations under the Code in areas of risk management and internal control, focusing particularly

on areas of compliance with legal requirements, accounting standards and the Listing Rules (Listing Authority Rules for companies listed on the London Stock Exchange), and ensuring that an effective system of internal financial and non-financial controls is maintained.

The committee also reviews the accounting and financial reporting processes, along with reviewing the roles, and effectiveness of, the external auditor. The ultimate responsibility for reviewing and approving the annual report remains with the board.

The responsibility of the committee principally falls into the following areas:

- To monitor the integrity of the financial statements and formal announcements and to review significant financial reporting judgements.
- To review the Group’s internal financial and non-financial controls and risk management.
- To make recommendations to the board in relation to the appointment and removal of the external auditor and to approve its remuneration and its terms of engagement.

- To review the nature of non-audit services supplied and non-audit fees relative to the audit fee.
 - To provide independent oversight over the external audit process through agreeing the suitability of the scope and approach of the external auditor's work, assessing its objectivity in undertaking its work and monitoring its independence, taking into account relevant UK professional regulatory requirements and the auditor's period in office and compensation.
 - To oversee the effectiveness of the internal audit process.
 - To oversee the effectiveness of the external audit process, particularly with regard to the quality and cost-effectiveness of the auditor's work.
 - To report to the board how it has discharged its responsibilities.
- Activities of the committee**
- The committee addressed the following key agenda items in relation to the 2024 financial year:
- Reviewed the interim results for the period ended 23 September 2023 and the year-end results for the year ended 30 March 2024.
 - Reviewed the significant management judgements reflected in the Group's results, including significant contract judgements and material non-underlying items.
 - Discussed the report received from the external auditor regarding the audit of the results for the year ended 30 March 2024. This report included the key accounting considerations and judgements reflected in the Group's year-end results, comments on findings on internal control and a statement on independence and objectivity.
 - Reviewed and agreed significant accounting risks and principal business risks for the year ended 30 March 2024.
 - Reviewed the Group's risk register.
 - Considered and reviewed JSSL's internal audit reports.
 - Reviewed and agreed the external auditor's audit planning report in advance of the audit for the year ended 30 March 2024.
 - Reviewed the measures taken by management to monitor and review the effectiveness of the Group's internal control and risk management processes, to enable the board to make its annual review of effectiveness.
 - Reviewed the long-term viability and going concern statements and the process undertaken by executive management to enable the board to make these statements.
 - Considered the effectiveness of the external auditor, KPMG LLP ('KPMG'), their independence and reappointment for the year ending 29 March 2025.
 - Considered the process to implement for tendering the external auditor appointment for 2026 and the internal auditor appointment for 2025.
 - Reviewed and approved outputs from financial modelling undertaken on climate-related risks and proposed disclosure together with key ESG metrics and targets.
 - Reviewed and approved the Group's tax strategy.
 - Reviewed and approved proposed changes to the Group Authorisation Policy.
 - Received and considered a briefing on the implications for the Group of the Economic Crime and Corporate Transparency Act 2023.
 - Reviewed PricewaterhouseCooper LLP's ('PwC') internal audit reports covering various aspects of the Group's operations, controls and processes and approved the internal audit plan.
 - Approved the appointment of EY as internal auditor following the retirement of PwC at the year-end.

AUDIT COMMITTEE REPORT

Fair, balanced and understandable

The committee was provided with, and commented on, a draft copy of the annual report for the year ended 30 March 2024. At the request of the board, the committee also considered whether the annual report was fair, balanced and understandable and whether it provided the necessary information for shareholders to assess the Group's performance, business model and strategy. To enable the board to make this declaration, the committee received a paper from management detailing the approach taken in preparing the annual report. The committee is satisfied that, taken as a whole, the annual report and accounts is fair, balanced and understandable.

In carrying out the above processes, key considerations included ensuring that there was consistency between the financial statements and the narrative provided in the front half of the annual report (and that the use of alternative performance measures was appropriate and clearly articulated); that there is a clear and well-communicated link between all areas of disclosure; and that the strategic report focused on the balance between the reporting of weaknesses, difficulties and challenges, as well as successes, in an open and honest manner. In addition, the external auditor considered the consistency between the narrative reporting in the annual report and the financial statements.

Risk management and internal control

The board as a whole, including the audit committee members, considers the nature and extent of the Group's risk management and internal control framework and the risk profile that is acceptable in order to achieve the Group's strategic objectives.

Details of the Group risk management and internal control processes and its principal and emerging risks are set out in the risk management section of the strategic report on pages 92 to 104. As a result, it is considered that the board has fulfilled its obligations under the Code to carry out a robust assessment of the Company's emerging and principal risks.

Whistleblowing

The Group operates a comprehensive whistleblowing policy. Accordingly, staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The committee reviews adherence with this policy on an ongoing basis. No disclosures were made in the year.

Viability statement

The committee has undertaken a detailed assessment of the viability statement and recommended to the board that the directors could have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment. The viability statement can be found on page 52 of the strategic report.

Financial reporting and significant accounting judgements

The committee assesses whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements. The committee reviews accounting papers prepared by management, which provide details on the main financial reporting judgements.

Consistent with last year, 'Contract valuation, revenue and profit recognition', is classified as a significant accounting risk and this year, following the acquisition of Voortman Steel Construction in April 2023, the accounting treatment of the acquisition is also classified as a significant accounting risk.

Contract valuation, revenue and profit recognition

The committee reviewed and challenged the report of the Chief Financial Officer that set out the main contract judgements associated with the Group's significant contracts. The significant areas of judgement include the timing of revenue and profit recognition, the estimation of the recoverability of contract variations and claims, the estimation of future costs to complete and the estimation of claims received by the Group.

The external auditor performed detailed audit procedures on this accounting risk and reported their findings to the committee. The committee was satisfied that this matter had been fully and adequately addressed by management, appropriately challenged by the external auditor and that the disclosures made in the annual report were appropriate.

Other judgements

The committee considered management's classification of non-underlying items and the consistency of application of the Group's accounting policy. The committee was satisfied that the legacy employment tax charges and the asset impairment charge in relation to the exit of the Sherburn lease meet the necessary criteria to be recognised as non-underlying.

In addition, the committee considered a number of other judgements, which have been made by management. These include going concern and viability and the valuation of pension scheme liabilities.

External auditor independence and effectiveness

KPMG has acted as the Group's external auditor for a period of nine years. The committee considers the reappointment of the external auditor, including the rotation of the senior statutory auditor, annually. This also includes an assessment of the external auditor's independence and an assessment of the performance in the previous year, taking into account detailed feedback from directors and senior management across the Group.

The committee also assesses the effectiveness, independence and objectivity of the external auditor by, amongst other things:

- considering all key external auditor plans and reports;
- having regular engagement with the external auditor during committee meetings and ad hoc meetings (when required), including meetings without any member of management being present;
- the chair of the committee having discussions with Craig Parkin, the senior statutory auditor, ahead of each committee meeting; and
- considering the external audit scope, the materiality threshold and the level of audit and non-audit fees.

Following this assessment of the external audit process, the committee agreed that the audit process, independence and quality of the external audit were satisfactory. The committee will continue to assess the performance of the external auditor to ensure that they are satisfied with the quality of services provided.

The committee has recommended to the board that a resolution proposing the appointment of KPMG as external auditor for 2025 be put to the shareholders at the forthcoming AGM.

External audit tender for 2026

As previously reported, KPMG were selected as the Group's auditor for the year ended 31 March 2016, following a competitive tender process, and were appointed at the AGM on 2 September 2015. Under the current tenure rules, the last year that KPMG can audit the financials without a formal competitive tender process having taken place is 2025.

Accordingly, the committee has determined that it is in the best interests of shareholders to commence a competitive tender of external audit services, with the tender to take place in the second half of 2025, following which a resolution would be submitted to the AGM in 2026 recommending the appointment of the successful candidate. There are no contractual obligations that restrict the committee's choice of external auditor. KPMG, alongside other firms, will be invited to tender.

Internal audit

The Group's internal audit function was outsourced to PwC during the year. The committee is responsible for reviewing the role and effectiveness of the internal audit function by monitoring the results of its work and the responses of management to its recommendations. The scope of PwC's work focused on key financial controls and non-financial reviews covering areas of perceived higher business risk. Results and management actions arising from reviews undertaken by PwC in the current year were also discussed in detail at each of the committee's meetings.

PwC have stepped down from the role since the year-end as they wished to tender for the external auditor role and their regulatory rules required them to do so. Following a procurement exercise EY have now been appointed as the Group's internal auditor for 2025.

Non-audit services

The Group's policy on the engagement of the external auditor for non-audit-related services is designed to ensure that the provision of such services does not impair the external auditor's independence or objectivity. Under no circumstances will any assignment be given to the external auditor when the result would be that:

- as part of the statutory audit, it is required to report directly on its own non-audit work;
- it makes management decisions on behalf of the Group; or
- it acts as advocate for the Group.

This policy is compliant with the Code and with the FRC's revised Guidance on audit committees. It includes restrictions on the scope of permissible non-audit work and a cap on fees for permissible non-audit work (which may not exceed 70 per cent of the average audit fees paid in the last three consecutive years). The policy requires a competitive tender for all work with a fee over £30,000.

For work that is permitted under the policy, authority is delegated to the Chief Financial Officer to approve up to a limit of £50,000 for each assignment and there is a cumulative annual total of less than 50 per cent of that year's audit fee. Prior approval is required by the committee for any non-audit assignments over £50,000 or where the 50 per cent audit fee threshold is exceeded. No non-audit services provided by KPMG during the year ended 30 March 2024 required the approval of the committee.

Details of the auditor's fees, including non-audit fees (which comply with the Group's policy on the provision of non-audit services), are shown in note 4 to the consolidated financial statements. With the exception of the half year review, there were no other non-audit fees for 2024 or 2023.

MARK PEGLER

CHAIR OF THE AUDIT COMMITTEE

19 June 2024

NOMINATIONS COMMITTEE REPORT



“The committee ensures the continued effectiveness of the board through appropriate succession planning and supports the development of a diverse pipeline.”

KEVIN WHITEMAN
CHAIR OF THE NOMINATIONS COMMITTEE

Number of meetings

7

Members

Kevin Whiteman (Chair)
Alun Griffiths (Chair of meetings on chair succession)
Louise Hardy
Mark Pegler
Charlie Cornish (since 1 May 2024)
Rosie Toogood (until 12 February 2024)
Tony Osbaldiston (until 31 July 2023)

2024 key achievements

- Ran a recruitment process and recommended the appointment of Charlie Cornish as a new non-executive director and Chair designate with effect from 1 May 2024.
- Reviewed the Group's succession plans for board and executive committee appointments.
- Reviewed the Group's progress on diversity and inclusion.

2025 areas of focus

- Running a process for the appointment of a new non-executive director and appointing a senior independent director to succeed Alun Griffiths.

Role

The primary function of the committee is to deal with key appointments to the board, and related employment matters. The responsibility and the objectives of the committee principally fall into the following areas:

- To review the structure, size and composition of the board.
- To make recommendations to the board for any changes considered necessary.
- To approve the description of the role and capabilities required for a particular appointment.
- To ensure, having due regard for the benefits of diversity on the board, including gender, and the skills matrix of the board, that suitable candidates are identified and are recommended for appointment to the board.

