mace

Annual Report
2023

WE ARE MACE

Global programme and project delivery consultants and construction experts

macegroup.com

Our purpose:

TO REDEFINE THE BOUNDARIES OF AMBITION

This purpose challenges and energises us to improve, innovate and go beyond expectations. To dream bigger and achieve more for every place, project and person. Building a world where ambition has no boundaries.

Watch our Purpose video. Scan the code to find out more.

At Mace, we see every challenge as an opportunity to dream bigger and bring our ambitions to life. We believe our only limits are the ones we give ourselves.

Highlights

Financial

Total Group revenue

£2.36bn

2023	2.36
2022*	1.89

Group operating profit

£64.3m

2023	64.3
2022*	33.1

Cash

£175.81m

2023	175.81
2022	153.93

Operational

Accident frequency rate

0.04

2023	0.04
2022*	0.02

Group headcount at 31 December 2023**

7,421

2023	7,421
2022	7,271

Client satisfaction score

86%

2023	86
2022	86

ESG

R&D investment

£68m

2023	68
2022	57

Value to society

£912m

2023	912
2022	682

Client carbon saved

1.77m tCO_2e

2023	1.77m tCO_2e
2022	0.98m tCO_2e

* 2022 has been restated to remove discontinued operations.
** Includes agents and consultants.
For further information see page 48.

BUSINESS OVERVIEW

What we do

We are global programme and project delivery consultants and construction experts.

Together, we find a way to unleash the potential within every place, project and person – inspiring the stories that shape our lives and change our world.

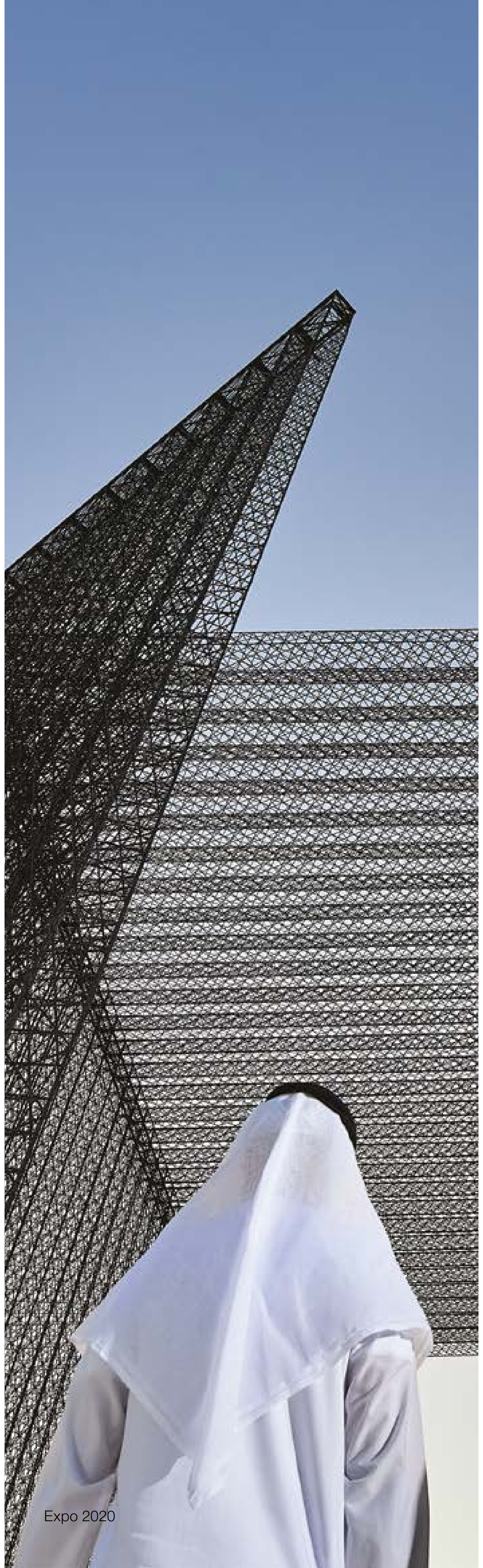
Our Engines

Consult
Challenging convention. Dreaming bigger. Creating a more sustainable future. We harness our unique combination of leading-edge practical expertise with project and programme delivery consultancy skills to unlock the potential in every project. Every place. Every person.

Read more
Page 52

Construct
Building ambitions. Leaving legacies. Bringing market-leading construction expertise and forming trusted partnerships so that everyone can achieve more, together. We bring the most innovative, cutting-edge and sustainable solutions to life – realising ambitions.

Read more
Page 58



Expo 2020

A story of success

A history of exceptional delivery

Since day one, we have relentlessly pursued a better way. Our purpose – to redefine the boundaries of ambition – is the reason we do it. It's why we exist. It's what drives us forward. It's how we create an enduring legacy in this world.

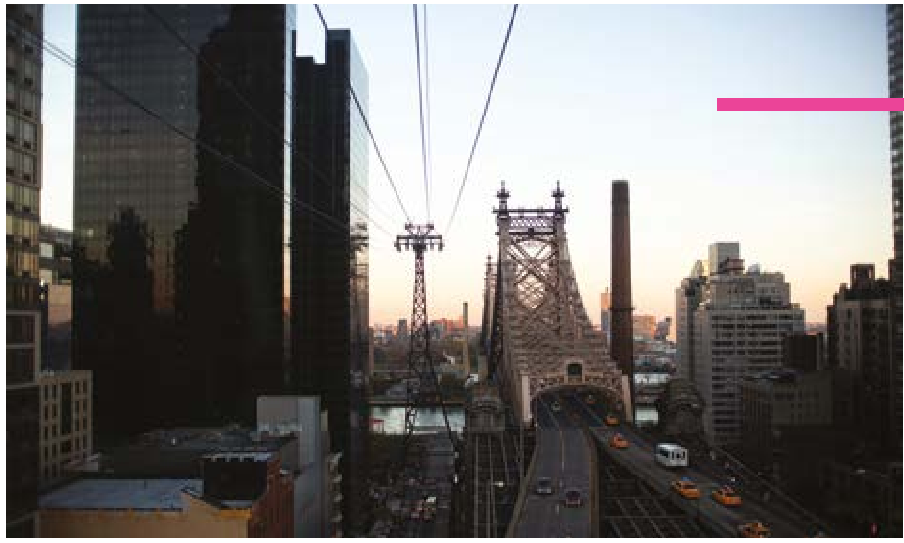
We were founded out of a belief that the industry could be more efficient, innovative and responsible. Since 1990 Mace has built a reputation and track record for delivering projects safer, faster, greener and better than ever before.

From iconic skyscrapers to hyper-scale infrastructure projects, state-of-the-art data centres, life science research facilities, and social infrastructure developments that support our communities, we recognise that now more than ever we must be bolder, braver and more resilient as we respond to new challenges and navigate through a rapidly changing world.

We remain a privately owned business that has grown organically across four global hubs in Europe, Middle East and Africa, the Americas, and Asia Pacific.

Our ambition is to be world-leading programme and project delivery consultants and construction experts.

By seeing every challenge as an opportunity to dream bigger, we will bring ambitions to life. Together, we will find a way to unleash the potential within every place, project and person – inspiring the stories that shape our lives and change our world.



Markets

Cities and places
- Corporate real estate
- Offices
- Mixed-use
- Residential
- Retail
- Arts
- Hotels
- Integrated resorts
- Sports, leisure and events
- Local government
- Central government
- Education
- Justice and blue light

Defence & national security
- Defence
- Cyber, digital and space

Health & life sciences
- Health and social care
- Life sciences and pharmaceutical
- Science, discovery and R&D

Mobility
- Highways
- Aviation
- Rail
- Ports

Resilience
- Nuclear
- Energy
- Utilities

Technology & manufacturing
- Industrial and logistics
- Data centre

Engine: Consult

Leading global programme and project delivery consultants

Core services and competencies

- Programme and Project Management
- PMO & Planning
- Cost & Commercial Consultancy
- Strategic & Business Advisory

Consult's extensive capabilities include digital and data systems, net zero carbon and production solutions. These are embedded in everything we deliver.

As a forward-thinking global consultancy business, we recognise that what sets us apart is our unique combination of consultancy with world-class delivery expertise. Our people are at the heart of our business, solving problems for clients in new ways – whether it's working faster, smarter, or more sustainably. Agile partners. Dynamic thinkers.

Operational geographies

Consult in numbers

Consultancy revenue

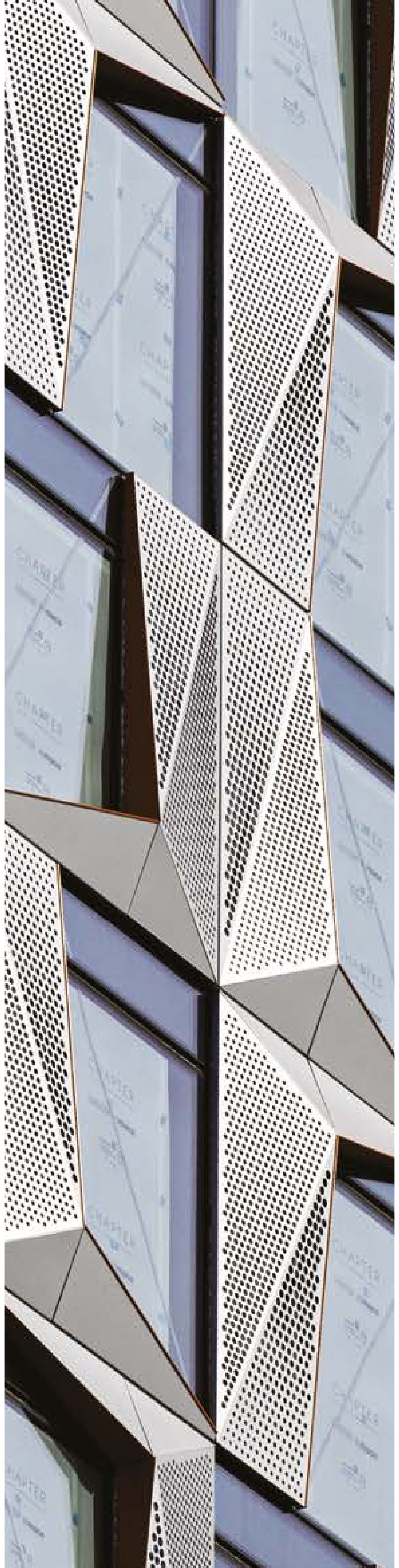
£619m

(2022: £500m)

Consultancy headcount

5,252

(2022: 4,614)



Chapter London Bridge

Engine: Construct

Construction experts

Core services and competencies

- Contracting
- Construction Management
- Fit Out and Retrofit
- Specialist Services

Since our inception we have successfully delivered numerous complex and challenging construction projects in the world – including some of the most iconic structures ever built.

We deliver far more than just buildings. We see the built environment in a larger context, whether we are creating new neighbourhoods or ambitious, vital new infrastructure.

We are transforming construction into a production assembly process, using digital capabilities and a vast range of data to achieve service excellence, market-leading quality and sustainability, and provide our clients with reliable assurance. Delivering safer, faster, better and greener; increasing productivity, reducing waste, assuring quality.

Operational geographies

Construct in numbers

Construction revenue

£1.73bn

(2022: £1.38bn)

Construction headcount

1,859

(2022: 1,531)

OUR DIFFERENTIATORS

As a global business operating in the built environment for more than 30 years, we connect expertise across the entire property and infrastructure lifecycle to help our clients, colleagues, communities and society achieve more than they believe possible.

It is our incredible breadth, scale and diversity of experience that enables us to respond quickly and effectively to market needs and challenge the status quo.

We are purpose-led

Our purpose is ‘to redefine the boundaries of ambition’. It’s at the heart of everything we do. It’s why we exist and ensures we always act in the best interests of our stakeholders, society and the planet.

We play a key role in building a sustainable, resilient and connected world.

We champion our people and the communities in which we operate. We create economic and social value for all of our stakeholders thanks to the fresh perspectives generated by our diverse and inclusive culture: lasting legacies for the communities in which we operate and for society.

We deliver the most complex programmes

We have a unique ability to thrive in tackling the largest, most technically complex projects and programmes, pushing the boundaries of what’s possible. We have an industry-leading track record of delivering ambitious programmes and solving problems innovatively through our flexible, adaptable and agile approach.

Our extensive portfolio of work speaks for itself – from iconic buildings that shape city skylines to transport systems that enable people to connect more easily. We are one of few companies that can act as a delivery partner for projects that demand new thinking, expert integration and innovation.

With a unique end-to-end understanding of what it takes to get projects done, our experts are dedicated to creating and maintaining dynamic, long-term collaborative partnerships with clients. We provide valuable assurance of delivery performance based on lessons we’ve learned managing projects and programmes across the globe.

We have unique expertise, shared across two complementary Engines

Our people know what it takes to deliver the most complex programmes and projects worldwide. Through our Consult and Construct Engines, we share expertise, insights, best practice and capabilities in consultancy and construction from every corner of the globe.

Our people are empowered to think smarter, be more flexible and adapt quickly, and are dedicated to creating and maintaining dynamic, long-term collaborative partnerships with clients.

Our understanding of the built environment and vast data set enables us to manage risk while always seeing the bigger picture.

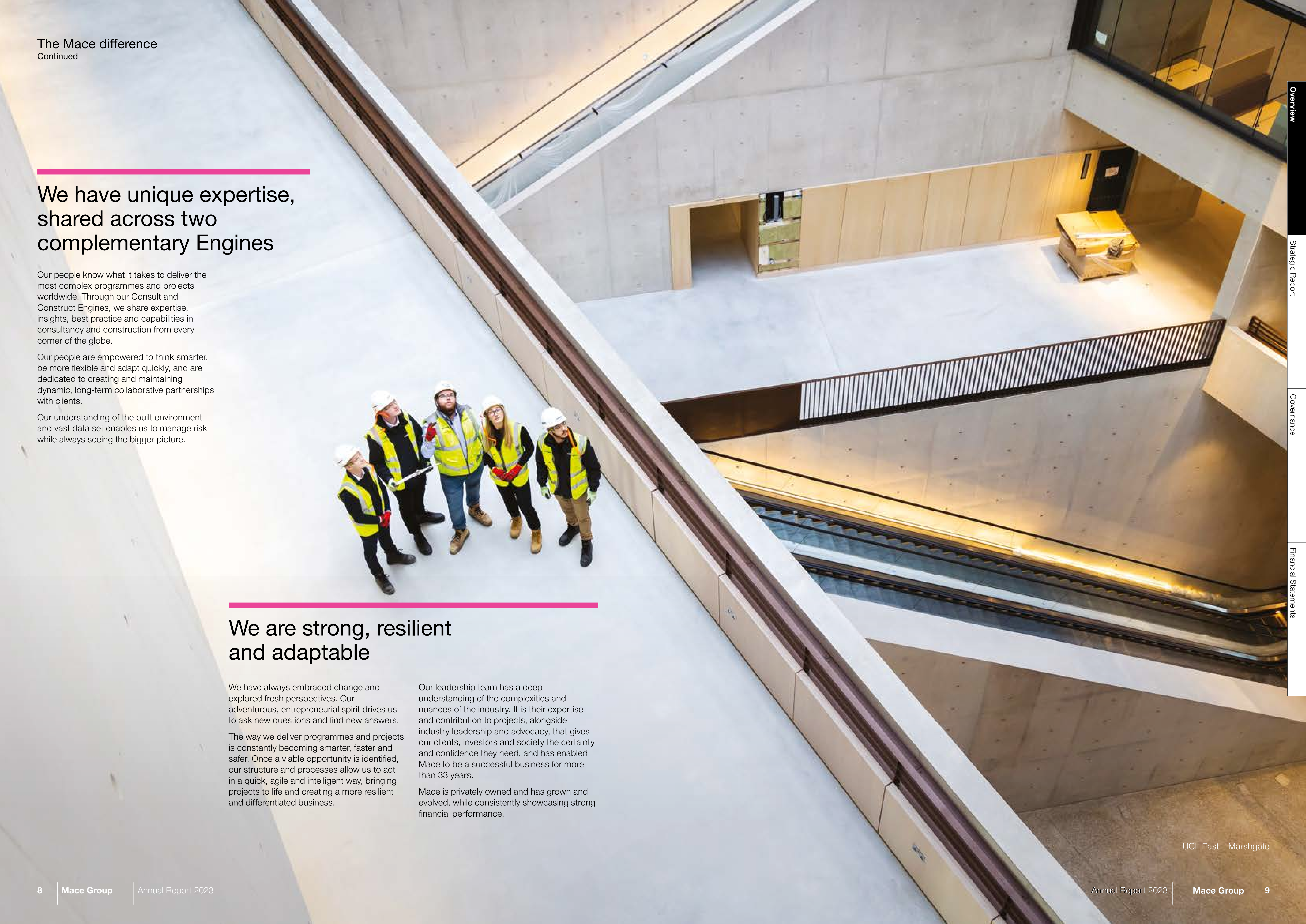
We are strong, resilient and adaptable

We have always embraced change and explored fresh perspectives. Our adventurous, entrepreneurial spirit drives us to ask new questions and find new answers.

