

Governance

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Governance at a glance

Our Board

The Board has eight directors comprising the Chair, three Executive Directors and four independent Non-Executive Directors.

Biographies of the Directors are available on pages 68 to 69 and on our website, www.genuitgroup.com.

Independent Non-Executive Chair	Executive Directors	Independent Non-Executive Directors (NEDs)	Company Secretary
– Kevin Boyd	– Joe Vorih (CEO) – Paul James (CFO) – Matt Pullen (COO)	– Mark Hammond – Lisa Scenna – Louise Brooke-Smith – Shatish Dasani	– Emma Versluys

Board governance framework

Good governance provides the structure to enable the Board, acting collectively, to fulfil its responsibility to promote the success of Genuit Group plc and create long-term value for shareholders.

Genuit Group plc Board

Nomination Committee

Pages 81 to 85

Risk Committee

Pages 86 to 89

Audit Committee

Pages 90 to 95

Remuneration Committee

Pages 101 to 126

Decision-making

The Board has made some significant decisions this year, including approving the Group's refreshed strategy, which reflects the way in which the Group has evolved from its heritage in plastic pipes to become a leading player in sustainable water and climate management solutions.

Engagement and consideration of all material stakeholders as part of this refresh was a key consideration for the Board and senior management.

Read more about other key decisions and engagement with stakeholders in our Stakeholder Engagement section on pages 42 to 45.

Board appointments

Joe Vorih was appointed Chief Executive Officer in February 2022.

Lisa Scenna was appointed Remuneration Committee Chair in September 2022, and Senior Independent Director in March 2023.

Kevin Boyd was appointed as Chair of the Board in November 2022.

Shatish Dasani was appointed as Non-Executive Director and Audit Committee Chair in March 2023.

Further information on changes to the Board can be found in the Nomination Committee Report on pages 81 to 85.

Diversity and inclusion

A Board education and insight session took place in August 2022, facilitated by an external expert which led to individual commitments and agreement to a diversity and inclusion ambition, strategy and three-year delivery plan.

Employee engagement

The Board prioritised increasing the level of direct employee engagement, and our dedicated employee engagement NED hosted employee feedback sessions across four of our UK sites. Read more on page 76 of our Governance Report.

Climate change

The impact of climate change, its related risks and opportunities and relevant mitigating actions was a key consideration for the Board. Read more in our TCFD Report on pages 26 to 35, and our Risk Committee Report on page 89.

Culture

Foundations were laid during 2022 to develop an established cultural framework in 2023, to progress the Group's employee value proposition and support our strategic plans for growth.

Chair's introduction to Governance

Kevin Boyd, Independent Non-Executive Chair



Enabling long-term value

Good governance provides the infrastructure to improve the quality of the Board's decisions and enables the more effective creation of long-term value.

I am pleased to present my first Governance Report as Chair of the Company for the year ended 31 December 2022, following my appointment as Chair on 1 November 2022.

This Governance Report, as well as the reports of the Audit, Nomination, Risk and Remuneration Committees give further insight into the Board's activities during the year, which will enable all stakeholders to determine the Company's compliance with the UK Corporate Governance Code (the Code). This Report, as well as the Directors' Remuneration Report, set out in greater detail how the principles and provisions of the Code have been applied during the year and how the Board and its Committees have fulfilled their responsibilities to ensure high levels of governance are in place across the Group. Engaging with our stakeholders is a priority, and further detail on how we have done this during 2022 can be found on pages 42 to 45.

The Board strongly believes that good governance provides the infrastructure to improve the quality of the Board's decisions and enables the more effective creation of long-term value, and we are therefore committed to maintaining high standards of corporate governance during 2023.

In addition to the appointment of Joe Vorih as Chief Executive Officer in February 2022, the year has seen further changes to the Board, with Louise Hardy stepping down from the Board and as Chair of the Remuneration Committee in September 2022, and Lisa Scenna succeeding Louise as Remuneration Committee Chair as a result. In accordance with the Code, Ron Marsh, Chair since 2014, stepped down as Chair of the Board on 1 November 2022, but remained a member of the Board until 31 December 2022 in order to effect an orderly handover of the Chairmanship. As outlined in the Governance Report on page 70, the Company was non-compliant with Provision 24 of the Corporate Governance Code with effect from 1 November 2022 as a result of the Chair also serving as Audit Committee Chair. A clear explanation of the reasons for this has been provided on page 70, and I am pleased to confirm that on 1 March 2023, Shatish Dasani was appointed to the Board as a Non-Executive Director, and appointed as Audit Committee Chair with effect from 7 March 2023. Lisa Scenna was also appointed as Senior Independent Director on 7 March 2023, in anticipation of Mark Hammond's retirement in October 2023. These changes are in line with our succession planning and recruitment policies to ensure a diverse Board with a combination of skills and experience, and I believe that we have a strong and multi-skilled Board in place with the necessary motivation and an appropriate balance of experience.

Chair's introduction to Governance continued

Section 172 Statement

In accordance with the 2018 UK Corporate Governance Code and the Companies Act 2006, the Board, in its decision-making process, considers what is most likely to promote the success of the Company for its shareholders in the long term, as well as considering the interests of the Group's employees and other stakeholders and understanding the importance of taking into account their views. The Board also considers, and takes seriously, the Group's impact on the local communities within which it operates, as well as reviewing actions being taken to mitigate any negative impacts our operations have on the environment.

Considering this, the Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the Company for the benefit of its members as a whole. The Board's activities and considerations in meeting this requirement are covered in detail in our s172 Statement.

[Read more on pages 46 to 48.](#)

Board composition and diversity

The composition, size and diversity of the Board continues to be monitored and during 2022, the Board participated in a diversity and inclusion workshop at its meeting in August, further details of which are set out later in this Report. The Board supports diversity in the widest sense and acknowledges the advantages that come from having diverse viewpoints across the Group's businesses and in the decision-making processes at Board and senior management level. We believe that our Board is well-balanced and diverse, with the right mix of skills, experience, independence and knowledge to allow it to discharge its duties and responsibilities effectively and to lead the Group during the next phase of its strategic development.

I am pleased to report that as at the date of this Report, the Company has 25% female representation on its Board, 33% female representation on its Executive Committee, and 42% female representation at senior level (compared with 26% in 2021), being the Executive Committee and its direct reports. We are proud of the changes we continue to make to create a more diverse and inclusive environment and are committed to maintaining this diverse approach at all levels of recruitment. Following Shatish's appointment as a Non-Executive Director, and Lisa's appointment as Senior Independent Director, as at the date of this Report we are compliant with two of the Listing Rule recommendations.

The Board welcomes the changes to the Listing Rules in respect of diversity reporting and, in line with these recommendations, will include a full disclosure in the 2023 Annual Report and Accounts.

Our Nomination Committee is continuing to further develop its succession plans for the Board and senior management with support from the Executive Committee and the Chief People Officer. You can read more about the work of our Nomination Committee on pages 81 to 85.

Board evaluation

During the 2022 financial year we undertook an external evaluation of the Board and its Committees, in accordance with the requirements of the Code. The results of this evaluation were discussed by the Board at its meeting in March 2023. The evaluation comprised a detailed questionnaire and one-to-one interviews, covering a range of areas, including Board composition and strengths, roles and responsibilities, vision, goals and focus of the Board, structure and functionality, personal effectiveness and collective effectiveness and ability to resolve conflicts. The results of the evaluation concluded that whilst there were areas where improvements could be made, overall, the Board and its Committees continued to operate efficiently and effectively. Further detail on the results of the evaluation is set out on page 79 of this Governance Report.

Culture and purpose

Our colleagues across all our businesses are focused on 'Helping Construction Build Better' as we bring collaborative and problem-solving mindsets to the challenges faced by our customers in improving the built environment.

Sustainability is at the heart of how we run our businesses, and we want to ensure we have the most talented, empowered and diverse teams focusing on our key objectives around growth, innovation and addressing the challenges facing construction.

The Board continues to prioritise setting the culture from the top, aligning our purpose, behaviours, and strategy to the culture of the Group. The Board recognises its responsibility for shaping, monitoring and overseeing culture, and recognises that effective management of this is necessary to enable the delivery of long-term success for all stakeholders.

The strategy refresh during the year, as well as the changes to our organisational structure, continue to support our culture and our desire to embed the right behaviours across the Group. We remain of the view that decision-making by those people who are closest to their respective customers and who are experts in their fields is key to continuing to respond to our customers' needs. As a result, the Board understands the importance of promoting a culture whereby employees understand the common Group purpose and strategy, but also feel empowered to act. We therefore need to ensure that our governance structures create sufficient challenge and debate so we can be confident we continue to make good decisions for the long-term success of the Group. You can read more about the culture of the Group and some examples of the way in which the Board encourages and engages within this Governance Report on page 76.

Chair's introduction to Governance continued



Employee engagement

Following the challenges of the Covid-19 pandemic during 2020 and 2021, the Board was keen to increase and improve direct engagement with employees in 2022 and seek further opportunities to hear employees' views and consider those views in its decision-making. You can read more about the employee engagement programme during 2022 and some of the actions taken on page 76 of this Governance Report. In addition to employee engagement more generally, there was also regular interaction during the year between the Board and members of the senior management teams across the Group through site visits, presentations, Board and Committee meetings and the annual strategy day.

Looking at 2023 and beyond

During 2023, we will continue to address the challenges caused by climate change and urbanisation by developing and producing sustainable solutions, focusing on our sustainability framework and its growth drivers, trends and opportunities. We will continue to foster a culture across our businesses that result in the right decisions and actions to promote the success of the Group for the long-term, and for the benefit of our members as a whole; whilst holding ourselves accountable against our sustainability targets and raising the bar for sustainability to promote the generation of smarter and more sustainable policies and practices across our industry. Working together, we will make the built environment more sustainable for generations to come, whilst maintaining a robust governance structure which continues to address and understand the needs of all our stakeholders.

As always, we welcome questions or comments from shareholders either via our website or in person at the Annual General Meeting (AGM) scheduled to be held at Genuit Group's offices in Leeds at 4 Victoria Place, Holbeck, LS11 5AE on 18 May 2023.

Kevin Boyd

Independent Non-Executive Chair

14 March 2023

Directors and Officers

Committees

In addition to the Genuit Group plc Board, there are four Committees:

Audit Committee



Risk Committee



Nomination Committee



Chair of Committee



Remuneration Committee



Kevin Boyd
Chair

Appointed: 22 September 2020

Experience: Kevin Boyd has extensive listed plc experience in the engineering and manufacturing sectors, bringing a strong combination of financial, strategic and multi-organisational expertise to the Board. He was previously the Chief Financial Officer of global engineering group Spirax-Sarco Engineering plc and prior to that Chief Financial Officer of Oxford Instruments plc and Radstone Technology plc. Kevin has a BEng from Queens's University Belfast, is a Chartered Engineer, a Chartered Accountant and a Fellow of the Institute of Chartered Accountants in England and Wales and the Institution of Engineering and Technology. Kevin was appointed Chair of the Board on 1 November 2022.

External appointments: Non-Executive Director and the Audit Committee Chair of EMIS Group plc and a Non-Executive Director of Bodycote plc.



Joe Vorih
Chief Executive Officer

Appointed: 28 February 2022

Experience: Joe joined Genuit from Spectris plc, a FTSE 250 company, where he was president of HKB, a standalone division and key platform business within the Group from January 2019, having joined Spectris in 2016. Prior to that, he worked for Clarcor Corporation, a NYSE listed business delivering filtration solutions and Danaher Corporation, also a US listed global business in industrial, test and medical equipment. He has a Bachelor of Science and a Master of Science in Mechanical Engineering from the Massachusetts Institute of Technology.

External appointments: Director of Muth Mirror Systems, LLC. and Rocky Neck Partners, LLC.



Paul James
Chief Financial Officer

Appointed: 5 March 2018

Experience: Before joining Genuit, Paul served as Group Financial Controller of Dixons Carphone plc, and prior to this role held the position of Group Financial Controller and Treasury Director of Inchcape plc and senior financial positions at British American Tobacco plc in the United Kingdom, the Netherlands and Russia. He is a Fellow of the Institute of Chartered Accountants in England and Wales and has a Bachelor of Science in Civil Engineering and an MBA from Edinburgh University.

External appointments: None.



Matt Pullen
Chief Operating Officer

Appointed: 1 November 2021

Experience: Before joining the Group, Matt was Managing Director of British Gypsum, a part of the Saint-Gobain Group, based in the UK. Prior to that, he worked for AkzoNobel for eight years undertaking various commercial and leadership roles of increasing seniority in the UK, Ireland and Northern Europe with his last role as Managing Director, UK & Ireland. Prior to that Matt held various operational roles within the FMCG sector.

External appointments: Trustee of the Construction Industry charity CRASH and an Industrial Cadets Ambassador.



Lisa Scenna
Senior Independent Director

Appointed: 24 September 2019

Experience: Lisa Scenna has over 20 years' business experience working at executive director level in large private and publicly listed multinational corporations with a strong background in strategic and financial business change, with her most recent executive role being with the Morgan Sindall Group as Managing Director of MS Investments. Prior to this, she held executive roles with Laing O'Rourke, Stockland Group and Westfield Group in Australia. Lisa has a Bachelor of Commerce from the University of NSW, and is a member of the Australian Institute of Company Directors and the Institute of Chartered Accountants in Australia. Lisa was appointed as Senior Independent Director on 7 March 2023.

External appointments: Non-Executive Director of Cromwell Property Group, an Australian listed company and Non-Executive Director of Harworth Group plc.

Directors and Officers continued



N A R

Mark Hammond
Non-Executive Director

Appointed: 16 April 2014

Experience: Mark Hammond's executive career spanned over 25 years in banking and private equity, most recently as Deputy Managing Partner of Caird Capital LLP at the time it led the IPO of Genuit in 2014. He has been a member of the Institute of Chartered Accountants of Scotland since 1991 and was previously a Director of David Lloyd Leisure Limited and Tuffnell Parcels Express.

External appointments: Chair of DX (Group) plc, Chair of Governors of Beechwood Park School and a Director of Chaffin Holdings Limited.



A N R

Shatish Dasani
Non-Executive Director

Appointed: 1 March 2023

Experience: Shatish Dasani is an experienced former FTSE Chief Financial Officer and current Audit Committee Chair of UK publicly listed companies, with a career in financial roles spanning over 30 years. He was previously Chief Financial Officer of TT Electronics plc, a global manufacturer of electronic components and Forterra plc, a manufacturer of building products for the UK construction industry. Shatish was previously Non-Executive Director of Camelot Group plc and Network Rail, and his historic and current experience within the construction industry, manufacturing, and engineering sectors as well as experience in the financial sector brings further invaluable knowledge, experience and skills to the Board.

External appointments: Senior Independent Director and Chair of the Audit & Risk Committee of Renew Holdings plc, and Non-Executive Director and Audit & Risk Committee Chair of SIG plc and Speedy Hire plc. He is also a Trustee and Board Chair at UNICEF UK, the children's charity.



N A R

Louise Brooke-Smith
Non-Executive Director

Appointed: 24 September 2019

Experience: Louise Brooke-Smith has extensive expertise in the property, construction and infrastructure industries, being an experienced property and planning adviser, past Global President of the Royal Institution of Chartered Surveyors and member of the Royal Town Planning Institute. She was formerly a partner at Arcadis LLP. Louise holds a Bachelor of Science from Sheffield Hallam University and an honorary doctorate, and is a Freeman of the City of London. Louise is our nominated employee engagement NED.

