

gleeds

Corporate Governance Report

2020-2021

Introduction

A code for the governance of large private companies was launched in December 2018, providing a framework not only to meet legal requirements but also to promote long-term success. The requirements are set out in the Financial Reporting Council publication 'The Wates Corporate Governance Principles for Large Private Companies' (December 2018).

The six Wates Principles promote key behaviours to secure trust and confidence amongst stakeholders, as well as aiming to benefit the economy and society in general. A company that adopts the Wates Principles follows them using an approach of 'apply and explain' in an appropriate way for their organisation.

Gleeds has chosen to adopt this governance framework, reflecting the scale and success of the business, as well as our desire to continually evolve and improve stakeholder engagement.

I am pleased to present this report which highlights our progress since the adoption of the Wates Principles. During the next financial year, we will be applying the principles throughout our work.

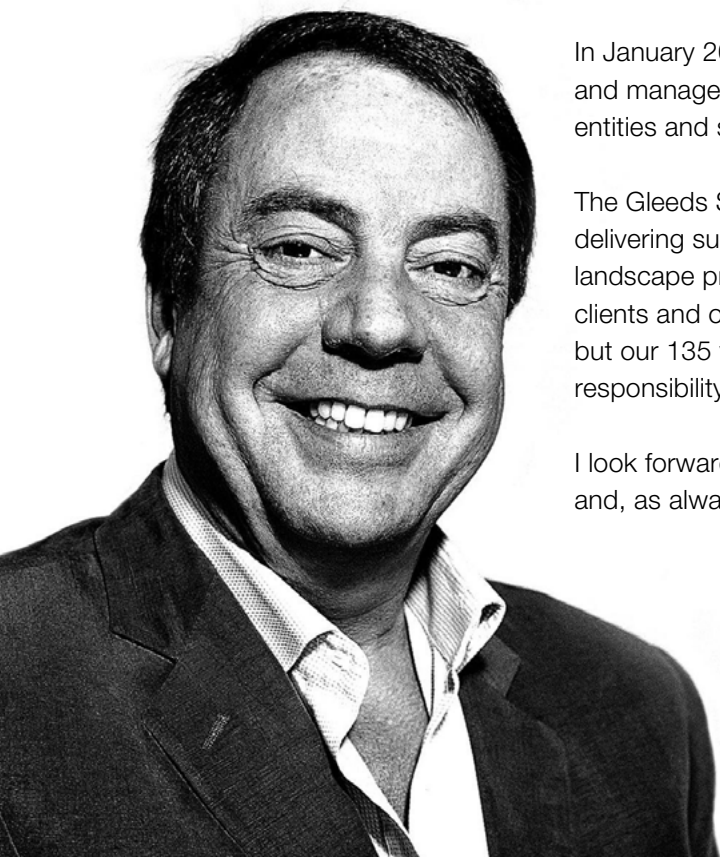
Background

Gleeds was established in 1885, remained under family ownership until the 1960s, and operates as an independent business to this day. Providing construction and property consultancy services across a multitude of sectors, our global team is almost 2,000 people strong and our focus is on creating a profitable business that is ethical, sustainable, and socially conscious.

In January 2019, Gleeds adopted a two-tier board operating structure to lead and manage its worldwide businesses on an integrated basis, with its statutory entities and statutory directors continuing as before.

The Gleeds Supervisory and Executive Management Boards are dedicated to delivering successful outcomes for all our stakeholders. An ever-changing global landscape presents many challenges, however our core value "committed to our clients and our people" has never been more evident. These are testing times, but our 135 years of history and heritage have built a great sense of responsibility and resilience.

I look forward to sharing our progress in line with the Wates Principles with you and, as always, welcome your feedback.



Richard Steer
Chairman, Gleeds

Front Cover Project: Fry Building, University of Bristol, UK



"I believe that good business, well done, is a force for good in society."

SIR JAMES WATES CBE
Chairman of the Wates Principles Coalition Group

Purpose and Leadership



An effective board develops and promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose.

The “Shaping our Future” strategy defines our purpose, values and behaviours. These guide our people, inform decisions and help to build our culture. The new structure and strategy were communicated at the international conference held in Edinburgh (2018) and via our regular “Business Briefings”. The 2021 - 2023 plan sets out the next chapter in “Shaping our Future” and will be shared with all employees in Q1 2021.

Our purpose is to shape the future of the built environment through independent thinking and lasting relationships.