The way we deliver programmes and projects is constantly becoming smarter, faster and safer. Once a viable opportunity is identified, our structure and processes allow us to act in a quick, agile and intelligent way, bringing projects to life and creating a more resilient and differentiated business.

Our leadership team has a deep understanding of the complexities and nuances of the industry. It is their expertise and contribution to projects, alongside industry leadership and advocacy, that gives our clients, investors and society the certainty and confidence they need, and has enabled Mace to be a successful business for more than 33 years.

Mace is privately owned and has grown and evolved, while consistently showcasing strong financial performance.



UCL East – Marshgate

We are leading the way in sustainability, innovation and digitalisation

We are driving forward innovation that will help us reach bold sustainability targets and set new performance benchmarks for the industry.

By finding more efficient ways to lead, manage and build, we are creating low-carbon communities, reducing water use and promoting biodiversity.

The data and practical insights we have accumulated from programmes and projects across the world, the investments we have made in technology and our commitment to finding a better way, have enabled us to develop digital solutions that will shape the future of the industry. More efficient, industrialised approaches that provide better outcomes and new, low-carbon products that address the challenge of climate change.

'Dave the Dog' – Heathrow Cargo Tunnel

STRATEGIC REPORT

Strategic Report

LSE – The Marshall Building

Mark Reynolds
Group Chairman
and Chief Executive

THE YEAR IN REVIEW

Our vision is for Mace to be the world's leading programme and project delivery consultant and construction expert: a digitally-led, sustainable and purposeful business.

Our achievements through the year.

Our performance

2023 was a landmark year in Mace's journey, marking the mid-point of the delivery of our 2026 Business Strategy with major steps towards our target of achieving more than £3bn of annual revenue by 2026. We grew our revenues by 25%, our cash reserves by 14%, net assets by 42% and we nearly doubled our Group operating profit.

Our vision is for Mace to be the world's leading programme and project delivery consultant and construction expert – a digitally-led, sustainable and purposeful business; and I hope this year's report shows that we are well on the way to making that a reality.

In an industry where risk management is key, and uncertainty often causes organisations to struggle, we are particularly proud of our 33-year record of strong financial performance. Mace is an innovative and agile organisation that has shaped the future of the built environment since 1990. That capacity for change rests on a strong and resilient core of consistent delivery and a prudent approach to risk management.

In 2023 we delivered the majority of our corporate KPIs, and we grew in line with the expectations set out in our 2026 Business Strategy. While our Construct Engine grew well and performed broadly in line with the targets we set in 2022, our Consult Engine team saw particular success, exceeding its growth targets and winning places on some of the world's most high profile and complex programmes.

We also made a number of important decisions that will guide our future – most significantly, focusing our energy on our core services and the expertise that has made Mace what it is today: a global programme and project delivery consultant and construction expert.

We stepped back from direct development work during 2023, focusing on development management consultancy, and supported a management buy-out of our facilities management business, Mace Operate, which is now an independent business called Macro.

Although we were sad to say goodbye to our Operate colleagues, it's right they are now independent and can choose their own path. This will allow us to invest more strategically in the transformative capabilities that will unlock the next stage of our growth.

The outcome of those bold decisions is clear in this report: the Group is more focused than ever on the transformational outcomes in the built environment we deliver for our clients and communities around the world.

Revenue growth

+25%

Net asset growth

+42%

Growth and opportunity

Much of our growth in 2023 came from securing major consultancy programmes around the world, which aligns to our long-term strategy. Our Delivery Partner expertise means that Mace is one of the few credible global consultants that is able to provide clients with the confidence they need to deliver complex projects at scale with rigour and discipline.

That growth has enabled Mace to expand our presence in the life sciences, mobility, infrastructure, defence and data centre sectors, while cementing a strong position in the commercial offices space.

Globally, the outlook for our industry is hugely positive. Investment into the built environment may be changing, but never has our sector been more important to meeting global challenges. Between now and 2050, the world will need to spend $9.2 trillion per year, every year, to achieve net zero[1].

That investment cannot be delivered without the capabilities that Mace offers to our clients. In the long-term we can be confident that there is a huge and sustainable pipeline of work available to us. Our focus and our strategy is to secure the projects where we can create the most value for our clients, communities and our business.

Looking closer to home, the UK remains Mace's largest market. Despite the political and economic uncertainty we have faced over the past few years and are likely to continue to encounter over the next twelve months, we have a strong and sustainable pipeline of work.

More than ever, our industry needs consistency and clarity of pipeline. Our growth relies on us and our supply chain understanding the likely pipeline of future investment and being able to scale our capacity and appetite for growth appropriately.

Our people

I have often said that I am extremely proud to be a member of the Mace team – and that has never been truer than in 2023. Whether our people are delivering on site for our clients or managing a portfolio of projects from a Mace office, they are the ones who make a difference every day. Our clients consistently tell me that our people set Mace apart from others – it is their expertise and dedication that enables us to bring the ambitious visions of our clients to life so reliably.

> "Our clients consistently tell me that our people set Mace apart from others"

We grew rapidly in number during 2023, with headcount growing as we expanded our global programme and project delivery commissions. This year, almost 7,500 talented people delivered £2,357m in revenues on our projects around the world.

That's why attracting, developing and retaining the very best talent is crucial if we are to continue to deliver high-quality projects safely. We want to grow together with our colleagues, giving people the platform to do things they had never dreamed of doing – and providing opportunities to be involved in some of the most exciting and iconic projects in the world.

1 The-net-zero-transition-what-it-would-cost-and-what-it-could-bring-final.pdf (mckinsey.com)

Challenges
As ever, the year was not without its challenges in our markets and in achieving some of our more ambitious targets.

As you will see from our Key Performance Indicators on page 49, we missed our own Scope 1 and Scope 2 carbon reduction target, largely due to the growth of our consultancy business around the world and the associated increase in business travel emissions. However, we significantly exceeded our target to eliminate carbon from the work we deliver on behalf of our clients – raising our target from one million tonnes of reduction by 2026 to more than 10 million tCO_2e.

We recognise the need to push further and faster to have a positive impact on the environment. To reach net zero by the middle of the century, we are committed to working collaboratively with industry participants – in steel, in concrete, in transport – to deliver a low-carbon economy that works for our business, our suppliers, our clients and communities everywhere.

Closing the gender pay gap has been difficult in the face of the significant recruitment requirements that are the result of our success in winning work. That isn’t a good enough excuse for our lack of progress. We know we need to double-down on our efforts to improve equality and diversity, while also maintaining the experienced and expert teams for which we have become known around the world.

Government planning policy has presented challenges too. In the UK, delays and uncertainty around major projects like HS2 have affected our revenue. Our business model and presence across a diverse range of global construction markets gave us resilience, so we were able to navigate the situation by deploying colleagues on other projects in the UK and internationally.

Investment focus
Now that we’ve streamlined and refocused our business model, our priority is to strengthen our governance and invest to deliver the next ambitious phase of our growth. As we look towards the future we will be working over the next twelve months to set a new strategic direction to take us to 2030 and beyond.

However, our investment approach will continue to be led by some clear principles: we invest in our people, our systems, our data and our products and services, so we are more efficient, more productive and can create even greater value for all our stakeholders.

Our three focus areas for that investment are digitalisation, industrialisation and sustainability.

- **Digitalisation** will drive productivity improvement over the coming years and ensure we are able to leverage the coming wave of industry transformation driven by generative artificial intelligence (AI) effectively.
- The approach we’ve taken to **industrialisation,** through offsite manufacturing and preassembly, will allow us to get better at what we do in the future, providing clients with greater programme surety, better cost assurance and greater efficiency.
- Through our focus on **sustainability**, we are fundamentally committed to transforming the nature and delivery of the built environment globally, driving net zero carbon and enhancing biodiversity.

We also know we have a role to play in supporting suppliers to improve their performance and business resilience, particularly those involved in our large programmes and projects.

> “As I look back over the last decade, I’m exceptionally proud to have led the Group as we’ve grown and become an even more responsible and sustainable global business.”

Total Group revenue

£2.36bn

Profit before tax
(excluding our discontinued operations)

£61.7m

Looking ahead
As detailed elsewhere in this report, alongside the structural changes we’ve implemented across the Group this year, we are working to strengthen our corporate governance and from 2025 onwards will be measuring ourselves against the UK Corporate Governance Code. Our new governance approach is outlined from page 114.

As part of that governance transition, we are also implementing a long-planned series of succession changes. After 12 years as Group Chief Executive and two years as both Group CEO Chairman and Chief Executive, I will move into the position of Executive Chairman, with Jason Millett taking on the role of Group Chief Executive to continue delivering transformation and exceptional performance across our global programmes and projects.

Looking ahead to 2030 and beyond, this succession supports our ambition to be the leading global programme and project delivery consultant in the world.

As I look back over the last decade, I’m exceptionally proud to have led the Group as we’ve grown and become an even more responsible and sustainable global business; a company that continues to deliver amazing work on ambitious, challenging and complex programmes and projects.

Ten years ago, in 2013, Mace delivered £1.2bn in revenue and secured £32.4m of profit before tax. In 2023 we nearly doubled that, delivering £2.4bn and securing £61.7m of profit before tax from our continuing operations. That growth is evidence of consistent performance, year-on-year, despite the economic turmoil our industry has faced over that period.

Our growth and transformation has only been possible because of the commitment, dedication and expertise of our teams around the world, our clients and our suppliers.

Thank you to them, as well as to everybody who has supported and worked with us in 2023. We look forward to growing further and more sustainably together as we create better opportunities for people, deliver better solutions, enhance the value we create for our clients, support the growth and development of our supply chain and make a positive impact on communities in which we operate.

Mark Reynolds

Mark Reynolds
Group Chairman and Chief Executive
27 June 2024

OPERATING IN A CHANGING WORLD

In an ever-evolving global landscape, we navigate a myriad of trends that have the potential to reshape the built environment and particularly the construction sector. From climate change and technological advancement to geopolitical shifts and urbanisation, these trends not only present challenges but also offer opportunities to be innovative and grow.

Mace will thrive in the future by embracing innovation and sustainability, and by remaining adaptable. Whether it's by leveraging technology to drive efficiency; by shaping the development of emerging sectors; or by addressing the impacts of climate change; Mace Group, through its two Engines, is going to play a pivotal role in shaping the future of the built environment.

Climate change

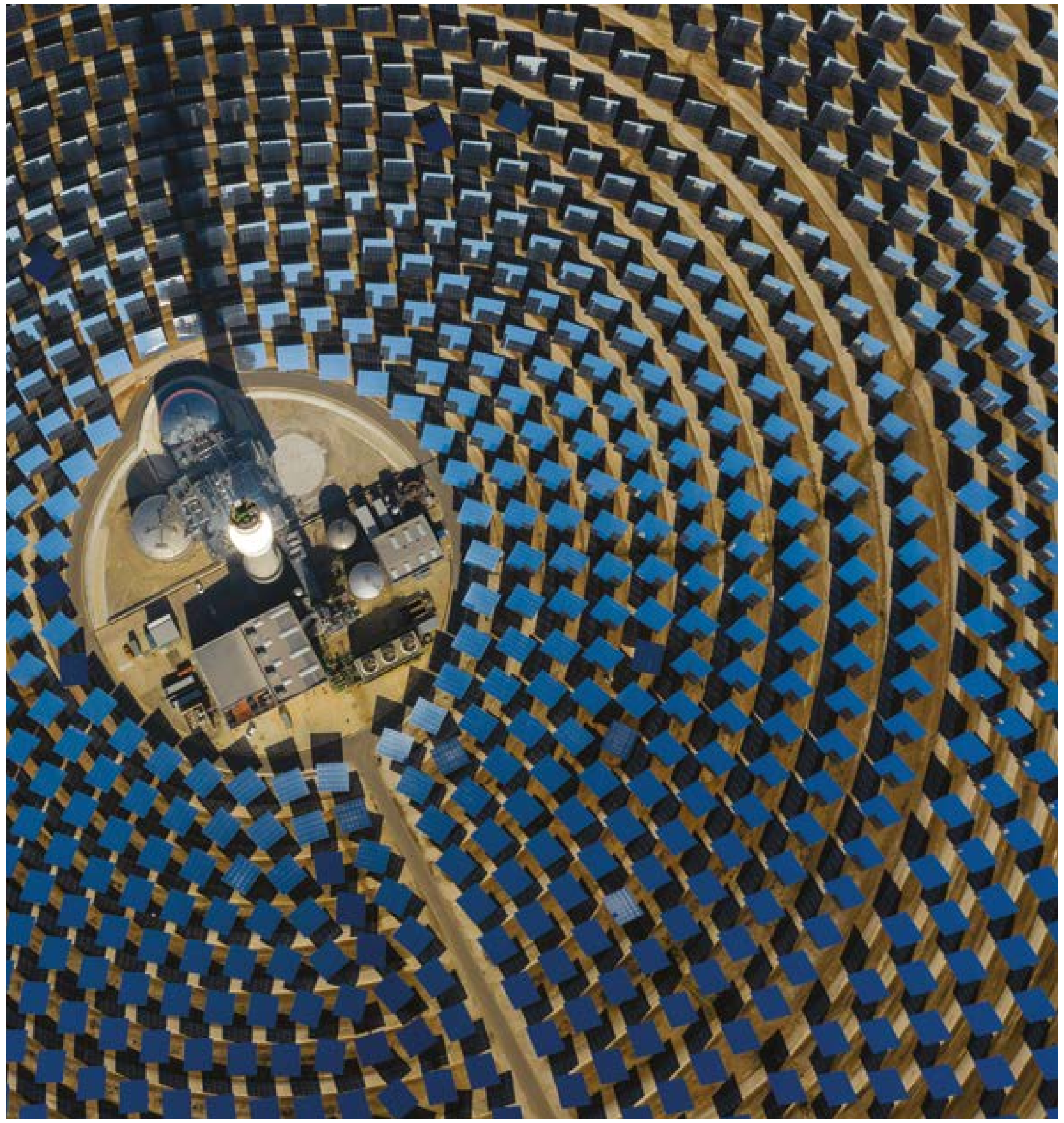
The climate crisis is one of the most pressing challenges facing the world today. In construction, managing risk is increasingly complicated. It requires robust risk assessments, resilient design strategies to mitigate the impact of rising temperatures and extreme weather events on project timelines, budgets and contingency plans.