External appointments: Development and Strategic Planning Adviser for Consilio Strategic Consultancy Limited, Governing Board member of Birmingham City University, Chair of the Board of All We Can (International Relief & Development Agency), a regional Board member of the CBI, and a Board Trustee of The Land Trust and a Trustee of Birmingham Museum & Art Gallery.



RI

Emma Versluys
Group Legal Counsel and
Company Secretary

Appointed: 28 June 2017

Experience: Emma Versluys is our Group Legal Counsel and Company Secretary and is Secretary to the Board and three of its Committees. Before joining Genuit, Emma was Deputy Company Secretary at Provident Financial plc, and has also held company secretarial roles at Serco plc and Alliance UniChem plc. She is an Associate of The Chartered Governance Institute and is also a solicitor. Emma is a member of the Executive Committee and the Risk Committee.

Executive Committee members



RI

Clare Taylor

Clare is our Chief People Officer. She is a member of the Executive Committee and the Risk Committee.



RI

Martin Gisbourne

Martin is our Group Strategy and Marketing Director. He is a member of the Executive Committee and the Risk Committee.

Corporate Governance Statement



Kevin Boyd
Chair of the Board

This statement outlines the processes the Company has followed throughout the year to comply with the UK Corporate Governance Code (the Code) and demonstrates compliance with each provision. Maintaining the highest standards of governance is integral to the successful delivery of our strategy, and the Board is committed to ensuring that these standards are continually met.

This Corporate Governance Report (Report), which is also available on the Company's website, explains key features of the Company's governance structure and aims to provide a greater understanding of how the principles of the Code, published in July 2018 by the Financial Reporting Council (FRC), have been applied and the areas of focus during the year. The Code can be found on the FRC's website at www.frc.org.uk.

The Board believes that good corporate governance is the key to providing confidence to stakeholders in the reliability and future performance of the Company, in the execution of its strategy. The Board deems good governance as essential for the long-term sustainable success of the Company. During the year, the Board kept under review the governance structures of the Group and ensured that any decisions taken in respect of this were done so following adequate consideration and discussions by the Board as a whole. It is a priority of the Board to maintain compliance with the Code at all times. In accordance with the Listing Rules of the Financial Conduct Authority, the Company has been compliant during the year with the Principles and Provisions set out in the Code, with the exception of Provision 24. Kevin Boyd (previously Audit Committee Chair) was

appointed as Chair of the Board on 1 November 2022, in anticipation of Ron Marsh's retirement from the Board given his eight-year tenure.

The Board recognised the need to appoint a successor to Kevin as Chair of the Audit Committee following his appointment as Chair of the Board to ensure it complied with Provision 24 of the Code, but it was deemed appropriate and necessary to prioritise a smooth handover between the incumbent and incoming Board Chairs. It was therefore agreed that Kevin would also remain in his post as Audit Committee Chair in the interim whilst a suitable candidate was identified, a process which was expedited by the Nomination Committee during Q3 2022. The Company confirms that it is now compliant with Provision 24, following Shatish Dasani's appointment to the Board as a Non-Executive Director on 1 March 2023, and as Chair of the Audit Committee with effect from 7 March 2023.

The Report also includes items required by the FCA's Disclosure Guidance and Transparency Rules. The Board has ultimate responsibility for the approval of the Annual Report and Accounts. It has considered the content of the Annual Report and Accounts and confirms that, taken as a whole, it is fair, balanced and understandable and provides the necessary information for shareholders to assess the Company's position and performance, business model and strategy. Further detail on the process followed to make this assessment can be found on page 93. The following table sets out where stakeholders are able to obtain further details within the Annual Report to evaluate how the Company has applied the principles of the Code.



Good corporate governance is the key to providing confidence to stakeholders in the reliability and future performance of the Company.

Corporate Governance Statement continued

Compliance with the UK Corporate Governance Code (the Code)

Section 1: Board leadership and company purpose	63 to 80	Section 4: Audit, risk and internal controls	90 to 95
A Effective and entrepreneurial board to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society		M Independence and effectiveness of internal and external audit functions and integrity of financial and narrative statements	
B Purpose, values and strategy with alignment to culture		N Fair, balanced and understandable assessment of the company's position and prospects	
C Resources for the company to meet its objectives and measure performance. Controls framework for management and assessment of risks		O Risk management and internal control framework and principal risks company is willing to take to achieve its long-term objectives	
D Effective engagement with shareholders and stakeholders		Effectiveness of external auditor	94
E Consistency of workforce policies and practices to support long-term sustainable success		Fair, balanced, understandable	93
Culture	75	Risk management	88 to 89
Risk framework	55	Internal control framework	94
Stakeholder engagement	42 to 45		
Section 2: Division of responsibilities	72 to 73	Section 5: Remuneration	100 to 126
F Leadership of board by chair		P Remuneration policies and practices to support strategy and promote long-term sustainable success with executive remuneration aligned to company purpose and values	
G Board composition and responsibilities		Q Procedure for executive remuneration, director and senior management remuneration	
H Role of non-executive directors		R Authorisation of remuneration outcomes	
I Company secretary, policies, processes, information, time and resources		Remuneration Policy	105 to 113
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Roles and responsibilities	73		
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J Board appointments and succession plans for board and senior management and promotion of diversity			
K Skills, experience and knowledge of board and length of service of board as a whole			
L Annual evaluation of board and directors and demonstration of whether each director continues to contribute effectively			
Board evaluation	79		
Diversity	85		
Succession planning	83		

Corporate Governance Report continued

Leading by example

The Board

The primary role of the Board is to lead and steer the Group in such a way that ensures long-term sustainable success in accordance with its strategic goals and purpose, setting its culture and expected behaviours from the top. It has collective responsibility for this and is accountable to the Company's shareholders, as well as representing the interests of all material stakeholders. It takes the lead in establishing the Company's purpose, values, strategy, financial policy and ensuring that a sound system of internal control and adequate risk management is maintained.

The 2018 FRC Guidance on Board Effectiveness provides that the Board should ensure there is a formal Schedule of Matters reserved for the Board to assist with planning and provide clarity over where responsibility for decision-making lies. The Board may appoint committees as it thinks fit to exercise certain of its powers. Specific areas of delegation are set out in the Terms of Reference for the Committees, as outlined further in this Report, as recommended by the Code. While the Board may make use of committees to assist with its consideration of appointments, succession, audit, risk and remuneration, in accordance with the Code and the FRC Guidance, it retains responsibility for, and endorses, final decisions in all of these areas for the Group. The Schedule of Matters sets out those powers reserved for

the Board, in accordance with the Code. These were reviewed during the year to ensure they continue to reflect corporate governance requirements and any updated governance structures in place across the Group. The Schedule of Matters includes, but is not limited to, the matters set out below.

The Board delegates the responsibility for implementing the Group's business model and for the day-to-day operational management of the Group to the Chief Executive Officer (CEO) supported by the Executive Committee comprising the Chief Financial Officer (CFO), the Chief Operating Officer (COO), the Group Strategy and Marketing Director, the Chief People Officer and the Group Legal Counsel and Company Secretary. The Executive Committee is supported by the senior management team. The Board has direct access to the Company Secretary, who is responsible to the Board for ensuring that Board procedures are complied with and that the Board has full and timely access to relevant information.

The Board may take independent professional advice in the furtherance of its duties, if necessary, at the Company's expense.

1.

Strategy and management

- Receive and approve long-term objectives and strategic direction of the Group
- Approve the Group's risk management policies and appetite
- Have oversight of the Group's operations ensuring effective and prudent management, ensuring a sound internal control framework and risk management system is maintained
- Approve the commencement of any major new business activity, including acquisitions or capital projects
- Assess and monitor culture across the Group, ensuring that policy, practices and behaviours are aligned with its purpose, values and strategy
- Take action to identify and manage conflicts of interest and ensure that third party influence does not compromise or override independent judgement

2.

Financial reporting

- Approve annual budgets, the dividend policy, annual and half-yearly accounts, accounting policies and monetary limits
- Approve the issue of shares or of securities conferring rights of subscription for or conversion into shares in the Company
- Ensure formal and transparent policies and procedures are in place to ensure the independence and effectiveness of internal and external audit functions

3.

Capital structure and borrowings

- Approve the granting of security over any Group asset
- Review any liabilities of materiality, such as credit notes, stock write offs or guarantees
- Review the policy for the financing of the Group

4.

Legal, administration and pensions

- Approve the overall levels of insurance for the Group, including Directors and Officers insurance
- Review and approve the commencement or settlement of any major litigation

5.

Communications with shareholders

- Responsible for ensuring satisfactory dialogue with shareholders
- Review and approve shareholder communications in respect of circulars and other relevant communications concerning matters decided by the Board

6.

Board and corporate governance arrangements

- Review and monitor Group corporate governance arrangements at Board level and senior management level as appropriate
- Approve conflicts of interest where permitted by the Company's Articles of Association
- Oversee the operation of the Company's share option schemes as recommended by the Remuneration Committee

Corporate Governance Report continued

Board and Committees

To ensure it discharges its duties effectively, the Board has delegated other specific responsibilities to its principal committees: the Audit, Nomination, Remuneration and Risk Committees. Each Committee's responsibilities are clearly defined within their own Terms of Reference. These Terms of Reference are reviewed every year and updated as necessary to reflect legislative changes and best practice and to ensure individual and collective Committees' efficiency and effectiveness is maintained. The Terms of Reference for each Committee are available on the Company's website. The Committees carry out their required duties and make recommendations to the Board for approval. Each Committee Chair provides an update to the Board on the key discussions and decisions made at the preceding Committee meeting. This allows the Board to make reasoned decisions, and if required, take appropriate actions.

Each Committee has reported on its contribution to the Board's decision-making during the year, details of which can be found later in this Report. Biographies of the Chairs of each of the Board Committees, as well as all other Directors, are set out on pages 68 and 69.

The Board

Chair

- Provides overall leadership and governance
- Sets the Board agenda
- Promotes a culture of openness, challenge and constructive debate
- Ensures Directors understand the views of major shareholders and stakeholders

Chief Executive Officer

- Executive management of the Group's business
- Develops and implements Group strategy and commercial objectives
- Leads senior management team in effecting decisions of the Board
- Communicates with the Board, shareholders, employees and other stakeholders

Executive Directors

- The CFO implements, manages and controls the Group's financial-related activities, including the development of appropriate financial strategies and the management of investor relations
- The COO is responsible for the effective and efficient management of operations across the Group

Non-Executive Directors

- Scrutinise and constructively challenge the performance of Executive Directors and contribute to setting strategy, succession plans and remuneration strategy
- The Senior Independent Director acts as a sounding board for the Chair, appraises their performance, leads the other NEDs, and is a direct contact for shareholders if necessary

Company Secretary

- Provides advice to the Board on all governance and legal-related matters, as well as advising Directors on their duties
- Assists with all Board and shareholder meetings and related paperwork
- Facilitates induction and training programmes for Directors

Board Committees

Audit Committee

- Overseeing financial reporting
- Internal control systems
- Internal and external audit functions

Nomination Committee

- Reviewing structure, size and composition of the Board and its Committees
- Board succession planning
- Determining the skills and characteristics needed in Board candidates to ensure a diverse skill set
- Considering stakeholder perspectives when deciding on recruitment processes and selection criteria

Remuneration Committee

- Setting remuneration policy for Executive Directors
- Operating the Company's share incentive arrangements
- Senior management remuneration
- Oversight of remuneration-related policies

Risk Committee

- Setting the risk appetite, risk tolerance and risk strategy of the Group
- Reviewing and reporting on risk management, principal risks and uncertainties and emerging risks
- Overseeing and implementing internal risk controls and risk management systems

Group Executive Committee

Responsible for:

- Manage investor relations (investors, analysts, media)
- Report to and manage communication with and escalation to the Board
- Manage corporate governance, compliance and risk

Executive Management Team

Responsible for:

- Develop and execute Group strategy
- Allocate resources and resolve conflicts across the Business Units
- Oversee Group-wide initiatives and synergies, including transparent understanding and agreement on Group functions' roles and remits

INFORMING



REPORTING



Corporate Governance Report continued

Board meetings

In total, there were 11 Board meetings held during the year to discuss and review progress on issues affecting the Group. A number of Committee meetings were also held during the year. Details of attendance at Board and Committee meetings are shown in the table below.

As the table demonstrates, every effort is made to ensure that all Directors, where possible, attend scheduled Board meetings. However, in the event that a Director is unable to attend a meeting, they are nevertheless provided with the meeting papers and information relating to the meeting and are able to discuss the issues arising with the Chair and other Directors. Agendas are drafted in line with the Schedule of Matters reserved for the Board, to ensure it remains compliant with its obligations throughout the year.

Senior management from across the Group as well as external advisers, attend some of the meetings for discussion of specific items in greater depth, and to provide training and updates.

In order to provide the Board with greater visibility of the Group's operations and to provide further opportunities to meet senior management, the Board will usually visit the Group's numerous businesses on a rolling basis each year. These visits allow the Board to engage directly with employees, as a supplement to the structured employee engagement forums that take place with the dedicated Non-Executive Director (further detail on the formal employee engagement forums can be found later in this Report on page 76). It allows the Board members to have direct insight into the daily operations across the Group at site level. Board dinners are held ahead of the scheduled meetings

where possible, to provide a more relaxed forum for the Board members to have additional discussions amongst themselves, as well as with the senior management team from that location. This enables the Board to partake in informal discussions outside of the Board meeting itself, which in turn enables a greater understanding of the culture across the Group. The Board visited five different sites during 2022, these being the Polypipe Building Products site in Doncaster, the Nu-Heat site in Devon, the Adey site in Cheltenham, the Plura site in the Wirral and Head office in Leeds.

Every year the Board holds an annual strategy day, where it spends a full day with senior management to discuss current performance of the Group and the strategic plan. The strategy day during 2022 was held in October and was structured as an interactive strategy session prior to the Board meeting as a presentation and Q&A forum, enabling engagement and opportunity for sufficient challenge from the Board on different elements of the strategy, and suitable focus to be given to specific details. It was further discussed in the Board meeting held later that day as a standalone agenda item.

BOARD AND COMMITTEE ATTENDANCE DURING 2022

	Board Attendance	Audit Committee Attendance	Nomination Committee Attendance	Remuneration Committee Attendance	Risk Committee Attendance
Ron Marsh ¹	11/11	–	4/4	4/4	–
Martin Payne ²	1/1	–	–	–	1/2
Joe Vorih ³	10/10	–	5/5	–	1/2
Mark Hammond	11/11	3/3	5/5	4/4	–
Paul James	11/11	–	–	–	4/4
Matt Pullen	10/11	–	–	–	3/4
Louise Hardy ⁴	7/7	2/2	2/2	2/2	–
Lisa Scenna	11/11	3/3	5/5	4/4	–
Louise Brooke-Smith	10/11	3/3	5/5	4/4	–
Kevin Boyd	11/11	3/3	3/3	4/4	–

1. In accordance with Provision 17, Ron Marsh did not attend the Committee meeting regarding the appointment of his successor, and Kevin Boyd did not attend the meetings which considered and approved his appointment as Chair.