The committee's terms of reference were last updated in April 2021 and are available on the Group's website (www.severfield.com) and on request from the Company secretary.

Board effectiveness

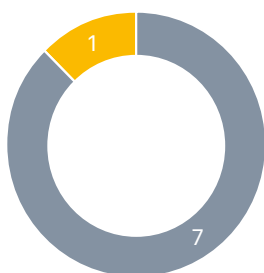
This year has seen a number of changes, with the retirement of Tony Osbaldiston, the resignations of Ian Cochrane and Rosie Toogood and the appointment of Charlie Cornish. The board now consists of eight directors, two of whom (Kevin Whiteman and Alun Griffiths) will retire at the AGM. We consider each of our non-executive directors on the board to be independent. Korn Ferry supported the board in the selection process for a new chair but has no other connection with the Company.

Diversity

We truly value diversity and a culture of inclusion at all levels within the Group. Our equal opportunities and diversity policy sets out the key actions that will be taken to ensure we have a more diverse workforce throughout the Group. We consider diversity to include diversity of background, race, disability, gender, sexual orientation, beliefs and age, and encompasses culture, personality and work style.

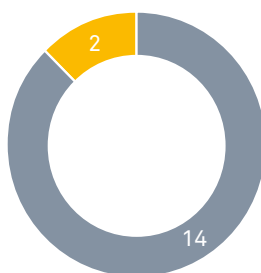


Board gender diversity



● Male
● Female

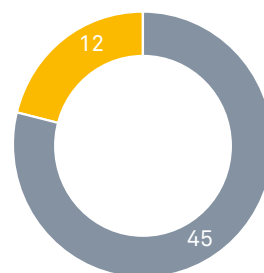
Senior management gender diversity*



● Male
● Female

* Senior management comprises the board and the executive committee

Executive committee direct reports gender diversity



● Male
● Female

Disclosure under Listing Rules 9.8.6R(9) and 14.3.33R(1)

	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	88	4	14	88
Women	12	–	2	12
Not specified/prefer not to say	–	–	–	–

	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	16	100
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

NOMINATIONS COMMITTEE REPORT

We support the principle of seeking to increase the number of women and people from minority ethnic backgrounds on FTSE boards, and to improve representation in leadership positions. We are committed to continuing to broaden the diversity of our own board in terms of both gender and ethnicity, consistent with appointing candidates based on talent and capability. As part of our recruitment process we have instructed search consultants for some time to provide balanced shortlists.

The board has one female director (12 per cent) since Rosie Toogood stepped down in February 2024, prior to which the percentage was 25%. Female representation on our executive committee is one (9 per cent) since Phillippa Recchia resigned as Group SHE director on 31 March 2024, prior to which it was 20 per cent. At the career level below the executive committee, female representation is higher at 21 per cent with many senior finance and HR roles being held by women.

As can be seen from the data in the tables, none of the four senior board positions are held by a woman and none of the directors are from a minority ethnic background.

Three of the four senior board positions have not recently been changed and so there has been no opportunity to address this target. Of the four most recent board appointments, two have been women but none have been from an ethnic background since none of the suitable candidates who applied for those roles were from those backgrounds.

Succession planning

The committee ensures the continued effectiveness of the board through appropriate succession planning and ensures that the Company has in place a succession planning programme designed to identify and develop future senior leaders and to achieve diversity.

Each year, the committee meets specifically to review succession plans for the board and for senior management and takes into account the issues arising out of the evaluation of the board's effectiveness and its commitment to diversity.

Evaluation

During the early part of the year, we developed a board improvement plan to implement some practical changes to further enhance engagement and contribution following last year's board effectiveness review. This involved amending our board schedule to allow more time for the board to review key strategic matters and to spend less time discussing routine operational matters. As a result of the number of recent board changes, and the appointment of my successor with effect from the AGM, the board, on the committee's recommendation, decided to postpone its annual effectiveness review until the second half of 2025.

KEVIN WHITEMAN

CHAIR OF THE NOMINATIONS COMMITTEE

19 June 2024





DIRECTORS' REPORT



MARK SANDERSON
COMPANY SECRETARY

This directors' report and the strategic report on pages 22 to 106 together comprise the 'management report' for the purposes of Disclosure Guidance and Transparency Rule 4.1.5R.

Information incorporated by reference

The information shown in the table below is provided in other appropriate sections of this annual report and financial statements and is incorporated into this directors' report by reference.

INFORMATION	REPORTED IN	PAGES
Corporate governance	Corporate governance report	118 to 125
	Statement of directors' responsibilities	163
Directors	Our board of directors	112 to 113
	Directors' remuneration report – directors' shareholdings and share interests	156
Employee engagement	The Severfield Way	8
	Engaging with our stakeholders – Colleagues	37
	Building a responsible and sustainable business – People	81 to 87
Employment of disabled persons	Building a responsible and sustainable business – People, creating a culture of inclusivity	84 to 85
Engaging with suppliers, customers and others	Engaging with our stakeholders	36 to 38
Financial instruments	Consolidated financial statements – note 22	203 to 208
Going concern	Note 1 to the consolidated financial statements	180
Environmental matters	Building a responsible and sustainable business – Planet	74 to 80
TCFD disclosures	Building a responsible and sustainable business – TCFD	60
Greenhouse gas emissions	Building a responsible and sustainable business – Planet	78 to 80
Important events since the end of the financial year	Our operational performance	40 to 47
	Subsequent events	218
Likely future developments	Our operational performance	40 to 47



INFORMATION	REPORTED IN	PAGES
Results and dividends	Our financial performance	48 to 51
Research and development	Building a responsible and sustainable business – Governance	61
	Building a responsible and sustainable business – Strategy	66
	Building a responsible and sustainable business – Planet	74
	Notes to the consolidated financial statements	179
Respect for human rights	Building a responsible and sustainable business – Principles of governance	90
Social matters	Building a responsible and sustainable business – People	86

The only relevant item required to be disclosed under Listing Rule 9.8.4R relates to the waiver of dividends, details of which are set out on the following page (Rights under employee share schemes).

Political donations

No donations were made to any political parties during the current or preceding year.

Share capital

The Company has a single class of share capital, which is divided into ordinary shares of 2.5p each. No other securities have been issued by the Company. At 30 March 2024, there were 309,538,321 ordinary shares in issue and fully paid (2023: 309,538,321). No shares were issued during the year. Since the year end, commencing on 24 April 2024 and up until 18 June 2024 the Company has purchased 1,370,344 shares as part of the share buyback programme announced on 17 April 2024. All of these

shares were cancelled. Further details relating to share capital are set out in note 24 to the financial statements.

Voting rights and restrictions on transfer of shares

All of the issued and outstanding ordinary shares of the Company have equal voting rights, with one vote per share. There are no special control rights attaching to them.

The Company is not aware of any agreements or control rights between existing shareholders that may result in restrictions on the transfer of securities or on voting rights. The rights, including full details relating to voting of shareholders and any restrictions on transfer relating to the Company's ordinary shares, are set out in the articles and in the explanatory notes that accompany the notice of the 2024 AGM.

Securities carrying special rights

No person holds shares in the Company, which carry special rights with regard to control of the Company.

Substantial holdings

As at 1 June 2024, the Group had been notified under requests made to shareholders under section 793 of the UK Companies Act 2006 of the following voting rights to the Company's shares and accordingly, this information is provided in accordance with the Disclosure Rules and Transparency Rules of the UK Listing Authority.

DIRECTORS' REPORT

Name	Ordinary 2.5p share	%
JO Hambro Capital Management	29,509,052	9.56
M&G Investment Management Ltd	28,404,328	9.20
Chelverton Asset Management	22,281,598	7.22
Unicorn Asset Management	20,863,000	6.76
Threadneedle Asset Management Ltd	15,619,689	5.06

Rights under employee share schemes

As at 30 March 2024, Ocorian Limited ('Ocorian') as the trustee of the Severfield Employee Benefit Trust, owned 3,157,982 ordinary shares (1.0202% of the Company's issued share capital at that date). These shares are made available to satisfy share-based awards granted to senior management under the Group's remuneration arrangements. Ocorian does not exercise any voting rights in respect of these shares and waives any dividends receivable.

In addition, as at 30 March 2024, Ocorian held 1,608,291 ordinary shares (0.5196% of the Company's issued share capital at that date) in a nominee capacity on behalf of senior management in connection with the Company's PSP and DSBP. Ocorian votes to the extent instructed by the holders of the beneficial interests in these shares (the 'Beneficial Holders') and distributes any dividends received to the Beneficial Holders.

As at 30 March 2024, Howells Trustees Ltd ('Howells') held 165,369 ordinary shares (0.0534% of the Company's issued share capital at that date) on trust for the benefit of members of the Severfield Share Incentive Plan. Howells does not exercise any voting rights in respect of the shares held by the trust (although beneficiaries may authorise Howells to vote in accordance with their instructions). Howells distributes dividends received to beneficiaries under the trust.

In addition, as of 30 March 2024, Ocorian held 66,715 ordinary shares (0.0216% of the Company's issued share capital at that date) in a nominee capacity on behalf of members in connection with the Company's Share Incentive Plan. Ocorian votes to the extent instructed by the holders of the beneficial interests in these shares (the 'Beneficial Holders') and distributes any dividends received to the Beneficial Holders.

Powers for the Company to buy back its shares and to issue its shares

At the Company's annual general meeting ('AGM') held on 6 September 2023, shareholders authorised the Company to make market purchases of ordinary shares representing up to 10 per cent of its issued share capital at that time. This authority will expire at the 2024 AGM and a renewal will be sought. The Company did not purchase any of its shares during the year, but on 17 April 2024 announced the launch of a share buyback programme, which does involve making market purchases of ordinary shares in accordance with the authority granted at the AGM.

The Directors were also granted authority at the AGM to allot shares in the Company: (i) up to one-third of the Company's issued share capital; and (ii) up to two-thirds of the Company's issued share capital in connection with a rights issue. These authorities apply until the end of the 2024 AGM (or, if earlier, until the close of business on 30 September 2024). During the period, the directors did not use their power to issue shares under the authorities.

The directors were also granted authority at the AGM, under two separate resolutions, to disapply pre-emption rights. These resolutions, which followed the Pre-emption Group's Statement of Principles (March 2015) on disapplying pre-emption rights applicable at that time, sought the authority to disapply pre-emption rights over 10 per cent of the Company's issued ordinary share capital. These authorities apply until the end of the 2024 AGM (or, if earlier, until the close of business on 30 September 2024). During the period, the directors did not use these powers.

Change of control

There are no agreements between the Group and its directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid.

The Group's banking arrangements expire in December 2026 and can be terminated upon a change of control of the Group.

The Company's share plans contain provisions that take effect in such an event but do not entitle participants to a greater interest in the shares of the Company than created by the initial grant or award under the relevant plan.