We must navigate an increasingly complex regulatory landscape, complying with building codes, environmental regulations and sustainability certifications globally.

We rely on a vast network of consultants, suppliers and vendors for construction materials, equipment and labour. We have already seen how climate-related disruptions such as wildfires, hurricanes and droughts, can disrupt global supply chains and lead to material shortages, delays and cost escalation.

As our industry evolves in response to climate change, companies that prioritise innovation, adaptability and sustainability will be well-positioned to thrive.

Mace's two-Engine approach enables us to realise the possibilities of a green, resilient and sustainable future while showcasing the very best in innovative green building design, low-carbon construction methods and renewable energy infrastructure. The growing demand for retrofitting existing buildings to improve energy efficiency and reduce carbon emissions is an increasingly important source of new revenues.



Advances in technology and digitisation

Rapid advances in technology are revolutionising the construction industry, opening up new markets and sectors. From Building Information Modelling (BIM) and virtual reality to 3D printing and offsite and pre-assembly solutions, innovative technologies are streamlining processes, reducing costs and improving project outcomes. Meanwhile, sectors such as life sciences, healthcare and data centres are driving demand for specialised services; presenting opportunities for companies like Mace with expertise in these areas.

Embracing technology requires significant investment in training, IT infrastructure and change management. Technology offers efficiency gains and cost savings, but we must continue to evaluate the return on investment of implementing new technologies carefully, and weighing upfront costs against long-term benefits.

Digitalisation is transforming every aspect of the built environment, from project planning, to design, onsite delivery and building and infrastructure operations. Technology is reducing errors and enhancing collaboration among project stakeholders.

Innovation

£68m

Invested in research and development in 2023

We have a strong history of innovation and are already embracing new technologies and digital tools to push the boundaries of design and sustainability in construction. This investment in innovation will continue, harnessing sustainable building materials, energy-efficient systems and smart technologies to reduce the environmental impact of the built environment.

Geopolitical changes

Geopolitical shifts and uncertainties can have serious implications for companies working in the built environment. In 2024, more than 60 national elections are taking place around the world. Soon, newly elected governments will enact new policies, trade agreements and regulations, and we must stay abreast of developments in numerous markets to mitigate risk and ensure we continue to comply with regulations everywhere we work.

Geopolitical tensions and trade disputes can disrupt global supply chains and produce security concerns, leading to delays, cost overruns and shortages of materials and equipment.

We deliver more connected, sustainable and resilient programmes and projects in all the markets we operate in. We use our experience and expertise in programme and project development to navigate complex geopolitical changes to create opportunities for projects financed by international organisations, bilateral agreements, or public-private partnerships.

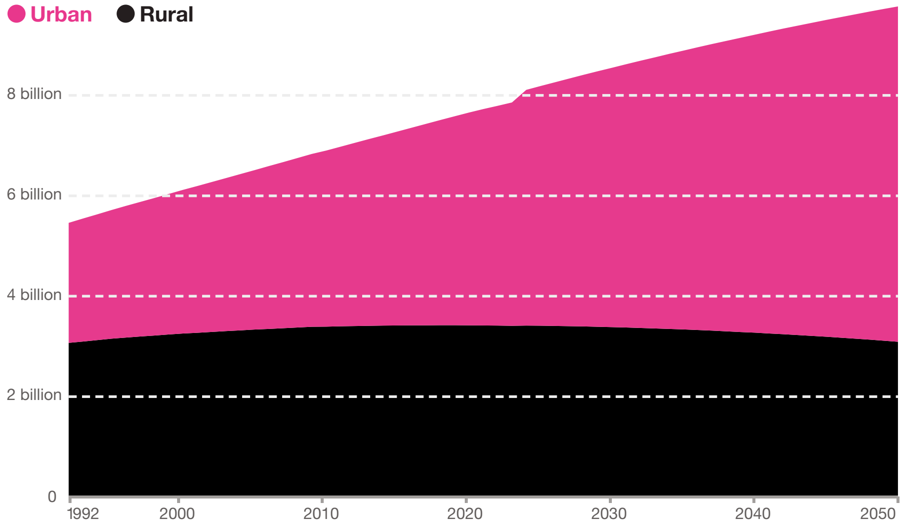
Our track record of building strategic partnerships with government agencies, international stakeholders and local firms, helps us to capitalise on opportunities in markets all around the world and to bring to life political commitments to improving infrastructure and raising the quality and safety of the built environment.

Geopolitical change underscores the importance of building resilient places capable of withstanding risks and disruptions. Mace is different because we adopt resilience principles, sophisticated risk management strategies and proven contingency plans on our projects.

Population and urbanisation

The global population continues to soar, with more and more people living in urban centres. This continues to drive demand for infrastructure, housing and urban development projects, particularly in mega-cities and cities which are experiencing unprecedented growth. The rapid pace of urbanisation often outstrips the capacity of existing infrastructure, leading to deficits in transportation, water, energy and sanitation systems. As urban areas become more densely populated, finding suitable land for development becomes increasingly challenging. Zoning regulations, land use restrictions and environmental considerations further complicate the process of securing land for construction projects.

Urban and rural population projected to 2050
Total urban and rural population, given as estimates to 2023, and UN projections 2050. Projections are based on the UN World Urbanization Prospects and its median fertility scenario.



Data source: United Nations, Department of Economic and Social Affairs, Population Division (2018); HYDE (2023)

The demand for infrastructure development projects, mixed-use developments that integrate residential, commercial and recreational spaces, and smart city initiatives that incorporate smart technologies, green building practices and resilient infrastructure into urban projects remains vast.

Both Engines have a strong record of delivering smart, complex and world-leading urban development projects, so we are well-placed to play a pivotal role in large-scale infrastructure schemes, transportation networks and mixed-use developments. We can leverage our expertise in urban planning, project management and sustainable design to address the infrastructure needs of rapidly growing cities all around the world.

VALUE CREATION

Our capital inputs

Inputs

Human capital
Our most valuable asset is our people. We offer them amazing career opportunities, invest in their personal development and foster a culture of diversity and inclusivity that enables every person at Mace to be their true selves and fulfil their potential.

Natural capital
We know the importance of the natural resources and ecosystems on which society depends. That's why we're focused on sustainable practices in all of our projects, programmes and workplaces – helping our clients to achieve their own sustainability goals as we meet ours.

Financial capital
We manage our finances responsibly, generating profits sustainably and investing to create long-term value for all our stakeholders. Our meticulous management of project and programme budgets ensures we deliver value for money to our clients and partners.

Intellectual capital
No matter the scale or complexity of a project, we have a world-class track record thanks to the intelligence we have accumulated on the built environment. The unique combination of our Consult and Construct Engines, coupled with our global reach, enhances the value we provide for clients and supports us in leading our sector to be more innovative.

Social & Relationship capital
We build long-term and mutually beneficial relationships by being a responsible business, being transparent in how we communicate and collaborating with a diverse group of stakeholders in the communities in which we work.

Delivering through our complementary Engines

CONSULT

From programme delivery consultancy to world-class PMOs, commercial and business advisory, our work encompasses best-in-class delivery-focused consultancy services. We span everything from net-zero carbon and industrialised solutions to digital and data-led real time insights providing the best outcomes for our clients and creating social value for our communities.

CONSTRUCT

We deliver some of the world's most complex construction projects, including some of the most iconic structures ever built. We procure, integrate and deliver while managing risk for our clients; achieving the highest industry standards of safety, quality and reliability.

Enablers of value creation

A safe and responsible business
The health, safety and wellbeing of our people – and the communities in which we operate – is our number one priority. By promoting a culture of safety, wellbeing, inclusion, ethics, and social and environmental responsibility, we continue to foster trust and build our reputation for excellence.

Programme delivery methodology
Leveraging the shared expertise of our Consult and Construct Engines, our robust and agile approach underpins the value we deliver to our clients. It enables us to improve efficiency, control quality, mitigate risk and deliver hugely ambitious projects safely, on time and within budget through proven, agile global standards.

Construction expertise
For more than 30 years we have delivered some of the most complex and challenging construction projects in the world – including some of the most iconic structures ever built. That expertise gives us invaluable insight so we can overcome challenges where others can't, offering solutions that drive sustainability, productivity and assurity.

Digitally enabled insights
The power of digital technology is transforming our business by providing us with exceptional insights. We have embraced innovations such as data analytics, virtual reality and business information modelling to drive greater transparency and accuracy, improve productivity, and optimise performance.

Ensuring better outcomes for our stakeholders

Outcomes

- More valuable, higher-quality, future-proof assets
- Delivered on time
- Delivered safely and cost effectively
- Delivered sensitively, enhancing client reputations through cultural awareness and connectivity
- Delivered and assured consistently through both Engines
- Informed by shared lessons and data

Stakeholders

Clients and partners
Our clients and partners trust us to deliver world-class projects. We work with transparency and integrity. By listening to their specific needs we understand what it takes to exceed their expectations. This builds trust and loyalty, and results in a significant volume of repeat business and referrals.

Our people
We offer our people amazing career opportunities. We invest in their personal development and we foster a culture of diversity and inclusivity that enables every person at Mace to be their true selves and fulfil their potential.

Local communities
Our projects and programmes support local employment and skills development. We invest in community infrastructure and environmental conservation to leave a lasting legacy that enhances the quality of life for everybody.

Supply chain
Our suppliers share our values and commitment to excellence. This helps us mitigate risk, optimise efficiency and deliver high-quality projects that achieve the highest levels of environmental sustainability.

Research and development
Our agile and dynamic approach helps us innovate, experiment and learn continuously. This helps us to anticipate future trends and deliver projects that are genuinely transformational.

DELIVERING VALUE TO STAKEHOLDERS

As part of our core business strategy, we aim to create value for everybody, including our people, our clients, our shareholders and the communities in which we work.

Expo 2020

OUR PEOPLE

Confident, determined and imaginative. These are our shared characteristics that set us apart.

Mace people are among the most experienced and knowledgeable professionals in the industry. All share a drive to succeed, an enthusiasm for their work and a passion for providing exceptional service to our clients and communities.

Creating a truly diverse and inclusive culture is at the top of our agenda, because when our people are comfortable and confident to be themselves, they thrive, we thrive and our clients thrive.

At Mace we build safe spaces that bring people together. All our people have a voice, are free to be themselves and are supported to be the best that they can be, by inclusive policies and practices at all stages of their careers.

We celebrate, encourage and empower a diverse and rich culture in our workplace. Our people have equal opportunities to develop, grow and contribute. Leaders are empowered, passionate and engaged in championing an inclusive culture across all corners of the globe and our business.

Our ongoing investment in training and development improves skills and expertise at every level of the business, creating expertise and knowledge that we share widely with colleagues, clients and supply chain partners.

> "Our ongoing investment in training and development improves skills and expertise at every level of the business – creating expertise and knowledge that we share widely with colleagues, customers and partners."

Highlights

— Our new Mace Career Framework will help colleagues understand how their job fits into our business and give them better visibility of how they can build a rich and varied career at Mace. Go to page 41.

— During 2023 our team grew to include 7,421 colleagues. In the Middle East and Africa, our team grew by 21% in 2023. Go to page 38.

— We welcomed 137 graduates and 73 apprentices, our largest intake yet. Go to page 41.

CLIENTS AND PARTNERS

Since Mace was founded we have been clear in our goal to always find a better way to exceed our clients' expectations.

Our people are known for going the extra mile for our clients; using their passion to bring new, innovative and sustainable ideas to the table and having the insight and energy to bring them to life.

As we have grown, we have remained true to our original vision. We see ourselves as our clients' partner; challenging the status quo and always looking for ways to be smarter, leaner and more cost-effective.

We are proud that so many of our client relationships date back to when we were founded. We invest considerable time in understanding our clients' ambitions and needs – fostering long-term relationships is always our aim.

Through new and repeat business, our clients have given us the opportunity to demonstrate our expertise, deliver better solutions to their challenges and, in turn, develop our business.

"We're on a mission to help our customers save 10 million tonnes of carbon emissions by 2026. We're delivering carbon reduction services for more than 100 clients around the world."

Building new relationships, particularly outside of the UK, has pushed us to adapt our approach and methods to different markets; taking time to understand our clients' unique needs and customs.

Our clients are as far-reaching and diverse as our expertise, so we develop bespoke solutions, ensuring the right people are involved throughout the project, giving our clients control and visibility every step of the way.

Highlights

- We're committed to helping our customers save 10 million tonnes of carbon emissions by 2026. We're delivering carbon reduction services for more than 100 clients around the world. Innovations, such as our low-carbon concrete cassettes – which were installed on a client project for the first time in 2023 – can cut embodied carbon by up to 75% (when compared to traditional building materials and methods).
- Our innovative construction to production (C2P) methodology delivers industrialised, offsite solutions economically and is enabling us to reduce our onsite workforce and significantly improve productivity.
- We're already achieving diesel-free construction sites, and are trialling glycerine fuel technology to cut greenhouse gas emissions onsite on a railway station project. Go to page 37.

LOCAL COMMUNITIES

As a global business that creates places for people to live, work and thrive, our diverse portfolio of work allows us to develop a great understanding of the needs of different communities.

Whether we are regenerating forgotten parts of a city or building new social infrastructure, on every project and programme we aim to leave a lasting legacy that brings communities together.

Every year, we measure the impact we're having on society; the employment we generate, the investments we make in local suppliers and everything else we do to continue to have a positive impact on people's lives.

Highlights

— Through the Mace Foundation, we gave back £4m of social value to communities all around the world. Fundraising by our employees raised £360,000 for over 100 different charities. Go to page 42.

— In 2023, we became a Top 75 Employer in the UK Social Mobility Employer Index. Go to page 40.

"We create amazing places where people want to live, work and thrive – places that leave a lasting legacy."

Read more
Page 90

SUPPLY CHAIN

Our suppliers are an extension of Mace. They are more than just partners; they are integral to our success. Our relationship with them is an opportunity to share, collaborate and achieve much more together.

We have taken care to build our supply chain around shared values. Our suppliers have joined us because they are innovative in finding better ways to deliver projects – creating sustainable solutions and identifying efficiencies for our clients. They understand our business, and share our expertise as a result of working alongside us on some of the most iconic buildings in the world.

We work with more than 1,000 suppliers. To ensure high quality standards on all of our projects, we deliver classroom-based training. Our business school teaches our business-critical suppliers to deliver industry best practice and maintain the highest level of health and safety.

As processes and techniques evolve, we adapt to ensure our courses support, develop and set standards for construction industry professionals.

We are clear that to maintain high quality standards across all of our projects, we must support our suppliers.

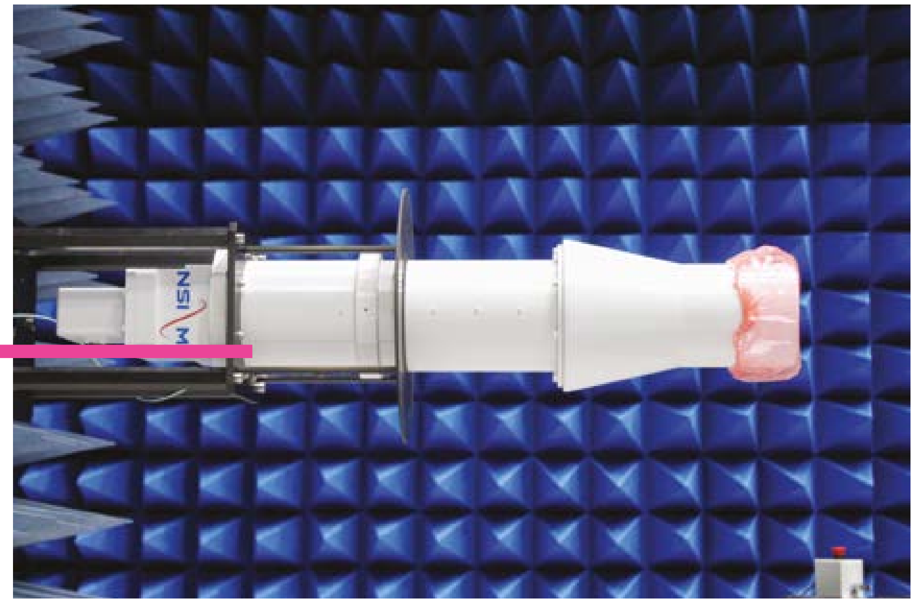
Highlights

— The Mace Business School has responded to the Building Safety Act 2022, delivering training on the provisions of the Act to enhance the competency of Mace and its supply chain.

