

# Governance report

## Governance statement and arrangements

We apply our own corporate governance framework, that is based upon the same principles of good governance and long-term sustainable success as those reflected in the UK Corporate Governance Code 2018 (the “Code”).

The Board remuneration report can be found further down in this Governance report on pages 7-12.

A governance framework is also in place for subsidiary companies in the Group to ensure that our values, policies and processes are adhered to, and that our members and business act in a clear, accountable and consistent manner.

## Roles and responsibilities

### The Board

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

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 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 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 the 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 the Group where they are operationally engaged, but their individual insights are valuable in determining the direction of the Group as a whole. At least as importantly, Board directors have a strong understanding of, and personal commitment to, our values and our culture.

A small number of non-executive directors (“NEDs”) are appointed to bring an external perspective and constructive challenge which aids comprehensive discourse. 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, as well as joining the annual senior management meeting.

Each NED must be able to devote sufficient time to their role as a member of the Board in order to discharge their responsibilities effectively. The table below sets out the Board and committee membership and attendance by NEDs at meetings held in FY 2022 / 2023.

#### Non-executive director board and committee attendance from 1 April 2022 – 31 March 2023

Member	Board	Assurance committee	Audit committee	Risk committee
Cordelia Chung	6/6	4/4	--	4/4
Tim Stone*	5/6	3/4	5/5	4/4

\*Tim Stone resigned on 31 March 2023 and on 1 April 2023, Hilde Tonne, was appointed as a non-executive director of the Board.

The Chair is responsible for managing the Board and 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 Operations Executive, the Group’s operational board.

The Board is supported by the Board Secretary (Company Secretary), who is appointed in accordance with the Articles of Association, and who is accessible to all directors 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.

The trading and employing companies in the Group have delegated the day-to-day management of their operations to defined management teams including the region management boards and senior management. Certain matters are reserved for the Board only. Further information on how the directors of Arup Group Limited execute their responsibilities under Section 172(1) of the 2006 Companies Act is described in the Strategic report of the full Arup Group Limited financial statements.

## Board appointments and succession planning

The Trustees are responsible for ensuring the Board's composition continues to align with our values and enables the delivery of our strategy.

Potential executive director candidates are identified from the senior management population 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.

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. 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. Alan Belfield's term as Chair, and Tristram Carfrae and Dervilla Mitchell's terms as Deputy Chairs, conclude on 31 March 2024 and they will stand down from the Board. In September 2023 it was announced that Jerome Frost, currently the UKIMEA Chair and a director of the Board, will be appointed as the new Chair on 1 April 2024.

Board directors are normally appointed for an initial term of three years; the same timeframe applied throughout the 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 a formal appraisal process and informal one-to-one discussions by the Trustee Chair with the Board directors. This is considered alongside the current and future Board composition.

### Recent director changes

Michael Kwok stepped down as a director with effect on 31 March 2023. Andy Lee, who is the Chair of the East Asia Region Board was appointed as a director with effect from 1 April 2023.

Tim Stone stood down from his role as NED with effect from 31 March 2023. On 1 April 2023 Hilde Tonne was appointed as NED. Hilde is currently the CEO of Statnett, the state-owned electricity systems operator for Norway. She was previously Executive director and Chief Innovation Officer with Ramboll Group, and has just completed a term as non-Executive Chair of the Research Council of Norway. Hilde has gained diverse leadership experience in the energy and infrastructure markets, including recent roles in the renewable generation sector. In addition to the Board, Hilde has joined the Audit committee to bring an independent perspective in the discharge of its responsibilities.

## The Trustees

The Trustees are current and former members drawn from two sources in broadly equal proportion, i.e.: 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 the 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.

As noted in last year's report, Tülay Hatirnez and Veng-Wye Tong were appointed as Trustees on 1 April 2022. Tim Stone, who is a former Board director, was appointed as a Trustee from 1 April 2023.