Amendment of articles of association

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

Appointment and replacement of directors

In accordance with the Company's articles, directors shall be no fewer than two and no more than 12 in number. Subject to applicable law, a director may be appointed by an ordinary resolution of shareholders in general meeting following nomination by the board or a member (or members) entitled to vote at such a meeting, or following retirement by rotation if the director chooses to seek re-election at a general meeting. In addition, the directors may appoint a director to fill a vacancy or as an additional director, provided that the individual retires at the next AGM. A director may be removed by the Company as provided for by applicable law, in certain circumstances set out in the Company's articles of association (for example bankruptcy or resignation), or by a special resolution of the Company. We have decided this year to continue to adopt voluntarily the practice that all directors stand for re-election on an annual basis, in line with the recommendations of the Code.

Powers of the directors

The business of the Company is managed by the board, who may exercise all the powers of the Company subject to the provisions of the Company's articles of association, the Companies Act 2006 (the 'Act') and any ordinary resolution of the Company.

Directors' indemnities

The articles entitle the directors of the Company to be indemnified, to the extent permitted by the Act and any other applicable legislation, out of the assets of the Company in the event that they suffer any loss or incur any liability in connection with the execution of their duties as directors.

In addition, and in common with many other companies, the Company had, during the year, and continues to have in place, directors' and officers' insurance in favour of its directors and other officers in respect of certain losses or liabilities to which they may be exposed due to their office.

Subsidiaries and branches

A list of the Group's subsidiaries and the branches through which the Group operates are listed in note 4 to the Company financial statements.

Disclosure of information to the external auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Act.

External auditor

KPMG LLP acted as the auditor for the Company for the year ended 30 March 2024. KPMG LLP has expressed its willingness to continue in office as external auditor and a resolution to appoint it will be proposed at the forthcoming AGM.

Annual general meeting

The notice concerning the AGM on Tuesday 30 July 2024, together with explanatory notes on the resolutions to be proposed and full details of the deadlines for exercising voting rights, is contained in a circular to be sent to shareholders with this report.

The directors' report from pages 134 to 137 (inclusive) was approved by the board and signed on its behalf by:

MARK SANDERSON
COMPANY SECRETARY

19 June 2024

DIRECTORS' REMUNERATION REPORT



“This year we embedded our new remuneration policy and incentive framework for the executive directors and senior management team.”

LOUISE HARDY
CHAIR OF THE REMUNERATION COMMITTEE

Number of meetings

7

Members

Louise Hardy (Chair from 6 September 2023)
Mark Pegler
Charlie Cornish (from 1 May 2024)
Alun Griffiths (Chair until 6 September 2023)
Kevin Whiteman
Tony Osbaldiston (until 31 July 2023)
Rosie Toogood (until 12 February 2024)

2024 key achievements

- Agreed a new ESG bonus target.
- Assessed performance against the bonus and PSP targets for the year ended 30 March 2024.
- Granted our first RSP awards under the new shareholder approved remuneration policy.
- Continued to keep wider workforce remuneration arrangements under review, taking these into account when considering remuneration arrangements for the executive directors.
- Reviewed and agreed non-executive chair pay.
- Transitioned to new chair.

Dear shareholder

As chair of the remuneration committee, I am pleased to present our directors' remuneration report (the 'report') for the year ended 30 March 2024, my first since taking over as chair in September 2023. I would like to thank Alun for his time chairing the remuneration committee and for his support as part of the transition process.

The report is split into the following two sections:

- Part 1, the remuneration policy report, which sets out the remuneration policy for the executive and non-executive directors, and which was approved at our 2023 AGM with c.99% of votes cast in favour; and
- Part 2, the annual report on remuneration, which discloses how the remuneration policy was implemented for the year ended 30 March 2024 and how it will be implemented for the year ending 29 March 2025. The annual report on remuneration will be subject to an advisory shareholder vote at the forthcoming AGM.

Performance and reward 2024

The Group has delivered on strategic and operational priorities during the year resulting in good financial performance and a strong forward order book in the context of the challenges of

UK construction market uncertainty and the cancellation or postponement of some strategically significant projects. The Group continues to strengthen its presence in new markets and is well positioned to optimise longer-term growth opportunities. This is testament to the quality and commitment of our executive leadership team.

Annual bonus outcome

Executive directors were granted an annual bonus opportunity equal to 125 per cent of salary. Of the award, 80 per cent was based on underlying PBT² performance, 15 per cent based on safety performance and 5 per cent was based on performance against the Group's key 2024 ESG priorities. Further details are set out on page 151.

The Group achieved underlying PBT of £36.5m, which was above the threshold target and will, therefore, result in a pay-out of 30 per cent of maximum for the PBT element. The Group Incident Frequency Rate ('IFR') outperformed the maximum bonus target, meaning the safety element will pay out in full. The Group delivered against its key 2024 ESG priorities, meaning that the ESG element will also pay out in full. The UK-based executive directors will, therefore, receive a bonus of 44 per cent of the maximum (55 per cent of salary), 40 per cent of which is deferred into shares for three years.



Derek Randall, who formerly MD of JSSL in 2024 was subject to the same 80/15/5 split but the PBT element is assessed on Group underlying PBT and JSSL PBT (split 50:50), the safety element is assessed on JSSL Accident Frequency Rate ('AFR'). JSSL PBT was on target and JSSL AFR outperformed the maximum bonus target. Therefore, Derek Randall will receive a bonus of 52 per cent of the maximum (65 per cent of salary), 40 per cent of which is deferred into shares for three years.

PSP vesting

Awards were granted on 17 June 2021 equal to 100 per cent of salary for the Chief Executive Officer and 75 per cent of salary for the other executive directors. The awards were subject to EPS targets for the year ended 30 March 2024 of 7.61p (25 per cent vesting) to 9.92p (100 per cent vesting). The Group achieved EPS of 8.94p, which equates to a vesting of 74 per cent of maximum. Vested shares will be subject to a two-year holding period. See page 153 for details.

The committee considers the vesting outcome of the annual bonus and PSP awards to be appropriate, recognising that the Group has continued to perform strongly, both financially and strategically, in a challenging economic environment over the last three years. Furthermore, in respect of the PSP

awards, the committee is satisfied that no adjustment for potential windfall gains is required taking into account the share price at grant and current share price. No discretion has, therefore, been applied by the committee to adjust the formulaic vesting outcome of the annual bonus or PSP awards.

Non-executive chair and non-executive director fees

The remuneration committee reviewed the non-executive chair fee during the year and decided to increase the fee, with effect from 1 September 2023, from £140,000 to £150,000.

The board reviewed the non-executive director fees during the year (without the non-executive directors' being present) and decided to increase, with effect from 1 September 2023, the base fee from £45,000 to £50,000. There was no change to the additional fee payable for specific roles.

The board considered the increases to be reasonable, noting that the non-executive chair fee of £150,000 and non-executive director base fee of £50,000 are positioned between the lower quartile and median compared to FTSE SmallCap companies, and that the previous fee increase was in July 2021.

Executive Director changes

Ian Cochrane stepped down as Chief Operative Officer and left the Company on 30 September 2023. The treatment of his remuneration arrangements are set out on page 151.

Implementation of policy for 2025

CEO and CFO salary increase

The Committee noted in the 2023 Directors' Remuneration Report that it was mindful that salaries of the Chief Executive Officer ('CEO') and the Chief Financial Officer (CFO) are both positioned towards the lower end of market practice and, whilst it did not consider it appropriate to address market positioning at the time given the economic climate, it would keep this under review.

Our policy is for salary increases (in percentage of salary terms) for executive directors to ordinarily be considered in relation to those applied to the broader workforce. The committee retains discretion to award higher increases in certain circumstances including, but not limited to: significant changes in the scope and / or responsibilities of the role and a material change in the size and scale of the Group.

DIRECTORS' REMUNERATION REPORT

Under the direction of the leadership team, the Group continues to successfully deliver against its sustainable growth strategy, enhancing its UK and European order book with a broad diversity of sectors, geographies and clients. This includes moving into the nuclear and infrastructure market following the acquisitions of Harry Peers in 2019 and DAM Structures in 2021, making the strategically significant acquisition in Europe of Voortman Steel Construction in 2023, building a modular offering, and the continued development of its joint venture operations in India. Over the last five years, the Group has delivered 12 per cent CAGR in revenue and an increase in profits of 50 per cent, despite some significant market challenges over this period including the COVID-19 pandemic. A significant proportion of this growth has been as a direct result of these acquisitions. Furthermore, the Group is well positioned to continue to build on this success. The Group has undoubtedly increased in size and complexity over recent years and the scope of the CEO's and CFO's roles have also increased substantially with the departure of the former Chief Operating Officer during the last year, as a number of his former duties have now been assumed by the CEO and the CFO.

The Committee uses benchmarking data with caution. However, to provide an up-to-date sense-check on salary positioning, the Committee has benchmarked Alan Dunsmore's and Adam Semple's salary and target total compensation positioning against two relevant peer groups:

- Companies listed on the London Stock Exchange (excluding financial services companies) with a market capitalisation ranging from £100m to £350m.
- Industry peers listed on the London Stock Exchange with a market capitalisation of less than £350m (Costain, Galliford Try, Porvair, Henry Boot, Forterra).

This exercise demonstrated that both salaries are currently positioned below the lower quartile of the pan-sectoral peer group of equivalent market

capitalisation and towards the lower end of the industry peer group identified for the benchmarking exercise.

After further and careful reflection, the Committee considers that it is now both appropriate and necessary to increase Alan's and Adam's salaries so that they are competitively positioned against the market, and fairly reflect their experience, performance, and stature in the sector. The Committee determined that Alan's salary should be increased from £403,500 to £460,000 (representing a 14 per cent increase) and that Adam's salary should be increased from £275,750 to £315,000 (representing a 14 per cent increase) with effect from 1 July 2024. Following this increase, Alan's and Adam's salaries and total target compensation opportunity will be positioned between the lower quartile and median of the pan-sectoral peer group of equivalent market capitalisation and modestly positioned within the range of the industry peer group.

Base salaries

Salaries for the other executive directors were reviewed in June 2024 and have been increased by 4 per cent, effective from 1 July 2024. The overall salary increases for the wider workforce ranged from 4–8 per cent of salary.

Annual bonus

The maximum annual bonus opportunity will be 125 per cent of salary for all executive directors. Of the annual bonus, 80 per cent is subject to PBT performance, 15 per cent is subject to safety performance and 5 per cent is subject to ESG performance.

Restricted share awards

Restricted share awards will be granted to the executive directors at 50 per cent of salary. Awards will vest in June 2027 subject to the satisfaction of performance underpins (see page 144). Vested awards will be subject to a two-year holding period.

Non-executive chair and non-executive director fees

Charlie Cornish was appointed to the board as a non-executive director from 1 May 2024 and will succeed Kevin Whiteman as non-executive Chair after the AGM on 30 July 2024. Charlie Cornish's fee as non-executive Chair will be set at £162,500 per annum. The remuneration committee believes this is an appropriate fee in the context of recruiting a high calibre and experienced individual and taking into account the size and complexity of the Group. The fee remains positioned between the lower quartile and median compared to FTSE SmallCap companies.

Fees for the non-executive directors were reviewed in June 2024 and increased in line with the wider workforce, by 4%, with effect from 1 July 2024.