— In 2023 the Mace Business School delivered more than 600 training places covering management and technical competency, addressing current and emerging issues such as carbon reduction, modern slavery, diversity and inclusion, and construction to production.

"Our investments in digitalisation, sustainability and industrialisation will make us smarter, faster, more productive and greener."

RESEARCH AND DEVELOPMENT



As an industry our challenges are big and our ambitions are bold. Reducing our carbon footprint, improving global site safety and developing efficiencies? That's going to need investment in innovation at a speed and scale not seen before.

At Mace, innovation is embedded in our culture – in the way we work and in how we think, communicate and engage with our clients. We are investing in the latest technical solutions. We are investing in the skills of our people. And we are investing in time for learning, reflection, knowledge sharing and exploration, so that our business and our industry moves forward at pace.

We're committed to bold and transformational change, focused on the three primary areas in which we seek to deliver distinctive value: net zero carbon, construction to production and digital and data.

With the right investment, governance, people and knowledge, our delivery can be faster, safer, more sustainable and more productive. The right people, with the right skills, dedicated to new ways of working.

It is our aim that by 2026, we will invest 3.5% of our global turnover in research, development and innovation. Our investment in digitalisation, sustainability and industrialisation will make us smarter, faster, more productive and greener.

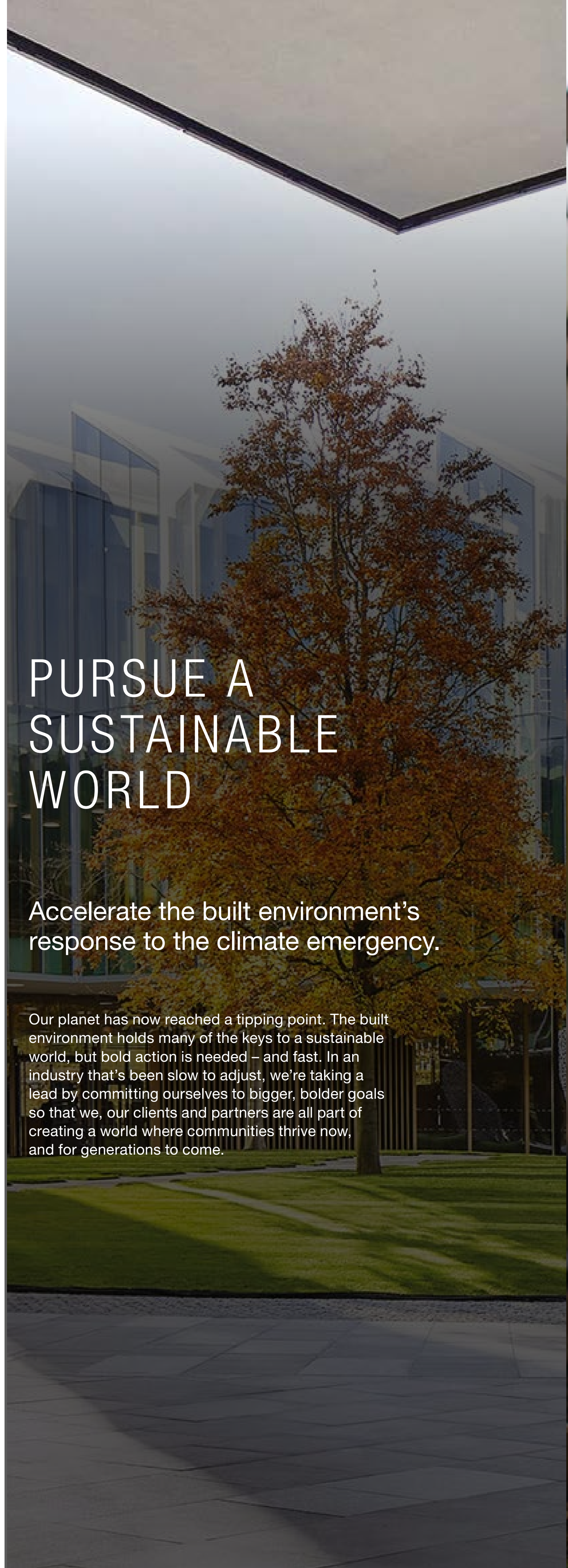
Highlights

— In 2023, we invested £68m in research and development to help us achieve our goals. Go to page 51.

— Our Innovation Fund has been a roaring success, surfacing 31 new innovations in year one that have been given funding and support. In total, we received 204 submissions – ideas that will improve efficiency, reduce cost, improve safety and quality, or eliminate waste; not just for our business, but for our clients and suppliers too.

OUR STRATEGIC PRIORITIES

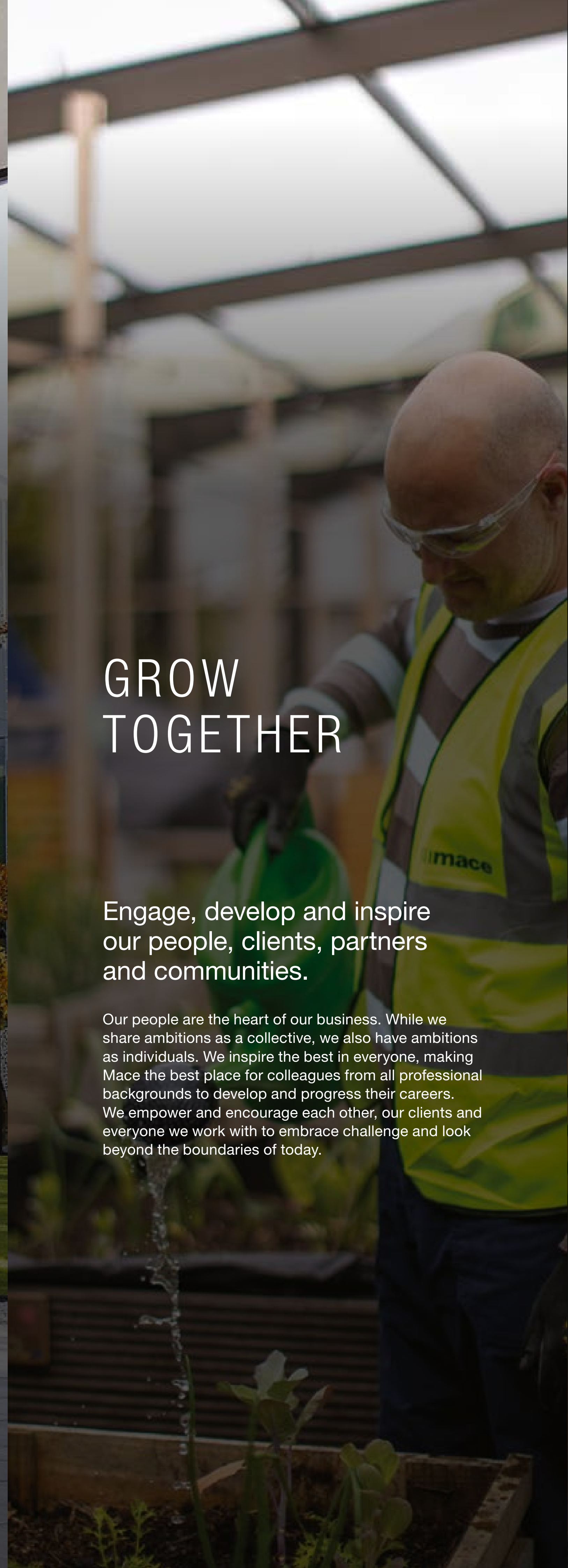
We're living out our purpose through three strategic priorities – guiding the actions we take every day.



PURSUE A SUSTAINABLE WORLD

Accelerate the built environment's response to the climate emergency.

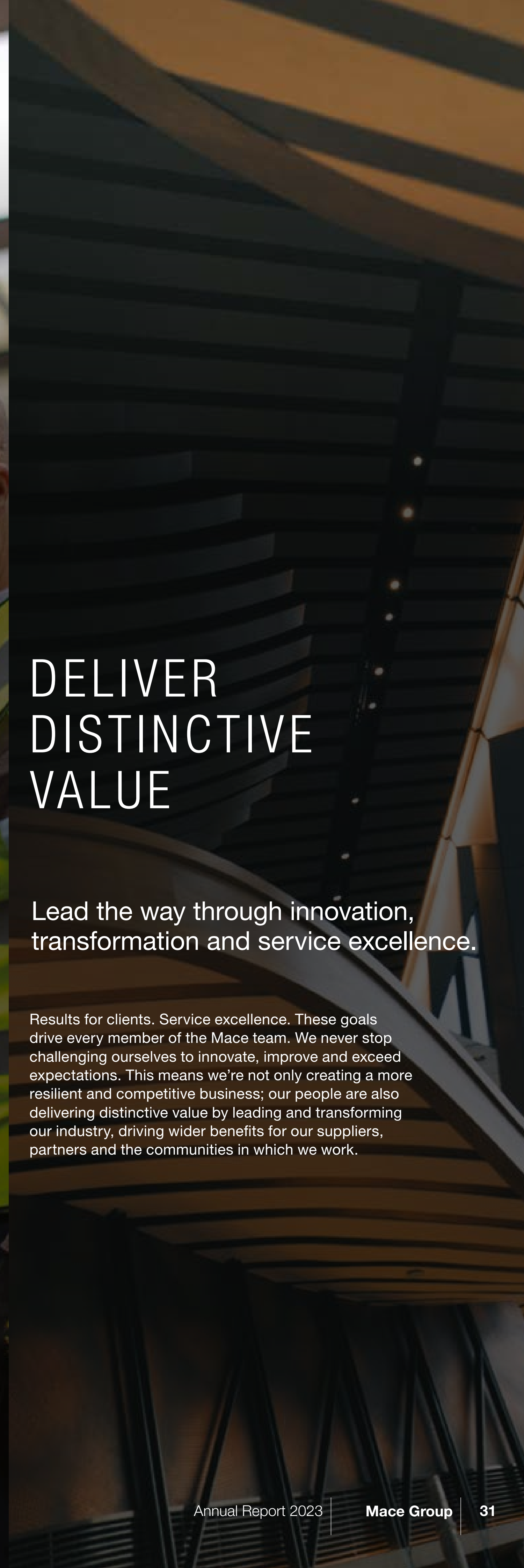
Our planet has now reached a tipping point. The built environment holds many of the keys to a sustainable world, but bold action is needed – and fast. In an industry that's been slow to adjust, we're taking a lead by committing ourselves to bigger, bolder goals so that we, our clients and partners are all part of creating a world where communities thrive now, and for generations to come.



GROW TOGETHER

Engage, develop and inspire our people, clients, partners and communities.

Our people are the heart of our business. While we share ambitions as a collective, we also have ambitions as individuals. We inspire the best in everyone, making Mace the best place for colleagues from all professional backgrounds to develop and progress their careers. We empower and encourage each other, our clients and everyone we work with to embrace challenge and look beyond the boundaries of today.



DELIVER DISTINCTIVE VALUE

Lead the way through innovation, transformation and service excellence.

Results for clients. Service excellence. These goals drive every member of the Mace team. We never stop challenging ourselves to innovate, improve and exceed expectations. This means we're not only creating a more resilient and competitive business; our people are also delivering distinctive value by leading and transforming our industry, driving wider benefits for our suppliers, partners and the communities in which we work.

OUR PURPOSE-DRIVEN STRATEGY

Our strategy looks to the future with purpose: a future in which Mace builds on its strengths and delivers even more distinctive value to its clients, translating ever-improving performance and the highest standards of governance into lasting resilience.

In 2023 our business performance was measured against the strategic priorities and associated KPIs set out in our 2026 business strategy (further detail on 2023 performance is included below in the 'Strategic Priorities in Action' section).

We made the decision in 2023 to streamline our business structure to intensify our focus on the core services delivered by our Consult and Construct Engines.

We have also evolved our strategy; and moving forward we will measure our performance against a refined set of KPIs that remain aligned to our three strategic priorities – and that reflect the substantial progress we have already made in moving towards achieving our 2026 goals and targets. These measures will help us achieve our 2026 KPIs over the next twelve months.

Principal Group risks

1	Project execution	8	Sustainability and climate change
2	Third-party management	9	Legal, regulatory and compliance
3	Health and safety	10	Funding and liquidity
4	Contract management	11	Innovation
5	People and talent	12	Fraud
6	Macroeconomic	13	Financial reporting
7	IT security, resilience, cyber and data protection		

Strategic priority	2023 performance		Performance against 2026 KPIs*	
Pursue a Sustainable World	5.9%	Corporate carbon reduced	●○○	Requires improvement.
	1.77m	Tonnes of client carbon savings secured (cumulative)	○○●	Achieved.
	166ha	Hectares of biodiversity gain created (cumulative)	●○○	Requires improvement.
Grow Together	0.04	Accident Frequency Rate achieved	○○●	Achieved.
	0.2%	Gender pay gap increase	●○○	Requires improvement.
	3.6%	Ethnicity pay gap reduction	●○○	Requires improvement.
	£912m	Value to society created	○○●	Achieved.
Deliver Distinctive Value	86%	Client satisfaction score	○●○	On schedule.
	68%	Margin growth	○○●	Achieved.
	2.9%	Revenue invested in R&D	○●○	On schedule.

Strategic priority	2024 areas of focus and objectives	Further information	Risks	UN SDGs
Pursue a Sustainable World	**Be ethically and socially responsible, protect the environment and implement the highest standards of governance:** — 3.75m CO_2te saved — 95% colleague compliance with training and ethics certification	How we 'Pursue a Sustainable World' page 34. Our 'Environmental' report page 70. Our Task Force on Climate-related Financial Disclosures Statement page 76.	8	7 Affordable and clean energy; 11 Sustainable cities and communities; 12 Responsible consumption and production; 15 Life on land
Grow Together	**Ensure everyone goes home safe and well:** — 0.031 AFR — 70% colleague mental wellbeing score **Offer colleagues the best, most inclusive employment experience and be the employer of choice for those seeking fulfilling careers in the built environment sector:** — 21% gender diversity at Associate Director level and above — 10% UK ethnic diversity at Associate Director level and above. Target for all other global locations to go live in 2024/25. — 10% retention improvement — 76% line manager index score	How we 'Grow Together' page 38. How we provide value to our colleagues, communities and partners page 22. Our 'Social' report page 90. Understanding our 'Value2Society' reporting page 93. Our S172 Statement page 99.	3/5	3 Good health and well-being; 5 Gender equality; 8 Decent work and economic growth; 10 Reduced inequalities
Deliver Distinctive Value	**Continuously improve the quality and value of our services and the efficiency with which they are delivered:** — 85% client satisfaction score — 90% Mace Way compliance across projects **Deliver consistent results and continually improve our margin and revenue:** — 3.1% EBITDA — 10.3% revenue growth	How we 'Deliver Distinctive Value' page 44 How our Engines have performed in 2023 page 52. Our financial statements page 130. Our 'Governance' report page 94.	1/2/4/6/7/9/10/11/12/13	9 Industry, innovation and infrastructure; 17 Partnerships for the goals; 16 Peace, justice and strong institutions

* details of 2026 KPIs can be found on page 48.