Our values

- Committed to our clients and our people
- Creative and realistic
- Combine professionalism with personality

The Supervisory Board and the Executive Management Board jointly promote the core values of the organisation and seek to visibly set and reinforce the values and culture through their own behaviour. Being accountable is a key Gleeds leadership behaviour; acting with integrity and responsibility at all times, being honest and transparent in our dealings. Our Code of Integrity and Business Ethics, Conflicts of Interest and Whistleblowing policies and procedures affirm our commitment to fair and responsible business.

After the introduction of the two-tier board structure, the boards undertook externally facilitated development programs with the Institute of Directors to explore, test, develop, and take forward their new leadership roles. This included improved global board representation, a new UK structure and the creation of the 2020 plan.

Gleeds retained Gold status with Investors in People in March 2020, demonstrating a commitment to our workforce while also highlighting areas for improvement. Our values and behaviours have since been linked to the Performance Management system so that goals and feedback are aligned. Online sessions and activities continue to promote the values and behaviours, such as the “High Productivity Hack” and Wellbeing Week in Q3 2020.

Future developments include the internal communication of how the 2021 - 2023 plan aligns our purpose, values, strategic objectives and culture; as well as the continued development of our people through increasingly diverse and interesting career opportunities.

“Gleeds has a clear focus on its overall purpose.”

ASSESSOR FEEDBACK 2020
INVESTORS IN PEOPLE

Our behaviours



People-focused
Motivated to create and maintain positive relationships



Creative
We solve problems and introduce new ideas



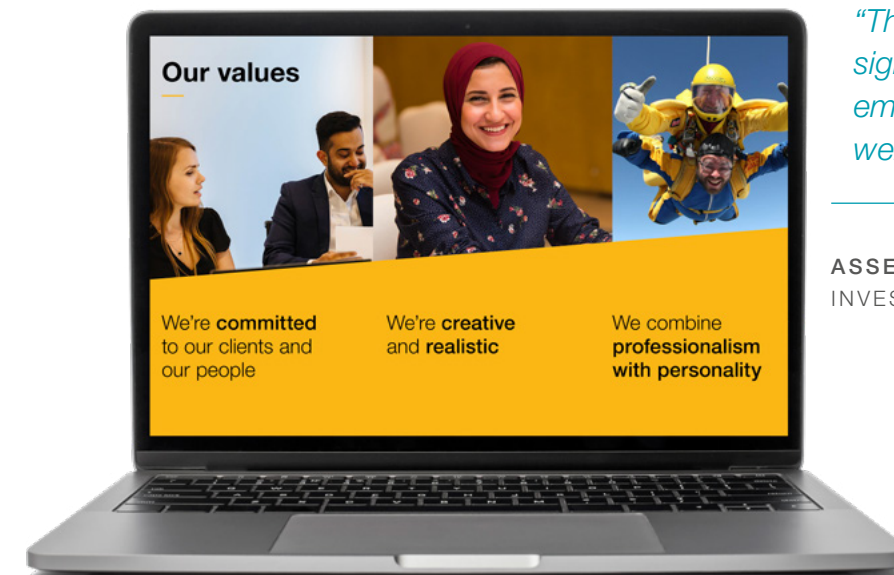
Performance-led
Driven to exceed client expectations



Collaborative
We foster a collaborative and inclusive work ethic



Accountable
We act with integrity and take responsibility



“The results are a positive sign that your people are empowered and are working well together”

ASSESSOR FEEDBACK 2020
INVESTORS IN PEOPLE

Board composition



Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company.

The role of the non-executive Supervisory Board, led by the Chairman, and the role of the Executive Management Board, led by the Chief Executive Officer, are clearly defined.

The composition of the two-tier structure has enabled the strengths and experiences of senior management to be retained and focused on their respective functions, and new leadership talent to be introduced, boosting experience and objectivity. Biographies for each Board Director are listed on [Gleeds' website](#) and intranet.

The Supervisory Board has established stand-alone committees with discreet specialisms: Audit / Remuneration / Nomination / Investment / Risk / Finance. These committees are chaired by designated members of the Supervisory Board with standing attendance of leaders from the Executive Management Board, selected according to the subject matter.

The Executive Management Board is responsible for implementing and communicating the strategy and reports to the Supervisory Board on monthly basis. A self-assessment is undertaken annually, based upon pre-agreed Key Performance Indicators (KPIs) and reviewed by the Supervisory Board on a quarterly basis.