Conclusion

We remain committed to a responsible approach to executive pay. We believe that the policy operated as intended in respect of the financial year ended 30 March 2024 and consider that the remuneration received by the executive directors was appropriate, taking into account Group and personal performance, and the experience of shareholders and employees.

I look forward to answering any questions shareholders might have, and your continued support.

LOUISE HARDY

CHAIR OF THE REMUNERATION COMMITTEE

19 June 2024¹

¹ This report complies with the provisions of the Companies Act 2006, the Large and Medium-sized Companies and Groups Regulations 2008 as amended in 2013, the UK Corporate Governance Code 2018 and the UKLA Listing Rules and the Disclosure and Transparency Rules. The remuneration committee has also taken into consideration guidelines published by institutional investor advisory bodies such as the Investment Association and ISS

² A reconciliation of APMs is provided in note 33

Part 1 – Remuneration policy

The remuneration policy (the 'policy') was approved at the 2023 AGM. Provided for information only are the details of the policy that were referenced in the committee's activities over the past reporting year, which includes the remuneration policy table, the recruitment remuneration arrangements, the executive director service contracts and compensation for departure from office and terms and conditions for non-executive directors.

The full policy report, as approved by shareholders, can be found from page 144 onwards of the 2023 annual report.

How the committee addressed the factors in Provision 40 of the UK Corporate Governance Code

The committee ensures that the remuneration structure for executive directors is aligned with our key remuneration principles, which incorporate the principles of clarity, simplicity, risk, predictability, proportionality and alignment to culture set out in the 2018 UK Corporate Governance Code.

Clarity and simplicity	<p>We operate a simple and transparent remuneration framework, made up of three key elements: fixed pay (including base salary, benefits and pension); annual bonus; and the Restricted Share Plan.</p> <p>The structure is simple to understand both for participants and shareholders.</p>
Alignment to strategy and culture	<p>The remuneration structure supports the Group's business strategy and business model through a balanced mix of short and long-term performance-related pay.</p> <p>The remuneration principles encourage behaviours expected of executive directors in terms of setting the standards and promoting a healthy culture across the Group in line with the Group's newly implemented values.</p>
Risk is appropriately managed	<p>Annual bonus opportunities and targets are positioned to reward strong performance, but not to encourage inappropriate business risk taking.</p> <p>Executive directors are subject to within-employment and post-employment shareholding guidelines to further support sustainable decision making.</p> <p>Malus and clawback provisions apply to annual bonus and restricted share awards and the committee has the means to apply discretion and judgement to vesting outcomes.</p>
Proportionality	<p>A significant proportion of executive remuneration is linked to performance through the incentive framework, with a clear line of sight between performance against the selected performance conditions and the delivery of long-term shareholder value. Performance conditions and the underlying targets for the annual bonus are reviewed by the committee each year to ensure that they are directly aligned with the Group's strategic priorities.</p> <p>Through the all-employee share plans we encourage and enable long-term share ownership for all employees, supporting the long-term nature of our business and its returns.</p>
Predictability	<p>The 'illustration of the application of the policy' chart on page 149 of the 2023 annual report indicates the potential values that may be earned through the remuneration structure.</p>

DIRECTORS' REMUNERATION REPORT

Policy table for executive directors

BASE SALARIES	
<p>Purpose and link to strategy</p> <p>To provide the core reward for the role recognising knowledge, skills and experience, in addition to the size and scope of the role.</p> <p>Sufficient to recruit and retain directors of the calibre necessary to execute the Group's strategy.</p>	<p>Performance conditions</p> <p>None, although the committee considers individual salaries each year having regard to the factors noted in the 'operation' section.</p>
<p>Operation</p> <p>Base salaries are normally reviewed annually by the committee, with changes typically effective from 1 July.</p> <p>Base salaries are pensionable.</p> <p>The salary review takes into account the levels of increase across the broader workforce, changes in responsibility, Group and personal performance and a periodic remuneration review of comparable companies.</p>	
<p>Maximum opportunity</p> <p>There is no prescribed maximum base salary or salary increase.</p> <p>Salary increases (in percentage of salary terms) will ordinarily be considered in relation to those applied to the broader workforce. The committee retains discretion to award higher increases in certain circumstances including, but not limited to: significant changes in the scope and/or responsibilities of the role; a material change in the size and scale of the Group; an executive director's development or performance in role (e.g. to align a new appointment's salary with the market over time); and/or to take account of relevant market movements.</p>	
BENEFITS	
<p>Purpose and link to strategy</p> <p>Cost-effective benefits, sufficient to recruit and retain directors of the calibre necessary to execute the Group's strategy.</p>	<p>Performance conditions</p> <p>No performance conditions apply to benefits.</p>
<p>Operation</p> <p>Benefits include, but are not limited to: life assurance at four times salary; medical insurance for self with option to purchase for family; and company car and fuel allowance.</p> <p>Relocation expenses may be offered if considered appropriate and reasonable by the committee.</p> <p>In circumstances where an executive director is deployed on an international assignment, their arrangements will be managed in a way that is consistent with good practice for international organisations. Additional allowances may also be paid, e.g. to cover any increase in cost of living, tax equalisation and/or additional accommodation costs. Any reasonable business-related expenses can be reimbursed (including the tax thereon if determined to be a taxable benefit).</p> <p>The committee may offer executive directors other employee benefits on broadly similar terms as those offered to other employees from time to time. This includes participation in any all-employee share plans operated by the Group, in line with the prevailing tax legislation and HMRC guidelines (where relevant).</p>	
<p>Maximum opportunity</p> <p>The value of insured benefits can vary from year to year based on the costs from third-party providers. The committee reviews the cost of the benefits provision on a regular basis to ensure that it remains appropriate. The total value of benefits (excluding relocation and international assignment allowances) will normally not exceed more than 15 per cent of salary in any year. The maximum level of participation for all-employee share plans, if relevant, is subject to the limits imposed by HMRC from time to time (or a lower cap set by the Group).</p>	

PENSION	
Purpose and link to strategy	Performance conditions No performance conditions apply to pension.
To provide an appropriate level of retirement benefit.	
Operation	
Group contribution to defined contribution scheme (own or the Group's), a cash supplement or a combination of both.	
Maximum opportunity	
The maximum pension contribution or cash supplement (or combination of both) for executive directors is aligned with the contribution available to the wider workforce (currently 7 per cent of salary).	
ANNUAL BONUS	
Purpose and link to strategy	Performance conditions
To focus attention on achieving short-term corporate objectives, incentivise outperformance of targets and provide a deferred element to reinforce the impact of long-term performance.	
Operation	
Annual awards based on performance conditions (typically measured over a financial year) set by the committee usually at the beginning of each financial year.	At least 50 per cent of the annual bonus will be based on financial performance conditions.
Up to 60 per cent of any amount earned is paid in cash with the remainder deferred into shares for three years.	The committee will review the appropriateness of performance conditions on an annual basis taking into account the business objectives and strategy at the time.
Dividends may accrue on deferred bonus shares. Any dividend equivalents would normally be delivered in shares.	For financial performance conditions, vesting will normally apply on a scale between 0 per cent and 100 per cent with up to 50 per cent vesting for on-target performance.
Malus and clawback provisions apply (see table on page 144).	For non-financial performance conditions, vesting will normally apply on a scale between 0 per cent and 100 per cent based on the committee's assessment of the extent to which the relevant condition has been met.
Maximum opportunity	The committee has discretion to adjust the bonus outcome if it is not deemed to reflect the underlying performance of the Group, the performance of the individual or the experience of shareholders or employees during the performance period.
Maximum opportunity of up to 125 per cent of base salary in respect of a financial year.	

DIRECTORS' REMUNERATION REPORT

RESTRICTED SHARE PLAN ('RSP')

Purpose and link to strategy

Reward for long-term sustainable performance and provide alignment with shareholders' interests.

Operation

Annual awards will be granted in the form of nil-cost share options or conditional share awards.

Awards are subject to continued service and the achievement of performance underpins normally measured over a three-year period. The awards will vest following the assessment of the performance underpins.

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

Dividends may accrue on awards. Any dividend equivalents would normally be delivered in shares.

Malus and clawback provisions apply (see table on page 144).

Maximum opportunity

Maximum opportunity of up to 75 per cent of base salary in respect of a financial year.

For the year ending 29 March 2025, the maximum opportunity will be equal to 50 per cent of base salary for each executive director.

Performance underpins

Performance underpins are determined by the committee on an annual basis.

If one or more of the performance underpins are not achieved, the committee will assess an appropriate reduction to the vesting outcome.

In addition, the committee has discretion to reduce the vesting outcome if it is not deemed to reflect the underlying performance of the Group, the performance of the individual or the experience of shareholders or employees during the vesting period.

SHAREHOLDING GUIDELINES

Purpose and link to strategy

To strengthen the alignment between the interests of the executive directors and those of shareholders.

Operation

Within-employment

Executive directors are expected to build up and retain a shareholding equal to 200 per cent of salary. Executive directors are required to retain shares acquired under equity incentive schemes, net of tax, until such time as they have built up the expected holding.

Post-employment

Executive directors who step down from the Board are normally expected to retain a shareholding in 'guideline shares' equal to 200 per cent of salary (or their actual shareholding at the point of stepping down if lower) for two years following stepping down from the board.

'Guideline shares' do not include shares that the executive director has purchased, shares that have been acquired under all-employee share plans or shares that have been acquired pursuant to the vesting of performance share plan awards or deferred bonus awards granted prior to 1 April 2020.

The committee retains discretion to waive this guideline if it is not considered appropriate in the specific circumstances.

Notes on policy table

Malus and clawback

Malus and clawback provisions apply to annual bonus, deferred bonus awards and restricted share awards over the following time periods:

	MALUS	CLAWBACK
Annual bonus	To such time as payment is made.	Up to three years following payment.
Deferred bonus awards	To such time as the award vests.	No clawback provisions apply (as malus provisions apply for three years from the grant of the award).
Restricted share awards	To such time as the award vests.	Up to three years following vesting.

Malus and clawback may apply in the following circumstances:

- Material misstatement of financial results.
- The bonus outcome or the number of shares granted or vesting under deferred bonus awards or restricted share awards was based on error, inaccurate or misleading information.
- Substantial failure of risk control.
- Serious misconduct by the participant.
- Corporate failure.
- The Group suffers a material downturn in its financial or operational performance, which is at least partly due to a material failure in the management of the Group to which the individual made a material contribution.
- The Group suffers reputational damage, which is at least partly due to a material failure in the management of the Group to which the individual made a material contribution.
- Other exceptional circumstances as determined by the committee.

Choice of performance conditions

The performance conditions for the annual bonus reflect the Group's annual financial and strategic priorities. The annual bonus currently incorporates an underlying PBT, ESG and health and safety performance condition. Targets are set taking into account the Group's internal financial forecasts and ESG and health and safety performance expectations at the start of the financial year. This reflects our commitment to maintaining a safe working environment for our people, our commitment to achieving our emission reduction targets and our wider commitments to society.