Read more Page 104

Read more Page 68

PURSUE A SUSTAINABLE WORLD

Together with our partners, clients, and the communities in which we work, we are accelerating the built environment's response to the climate emergency.

In 2023, Mace reduced carbon emissions on many projects. Our carbon reduction performance varied considerably across the three emissions scopes we track against, achieving a collective reduction of 5.9% CO_2. However, significant challenges remain.

We fell short of our 10% carbon reduction target, which was largely due to the growth of our Consult business and an associated increase in business travel. However, our Scope 1 emissions, most closely tied to our onsite activity, continued to decrease with a reduction of almost a third (32%) compared to 2022. This reflects our acceleration in eliminating diesel usage and our innovative approach to offsite manufacture. Both have allowed us to create more energy efficient project sites.

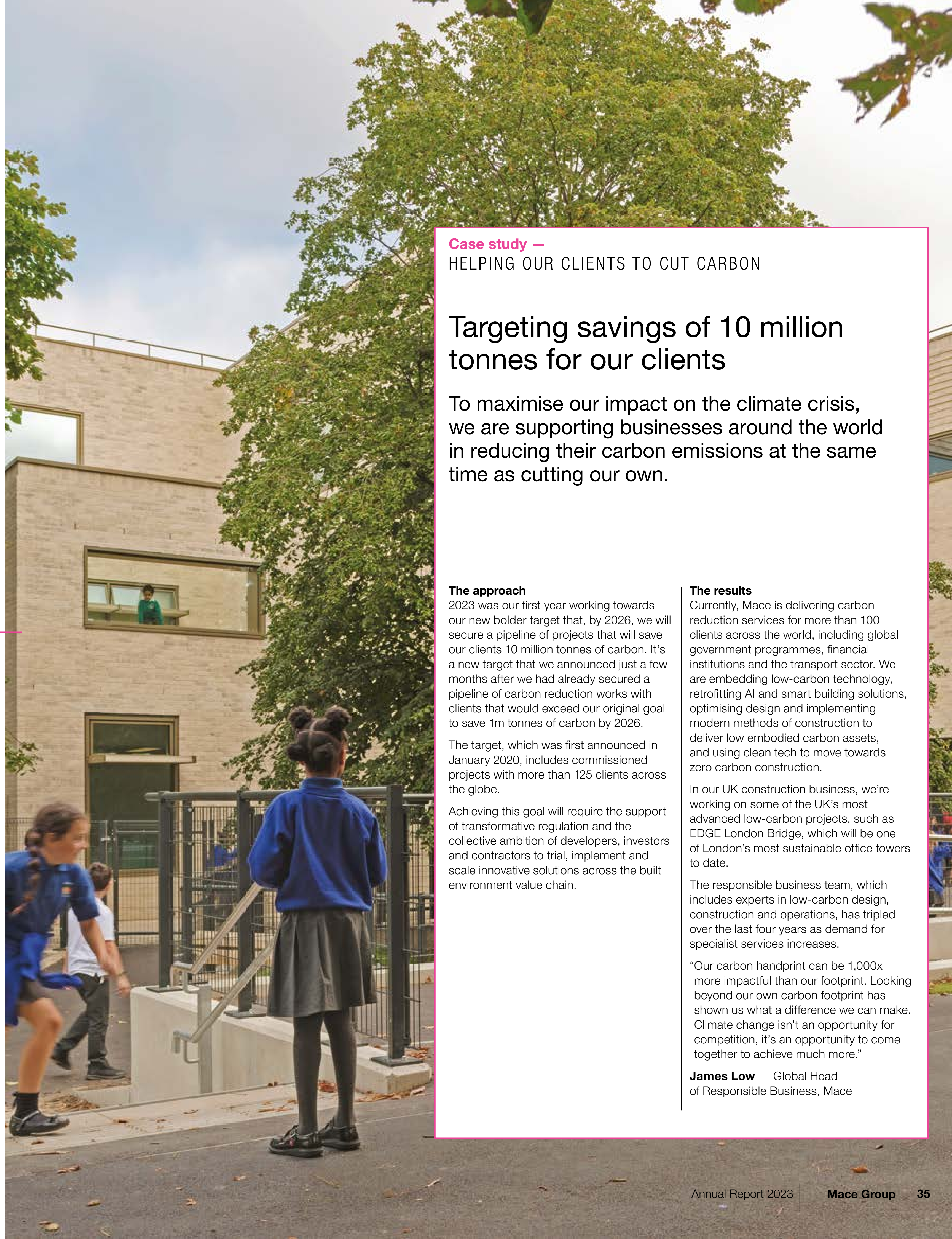
Similarly, our Scope 2 location-based emissions reduced significantly. For a growing global business, this is a positive indicator of the way we have reduced electricity consumption wherever possible across our workplaces. This must be supplemented by broadening our supplier base to include more renewable energy suppliers across all geographies.

In a period of substantial international growth, limiting business travel has been challenging. The ongoing bounce back from home working during the Covid lockdown period, coupled with a growing international presence and desire for our global colleagues and partners to connect more effectively than ever, meant our Scope 3 emissions increased from the previous year.

A champion of collaboration
At Mace, we champion close collaboration with our peers to exchange the knowledge and insight that will create positive change.

Our report, *Closing the Circle*, examined the potential for London to act as a blueprint for a circular construction economy, with millions of tonnes of carbon and billions of pounds that could be unlocked by making the transition to the direct reuse of materials and resource. We have been engaging suppliers to help demonstrate their low-carbon products and showcasing the many ways that circularity can be applied to key building materials. We also held a panel discussion bringing together developers, investors, local authorities, architects and our own sustainability consultancy experts to explore ways of overcoming barriers to circularity.

At Mace, we are a champion of close collaboration with our peers to exchange the knowledge and insight that will create positive change.



Case study —
HELPING OUR CLIENTS TO CUT CARBON

Targeting savings of 10 million tonnes for our clients

To maximise our impact on the climate crisis, we are supporting businesses around the world in reducing their carbon emissions at the same time as cutting our own.

The approach
2023 was our first year working towards our new bolder target that, by 2026, we will secure a pipeline of projects that will save our clients 10 million tonnes of carbon. It's a new target that we announced just a few months after we had already secured a pipeline of carbon reduction works with clients that would exceed our original goal to save 1m tonnes of carbon by 2026.

The target, which was first announced in January 2020, includes commissioned projects with more than 125 clients across the globe.

Achieving this goal will require the support of transformative regulation and the collective ambition of developers, investors and contractors to trial, implement and scale innovative solutions across the built environment value chain.

The results
Currently, Mace is delivering carbon reduction services for more than 100 clients across the world, including global government programmes, financial institutions and the transport sector. We are embedding low-carbon technology, retrofitting AI and smart building solutions, optimising design and implementing modern methods of construction to deliver low embodied carbon assets, and using clean tech to move towards zero carbon construction.

In our UK construction business, we're working on some of the UK's most advanced low-carbon projects, such as EDGE London Bridge, which will be one of London's most sustainable office towers to date.

The responsible business team, which includes experts in low-carbon design, construction and operations, has tripled over the last four years as demand for specialist services increases.

"Our carbon handprint can be 1,000x more impactful than our footprint. Looking beyond our own carbon footprint has shown us what a difference we can make. Climate change isn't an opportunity for competition, it's an opportunity to come together to achieve much more."

James Low — Global Head of Responsible Business, Mace

Case study —
RAISED ACCESS FLOORING

Reclaimed tiles put carbon and cost through the floor

Given that the built environment contributes 60% of global material waste, it is imperative for it to become more circular. In other words, to strive for greater reuse of materials and reduce embodied carbon.

It is still all too common for building components to be discarded. A change is needed in both process and behaviour to make direct reuse of components an automatic consideration.

Raised Access Flooring (RAF) is a prime candidate for circular practices. It makes up such a significant part of a building's footprint and the tiles comprise robust materials such as steel, vinyl and granite or other masonry. Because of this, their lifespan need not end after one application. Studies of specific reclaimed flooring products have shown a carbon reduction of 50% compared to installing a new flooring system. This supports client aspirations of improving BREEAM scores and overall net zero ambitions.

The approach
60 Sloane Avenue is a mixed-use development located in the Royal Borough of Kensington and Chelsea, London. Mace has recently completed an extensive refurbishment of the site. The project set ESG goals to pursue sustainable solutions and is currently targeting BREEAM Very Good.

4,000m² of existing Raised Access Flooring at the site was reused following the strip out, as well as an additional, 4000m² of TFA's Eco Tile product that had been reclaimed from other sites. The tiles are stripped out and undergo D-tac cleaning and testing to ensure their suitability. These reclaimed panels offer a significant carbon saving and align with Mace's circular economy principles.

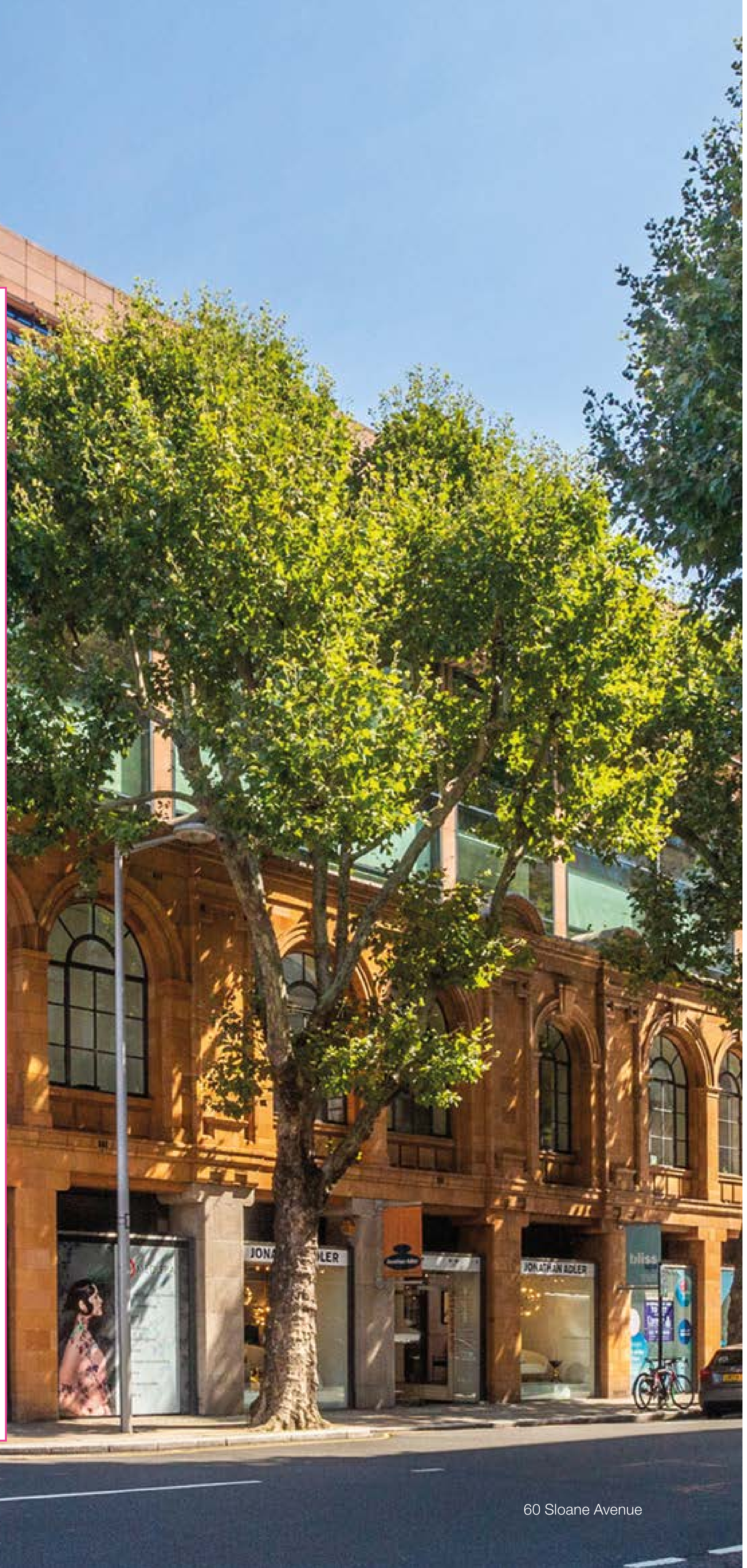
The results
Impressively, the decision to use reclaimed materials not only brought significant sustainability benefits, saving 400 tonnes of carbon for the project, it was also of great benefit to overall cost. By reusing flooring tiles, we were able to save more than £100,000 compared to ordering new tiles. Rigorous quality testing is important to ensure that these circular solutions still meet required standards.

As the built environment seeks to embed circular material practices throughout operations, our work at Sloane Avenue demonstrates that a green supply chain can also be a profitable one, with carbon reduction not coming at a price, but creating a saving.

Saved
£100k

Tonnes of carbon saved
400

Flooring panels saved from landfill
8,000sqm



60 Sloane Avenue

Circular practices in action
Our focus on the circular economy is reflected in a number of our major construction projects in 2023. At Panorama St Pauls, London, we are transforming the iconic former BT headquarters, including a ground-breaking approach to the stone façade. More than 1,500 tonnes of Portland stone has been removed, treated and reintegrated into the building's exterior. This has resulted in savings of 465kg CO_2/sqm compared to quarrying new stone.

Elsewhere, in Greece, our work on the Riviera Tower in Ellinikon delivered a landmark moment for Greek construction with the longest concrete pour at 38 hours. As well as the shift to using low-carbon concrete, the site also achieved a 100% circular use of resources, reclaiming and stockpiling materials from the existing Ellinikon airport.

Making construction sites green
In 2023, we signed up to the EP100 Double Energy Productivity commitment, promising to deliver the same level of activity on construction sites while halving our total energy consumption.

On one of our railway station projects we trialled Glycerine Fuel Technology, an ultra-low emission plant solution. We also continue to be a part of SteelZero and the ConcreteZero campaigns that are working to find carbon reduction solutions across all aspects of onsite construction activity.

Building a carbon fluent workforce
Upskilling our people is a core part of our carbon reduction strategy. In 2023, we relaunched our monthly series of internal masterclasses delivered by our responsible business leaders to help our people become more 'carbon literate'. Our membership of the UK Green Building Council also gives our employees around the world free access to high-quality training and self-paced learning courses on all aspects of built environment sustainability.

> "The built environment is at an inflection point. The previously held aspirations of carbon neutrality are no longer sufficient to mitigate climate change."

Nurturing nature
We are focused on addressing biodiversity loss in the regions where we work.

In the UK, our continued partnership with Essex Wildlife Trust saw Mace volunteers work to dig 4,000 metres of drainage channels to improve water retention and improve the habitat for local wildlife. The partnership is seeking to add an additional 61 hectares of biodiversity to the Fobbing Marsh ecosystem.

The UK's biodiversity net gain legislation will incentivise all major projects to regenerate nature by an additional 10% from when they commence development, giving us an opportunity to use our expertise to support projects that contribute positively to the environment.

Looking ahead
The built environment is at an inflection point. The previously held aspirations of carbon neutrality are no longer sufficient to mitigate climate change. The coming years will see a reimagining of Scope 3 emissions, with Mace (working as a contractor) taking direct responsibility for the operational carbon of the buildings we develop. This will mean that our total reported emissions will significantly increase. But it will also push us to advocate and challenge our clients to decarbonise across their own portfolios and value chains.

Overview
Strategic Report
Governance
Financial Statements

GROW TOGETHER

Our people make Mace the business it is today. Creating a truly diverse and inclusive workforce is at the top of our agenda, because respecting and appreciating individuality allows colleagues to unlock their true potential.