In September 2023 it was announced that Mahadev Raman, a current Trustee, Arup Fellow, former director of Arup University and former Americas Chair, is appointed as the next Chair of Trustees, beginning his term on 1 April 2024. Mahadev will succeed David Whittleton as the Chair of Trustees, after he has completed a five-year term on 31 March 2024.

## Board activity

There are four full Board meetings per year, and two meetings held jointly with the Trustees. 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 Board directors attended every meeting during the year, with the exception of Tim Stone, who attended five meetings as he was unable to attend one of the interim meetings.

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.

## Senior management succession planning

Senior management succession plans, providing a future pipeline of potential successors to key termed roles, are reviewed annually. Alterations to our operational structure 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.

## Board evaluation

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. Further to the appraisal, 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 re-appointments.

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 result of this engagement is used by the Trustees to develop recommendations to the Board and inform the Trustees' appointment decisions.

The Trustees commenced the current review in February 2023. However, in light of the significant external challenges and organisational changes in recent years, the Trustees decided to focus the review on the wellbeing of our members. This has necessitated a different approach with the review being informed by a firm-wide wellbeing survey, focus groups with senior management, and interviews with members in relevant roles. The results of the review will be discussed with the Board during the latter half of 2023.

The Board intends to establish a regular evaluation of itself, and a pilot process will be trialled during 2023.

## Audit, risk and internal control

### Governance

The Board has overall responsibility for risk oversight, for maintaining a robust risk management and internal control system, and for determining the Group's appetite for exposure to the Principal Risks to the achievement of its strategy. 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, which is a sub-committee of the Board that sits under the Assurance committee. The Risk committee maintains and implements our risk management process whose key objectives are to minimise threats to our business and improve our preparedness for risk events, should they occur. Ultimately, the Risk Committee supports the Board in the management of risk and is responsible for reviewing the effectiveness of the risk management and related internal control processes during the year.

The Board receives regular reports from the Risk committee via the Assurance committee on the efficacy of the systems in practice.

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 Operations Executive. Any matters of significance are brought to the attention of the Board.

Further information on Risk Management can be found in the Strategic report of the full Arup Group Limited financial statements.

### Assurance committee

The Assurance Committee supports the Board in the management of risk and compliance focused activities and in identifying cross-dependencies, efficiencies and sharing of best practice across our compliance and internal control activities.

The Assurance Committee engages with four primary committees: the Audit committee, the Ethics committee, the Health, Safety and Wellbeing committee, and the Risk committee – to ensure that these key functions are discharged to a high standard. Each of these committees reports to the Assurance Committee on the matters within its scope on a quarterly basis. Each of the constituent committees also reports to the Board on matters warranting direct escalation.

The committee is Chaired by Board member Fergal Whyte who is also a member of the Health, Safety and Wellbeing Committee, and the Risk Committee.

Based on our internal control environment an internal audit function has not historically been considered appropriate, however, to develop and strengthen our approach in this area and to prepare us for increasing external requirements Miriam Staley took on the role as Head of Risk and Assurance on 1 January 2023.

### Audit 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 Group statutory accounts to the Board for approval.

During the year, the committee has also discussed ESG reporting and climate related disclosures, which are now covered within a new section in the Strategic report.

During the year of reporting the committee was Chaired by Tim Stone. Tim stepped down on 31 March 2023 at which point Alan Belfield, Group Chair, temporarily took on the Chair role. David Thomlinson was appointed as the new Chair in July 2023. The committee's other members are: Hilde Tonne (NED), Paul Coughlan (Group COO), Rob Boardman (Group CFO), Margot Day (General Counsel), Martin Ansley-Young (Group Company Secretary), Eileen White (Finance) and Lesley Grandy (Finance). Rob Boardman has extensive financial expertise from his previous CFO / FD positions gained from roles in professional services business, before joining Arup in November 2019. The Group Chair and COO bring valuable insight to the committee from their extensive knowledge of the operations and finances of the 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 met five times during the year of reporting allowing the committee 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 Group statutory accounts.