The committee will review the performance underpins for restricted share awards on an annual basis to ensure that they continue to safeguard the financial stability of the business and provide sufficient focus on strategic priorities, ESG performance and regulatory compliance. Performance underpins will ordinarily be qualitative, and the committee will use its judgement to assess 'in the round' whether the level of vesting is appropriate having regard to the underpins and underlying financial and operational performance. The performance underpins applying to the 2024 restricted share awards are set out on page 144.

No performance targets are set for any sharesave plan awards since these form part of all-employee arrangements that are purposefully designed to encourage share ownership across all employees.

The discretions retained by the committee in operating the annual bonus and the RSP

The committee will operate the annual bonus (including the deferred share element) and the RSP according to their respective rules. The committee retains certain discretions, consistent with market practice, relating to the operation and administration of these plans, including:

- The timing of the grant and/or vesting of awards.
- The quantum of awards (up to plan and policy limits).
- The determination of performance conditions, underpins and targets and resulting vesting levels.

- The determination of the treatment of individuals who leave employment and the treatment of awards in exceptional events such as a change of control of the Company.
- The ability, in exceptional circumstances, to settle share-based awards in cash (for example, where share settlement is not feasible due to regulatory restrictions).
- The ability to adjust or set different performance conditions or targets if events occur (such as a change in strategy, a material acquisition and/or divestment of a Group business or a change in prevailing market conditions), which cause the committee to determine that the performance conditions and/or targets are no longer appropriate and the amendment is required so that they achieve their original purpose and are not materially less difficult to satisfy.
- The ability to make adjustments to existing awards in the event of a variation in share capital or a demerger, delisting, special dividend or other exceptional event that may affect the Company's share price.

Any use of the above discretions would, where relevant, be explained in the annual report on remuneration and may, as appropriate, be the subject of consultation with the Group's major shareholders.

Executive directors' service agreements and compensation for departure from office

All executive directors' service agreements run on a rolling basis. Notice periods of 12 months are required to be given by either party. Full details of the service agreements for each director are available from the Company secretary at the AGM.

DIRECTORS' REMUNERATION REPORT

The principles on which the determination of compensation for departure from office will be approached are set out below.

PROVISION	POLICY
Payments in lieu of notice	<p>Service agreements include a payment in lieu of notice clause, which provides that payments may be made based on the value of base salary that would have accrued over the 12 month notice period or unexpired proportion of the notice period.</p> <p>Payments in lieu of notice are subject to mitigation.</p>
Annual bonus	<p>Discretionary payment based on the circumstances of the termination and after assessing performance conditions and normally only for the service period worked.</p> <p>The committee has discretion to pay the whole of any bonus earned for the year of departure and/or preceding year in cash in appropriate circumstances.</p>
Deferred bonus award	<p>The extent to which any unvested awards will vest will be determined in accordance with the Deferred Share Bonus Plan ('DSBP') rules.</p> <p>Unvested awards will lapse where departure is by reason of dismissal for misconduct, fraud, performance issues, taking up alternative employment at a competitor or for any other reason at the committee's discretion.</p> <p>Where unvested awards do not lapse on departure, they will normally vest on the normal vesting date (other than in exceptional circumstances (for example death) when vesting will be as soon as practicable following departure).</p>
Restricted Share Plan	<p>The extent to which any unvested award will vest will be determined in accordance with the Severfield Performance Share Plan rules.</p> <p>Unvested awards will normally lapse on departure. However, if the executive director departs as a good leaver (death, injury or disability, retirement, the sale of the business or company that employs the individual or for any other reason at the committee's discretion), their unvested awards will vest on the normal vesting date (other than in the case of exceptional circumstances (for example death) when vesting will be as soon as practicable following departure). To the extent that the award vests, a two-year holding period would then normally apply (although no holding period will apply in exceptional circumstances).</p> <p>Vesting will depend on the extent to which the performance underpins have been satisfied and will normally be subject to a pro-rata reduction to reflect the proportion of the vesting period served (although the committee has discretion to disapply time pro-rating if the circumstances warrant it).</p>
Change of control	<p>Deferred bonus awards will normally vest in full in the event of a change of control.</p> <p>Restricted share awards will normally vest in the event of a change of control. The level of vesting will be determined taking into account the extent to which the performance underpins have been satisfied at the date of the relevant event and will be subject to a pro-rata reduction to reflect the proportion of the vesting period served (although the committee has discretion to disapply time pro-rating if the circumstances warrant it).</p>
Other payments	<p>In appropriate circumstances, payments may also be made in respect of items such as accrued holiday, outplacement and legal fees.</p> <p>The vesting of sharesave awards will be determined in accordance with the plan rules.</p> <p>The committee will have the authority to settle any legal claims made against the Company in connection with the departure.</p>

Recruitment remuneration policy

The remuneration of a new executive director will normally include base salary, benefits, pension and participation in the annual bonus and RSP in accordance with the policy table for executive directors. The committee also has discretion to include other remuneration elements, which it considers appropriate taking into account the specific circumstances of the recruitment, subject to the principles and limits set out below. The key terms and rationale for any such element would be disclosed in the annual report on remuneration for the relevant year.

ELEMENT	POLICY
Base salary	<p>Base salary levels will be set taking into account the experience and calibre of the individual and the relevant market rates at the time.</p> <p>Where it is appropriate to offer a lower salary initially, progressive increases (possibly above those of the wider workforce as a percentage of salary) to achieve the desired salary positioning may be given over the following few years subject to individual performance and continued development in the role.</p> <p>Salary will be considered in the context of the total remuneration package.</p>
Benefits	<p>Benefits will be provided in line with those offered to other employees, with relocation expenses/arrangements provided for if necessary.</p> <p>Should it be appropriate to recruit a director from overseas, flexibility is retained to provide benefits that take account of those typically provided in their country of residence (e.g. it may be appropriate to provide benefits that are tailored to the unique circumstances of such an appointment).</p>
Pension	<p>Pension contributions or a cash supplement (or a combination of both) up to the maximum level indicated in the policy table will be provided, although the committee retains the discretion to structure any arrangements as necessary to comply with the relevant legislation and market practice if an overseas director is appointed.</p>
Variable remuneration	<p>The maximum level of variable remuneration, which may be awarded to new executive directors, excluding the value of any buy-out arrangements, will be in line with the limits sets out in the policy table.</p> <p>The committee may apply different performance conditions, performance periods and/or vesting periods for initial awards made following appointment under the annual bonus and/or RSP, if it determines that the circumstances of the recruitment merit such alteration.</p> <p>If an executive director is appointed at a time in the year when it would be inappropriate to provide an annual bonus or restricted share award for that year, subject to the limits on variable remuneration set out in the policy table, the quantum in respect of the period employed during the year may be transferred to the subsequent year.</p>
Buy-out arrangements	<p>The committee may offer additional cash and/or share-based elements to replace deferred or incentive pay forfeited by an executive director leaving a previous employer when it considers these to be in the best interests of the Company and its shareholders. It will, where possible, ensure that these awards are consistent with awards forfeited in terms of the form of award, vesting periods and expected value. Such elements may be made under section 9.4.2 of the Listing Rules where necessary.</p>
Other elements of remuneration	<p>Other elements may be included in the following circumstances:</p> <p>An interim appointment being made to fill an executive director role on a short-term basis.</p> <p>If exceptional circumstances require that the chair or a non-executive director takes on an executive role on a short-term basis.</p>

In the case of an internal hire, any ongoing remuneration commitments or variable pay awarded in relation to the previous role will be allowed to continue according to its terms of grant (adjusted as relevant to take into account the board appointment).

On the appointment of a new chair or non-executive director, the fees will be set taking into account the experience and calibre of the individual and the expected time commitments of the role.

DIRECTORS' REMUNERATION REPORT

Policy table for Chair and non-executive directors

FEES AND BENEFITS
Purpose and link to strategy
To attract and retain a high-calibre chair and non-executive directors by offering market competitive fee levels.
Operation
The chair and the non-executive directors receive a basic board fee, with supplementary fees payable for additional board/committee responsibilities or exceptional time commitments.
The fee for the chair is approved by the remuneration committee. The fees for the non-executive directors are approved by the board, on the recommendations of the chair and the Chief Executive Officer.
The fee levels are normally reviewed on a periodic basis, and may be increased, taking into account factors such as the time commitment of the role and market levels in companies of comparable size and complexity. Fee increases may be greater than those of the wider workforce in a particular year, reflecting the periodic nature of increases and that they may take into account changes in responsibility and/or time commitments.
Overall fees paid to the chair and non-executive directors will remain within the limits set by the Company's Articles of Association.
The Chair and non-executive directors may be eligible to receive benefits linked to their duties. This includes, but is not limited to, the reimbursement of any normal business-related expenses and any taxable benefit implications that may result.
The Chair and non-executive directors do not participate in any of the Group's incentive arrangements or pension scheme.

Chair and non-executive director letters of appointment

The chair and non-executive directors are subject to re-appointment at each AGM. Notice periods of one month are required to be given by either party. The chair and non-executive directors are not entitled to any compensation on loss of office.

Name	Date of letter of appointment	Letter of appointment expiry date (subject to annual re-election at each AGM)
Kevin Whiteman ¹	16 June 2020	30 July 2024
Louise Hardy	26 July 2019	31 July 2028
Alun Griffiths ¹	1 October 2020	30 July 2024
Mark Pegler	3 October 2022	4 October 2031
Charlie Cornish ²	1 May 2024	30 April 2033

¹ Kevin Whiteman and Alun Griffiths will not be proposed for re-appointment at the 2024 AGM

² Charlie Cornish will take over as Chair after the AGM on 30 July 2024

Part 2 – Annual remuneration report

In this section, we report on the implementation of our policy in the year ended 30 March 2024 as well as how the policy will be implemented for 2025. The regulations require the auditor to report to the Group's shareholders on the auditable part of the directors' remuneration report and to state whether, in its opinion, that part of the report has been properly prepared in accordance with the Companies Act 2006. The relevant sections subject to audit have been highlighted in the annual report on remuneration.

Implementation of policy for 2024

Remuneration committee

Membership, meetings and attendance

The Group has an established remuneration committee, which is constituted in accordance with the recommendations of the UK Corporate Governance Code.

The members of the remuneration committee who served during the year are shown below together with their attendance at remuneration committee meetings:

Name	Number of meetings attended
Louise Hardy (chair from 6 September 2023)	7/7
Mark Pegler	7/7
Kevin Whiteman	7/7
Alun Griffiths (chair until 6 September 2023)	7/7
Tony Osbaldiston (until 31 July 2023)	3/3
Rosie Toogood (until 12 February 2024)	6/6

The Group considers all members of the committee to be independent. Executive directors and the Group HR director may attend remuneration committee meetings at the invitation of the committee chair, but do not take part in any discussion about their own remuneration. The Company secretary acts as the secretary to the remuneration committee.

The terms of reference for the remuneration committee are available on the Company's website.

Engaging with our shareholders

The committee engages directly with major shareholders where it considers there to be material changes to the remuneration policy or executive remuneration framework.

Considerations of conditions and pay levels for workforce and workforce engagement on executive pay

In determining remuneration for executive directors, the committee takes account of general market conditions and pay levels for the workforce as a whole. This includes reviewing wage growth generally and the proportion of earnings paid as bonus to groups of staff at each level – executive directors, senior staff and all other employees (who receive a profit share bonus and are eligible to participate in a sharesave scheme).