As an increasingly global business, we are defined by our people and united by our shared culture. We understand that fostering an inclusive and diverse working environment is imperative to our future success; fulfilling our purpose to redefine the boundaries of ambition. In 2023 we saw a greater blurring of the boundaries between teams in different geographies as we worked to increase connectivity, encourage greater individual mobility and celebrate diversity and inclusion.

A renewed focus on equality, diversity and inclusion
In 2023, we grew to become a team of 7,421 colleagues, with more than a third based in one of our international hubs. The most significant region for employee growth was in the Middle East and Africa, where our numbers grew 21% in the year, from 889 to 1,074.

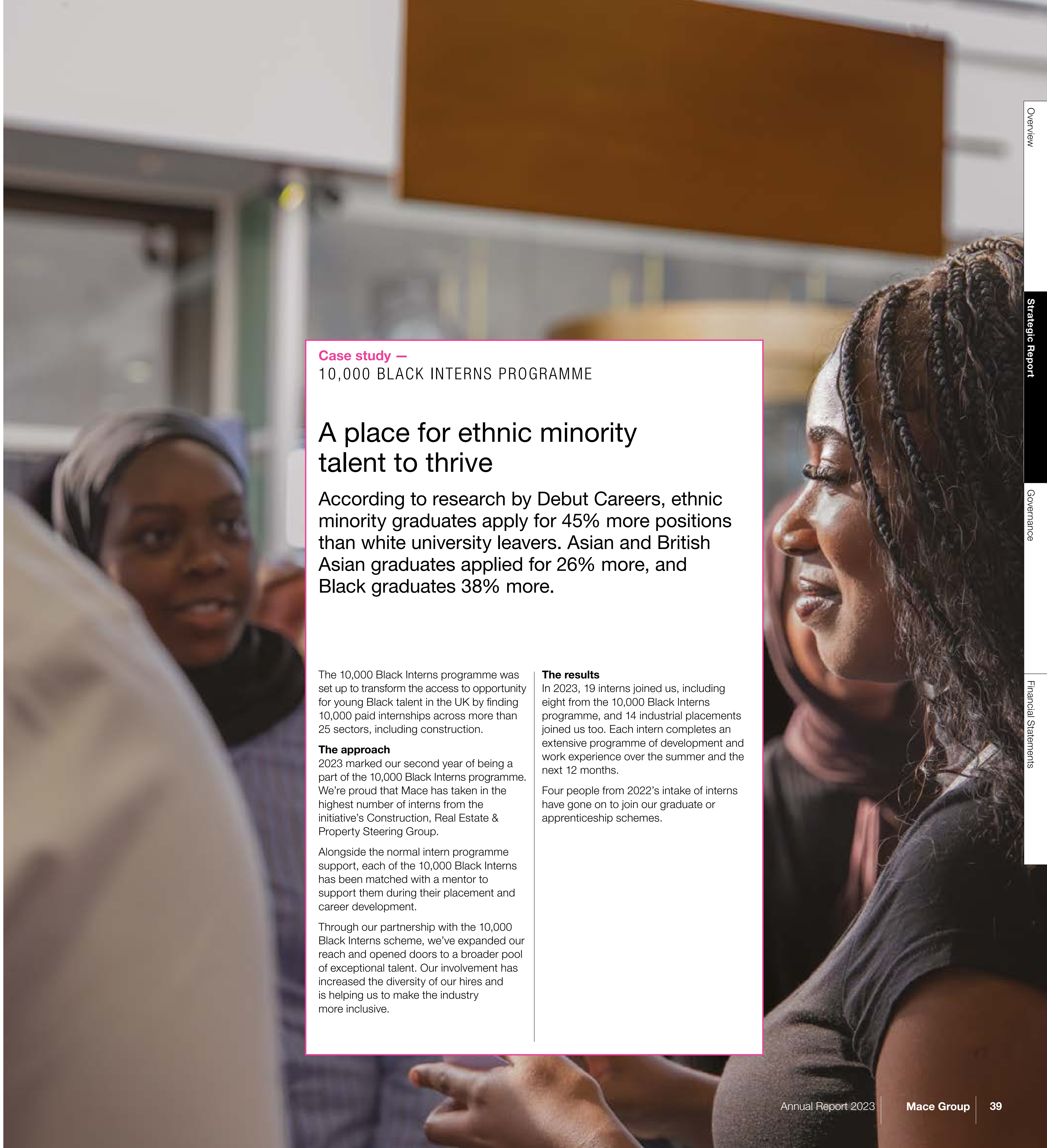
We have ambitious plans to grow revenues to £3 billion. This is likely to mean we will have more than 9,000 people based across the world by 2026.

Since the launch of our first Equality, Diversity and Inclusion (EDI) Strategy in 2020, we have come a long way, attracting a more diverse workforce and creating a culture where every voice is valued. In 2023 we launched a new EDI Strategy to clarify and broaden our ambitions over the next three years.

The new 2023-2026 strategy includes bolder objectives to:

— Attract, develop and retain talented diverse people;
— Create a psychologically safe environment for all colleagues to be themselves; and
— Increase the diverse representation at all levels of leadership.

By the end of 2026, we want more than 25% of our senior-level colleagues to be women and all Board and Steering Committee meetings to include at least 30% female participation and 10% coming from outside the majority ethnic group.



Case study —
10,000 BLACK INTERNS PROGRAMME

A place for ethnic minority talent to thrive

According to research by Debut Careers, ethnic minority graduates apply for 45% more positions than white university leavers. Asian and British Asian graduates applied for 26% more, and Black graduates 38% more.

The 10,000 Black Interns programme was set up to transform the access to opportunity for young Black talent in the UK by finding 10,000 paid internships across more than 25 sectors, including construction.

The approach
2023 marked our second year of being a part of the 10,000 Black Interns programme. We're proud that Mace has taken in the highest number of interns from the initiative's Construction, Real Estate & Property Steering Group.

Alongside the normal intern programme support, each of the 10,000 Black Interns has been matched with a mentor to support them during their placement and career development.

Through our partnership with the 10,000 Black Interns scheme, we've expanded our reach and opened doors to a broader pool of exceptional talent. Our involvement has increased the diversity of our hires and is helping us to make the industry more inclusive.

The results
In 2023, 19 interns joined us, including eight from the 10,000 Black Interns programme, and 14 industrial placements joined us too. Each intern completes an extensive programme of development and work experience over the summer and the next 12 months.

Four people from 2022's intake of interns have gone on to join our graduate or apprenticeship schemes.

Ambition fuels our business. And it inspires our people too. We excel at helping our clients to remove boundaries and reframe what's possible. But we also want to support colleagues to dream bigger and redefine their own expectations of what's possible.

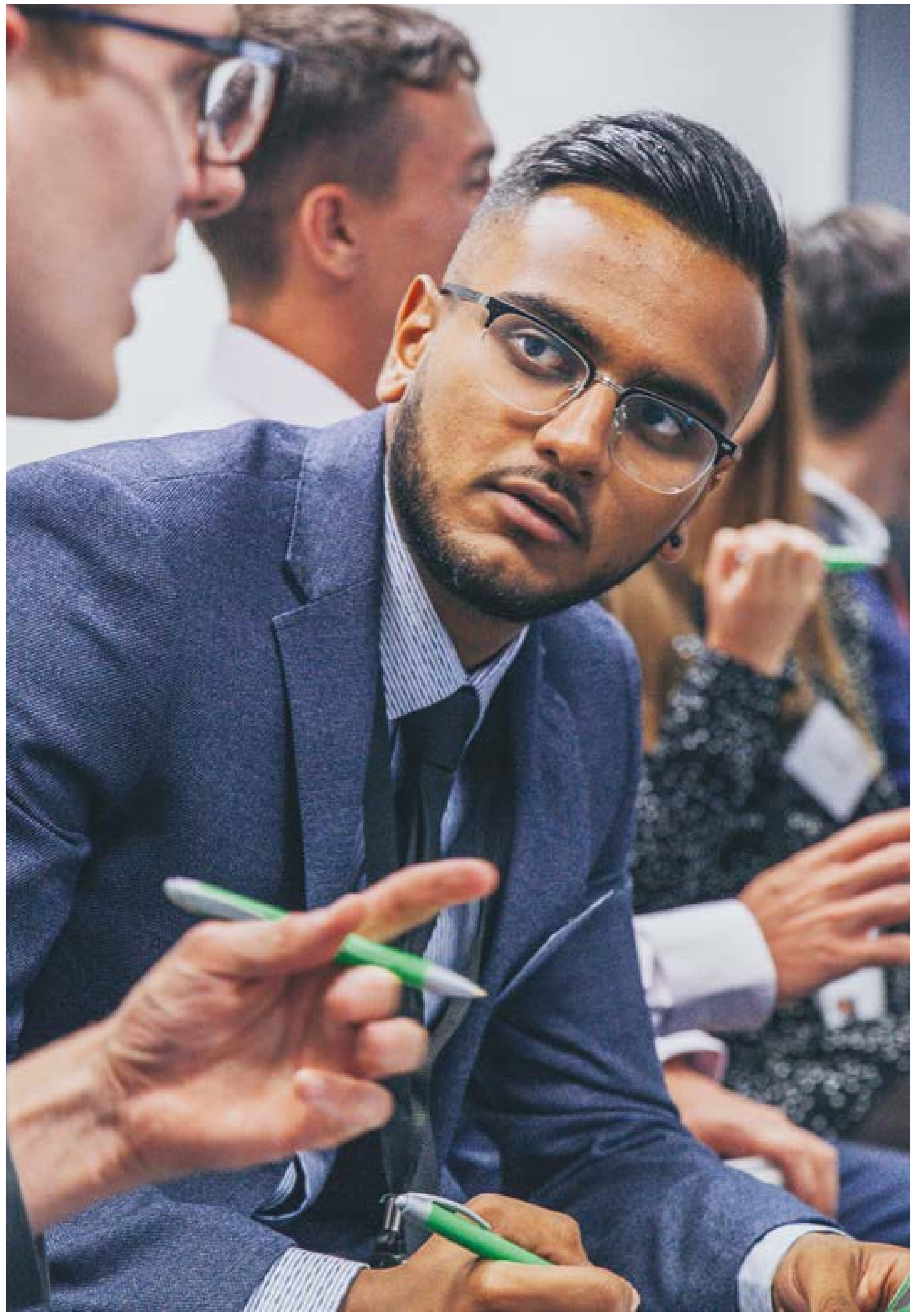
We believe that by establishing cross-industry connections, more innovative approaches to tackling EDI challenges will emerge, so we will collaborate with our strategic supply chain partners and ensure they too have EDI strategies in place.

To help us prioritise out efforts to foster a progressive culture, we have set targets for the next three years. These commit us to ensuring that by 2026:

- At least 35% of our global workforce are female;
- At least 3% have a disability;
- At least 3% identify as LGBTQ+; and
- Our UK gender pay gap has reduced by a cumulative annual rate of 10%.

Enhancing social mobility in the UK
In 2023, we became a Top 75 Employer in the UK Social Mobility Employer Index, an annual benchmarking and assessment tool for employers which highlights how organisations perform in eight areas of employer-led social mobility. We now rank 56th – up from 158th in 2021 and 87th in 2022.

We published our Inclusion Pay Gap data six months early to accelerate our understanding of performance and enable us to drive change more quickly. Our median gender pay gap has reduced by 26.8% and our ethnic pay gap reduced by 18.8%. However, as shown in the KPI section of this report on page 48, our mean gender pay gap increased slightly.



Attracting and developing talent
We continue to attract young talent from all backgrounds. At the start of September 2023, we welcomed 137 new graduates and 73 new apprentices, our largest intake yet. This new cohort is also the most diverse group, with 39% coming from minority ethnic backgrounds and 49% being female.

We also hosted work experience programmes with charitable organisations, including a week-long experience for 16- and 17-year-old women on our Salisbury Square project in London. Working with the charity Girls Under Construction, we hosted sessions, including mock interviews and presentations to empower young women to not only thrive in construction but navigate their professional journey with confidence.

Giving our people the right support
As we continue to expand our numbers across the globe, there is an ever-increasing need to facilitate greater collaboration and connection across regions, time zones and cultures.

In April, we launched the MyHR system globally, enabling colleagues across our hubs to access the right support when they need it, tailored to their individual needs and specific to their region. The online scalable system helps our people gain access to information, raise queries and find advice from their local HR colleagues 24/7.

We encourage a knowledge sharing culture via our global Mentoring Exchange, an internal programme designed to connect employees across different business departments and geographies. Employees can use the platform to find the most appropriate mentor at Mace based on their profile and experience, and then arrange meetings, set mentoring goals and track progress.

In September, we introduced the Learning Lounge, a one-stop shop for employees to access learning opportunities more easily than ever before. It's also a great way for line managers to help teams structure their development plans.

Reframing what's possible for our people
Ambition fuels our business. And it fuels our people too. We excel at helping our clients to remove boundaries and reframe what's possible. But we also want to support colleagues to dream bigger and redefine their own expectations of what's possible.

Our colleagues expressed a desire for more transparency in their career progression, which is why we have launched a new Mace Career Framework. The framework is designed to enable every colleague to understand how their job fits in our business and to have better visibility of how they can build a fulfilling and varied career at Mace.

The framework was launched in January 2024 and will enable all colleagues to understand the skills and expertise we need to deliver for our clients, and what's required in different jobs, such as the different technical aspects, accountabilities, leadership or management components.

In 2023, we worked with leaders across the business to map job profiles representing all the roles needed for Mace to succeed.

Keeping people safe
Keeping our colleagues and supply chain partners healthy, safe and well is not a one-time achievement, it is an ongoing commitment. By embedding safety practices into our organisational culture we have created a secure and thriving environment for all our people and supply chain. Our 2023 0.04 RIDDOR accident frequency rate (AFR) and 0.085 lost time frequency rate (LTIFR) are testament to this.

Our construction project incidence rate performance (measured as reportable injuries per 100,000 workers, as reported independently by Build UK for the period April 2022 to March 2023) was 70. This is against a Build UK member incidence rate of 147, and an HSE construction industry incidence rate of 251 (incidence rate reported as the number of RIDDOR injuries per 100,000 workers).

We were also recognised once again by the Royal Society for the Prevention of Accidents, winning two gold medal awards and seven President's awards in 2023.

We support our suppliers by delivering health and safety training, upskilling both the industry and our people, and reinforcing the Mace behaviour-based safety culture.

For the third consecutive year we held an industry-leading electrical safety awareness week, attended by site teams, clients and contractors globally, with a 116% increase in attendance compared to 2022.

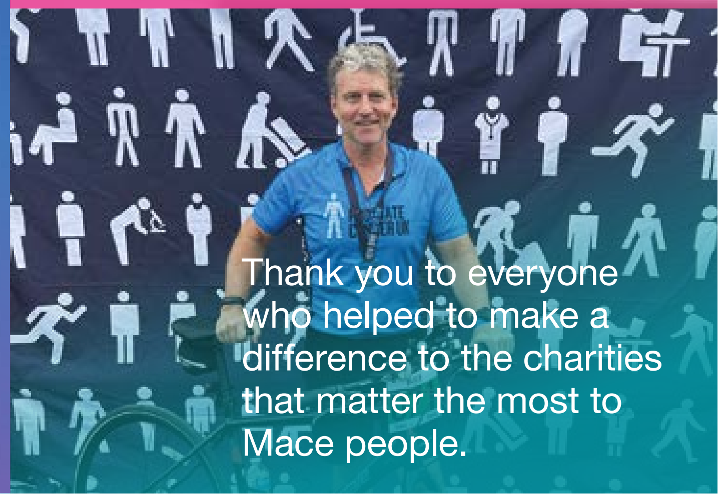
While our 2023 Occupational Health Strategy focuses on health risks, particularly on risks associated with Control of Substances Hazardous to Health (COSHH) and manual handling, our Wellbeing Strategy focuses on creating a psychologically safe work environment. We have an established network of more than 300 wellbeing ambassadors across the globe who champion health and wellbeing activities across Mace. Understanding the extent of mental health issues in construction, we have partnered with Mates in Mind to deliver mental health awareness sessions on our UK sites. We were honoured to welcome His Royal Highness, The Prince of Wales to a site visit which included a roundtable discussion on the subject of mental health.