The committee also receives briefings on key matters relevant to its remit; this year these included a report on the BEIS consultation which will impact the Group with an increase in regulatory requirements once enacted in law, and the review and approval of recommendations on more systematically evidencable work in progress controls to be implemented over the next two years.

A retendering process of the Company's auditors was undertaken in 2021 and concluded in early 2022, and the committee concluded to reappoint the Company's auditors, PricewaterhouseCoopers LLP ("PwC") (originally appointed in 2010). The appointment of the auditors is annually reviewed by the committee, and PwC were formally reappointed in 2023 for the upcoming financial year. 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 2023 that it was satisfied that the auditors remain sufficiently independent.

### Ethics committee

The committee is responsible for raising awareness and sharing our experience across all our regions to enhance our ability to address ethical issues. As such the Ethics committee working with the other committees which sit under the Assurance stack have oversight of business integrity and ethical behaviours.

The committee is Chaired by Dervilla Mitchell (Global Ethics director), 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 a high priority.

The committee meets quarterly to receive reports on any matters arising, and it reports both to Assurance committee and to the Board. The committee Chair communicates to our members periodically to reinforce the importance of this area and both she and the regional representatives host events and discussion groups in our offices.

Ethics training 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 General Counsel. A 'Speak Up' procedure is fully operational across the Group and any reports are investigated and appropriately reported to the Ethics Committee.

## Health, safety and wellbeing committee

The committee is responsible for the leadership and development of our Global approach to health, safety and wellbeing. It oversees the effectiveness of the firm's policies, strategies, initiatives and targets, ensuring that appropriate controls and mitigations are established. The committee conducts in depth reviews of specific risks. For example, during the year of reporting, the committee conducted in-depth review of our safety culture and our arrangements for design safety, training and competency and wellbeing. It regularly reviews and updates the framework to ensure a dynamic approach to risk management.

The committee has been Chaired during the year by James Pomeroy, Global Health and Safety Leader, and its membership includes a Board director for health safety and wellbeing, and the General Counsel, alongside representatives from our regional management structure.

The committee meets six times a year, reviewing the implementation of the health, safety and wellbeing programme.

## Risk committee

The Risk committee is responsible for oversight and assurance of our risk management process 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 the General Counsel, Margot Day, and its membership during the year included Cordelia Chung and Tim Stone, who were both NEDs. When Tim Stone resigned as an NED from the Board, he also resigned from the Risk committee. Alan Belfield (Group Chair), and Miriam Staley, Head of Risk and Assurance, are also members of the committee. The other members are representatives from the most senior managers from the Group. Miriam Staley, will in her role as Head of Risk and Assurance, be instrumental in helping the Group with focusing on how to improve our risk management, internal assurance and controls environment.

The committee meets quarterly, reviews the implementation of the Group Risk Management Process and receives reports on any matters of concern, whether escalated through management channels or otherwise. Reports from the committee are considered by the Assurance committee and the Board at each of its quarterly meetings.

## 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

The 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.

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.

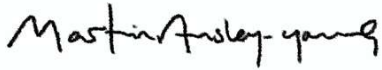
The Senior Staff Remuneration executive is a committee of the Board that determines the remuneration of the senior management (excluding the Board itself).

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 the 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.

On behalf of the Board



Martin James Ansley-Young

Secretary

1 November 2023

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 2023. I welcome this opportunity to share with you an overview of the Committee's activities during 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 "the Company").

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.

Over the past year we have made strong strategic progress and our financial performance has been good, despite a challenging backdrop of geopolitical events, the prolonged impact of the pandemic and increasing inflation in the Global economy. Consequently, Arup Group Limited and its subsidiaries ("the Group") delivered a profit-share to all eligible members. Following the conclusion of a review of this plan, the distribution of profit to our members at the early and mid-career grades increased as a proportion of the overall share of profit, ensuring variable pay for our broader workforce is market competitive and reducing the ratio of 'shares' allocated to members compared to our executive directors of the Board.