2. Stepped down from the Board on 28 February 2022.

3. Joined the Board on 28 February 2022.

4. Stepped down from the Board on 30 September 2022.



Board site visits

The Board held meetings at different sites during the year, which included visits to Nu-Heat, Adey, Polypipe Building Products, Group's Head Office in Leeds and for the first time, Plura Innovations; which is located in Moreton on the Wirral. These visits usually consist of a management presentation and site tour followed by an informal dinner, which provide a more relaxed forum for the Board members to directly engage with the site management teams. The meeting in September 2022 at Plura Innovations also included a separate strategy update session for the Non-Executive Directors, which was hosted by Martin Gisbourne and Joe Vorih.

Corporate Governance Report continued

This enabled the Board to take time to reflect prior to approving the strategy in the Board meeting, complementing the direct feedback and questions within the strategy session itself. An informal dinner was also held thereafter to discuss and reflect on the discussions during the day in a more informal environment. The Board agreed that the refreshed strategy was of benefit to all material stakeholders for the long-term sustainable success of the Group, and the Board approved the strategy in advance of the Capital Markets Day which was held in November 2022. Further details on the Capital Markets Day can be found in our Strategic Report on page 44.

During the year, the Chair held regular meetings with the Non-Executive Directors without the Executive Directors present. The Chair's performance was assessed as part of the external evaluation conducted by Better Boards. Further detail on the results of the external Board evaluation can be found in this Report on page 79.



Developing a culture which is consistent and in line with the Company's purpose is key for the Group to fulfil its growth potential.

Investing in our people and culture



The Board recognises that our greatest asset for enabling the Group's achievement of its strategic goals is its people. Developing a culture which is consistent and in line with the Company's purpose is key for the Group to fulfil its growth potential, and monitoring and maintaining that culture as a consistent tool for driving change is a priority for the Board.

Monitoring culture is essential for the Board to ensure that across the Group, employees are operating in an effective and ethical manner and working together to enable it to achieve its long-term goals. A positive culture also helps to attract and retain talent and the Board receives an update at each meeting in respect of its people, which includes both qualitative and quantitative methods, as follows:

- Employee turnover and current headcount
- D&I data
- Grievances, governance and legal matters
- Policy training updates
- Recent internal communications and engagement activity
- Talent and development, including talent acquisition and retention
- Absence statistics
- Progress towards achieving The 5% Club
- Reasons for leaving
- Leadership development
- Reward, remuneration and incentives
- Strategic projects

During 2022, foundations were laid to develop an established cultural framework in 2023, with the intention of progressing the Group's employee value proposition and supporting our strategic plans for growth.

The cultural framework will encompass the overall purpose of the Group, linking it directly to its strategy, key behaviours which enable that purpose and strategy, and further plans to embed these across all people processes, including recruitment, performance management and leadership development.

Establishing an open and transparent culture across the Group as well as fostering and maintaining a culture which is responsive to stakeholder expectations and the external environment will continue to be a priority for the Board. As we grow, collaborate, create solutions and innovate, we recognise that collaboration with a common purpose will make a difference to achievement of our strategic goals.

Corporate Governance Report continued

Employee engagement

Direct employee engagement is one of the key methods to ensuring a unified culture exists across the Group. The appointment of a dedicated employee engagement Non-Executive Director means there is a consistent mechanism in place for employee views to be shared, discussed and considered by the Board in its strategic decision-making. During 2022, employee feedback sessions were held across four sites as part of the Genuit Group Employee Engagement Programme, with Louise Brooke-Smith, as the dedicated Non-Executive Director for employee engagement, hosting each session. Each session was structured to cover five key topics, being; strategy and vision, communication, diversity and inclusion, health and safety and governance. Each session provided an overview of the objective of the programme and invited employees to share their views confidentially.

The views of employees within each category were summarised collectively, as well as being shared on a site-by-site basis with the Board, so that gaps which existed across the Group, could be separated from those which required further intervention at site level. It was clear that employees felt that information on the capabilities and linkage between businesses remained important to them to help build a sense of being part of a wider Group. All employees agreed that understanding the wider organisation and continuing to improve interaction with their peers across the businesses would continue to provide opportunities to share knowledge,

identify synergies and continue to build a Genuit Group sense of belonging over and above their individual business. Employees all felt a sense of pride in their respective businesses and acknowledged the renewed focus on diversity and inclusion, confirming that they felt everyone had equal opportunities across the Group. Participants who were part of minority groups expressed that they had always felt included and respected by their teams. Overall, the teams felt from a D&I perspective, the workforce was a representation of the area in which the business operated.

Alongside this positive feedback, areas for improvement were identified within each category. These are summarised in the table shown, with the corresponding actions taken to mitigate and improve these over the course of 2023:



CATEGORY	ACTION
Strategy and Vision	
Some difficulties identifying with the Genuit Group following the rebrand from Polypipe Group in 2021.	A refreshed strategy for the Group was launched in November 2022 (further details in our Strategic Report on pages 2 to 18). Strategy leadership workshops were held in January 2023 which included leaders across all areas of the Group to realise the pathways for working toward achieving these strategic goals, further embedding and communicating the strategic direction of Genuit throughout the Group at all levels.
Communication	
Ensure frequency of communication is consistent at all businesses across the Group.	The Board approved the Workday HRIS system and Workplace by Meta communications platform, to enable consistent and wide-reaching Group communications. Workplace is now in place across the Group and accessible by all employees, and Workday will be launched during 2023.
Diversity & Inclusion	
Expressed that gender balance has improved over recent years but recognised that more could be done.	'Embrace equity' campaign being rolled out across the Group during 2023, with D&I Leadership Training sessions and commitments having taken place during 2022 to raise awareness of D&I in the workplace.
Health and Safety	
It was noted that visibility and focus on HSE could be further improved.	We have refreshed and restructured agreed HSE consultation and observational tours. The observations have focused on key areas within operational sites, with actions and projects to drive improvements. These are formally and closely monitored, and learnings shared with the local management teams and cascaded across the Group where appropriate.
Governance	
Raise awareness of other policies and procedures that may not be directly relevant to an individual's role.	A policies and procedures working group was established to ensure policies and their relevance are effectively communicated to all employees.

Corporate Governance Report continued

Driving Genuit forward

Board composition, qualification and experience

A successful Board is one which has a combination of skills, experience and knowledge; allowing all Directors to actively contribute to discussions and provide challenge where appropriate. At the year end, the Board comprised the independent Non-Executive Chair, three Executive Directors and three Non-Executive Directors. Ron Marsh, the previous Chair, retired from the Board on 31 December 2022. The Non-Executive Directors were appointed for the diversity of their backgrounds as well as their personal attributes and experience.

During 2022 a review was conducted on the current skills of the Board and an updated matrix of those skills was presented to the Nomination Committee for review and approval as part of its succession planning considerations during the year. People and culture, ESG and developing technological skills were identified as emerging skills that should be given greater focus. These skills, along with all other required and expected skills of Board members, will continue to be reviewed on a regular basis and will be considered by the Board and Nomination Committee in all recruitment and succession planning decisions going forward. The skills matrix also places focus on the diversity of the Board and is a useful tool to identify where further training or education is required for individual Directors as well as the Board, collectively. The Nomination Committee and the Board have considered the independence of each of the Non-Executive Directors.

As part of the appointment process, Directors are assessed on their skills, experience, and independence, which is reviewed on an annual basis in line with the skills matrix, their roles on the Board and Provision 10 of the Code. The Board considered the Chair and all the Non-Executive Directors to be independent throughout the period (or where applicable, from appointment). In accordance with Code Provision 18, all of the Directors are subject to annual re-election. Shatish Dasani was appointed on 1 March 2023 and will offer himself for election at the 2023 AGM and for re-election annually thereafter.

Separation of the roles of Chair and Chief Executive Officer

The Company recognises Principle F of the Code which outlines the responsibility of the Chair and their accountability for directing the Company. Objective judgement is paramount, and thus the roles and responsibilities of the Chair and the Chief Executive Officer (CEO) are separate and clearly defined, with a distinct division of responsibilities. This distinguishes management authority from Board authority, which in turn empowers the Chair and CEO to pursue their respective duties without concern that interests in one position might negatively influence the other.

It is the Chair's duty to provide overall leadership and governance of the Board and to ensure that the Company is run in the best interests of its shareholders. Part of this role includes setting the Board agendas, ensuring that adequate time is available for discussion of all agenda items and promoting a culture of openness, challenge and debate at Board meetings. Along with other members of the Board, the Chair also has a role in setting the Company's strategic direction, making key decisions about mergers and acquisitions, capital raises and other important matters.

Supported by the Company Secretary, the Chair keeps under review; the adequacy of the training received by all Directors, particularly on stakeholder-related matters, the induction received by new Directors, especially those without previous Board experience, and ensures the Board is provided with accurate and timely information – as well as determining how best to ensure that the Board's decision-making processes give sufficient consideration to material stakeholders.

The CEO is responsible for executive management of the Group's business, consistent with the strategy and commercial objectives agreed by the Board and its overall performance. The CEO leads the senior management team in effecting decisions of the Board and its Committees and is accountable to the Board, and ultimately the shareholders. The CEO is also responsible for the maintenance and protection of the reputation of the Group, ensuring that the affairs of the Group are conducted with the highest standards of integrity, probity and corporate governance. They are also responsible for communicating the Company's vision and performance to shareholders and other stakeholders, and for building and managing a strong executive management team.

Whilst the roles of the Chair and CEO are separate, the partnership between both is based on mutual trust and facilitated by regular contact between them. This strong partnership and regular communication ensures that the Company's strategic direction is aligned with the expectations of the Board and shareholders. It also helps to ensure that there is clear communication and coordination between the Board and executive management, which in turn avoids any potential conflicts or misunderstandings that could negatively impact the performance of the Group. It fosters a

positive and productive culture within the Company, which contributes to retaining top talent and maintaining good morale amongst employees. This separation of authority enhances the independent oversight of the executive management by the Board and helps to ensure that no one individual on the Board has unfettered authority.

Board skills and experience

The Board uses a skills matrix to identify the balance of skills, knowledge and experience of the Board, for its composition review and succession planning. The matrix highlights where the skills and experience of Directors are particularly strong, and where there are opportunities to further enhance the Board's collective knowledge. A high-level summary of the Board skills matrix as at 31 December 2022 is included below.

BOARD SKILLS MATRIX (NO. OF MEMBERS)

Recent and relevant financial experience	4
Competence relevant to the sector in which the Company operates	7
Listed Executive Director/Non-Executive Director experience	7
International experience	6
Legal and governance	7
Financial governance	7
ESG	6
Managing Investor relations	7
Developing technological capability	6
People and culture	6
M&A	7

Corporate Governance Report continued

Role of the Senior Independent Director

Lisa Scenna was appointed Senior Independent Director (SID) of the Company on 7 March 2023. She is available to shareholders and other stakeholders if they have concerns that cannot be addressed through normal channels. The role of the SID is to provide an independent perspective on the Board's decisions, act as a sounding board for the Chair, and as an intermediary for the other Directors when necessary. The SID is also available to chair the Board in the absence of the Chair and has authority to add items to the agenda of any regular or special meeting of the Board. The role of the SID is considered an important part of the composition of the Board, acting as a check and balance in the Group's governance structure.

Appointment and tenure

The Non-Executive Directors serve on the basis of letters of appointment, which are available for inspection at the Company's registered office. The letters of appointment set out the expected time commitment of the Non-Executive Directors who, on appointment, undertake that they have sufficient time to carry out their duties.

There is no fixed expiry date. The Executive Directors' service contracts are also available for inspection at the Company's registered office. The notice period for Executive Directors is 12 months.

External appointments

In accordance with Principle H, the Board takes seriously the requirement that all Non-Executive Directors should have sufficient time to meet their Board responsibilities. Whilst it recognises the benefits that greater Boardroom exposure provides for Directors, it closely monitors the nature and number of external directorships held to ensure continued compliance with Principle H. All Executive and Non-Executive Directors' external appointments are reviewed at each Board meeting as

standard, including detail of all those appointments over the previous five years. The Board reviews the nature of each appointment and the expected time commitment for each Director as part of this process, and concluded that, as at the end of 2022 and the date of this Report, none of these appointments compromise the effectiveness of any individual Director to provide constructive challenge, strategic guidance, offer specialist advice and hold management to account. Further details of our Non-Executive Directors' external appointments can be found in their biographies on pages 68 and 69.

Directors' induction and training/ professional development

The Chair, with the support of the Company Secretary, is responsible for the induction of new Directors and the ongoing development of all Directors. As reported in the 2021 Annual Report and Accounts, as part of the internal Board and Committee evaluations, a separate evaluation was conducted which assessed the quality and experience of the induction process for newly appointed Directors following Matt Pullen's appointment as Chief Operating Officer in 2021. Results of this evaluation showed the induction to be effective and the overall induction process was rated highly. Joe Vorih joined the Board during the year and completed his induction throughout 2022 in line with this feedback. The Company provided a comprehensive and tailored induction process, which included meeting with Executive and Non-Executive Directors and the Chair and having introductory meetings with senior management and external advisers where appropriate. Where necessary, new Directors are provided with training to address their role and duties as a Director of a quoted public company. Joe's induction also involved visits to all operational sites, and product briefings and training. Further detail on Joe's induction can be found in the Nomination Committee Report on page 84. The Chair and

Company Secretary continue to review the induction process and endeavour to make improvements wherever possible to ensure any newly onboarded Directors are successfully integrated into the Group and their role, as quickly as possible.

As the internal and external business environment changes, it is important to ensure that Directors' skills and knowledge are refreshed and updated regularly to allow them to adapt to these changes and make informed and effective decisions. The Board was given presentations during the year by the Company's financial advisers, brokers and lawyers, as well as several presentations by senior management and diversity and inclusion training – in addition to the strategy day referred to earlier in this Report. The Risk Committee also partook in training and workshops for climate-related risk matters and changing regulatory requirements and disclosures, such as the Task Force on Climate-Related Financial Disclosures (TCFD). The Company Secretary maintains responsibility for updating the Board on new legislation and regulation as well as changes to the current legislative and regulatory regimes to which the Company is subject. This is included in a report to the Board at every Board meeting.

Directors' conflicts of interest

Each Director has a duty under the Companies Act 2006 to avoid a situation where he or she may have a direct or indirect interest that conflicts with the interests of the Company. The Company has robust procedures in place to identify, authorise and manage such conflicts of interest, and confirms that these procedures have operated effectively during the year.

All potential conflicts approved by the Board are recorded in a conflicts of interest register which is maintained by the Company Secretary and reviewed by the Board on a regular basis.

Directors have a continuing duty to update the Board with any changes to their conflicts of interest.

Board and Director recruitment process

The recruitment process is designed to ensure the search for new Directors is thorough and inclusive, and ensures recruits possess the necessary experience and skills to support the Company's strategic direction, as well as showcasing an understanding of the Group's culture and purpose. The Chair leads the Nomination Committee to develop a candidate specification and brief, using the Board skills matrix as a basis for identifying gaps that should be addressed as part of the selection process. This brief is then placed with an executive search agency who must be a signatory to the Voluntary Code of Conduct for Executive Search Firms, in line with our Board Diversity Policy. Any agencies that are used as part of the recruitment process must confirm their independence on appointment and that they have no other connection with the Company or any individual Directors. The executive search agency then provides a long list of potential candidates from various backgrounds and industries based on this candidate brief, which is then shortlisted following discussions between the Chair, Senior Independent Director and other members of the Committee (or appointed sub-Committee, as appropriate). The candidates are interviewed and assessed against pre-determined criteria and in line with the specific candidate brief, which often involves meeting various Board members on a more informal basis to determine interpersonal dynamics. The successful candidate is then recommended for appointment to the Board, by the Nomination Committee, with the Company Secretary tasked with the formalities.

