Governance report

Values driven

Unique ownership structure

Since 1979 Arup has been owned by Trusts for the benefit of Arup Group employees (our “members”). The directors of the Trusts are collectively referred to as the Trustees.

Trust ownership affords us total independence and the ability to take a long-term view, without external pressures from shareholders or the risk of change in ownership. This provides our clients with confidence in our ability to prioritise their interests, and we have the freedom to shape our own direction and invest in the things we feel matter most: our members, our knowledge, our resources and our communities.

The Trustees appoint the directors of Arup Group Limited (the “Company”) to lead the Company, and to oversee the management of its business through the Company and its subsidiaries (collectively the “Arup Group” or “Group”) in accordance with the Company’s Articles of Association.

The Trustees are not themselves directly involved in management decisions about Arup Group’s operations.

Our culture

For over seventy years, Arup Group has evolved into a unique company with a strong culture, thanks in part to our independence and our shared values. The six aims set out in our founder, Ove Arup’s, Key Speech of 1970, guide us to this day: quality of work, total architecture, humane organisation, straight and honourable dealings, social usefulness and reasonable prosperity of members remain the foundation of our culture and continue to motivate and guide us both as individuals and as a membership. The Key Speech is required reading for each person who joins Arup Group.

Today our work, our range of expertise, and our international footprint are all greatly expanded and people’s expectations about their working lives are changing. The Board recognise that as a membership of over 17,000 people, we need to be even more intentional in how we maintain our culture at scale and make sure it is evident in how we behave.

With that in mind, People is one of four ‘pillars’ that underpin our 2020-2023 strategy (refer to ‘Strategy development’ for further details). The actions required are set out in our people strategy which takes all the ambition, excellence, creativity and focus that we deliver on our projects and brings it to bear on how we behave. It is explicit about the culture that we want to maintain and grow and the experience that our members can consistently expect.

Our people strategy is centred on three big ideas, each asking our members to actively do something, to Be Leaders, to Be Human and to Be Amp. Be Leaders articulates what good leadership looks like and encourages everyone, regardless of grade to show and develop positive and inclusive leadership attributes. Be Human encourages our members to develop strong relationships and emphasises the importance of wellbeing and the power of true inclusion (refer to ‘Diversity and inclusion’ for further details). Be Amp is about celebrating what makes us unique whilst always looking to improve; how we harness our skills and creativity as we collaborate to shape a better, more sustainable future (refer to ‘Delivering excellence’ for further details).

Progress on the people strategy is monitored and reported monthly to the Management Board (Arup Group’s operational board) and our global People leadership team, together with our People Executive, is responsible for supporting us in maintaining and continuing to grow a positive culture at Arup Group.

Purpose

Arup Group works across every aspect of the built environment to help our clients solve their most complex challenges – turning exciting ideas into tangible reality. We are driven by our values, and vision to shape a better world; living by Ove Arup’s goal of doing our work “as well as it can be done” to push boundaries and produce better, more sustainable, socially valuable, outcomes for everyone it impacts.

As a trust-owned company, we view value through the lens of three of our aims: quality of work, social usefulness and reasonable prosperity of members. We define prosperity in its broadest sense and seek clients we enjoy collaborating with, work that is interesting and rewarding, solutions we can be proud of for their contribution to society and fees that recognise the value of what we provide and are sufficient to enable us to reinvest in Arup Group and our members.

In June 2020, the Arup Group Strategy for 2020-2023 was launched, fifty years after Ove Arup delivered his Key Speech. The strategy reaffirms our values and sets out the priorities and approach that will continue to unite our members and make sure we thrive in a changing world. For us, ‘better’ is all about creating a more sustainable future for everyone.

We are on track against our plan, and have made significant progress in all regions and in all parts of the business in operationalising sustainable development as an integral part of our projects, client relationships, businesses, services and operations. Climate change has been prioritised, and significant steps have been taken to advance progress on decarbonisation and towards Net Zero. A plan for skills transformation as a key enabler of our strategic aims is also well advanced (refer to ‘Delivering excellence’ for further details).

The Board recognises that ongoing engagement with our members is fundamental to delivering our purpose and current strategic priorities; interaction opportunities for our members to discuss progress with our Board directors are of mutual value and key to continuously monitoring our culture. Engagement with our members is expanded upon in ‘Our members’.

Shaping a better world

A commitment to sustainable development is a long-established part of our culture, aligning with our aims to be socially useful and a humane organisation. Ove Arup recognised in 1970 our responsibility to look after the natural environment and the impact the creation of the built environment was having on our planet: “The battle is on, and it is a crucial battle for mankind.”

In October 2017 we committed to contribute meaningfully to the UN SDGs. These provide a shared vision of what a better world looks like in 2030 and provide us with a lens through which we can challenge, refine and expand our work. As a provider of professional services focusing on the built environment, our work directly impacts those goals relating to water, energy, cities and transport, while enabling us to contribute to a fairer, more inclusive world and ensuring we safeguard the planet.
Sustainable development is at the heart of the Arup Group strategy, guided by ‘A better way’, our strategy for embedding sustainable development as part of everything we do. This is underpinned by six principles which guide our decision-making, shape our approach to projects, determine what we invest in, identify the research we prioritise and help us form strong client and partner collaborations which enable us to shape a better world. Our work should strive to:

- improve human health, safety and well-being recognising that this is intrinsically tied to the health of the planet and quality of the built environment;
- transition to a zero carbon economy and a world where everyone has access to clean energy;
- adopt circular economy principles leading to decoupling of economic growth and consumption;
- enhance communities’ resilience to climate change and other risks;
- create social value that results in a more inclusive, equitable and just society; and
- respect planetary boundaries, and reverse the damage done to date.

These six principles are implemented through our region plans, services and business strategies, management systems and the application of our Group policies.

We are also developing strategic partnerships that reflect our nature as a purpose-driven organisation, allowing us to shape the debate around the changes needed in urban development and the planning, design and operation of assets to address climate change, nature loss and inequity or achieve the UN SDGs.

So, we seek to work with globally relevant partner organisations that share our own commitment to addressing some of the most intractable problems facing the planet, to pioneer a more sustainably developed built environment. As an organisation that is both technically excellent and socially committed, collaborating with these partner organisations is a powerful way to be present where bigger ideas are debated and amplify our voice on critical topics.

Our current global strategic partner organisations – from the Ellen Macarthur Foundation to Resilience Rising or the World Economic Forum – extend our influence beyond the remit of our typical projects to focus on complex and enduring issues, where shared co-creation and collaboration is needed, and a market-led approach alone may not be the route to the most optimal solution.

Examples of our sustainable development engagement are included in the Chair’s foreword.

Our well-established global Community Engagement programme is another embodiment of our long-held commitment to humanitarianism, expressed by Ove Arup as “a social conscience, a wish to do socially useful work, and to join hands with others fighting for the same values”.

We work in partnership, empowering and learning from organisations that support the people we aim to benefit, to improve the lives of the most vulnerable, marginalised and disadvantaged people around the world. We use our time, skills and expertise to deliver education, employment and basic infrastructure that provides the essentials for life such as water, sanitation, energy, food security and shelter.

The Board jointly agree with the Trustees the annual priorities for the programme and review progress biannually.

In July 2021, the refreshed Community Engagement strategy was approved. The strategy reinforces Arup’s commitment to focus on the most disadvantaged and vulnerable communities, and places added emphasis on the importance of longer-term partnering with charities and NGOs to deliver positive impact at scale.

Growth through 2021/22 saw 205 major projects (investments greater than £1,000) delivered and member participation increasing by 42% on the previous year. Our project partners responded to a survey between January and March 2022 estimating that more than one million people globally will benefit from the projects delivered in the year. We invested £4.6m in delivering our Community Engagement programme over the year and the Board is committed to an increase in budget for 2022/23.

To support the planned growth, in January 2022 the Board agreed to the recruitment of a senior executive to lead the programme. Having a director with responsibility for the programme will enable us to deliver on our ambition to grow and reach underserved communities at scale.

The Community Engagement programme is designed to respond to emerging needs. During 2021/22 we continued to support communities affected by COVID-19. We adapted our global STEM (Science, Technology, Engineering and Mathematics) outreach programmes to be delivered online and supported charities and schools with donations of devices so students from low-income households could access learning.

In addition, following the onset of the current Ukraine crisis in February 2022, we have supported those displaced by the conflict through donations to charities and NGOs working in Ukraine and on its borders. Within the financial year ended 31 March 2022, Arup Group made cash donations totalling £220,000, in addition our staff directly donated £120,000. Donations and fundraising activities will continue in the coming year.