When determining the remuneration of the Board's executive directors, the committee continues to prioritise ensuring alignment to the same general principles applied to the broader membership. The Trustees agreed increases to salary this year considering performance, market relativity and the level of increases awarded to Arup's members. 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, transparent and understood; and I am pleased to present our voluntary CEO pay ratio building upon the disclosures made previously.

Ensuring our remuneration is free from discrimination continues to be a priority for Arup and for the committee. In addition to the actions taken to ensure pay is not affected by protected characteristics across our wider workforce, the committee also reviews the remuneration of the executive directors to ensure equity. Where we have men and women in the same country on the Board, they continue to receive the same level of pay.

### The Committee

The Trustees, which include four independent directors, determine Board remuneration. 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. The Chair of the committee, Peter Bailey, was appointed to the committee in April 2020, and has served as its Chair since April 2021. As such, his experience fulfils the requirement under the UK Corporate Governance Code of having 12 months' experience as a director on a remuneration committee, before acting as its Chair. The other members of the Committee are: Tim Stone (NED), Trent Lethco (Trustee) and Diane Thornhill (People Leader). David Whittleton acts as an advisor to the committee (Trustee Chair).

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

- Ensure the Group adheres to the highest standards of governance and best practice in remuneration matters.
- Design and administer the remuneration policy for executive directors.
- Implement such policies to ensure that remuneration: promotes the 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

The Committee met three times in the year ended 31 March 2023. There was full attendance at each meeting with the exception of Diane Thornhill being unable to attend the meeting in July 2022. 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 the Group to manage the unique nature of the Board role.
- Continuing to review the broader context for executive director remuneration decisions to ensure that:
  - The remuneration of our members, related policies, and the alignment of rewards with our values, are all appropriately reflected in executive director remuneration.
  - 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.
- Consideration of the implications on remuneration of changes to the composition of the Board as termed appointments end.
- 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 the Group is simple, coherent and consistent; and aligned with our aims, in particular *straight and honourable dealings and reasonable prosperity* of members.

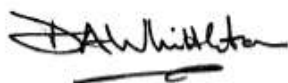
On behalf of the Board remuneration committee



Peter Anthony Bailey

Chair, Board remuneration committee

1 November 2023



David Arthur Whittleton

Chair, Trustees

1 November 2023

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 members. Arup Group Limited 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 pay and benefits of the Chair of Arup Group Limited and the members of the Group in the United Kingdom at the lower quartile, median and upper quartile pay level.

In general, we expect any variation in the total pay and benefits ratio year-on-year to be the result of the profit-share award received by the Arup 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 Group Chair, 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 pay and benefits ratio.

### Pay ratios

Year	Method		25th percentile ratio	50th percentile ratio	75th percentile ratio
2023	B <sup>1</sup>	Total pay and benefits <sup>2</sup>	19:1	14:1	11:1
		Total salary	15:1	11:1	8:1
2022	B <sup>1</sup>	Total pay and benefits <sup>2</sup>	23:1	16:1	13:1
		Total salary	15:1	11:1	9:1
2021	B <sup>1</sup>	Total pay and benefits <sup>2</sup>	20:1	15:1	11:1
		Total salary	13:1	10:1	7:1

1. The calculation methodology used reflects Option B, as defined under the relevant regulations. This utilises the most recently collected gender pay gap information (April 2023) to identify and select the Group members at the three quartiles as at 31 March 2023. 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 on a full-time equivalent basis, taken across the full year for the financial year ending 31 March 2023. The single total figure of remuneration for the financial year ended 31 March 2023 has been used for the 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

Year	UK members	25th percentile	50th percentile	75th percentile
2023	Total pay and benefits	£42,900	£57,580	£77,467
	Total salary	£34,300	£47,500	£63,000

There has been a reduction in the total pay and benefits ratio between 2022 and 2023. The primary reason for this is the lower profit-share award made to the Arup Group Chair in 2023. 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, it is consistent with the pay, reward and progression policies for our United Kingdom members, considering the diverse mix of roles, the levels of fixed and variable pay applicable to each grade, and our objective of delivering market competitive remuneration.