Corporate Governance Report continued

Board evaluation and effectiveness

In accordance with Code Provision 21, following the internal evaluation in 2021, the Board conducted an external evaluation during the financial year. This process was completed by Better Boards and involved completion of an anonymous online questionnaire and one-to-one interviews. These responses were then collated into an overall feedback report for the Board, as well as individual feedback reports for each Director and the Company Secretary. Overall, the results of the evaluation were positive, with the Board and its Committees viewed as operating effectively and in line with their respective remits. While several areas for further discussion and focus were also highlighted, no major items of concern were identified.

The Board discussed the results of the evaluation at its meeting in March 2023, and agreed the following actions for further review and discussion during the course of 2023:

1. Detailed review of structure, remit and composition of Board committees, in particular the merits of a separate sustainability committee.
2. Review of the process for agenda setting: to be more dynamic and inclusive, and enable deep dives into key/topical issues, whilst allowing sufficient time for governance related matters.
3. Review of board paper content to further streamline and standardise content and invite presentations from senior management to further enhance employee engagement.
4. Separate Board session to be held to review performance and behaviours in detail, as well as investing time in getting to know each other better and learning how to work more efficiently and effectively as a team.
5. Consider further opportunities for engagement with stakeholders.

A further update on progress against these actions will be included within the 2023 Annual Report and Accounts.

Directors' indemnity and insurance

The Company maintains Directors' and Officers' liability insurance to cover legal proceedings against Directors and Officers acting in that capacity.

Details of the Directors' indemnity arrangements can be found on page 97 of the Directors' Report.

Internal controls and risk management

The Board is responsible for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. It is also responsible for maintaining sound risk and internal control systems in accordance with the Code. The Board delegates the specific management and monitoring of this to the Risk Committee (as outlined in the Risk Committee Report on page 86 to 89), who report to the Board on all matters, including the effectiveness of these systems, and submit documents to the Board for approval, as appropriate. The Board is ultimately responsible for ensuring that:

- there is an ongoing process for identifying, evaluating and managing the principal risks faced by the Group;
- the systems have been in place for the year under review and up to the date of approval of the Annual Report and Accounts;
- the systems are regularly reviewed; and
- the systems accord with the FRC guidance on risk management, internal control and related financial and business reporting.

The principal risks and uncertainties, together with the emerging risks for the Group that the Risk Committee and Board have focused on this year, including their potential impact and mitigating actions are set out on pages 55 to 62.

The Company has a risk management framework which adopts a top-down and a bottom-up view of the key risks, which involves both the downward cascade and upward escalation of risks between the Group and the businesses. It comprises a risk register template, a risk profile template and assessment guidelines to be used by both the Group and Business Units when considering risk. It also includes a detailed approach to formally recording and independently assessing Group level risks.

The Board has conducted a review of the effectiveness of the system of internal controls and risk management following a detailed review undertaken by the Risk Committee, and is satisfied that it complies with Provision 29 of the Code.

Corporate Governance Report continued

Financial and business reporting process

The Board recognises its duty to ensure that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the position and performance, strategy and business model of the Company. In addition to the Annual Report and Accounts, the Company also ensures that other price-sensitive reports and other information are published externally.

The Group has a thorough assurance process in place in respect of the preparation, verification and approval of periodic financial reports, which is set out in the Report of the Audit Committee on pages 93 to 94.

This process includes:

- the involvement of qualified, professional employees with an appropriate level of experience (both in Group Finance and throughout the Group's businesses);
- formal sign-off from appropriate business senior executives;
- comprehensive review and, where appropriate, challenge from appropriate Group senior management and Executive Directors;
- a transparent process to ensure full disclosure of information to the external auditor; and
- oversight by the Audit Committee, involving (amongst other duties):
 - a detailed review of key financial reporting judgements which have been discussed by management; and
 - review and, where appropriate, challenge on matters including:
 - the consistency of, and any changes to, significant accounting policies and practices during the year;
 - significant adjustments resulting from an external audit;
 - the Viability Statement assumptions; and
 - the going concern assumption.

In accordance with Principle N of the Code, the Board is required to ensure our financial and business reporting is fair, balanced and understandable. To ascertain whether this is the case, it firstly establishes whether or not the information presented within the Annual Report and Accounts is fair; reviewing whether the whole story is presented and done so accurately, and if the key messages in the narrative reflect the way in which it is presented in the financial reporting. It secondly assesses whether the information presented is balanced; ensuring there is a good level of consistency between the narrative reporting in the front and the financial reporting in the back, as well as satisfying itself that the statutory and adjusted measures are explained clearly, with appropriate prominence. The final element to the assessment is to determine whether the Annual Report and Accounts are understandable. The Board assesses whether the Annual Report and Accounts uses language which is accessible to a reasonably well-informed reader, or provides clear definitions for technical vocabulary and acronyms where this is not possible; it should not be disjointed or repetitive and should tell a complete and straightforward story. The Board also ensures that important messages are highlighted or cross referenced appropriately throughout the document. Completion of this process provides comfort to the Board that the Annual Report and Accounts taken as a whole, is fair, balanced and understandable, and following its review, the Board was of the opinion that the 2022 Annual Report and Accounts is representative of the year and presents a fair, balanced and understandable overview.

Annual General Meeting

The Company's Annual General Meeting (AGM) is scheduled to be held on 18 May 2023. All shareholders have the opportunity to attend and vote, in person or by proxy, at the AGM. A copy of the notice of AGM can be found on the Company's website.

The AGM is the Company's principal forum for communication with private shareholders. The Chair of the Board and the Chair of each of the Committees will be available to answer shareholders' questions at the AGM.

The notice of AGM will be sent out to shareholders at least 20 working days before the meeting. Results will be announced to the London Stock Exchange via a Regulatory Information Service announcement and published on the Company's website.

Re-election of Directors

At the AGM, all Directors will retire and submit themselves for election or re-election. Shatish Dasani will offer himself for election at the 2023 AGM and for re-election annually thereafter. As a result of the Board evaluation exercise, as Chair, I am satisfied that each Director continues to show the necessary level of commitment to their role and has sufficient time available to fulfil his or her duties, to justify their re-election.

Approved by the Board and signed on its behalf.

Kevin Boyd
Chair of the Board
14 March 2023

Committee Chair introduction

Nomination Committee Report



Kevin Boyd
Chair of the Nomination
Committee

2022 Key Achievements

Appointment of Kevin Boyd as successor to Ron Marsh as Chair of the Board

Approval and implementation of the diversity and inclusion (D&I) programme within succession planning and recruitment strategies

Successful recruitment process for Non-Executive Director and Audit Committee Chair

Areas of focus for 2023

Further development of D&I in succession planning for the Board and senior leaders

Recruitment of Non-Executive Director to replace Mark Hammond when he retires from the Board during 2023

Appointment of Senior Independent Director to succeed Mr Hammond

Dear Shareholder

I am delighted to present the Report of the Nomination Committee (the Committee) for 2022, reporting on the work of the Committee during the year, as well as its ongoing objectives and responsibilities.

The role of the Committee is to establish and maintain a process for appointing new Board members and to support the Board in fulfilling its overall duties. There were numerous changes to the composition of the Board during 2021 and into early 2022, as well as a change of Chair in November 2022 in light of Ron Marsh approaching completion of a nine-year tenure, and it has therefore been essential that the Committee has operated an effective succession planning programme based on clear parameters. The Committee operated efficiently and effectively to enable the management of a successful recruitment and onboarding process for a new Chief Executive Officer and new Chair of the Board, in each case ensuring that the appointed individual not only has the necessary experience and skills to support the Company's strategic direction, but can also show an understanding of the Group's culture and purpose.

With the implementation of the updated UK Corporate Governance Code (the Code) in 2018, the Committee's importance and prevalence in maintaining and promoting the culture of the Company has continued to be one of the key considerations of the Committee as it implements its succession planning strategy. D&I has been high on the agenda across the Group, and the Board ensures that this is considered throughout all Board recruitment and succession planning processes.

All Board members received training as part of a Group-wide D&I training and awareness programme, and the lessons learned have been core to the Committee's approach to its recruitment strategy throughout 2022. Further detail on the considerations of the Nomination Committee in respect of D&I are showcased later in this Report.

During 2022, Joe Vorih was appointed as Chief Executive Officer and a member of the Board on 28 February 2022 following a rigorous recruitment process, details of which are set out in the 2021 Annual Report. The Committee also oversaw the successful recruitment of a new Chair, and I was appointed as Chair with effect from 1 November 2022 and took up Chairmanship of the Nomination Committee on the same date. This was in anticipation of Ron Marsh's retirement from the Board following completion of nearly nine years as a Non-Executive Director and Chair. Further details of the recruitment process are set out in this Report. Louise Hardy stepped down from the Board and as Remuneration Committee Chair on 30 September 2022, and Lisa Scenna was appointed as her successor. Following the year end, Shatish Dasani was appointed as a Non-Executive Director on 1 March 2023 and as Audit Committee Chair on 7 March 2023.

In keeping with Corporate Governance Code requirements, the senior management succession plan was reviewed and updated at the Committee meeting in February 2023, following a robust review process involving senior leaders, the Chief People Officer and the Group Talent Director. The Chief People Officer has continued to provide invaluable support to the Committee throughout the year, having been involved in all Board recruitment and attended all meetings of the Committee.

The Committee is supported by a strong Secretariat function with access to the Company Secretary at all times, and the Committee is kept up to date with all recommended guidance. This will continue to be monitored into 2023 to take into account any recommended changes or new requirements. The Committee welcomes the new diversity targets and 'comply or explain' approach set by the FCA within Listing Rules LR 9.8.6R(9) and LR 14.3.33R(1), having previously stated its commitment to the recommendations of the Parker Review. Full disclosure in accordance with this will be provided in the 2023 Annual Report and Accounts. We can confirm, as at the date of this Report, the Company complies with two of the recommendations in the Listing Rules.

The Committee will continue to focus on ensuring that individual Directors and the Board as a whole have the necessary experience and skills to support the Company's strategic direction, as well as the Board's ability to successfully oversee the delivery of such strategy. The Committee's considerations on these matters when making changes to the Board during the year are set out in more detail in this Report.

I will be available at the AGM to answer any questions about the work of the Committee.

Kevin Boyd
Chair of the Nomination Committee
14 March 2023

Nomination Committee Report continued

2022 in review

Members and meetings

The Committee comprises Kevin Boyd (the Chair) and all the Non-Executive Directors, being, Shatish Dasani, Mark Hammond, Lisa Scenna and Louise Brooke-Smith. In accordance with best practice, Joe Vorih (Chief Executive Officer) is no longer a member of the Committee, and accordingly, Joe Vorih and Clare Taylor (Chief People Officer) attend the Committee meetings by invitation only.

The Committee is chaired by the Chair of the Board, except when considering their own re-election.

All the Committee members are independent, in accordance with Code Provision 17. Further detail on the members of the Committee and their attendance at Committee meetings are set out on page 74. The Company Secretary acts as Secretary to the Committee.

Under the Committee's Terms of Reference, the Committee will normally meet not less than twice a year and at such other times as the Chair shall require. The Committee held two scheduled formal meetings during the year under review and an additional three meetings to discuss and progress the appointment of the new Chair and two new Non-Executive Directors.

After each Committee meeting, the Chair reports to the Board on the main items discussed, as well as reporting on the nature and content of its discussions, recommendations and actions to be taken.

Governance

The Committee's main responsibilities are to:

- evaluate the structure, size and composition (including the skills, knowledge, experience and diversity) required of the Board and the Committees;
- give full consideration to succession planning of Directors and other senior executives; and
- assist with the selection process for new Executive and Non-Executive Directors including the Chair of the Board.

The Committee's Terms of Reference explain the Committee's role and responsibilities and were reviewed in December 2022 to ensure they remain appropriate and reflect any updates in Corporate Governance guidance. The Terms of Reference can be found on the Company's website and this Report explains how the Committee has complied with these in more detail, and the activities it has undertaken during the 2022 financial year.

In accordance with Code Principle L, the Board and its Committees are required to be evaluated on an annual basis. Following an internal evaluation in 2021, an external evaluation of the performance of the Board and its Committees was conducted during 2022 by Better Boards. This evaluation focused on the remit of the Committee and how effectively members work together to achieve the Committee's objectives. Appointments to the Board are subject to formal, rigorous and transparent procedures and include consideration, where appropriate, of comments and feedback from the annual evaluation of the Board.

At its meeting in March 2023, the Committee considered the contents of the review and concluded that the evaluation had found the Committee to be operating effectively and efficiently, communicating as required with the Board in relation to matters within its remit, thereby assisting in the Board's decision-making. Full results of the Board evaluation can be found on page 79 of the Corporate Governance Report.

The Chair confirms that the Committee has considered the performance evaluation and the contribution and commitment of all Directors. The Chair has confirmed to the Board that their performance and commitment is such that the Company should support their election or re-election, as appropriate. In addition, the Board evaluated each Director's time commitments, and was satisfied that, in line with the Code, they each continued to allocate sufficient time in order to discharge their responsibilities effectively, including attendance at Board and applicable Committee meetings, as well as time needed to prepare for meetings, and other additional commitments that may arise during the usual course of business.

As stated in the Corporate Governance Report, all of the Company's Directors will retire and each will offer themselves for election or re-election at the forthcoming AGM, in accordance with Code Provision 18. No Director is able to vote in respect of their own election/re-election when consideration is given to Director election/re-election at the AGM.



The Group recruited a Group Talent Director to enable the Company to prioritise the development of its succession planning, by ensuring talent within the Group was recognised and developed.

Nomination Committee Report continued

Role of the Committee and its activities during the year

Succession planning and tenure

In accordance with Code Principle J, a key activity of the Committee is to keep under review and maintain an effective succession plan for members of the Board and senior executives across the Group. The Committee acts in accordance with the Code and its Terms of Reference and in considering succession planning, takes into account the challenges and opportunities facing the Group and the future skills and expertise needed on the Board using objective criteria, but in the context of continuing to promote diversity and inclusion across the Group. In accordance with the FRC Guidance on Board Effectiveness recommendations, the Committee's succession planning includes:

- **contingency planning** for sudden and unforeseen departures;
- **medium-term planning** the orderly replacement of current Board members and senior executives (e.g. retirement); and
- **long-term planning** the relationship between the delivery of the Company strategy and objectives to the skills needed on the Board now and in the future.

This approach ensures that the composition of the Board and senior management team remains appropriately balanced between new and innovative thinking and longer-term stability. Management training and development plans are provided to senior and middle management where appropriate in order to continue to develop a diverse pipeline of internal talent for the future.

In addition, the Committee considers emergency succession planning and is comfortable that a framework is in place should key senior management roles need to be covered on an interim basis. Board appointment criteria are considered automatically as part of the Committee's review of succession planning and matters of Director tenure are viewed on a case-by-case basis.