The Group recognises a number of trade unions who are consulted regarding wage settlements on a site-by-site basis and seeks employee participation on a range of matters. This includes giving employees the opportunity through the MyVoice forum to challenge how executive remuneration is aligned with the wider Company pay policy.

Advisers to the committee

Wholly independent and objective advice on executive remuneration is received from the committee's external advisers.

Deloitte were appointed in December 2020 following a tender organised by the committee. Deloitte is one of the founding members of the Remuneration Consultants Group and is a signatory to its Code of Conduct. Fees charged by Deloitte provided to the committee for the year ended 30 March 2024 amounted to £12,325 (excluding VAT).

DIRECTORS' REMUNERATION REPORT

Directors' earnings for the 2024 financial year (audited)

Year ended 30 March 2024

£000	Salary	Fees	Benefits⁴	Pension	Total fixed pay	Bonus	LTIPs⁵	Total variable pay	Total
Executives									
Alan Dunsmore	399	–	19	28	446	220	267	487	933
Derek Randall	292	–	44	20	356	191	146	337	693
Adam Semple	272	–	16	19	307	150	137	287	594
Ian Cochrane ¹	175	–	8	12	195	–	–	–	195
Non-executives									
Kevin Whiteman	–	146	–	–	146	–	–	–	146
Alun Griffiths	–	59	–	–	59	–	–	–	59
Mark Pegler	–	53	–	–	53	–	–	–	53
Louise Hardy	–	60	–	–	60	–	–	–	60
Rosie Toogood ²	–	41	–	–	41	–	–	–	41
Tony Osbaldiston ³	–	18	–	–	18	–	–	–	18
	1,138	377	87	79	1,681	561	550	1,111	2,792

¹ Stepped down from the board on 30 September 2023

² Stepped down from the board on 12 February 2024

³ Stepped down from the board on 31 July 2023

⁴ Taxable benefits include the provision of company cars, fuel for company cars, car allowances, accommodation and living allowances and private medical insurance.

⁵ PSP awards granted in 2021 will vest at 74 per cent of maximum (see page 139)

Directors' earnings for the 2023 financial year (audited)

Remuneration received by the directors

Year ended 25 March 2023

£000	Salary	Fees	Benefits²	Pension	Total fixed pay	Bonus	LTIPs³	Total variable pay	Total
Executives									
Alan Dunsmore	381	–	19	46	446	307	370	679	1,125
Ian Cochrane	339	–	16	41	396	274	330	582	978
Derek Randall	279	–	42	33	354	228	203	433	787
Adam Semple	260	–	16	31	307	210	190	401	708
Non-executives									
Kevin Whiteman	–	140	–	–	140	–	–	–	140
Alun Griffiths	–	60	–	–	60	–	–	–	60
Tony Osbaldiston	–	53	–	–	53	–	–	–	53
Louise Hardy	–	53	–	–	53	–	–	–	53
Rosie Toogood	–	45	–	–	45	–	–	–	45
Mark Pegler ¹	–	22	–	–	22	–	–	–	22
	1,259	373	93	151	1,876	1,019	1,093	2,095	3,971

¹ Appointed to the board on 5 October 2022

² Taxable benefits include the provision of company cars, fuel for company cars, car allowances, accommodation and living allowances and private medical insurance

Base salary increases received by the directors

The directors received a 5 per cent salary increase effective from 1 July 2023, which was less than or in line with that received by our wider workforce. Our colleagues working in our factory locations received increases of, on average 8 per cent and all other colleagues received increases of between 5-7%. In addition 1,540 colleagues received a cost of living payment.

Past directors/loss of office payments (audited)

Ian Cochrane stepped down as Chief Operating Officer and left the Company on 30 September 2023. The treatment of Ian Cochrane's remuneration arrangements is set out in the table below.

ELEMENT	AGREED TREATMENT
Base salary, pension and benefits	Received his base salary, pension allowance, car allowance and benefits up to 30 September 2023.
Annual bonus	Was not eligible to receive a bonus in respect of the year ended 30 March 2024.
DSBP	Unvested deferred share bonus plan awards will continue to vest in full on the normal vesting dates.
PSP	PSP awards granted in December 2020 vested at the normal vesting date in full in December 2023. This reflected that Ian Cochrane had been in service for the whole of the performance period. The vested award remains subject to a two year holding period until December 2025. The gain on exercise of the award was £308,000. PSP awards granted in June 2021 and June 2022 lapsed in full
Other	Received a contribution of £2,000 in respect of legal costs incurred in relation to him stepping down from the board.

Ian Cochrane is required to comply with the post-employment shareholding requirement as set out in the Directors' Remuneration Policy.

There have been no payments made to past directors although the December 2020 PSP vested in December 2023 as stated above after Ian Cochrane ceased to be a director.

How pay linked to performance in 2024 (audited)

Bonus

Executive directors were granted an annual bonus opportunity equal to 125 per cent of salary. Of the award, 80 per cent was based on underlying PBT performance, 15 per cent based on safety performance and 5 per cent based on ESG performance.

The targets and the performance against these targets are set out below:

For all directors (excluding Derek Randall)

Measure	% of maximum bonus opportunity			Actual	% of bonus	Payout as % of salary
	Threshold	On-target	Maximum			
Underlying Group PBT ¹	80%	£34.3m	£38.1m	£41.9m	30%	30%
Group IFR ²	15%	above 1.55	1.48 or less	1.41 or less	100%	19%
ESG ³	5%				100%	6%
						55%

¹ For underlying Group PBT, 'threshold' represents 0 per cent, 'on-target' represents 50 per cent and 'maximum' represents 100 per cent of the bonus opportunity

² For Group IFR, 'threshold' represents 0 per cent, 'on-target' represents 50 per cent and 'maximum' represents 100 per cent of the bonus opportunity

³ For ESG, performance was assessed against the Group's sustainability objectives as shown on the following page

DIRECTORS' REMUNERATION REPORT

ESG PRIORITIES	ASSESSMENT OF PERFORMANCE AGAINST OBJECTIVES DURING 2024	PAYOUT AS PERCENTAGE OF SALARY
Achieving 2025 target of reducing Scope 1 and 2 greenhouse gas emissions by 25 per cent (measured against a 2018 baseline).	The Group has surpassed the 2025 interim target of 25%, by reducing UK GHG emissions by 40%.	6 per cent
Making progress against the sustainability objectives as defined in the 2023 annual report on page 81.	<p>The Group has made significant progress against our sustainability objectives:</p> <ol style="list-style-type: none"> achieving a place on the CDP 'A List' achieved 100% of total purchased and consumed energy from green electricity tariffs for all UK facilities being accredited as carbon neutral for the third year running after third party verification of our Net Zero targets for reducing GHG emissions; and achieved SBTi net zero target verification in January 2024 as per schedule for our near-term, long-term and overall Net Zero targets for reducing GHG emissions. 	

Derek Randall (MD of JSSL)

Measure	% of maximum bonus opportunity	Threshold	On-target	Maximum	Actual	% of bonus	Payout as % of salary
Underlying Group PBT ¹	40%	£34.3m	£38.1m	£41.9m	£36.5m	30%	15%
JSSL (India) PBT ¹	40%	RS 30 Cr	RS 40 Cr	RS 60 Cr	RS 40 Cr	50%	25%
JSSL (India) AFR ²	15%	n/a	n/a	At or below 0.08	0.00	100%	19%
ESG ³	5%					100%	6%
							65%

¹ Derek Randall's profit-based component is split 50:50 between underlying Group PBT and JSSL PBT. For underlying Group PBT and JSSL PBT, 'threshold' represents 0 per cent, 'on-target' represents 50 per cent and 'maximum' represents 100 per cent of the bonus opportunity

² For JSSL AFR, no 'threshold' or 'on-target' targets were set. 100 per cent of the bonus opportunity is earned on achieving a score of below 0.08

³ Performance against ESG is disclosed in the table above

The executive directors will receive the bonuses set out in the table below, of which 40 per cent will be paid in shares deferred for three years.

Alan Dunsmore	£250,000
Derek Randall	£218,000
Adam Semple	£171,000

PSP awards vesting in respect of 2024

Awards were granted on 17 June 2021 equal to 100 per cent of salary for the Chief Executive Officer and 75 per cent of salary for other executive directors.

The awards were subject to the achievement of an EPS performance condition measured over the three financial years ended 30 March 2024. Details of the EPS performance condition and performance outcome are set out below.

The awards will vest in June 2024 and vested shares will be subject to a two-year holding period.

	EPS for the year ended 30 March 2024
Threshold (25% vesting)	7.61p
Maximum (100% vesting)	9.92p
Actual performance	8.94p
	74% of maximum
Vesting outcome	

Measure	Number of shares granted	Number of shares vesting	Dividend equivalents ¹	Total value of award on vesting ²	Amount of award attributable to share price appreciation since grant date
Alan Dunsmore	451,319	334,427	58,513	217,846	0%
Derek Randall	246,850	182,915	32,004	119,151	0%
Adam Semple	231,481	171,527	30,011	111,733	0%

¹ The 2021 PSP awards include dividend equivalent terms such that additional shares are awarded based on the value of dividends payable on the number of vested shares between the grant date and vesting date. The value of the dividend equivalents has been calculated based on the period between the grant date and 30 March 2024 but will be recalculated on vesting

² Calculated based on the three-month average share price to 30 March 2024 (55.44p)

The committee considers the vesting outcome of the annual bonus and PSP awards to be appropriate, recognising that the Group has continued to perform strongly, both financially and strategically, in a challenging economic environment over the last three years. Furthermore, in respect of the PSP awards, the Committee is satisfied that no adjustment for potential windfall gains is required taking into account the share price at grant (81p) and the three-month average share price to 30 March 2024 (55.44p). No discretion has, therefore, been applied by the committee to adjust the formulaic vesting outcome of the annual bonus or PSP awards.

Deferred bonus awards granted in 2024 (audited)

On 28 July 2023, the committee granted awards under the Group's Deferred Share Bonus Plan to executive directors in relation to the 2023 bonus outcome. The awards will vest on 28 July 2026, subject to continued employment.

Measure	Type	Number of shares	Face value of shares ¹	Vesting date
Alan Dunsmore	Nil-cost option	211,416	£153,700	28 July 2026
Ian Cochrane	Nil-cost option	188,253	£136,860	28 July 2026
Derek Randall	Nil-cost option	156,893	£114,061	28 July 2026
Adam Semple	Nil-cost option	144,484	£105,040	28 July 2026

¹ Face value calculated using the average mid-market share price between 26 and 27 July 2023 (72.7p)

DIRECTORS' REMUNERATION REPORT

RSP awards granted in 2023 (audited)

Awards were granted on 15 September 2023 equal to 50 per cent of salary for all executive directors (excluding Ian Cochrane). The awards will vest in June 2026 subject to continued service and the satisfaction of performance underpins. Vested awards will be subject to a two-year holding period. The underpins are:

- Financial stability of the business. There is no breach of financial covenants in the Group's principal banking activities.
- Sustainability of the Group's underlying performance. There is not a material deterioration in the

Group's underlying performance, which significantly departs from any deterioration across the industrial building and construction sector.