Our continuing priority is to ensure that the projects we co-create, and solutions we propose, deliver lasting value to communities. As communities recover post-pandemic, we continue to focus on how we can apply our digital capabilities and innovate for community benefit. For example, we provided a full-time resource for two weeks to provide remote skilled data analytics and GIS support to the humanitarian response to the catastrophic Haiti earthquake in August 2021 and through our long-standing relationship with Bridges to Prosperity we were able to develop an easy-to-use bridge visualisation tool, developed as an offline application, that provides bridge construction support to rural communities in East Africa. Further details about these projects and the programme can be found online at Arup.com.
Roles and responsibilities

Defined terms of reference for all the key senior management and global roles, boards and committees are not publicly available but are accessible to the Trustees (our shareholders) and our members on our intranet; these terms of reference are agreed by the Board except for those for the Board and its Chair and Deputy Chair(s) that are set by the Trustees.

The Trustees

The Trustees are current and former members drawn from two sources in broadly equal proportion: former Board directors, with the majority being retired, one of whom is elected Trustee Chair; and current members of senior management nominated by our members. The composition of the Trustees reflects the diversity of Arup Group, but individual Trustees do not represent any particular part of the firm. Appointment terms are managed on a staggered basis to ensure some continuity of membership to provide both stability and efficiency.

In March 2022, Jenny Baster and Andrew Chan completed their terms as former Board director Trustees and stepped down. Peter Chamley was appointed from 1 April 2022. Peter has led and delivered infrastructure developments and major civil engineering projects worldwide over the past 40 years. He has served as the Australasia region chair and was a member of the Board from 2014-2021.

In March 2022, Rachel Nicholls came to the end of her term as a Trustee nominated from senior management and stepped down. Veng-Wye Tang and Tilyat Hattnarn were appointed from 1 April 2022. Veng-Wye has been with our firm for 40 years. As a member of the Australasia board he supported the development of their race, ethnicity and culture action plan. Tilyat is a director in our Istanbul office leading the advisory services team. She has been a member of the Europe board for the past five years, and has professional expertise and experience in project and design management of multidisciplinary and international teams on commercial and residential projects.

In addition, David Whittleton’s term as Trustee Chair has been extended to 31 March 2024.

Appointments

The Trustees are responsible for ensuring the Board’s composition continues to align with our values and enables the delivery of our strategy. Their decisions are informed by ongoing engagement with the Board and our members, progress against the strategy, and periodic formal reviews of the Board’s performance (refer to ‘Board engagement with the Trustees’ and ‘External evaluation’ for further details).

Potential executive director candidates are identified from the full population of senior management that is kept under regular review as part of succession planning. Candidates are discussed by the Board and the Trustees, and those short-listed are interviewed by a Nominations committee in order to make a recommendation for appointment by the unanimous decision of the Trustees.

Consideration of individual candidates for appointment to the Board includes a range of factors including leadership that inspires trust and commitment, industry and client recognition for excellence, strategic insight, and the complementary skills and diverse perspectives they bring alongside their capacity to perform the role.

A small number of non-executive directors ("NEDs") are appointed to bring an external perspective and constructive challenge which aids comprehensive discourse. Potential candidates for NED roles are identified by the Board through an external consultant, in consultation with the Trustees, and interviewed to decide on their appointment by the Trustees. Checks are carried out to confirm the availability to commit sufficient time to perform the role and on any potential conflict of interest.

Chair and Deputy Chair(s) appointments are handled by a Nominations committee of the Trustees that may include specialist external advisors. The Nominations committee consults with all Board directors and Trustees to identify individual views on suitable candidates, and the Trustees discuss the outcome of that consultation and shortlist candidates for interview and formal assessment. The Nominations committee makes recommendations for appointment by the unanimous decision of the Trustees.

The Chair is appointed for an initial term of three years which can be extended for one or two years up to a maximum of five years; appointees will typically have served on the Board prior to this.

The Board acts collectively as an executive team, and the primary role of the Chair is to facilitate that process. This model differs from the conventional mix of Chair and CEO roles, where the independence of the former is a necessary check on the authority of the latter (refer to ‘The Board’ for further details). Terms as Board member and Chair are considered as separate matters by the Trustees to enable the best combination of Board membership and Chair at any point in time.

Board directors are normally appointed for an initial term of three years; the same timeframe applied throughout Arup Group for individuals taking on a broad range of senior leadership responsibilities. This is considered to be a sensible period over which to demonstrate meaningful and sustainable impact. Annual re-election is not required. It is expected that executive directors will typically serve for six to nine years, but with shorter or longer terms agreed as appropriate to balance fresh thinking with continuity and Board experience.

Re-appointments are determined by the Trustees as Board directors approach the end of their term. Individual performance is assessed through the formal appraisal process (refer to ‘Board engagement with the Trustees’ for further details) and informal one-to-one discussions by the Trustee Chair with the Board directors. This is considered alongside the current and future Board composition.

Alan Belfield’s term as Chair, and Tristram Carfrae’s term as Deputy Chair, have been extended for two years to 31 March 2024. Dervilla Mitchell’s role as Deputy Chair alongside Tristram Carfrae continues.

Isabel Dedring and Paul Coughlan’s terms as Board directors have each been extended for a second three-year term to 31 March 2025.

Tim Stone’s role as an NED was extended for one year to 31 March 2023, at which point he will have completed seven years. During the financial year ended 31 March 2022, Tim was chair of the Audit committee and a member of the Risk, Board remuneration, and Investment committees. Cordelia Chung continues as an NED and as a member of the Risk and Board Nominations committee.
Board engagement with the Trustees

Regular engagement with the Trustees is achieved in several ways:

- reports from the Chair to the Trustees three times a year;
- Joint Boards’ meetings between the Trustees and Board twice a year;
- monthly meetings between the Chair and the Trustee Chair; and
- joint working on areas of mutual interest e.g. the Community Engagement Programme and the appointment of Fellows (members at the forefront of professional excellence).

Board directors are formally appraised by the Chair on an annual basis following the same process undertaken for all our members including feedback from a number of sources including the external evaluation and Trustees’ review. Plans are agreed to address any individual skills development and / or training needs that will contribute towards more effective Board composition. The Chair is formally appraised by the Trustee Chair in the same way.

The Trustees are provided with feedback on the performance of individual Board directors by the Chair and in addition, the Trustee Chair attends the appraisals for Board directors nearing the end of their current term. The appraisals are considered by the Trustees, together with other feedback, when determining any potential reappointments.

The Trustees carry out a formal review of the Board every two to three years as part of our governance arrangements and to help the Board to be as effective as possible. The review process includes an initial survey of senior management and interviews with a random sample of 10% of them to gain their views on the Board’s performance; this is followed by interviews with all Board directors and officers. The results of this engagement is used by the Trustees to develop recommendations to the Board and inform the Trustees’ appointment decisions (refer to ‘Appointments’ for further details).

One of the recommendations of the 2020 review was that the Board should play a more active role in directing the implementation of the Arup Strategy. This has been a key focus since the strategy was launched in July 2020, and has been reflected in the organisation changes introduced on 1 April 2022. Good progress has also been made on defining the Board’s role, and the delegation of responsibilities to executives and committees, more clearly. A full close out report was reviewed at the July 2022 Joint Boards’ meeting.

The Board

The Board is responsible for Arup Group’s long-term success, financial security, unity, wellbeing and sustainability. The directors of the Board are as set out in the directors’ report.

Good and fair-minded governance, together with our independence, creates the conditions for our members to flourish, and our Board is responsible for this approach. The composition of the Board has evolved from our origins as a professional services partnership to enable the effective leadership of our business within a trust owned corporate structure. That trust ownership is a key part of our governance in enabling and supporting good stewardship and high standards of corporate behaviour.

The Board operates as an executive team, reaching decisions collectively as a board of equals. All Board directors are expected to attend all Board meetings and to actively contribute and to voice any relevant views in reaching consensus. As such, no one individual or small group of individuals is able to dominate the Board’s decision-making in line with the principle set out in the UK Corporate Governance Code 2018 (the “Code”), notwithstanding that our Board composition differs from the model set out in the Code’s provisions.

The majority of the Board is drawn from the senior management within the business so that the Board’s decisions can be informed by their breadth of experience - from across Arup Group’s business, from their individual advisory, design and engineering disciplines; from client and project work; and of our key sectors and growth areas - together with a granular understanding of our operations. Board directors do not represent the parts of Arup Group where they are operationally engaged, but their individual insights are valuable in determining the direction of Arup Group as a whole. At least as importantly, Board directors have a strong understanding of, and personal commitment to, our values and our culture.

There are currently two independent NEDs on the Board. The Chair meets with the NEDs before each Board meeting to brief them on matters on the agenda to ensure their active participation in board discussions. The NEDs participate in the Board’s engagement with individual offices, although that has necessarily been online rather than in person over the course of the last year, as well as joining the annual senior management meeting.