During the year, the Group recruited a Group Talent Director to enable the Company to prioritise the development of its succession planning, by ensuring talent within the Group was recognised and developed, as well as identifying talent gaps where further recruitment was required. More detail about some of the steps taken across the businesses in this regard, can be found in the People section on page 36. The Group Leadership Team Talent review identified 20 employees falling into Growth, High Impact and Future Talent categories. These are employees where investment in development will support succession planning and manage retention risk. 50% of these are female which is significantly higher than the overall review population which is 25% female. This shows a positive trend for increasing diversity of this population. Further details on the progress made during the year on diversity and inclusion is detailed later in this Report and in the People section as outlined above.

Tenure of Non-Executive Directors

Appointments to the Board are typically made for an initial term of three years and are ordinarily limited to three consecutive terms in office, subject to annual re-election by shareholders at the AGM.

The Committee recognises the recommendations in Principle K and Provision 19 of the Code in respect of Board tenure of independent directors, and in accordance with this, a nine-year tenure is the maximum for any Non-Executive Director appointed to the Board (with exceptions permitted only with sufficient explanation and where agreed by the Committee as a whole). Mark Hammond, the outgoing Senior Independent Director, will complete his nine-year tenure in April 2023, and a process is underway to recruit his replacement.

Recruitment of Executive and Non-Executive Directors

The Committee's role in recruiting Executive and Non-Executive Directors includes:

- identifying any skills or experience gaps in the composition of the Board and its current diversity;
- having regard to any such gaps, identifying and nominating candidates to fill Board vacancies as and when they arise and recommending them for the approval of the Board; and
- reviewing the time commitment required from Non-Executive Directors.

The Committee recognises the importance of the time commitment of each Director to shareholders, and this will therefore continue to be kept under review for all Directors during 2023.

Appointment of the Chair

Our outgoing Chair, Ron Marsh, confirmed he would retire at the end of 2022, having served on the Board for nearly nine years. As a result, a robust recruitment process took place during the year to appoint his successor.

The Committee appointed Odgers Berndtson to assist in identifying potential candidates for this role. Specific recruitment criteria was provided, which included diversity considerations as well as specific skills, experience and industry expertise requirements.

A shortlist of two candidates were identified. Led by the Senior Independent Director, the Committee met to discuss these final candidates. It considered a variety of factors, including each Director's knowledge, skills, expertise and familiarity with the construction and manufacturing industry. The Committee also acknowledged the current challenging macroeconomic climate, as well as the changes to the Board composition during the year, following the CEO's appointment in February 2022. Following a lengthy discussion, the Committee decided to proceed with Kevin's appointment, given his extensive knowledge, expertise, skills, leadership qualities and familiarity with the Group and its strategic direction, and recommended his appointment as Chair to the Board, effective from 1 November 2022.

Nomination Committee Report continued

During the year under review, the Committee oversaw the recruitment process for Ron Marsh's successor, Kevin Boyd, the newly appointed Chair of the Board, as well as carrying out a process to recruit a new Non-Executive Director in light of the completion of Mark Hammond's nine-year tenure in April 2023.

During the year, the Committee appointed Odgers Berndtson to assist in identifying potential candidates to succeed Ron Marsh as Independent Chair, and Korn Ferry to assist in identifying potential candidates to succeed Mark Hammond as Non-Executive Director, and Kevin Boyd as Audit Committee Chair. Odgers Berndtson and Korn Ferry confirmed their independence on appointment and that they had no other connection with the Company or any individual Directors. Korn Ferry are the appointed advisers to the Remuneration Committee, but the work carried out in relation to the appointment of the Non-Executive Directors was carried out by a team separate to the remuneration advisory team.

Information on the Directors' service agreements, shareholdings and share options is set out in the Directors' Remuneration Report on pages 114 to 126.

Board evaluation and composition

As part of its role in monitoring the composition and structure of the Board, the Nomination Committee will:

- review the structure, size and composition of the Board and make recommendations to the Board, as appropriate;
- identify the balance of skills, knowledge, diversity and experience on the Board;
- review and approve the Group's diversity policy and evaluate its effectiveness on a regular basis;
- review the leadership needs of the organisation, both Executive and Non-Executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace; and
- review the results of the Board performance evaluation process that relate to the composition of the Board and the Committee's own performance.



We encourage leaders, employees and our external partners and stakeholders to make a positive difference through proactively supporting our diversity and inclusion principles.



Following appointment, the Company provides Directors with a comprehensive and tailored induction programme.

This typically includes visiting sites, meeting with all members of the Board and senior leaders from across the Group, as well as external advisers and stakeholders where appropriate.

Joe's first two weeks at Genuit Group prioritised the scheduling of one-to-one briefings with individual members of the senior leadership team, which included travelling to the respective sites so these could take place in person. This was structured to ensure that information material to the CEO role was delivered in the early stages of the programme.

These informal briefings, which provided an initial opportunity to meet senior leadership, were supported by operational

site visits to provide on-the-ground understanding of the different businesses across the Group, which is particularly important given its decentralised structure and unique product offerings. Following these individual sessions, informal dinners were also held with the relevant management teams at sites, to provide a more relaxed forum for them to interact. In total, Joe had one-to-one meetings with over 70 members of the leadership team. Joe's schedule also included numerous investor meetings with key shareholders and stakeholders both via video conference as well as in-person meetings in the City.

Following the initial two-week period, the remainder of Joe's induction (which consisted of visiting all sites and businesses) took place over the next six months.

Nomination Committee Report continued

Board skills and experience

The Committee uses a skills matrix when identifying the balance of skills, knowledge, experience and diversity of the Board for its evaluation and composition review and succession planning. The matrix highlights where the capabilities of Directors are particularly strong, and where there are opportunities to further grow the Board's collective knowledge and level of diversity. The skills matrix of the current Board as at 31 December 2022 is included in the Governance Report on page 77.

Diversity

The Committee supports and encourages diversity in line with Principle J of the Code, acknowledging the advantages that come from having diverse viewpoints; increasing innovation, creativity and strategic thinking. The Company's recruitment and appointment strategy is based on the merits of the individual candidates, without bias towards age, gender, marital or family status, race, sexual orientation, religion or belief or any disability and encourages leaders, employees and our external partners and stakeholders to make a positive difference through proactively supporting our diversity and inclusion principles.

Diversity was a key consideration for the Committee throughout 2022, and during National Inclusion Week, the Group launched its diversity and inclusion strategy (more information on this is included in the People Section of the Strategic Report on page 37). As part of this programme, a Board education and insight session took place in August 2022, facilitated by an external expert. This led to individual commitments and agreement to the diversity and inclusion ambition, strategy and three-year delivery plan. In addition to this, the Diversity Policy was reviewed, updated and approved by the Board at its meeting in March 2023.

Diversity requirements form part of the succession planning framework as outlined earlier in this report, as well as forming part of non-negotiable criteria for any recruitment partners it may engage with.

2022 saw changes to the composition of the Board as outlined earlier in this Report. This included changes to the Non-Executive Directors, which saw Louise Hardy step down from the Board on 30 September 2022, and Ron Marsh retire from the Board on 31 December 2022 (in anticipation of the expiration of his nine-year tenure in 2023). On 1 March 2023, Shatish Dasani was appointed as a Non-Executive Director, and on 7 March, Shatish was appointed Chair of the Audit Committee and Lisa Scenna appointed as Senior Independent Director. As at the date of the approval of this Report, female representation on the Board is 25% and the Board has one representation from an ethnic minority background. The diagram opposite showcases our Board's composition in line with the Listing Rule requirements, including gender, ethnicity and women in senior Board positions, as at 14 March 2023. It also shows gender diversity at senior management level, being the Executive Committee and its direct reports. Recruitment is ongoing during 2023 for an additional Non-Executive Director, and we will ensure we fully comply with the Listing Rules diversity disclosure requirements in our 2023 Annual Report and Accounts, and the reference date for this disclosure will be 31 December 2023.

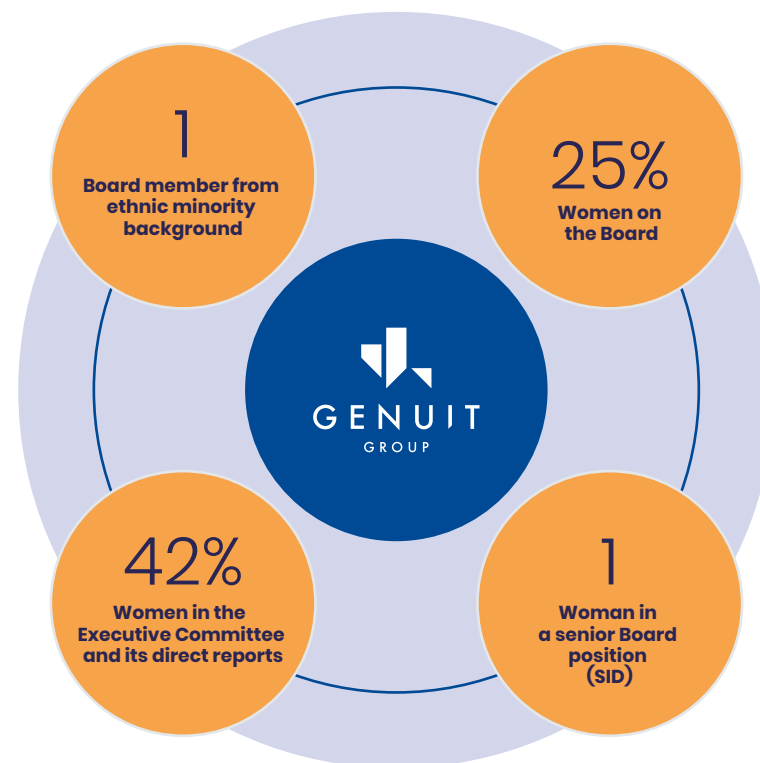
By order of the Board.

Kevin Boyd

Chair of the Nomination Committee

14 March 2023

Board and senior leadership diversity representation (as at 14 March 2023)



Committee Chair introduction

Risk Committee Report



Paul James
Chair of the Risk Committee

2022 Key Achievements

Integration of climate-related risk assessment into the Group's operations

Increased awareness across the Group of risk; including adequate monitoring and mitigations

Close monitoring of key principal and emerging risks and taking proactive preventative measures where required

Review of risk management framework and current scoring methodology

Areas of focus for 2023

Further embed daily risk assessments into Group operations, with enhanced formal processes for escalation to the Risk Committee

Further assessment of climate-related risk and its impact following quantitative scenario analysis

Continue to monitor principal and emerging risks throughout the year and update where required

Dear Shareholder

I am pleased to present the Report of the Risk Committee (the Committee) for the year ended 31 December 2022, that provides detail on the work of the Committee during the year, as well as its ongoing objectives and responsibilities.

This year has been challenging for the Group, our suppliers, and the wider economy. The establishment of the Committee in 2021 meant that the risks that these ongoing challenges posed could be monitored and assessed on a regular basis. Following the isolated cyber incident we experienced at our Nuairé business in April 2022, we continued to invest in our security and IT infrastructure throughout the remainder of 2022, as well as implementing training schemes to continue to mitigate the risk of cyber incidents and data breaches elsewhere in the Group. More detail on the action taken in respect of cyber and information security can be found in our Audit Committee Report on page 95.

As set out in the Strategic Report, the ongoing effects of input cost inflation was a key risk considered by the Committee during the year, with the Group leading the industry in robust pricing moves and reducing implementation time lags to mitigate this risk. Management also increased its commercial focus, walking away from low margin sales and increasing the quality of the Group's business. Supply constraints, most noticeably semiconductors and printed circuit boards were also a key risk for consideration by the Committee, with dual supply and alternative suppliers being used to mitigate this risk.

Recruitment and retention of key personnel was discussed at each Committee meeting during 2022 to ensure changes in the recruitment environment were being monitored and reacted to quickly when required. Cost of living and inflationary concerns were of key significance in relation to this risk, and as a result, updates were given at each Committee meeting on the appropriate mitigating actions taken across the Group. The Committee was satisfied that this risk was managed effectively, given the continued focus on talent succession, employee wellbeing, employee remuneration and diverse recruitment practices. More information on our People strategy can be found in the People section of the Strategic Report on pages 36 to 39.

The Committee receives presentations from the Business Units (BUs) as well as the Group functions on a rotational basis. Each is required to present the current and emerging risks specific to their BU or Group function and to detail the mitigating actions. This approach allows the Committee to identify risks that are common across BUs, thereby enabling consolidated mitigation to be put in place.

In addition to the everyday business challenges, the Committee also considered the Task Force on Financial Climate-Related Disclosures (TCFD) and climate-related risk at all meetings during the year, as well as participating in workshops which reviewed the measurement and monitoring of climate-related risk, and whether adequate processes were in place to ensure this was embedded in Group procedures to allow for accurate reporting in our 2022 TCFD disclosure.

At its meeting in early 2023, the Committee reviewed, discussed and agreed the final changes to the Group's principal risks and uncertainties and emerging risks prior to submitting to the Board for approval, to ensure that the reporting of these risks remained current, proportionate and appropriate.

The Committee's work in 2022 has strengthened the Group's risk management structure, allowing more dedicated time and detailed consideration to be given to risk management and ensuring its continued development across the Group. As part of the external Board evaluation carried out in 2022, the performance and effectiveness of the Committee was reviewed, and detail on this is set out later in this Report.

Further detail of our considerations and the progress which has been made during the year on our risk management processes and structure are explained in more detail in this Report. Details of our principal risks and uncertainties as well as our emerging risks, which were reviewed at each Committee meeting can be found on pages 55 to 62.

I will be available at the AGM to answer any questions about the work of the Committee.

Paul James
Chair of the Risk Committee
14 March 2023

Risk Committee Report continued



2022 in review

Members and meetings

The Committee comprises Paul James, Joe Vorih, Matt Pullen, Martin Gisbourne, Clare Taylor and Emma Versluys. The Group Financial Controller and the Group Internal Audit Director are invited to attend all meetings, and Business Unit Managing Directors and Finance Directors, as well as functional heads, are invited to attend and provide an update to the Committee on a rotational basis. Accordingly, there are six members.

The UK Corporate Governance Code (the Code) Provision 25 requires risk management systems be either reviewed by the Audit Committee, a risk committee composed of independent Non-Executive Directors, or the Board. Although the Committee is comprised solely of Executive Directors and senior management, it reports on all its activities to the Board and the Board is required to approve any changes to the Group's risk appetite, principal risks and risk management structure across the Group. It was agreed that the Committee composition would enable Committee meetings to be constructive and effective at reviewing and discussing the granular detail of risk across Business Units and the Group as a whole, and that the appropriate oversight by the Board would be gained by the formal reporting process in place.

Under the Committee's Terms of Reference, it will normally meet not less than twice a year and at such other times as the Chair shall require. The Committee held four meetings during the year under review.

Governance

In accordance with Code Principle L and Provision 21, the Board and its Committees are required to be evaluated on an annual basis. 2022 was the first full reporting year the Committee was in operation and thus it was evaluated as part of the external Board evaluation conducted during the year. This review confirmed that overall, the Committee had the right combination of skills, experience and knowledge across its members, and that the level of information and the recommendations made were appropriate. The review also highlighted some areas for consideration by the Committee, and these will be considered by the Committee during 2023.

The Committee is responsible for monitoring and reviewing risk management systems and therefore has oversight of the Group risk profile and risk appetite as a whole and, unless required otherwise by regulation, carries out the duties below, reporting to the Board as appropriate:

- reviews, manages and agrees the risk appetite, tolerance and strategy of the Group for approval by the Board;
- assists the Board in fulfilling its reporting responsibilities in the Annual Report and Accounts for risk reporting, including:

- the internal risk management and control systems in place;
- principal risks and uncertainties;
- emerging risks;
- risk appetite and any respective stress testing; and
- overseeing and implementing the Group's internal controls and risk management systems.
- reviews the alignment of any identified risks to Group strategy and remuneration policy.