- Risk management. There is no material failure in risk management resulting in significant reputational damage and/or material financial loss to the Group.
- Health and safety performance. There is not a material deterioration in health and safety performance and there are no material health and safety failures.
- ESG performance. Sufficient progress is made against the Group's ESG strategy.

Performance underpins are determined by the committee on an annual basis.

If one or more of the performance underpins are not achieved, the committee will assess an appropriate reduction to the vesting outcome.

Prior to the vesting of restricted share awards, the committee will also assess whether the Group's underlying financial and operational performance has been satisfactory both on an absolute basis and relative to peers.

Details of the awards made to the executive directors are summarised below.

Name	Type	Number of shares	% of salary	Face value (£) ¹
Alan Dunsmore	Nil-cost option	335,133	50%	£201,750
Derek Randall	Nil-cost option	245,432	50%	£147,750
Adam Semple	Nil-cost option	229,028	50%	£137,875

¹ Face value calculated based on the pre-grant date share price of 60.2p on 14 September 2023

The committee retains discretion to adjust the formulaic vesting outcome if it is not considered to be appropriate, taking into account wider Group performance during the performance period. This includes consideration of any 'windfall gains' at the point of vesting.

Outstanding share awards at the year-end (audited)

Details of share awards under the PSP to the executive directors which were outstanding at the year-end are shown in the following table:

Director	Year of award	Vesting date ²	Performance condition	Awards held at 1 April 2023	Awards granted in year	Awards lapsed in year	Awards vested in year	Awards held at 30 March 2024
Alan Dunsmore	2020	2023	EPS	529,809	–	–	(529,809)	–
	2021	2024	EPS	451,319	–	–	–	451,319
	2022	2025	EPS	634,076	–	–	–	634,076
	2023	2026	n/a ¹	–	335,133	–	–	335,133
Total				1,615,204	335,133		(529,809)	1,420,528
Derek Randall	2020	2023	EPS	291,210	–	–	(291,210)	–
	2021	2024	EPS	246,850	–	–	–	246,850
	2022	2025	EPS	348,144	–	–	–	348,144
	2023	2026	n/a ¹	–	245,432	–	–	245,432
Total				886,204	245,432		(291,210)	840,426
Adam Semple	2020	2023	EPS	271,739	–	–	(271,739)	–
	2021	2024	EPS	231,481	–	–	–	231,481
	2022	2025	EPS	325,000	–	–	–	325,000
	2023	2026	n/a ¹	–	229,028	–	–	229,028
Total				828,220	229,028		(271,739)	785,509

¹ The 2023 award was an RSP award with performance underpins.

² Vesting date is June/July in the relevant years other than 2023 when it was December

Former director	Year of award	Vesting date ²	Performance condition	Awards held at 1 April 2023	Awards granted in year	Awards lapsed in year	Awards vested in year	Awards held at 30 March 2024
Ian Cochrane ¹	2020	2023	EPS	472,133	–	–	(472,133)	–
	2021	2024	EPS	402,188	–	(402,188)	–	–
	2022	2025	EPS	564,604	–	(564,604)	–	–
Total				1,438,925	–	(966,792)	(472,133)	–
				4,768,553	809,593	(966,792)	(1,564,891)	3,046,463

¹ Stepped down from the board on 30 September 2023

² Vesting date is June/July in the relevant years other than 2023 when it was December

³ There are no vested but unexercised awards

Performance conditions are based on a range of EPS targets as follows:

Name	Threshold (25% vests)	Maximum (100% vests)
2021 award ¹	7.61p	9.92p
2022 award ²	7.50p	8.80p

¹ Represents an underlying PBT range of £30.0–40.0m

² Represents an underlying PBT range of £31.5–38.0m

Statement of directors' shareholding (audited)

As at 30 March 2024, all executive directors and their connected persons had a shareholding as follows:

Name	Shareholding requirement ¹	Actual share ownership as a percentage of shareholding requirement as at 30 March 2024 ¹
Alan Dunsmore	200%	239%
Derek Randall	200%	252%
Adam Semple	200%	93%

¹ Value of actual share ownership was calculated with reference to the closing mid-market share price on 28 March 2024 of 54.8p. Actual share ownership includes net of tax figures for DSBP shares granted but still within the three-year deferral period and/or unexercised

DIRECTORS' REMUNERATION REPORT

Directors' current shareholdings (audited):

The following table provides details on the directors' beneficial interests in the Company's share capital as at 30 March 2024 (or date of stepping down from the board if earlier).

	Owned shares ¹	Share incentive plan (SIP) ²	Sharesave scheme	DSBP ³	PSP ⁴	RSP	Total ⁵
Executives							
Alan Dunsmore	1,521,539	5,403	28,743	444,564	1,085,395	335,133	3,420,777
Adam Semple	342,605	–	30,070	302,637	556,481	229,028	1,460,821
Derek Randall	1,035,945	–	–	379,542	594,994	245,432	2,255,913
Ian Cochrane ⁶	1,941,790	6,654	27,237	614,355	472,133	–	3,062,169
Non-executives							
Kevin Whiteman	65,619	–	–	–	–	–	65,619
Alun Griffiths	60,000	–	–	–	–	–	60,000
Louise Hardy	–	–	–	–	–	–	–
Mark Pegler	53,600	–	–	–	–	–	53,600
Tony Osbaldiston ⁷	–	–	–	–	–	–	–
Rosie Toogood ⁸	79,115	–	–	–	–	–	79,115

¹ Includes shares owned by connected persons and excludes DSBP shares that have been granted but are either still within the three-year deferral period or which consist of unexercised options

² SIP shares are unvested and held in trust

³ The figures consist of the gross number of unexercised nil cost share options and the principal terms of the deferred share bonus plan are described on page 153

⁴ PSP shares are in the form of conditional awards that will only vest either on the achievement of certain performance conditions or in the case of RSP awards, which are subject to performance underpins. The total includes 2021 awards that have not yet vested

⁵ There have been no changes in the directors' interests in the shares issued or options granted by the Company between the end of the period and the date of this annual report. There have been no changes in the directors' beneficial interests in trusts holding ordinary shares of the Company

⁶ Stepped down from the board on 30 September 2023

⁷ Stepped down from the board on 31 July 2023

⁸ Stepped down from the board on 12 February 2024

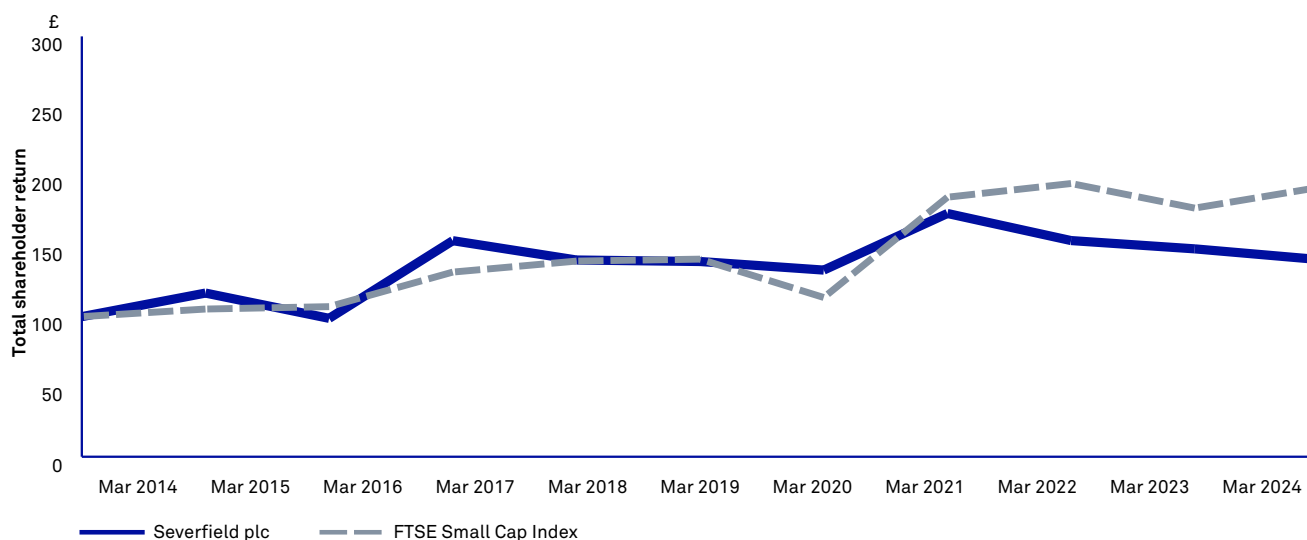
Position against dilution limits

Severfield plc complies with the Investment Association's principles of executive remuneration. These principles require that commitments under all of the Group's share ownership schemes (including the share incentive plan ('SIP'), sharesave scheme and the PSP) must not exceed 10 per cent of the issued share capital in any rolling ten-year period. Within this 10 per cent limit, the Group can only issue 5 per cent of its issued share capital to satisfy awards under executive discretionary schemes. The Group was operating within these limits as at 30 March 2024.

Performance graph

The following graph shows the Group's performance, measured by total shareholder return, compared with the performance of the FTSE SmallCap Index. It is based on the change in the value of £100 investment made on 1 April 2014 over the ten-year period ended 30 March 2024.

The index was selected as it represents a broad equity market index and is considered to be the most appropriate comparator group of companies over a ten-year period commencing April 2014.



Chief Executive Officer remuneration change

The table below shows the total remuneration figure for the Chief Executive Officer role over the same ten-year period. Total remuneration includes bonuses and the value of PSP awards, which vested based on performance in those years (at the share price at which they vested).

	2015 Lawson	2016 Lawson	2017 Lawson	2018 Lawson ¹
Total remuneration (£000)	681	946	1,228	738
Annual bonus (%)	65.0%	63.0%	95.0%	–
LTIP vesting (%)	–	64.0%	74.0%	95.4%

	2018 Dunsmore ²	2019 Dunsmore	2020 Dunsmore	2021 Dunsmore	2022 Dunsmore	2023 Dunsmore	2024 Dunsmore
Total remuneration (£000)	819	890	880	747	521	1,125	933
Annual bonus (%)	62.6%	20.0%	61.0%	80.0%	17.0%	80.0%	44%
LTIP vesting (%)	95.4%	100.0%	85.0%	–	–	100.0%	74%

¹ Ian Lawson received compensation of £408,000 for loss of office in accordance with his contract

² Alan Dunsmore operated as interim Chief Executive Officer from 1 April 2017 to 31 January 2018, during Ian Lawson's absence due to physical ill health. Alan's appointment to this role was made permanent from 1 February 2018. The figures in the table above represent Ian Lawson's remuneration for this period and Alan Dunsmore's remuneration for the period in which he was both interim and permanent Chief Executive Officer

DIRECTORS' REMUNERATION REPORT

How the change in directors' pay for the year compares to that of the Group's employees

The table below shows the percentage change in salary, benefits and annual bonus earned for the directors compared to the percentage change of each of those components of pay of the employees of the Group (calculated by reference to the mean on employee pay on a full-time equivalent basis).