The Chair is responsible for managing the Board and, together with the Deputy Chair(s), for acting on behalf of the Board on a day to day basis between meetings. In particular, the Chair encourages collegial discussion and effective decision-making, identifies strategic issues needing Board action and ensures Board directors are appropriately informed on key matters. Many of the operational responsibilities are undertaken by the Chief Operating Officer (“COO”) who chairs the Management Board, Arup Group’s operational board.

The Board are supported by the Board Secretary (Company Secretary), who they appoint in accordance with the articles of association. All directors are informed at their induction that they can access the advice of the Board Secretary as needed. The Board Secretary also liaises with the Chair to ensure the Board has access to all the information it needs to perform effectively and efficiently. All papers (current and past) are available to Board directors through an online portal.

Board activity

There are four full Board meetings per year, and two meetings held jointly with the Trustees; three additional short interim meetings are also scheduled to address matters needing more urgent decisions, to maintain pace between the full Board meetings, and to set priorities. All meetings have taken place online this year, with shorter sessions, reflecting the global time zones of the participants, held over three or four days. The agenda has been refocused, and more work has been undertaken through sub-groups in between meetings. All Board directors attended every meeting during the year except for September 2021 (Eva Hinkers) and October 2021 (Isabel Dedring and Eva Hinkers).

Key matters addressed by the Board, in addition to monitoring progress against our strategy, include market outlook and key client and project matters; significant and emerging risks and progress on existing mitigation measures; oversight of operations and performance; investment funding and allocation; and the profit-sharing arrangements and distribution amount.
The Board makes all appointments at the senior management level, as well as the members of the management bodies with specific operational or advisory roles.

Significant work has been undertaken during 2021 and 2022 to develop a globally consistent geography-based operational structure together with a common set of external facing portfolios, to strengthen how we connect with our clients, our markets and each other. This will also broaden career and development paths and create new leadership opportunities for our members, enable more agile decision making, and reinforce our focus on technical excellence. The reconfiguration of the executives and committees reporting to the Board, as noted in the Board’s response to the Trustees review, was a part of the same process (refer to ‘Board engagement with the Trustees’ for further details).

Opportunities and risks

The Board is ultimately responsible for oversight of risk and for maintaining a robust risk management and internal control system. Formal risk reporting is embedded within the Company’s management bodies so that emerging risks can be identified, escalated and addressed as appropriate. This is underpinned by the Risk committee of the Board who are responsible for our risk management framework whose key objectives are to minimise threats to our business and improve our preparedness for risk events, should they occur. A review was undertaken in 2021 of our approach to risk resulting in a prioritisation of a number of focus risks and more structured coordination across our geographies. Our overall approach integrates economic, environmental and social issues noting that climate change is one of the defined focus risks. The Board continues to receive regular reports from the Risk committee on the efficacy of the systems in practice. See ‘Audit, risk and internal control’ for further details.

Seven key Arup Group risks have been identified for oversight at Board level: geopolitical risk; technological resilience; technical errors; reputation; solvency; health & safety; and climate risk. Each has a defined risk owner driving the management of the risk and the development and active implementation of pragmatic and impactful response plans with SMART actions.

Our Board directors’ diverse operational roles provide day-to-day insight into opportunities and risks, and the Board’s decision making is informed by their understanding of the current and future marketplace, client opportunities and industry developments. Reputation and related thematic risks that could affect the firm in significant ways are also kept under review by the Risk committee and the Management Board. Any matters of significance are brought to the attention of the Board.

Strategy development and implementation

The Board is responsible for setting the strategy for Arup Group which sets out the priorities and approach that will continue to unite us and make sure we thrive in a changing world. This is typically reviewed and renewed on a three-to-five year basis.

In 2019, the Board reviewed Arup Group’s business priorities, taking into consideration feedback from extensive engagement and consultation processes with our members and leadership, and the 2020-2023 Arup Group strategy was launched in June 2020.

Sustainable development is unequivocally at the heart of the strategy, which encourages our members to find new solutions to some of the great challenges of our age. We have also identified four strategic priorities that will enable us to achieve our purpose: People, Excellence, Influence and Digital.

Coherent programmes of work were developed during the year and have now been put in place across all of the strategic priority areas, with executive committees established to enable delivery.

Execution and performance

The Board delegates responsibilities in various areas to executive bodies. The governance structure outlined here was in place for year ended 31 March 2022 (refer to ‘Board activity’ for further details of the changes that were implemented from 1 April 2022). There were three advisory bodies in key strategic areas: Arup University council, Digital executive and People council. These reported to the Board quarterly and their performance was subject to ongoing assessment against agreed plans.

Day to day operational management was carried out by the Management Board who had overall responsibility for business operations and performance, the delivery of annual business plans, the success and well-being of our members, delivering value to clients and a high quality of service.

The Management Board was chaired by the COO and formed of the chairs of the five operating regions, the Chief Information Officer, the Chief Financial Officer (“CFO”), the People Leader and the Head of Corporate Services. The Management Board was collectively responsible for delivery of global targets agreed by the Board, as well as coordinating the activities of the region Boards.

An internal performance report is published internally every six months which provides an overview of Arup Group’s performance across three areas: health, safety and wellbeing, our business performance, and progress against the Arup Group strategy.

Region reviews are undertaken annually by a panel of the Board, typically the Chair, Deputy Chair(s), and COO together with the regional leadership teams. This is intended to be a constructive process and includes reports on the region’s progress against the Group strategy and in-depth discussions in key areas including clients and projects, risk, success planning and diversity.

Succession planning

Senior management succession plans, providing a three-to-five year pipeline of potential successors to termed roles, are reviewed annually. The alternations to our operational structure (refer to ‘Board activity’ for further details), have resulted in significant change and movement across our senior management, resulting in opportunities for new and existing leaders at both global and regional levels. Many of these appointments have been made on a termed basis which will continue to allow for flexibility, resilience and broader career development.

The appointment process for Board directors is detailed under ‘Appointments’ above where diversity within leadership bodies is considered – including diversity of thought, expertise, skills, attributes, gender, race, age, tenure and geography.

External evaluation

The recommendations of the Board evaluation reported in April 2020 have largely been implemented, most notably by reconfiguring the executives and committees reporting to the Board, developing revised Terms of Reference for the Board that have been approved by the Trustees, and clarifying the means by which those responsibilities are discharged within a formal delegated authority
framework. A new appointments committee has also been put in place from 1 April 2022 to review and improve our processes for identifying and appointing senior leaders, with a strong focus on enabling as diverse a pipeline as possible. The third area identified in response to the 2020 report, decision-making, will be monitored carefully as the new organisation arrangements are embedded, as those changes should result in the outcome needed from Board discussions being framed more clearly.

The Board intends to establish a regular evaluation process, and a working group that includes the NEDs has been established to recommend a suitable approach.

Policies in practice

Group policies

Arup Group has six core policies, formal declarations of principle whose purpose is to guide decision making. They are informed by our stakeholder engagement and provide direction for our business, translating our values into actions, and set clear expectations for and of our members (refer to ‘Our stakeholders’ for details of Board engagement).

Group policies apply across all Arup Group operations; they are set, reviewed and approved annually by the Board and implemented through regions and groups. An individual Board director is assigned responsibility for developing a plan to enable us to reach the aims set out in each policy while fulfilling applicable legal, regulatory and other requirements. However, all Board directors take an active and visible role in communicating the importance to our members of each of the policies’ aims.

We publish our policies publicly on our website. The implications in the areas of good governance under the Code, and the way they shape our work, are outlined below (where “CA” refers to the UK Companies Act 2006):

Environmental

We seek to protect the environment by addressing the complex challenges presented by population growth, climate change, biodiversity loss, increasing energy demand and resource scarcity to live within the natural limits of our planet.

Key Board decisions: committed to undertaking whole lifecycle carbon assessments for all our buildings projects, new and retrofit, from April 2022, and to not pursue any new energy commissions that support the extraction, refinement, or transportation of hydrocarbon-based fuels; progressed our target to reduce business travel by 50% from the 2018 baseline; maintained a management system certificated to international standard ISO 14001 in our formal offices (refer to ‘Shaping a better world’ for further details).

Key stakeholder considerations: Society

Regarding matters outlined in CA S.172 (1): a, d

Equality, diversity and inclusion

We are committed to creating an inclusive working environment based on merit, fairness and respect. One that encourages talented people of any background to produce their best work of the highest quality. As a humane organisation, we embrace the skills, abilities and knowledge, that only a diverse and inclusive workforce can provide, to create solutions, and give advice, that improves society as a whole.

Key Board decisions: continued to target for the male to female ratios within our membership to be in a 40% to 60% range in either direction; maintained diversity as a key consideration in Board appointments and succession planning; approved of the global Behaviour Charter (refer to ‘Diversity and inclusion’ for further details).