## 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 the 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 the Group as a whole.
- The Committee retains appropriate discretion to ensure that poor performance is not rewarded.

Fixed pay is predictable and calibrated to support our aim of *reasonable prosperity*. The Board allowance, payable during an individual’s termed 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.

The Committee reviewed the application of this policy during the financial year ended 31 March 2023 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.

### Remuneration policy table

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

Purpose and link to strategy	Operation	Opportunity	Performance metrics
Base pay: annual base salary and Board allowance			
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.	<p>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 termed 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.</p> <p>Base pay is reviewed annually with any changes, if appropriate, effective in April. Factors considered include overall business performance; economic climate and market conditions; general increases awarded to the Group members and in the relevant market more broadly.</p>	<p>Average base pay increases are normally in line with those of Arup members in the relevant market.</p> <p>Larger increases may be given 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.</p> <p>The committee does not consider it appropriate to set a maximum pay level.</p>	Not applicable.

Purpose and link to strategy	Operation	Opportunity	Performance metrics
<b>Benefits</b>			
<p>To provide market competitive health and wellbeing benefits consistent with the role, driving engagement and providing security for the individual and their family.</p>	<p>Executive directors of the Board are entitled to benefits which may include the following, based on country of employment: private healthcare; annual health checks; insurances covering accident, income protection and life; and paid annual leave.</p> <p>The benefits offered may change from time to time to reflect changing circumstances, market practice, or consistency with other members in the relevant market.</p>	<p>Benefits will be provided at levels commensurate with market practice in the country of employment.</p> <p>We expect the value of benefits to fluctuate due to individual circumstances, insurance premiums and other external factors.</p> <p>There is no specific maximum benefit spend.</p>	<p>Not applicable.</p>
<b>Pension</b>			
<p>To provide an income after retirement through the provision of retirement savings during employment.</p>	<p>The Group offers executive directors of the Board:</p> <ul style="list-style-type: none"> <li>- Participation in the local pension plan in the country of their employment, or</li> <li>- The equivalent employer contribution to be taken as a cash allowance and paid in instalments, or</li> <li>- A combination of these arrangements to the same total value.</li> </ul>	<p>All executive directors of the Board receive employer pension contributions in line with the rest of the members in the country of their employment.</p>	<p>Not applicable.</p>
<b>Profit-share</b>			
<p>To embody the principles of our ownership structure, where our members are the drivers and the beneficiaries of our success.</p> <p>To reinforce the truly Global nature of Arup Group, by being based on our collective success.</p>	<p>Eligible members in all Group locations participate in the profit-share.</p> <p>Any payments made to executive directors of the Board are determined based on base pay, allocated 'profit-shares' and the Group's financial performance. These payments are typically made twice per year in June and November, after review of full and half-year performance.</p>	<p>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 the 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 the Group strategy.</p>	<p>Following each profit-share period, the Board determines the available profit-share fund for distribution to eligible members.</p> <p>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.</p> <p>In the event of an overpayment the rules make provision for awards to be corrected and recouped as necessary.</p>

## Service contracts

Executive directors of the Board have signed rolling contracts in respect of their ongoing employment by the Group, terminable on six-months' notice by either the 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 period). 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 the 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 described in the base pay section of 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 Group members

The approach to remuneration for the executive directors of the Board follows the same fundamental principles as for all members throughout the Group, aligned to our values, and supporting the right outcomes and our unique ownership structure, as outlined in the following table:

Base salary	Benefits and pension	Profit-share
<p>We conduct an annual review of base salary for all members.</p> <p>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.</p> <p>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.</p>	<p>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.</p>	<p>All permanent members of the Group are eligible to participate in the profit-share.</p> <p>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 the Group.</p>