A series of new Steering Groups will be established in 2021: People / Digital / Strategic Sales Growth / ESG / Planning and Performance. The business will also look to formalise Board-level positions for a Managing Director of APAC and a Chief Digital Officer in the next 12 months. One of our key areas of focus is to address diversity at all levels, which includes the composition of our board and senior leadership teams.

EMB KPIs	Be client-centric with a 'can-do' mindset and collective responsiveness to win work and build the pipeline	Distinctly improve the quality of leadership & management at Executive Management Board and Regional levels with diverse new talent and staff development	Be a role model for Gleeds' behaviours and values demonstrating mutual respect and humility at all times
	Create a corporate development strategy to deliver sustainable inorganic growth either by service line or geographically	Comply with the Wates Principles and report 100% compliance with internal controls in all parts of the global business	Deliver Group profit and cash in line with the 2020 Budget, ending the year with a strong pipeline for 2021



Director responsibilities



The board and individual directors should have a clear understanding of their accountability and responsibilities. The board’s policies and procedures should support effective decision-making and independent challenge.

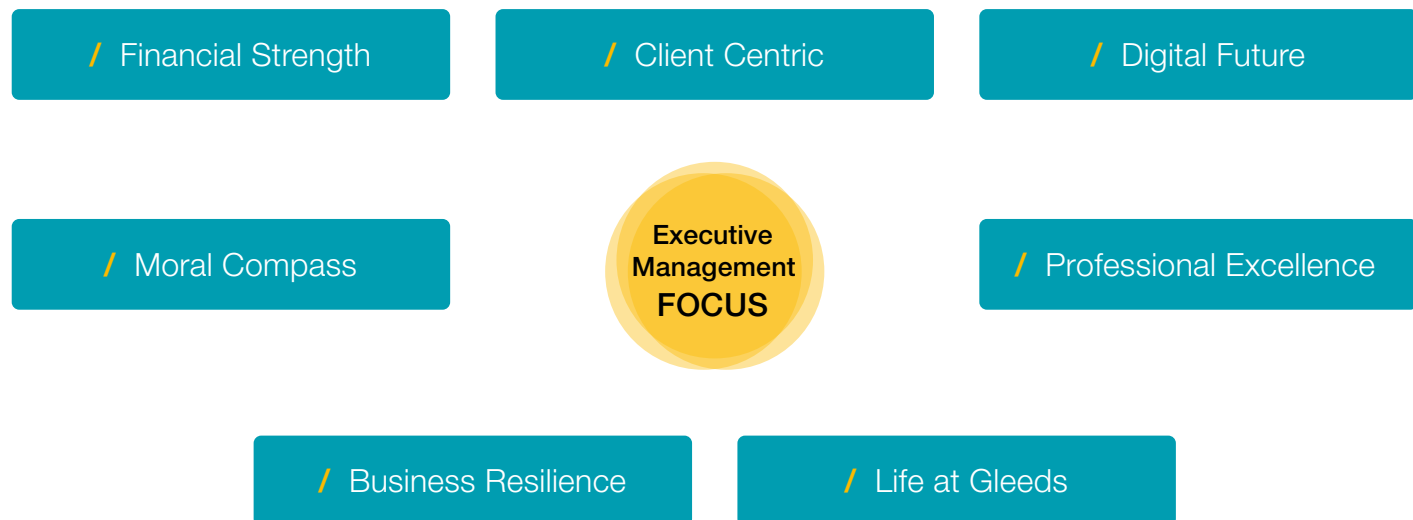
The roles and specific duties of all directors comprising the Supervisory Board and the Executive Management Board are clearly defined - the Supervisory Board approves the business strategy and financial planning, holds the Executive Management Board to account for delivery, and provides challenge from a non-executive standpoint.

The Executive Management Board directs and controls the business worldwide, proposing strategy and planning for regular analysis by the Supervisory Board. The Supervisory Board guides and assists the Executive Management Board in managing any conflicts between short and long-term business interests.

The respective roles of the individuals on the Supervisory Board and Executive Management Board, whilst clearly defined, are nuanced from time to time, ensuring that the best qualified and most experienced leaders work together on business matters when required in the collective interest of the organisation.

The Executive Management Board holds eleven formal meetings per year, five of which are attended by the Supervisory Board. In addition, the Chairman hosts two formal meetings per year for the owners and allocates two days for strategic planning.

The Executive Management Board’s key areas of focus are as follows:



Opportunity and Risk



A board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value and establishing oversight for the identification and mitigation of risks.