Key stakeholder considerations: Members

Regarding matters outlined in CA S.172 (1): a, b

Ethical conduct

Our values and commitment to business integrity stem from a desire to act honourably and with integrity in all our business dealings. We maintain ethical business standards in all the markets in which we operate, and have a strong sense of responsibility to treat people respectfully.

Key Board decisions: established Speak Up, a confidential disclosure procedure across all regions enabling our members and external parties to report their concerns about unethical behaviours (refer to ‘Business integrity’ for further details).

Key stakeholder considerations: Members, Clients, Collaborators and Suppliers

Regarding matters outlined in CA S.172 (1): a, b, c, e, f

Health, safety and wellbeing

We care about our members, our communities and those that we influence by our actions. We prioritise a safe and healthy working environment for our members; in our offices, on site and travelling on business. We promote the importance of health, safety and wellbeing, and strive for zero harm both within the workplace and through our activities. Health, safety and wellbeing is a standing agenda item at Board meetings.

Key Board decisions: appointed a new health and safety director; agreed a programme of objectives to improve how health and safety is addressed; approved the global wellbeing commitments; launched our new flexible working programme; maintained management system certificated to Occupational Health and Safety Assessment Series (OHSAS) 18001 or equivalent in our formal offices (refer to ‘Health, safety and wellbeing’ for further details).

Key stakeholder considerations: Members, Clients, Society

Regarding matters outlined in CA S.172 (1): a, b, c, d

Quality

We care deeply about our work and seek to produce better outcomes for our clients, the public and our planet. Through our collaborative spirit, independent thinking and holistic approach we produce work of quality that improves the built environment and sets new expectations for our industry.

Key Board decisions: established an Excellence committee to help deliver this key pillar of the strategy; adopted excellence as the overarching theme for the annual senior management event; refreshed our skills network programme; maintained a management system certificated to international standard ISO 9001 in our formal offices; maintained oversight of the Client relationship programme (refer to ‘Building successful relationships’ and ‘Delivering excellence’ for further details).
Key stakeholder considerations: Members, Clients, Collaborators and Suppliers, Society
Regard to matters outlined in CA S.172 (1): a, b, c, d, e

**Sustainable development**

We are committed to contribute meaningfully to the UN SDGs, creating shared value for our clients and our communities while safeguarding our planet. We will apply our expertise, diversity of thinking and independence in the quest for a safe, sustainable and resilient future — for all. This is how we will shape a better world.

**Key Board decisions:** recommitted our global membership with the UN Global Compact including increasing the number of countries who are members locally; engagement with the Earthshot Prize as a global alliance member.

Key stakeholder considerations: Clients, Collaborators and Suppliers, Society
Regard to matters outlined in CA S.172 (1): a, c, d

**Business integrity**

Our values and commitment to business integrity stem from a desire to act honourably and with integrity in all our business dealings; the expectations we have of our members, including Board directors, are set out in our Business Integrity Code of Practice.

Our senior management receive regular business integrity reports, with content including, but not limited to risk management, due diligence, training, and communications. The Risk committee proactively reviews and comments on those reports, seeking further information as required.

The increasingly complex global sanctions regime, critically including the February 2022 Russian invasion of Ukraine, has demonstrated that our due diligence processes are robust and effective. With regards to the significant sanctions imposed on Russia following its invasion of Ukraine, additional sanctions-related risk mitigation actions have been implemented. The effectiveness of those actions is monitored regularly by members of the Board.

A Speak Up procedure has been implemented, which enables our members and external parties to make confidential, and where required by the discloser, anonymous disclosures of behaviours that do not align with our commitment to high standards of Business Integrity. An investigation procedure has been developed to facilitate formal investigation of specific disclosures, and a Speak Up online learning module has been developed and published.

A modern slavery on-line learning module has been developed and published. The module is part of our risk mitigation measures to further reduce the risk of modern slavery being present in our supply chain.

A voluntary conflicts of interest on-line learning module was launched during the year, and requirements for mandatory completion by specific roles are currently being defined.

The online personal interests register continues to be used by all statutory board directors to facilitate regular consideration of the relationship between an individual’s personal interests and their Arup Group roles and responsibilities. Consideration is being given to expanding the scope of the register, both with regards to items recorded, and roles that are required to complete the register.

Board directors’ external appointments are notified to the Chair in advance of acceptance and any actual, potential or perceived conflicts of interest are examined to determine if they should proceed and if any mitigating actions are required to ensure all matters determined by Board directors are solely considered in the interests of Arup Group. An updated report from the online personal interests register is a standing item on the Board agenda.
Building successful relationships

Ove Arup’s words guide us in recognising the importance of building successful relationships; “[w]e recognise that no man is an island, that our lives are inextricably mixed up with those of our fellow human beings, and that there can be no real happiness in isolation”. Our purpose and our values, through our Trust ownership, ingrained not only throughout our governance and our operations, but as part of our DNA, are a core constituent of how we think and act. Our timeframe is multi-generational, and our commitment to shaping a better world shapes the choices that we make at all levels in the firm: in the work that we do and the way that we do it; in our investment into our membership; in the quality of our relationships with clients and collaborators; and in the decisions of the bodies tasked with leading and managing the firm, including the Board. This is how we deliver on the duty to promote the success of the Company as set out under S.172 of the Companies Act 2006. For our formal S.172 statement, please refer to our strategic report.

Our stakeholders

The table below identifies our stakeholders and provides examples of how the Board engages with them. The resulting principal decisions the Board has made are outlined in ‘Policies in practice’. Face-to-face interaction during the year remained limited due to the ongoing pandemic, however, our members adapted to online meetings resulting in many cases in increased participation, and greater depth of engagement.

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Who are they?</th>
<th>Why are they important to us?</th>
<th>Board engagement</th>
</tr>
</thead>
</table>
| Trustees                     | Directors of the owning Trusts.                                              | The Trusts are the sole shareholders in the Company.                                        | • Reports to Trustees’ meetings  
• Bi-annual Joint Boards’ meetings  
• Monthly Chair-to-Chair meetings  
• Joint working groups  
• Refer to ‘Board engagement with the Trustees’ |
| Members                      | Everyone employed by Arup Group.                                             | We are a people business, and our members are the primary beneficiaries of the Trusts.     | • ‘Working at Arup’ survey  
• Annual meeting as well as regular online sessions for senior management  
• Board visits to offices and sites  
• Regular internal performance report  
• Initiative specific consultation and co-creation  
• Regular events, online meetings (including all member calls) and news  
• Refer to ‘Our members’ and ‘Health, safety and wellbeing’ |
| Clients                      | Everyone who contracts Arup Group’s services, public and private sector.     | They provide income and the opportunities to use our skills to deliver solutions they will value which shape a better world.                  | • Professional engagement on projects  
• Direction and oversight of the Client relationship programme  
• Membership of the World Economic Forum  
• Refer to ‘Business integrity’ and ‘Long-term collaboration’ |
| Collaborators and Suppliers  | Those we have a direct working relationship with e.g. joint-venture partners, contractors, consultants, industry organisations. | To deliver excellence, we recognise that we may need to supplement capacity or introduce niche expertise.  
Alignment with aims: quality of work and social usefulness. | • Senior positions in industry organisations e.g. Royal Academy of Engineering  
• Attendance at industry events  
• Sub-consultant and supplier engagement on sustainable development approaches, Modern Slavery and Human Trafficking legislation etc.  
• Refer to ‘Business integrity’ and ‘Long-term collaboration’ |
| Strategic Partners and Society | Those with whom we can engage to extend our influence. Those impacted or influenced by our work including end-users, communities local to our projects, charities, and future members. | Our vision to shape a better world is all encompassing; social usefulness and sustainable development are key outcomes.  
Alignment with aims: social usefulness and humane organisation. | • Senior positions, and participation, in policy setting, government and regulatory forums  
• Partnerships with influencers e.g. Ellen McArthur Foundation, C40 Cities, World Business Council for Sustainable Development  
• Membership of the World Economic Forum and UN Global Compact  
• Community Engagement programme  
• Tax strategy aligns with being an ethical corporate citizen paying the right amount of tax when it becomes payable  
• Refer to ‘Shaping a better world’ |
Long-term collaboration

We deliver high quality work and build long-term trusted relationships with our clients and collaborators in all our markets. Creating and strengthening these relationships is a primary goal for the Board and our members. It goes beyond the project work we are doing with them at any one time, understanding all aspects of their business, anticipating their needs and offering solutions they will value.

Our Client relationship programme is a key enabler for our strategy and purpose. It focusses on embedding a client centric approach through which we can increase both the value we bring to our clients and our ability to deliver better and more sustainable outcomes for them and for society.