The Mace Foundation
We believe we have a responsibility to support the communities in which we work. To enhance Mace's commitment to give back to local people, we launched the Mace Foundation in 2012. Each year, we give 1% of our pre-tax profits to our communities. Since 2012, we have donated more than £7.7m to more than 500 charitable causes around the world.

The Foundation focuses on supporting people in the following areas:

- Education and employment, providing practical support to educate disadvantaged and vulnerable people and helping them secure employment.
- Economic inequality, supporting work on issues such as homelessness.
- Health, wellbeing and the environment, to align with our own wellbeing strategy and focus on supporting mental health.

The Foundation is passionate about working with charity partners, building strong and enduring relationships and investing in them for the long-term to maximise our impact with funding and pro bono support.



The Foundation is passionate about working with charity partners, building strong and enduring relationships and investing in them for the long-term to maximise our impact with funding and pro bono support. We currently work closely with 11 charities including Beams, Mind, LandAid, Coram, Teenage Cancer Trust, Dubai Cares and homelessness charity St Mungo's.

During 2023, the Mace Foundation helped give back more than £4m of social value to communities all around the world. Meanwhile, the business raised or donated more than £500,000 to the Foundation during the year.

Around £90,000 of this money was donated to St Mungo's to help 3,600 homeless people sleeping rough on the streets of London, and guide 462 of the charity's clients through education and employment.

Through the fundraising efforts of our people, we have raised £360,000, which is benefiting 100 different charities around the world. 2,500 employees benefited from our match funding promise, making their fundraising go even further.

Our grant giving programme has benefited 21 global charitable programmes, including:

- In the UK, we're working with LandAid to provide more than 1,000 bed spaces for young people at risk of being homeless;
- Our work with Rose Road Association is helping to provide new sensory play space for 364 young disabled people and their families;
- In Kenya, our partnership with the Ananda Marga Mission School and Orphanage is helping to nurture young minds by providing a suitable study environment, computers, books and furniture. Our grant is helping to feed 21 children in the orphanage for a year and pay for a rainwater harvesting system which will benefit the whole school of 500 children;
- In Spain, our support is providing milk for 46 mothers in vulnerable situations to feed their babies for a year via our programme with Madrina;
- We've supported the rescue and recovery of thousands in Turkey and Syria following a series of earthquakes with a £20,000 donation; and
- In Australia, we're working with Legacy to support families of veterans. So far, 40 people are received help and support via our newly established Mace Foundation Health and Wellbeing Scheme.

DELIVER DISTINCTIVE VALUE

As the world around us changes and new challenges arise, we believe we have a greater responsibility than ever before to create opportunities for communities to thrive, and we have a role to play in doing so sustainably, responsibly and in partnership with our industry.

With an estimated global population growth of 3 billion by 2050, it's clear that the global construction industry needs to deliver change at pace if it is to meet the needs of the communities it serves.

We are at a significant and exciting moment in history but to succeed in the future is going to require bold moves. Our industry simply won't evolve fast enough without business leaders stepping forward, investment being made and people being empowered to innovate.

By 2026, we aim to dedicate 3.5% of our global turnover to R&D and innovation. In 2023, we invested 3%, putting us on target to reach our goal, and achieved some notable successes.

At the UK's first high-rise data centre we developed a range of alternative methods for cooling the building and making use of hydrogen fuel cell technology.

At Heathrow Airport we used innovative construction to production (C2P) methods to create a virtual contingency facility, to replace the back-up control tower, including offsite subassembly construction methods and low-carbon concrete cassettes (see below), which resulted in a 43% reduction in embodied carbon.

Industrialisation through construction to production (C2P)
Our C2P methodology drives our industrialisation and offsite delivery capabilities through the latest technologies. In 2023, we expanded our digital product library, collecting C2P applications across the business. This equipped our team to evaluate and apply the best build strategy and C2P Plan to every bid during the tender stage.

At our Chapter London Bridge project, our innovative C2P approach enabled us to complete one floor per week covering all aspects including external facade, core, columns, stairs and bathrooms. This achievement was made possible by our High Rise Solution (HRS) approach, which reduced our onsite workforce and boosted productivity. Initially, the first four floors were constructed conventionally by 62 workers. However, with the HRS system, we completed each subsequent floor cycle in a week with a multi-skilled team of only 32, resulting in a 95% productivity improvement for the site workforce and a 60% improvement for Mace staff.

Case study —
MACE INNOVATION FUND

Investing in our future

As part of Mace's Innovation Strategy, we established an Innovation Fund in 2023 to help aspiring innovators, designers and problem solvers to trial, test and accelerate new products and technologies. This innovation fund prioritises investment in:

- Net zero carbon
- Construction to production (C2P)
- Digital and data

The approach
We injected a portion of the research and development expenditure credit we received from the UK Government into the Fund and used it to drive investment in innovation that benefits the entire Group. The Fund is designed to instil a culture of innovation across Mace Group, igniting the interest of employees in all divisions and at all levels of the business.

As part of the initiative, Mace colleagues are encouraged to share their ideas, and put them through Technical Readiness Levels (TRL) to trial, test and accelerate the development of new products and technologies.

The results
In 2023, 204 applications were made by employees across the business, with 31 receiving funding. Examples of successful applications included: customising a Microsoft toolkit to help support new joiners; a concept for digitising plant management to track machinery; and a new window system that uses transparent materials to reduce heat.

The best innovations progress through each stage of the TRL process and resources, support and funding are made available to take ideas from concept to implementation.

One Za'Abeel

Case study —
DIGITAL COMMAND CENTRE

Using data and visualisation to ensure perfect delivery

In the built environment, technology is driving performance and digital data is available in every corner of every project. The volume and nature of data can become problematic: siloed statistics and information that is difficult to compare or integrate across projects. There is a fundamental need to improve its correctedness.

On a typical construction project, there could be more than a hundred procured packages of work, each collecting and reporting data – feeding safety information into one system, documenting delivery times in another, and recording material deliveries elsewhere. All of this data is useful to a project. But it's similar data, sitting in different places. This not only results in duplicated effort but also makes it impossible for senior leaders to see the big picture, spot blockers and make fast, impactful decisions.

The approach
In early 2020, Mace and a consortium of private sector SMEs, including Evifile, Mission Room and 3D Repo, and academic institutions Imperial College London and UCL, secured funding from Innovate UK to develop the AEC Production Control Room.

While command centres have existed in several forms over the last decade, projects across the industry would typically purchase hardware from external vendors, simply giving the same data and information more real estate in a larger format for collaborative discussions. This trial not only developed 'plug and play', site-based control rooms, but also the data architecture behind it – a single source of the truth, that takes into account all project information, before generating an accurate and timely picture. This data model enables key software tools to talk to each other, making it possible to 'cross-pollinate' data from different sources for smarter insights and metrics.

By its very nature, it encourages confident collaboration in the digital space by removing silos and bringing stakeholders together. And with much of the data able to be contextualised in 3D models, we've not only made great strides on best practice but are now able to replicate the method, scaling up as necessary.

The results
In many ways, it's a simple solution – except that bringing multiple datasets from multiple systems and channels together is harder than it looks. Using a standardised data model, automated software integrations and a centralised data cloud, the control room puts live progress reports directly into the hands of subcontractors, managers and leaders, facilitating faster and better-informed decision-making.

It's completely transformed how we work, and in 2023 it provided key benefits in real-time on several Mace projects.

The information is collated through our enterprise system data hub allowing us to take a holistic view across all projects creating a foundation to enable robust and secure Generative AI technology when it becomes more readily available and trusted.

Mechanical, electrical and public health (MEP)
In 2023, we began revolutionising MEP through more extensive than ever use of prefabrication. On one of our largest construction projects we completed 1,750 sub-assemblies offsite, reducing embodied carbon by 20%, hours worked by 76% and waste by 75%. Our team devised new models for M&E engineering and manufacturing, enhancing speed and efficiency, resulting in more than 177,000 saved hours on site.

We also introduced several innovations including cutting-edge robotics. At Heathrow, we upgraded the airport's cargo handling system by refurbishing an 850-metre cargo and luggage tunnel using robots and digital scanners to enhance efficiency and reduce risk for workers. Fondly called 'Dave the Dog' by the project team, the robot and laser scanning camera provided digital 3D scans of the cargo tunnel, facilitating accurate tracking of progress on the project.

Material passports and cassettes
Over the last few years Mace has been developing a number of initiatives to help us make increasingly informed decisions about the products we use and their environmental impact, and in 2023 we began putting them into action.

Having developed materials passports as a way to digitally record component details, we introduced them on a 12-storey project in Fetter Lane, London. The passports enable us to review and track all materials, digitally record them for future reuse, and in doing so, help project teams to meet their Golden Thread obligations under the Building Safety Act.

In 2023, we began using our carbon concrete cassettes (designed by Mace in 2021 and tested in 2022), which are made from recycled steel and cement-free concrete. Used on our Palmerston Court project, they have reduced the programme by eight weeks and reduced the project's super-structure embodied carbon by 50%.

2026 BUSINESS STRATEGY PERFORMANCE

PURSUE A SUSTAINABLE WORLD

TARGET	PERFORMANCE	2023	2022	2021
10% corporate carbon reduced year-on-year	5.9%	5.9%	7.0%	11.6%
10m tonnes of client carbon savings projected through pipeline work by 2026 (annual cumulative total)	1,769,242t	1,769,242	979,752*	341,720*
500 hectares of biodiversity gain by 2026 (annual cumulative total)	166 ha	166	54	14

As Mace continues to grow and reduces its carbon emissions, it is becoming progressively harder to cut emissions by 10% each year. In 2023, we reduced our carbon emissions by 5.9%. Contributing factors for missing our target included a small number of large construction projects using diesel and non-renewable electricity supplies, and an increase in business travel. As a result, we are exploring more innovative solutions to reduce the amount of diesel used when commissioning buildings, and ultimately reduce reliance on diesel generators as back-up power supplies (by switching to clean fuel generators). We are reviewing the procurement of site power supplies so that the impact on Mace's carbon footprint is a key consideration as it is in our management of business travel as we expand globally.

In early 2023, we announced that we would change our client carbon saving target from 1m tonnes to 10m tonnes. Our previous methodology and target set an end point of 2026 but having achieved 1m tonnes earlier than expected, it became apparent that as we progressed to towards 2026 we were limiting opportunities for our project teams to save carbon as many of our programmes and projects will be completed after 2026.

We therefore took the decision to set out a new client carbon target that by the end of 2026 we will have a secured programme of work that once delivered will save our clients more than 10 million tonnes of carbon.

During 2023, we changed the way operational carbon is tracked. The impact our projects have goes beyond a single year carbon saving. We have therefore aligned our approach with CIBSE Guide M on the average life span of M&E plant within buildings and we now claim 15 years' worth of the operational saving to demonstrate the impact of our operational carbon initiatives.

Biodiversity is the other area beyond carbon for which we are setting targets. Our fruitful partnership with Essex Wildlife Trust continued, seeking to add an additional 61 hectares of biodiversity to the Fobbing Marsh ecosystem. A similar partnership with Lancashire Wildlife Trust has seen us restore more than 30 hectares of peatland and natural habitats.

Aside from large scale collaboration, Mace employees also complete hundreds of volunteering days each year focused on activities such as tree planting, waste removal and habitat management to support ecosystems across the globe.

Looking ahead to 2024, we know that biodiversity net gain (BNG) legislation will incentivise all major projects to regenerate nature by an additional 10% from when they commence development. This gives a clear opportunity for us to use our expertise in biodiversity to support clients in delivering projects that contribute positively to the environments in which they are situated.

* Mace has updated it's target and methodology for recording client carbon savings as we achieved our previous target in 2022. Our new methodology has been applied to the prior year client carbon savings and has been restated to provide a clear year-on-year comparison.

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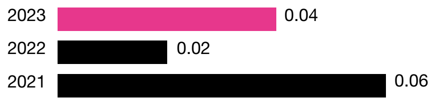
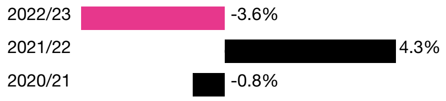
GROW TOGETHER

TARGET	PERFORMANCE
0.04 accident frequency rate by 2026	0.04



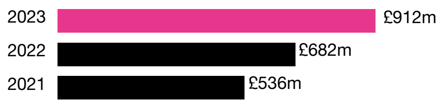
TARGET	PERFORMANCE
10% reduction in gender pay gap each year – year-on-year (2022/23)	+0.2%

TARGET	PERFORMANCE
10% reduction in ethnicity pay gap each year – year-on-year	-3.6%



TARGET	PERFORMANCE
85% colleague engagement score by 2026	Reviewed through a series of pulse surveys and colleague engagement questions in 2023.

TARGET	PERFORMANCE
£700m of value to society each year by 2026	£912m



As one of our four values, health and safety has always sat at the very centre of our business. Ensuring people go home safe and well has, and always will, come first. For the second year running we have exceeded our target and to ensure we maintain the rigour of our commitment, we began developing a refreshed communications campaign to launch in early 2024.

2023 was the final year of our 2020-2023 Diversity and Inclusion Strategy. In September we published a new strategy to be the most inclusive employer in our industry. As always, our plans are big, but as we move into delivering our next strategy, we are conscious of the lessons we must learn and of the challenges we have had in improving our pay gap measures by 10% each year. In 2022/23, we attained a 7.3% reduction in our median gender pay gap, falling slightly short of our 10% ambition. This year our 'mean' gender pay gap edged back up by 0.2% (from 27.7% to 27.75%).

There is still a great deal of work to be done. Overcoming the challenge of attracting and developing more people from underrepresented groups particularly in senior positions requires us to have a clear plan and commitment to making positive changes.

Understanding our colleagues' needs and motivations is incredibly important to the success of our business. In 2023 we conducted several pulse surveys throughout the year rather than commission one big annual survey. Results from the pulse surveys showed that 92% of colleagues enjoy their role and find it satisfying, and 99% feel committed to achieving the goals of their job.

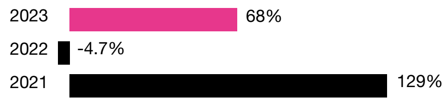
Of course, growing together goes far beyond the boundaries of our business. Having a positive impact on society and in the communities in which we work is what really motivates us. Each year we grow our value to society consistently and 2023 proved to be no different. We were delighted to hit our £700m 2026 target three years early (achieving a total social value of £912m).

DELIVER DISTINCTIVE VALUE

TARGET	PERFORMANCE
90 good days at work by 2026	Reviewed through a series of pulse surveys and questions in 2023.

TARGET	PERFORMANCE
85% client satisfaction score by 2026	86%

TARGET	PERFORMANCE
20% margin growth year-on-year	68%



TARGET	PERFORMANCE
3.5% of annual turnover invested in research and development by 2026	2.9%*

Financially, 2023 was a positive year for Mace with a 68% growth in pre-tax profit margin. A well-established and embedded business strategy (launched in 2020) has set our business up for success and the results are now becoming evident.

As we expand as a business, we are acutely aware of the importance of maintaining the culture that has got us to where we are today. Measuring client satisfaction through detailed customer surveys is key to us ensuring that standards are being maintained across the globe and that client expectations continue to be exceeded. For the last three years our client satisfaction score has remained above our target.

In 2023, as explained on page 50, we didn't measure good days at work. However, our pulse surveys indicated that 77% of colleagues regularly feel enthusiastic at work and 88% feel determined.