The Supervisory Board and Executive Management Board look ahead and work together to promote the long-term and sustainable success of the worldwide business, identifying issues and taking business-critical decisions in the collective interests of all stakeholders, including all owners and employees.

Opportunities arising from the requirements of both existing and new clients are primarily led through the sales and operational management functions of the Executive Management Board, with active guidance and assistance from the Supervisory Board. In order to develop an ever more resilient business in the COVID-19 environment, we are focused on growth via sector specific strategies and key account management.

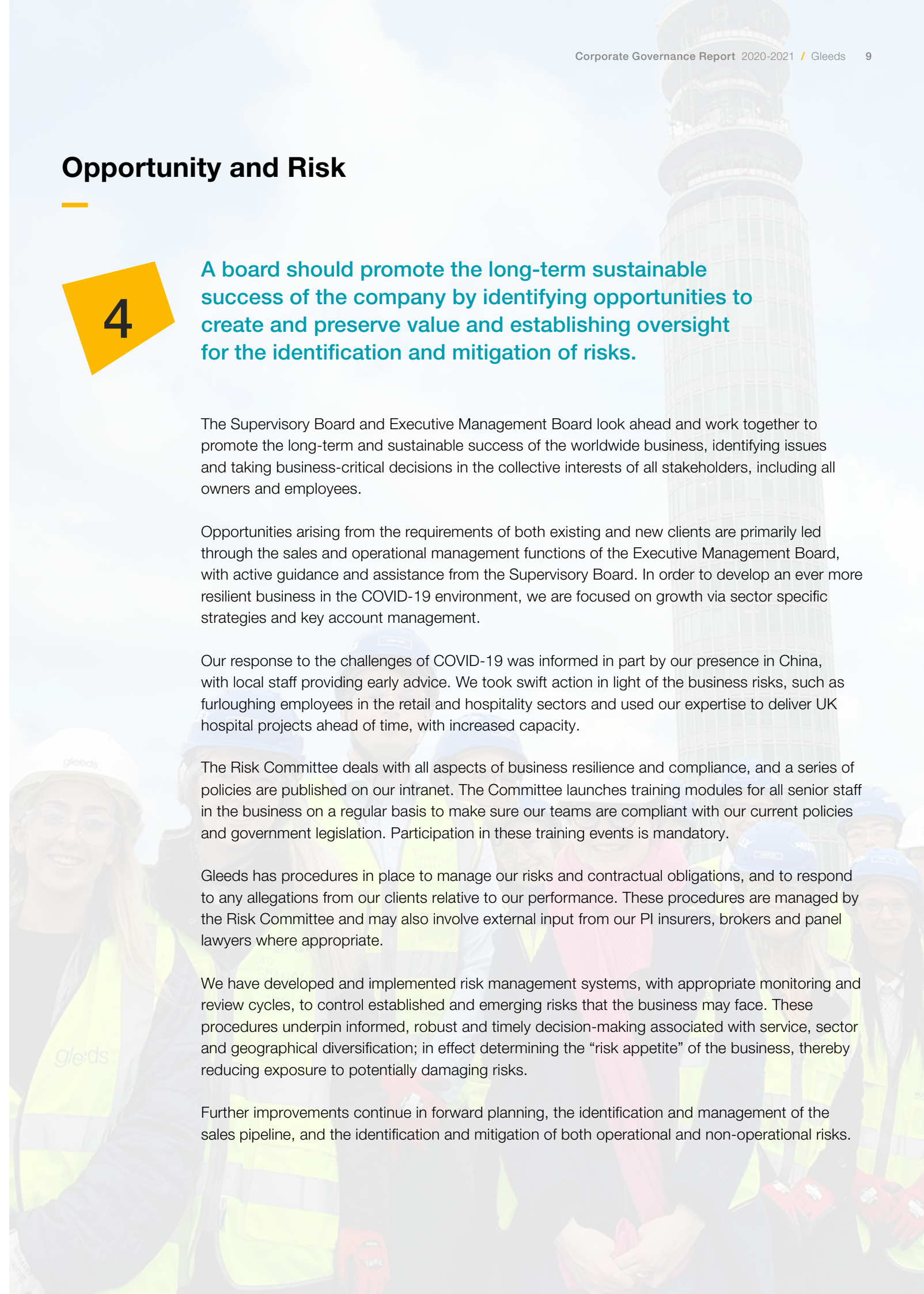
Our response to the challenges of COVID-19 was informed in part by our presence in China, with local staff providing early advice. We took swift action in light of the business risks, such as furloughing employees in the retail and hospitality sectors and used our expertise to deliver UK hospital projects ahead of time, with increased capacity.