All proceedings of the Committee are reported formally to the Board by the Chair of the Committee, who reports on the main items discussed, as well as reporting on the nature and content of its discussion, recommendations and action to be taken or approval requested. The Assistant Company Secretary acts as Secretary to the Committee.

The Committee's Terms of Reference explain the Committee's role and responsibilities and were reviewed in February 2023 to ensure they remain appropriate. The Terms of Reference can be found on the Company's website.

Risk Committee Report continued

Role of the Committee and its activities during the year

Ensures adequate and effective risk management systems and controls, and assessing the effectiveness of the internal control environment

In accordance with Principle O of the Code, one of the Committee's responsibilities is to ensure, on behalf of the Board, that adequate and effective risk management systems and controls are in place across the Group. Updates from the Group Financial Controller outlining principal and emerging risks and reporting timelines are presented at each Committee meeting, and following any decisions made on the adequacy of these, any necessary changes will be implemented.



A key priority of the Committee during the year was to integrate climate-related risk assessment into everyday operations.

The Committee also provides recommendations to the Board on the effectiveness of the internal control environment. Part of the Committee's responsibilities include:

- monitoring and reviewing the effectiveness of the Company's risk management and internal control systems;
- reviewing the Company's procedures in place that manage or mitigate principal risks and identify emerging risks; and
- reviewing and approving the statements to be included in the Annual Report and Accounts concerning internal risk controls and risk management.

Risk management process

As outlined above, the Board, with the support of the Committee, is responsible for ensuring that an effective risk management process is in place. Through ongoing review throughout the year, it ensures that it is fit for purpose and that it operates effectively. It is therefore imperative that the Committee ensures the Board has a clear view of the level of risk across the Group by taking both:

- a top-down view of the key risks: identifying, assessing and mitigating risk at a Group level which could hinder achievement of the Group strategy; and
- a bottom-up view of risks: identifying, assessing and mitigating risk at a business/operational level which may have an implication at business unit level but could also affect achievement of the Group strategy.

Each business and Group function is responsible for keeping and maintaining their own risk registers, whereby each risk is recorded and scored for both impact and probability, allowing the most significant risks to be identified and prioritised. The risk management process is prescribed and organised by Group Finance, which ensures that each business complies with Group prescribed mandatory standards. Businesses are required to formally review their risk register and risk profile at least twice a year.

To ensure compliance with the Code and to operate the highest governance standards, the Board remains responsible for reviewing and approving risk management and internal control and does so by reviewing and approving any material output of the Committee. This ensures principal and emerging risks are adequately reviewed and challenged by the Board and allows them to use these when setting overall Group strategic objectives. The Risk Committee then works alongside the Board to set the risk tolerance levels for the Group in drafting and maintaining the risk appetite statement. It monitors and reviews the Group's risk register, identifies and evaluates principal and emerging risks and presents these to the Board for approval and inclusion in the Annual Report and Accounts. It ensures they are appropriately managed throughout the financial year by reviewing principal and emerging risks at every Committee meeting, with the Group risk register reviewed on an annual basis.

Internal risk controls and management systems

The Committee relies on the effectiveness of Senior Management in implementing its controls and risk management systems. Business Unit leaders and Group function heads report into and present to the Committee on a rotational basis, as well as being responsible for maintaining the Group's risk registers and implementing the bottom-up approach review of risks. They are ultimately responsible to the Committee for managing and adequately implementing the Group's risk management procedures and monitoring the operation and effectiveness of key internal risk controls. They also provide guidance and advice to employees in identifying risk and implementing mitigation plans, which is critical to the effective operation of the Group's risk controls and management systems.

Risk registers must be submitted to Group Finance at least twice a year so that the Group risk register can be updated every six months. The Group risk register is the consolidation of all risks considered to be significant at Group level. It is maintained by the Group Financial Controller and is reviewed and updated by the Committee.

Following the Committee's reviews during the year, the Committee confirms that it is satisfied that the Group's internal risk control and management procedures:

- operated effectively throughout the period; and
- are in accordance with the guidance contained within the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

Risk Committee Report continued

Evaluate and assess principal and emerging risks of the Group on behalf of the Board

One of the key responsibilities of the Committee is to assess principal and emerging risks and monitor these on an ongoing basis. The Committee reviews these at every meeting as a standing agenda item and ensures that any principal or emerging risks which are prevalent (such as cyber or climate-related risk) are added as individual agenda items.

Part of the Committee's role includes:

- assisting in the Board's assessment of principal and emerging risks;
- evaluating the Company's principal risks, to be considered by the Board when assessing the Company's prospects; and
- advising the Board on the likelihood and the impact of principal risks materialising, and the management and mitigation of principal risks to reduce the likelihood of their incidence or their impact.

A robust assessment of the principal and emerging risks facing the Group is performed by Group Finance following the collation of the Group risk registers. This process identifies those risks that could threaten future performance and solvency or liquidity, as well as the Group's strategic objectives over the coming 12 months.

The principal and emerging risks are then presented to the Committee and are reviewed, discussed and approved by its members prior to submission to the Board for final approval and inclusion in the Annual Report and Accounts.

Principal risks are documented to include comprehensive overview of the key controls in place to mitigate the risk and the potential impact on strategic objectives and KPIs. Changes to those principal risks which are disclosed annually can only be made with approval from the Committee and the Board. Principal risks are presented to the Committee at every meeting to ensure they are monitored on an ongoing basis. More detail on those risks which have been determined as the Group's principal risks and uncertainties can be found on pages 55 to 62.

As part of the above process, the Group also identifies, collates and assesses emerging risks, being those that could impact the business in the medium to long term. Emerging risks are discussed by the Committee at each meeting and are included in the annual submission to the Board along with the principal risks and uncertainties for review and approval, and subsequent inclusion in the Annual Report and Accounts.

Climate

A key priority of the Committee during the year, given the TCFD disclosure requirements, was to integrate climate-related risk assessment into everyday operations and gain a further understanding of climate-related risk across the Group. This was included as an individual agenda item at each Committee meeting during the year. The Committee received training sessions during the year and engaged PwC LLP as consultants to guide the Company through the process for ensuring compliance and fully embedding climate-related risk into its operations across the Group.

PwC LLP initially performed a gap analysis to identify those gaps in the climate-related risk reporting process, before hosting workshops with the Committee as well as other senior leaders across the Group to identify the key physical risks and opportunities. The gap analysis was shared with the Board as part of the Committee report to the Board, and regular updates were given to the Board thereafter.

Climate was identified as a principal risk in 2021 but having TCFD and climate risk as a single agenda item has given it the additional stature throughout 2022 and enabled a more thorough and detailed assessment of how climate risk affects the Group in the short, medium, and long term. Further detail about the findings of our assessment can be found in our TCFD report on pages 26 to 35.

Cyber and information security

Cyber was categorised as a principal risk in 2021 and following the isolated cyber incident at Nuair in April 2022, it became more pronounced on both Audit Committee and Risk Committee agendas. The Committee considered cyber at each principal risk review and had a single agenda item for cyber and information security at its July meeting, to review and approve an implementation plan for internal data management and protection software.

Advises the Board on its risk appetite, tolerance and strategy as well as ensuring that the Group is acting in accordance with its approved risk appetite

The Committee is responsible for:

- advising the Board on the Company's overall risk appetite, tolerance and strategy, and the principal and emerging risks the Company is willing to take to achieve its long-term strategic objectives; and

- reviewing and assessing the Company's risk appetite and associated stress testing.

During the year the Committee reviewed the risk appetite statement and submitted it to the Board for review and approval in accordance with its annual reporting requirements. Part of the review of the risk appetite statement and risks it is willing to take to achieve strategic objectives includes:

- reviewing the defined accepted tolerance levels for individual risks in accordance with the risk appetite statement;
- reviewing risks in the context of the overall strategic direction of the Group; and
- reviewing and monitoring updates from senior management about their principal and emerging risks, their approach to risk management, monitoring and mitigation to ensure each is aligned with the Group risk reporting structure and current appetite.

The Committee will continue to ensure it reviews and mitigates Group risk on an ongoing basis, with transparent and frequent reporting to the Board to ensure adequate governance structures remain in place throughout the upcoming financial year.

By order of the Board.

Paul James
Chair of the Risk Committee
14 March 2023

Committee Chair introduction

Audit Committee Report



Kevin Boyd
Chair of the Audit Committee for
the year ended 31 December 2022

2022 Key Achievements

Continuing investment in cyber security defences and controls

Review of the acquisition of Keytec

Review of the draft 2021 Annual Report and Accounts and 2022 interim results

Group Internal Auditor appointment

Areas of focus for 2023

External audit tender

Continued focus on effectiveness of internal controls and reporting across the Group

Continued focus on the prevention of fraud, bribery and corruption

Dear Shareholder

On behalf of the Board, I am pleased to present the Report of the Audit Committee (the Committee) for 2022.

The Committee is responsible for overseeing the financial reporting processes of the Group and ensuring they are accurate and transparent. The primary role of the Committee is to provide independent oversight of the Group's financial reporting process, including the review and approval of the Group financial statements and the selection and supervision of the independent auditors. The Committee supports the Board in fulfilling its governance responsibilities, ensuring that the interests of our stakeholders are properly protected (particularly our shareholders and customers), specifically in relation to financial reporting. Members of the Committee are appointed by the Board from its Non-Executive Directors on the recommendation of the Nomination Committee, in accordance with the 2018 UK Corporate Governance Code (the Code) requirements and other FRC-related guidance. Following my appointment as Chair of the Board on 1 November 2022, I continued to Chair the Audit Committee whilst a process to appoint a successor continued, and as the result the Company was therefore non-compliant with Provision 24 of the Code with effect from that date until the appointment of Shatish Dasani as a Non-Executive Director on 1 March 2023 and as Audit Committee Chair on 7 March 2023. Further detail on this process can be found on page 70 of the Governance Report.

As notified in the 2021 Annual Report, the roles and responsibilities of the Committee were updated during the 2021 financial year to reflect the new committee structure, and the resulting transfer of responsibility for assessment, monitoring and management of risk to the Risk Committee, in relation to which further detail can be found on page 87 of the Risk Committee Report. During 2022, the Audit Committee placed its focus on the integrity of the Group's financial reporting practices, internal controls, and the quality and performance of the internal and external auditors, providing challenge to the decisions and judgements made by management. As part of the external Board evaluation, the performance of the Risk and Audit Committees was independently evaluated by an external third party (more detail can be found in the Governance Report on page 79, Risk Committee Report on page 87 and Audit Committee Report on page 92). The results of this evaluation showed that this separation of responsibilities continues to be effective and viewed as a positive change to our governance structure. We will continue to keep our activities under review to ensure we comply with all applicable regulations and that we remain confident that the Company continues to operate in a controlled and managed way. The main responsibilities and activities of the Committee are detailed further in this Report.

Areas of focus in 2022

2022 continued to be a year of ongoing change on both a micro and macroeconomic front, and as a result, the Committee was required to consider the challenges this presented and their financial and operational implications. This Report outlines some of these considerations in more detail. Areas of focus included the ongoing supply chain constraints, in particular the supply of semiconductors and printed circuit boards in the upstream boiler market and the supply of blowers which inhibited customer demand in the latter half of the 2022 financial year, inflationary increases across all sectors and the isolated cyber incident in Nuair. The Committee considered the resulting implications of these and other challenges for the interim and full year financial statements, as well as the integration of the Keytec acquisition. Throughout the year, the Group remained committed to identifying these challenges quickly, and proactively mitigating them to the greatest possible extent. The creation of the Risk Committee has allowed the Audit Committee to focus on the implications of these from a financial and operational perspective, whilst the Risk Committee has focused on managing and mitigating the risks themselves, enabling both Committees to deal with the challenges over the last twelve months efficiently and effectively. Further information in respect of the Risk Committee's approach to monitoring principal and emerging risks is set out in the Risk Committee Report.

Audit Committee Report continued

Following the containment of the cyber incident at Nuaire, during 2022, the Committee remained committed to ensuring they received detailed updates on the cyber controls across the Group; to ensure they were fully aware of the Group's programme of continuous improvement in this area. Further details about the action taken by the Committee and the Group in this regard are set out later in this Report.

The Committee also closely monitored communications and Group reporting processes, ensuring that progress of the external and internal audits remained on track throughout the year, that internal controls remained effective, and that actions required were addressed in a timely manner. The quality of the output of these reviews relies on transparency of management, and effective reporting and agenda planning to ensure sufficient time is allocated during Committee meetings to discuss these items in sufficient detail. The reviews conducted during the year provided the Committee with confidence in the robustness of the financial reporting, audit processes and control environment. The internal audit plan continued to operate effectively, and continues to evolve to reflect the changing needs of the Group. During 2023, following nearly ten years with the Company's current external auditor, Ernst & Young LLP, an audit tender process will be carried out, as required by the Code, and an update on the results of that tender process will be included within the 2023 Annual Report and Accounts.

As part of its responsibilities under its Terms of Reference, the Committee is required, on behalf of the Board to oversee the process for determining whether the Annual Report and Accounts, when taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's financial position and performance, business model and strategy. The judgements and factors the Committee considered when reviewing the 2022 Annual Report are outlined on page 93, as well as its conclusions in this regard.

As a result of its work undertaken during the year and taking into account the feedback from the external Board and Committee evaluation (further details are set out on page 79), the Committee considers that it has acted in accordance with its Terms of Reference and has ensured the independence, objectivity and effectiveness of the external and internal auditors. This Report outlines some of the main activities of the Committee during the financial year.

I would like to thank my Committee colleagues for their work and support during the year, and I look forward to working with Shatish Dasani, our newly appointed Audit Committee Chair, during 2023.

Both Shatish and I will be available at the AGM to answer any questions about the work of the Committee.

Kevin Boyd
Chair of the Audit Committee for the year ended 31 December 2022
14 March 2023



The Committee placed its focus on the integrity of the Group's financial reporting practices, internal controls, and the quality and performance of the internal and external auditors.

Appointment of Shatish Dasani, Audit Committee Chair

Shatish was appointed as a Non-Executive Director on 1 March 2023, and Audit Committee Chair on 7 March 2023 following a handover from Kevin Boyd.

"I am delighted to have joined the Board of Genuit Group plc, in what is an exciting time for the Group as it embarks on the start of its journey to implement its refreshed strategy. Since my start date I have been welcomed by all Board colleagues, met key members of the senior management and leadership team, and been well supported by Kevin in providing a detailed handover of relevant Audit Committee Chair responsibilities. I have also met with the internal and external auditors, the brokers and other key stakeholders, and look forward to completing the remainder of my induction programme over the coming months.

I look forward to the year ahead as your Audit Committee Chair, and will be available at the 2023 AGM along with Kevin Boyd to answer any questions about the work of the Committee."

Shatish Dasani
Audit Committee Chair
with effect from 7 March 2023

Audit Committee Report continued

2022 in review

Members and meetings

The Committee comprises four Non-Executive Directors, being Shatish Dasani, Mark Hammond, Lisa Scenna and Louise Brooke-Smith. During the year, Louise Hardy stepped down as a Non-Executive Director and member of the Committee, and Shatish Dasani was appointed as a Non-Executive Director on 1 March 2023 and as Chair of the Committee from 7 March 2023. All Committee members are considered to be independent in accordance with the UK Corporate Governance Code.