Comparison between 2023 and 2024	Base salary/ fees	Benefits	Annual bonus
Alan Dunsmore	5%	5%	(27%)
Derek Randall	5%	5%	(16%)
Adam Semple	5%	-	(29%)
Ian Cochrane ⁵	(48%)	(50%)	(100%)
Kevin Whiteman	4%	-	-
Alun Griffiths	(2%)	-	-
Tony Osbaldiston ⁶	(66%)	-	-
Louise Hardy	13%	-	-
Rosie Toogood ²	(9%)	-	-
Mark Pegler ¹	140%	-	-
All UK employees	6%	164%	(41%)

The main differences between 2024 and 2023 are lower bonus pay outs in 2024 and the departure of directors during the year.

The large increase in employee benefits reflects the cost-of-living payment made in 2024.

Employees that are not included in the senior management and director bonus scheme received a discretionary £750 festive gift in both financial years.

Comparison between 2023 and 2022	Base salary/ fees	Benefits	Annual bonus
Alan Dunsmore	3%	-	387%
Ian Cochrane	3%	-	389%
Derek Randall	3%	5%	105%
Adam Semple	3%	-	388%
Kevin Whiteman	-	-	-
Alun Griffiths	-	-	-
Tony Osbaldiston	-	-	-
Louise Hardy	-	-	-
Rosie Toogood	-	-	-
Mark Pegler ¹	n/a	-	-
All UK employees	5%	7%	107%

The significant increase in bonus in 2023 is driven by the achievement of the PBT element of the bonus scheme, leading to a payout of 80 per cent compared to 17 per cent in 2022. When compared to 2021 (which also paid out at 80 per cent), bonuses have increased by an average of 6 per cent, which is in line with the increase in base salaries.

Comparison between 2022 and 2021	Base salary/ fees	Benefits	Annual bonus
Alan Dunsmore	1%	–	(78%)
Ian Cochrane	1%	–	(78%)
Derek Randall ³	1%	(49%)	(41%)
Adam Semple	2%	–	(78%)
Kevin Whiteman	53%	–	–
Alun Griffiths	26%	–	–
Tony Osbaldiston	18%	–	–
Louise Hardy	33%	–	–
Rosie Toogood ²	n/a	n/a	n/a
All UK employees	4%	16%	(67%)

Comparison between 2021 and 2020	Base salary/ fees	Benefits	Annual bonus
Alan Dunsmore	2%	–	33%
Ian Cochrane	2%	–	33%
Derek Randall	2%	–	15%
Adam Semple	7%	–	38%
Kevin Whiteman ⁴	103%	–	–
Alun Griffiths	6%	–	–
Tony Osbaldiston	–	–	–
Louise Hardy	–	–	–
All UK employees	2%	–	6%

¹ Mark Pegler was appointed to the board with effect from 5 October 2022

² Rosie Toogood was appointed to the board with effect from 16 June 2021 and stepped down on 12 February 2024

³ Derek Randall's 2021 benefit included £40,000 of cost-of-living allowance relating to 2020 but wholly paid in 2021

⁴ Kevin Whiteman was appointed as Chair on 3 September 2020

⁵ Ian Cochrane stepped down from the board on 30 September 2023

⁶ Tony Osbaldiston stepped down from the board on 31 July 2023

DIRECTORS' REMUNERATION REPORT

Chief Executive Officer pay ratio disclosure

Year	Method of calculation adopted	25th percentile pay ratio (CEO: UK employees)	Median pay ratio (CEO: UK employees)	75th percentile pay ratio (CEO: UK employees)
2024	Option A ¹	27:1	19:1	15:1
2023	Option A ¹	35:1	26:1	19:1
2022	Option A ¹	19:1	13:1	10:1
2021	Option A ¹	25:1	18:1	14:1
2020	Option A ¹	30:1	22:1	17:1

¹ Option A methodology was selected on the basis that it is a robust approach and is preferred by shareholders and proxy voting agencies. The calculations for the representative employees were performed at the final day of the relevant financial year

A substantial proportion of the Chief Executive Officer's total remuneration is performance related and delivered in shares. The ratios will, therefore, depend significantly on the Chief Executive Officer's annual bonus and PSP outcomes and may fluctuate year-to-year.

The median ratio of 19:1 is 27 per cent lower than the median ratio of 26:1 in 2023. This decrease in the Chief Executive Officer pay ratio is due to the Chief Executive Officer receiving a lower bonus and PSP vesting outcome in 2024 (bonus: 44 per cent of maximum; PSP: 74 per cent of maximum) compared to 2023 (bonus: 80 per cent of maximum; PSP: 100 per cent of maximum).

The committee has confirmed that the ratio is consistent with the Company's wider policies on employee pay, reward and progression.

Total pay and benefits used to calculate the ratios

Pay details for the Chief Executive Officer and individuals whose remuneration is at the median, 25th percentile and 75th percentile amongst full-time equivalent UK-based employees are as follows:

	Chief Executive Officer £000	25th percentile £000	Median £000	75th percentile £000
Year 2024				
Salary	399	32	45	56
Total pay and benefits	933	35	49	64
Year 2023				
Salary	381	30	41	55
Total pay and benefits	1,125	32	44	58
Year 2022				
Salary	369	23	38	45
Total pay and benefits	521	28	40	54
Year 2021				
Salary	364	29	37	49
Total pay and benefits	747	29	41	53
Year 2020				
Salary	356	26	38	48
Total pay and benefits	880	29	40	51

The UK employee percentile total pay and benefits has been calculated based on the amount paid or receivable for the relevant financial year for the full-time equivalent annualised remuneration (comprising salary, benefits, pension, annual bonus and LTIPs) for all UK-based employees of the Group as at the last day of the relevant financial year. The calculations are on the same basis as required for the Chief Executive Officer's remuneration for single figure purposes. The committee selected this methodology as it was felt to produce the most statistically accurate result.

Relative importance of spend on pay

The following table shows the actual spend on pay for all employees relative to revenue and underlying operating profit before the results of JVs and associates:

	2024 £000	2023 £000	% change
Staff costs	116,440	99,479	17.0%
Revenue	463,465	491,753	(5.8)%
Underlying* operating profit	37,690	33,067	14.0%
Dividends	10,714	9,877	8.5%

* There were no share buybacks during the year

Shareholder voting

The results below show the response to the 2023 AGM shareholder voting for the directors' 2023 remuneration report (excluding remuneration policy):

	Total number of votes	% of votes cast
For	233,706,876	99.08
Against	2,177,930	0.92
Total votes cast (for and against)	235,884,806	100
Withheld votes	53,411	n/a

The results below show the response to the 2023 AGM shareholder voting for the directors' 2023 remuneration policy:

	Total number of votes	% of votes cast
For	232,598,556	98.61
Against	3,272,944	1.39
Total votes cast (for and against)	235,871,500	100
Withheld votes	66,717	n/a

Implementation of policy for 2025

The executive directors' salaries

The executive directors' salaries at the start of the 2025 financial year are as follows:

	£
Alan Dunsmore	403,500
Adam Semple	275,750
Derek Randall	295,500

Salaries for the executive directors were reviewed in June 2024 and have been increased with effect from 1 July 2024. Alan Dunsmore's salary has been increased by 14.0 per cent to £460,000 and Adam Semple's salary has been increased by 14% to £315,000 for the reasons stated on pages 139 and 140. Derek Randall's salary has been increased by 4% in line with the salary increases to the wider workforce of 4-8%.

Benefits and pension

All executive directors will be entitled to a car allowance of £15,000 (Chief Executive Officer: £18,000), a fuel allowance, life insurance cover and medical insurance.

Pension opportunity for the executive directors is 7 per cent of salary. This is aligned with the level available to the entire UK workforce.

DIRECTORS' REMUNERATION REPORT

Rewards for performance in 2025

Bonus

The maximum opportunity will be 125 per cent of salary for all executive directors in line with the 2023 remuneration policy and will be subject to metrics based on underlying PBT, safety performance and ESG performance.

Profit performance-based component – 80 per cent

Maximum bonus based on actual underlying PBT versus budget. The committee believes that the threshold and maximum targets (as a percentage of budget) are appropriately positioned, taking into account levels of growth forecast in the board's strategy review in December 2023 and external analyst consensus.

Underlying PBT % of budget	% of award
90 or below	–
100	50
110 or better	100

A sliding scale applies between the points.

Safety performance-based component – 15 per cent

This year we have moved away from an IFR based safety bonus target to a target based on a series of leading safety indicators. We believe the historic approach has been successful in reducing both the number and severity of our incidents to a point where a fresh approach is required to ensure we continue to improve.

We have identified metrics based on those indicators which we believe will drive the identification and control of risks that can cause incidents and injuries. When considering performance against these metrics the Remuneration Committee will be required to exercise its judgement with the underpin that there should be no significant step backwards in safety performance (as measured by IFR). The committee believes that the underlying PBT and safety targets are commercially sensitive and therefore are not disclosed at this time. Actual targets will be disclosed in next year's Directors' Remuneration Report.

ESG component – 5 per cent

The ESG metric is based on performance against the Group's key sustainability objectives set out in this annual report.

Restricted share awards

Restricted share awards will be granted to the executive directors at 50 per cent of salary. Awards will vest in June 2027 subject to the satisfaction of performance underpins, which will be the same as those set out for the 2023 award on page 144. Vested awards will be subject to a two-year holding period. Prior to the vesting of restricted share awards, the committee will also assess whether the Group's underlying financial and operational performance has been satisfactory both on an absolute basis and relative to peers.

The non-executive directors fees for 2024 and 2025

Charlie Cornish was appointed to the board as a non-executive director from 1 May 2024 and will succeed Kevin Whiteman as non-executive Chair after the AGM on 30 July 2024. Charlie Cornish's fee as non-executive Chair will be set at £162,500 per annum (and he will be paid the basic fee for a non-executive director for the period 1 May until 30 July). The remuneration committee believes this is an appropriate fee in the context of recruiting a high calibre and experienced individual and taking into account the size and complexity of the Group. The fee remains positioned between the lower quartile and median compared to FTSE SmallCap companies.

Fees for the non-executive directors were reviewed in June 2024 and increased in line with the wider workforce, by 4%, with effect from 1 July 2024. The adjusted fees for the non-executive directors are set out in the table below.

	£
Basic fee for other non-executive directors	52,000
Additional fee for SID role	7,500
Additional fee for chair of audit and remuneration committees	7,500
Additional fee for workforce engagement director role	7,500

Approval

This report was approved by the board and signed on its behalf.

LOUISE HARDY

CHAIR OF THE REMUNERATION COMMITTEE

19 June 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES

In respect of the annual report and financial statements

The directors are responsible for preparing the annual report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, and reliable and, in respect of the parent Company financial statements only, prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect 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 complies 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. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule ("DTR") 4.1.16R, the financial statements will form part of the annual financial report prepared under DTR 4.1.17R and 4.1.18R. The auditor's report on these financial statements provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

Responsibility statement of the directors in respect of the annual report and accounts

We confirm that, to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

ALAN DUNSMORE
CHIEF EXECUTIVE OFFICER

ADAM SEMPLE
CHIEF FINANCIAL OFFICER

19 June 2024