Our members

Our members are both the reason Arup Group exists and the means by which we achieve our goals. Our founder, Ove Arup, often spoke about the importance of people and how people are ‘members’ of organisations they want to be part of. Their participation is voluntary, and a reflection of what he called ‘unity and enthusiasm’.

An open and continuous dialogue

All of our members are invited to join ‘All Members’ calls every six months. These sessions enable the Board to update our membership on progress made against our strategic priorities as well as other key matters, and enable our members to ask any questions they may have directly to Board directors and officers. All questions are responded to, either during the session or in a written follow-up. No question goes unanswered unless it is duplication or inappropriate. In addition, there are monthly video updates from the Chair to make firm-wide announcements and encourage participation in key initiatives.

Our senior management participate in regular calls with the Chair and directors of the Board; each is also invited at least every three years to participate in a two-day annual meeting to discuss matters of strategic importance.

Formal engagement

‘Working at Arup’ is our global membership engagement survey and has been run every three years since 2005. It is open to all permanent and specific-term members and there is a high level of participation with a 75% average response rate.

The most recent survey was conducted in February 2022. Whilst the participation rate was below average (62%), we saw an increase in our ‘membership engagement’ score which rose from 84% to 90% (7% above the benchmark on the industry leading platform Culture Amp) with 91% of respondents ‘proud to work for Arup’.

Early analysis has identified a number of globally consistent themes around transparency, innovation and behaviours and a working group, led by our global leader for culture and engagement, is being established to determine what actions will be taken to address the feedback.

All members are encouraged to raise any matters of concern through their group leader or People business partner. If this is not possible or they feel uncomfortable, then they can contact any of the following: their region Ethics champion, the Group Ethics director, Group Legal director or email the ethics mailbox. Any reports of suspected breaches of the Business Integrity Code of Practice are treated as confidential and any investigations will be handled sensitively.

The Board encourages and facilitates a robust freedom of expression within the firm, and the experience of the Board when connecting with local offices is that, as beneficiaries of the firm’s success, our members are generally comfortable engaging with the Board directors on a broad range of challenging topics. This is reinforced by our Trust ownership which helps to bypass traditional hierarchies that might otherwise suppress the reporting and addressing of issues.

The Trustees themselves provide an additional layer of assurance, as our members can raise matters of concern with them if it appears that the more usual escalation route through line management is either inappropriate given the circumstances or is proving to be ineffective.

Geographically, our members are spread across 89 offices in 33 countries. The Board and Trustees have structured engagement plans that enable their members to visit Arup offices (online or face-to-face), that each office is visited ideally at least every three years. Visits typically involve a presentation focussed on strategic or cultural matters, hearing about the work the local office is undertaking, visiting projects and talking with teams, and questions from members are actively encouraged.

Consultation and collaboration

There is a culture of openness and members are able to share their ideas candidly and freely. Areas of innovation, differences of opinion and potential controversy are often raised in local forums or on our member online discussion forums.

Borne from our global commitments to inclusion, in September 2021 we introduced our first Future Voices cohort: 14 members selected from our mid-career grades who work alongside our People Executive (formerly People Council) and the global People leadership team. The opinion of our Future Voices has been actively sought on a wide variety of issues including our ‘Employee Value Proposition’ (EVP) and our Excellence strategy. Future Voices are turning their attention to our appraisal system, with a global review of our current performance management process to produce a set of recommendations later this year.

A number of our regions have also created ‘Region Engagement Groups’ (REG), most notably in our UKIMEA and Europe regions. These groups are designed to encourage feedback and discussion on a wide variety of topics from hybrid working to wellbeing. Elected REG representatives are a key link to ensuring feedback and views are heard at region Board level; within a common global themes being highlighted to the Board.

Employee Resource Groups have also been formed by our members to provide communities that support specific groups including women, diverse sexualities, ethnic identities etc.

Delivering excellence

Arun University was formally established in 2009. It is home to Arup Group’s resources specially assigned to enable our membership to deliver excellence and to influence the pursuit of a sustainable future. Arup University leads the firm’s foresight, research and innovation programmes, the outcomes of which are used to influence the transformation of standards in the built environment, helping find a better way. Arup University also brings together the firm’s learning opportunities for its global membership, and enables collaboration, knowledge and information sharing.
through global skills networks; all in pursuit of excellence for our clients and collaborators.

2021/22 has been a year of substantial focus on future skill needs, emanating from extensive analysis globally, and resulting in planned expertise development in support of delivering a sustainable future in all our global markets. That analysis concluded that we need a rapid skills transformation of all our members, drawing on all our disciplines and services to move to a portfolio business model. This requires the introduction of new expert skills, recognition that some skills will not form part of our future organisation, thus the need for reskilling initiatives; and the need for a refresh and uplift in focus in all skills areas to better serve the needs of the firm and our membership.

The global skills transformation programme was designed to deal with these opportunities and has resulted in 58 global ‘Skills Networks’. Skills Networks are responsible for ensuring our global expertise is accessible by our clients and members anywhere in the world to maintain and enhance market competitiveness in all regions.

We have created 20 new Skills Networks aligned with our global portfolios and strategy pillars, getting to the heart of expert digital skill needs — including advanced analytics, cloud engineering, geospatial and earth observations; — and with critical skill development forming around the sustainable future themes including decarbonisation, environment and biodiversity, and social value.

All Skills Networks are responsible for delivering against an agreed plan to drive up technical and professional standards in the firm.

Arup University has continued to successfully enable our members to develop personally and professionally and build upon corporate knowledge to work collaboratively to deliver excellence for our clients. The collateral produced from its major global programmes around skills, research, learning, foresight, knowledge and information, continue to be in high demand with for example over two thirds of our membership making 400,000 interactions each quarter. Our membership has accessed over 31,000 different information sources for use in their work with clients including guidance notes, technical documentation, design guides, research outputs and more.

Work continues in the formulation of a learning transformation, where we are now focusing our global learning needs into nine key strategic learning accounts; and preparing new learning systems and experiential learning platforms. Our global research programmes continue at pace, as we drive up standards of research from our membership and increase our external research partnerships around the world.

Health, safety and wellbeing

Arup Group cares about the health, safety and wellbeing of our members, our communities and those that we influence by our actions. We support our people through an enjoyable and positive working environment that protects and promotes physical and mental wellbeing. That means caring about our members in our offices, when travelling to and from work and for business, on construction sites and other offices, and in our design processes to ensure that we address safety and maintenance when we are designing. Through our work, we strive to positively influence the health and safety of the projects we work on and the communities they impact.

The firm has continued to respond to the COVID-19 pandemic, placing the health of members at the forefront of how we manage our business. We took a precautionary approach early on in response to the developments, reverting to home working, stringently managing the risks of site visits and tracking the impact of the virus on the health our of members. More recently, as restrictions have eased, a hybrid working approach has been introduced.

No work-related employee or contractor fatalities or high consequence injuries occurred during year ended 31 March 2022. Five recordable lost-time incidents were recorded during the year.

A comprehensive safety audit of our premises was completed this year, and we have committed to a programme of ongoing reviews to ensure the safety of its workplaces.

Throughout the year we have taken further steps to strengthen our safety programme, enhance our resourcing of safety and introduce specialist capability in training, digitalisation and design safety. As part of the Health and Safety plan for 2021 to 2024, the Board conducted two in-depth reviews this year of how safety is addressed at Arup Group, discussing the reflections of the newly appointed health and safety director. The Board agreed seven objectives to improve our health, safety and wellbeing programme. These include commitments to digitalise our safety core processes, enhance our training, and enhance our focus on design safety. Aligned with this approach, the Board approved the refresh and relaunch of Arup Group’s Health, Safety and Wellbeing policy.

The Board regularly reviews progress against the Health and Safety plan, and this is also discussed at the Management Board. This ensures a consistent approach across the firm’s five regions. Our internal reviews are augmented by the external audits of the safety management system conducted as part of its certification to ISO 45001.

Our wellbeing vision and priorities are led in region by the People team and the day-to-day implementation of the wellbeing programme is a collaborative effort between group leaders and the People team.

As our business practices adapt post-pandemic, we have progressed our ‘Work Unbound’ programme, which offers members permanent flexibility in how and where they work. These changes have been supported with the Board’s approval of three global commitments to wellbeing which support our members to live healthy, productive lives and achieve a positive work-life balance. These changes will be supported over the coming year with additional training, tools and guidance. We believe these measures provide members the trust and autonomy to work flexibly which improves their wellbeing.

To seek members’ views of how well the firm is managing health, safety and wellbeing, an enlarged series of questions was included within the firm’s employee opinion survey, ‘Working at Arup’. The feedback will be used to enhance the quality of support provided to members (refer to ‘Our members’ for further details).