In accordance with the requirements of Provision 24 of the Code, Shatish Dasani is designated as the Committee member with recent and relevant financial experience. All other members of the Committee are deemed to have the necessary ability and experience to understand the financial statements.

As demonstrated in the Board skills matrix summary in the Governance Report, the Audit Committee as a whole has competence relevant to the sector in which the Group operates. The Committee discharges its responsibilities through a series of scheduled formal meetings during the year. Each meeting has a formal agenda which is linked to the events in the financial calendar of the Group. Attendees at each of the meetings include the Committee members as well as, by invitation, the Chair, the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the Group Financial Controller, the external auditor, Ernst & Young LLP and Grant Thornton UK LLP who provide internal audit services to the Group. The Company Secretary is also Secretary to the Committee.

The Committee held four formal meetings during the year. In accordance with best practice, the Committee met regularly with the Ernst & Young LLP lead audit partner without executive management being present. The Committee also met with Grant Thornton UK LLP without executive management being present.

Governance

The responsibilities of the Committee are set out in its Terms of Reference. The Terms of Reference are reviewed on an annual basis to ensure they remain appropriate and reflect any changing governance requirements and recommendations, with any relevant updates made accordingly. The Committee Terms of Reference were reviewed and approved in November 2022 and are available on the Company's website. One of the Committee's responsibilities is to

ensure it adequately reports to the Board on how it has discharged its responsibilities under these Terms of Reference.

In accordance with best practice, the effectiveness of the Committee was evaluated this year as part of the external Board and Committee evaluation. This evaluation involved an anonymous questionnaire to encourage open feedback, ensuring the evaluation provided a valuable feedback mechanism for identifying concerns, improving effectiveness and highlighting areas for further improvement as well as one-to-one interviews with the third-party evaluator.

At its meeting in March 2023, the Committee considered the results of the internal evaluation and concluded that it had found the Committee to be continuing to operate

efficiently and effectively. Responses to the questionnaire and feedback gathered during the interview process showed that the Committee was unanimous in its view of the effectiveness of all functions of the Committee. This provides the Board with a high level of assurance that key issues are being dealt with appropriately.

As part of the process of working with the Board to carry out its responsibilities and to maximise its effectiveness, meetings of the Committee normally take place the day prior to the Board meetings, and which the Chair of the Committee will then provide an update to the Board on the Committee's discussions and decisions. Details of the role of the Committee and its activities in the year are set out in the remainder of this Report.

Audit Committee 2022 – full year agenda rotation

March 2022

- Internal audit activities and internal controls
- Key accounting judgements, including the Viability Statement and going concern
- External auditor's report, including significant accounting and reporting matters
- Review of Annual Report and Accounts 2021, including the preliminary announcement, analyst presentation, dividend and reserves, and fair, balanced and understandable assessment
- Consideration of reappointment of external auditor, including independence and effectiveness
- Whistleblowing, detection of fraud and prevention of bribery
- Cyber security
- Review of Committee performance

August 2022

- Internal audit activities and internal controls
- 2022 Interim report and accounts, including key accounting judgements and the interim results announcement and analyst presentation
- External auditor's report, including accounting standards and audit planning
- Whistleblowing, detection of fraud and prevention of bribery
- Cyber security

November 2022

- Scope for 2022 full year audit
- Internal audit activities and internal controls
- Review of new accounting standards and financial reporting
- Review of tax strategy
- Whistleblowing, detection of fraud and prevention of bribery
- Cyber security
- Governance, including Terms of Reference, composition and experience review and non-audit services policy

In addition to these key agenda items, discussions with the internal and external auditor without management took place at each meeting.

Audit Committee Report continued

Role of the Committee and its activities during the year

Independent oversight of reporting procedures and financial statements

The Committee's role in overseeing reporting procedures and financial statements includes:

- monitoring the integrity of the financial statements of the Group including its annual and half-yearly reports, trading updates, preliminary results announcements and any other formal announcements relating to its financial performance;
- reviewing significant financial reporting issues and judgements; and
- reviewing the content of the Annual Report and Accounts and advising the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's financial position and performance, business model and strategy.

When approving the Group's interim and final results announcements, Committee meetings are scheduled prior to the Board meetings to allow the Committee to fully consider the financial reporting judgements made by management, prior to submitting to the Board for approval. These considerations are made through a review of the accounting papers and financial reports prepared and presented by management and reports prepared and presented by the Group's external auditor.

Fair, balanced and understandable

A key requirement of the financial statements is that they are fair, balanced and understandable (FBU). These principles aim to ensure that the financial statements accurately and fairly reflect the financial position and performance of the Group, and that they are presented in a clear and concise manner. To enable the Committee to reach a conclusion as to whether the Annual Report and Accounts meet with these principles, it is reviewed and assessed by the Committee in detail, to ensure that the information being presented to shareholders is such that it provides a reliable and accurate representation of the financial position and performance of the Group.

As part of this assessment, the Committee considers and reviews the disclosures and the processes and controls underlying its production. Its responsibility is to ensure that it correctly reflects the Company's performance in the reporting year in a clear and concise manner in line with the FBU principles, as well as ensuring there is consistent formatting and terminology throughout. Further details on this process can be found in the Corporate Governance Report on page 80.

Following the Committee's assessment of the Annual Report and Accounts, it concluded that in its opinion, the Annual Report and Accounts were accurate, consistent and presented a balanced view of the Group's financial performance. The Committee was therefore able to report to the Board that it had determined that the Annual Report and Accounts is fair, balanced and understandable.

Viability Statement

The Viability Statement is a longer-term view of the sustainability of the Company's proposed strategy and business model, considering wider economic and market developments as well as giving a clearer and broader view of solvency, liquidity and risk management. Its purpose is to provide assurance to shareholders that the Group is financially stable and capable of meeting its financial obligations over a longer period of time. The Committee considered the current Viability Statement during the year, as well as the current three-year period and remained of the opinion that this continued to be appropriate. Part of its assessment of the Viability Statement involved considering the risk scenarios presented, the sensitivities for the impact of the combined risks, the reverse stress testing, and the available headroom after applying the sensitivities. The full statement can be found in the Directors' Report on page 96, which contains further detail on the process, assumptions and testing which underpin it.

Going concern

In determining whether the Group can continue to adopt the going concern basis, the Committee considers and reviews the Group's overall resources for the foreseeable future covering a period of at least 21 months. Following this review, the Committee agreed that the forecasts presented were reasonable, and therefore the Annual Report and Accounts have been prepared on a going concern basis. The going concern statement for the Group can be found in the Directors' Report on page 96.

Financial reporting

The significant financial reporting risks reviewed by the Committee in respect of the year under review were as follows:

- Revenue recognition and customer rebates – the Committee considered the operating effectiveness of controls surrounding revenue recognition and management's assessment and recognition of customer rebate liabilities at the half year and year end.
- Impairment of non-financial assets – the Committee considered a detailed report prepared by management setting out the assumptions used in determining whether goodwill, other intangible assets or property, plant and equipment required impairment for any of the Business Units. This included a review of the discount rate and growth factors used to calculate the discounted projected future cash flows, the sensitivity analysis applied, and the discounted projected future cash flows used to support the carrying amount of the goodwill.

The significant estimates reviewed by the Committee in respect of the year under review were as follows:

- Contingent consideration – the Committee considered various reports prepared by management which assess the likelihood that targets will be achieved which trigger a liability to the joint owners of Plura, quantify the possible range of that liability, and how that liability should be calculated and disclosed in the consolidated financial statements.

The Committee is also responsible for considering the impact of new financial reporting standards and legislative requirements on the Group, reviewing the Group's tax strategy and recommending the Report of the Audit Committee for approval by the Board. All these activities were completed during the year and implemented as appropriate.

Audit Committee Report continued

Selection and supervision of independent auditors

The Committee's responsibility for selecting and supervising internal and external independent auditors includes:

- assisting the Board with the discharge of its responsibilities in relation to internal and external audits;
- overseeing the relationship with the external auditor including their appointment, reappointment and/or removal; approval of the scope of the annual audit, their remuneration and the terms of engagement; monitoring and reviewing their independence and objectivity, considering the effectiveness of the audit process and reviewing the extent of non-audit services performed; and
- monitoring and reviewing the effectiveness of the Group's internal audit function in the overall context of the Company's risk management system and the work of the compliance and finance functions and the external auditor.

Internal control and internal audit

Internal audit performs an integral role in the Group's governance structure and the Committee has reviewed and approved the scope of the rolling internal audit programme in relation to the Group's internal controls and procedures at each of the meetings held during the year. It considers the internal audit plan, internal audit reports and action tracker, reviewing and challenging the results and reports from Grant Thornton UK LLP who carry out the internal audit work, and the adequacy of management's responses and proposed resolutions.

Following a review of the three-year internal audit programme and the Group's ongoing requirements, a Group Internal Audit Director has been appointed from 2023, and a transitional arrangement is currently underway with Grant Thornton UK LLP in this regard.

The Risk Committee has responsibility for risk management on behalf of the Board, and therefore details of how risk is assessed, managed and controlled as well as an outline of its purpose in the governance structure of the Group can be found in the Risk Committee Report on page 87. Details of the Group's principal risks and uncertainties and emerging risks can be found in the Strategic Report on pages 55 to 62.

External audit appointment

The Committee carefully considers the reappointment of the external auditor each year prior to making its recommendation to the Board. As part of this process, the Committee considers the independence of the external auditor, the effectiveness of the external audit process, its remuneration, and the terms of engagement. Having reviewed the performance of Ernst & Young LLP in 2022, the Committee has decided to recommend to the Board that Ernst & Young LLP should be reappointed for the 2023 audit.

In accordance with current professional standards, the external auditor is required to change the lead audit partner every five years in order to protect auditor independence and objectivity. Ernst & Young LLP were awarded the external audit in 2012 following a competitive tender process. The lead audit partner was rotated in 2017 and again in 2022, and the senior audit manager was rotated in 2019 following completion of the 2018 full-year audit. In accordance with the Code, the Competition and Markets Authority (CMA) Order and the EU Audit Directive, it is the Company's intention to put the audit out to tender at least every ten years from when the Company became subject to the rotation requirements. Accordingly, the Company will run a competitive tender process during 2023 and report on this in the 2023 Annual Report and Accounts.

Effectiveness of the external audit process

Ernst & Young LLP confirmed its independence in November 2022 and March 2023 as it presented to the Committee on its determination of independence, to enable the Committee to fully, and appropriately, assess its independence.

Following this review, the Committee concluded that the external auditor remained independent. As a result, and after considering the above matters, the Committee considered that the audit had been effective and recommended to the Board that Ernst & Young LLP be reappointed as external auditor to the Group and a resolution to this effect will be proposed at the 2023 AGM.

Non-audit services

The Group's non-audit services policy restricts the external auditor from performing certain non-audit services in accordance with the Revised Ethical Standard 2016 issued by the FRC. All non-audit services proposed to be performed by the external auditor must be pre-approved and sponsored by a senior executive with a detailed written recommendation including: the nature and scope of the proposed service, the supplier selection process and criteria, the chosen supplier and selection rationale, the relationship of the individual within the external auditor to perform the proposed service with those undertaking the audit work, a fee estimate and the category of non-audit service, if relevant. In addition, the external auditor must provide a written statement of independence approved by the lead audit partner. All non-audit services proposed to be performed by the external auditor with a fee estimate in excess of £10,000 must also be pre-approved by the Committee. This policy and approach further enhances auditor objectivity and independence, and was reviewed by the Committee at its meeting in November 2022. There were no exceptions to this policy during 2022.

Fraud, compliance, whistleblowing, and UK Bribery Act

As part of its roles and responsibilities, the Committee monitors and reviews internal controls in the context of ethics and compliance, with the aim of strengthening governance systems across the Group.

Whistleblowing

The Committee recognises the importance of effective whistleblowing policies as being an additional tool to strengthen governance, by ensuring a reliable system is in place to identify and correct any unlawful or unethical conduct. In accordance with Principle E of the Code, a company's workforce should be able to raise any matters of concern and should be able to do so with confidence. The Committee is responsible for ensuring adequate reporting tools and policies are in place. As part of this, it monitors any reported incidents under its whistleblowing policy, and via the third-party reporting provider.

The whistleblowing policy is included in the Employee Handbook as well as being accessible as a standalone policy. It sets out the procedure employees should follow to raise legitimate concerns about any wrongdoing in financial reporting or other matters such as:

- something that could be unlawful;
- a miscarriage of justice;
- a danger to the health and safety of any individual;
- damage to the environment; and
- improper conduct.

The anonymous hotline and online reporting tool support the internal processes and enable employees to feel confident to freely report any concerns they may have. This was implemented during 2021, and has proven to be an effective tool for employees and a preferred method for raising concerns.

Audit Committee Report continued

The Company Secretary provided regular updates to the Committee on any reports received via the third-party reporting line, and the action taken, where required, to address the concerns raised.

Fraud and the UK Bribery Act

The Committee is also responsible for reviewing the Group's compliance procedures for detecting fraud and the systems and controls in place to prevent a breach of anti-bribery legislation. The Committee receives an annual update on the effectiveness of the ethics and compliance policies in place across the Group, as well as reviewing and approving any updated versions. These policies must be adhered to by all employees and are aimed at reducing the risk of fraud occurring. The Group is committed to a zero-tolerance position with regard to bribery. Those employees whom the Group considers are more likely to be exposed to potential breaches of the Group's anti-bribery policy and statutory obligations under the UK Bribery Act have been provided with relevant guidance on compliance with their obligations. The Group will continue to maintain a record of all employees who have received this guidance and request biannual confirmations from each relevant individual stating that they have complied with the Group's policy.

Cyber and information security

The Committee is responsible for ensuring adequate cyber and information security protections are in place across the Group. The Committee received regular cyber security updates from the Group IS Director throughout the year, in addition to those received by the Board as a whole. Daily updates were given to the Board immediately following the isolated cyber incident experienced at our Nuairé business in April 2022, which was capably and efficiently responded to. The Committee remains satisfied with the ongoing investment and commitment to robust cyber defences, which follow the fundamentals of the NIST Framework. For completeness and to complement the updates and investments within cyber security, data protection and information security was also of particular focus for the relevant management teams across the Group. Additional data processing audits were conducted, and policies and training sessions refreshed. This reiterated the importance of cyber and information security across the Group, and ensured employees adequately understood this and were aware of the implications of non-compliance.

Further detail on the ongoing improvements and investment in cyber defence and controls across the Group, are shown to the right.

By order of the Board.

Kevin Boyd

Chair of the Audit Committee for the year ended 31 December 2022

14 March 2023



Cyber controls and defences

The Group remain vigilant of cyber threats, and the Committee is committed to ensuring effective cyber controls and defences exist across the Group and its businesses. Maintaining a sustainable strengthened cyber security posture is deemed a key priority by the Committee, and continued investment and mitigations have been put in place to strengthen these during 2022. The Group will continue to invest in Information Security, keeping abreast of changing environments; monitoring changes in the external environment closely and continuing to follow the fundamentals of the National Institute of Standards and Technology (NIST) framework.