The Risk Committee deals with all aspects of business resilience and compliance, and a series of policies are published on our intranet. The Committee launches training modules for all senior staff in the business on a regular basis to make sure our teams are compliant with our current policies and government legislation. Participation in these training events is mandatory.

Gleeds has procedures in place to manage our risks and contractual obligations, and to respond to any allegations from our clients relative to our performance. These procedures are managed by the Risk Committee and may also involve external input from our PI insurers, brokers and panel lawyers where appropriate.

We have developed and implemented risk management systems, with appropriate monitoring and review cycles, to control established and emerging risks that the business may face. These procedures underpin informed, robust and timely decision-making associated with service, sector and geographical diversification; in effect determining the “risk appetite” of the business, thereby reducing exposure to potentially damaging risks.

Further improvements continue in forward planning, the identification and management of the sales pipeline, and the identification and mitigation of both operational and non-operational risks.



Remuneration

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A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.

The remuneration of directors and senior leaders is managed through the Remuneration Committee and implemented by the Executive Management Board, taking into account pay and conditions across the business. The Remuneration Committee ensures fairness, equity and consistency in approach to remuneration for senior executives globally.

Compensation and benefit plans are regularly reviewed and benchmarked against competitors to ensure they remain competitive. The global businesses operate a profit-related bonus scheme for Regional Country Directors. In the UK, a profit share scheme is in place for Directors which is based on performance across the market versus targets.

Gleeds provides data to the [Gender Pay Gap reporting service](#) in the UK. We have seen a 21.3% improvement in the mean gender pay gap and a 20% improvement in the mean gender bonus gap between 2018 and 2019. To support the narrowing and eventual elimination of the gender pay gap, we commit to reducing the mean gender pay gap from 27.4% to 20% by 2022. We will launch a "Return to Work" scheme in 2021, supporting women re-joining the business after caring for children or taking a career break. We are also undertaking an independent equal pay audit, and our 100% blind CV review process will be in place by Q1 2021.

The incentivisation of outstanding performance, aligned with the long-term success of the business forms part of a continuing improvement plan going forward.

Gleeds' 2020 employee engagement survey achieved an 81% response rate



Stakeholder relationships and engagement

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Directors should foster effective stakeholder relationships aligned to the company's purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.

The Supervisory and Executive Management Boards promote an open and transparent engagement with all stakeholders. The Executive Management Board takes the lead in fostering effective relationships with both internal and external stakeholders, protects and promotes the Gleeds reputation and brand, and draws on the experience of the Supervisory Board. In 2019, 187 clients completed our yearly satisfaction survey. Almost 60% said that they had recommended Gleeds to a colleague or friend. Negative feedback is dealt with by our Chief Client Officer, who seeks to resolve any issues immediately.

The Executive Management Board leads on environmental, social and governance commitments and will publish Gleeds' strategy in line with the Global Reporting Initiative (GRI) in Q1 2021. The GRI provides a holistic framework that addresses broad performance in these areas, helping us to measure and benchmark progress, including carbon reporting requirements. The business has signed up to the Science Based Targets Initiative, which means putting in place a plan to achieve carbon emission reductions in line with the IPCC report recommendations.

The Gleeds Global Challenge will continue to be championed by the Board, encouraging all employees to contribute to community engagement and charitable causes. Health and wellbeing is a key priority, with the Lifeworks programme making confidential support and resources available 24/7; 32 trained Mental Health First Aiders and a 12-month partnership with UK mental health charities MIND, the Scottish Association for Mental Health and Inspire, voted for by employees.

The Supervisory Board promotes active engagement with charity and pro-bono work, with the Chairman acting as an ambassador for the Nehemiah Project, a charity providing homes and support for people with a history of addiction. Other interests include sustainability and climate change, and lobbying government on behalf of the industry.

Staff views, experiences and information sharing are encouraged via engagement surveys, online open forums, various steering groups (such as the Diversity and Inclusion panel), the Gleeds intranet, and digital collaboration tools such as MS Teams and Yammer.

Weekly town hall sessions are hosted and recorded for all UK staff, encouraging regular dialogue and two-way communication. Employee surveys in May and October 2020 sought views from our people with respect to the new ways of working during and post-COVID-19; the results of which have been shared with employees and are being used to inform our policies and estates strategy. The "Future Fit" steering group was established to provide guidance on making our offices COVID-secure, sharing policies and practices with health, safety and wellbeing a number one priority.