Total reward

To deliver our commitment to shape a more sustainable future for everyone, we need to attract and retain quality people. We provide opportunities for our members to develop in their careers, to achieve reasonable prosperity, and to thrive in a humane and caring environment. Our approach to reward at Arup Group reflects these values.
Competitive, fair and equitable pay is just one part of the investment that we make in our members. In addition, we provide a range of benefits that support health and wellbeing, deliver income in retirement, enable flexible working and paid time-off.

Our profit-share is a key element of the reward package, and has been in place for around 50 years. It encourages sharing of work and mobility of our members and reflects the importance of our highly collaborative culture.

Biannually, the aggregated performance of Arup Group is used to determine the available global profit. Some profit is retained for reinvestment in learning, research and development, charitable donations and working capital. We distribute the remaining profit to our members so that we share in our collective efforts.

Each member’s share of the profit is determined on the same basis, wherever they are located.

Diversity and inclusion

We value individual differences and recognise the contributions of all our members in creating solutions of value to society as a whole, and we are working to improve diversity across Arup Group. All members and prospective members receive equal treatment regardless of age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion or belief, sex or sexual orientation (refer to ‘Group policies’ for further details).

For example, the measures we take to ensure there are equal opportunities for members or prospective members with a cognitive or physical disability include; full and fair consideration being given to all applications for employment, making suitable interview provisions and having regard to their capabilities; equal consideration for training, career development and opportunities for promotion; and making reasonable adjustments for individuals to undertake their role, including making adjustments to provide suitable employment in the same, or by training, in an alternative role for members which become disabled during employment.

We continue to work towards fulfilling our nine global commitments to inclusion, approved by the Board and introduced in September 2020. Notable progress includes the creation of our Future Voices cohort in fulfilment of our commitment to hearing from a more diverse group of voices (refer to ‘Our members’ for further details), development of our inclusive leadership principles and the approval by the Board, and launch, of our global ‘Behaviour Charter’ which makes clear our expectations of one another in terms of inclusive behaviour and enables us to challenge behaviour which doesn’t meet the standard.

To support our efforts we have made a number of senior diversity and inclusion appointments including our first EDI director in our Americas region and a global Inclusion leader, a newly created position to drive forward our inclusion commitments.

One particular focus is the collection and analysis of diversity data. We have made some progress on reporting (refer to ‘Remuneration’ for details of our approach to gender pay parity) and our UK pay gap report included ethnicity pay gap figures for the first time in November 2021. We are also in the process of implementing a new human capital management system to help us with our diversity data capture and reporting. The system is scheduled to be implemented in May 2023.

We recognise that all those who work at Arup Group contribute to our diversity including those on permanent, specific-term and agency contracts. We have made further progress this year to improve our gender balance, with an increase from 38.6% to 39.2% females across the firm overall (year ended 31 March). The proportion of females in senior management, including Board directors, has increased from 19.1% to 20.5%, and the proportion of females in our three most senior grades has increased from 24.8% to 26.3%. With the new appointments made on 1 April 2021, there was 33.9% female membership of our five region boards and 38.5% of our Board directors were female.

Audit, risk and internal control

Overight of our financial reporting and related internal controls, risk, and ethics and compliance was principally carried out by three committees of the Board; the Audit committee, the Ethics committee and the Risk committee. Support is also provided by our Business Integrity function and our project delivery environment.

The number of committee meetings during the financial year and the attendance by directors was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Audit committee</th>
<th>Ethics committee</th>
<th>Risk committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alan Belfield</td>
<td>4</td>
<td>Actual Possible</td>
<td>4</td>
</tr>
<tr>
<td>Cordelia Chung</td>
<td>5</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Paul Coughlan</td>
<td>5</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Eva Hinkers</td>
<td>4</td>
<td>5</td>
<td>4</td>
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<tr>
<td>Tim Stone</td>
<td>4</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Fergal Whyte</td>
<td>5</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

Each of the committees reports directly to the Board on the matters within its scope on a quarterly basis.

As part of the reconfiguration of the executives and committees reporting to the Board (refer to ‘Board activity’ for further details), a new Assurance committee has been established from 1 April 2022 to provide additional oversight of our key assurance functions, including Ethics, Health, safety and wellbeing, Audit and Risk. As well as ensuring that these key functions are discharged to a high standard, the Assurance committee will be working to identify cross-dependencies, efficiencies and sharing of best practice across our compliance and internal control activities.

Audit committee

Based on our internal control environment an internal audit function has not historically been considered appropriate, however, to reinforce this further particularly in response to increasing external requirements, it has now been agreed by the Board that a new Head of Risk and Assurance role will be created and will come into effect during 2022.

The new Audit committee took over in April 2021 from the previous Statutory Accounts committee. The committee is responsible for oversight and assurance of our statutory financial reporting and the external audit process; it receives a detailed report from the independent auditors on significant matters arising from the audit;
and it recommends the Arup Group statutory accounts to the Board for approval.

Significant decisions for the committee this year included the appointment of Group auditors following the audit tender process, and the creation of the Head of Risk and Assurance role. The committee has also discussed ESG reporting and climate related disclosures, and an additional Climate response note has now been included in the Directors’ report.

The committee is chaired by Tim Stone (NED), and its membership includes Alan Belfield (Group Chair), Paul Coughlan (Group COO), Rob Boardman (CFO), Margot Day (General Counsel), Martin Ansley-Young (Group Company Secretary), Eileen White (Finance) and Lesley Grandy (Finance). Tim Stone has extensive financial expertise from his previous roles. The Group Chair and COO bring valuable insight to the committee from their extensive knowledge of the operations and finances of the Arup Group and its constituent parts over many years, as well as hands on experience as project directors in delivering our professional design and engineering services earlier in their careers. The other committee members all have significant statutory reporting experience.

No member of the committee has direct responsibility for the management of professional services projects, the performance of which forms the core of the financial statements. The Chair of the committee holds meetings as appropriate with the auditors without members of senior management or the finance teams being present, to ensure that there are no barriers to the free disclosure of all relevant matters.

The committee typically meets three times a year at appropriate points in the audit process: to confirm the audit programme and agree audit approaches in key areas, to agree the principal accounting policies and accounting procedures, and to review the auditors’ report and the Arup Group statutory accounts.

The committee also receives briefings on key matters relevant to its remit; this year these included reports from the Chief Information Officer on IT risks and mitigation measures, including cyber security; and a review and recommendation on non-financial reporting, in response to increasing ESG and climate risk requirements.

Following a tender process conducted during the year, it has been agreed to reappoint PricewaterhouseCoopers LLP, who were originally appointed in 2010 as the Company’s auditors. Given the unusual trust ownership structure of the firm, an extended tenure of external auditors can contribute to a more comprehensive understanding of our business, and therefore a more effective audit process, subject to maintaining an appropriately independent relationship. The performance and tenure of the auditors is kept under regular review by the committee and the CFO.

The committee receives a formal report from the auditor each year on its independence, covering corporate, business and individual relationships as well as identifying non-audit services, and confirms that there are no matters that would compromise an objective evaluation of the financial statements. The primary non-audit services are in relation to tax compliance and advisory work. There are no contingent fee arrangements in place, and the lead audit engagement partner is rotated at least every 10 years. The committee formally considered the position and confirmed at its October meeting in both 2021 and 2022 that it was satisfied that the auditors remain sufficiently independent.

Ethics committee

The committee is responsible for oversight and assurance of business integrity and ethical behaviours.

The committee was chaired by Paul Coughlan (COO) to 31 March 2022, and its membership includes senior leadership representatives from across the firm. The membership of the committee is intended to ensure that, with straight and honourable dealings as one of our aims, ethical conduct is given the highest priority.

The committee meets quarterly to receive reports on any matters of concern, and it reports to the Board at each of the latter’s quarterly meetings. The committee chair communicates to our members periodically to reinforce the importance of this area.

Ethics training (‘Ethics: Acting in line with our values’) is mandatory for all our members, who are actively encouraged to raise any ethics-related issues that they have, either with their group leader, the region champions who form the Ethics committee, the Board Ethics director or the Legal director. An ethics@arup.com email is also available. Speak Up, an Arup Group wide whistleblowing scheme has now been implemented and is available to our members and external parties.

Refer to ‘Business integrity’ for further details of our approach to whistleblowing and conflicts of interest.

Risk committee

The committee is responsible for oversight and assurance of our framework of risk areas as identified and prioritised by the Board, together with the related control and mitigation measures, as well as in-depth reviews of specific risks arising from time to time. It regularly reviews and updates the framework to ensure a dynamic approach to risk management.

The committee has been chaired during the year by Fergal Whyte, and its membership includes our two NEDs Cordelia Chung and Tim Stone and Alan Belfield (Group Chair).

The committee meets quarterly, reviews the implementation of the Group Risk Management Framework and receives reports on any matters of concern, whether escalated through management channels or otherwise. Reports from the committee are considered by the Board at each of its quarterly meetings. Refer to ‘Opportunities and risks’ for further details.