Some of the achievements of the Group in cyber security controls are as follows:

- Implementation of prime antivirus solution and outsourced managed detection & response service (MDR).
- Implementation and approval of a leading data security solution, giving the ability to automatically discover, classify and label sensitive data, and remediate data exposure and misconfigurations instantly.

- Group wide-area network (WAN), with best-in-class firewall technology, giving next generation firewall features including network segmentation across every business in the Group.
- Enhanced email security including advanced artificial intelligence (AI) and machine learning (ML) intelligence to drastically reduce email and phishing threats.
- Appointment of an Information Security Manager to support the strategy and deployment of new technologies, processes and risk management.
- Implementation of improved back up and disaster recovery technologies using cloud-based datacentres and technology, allowing our businesses to return to operations from on-premises to cloud-based promptly.

Directors' Report

Statutory and other information

Introduction

The Directors present their Annual Report and Accounts for the year ended 31 December 2022. In accordance with the Companies Act 2006 as amended, and the Listing Rules and the Disclosure Guidance and Transparency Rules, the Reports within the Governance section of the Annual Report and Accounts should be read in conjunction with one another, and with the Strategic Report. As permitted by legislation, some of the matters normally included in the Directors' Report have instead been included in the Strategic Report (pages 11 to 62) as the Board considers them to be of strategic importance.

The Company

Genuit Group plc is a public company limited by shares, incorporated in England and Wales, with registered number 06059130. Since 16 April 2014, the Company has been listed on the premium segment of the London Stock Exchange. While the Group operates predominantly in the UK, it does have operations in Ireland, Italy, the Netherlands and the Middle East.

Strategic Report

The Companies Act 2006 requires the Company to present a fair review of the development and performance of the Group's business during the financial year and the position of the business at the end of that year. This review is contained within the Strategic Report on pages 11 to 62. The principal activities of the Group are described in the Strategic Report on pages 11 to 41.

Financial risk management

The Group's financial risk management objectives and policies, including information on financial risks that materially impact the Group and financial instruments used by the Group (if any), are disclosed in Note 29 to the Group's consolidated financial statements on pages 167 to 169.

Viability Statement

In accordance with Provision 31 of the Code, the Directors have assessed the prospects of the Group over a longer period than that required by the 'going concern' provision. The Board conducted this review for a period of three years as the Group's Strategic Review covers a three-year period. During 2022, the Board carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency, or liquidity.

In performing scenario analysis, the Directors have assumed the Group's banking facilities and Sustainability-Linked Loan revolving credit facility agreement of £350.0m with

a £50.0m uncommitted accordion facility which expires in August 2027 will continue to be available. Further, they have assumed the separate agreement for private placement loan notes of £25.0m will be repaid at the end of their full term in August 2029. Within the base case scenario, the Directors have assumed that the Group's volumes will move in line with industry forecasts.

The Directors believe that the Group is well placed to manage its business risks successfully, having considered the current economic outlook. In their assessment of the viability of the Group, the Directors have considered 6 scenarios each considering the impact of one of the Group's principal risks and uncertainties, detailed on pages 55 to 62 of the Strategic Report. In addition, the Directors have considered a combined scenario which reflects the impact of multiple risks. The most severe scenario considers the impact of both a recession, with a similar impact to that of the 2007 to 2010 Global Financial Crisis, and a delay in recovering increases in raw material costs of 25% from customers. Even under these scenarios the Group would not be required to pursue any of its available mitigating actions in order to avoid a breach of covenants or exhaust available liquidity. Notwithstanding the Directors' expectation that they would not need to pursue mitigating actions, they have identified the reduction of capital expenditure and dividend payments as the two most significant mitigations.

The Board included this in its assessment of the viability of the Group. Accordingly, the Board believes that, considering the Group's current position, and subject to the principal risks faced by the business, the Group will be able to continue in operation and to meet its liabilities as they fall due for the period up to 31 December 2025, being the period considered under the Group's current three-year strategic plan.

Going concern statement

The Directors have made enquiries into the adequacy of the Group's financial resources, through a review of the Group's budget and medium-term financial plan, including cash flow forecasts. The Group has modelled a range of scenarios, with the base forecast being one in which, over the 24 months ending 31 December 2024, sales volumes grow in line with or moderately above external construction industry forecasts.

In addition, the Directors have considered several downside scenarios, including adjustments to the base forecast, a period of significantly lower like-for-like sales, profitability and cash flows. Consistent with our principal risks and uncertainties, these downside scenarios included, but were not limited to, loss of production, loss of a major customer, product failure, recession, increases in interest rates and increases in raw material prices. Downside scenarios also included a combination of these risks and reverse stress testing. The Directors have considered the impact of climate-related matters on the going concern assessment and they are not expected to have a significant impact on the Group's going concern.

At 31 December 2022, the Group had available £179.1m of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. These borrowing facilities are available until at least August 2027, subject to covenant headroom. The Directors are satisfied that the Group has sufficient liquidity and covenant headroom to withstand reasonable variances to the base forecast, as well as the downside scenarios. In addition, the Directors have noted the range of possible additional liquidity options available to the Group, should they be required.

Directors' Report continued

As a result, the Directors have satisfied themselves that the Group has adequate financial resources to continue in operational existence for a period of at least the next 21 months. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

Directors

The current Directors' biographies are set out on pages 68 and 69. In accordance with the Code, each Director will retire annually and put themselves forward for re-election at each AGM of the Company. Shatish Dasani joined the Board on 1 March 2023 so will offer himself for election at the 2023 AGM, and for re-election annually thereafter.

Appointment and replacement of Directors

The rules about the appointment and replacement of Directors are contained in our Articles of Association (the Articles). They provide that Directors may be appointed by ordinary resolution of the members or by a resolution of the Directors.

Directors must retire and put themselves forward for election at the first AGM following their appointment and every third anniversary thereafter. However, the Directors wishing to continue to serve as members of the Board will seek re-election annually in accordance with the Code.

Details of the Non-Executive Directors' letters of appointment are given on page 78 under 'Appointment and tenure'. The Executive Directors have service contracts under which 12 months' notice is required by both the Company and the Executive Director.

Powers of Directors

The general powers of the Directors set out in Article 104 of the Articles provide that the business of the Company shall be managed by the Board which may exercise all the powers of the Company, subject to any limitations imposed by applicable legislation or the Articles.

The general powers of the Directors are also limited by any directions given by special resolution of the shareholders of the Company which are applicable on the date that any power is exercised.

Compensation for loss of office

The Company does not have arrangements with any Director that would provide compensation for loss of office or employment resulting from a takeover, except that provisions of the Company's share plans may cause options and awards granted under such plans to vest on a takeover. Further information is provided in the Directors' Remuneration Report on page 112.

Directors' indemnity arrangements

Directors and officers of the Company are entitled to be indemnified out of the assets of the Company in respect of any liability incurred in relation to the Company or any associate Company, to the extent the law allows. In this regard, the Company is required to disclose that, under Article 224 of the Articles, the Directors have the benefit of an indemnity, to the extent permitted by the Companies Act 2006, against liabilities incurred by them in the execution of their duties and exercise of their powers. This indemnity has been in place since the Company's listing in 2014 and remains in place. The Company has purchased and maintained throughout the financial period Directors' and Officers' liability insurance.

Share capital

As at 31 December 2022, the share capital of the Company was 249,170,247 ordinary shares of £0.001 each, of which 375 ordinary shares were held in treasury. Details of the Company's share capital are disclosed in Note 24 to the Group's consolidated financial statements on page 162. As at 14 March 2023, the share capital of the Company was 249,170,247 ordinary shares of £0.001 each, of which 375 ordinary shares were held in treasury.

Authority of the Directors to allot shares

The Company passed a resolution at the AGM held on 19 May 2022 authorising the Directors to allot ordinary shares up to an aggregate nominal amount of £165,446.18 (representing approximately two-thirds of the ordinary share capital). On 7 April 2022, the Company allotted 1,000,000 shares pursuant to this authority in connection with the Company's employee share schemes. This authority will expire at the Company's 2023 AGM and the Directors will be seeking a new authority to allot shares, to ensure that the Directors continue to have the flexibility to act in the best interests of shareholders, when opportunities arise, by issuing new shares. There are no current plans to issue new shares except in connection with employee share schemes.

Issue of shares

A special resolution was passed at the AGM held on 19 May 2022 granting the Directors the authority to issue shares on a non-pre-emptive basis up to an aggregate nominal amount of £12,408.46 (representing 12,408,464 ordinary shares or approximately 5% of the ordinary share capital). A special resolution was also passed granting the Directors the authority to issue shares on a non-pre-emptive basis in respect of an additional 5% of the ordinary share capital in connection with an acquisition or specified capital investment.

These authorities will expire at the Company's 2023 AGM. The Directors will therefore be seeking a new authority to issue shares for cash on a non-pre-emptive basis up to £166,113.25, and the Directors also propose to seek authority to issue non-pre-emptively share capital of the Company in accordance with the recently updated Pre-Emption Group's Statement of Principles 2022 on Disapplying Pre-Emption Rights, being no more than 24% in total rather than the previous thresholds of 10% in accordance with the Pre-Emption Group's Statement of

Principles published in 2015. The Directors will also seek authority to issue non-pre-emptively for cash shares up to £24,916.99 (representing 24,916,987 ordinary shares or approximately 10% of the ordinary share capital) for use only in connection with an acquisition or specified capital investment, and a further authority of no more than 2%, to be used only for the purposes of making a 'follow on offer', as set out in the Pre-Emption Group guidance.

Purchase of own shares by the Company

A special resolution was passed at the AGM held on 19 May 2022 granting the Directors the authority to make market purchases of up to 37,200,575 ordinary shares with a total nominal value of £37,200.58 representing approximately 14.99% of the Company's issued ordinary share capital. The authority to make market purchases will expire at the Company's 2023 AGM and the Directors will be seeking a new authority to make market purchases up to 14.99% of the Company's issued ordinary share capital, which will only be exercised if the market and financial conditions make it advantageous to do so. Further details are set out in the explanatory notes of the notice convening the AGM.

Rights attaching to shares

The rights attaching to the ordinary shares are summarised as:

- the ordinary shares rank equally for voting purposes;
- on a show of hands each shareholder has one vote and on a poll each shareholder has one vote per ordinary share held;
- each ordinary share ranks equally for any dividend declared;
- each ordinary share ranks equally for any distributions made on a winding-up of the Company;

Directors' Report continued

- each ordinary share ranks equally in the right to receive a relative proportion of shares in the event of a capitalisation of reserves;
- the ordinary shares are freely transferable; and
- no ordinary shares carry any special rights with regard to control of the Company and there are no restrictions on voting rights.

Amendment to the Company's Articles

The Company may alter its Articles by special resolution passed at a general meeting of the Company. A resolution to amend the Articles was voted on and passed by shareholders at the 2020 AGM.

Political donations

The Group made no political donations during the year.

Greenhouse gas emissions

Information on the Group's greenhouse gas emissions is set out in the Strategic Report on pages 24 and 25, and forms part of this Report by reference.

Future developments within the Group

The Strategic Report contains details of likely future developments within the Group. The Group's research and development costs are disclosed in Note 6 to the Group's consolidated financial statements on page 152.

Overseas operations

As explained in the Strategic Report, the Group operates in the UK, Ireland, Italy, the Netherlands and the Middle East.

Post balance sheet events

There have been no significant post balance sheet events to report.

Principal risks and uncertainties

The Board has carried out a robust assessment of our current key risks and these are summarised in the Principal Risks and Uncertainties section of the Strategic Report on pages 55 to 62.

Results and dividends

An interim dividend of 4.1 pence per share was paid on 28 September 2022. The Board recommends a final 2022 dividend of 8.2 pence per share.

Shareholders will be asked to approve the final dividend at the AGM, for payment on 24 May 2023 to shareholders whose names appear on the register on 21 April 2023.

Total ordinary dividends paid and proposed for the year amount to 12.3 pence per share or a total return to shareholders of £30.5m.

Employees

The Group is committed to employment principles which not only follow best practice, but are based on equal opportunities for all colleagues, irrespective of gender, pregnancy, race, colour, nationality, ethnic or national origin, disability, sexual orientation, age, marital or civil partner status, gender reassignment or religion or belief. Full and fair consideration is given to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. The Group encourages and supports the continued employment and training, career development and promotion of disabled persons employed by the Group; including making reasonable adjustments where required. If any employee becomes disabled, every effort is made by the Group to support and ensure their continued employment, either in the same or an alternative position, with appropriate retraining given if necessary.

The Board is aware of its obligations to engage with employees and the Group's wider stakeholders, as outlined under The Companies (Miscellaneous Reporting) Regulations. Further detail of its activities during the year can be found in our Stakeholder Engagement section on pages 42 to 45, our s172 statement on pages 46 to 48, and our Board employee engagement activities on page 76 of the Governance Report.

NAME OF SHAREHOLDER	As at 31 December 2022		As at 14 March 2023	
	Ordinary shares	% Voting Rights	Ordinary shares	% Voting Rights
Impax Asset Mgt	19,896,222	7.99	19,896,222	7.99
abrdn	19,634,188	7.88	15,241,044	6.12
Liontrust Asset Mgt	13,171,979	5.29	11,028,911	4.43
Lansdowne Partners	11,949,195	4.80	11,819,001	4.74
Franklin Templeton Investments	11,129,699	4.47	11,122,000	4.46

Substantial shareholders

As at 31 December 2022 and 14 March 2023, the Company was aware of the interests in voting rights representing 3% or more of the issued ordinary share capital of the Company set out below. This information was correct at the date of notification. It should be noted that these holdings may have changed since they were notified to the Company. However, notification of any change is not required until the next applicable threshold is crossed.

Auditor

A resolution to reappoint Ernst & Young LLP as the Company's external auditor and to authorise the Directors to fix the auditor's remuneration will be proposed at the 2023 AGM.

Directors' statement of disclosure of information to auditor

Each of the Directors has confirmed that as at the date of this Report:

- So far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The Directors have taken all reasonable steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should

be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Requirements of the Listing Rules

Apart from the details of any long-term incentive scheme as required by Listing Rule 9.4.3R, which is disclosed in the Directors' Remuneration Report on pages 114 to 126, disclosure of the information listed in Listing Rule 9.8.4R is not applicable.

Annual General Meeting

The 2023 AGM is scheduled to be held on 18 May 2023. A full description of the business to be conducted at the meeting is set out in the separate notice of AGM.

By order of the Board.

Emma Versluys
Company Secretary
14 March 2023

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and the Group's consolidated financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group's consolidated financial statements in accordance with UK-Adopted International Accounting Standards (IFRSs).

Under company law the Directors must not approve the Group's consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing the Group's consolidated financial statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and accounting estimates that are reasonable and prudent;

- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- state whether IFRSs have been followed, subject to any material departures disclosed and explained in the Group's consolidated financial statements; and
- prepare the Group's consolidated financial statements on the going concern basis unless it is appropriate to presume that the Group will not continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the Group's consolidated financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Section 172 Statement, Remuneration Report and Corporate Governance Statement that comply with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Directors' responsibility statement

The Directors confirm, to the best of their knowledge:

- the Group's consolidated financial statements, prepared in accordance with UK-Adopted International Accounting Standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and undertakings included in the consolidation taken as a whole
- the Annual Report and Accounts, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face
- they 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, performance, business model and strategy

By order of the Board.

Joe Vorih
Chief Executive Officer

Paul James
Chief Financial Officer
14 March 2023