Project delivery environment

Our global Arup Management System (“AMS”) project delivery environment is our primary quality management tool providing a comprehensive set of procedures and checks to enable compliance and quality assurance. The AMS integrates our Quality, Health and Safety, and Environmental policies within our project delivery environment. Adherence to the AMS is overseen by the regional management teams, and its operation is audited annually by external bodies in each location. The AMS is certificated to ISO 9001, ISO 14001 and ISO 45001.

The AMS is regularly audited, internally and externally, and lessons learned and opportunities for improvement are incorporated, in line with the requirements of the standards.

Remuneration

Remuneration policy for the Board, including the Chair, and senior management is set in accordance with our global approach to reward
for all of our members. It reflects our values and in particular our aim for reasonable prosperity of members (refer to ‘Total reward’ for further details).

The Trustees oversee and set the total remuneration of the Board, which includes salary, benefits and profit-share. A committee of the Trustees, the Board remuneration committee, develops policy and advises on Board remuneration for decision by the Trustees. The Board remuneration committee report provides further details of the responsibilities of the committee and our policies for Board remuneration.

The Senior Staff Remuneration executive is a committee of the Board that determines the remuneration of the senior management (excluding the Board itself).

The remuneration of the NEDs of the Board is determined by the Chair on the advice of the global People Leader and is based on current market rates and the time commitment required. Reasonable expenses are also reimbursed but there are no additional benefits, and the NEDs are not beneficiaries of the profit-share.

The Board conducts an annual firm-wide review of gender pay parity, in addition to the gender pay gap reporting requirements in various countries in which we employ members. This enables the Board to assess the overall picture of gender pay parity across Arup Group and raise any areas of concern with senior management for further investigation, and correction of any disparities as appropriate.

During our annual pay review process, leaders across all offices reference a dashboard showing gender pay parity data for their teams. This enables them to see how the salary decisions they take will impact gender pay parity, helping to reduce unconscious bias in the process. Real-time data is supplemented with guidance and support from their local People support teams and all decisions are ultimately approved by the leader at the next level up.

By order of the Board

Martin Ansley

Martin James Ansley-Young
Secretary
1 November 2022
Registered office: 8 Fitzroy Street, London, W1T 4BJ, United Kingdom
Board remuneration committee report

Committee Chair’s introduction

On behalf of the Board remuneration committee (the “Committee”), I am pleased to introduce our remuneration report for the financial year ended 31 March 2022. In my first remuneration report as Chair of the Committee, I welcome this opportunity to share with you an overview of the Committee’s activities over the past year, as well as the remuneration principles and policies that apply to the executive directors of the board of Arup Group Limited (the “Board” of “Arup Group”).

As part of the firm’s ongoing commitment to governance best practice, we are committed to making disclosures in relation to Board remuneration, using as a basis the provisions of the UK Corporate Governance Code 2018 (the “Code”) as a recognised benchmark.

I would like to begin by acknowledging the continuing impact of the pandemic, which remained a presence in the lives of our employees (our “members”) and their families, as well as our clients and communities over the past year. Despite this ongoing challenge and the increasingly uncertain economic outlook, our firm has shown a high degree of resilience and performed well. Consequently, Arup Group delivered a profit-share to all eligible members above the long-term average level.

As part of broader activity to simplify the delivery of remuneration, Arup Group consolidated grade-based cash allowances into base salary in most countries this year, increasing the salary level used in the calculation of retirement savings and profit-sharing.

When determining the remuneration of the executive directors, the Committee continued to prioritise ensuring alignment to the same general principles as for members. Following a pay freeze for the executive directors of the Board last year, the Committee agreed to increase to salary this year considering performance and to make sure our remuneration remains fair and competitive. Grade-based allowances, where applicable, have been consolidated into base salary and the transition of pension arrangements for all executive directors concluded and are now consistently aligned with the wider workforce in the relevant country of employment.

The Committee continues to seek opportunities to ensure the remuneration policy for executive directors is clear and easily understood; and I am pleased to present our voluntary CEO pay ratio building upon the first disclosure we made last year.

The Committee

The Trustees, which include four independent directors, determine Board remuneration (refer to ‘Unique ownership structure’ and ‘The Trustees’ sections of the governance report for further details). The Trustees are advised by the Committee whose overarching purpose is to ensure the remuneration structure and policies reward the executive directors fairly, responsibly, and in line with our values (as set out in the ‘Values driven’ section of the governance report).

The Committee comprises:

- Peter Bailey, Trustee, appointed April 2020, Committee Chair since April 2021;
- Tim Stone, non-executive director of the Board, appointed April 2016;
- Trent Lethco, Trustee, appointed April 2021;
- Diane Thornhill, People leader, appointed September 2021, following the resignation of Jenni Emery; and
- David Whittleton, Chair of the Trustees, appointed January 2018, Committee Chair from April 2018 to March 2021, advisor to the Committee from April 2021.

Asim Gaba stepped down from the Committee upon the conclusion of his term as a Trustee in March 2021.

The Committee operates within agreed terms of reference that are freely available to Arup Group members, and without influence from the executive directors or other senior management. Its main responsibilities are to:

- ensure Arup Group adheres to the highest standards of governance and best practice in remuneration matters;
- design and administer the remuneration policy for executive directors; and
- implement such policies to ensure that remuneration promotes Arup Group’s values and culture; aligns with the delivery of its strategic goals and purpose; and helps to attract, motivate and retain high calibre individuals.

Remuneration outcomes in 2022

The Committee met three times in the year ended 31 March 2022, with all current members present at each meeting. Activities included:

- reviewing internal pay relativities and gathering external market data for benchmarking executive director pay levels;
- making proposals regarding the annual review of remuneration for the executive directors;
- reviewing the effectiveness of the pay structure introduced to enable Arup Group to manage the unique termed nature of the Board role; and
- continuing to review the broader context for executive director remuneration decisions to ensure that:
  o the remuneration of our members, related policies, and the alignment of rewards with our values, are all appropriately reflected in executive director remuneration; and
  o overall reward levels are in line with, and appropriately competitive against, relevant local market practice.
Looking ahead to next year

During the coming year, the Committee’s focus is expected to include the following areas:

- ensuring that remuneration continues to support our overall strategy, as well as the firm’s values and purpose;
- understanding and contributing to any proposals from the Board on the future design of our profit-sharing arrangements for members of the firm; and
- continuing to align our remuneration policy, practices and governance, more closely with the Code (or explaining why we choose not to).

The Committee continues to engage with the Board in its work to ensure that the approach to remuneration taken across Arup Group is simple, coherent and consistent; and aligned with our aims, in particular *straight and honourable dealings and reasonable prosperity* of members.

I am pleased to be able to share with you in my first report as Chair of the Committee an overview of the Committee and its activities, as well as the remuneration principles and policies that apply to the executive directors of the Board.

On behalf of the Board remuneration committee

Peter Anthony Bailey
Chair, Board remuneration committee
1 November 2022

David Arthur Whittleton
Chair, Trustees
1 November 2022

Registered office: 8 Fitzroy Street, London, W1T 4BJ, United Kingdom
CEO equivalent pay ratio

Regulations for listed companies require them to publish the ratio of the pay of the CEO to that of United Kingdom employees. Arup Group is not obliged to comply with these regulations; however, the Committee has, since 2021, chosen to consider the regulations and provide a disclosure. The following table shows the ratio between the total remuneration of the Chair of the Arup Group (refer to the ‘Appointments’ section of the governance report for further details of the Board’s composition) and the member of Arup Group in the United Kingdom at the lower quartile, median and upper quartile pay level.

This year our ratios have remained broadly consistent. This reflects no change to our remuneration policies and broadly equivalent increases to the pay of members at each quartile and the Group Chair. Junior members continue to have a greater portion of their pay delivered as fixed base salary, which allows greater predictability when planning day to day finances. Our senior management, including the executive directors and the Chair, generally have a higher portion of their total remuneration structured as variable pay, given their role and ability to influence strategy and performance. The Committee has therefore chosen to provide a total salary ratio as helpful context in addition to the total remuneration ratio.

### Pay ratios

<table>
<thead>
<tr>
<th>Year</th>
<th>Method</th>
<th>25th percentile ratio</th>
<th>50th percentile ratio</th>
<th>75th percentile ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>B¹</td>
<td>Total pay and benefits²</td>
<td>23:1</td>
<td>16:1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total salary</td>
<td>15:1</td>
<td>11:1</td>
</tr>
<tr>
<td>2021</td>
<td>B¹</td>
<td>Total pay and benefits²</td>
<td>20:1</td>
<td>15:1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total salary</td>
<td>13:1</td>
<td>10:1</td>
</tr>
</tbody>
</table>

1. The calculation methodology used reflects Option B, as defined under the relevant regulations and utilises the most recently collected and disclosed Gender Pay Gap report to identify Arup Group members at the three quartiles. In 2021 this was the 2020 Gender Pay Gap report, in 2022 this was the 2022 Gender Pay Gap report. To ensure this data accurately reflects individuals at these quartiles, the values for members immediately above and below the identified member at each quartile were also reviewed.

2. Total pay and benefits for our United Kingdom members includes base salary and guaranteed cash allowances; profit-share awards; and the value of health, insurance and pension benefits for the financial year ended 31 March 2022. The single total figure of remuneration for the financial year ended 31 March 2022 has been used for the Arup Group Chair. No broadly applicable components of pay or benefits have been omitted. Overtime pay has been excluded from the calculation as it was not deemed to be material.

### Total pay and benefits used to calculate the ratios

<table>
<thead>
<tr>
<th>Year</th>
<th>UK employees (members)</th>
<th>25th percentile</th>
<th>50th percentile</th>
<th>75th percentile</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>Total pay and benefits</td>
<td>£39,593</td>
<td>£56,140</td>
<td>£70,653</td>
</tr>
<tr>
<td></td>
<td>Total salary</td>
<td>£33,300</td>
<td>£44,750</td>
<td>£54,800</td>
</tr>
</tbody>
</table>

The Committee is satisfied that the median pay ratio reflects the total pay and benefit values for the Chair and the median United Kingdom member respectively. Also, that it is consistent with the pay, reward and progression policies for our United Kingdom members, taking into account the diverse mix of roles, the compensation structure mix applicable to each role, and our objective of delivering market competitive remuneration.
Arup Group Board remuneration policy

This section of the report summarises the Board remuneration policy that is currently in operation. In line with the underlying principles for remuneration across Arup Group more broadly, the aim of the Board remuneration policy is to promote our values and culture, and long-term success through strong and sustainable performance.

The Committee keeps this policy under periodic review. We assessed once again the policy against the six themes set out in paragraph 40 of the Code: clarity, simplicity, risk, predictability, proportionality and culture. The Committee concluded that:

- the policy is simple, appropriately designed and clear. It effectively reinforces Arup Group’s culture, its aim of straight and honourable dealings, and long-term sustainable success. Importantly, it is also consistent with the remuneration policies in place across Arup Group as a whole;
- fixed pay is predictable and calibrated to support our aim of reasonable prosperity. The Board allowance, payable during an individual’s term appointment to the Board, ensures that remuneration is proportionate to the additional responsibilities of this role. Eligibility for the global profit-share ensures an appropriate balance between pay certainty and driving behaviours that promote sustainable growth for the benefit of all stakeholders, without encouraging or rewarding excessive risk-taking; and
- the Committee retains appropriate discretion to ensure that poor performance is not rewarded.

The Committee reviewed the application of this policy during the financial year ended 31 March 2022 and confirmed that it operated as intended, particularly in the application of measures to protect the financial position of the firm and to ensure that we have a healthy, sustainable business into the future.

Whilst we do not consult directly with our broader membership on the remuneration policy, our members may discuss remuneration matters with the Trustees at any time (refer to the ‘Our members’ section of the governance report for further details).

Remuneration policy table

The table below summarises the main components of the reward package for executive directors of the Board:

<table>
<thead>
<tr>
<th>Purpose and link to strategy</th>
<th>Operation</th>
<th>Opportunity</th>
<th>Performance metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td>To attract and retain high calibre individuals, and to recognise their responsibility to deliver our values, culture and strategy over the term of their appointment to the Board.</td>
<td>Base pay consists of annual base salary, plus an additional Board allowance. This allowance is paid in monthly instalments over the term of an individual’s membership of the Board. After an individual’s term appointment to the Board ends, the allowance reduces, and annual base salary is reviewed and set in relation to the role to which they are subsequently appointed. Base pay is reviewed annually with any changes, if appropriate, typically effective in April. Factors considered when reviewing base pay include overall business performance, economic climate and market conditions; general increases awarded to Arup Group members and in the relevant market more broadly.</td>
<td>Average base pay increases are normally in line with the average increases for the members in the relevant market. Increases above this level may be applied in situations where the Committee considers this necessary, such as when there is a material change in the scope or responsibility of a role, where market conditions indicate a level of under-competitiveness that requires correction, or there is considered a risk to the attraction or retention of executive directors of the Board. The Committee does not consider it appropriate to set a maximum pay level.</td>
<td>Not applicable.</td>
</tr>
<tr>
<td>Purpose and link to strategy</td>
<td>Operation</td>
<td>Opportunity</td>
<td>Performance metrics</td>
</tr>
<tr>
<td>------------------------------</td>
<td>-----------</td>
<td>-------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>Benefits</td>
<td>Executive directors of the Board are entitled to benefits which may include the following, based on country of employment: private healthcare and annual health checks; insurances covering accident, income protection and life; and paid annual leave. The benefits offered may change from time to time to reflect changing circumstances, market practice, or consistency with other members in the relevant market.</td>
<td>Benefits will be provided at levels commensurate with market practice in the country of employment. We expect the value of benefits to fluctuate due to individual circumstances, insurance premiums and other external factors.</td>
<td>Not applicable.</td>
</tr>
</tbody>
</table>
| Pension                       | Arup Group offers executive directors of the Board:  
- participation in the local pension plan in the country of their employment, or  
- the equivalent employer contribution to be taken as a cash allowance and paid in instalments, or  
- a combination of these arrangements to the same total value. | All executive directors of the Board receive employer pension contributions in line with the rest of the members in the country of their employment. | Not applicable. |
| Profit-share                  | Eligible members in all Arup Group locations participate in the profit-share. Any payments made to executive directors of the Board are determined based on base pay, allocated 'profit shares' and Arup Group’s financial performance. These payments are typically made twice per year in June and November, after review of full and half-year performance. | Consistent with all eligible members, executive directors of the Board are allocated 'profit shares'. The level of allocation is subject to periodic review, both in the context of the operation of the profit-share across Arup Group, and to ensure an appropriate mix of fixed pay and pay at risk for executive directors of the Board reflecting their role in delivering Arup Group strategy. | Following each profit-share period, the Board determines the available profit-share fund for distribution to eligible members. The Trustees review the payments for the executive directors of the Board and have full discretion to vary or award no payment depending upon performance of the Board as assessed by the Trustees in the prior performance period. In the event of an overpayment the rules make provision for awards to be corrected and recouped as necessary. |

**Service contracts**

Executive directors of the Board have signed rolling contracts in respect of their ongoing employment by Arup Group, terminable on six-months' notice by either the Arup Group or the individual (unless local employment legislation requires a different duration, or in a limited number of instances due to a legacy 12 months' notice). An executive director may be required to undertake 'garden leave' during all or part of their notice period and may receive their base pay during the notice period. The firm may alternatively pay an equivalent amount of base pay in lieu of the executive director being required to work their notice period.
Eligibility for a payment under the profit-share upon termination of Arup Group employment is not automatic and varies depending upon the basis of the termination. Members must be in eligible employment on the first day of the payment month to remain eligible to receive any payment relating to the prior period. No payment will be made where an executive director resigns, or is terminated for cause, prior to the first day of the payment month. In the event of retirement, redundancy or death in service, any payment will be pro-rated and will reflect all eligible service up to and including the date of termination. The approach for executive directors follows the same rules as for members, notwithstanding that any payment to the executive directors remains at the discretion of the Trustees.

As set out in the table above, an individual’s appointment as an executive director of the Board is a termed role, terminable at any time with immediate effect and without compensation for loss of office.

**Summary of remuneration for other Arup Group members**

The approach to remuneration for the executive directors of the Board follows the same fundamental principles as for all members throughout Arup Group, aligned to our values, and supporting the right outcomes and our unique ownership structure, as outlined in the following table (and the ‘Total reward’ section of the governance report):

<table>
<thead>
<tr>
<th>Base salary</th>
<th>Benefits and pension</th>
<th>Profit-share</th>
</tr>
</thead>
<tbody>
<tr>
<td>We conduct an annual review of base salary for all members. In determining any increase to base salary, we consider comparable market rates, the contribution, skills, knowledge and experience of each individual, and the pay budget for each country in which we employ members. In setting pay budgets we assess how our pay levels are positioned relative to the market, review economic conditions and forecasts for market and wage growth, and consider the business context and affordability.</td>
<td>All members are eligible for benefits reflecting competitive market practice in the country in which they are employed. This typically includes a combination of health, wellbeing, insurance and retirement benefits.</td>
<td>All permanent members of Arup Group are eligible to participate in the profit-share. The profit-share reflects the importance of our highly collaborative culture to our ongoing success and enables all members to share in the success of Arup Group.</td>
</tr>
</tbody>
</table>