A key part of our growth strategy relies on our commitment to innovation. In 2023 we invested 2.9% of our global turnover in research and development which keeps us on track to achieve our target of investing 3.5% by 2026. In real terms that equates to more than £68m – a significant uplift on 2022 (£57m).

* Forecast spend (as shown in the accounts).

Consultancy has been part of Mace's DNA for more than a quarter of a century. Our Consult Engine draws on its world-class reputation and track record in successfully delivering value to clients and communities across the public and private sector around the world.

Jason Millett
CEO of Consult and Group Deputy CEO

Leading global programme and project delivery consultants

CONSULT REVIEW

Today, we are leading programme-delivery consultants, providing practical, dynamic and forward-thinking solutions for our clients with more than 5,200 employees at the end of 2023.

It has been a year of accelerated growth and continued focus.

In 2023, Mace Consult made significant progress against its targets and plans. We continued to drive a global focus through our four hubs across property and infrastructure, increased connectivity across our business and delivered value and transformation for our clients. We did this by continuing to leverage best practice, adopting a holistic, market-driven approach across a broad range of sectors. With a focus on sharing knowledge, we continued to mature and grow expertise and skills across our services, investing in nurturing high-performing teams and new capabilities to deliver exceptional outcomes for our clients, colleagues and communities.

Through significant multi-year programmes and projects, further consolidation of the business, and broadening our geographical footprint, we have continued to build our global capability and resilience as a leading consultancy in line with our strategic priorities.

In 2023 we secured further, profitable revenue growth through significant mega-project wins and extensions of contracts across our hubs, including in the Kingdom of Saudi Arabia, Canada, Latin America and Asia Pacific markets, where we are providing an innovative delivery model to our clients and bringing best practice from digital PMO to retrofit and net zero carbon solutions and technical services. We also continued to play a critical strategic role for governments across the UK and Asia Pacific, from business advisory to establishing best-in-class approaches to delivery.

We closed the year with revenues at £619m, up from £500m in 2022: a 24% year-on-year increase for the Engine, as we significantly moved the business forward in each of our global hubs.

Our global workforce operates across four hubs, providing world-class teams, practical delivery expertise to create places that matter and create positive and lasting change for societies. At the same time we offer career-defining opportunities for people across different cultures and geographies, bringing local expertise and insights around the world.

Throughout the year, we stayed true to our hands-on delivery partner approach with our clients. The Mace delivery partner model blends our multi-disciplinary consultancy expertise with our practical construction delivery experience. As we continue to respond to mega trends, including the delivery of critical infrastructure, improving connectivity and resilience across our cities, responding to rapid urbanisation, our teams across the globe delivered a number of nationally significant programmes and projects of game-changing complexity and scale.

The pipeline of future work now totals approximately £800m. To prepare for further growth in 2024, we have invested in leadership capabilities, unlocking best practice through communities of excellence and investing in new service offerings globally across our hubs.

One Za'Abeel

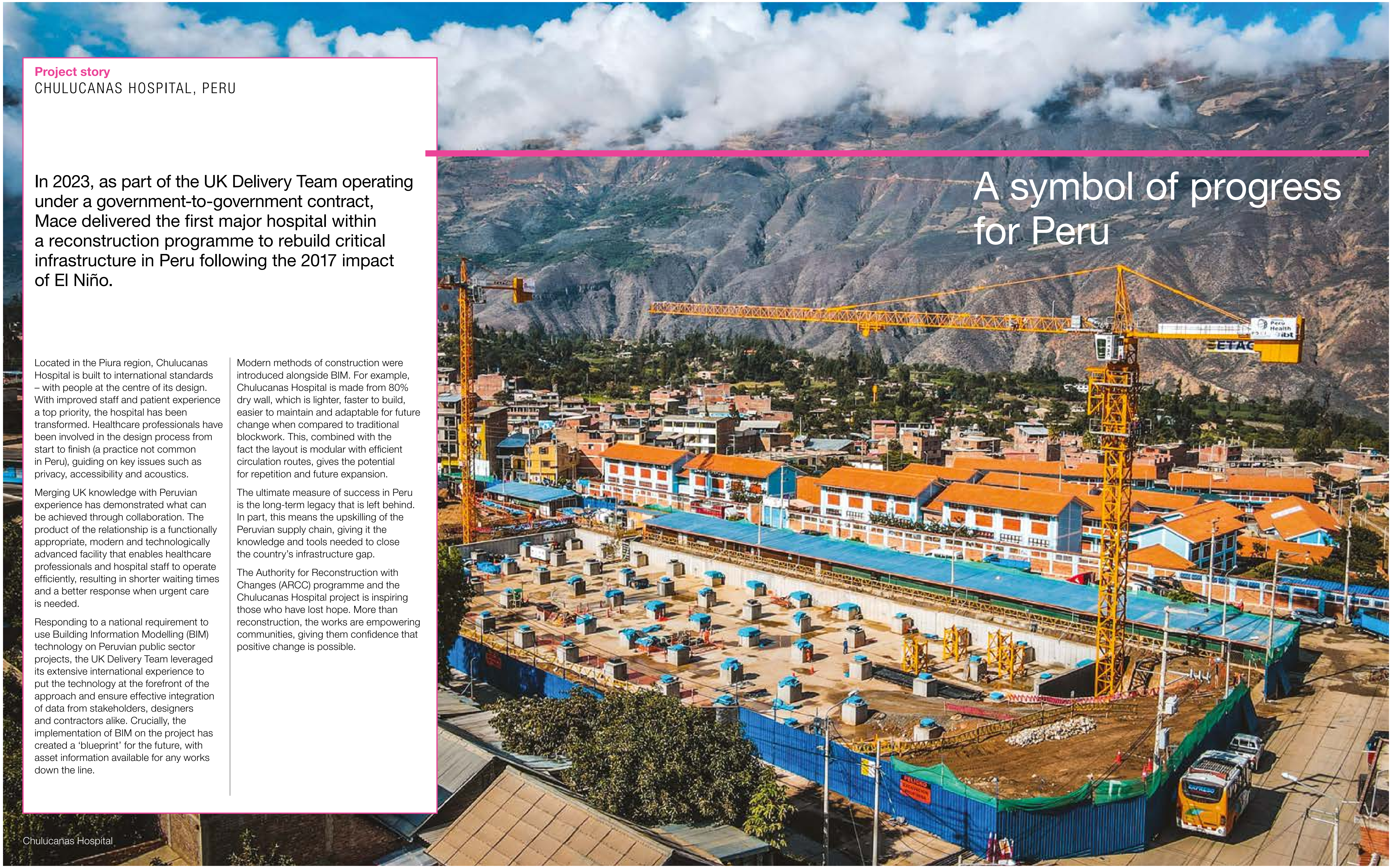
Consultancy revenue

£619m

We continued to drive a global focus through our four hubs across property and infrastructure, increased connectivity across our business and delivered value and transformation for our clients.

2023 Highlights

- From cities and places, to mobility including transport and aviation, and defence in the UK, we saw strong performance in these markets within each of our hubs.
- We continued to be a critical partner to the UK's central government departments including the Home Office, Department of Environment Food and Rural Affairs (DEFRA), the Ministry of Defence and Ministry of Justice and the Department of Transport.
- Aviation continues to play a prominent part in our business especially with the sector's strong recovery post-Covid. Projects include Manchester, Stansted, Heathrow, Warsaw and Keflavik airports. In 2023 we broke ground at Manchester Airport, signalling the start of phase two of a major transformation programme.
- Defence continued its strong performance as our fastest growing UK sector, with our teams playing an active role for clients across critical infrastructure and boosting resilience.
- At the end of 2023 Mace Consult was appointed by the Department of Environment Food and Rural Affairs (DEFRA) as its Programme Delivery Partner for the Science Capability in Animal Health (SCAH) programme. The SCAH programme is about providing 21st-century facilities that will allow the UK to continue to strengthen its understanding of animal diseases to safeguard animal and public health and underpin pandemic preparedness.
- Our global resilience market continued to grow in 2023, particularly in Europe. We delivered work for National Grid on a pioneering initiative to replace a high-voltage overhead transmission line with underground power cables. The project was named Engineering, Construction and Infrastructure Project of the Year at 2023's Association for Project Management (APM) Awards, in recognition of the outstanding efforts of the entire team.
- In the UK rail sector, we worked as the delivery partner for Barnet Council to deliver Brent Cross West, the first new major mainline station in the capital in more than a decade. The four-platform, 7,000sqm station, which opened in December to transport passengers into central London in under 12 minutes, was one of the first rail projects in England to be delivered entirely by a local authority. Our portfolios with Network Rail and National Highways remain a key focus for us. We also secured another appointment with Peel Ports Group, where we will provide professional services, such as project and commercial management, across a multimillion-pound sustainable infrastructure programme over the next eight years.
- Our teams led the completion of the HMP Fosse Way for the Ministry of Justice. Driving continuous improvements as a key delivery partner, Mace combined modern methods of construction and digital delivery to optimise the schedule and meet challenging deadlines.
- In Europe, we've been working as part of a joint venture with Jacobs to deliver Greece's first Green Urban Infrastructure Programme, known as Ellinikon. It is the largest urban infrastructure development investment in Europe, and includes the regeneration of the former Athens airport and the neighbouring coastal region. When complete, it will be one of the first green architectural landmarks in Greece. We also completed Skylight Madrid, a Platinum LEED and Platinum Well certified office space in the heart of Spain's financial capital. And we began work on a new multi-modal transport hub in Poland which will connect people travelling by air, rail and road in what will become Eastern Europe's new gateway to the rest of the world.
- Mace has worked with Tiffany & Co since 2018 supporting delivery of retail destinations for the world's most venerable luxe brand, including the company's reimagined flagship headquarters on Fifth Avenue in Manhattan. The Landmark reopened in April 2023 with 10 magnificent floors of original works and highlights, including a celebration of Audrey Hepburn's iconic role in the film Breakfast at Tiffany's, and fine dining at the trademark Blue Box Café. Named New York's 2023 Best Project Renovation/Restoration by ENR, the pending WELL Platinum- and LEED Gold-certified Tiffany Landmark stands as a beacon of grace and resilience in the heart of New York City.
- Consult's work in Canada is a major success story. We have grown the business significantly, doubling the size of our team, including through our work as integrated delivery partner on Metrolinx's GO Expansion programme.
- In 2023, our team in Peru helped to deliver a number of major projects that create huge benefits for local communities across the region. Working with the Authority for Reconstruction with Changes (ARCC), and our UK Delivery Team (UKDT) partners on a US$5bn reconstruction programme, we have helped to deliver 62 permanent and temporary schools and four hospitals which opened in 2023, creating significant transformation and positive change for communities in the country.
- In the Middle East and Africa, a region that presents plenty of growth opportunities for Mace, our Consult Engine acted as the project and programme manager for the flagship One Za'abeel, a luxury, mixed-use development in Dubai. In 2024, we will open new offices in Dubai and Abu Dhabi. This year also saw us celebrate 25 years of delivering world-class infrastructure in the UAE.
- In India, we secured work on the prestigious CSMT redevelopment programme. We also continued to strengthen our relationship working for leading Telecom provider, ePLDT, supporting the delivery of the largest hyperscaler in the country.



Chulucanas Hospital

Project story

CHULUCANAS HOSPITAL, PERU

A symbol of progress for Peru

In 2023, as part of the UK Delivery Team operating under a government-to-government contract, Mace delivered the first major hospital within a reconstruction programme to rebuild critical infrastructure in Peru following the 2017 impact of El Niño.

Located in the Piura region, Chulucanas Hospital is built to international standards – with people at the centre of its design. With improved staff and patient experience a top priority, the hospital has been transformed. Healthcare professionals have been involved in the design process from start to finish (a practice not common in Peru), guiding on key issues such as privacy, accessibility and acoustics.

Merging UK knowledge with Peruvian experience has demonstrated what can be achieved through collaboration. The product of the relationship is a functionally appropriate, modern and technologically advanced facility that enables healthcare professionals and hospital staff to operate efficiently, resulting in shorter waiting times and a better response when urgent care is needed.

Responding to a national requirement to use Building Information Modelling (BIM) technology on Peruvian public sector projects, the UK Delivery Team leveraged its extensive international experience to put the technology at the forefront of the approach and ensure effective integration of data from stakeholders, designers and contractors alike. Crucially, the implementation of BIM on the project has created a 'blueprint' for the future, with asset information available for any works down the line.

Modern methods of construction were introduced alongside BIM. For example, Chulucanas Hospital is made from 80% dry wall, which is lighter, faster to build, easier to maintain and adaptable for future change when compared to traditional blockwork. This, combined with the fact the layout is modular with efficient circulation routes, gives the potential for repetition and future expansion.

The ultimate measure of success in Peru is the long-term legacy that is left behind. In part, this means the upskilling of the Peruvian supply chain, giving it the knowledge and tools needed to close the country's infrastructure gap.

The Authority for Reconstruction with Changes (ARCC) programme and the Chulucanas Hospital project is inspiring those who have lost hope. More than reconstruction, the works are empowering communities, giving them confidence that positive change is possible.

We have been delivering some of the most complex and challenging construction projects in the world for more than 30 years.

Gareth Lewis
CEO for Construction

Construction partners. Delivery experts.

CONSTRUCT REVIEW

Our Construct Engine is responsible for bringing some of the most iconic buildings to life, from cutting-edge research facilities to world-class commercial projects. But we don't just build buildings – we help our clients to leave a lasting legacy.

2023 was another strong year for Construct, with annual revenues of £1.73bn – the highest turnover for the Engine since 2018 (£1.99bn).

We won 60 projects worth £2.36bn – the most we have ever secured in a 12-month period, 79% of which was on a repeat-order basis thanks to the strong and enduring client relationships we have built over many years.

2023 saw us remain the number one contractor in London by turnover. More than a third of the Engine's net contribution came from our Offices business, but Aviation, Technology & Manufacturing and the Public Sector also performed well. We also grew our team and had the highest workforce numbers onsite since 2018.

Projects won in 2023

60

Value of 2023 project wins

£2.36bn

Our safety performance exceeded our targets, and we invested in research and development to scale up our use of innovation to deliver on our sustainability goals.

We also secured 87% of our £2bn revenue target for 2024, and announced stronger carbon reduction commitments to support the Group's ambition to save 10m tonnes of client carbon globally.

Award-winning service, management and delivery

2023 saw Construct win a number of significant awards. In July, *Construction News* named Mace 'Contractor of the Year', an award we picked up for the fourth year in a row, as well as Project of the Year for our 2022 flagship completion of Phase 2 of the Battersea Power Station redevelopment.

That scheme was also chosen as Project of the Year by judges of the 2023 *Building Awards*, where we were also named 'Major Contractor of the Year' (£500m+).

2023 Highlights

- We brought Landsec's n2 project to fruition: a new 18-storey office building at the heart of the transformation of London's Victoria area. Occupants of each floor have access to outdoor space, including a communal terrace. The 160,000sq ft development was a complex undertaking, with the office building's foundations threaded between tube tunnels, ticket offices and a sewer. Alongside Sir Robert McAlpine we also delivered The Forge, another of Landsec's flagship commercial buildings that opened in 2023. The 139,000sq ft development is the UK's first net zero commercial office.
- We completed a first-of-its-kind National Satellite Test Facility at the Harwell Campus in Oxfordshire and brought scientists together for the first time in a decade at a global pharmaceutical Discovery Centre. The Construct team facilitated installation and commissioning of the scientific equipment and services to enable science occupation in just a few weeks.
- Our work at Warwick Court for Stanhope, a 20-year-old commercial office previously occupied by Goldman Sachs, has helped to transform a dated building and turn it into a flexible, sustainable and modern office space. We retained the exterior walls, windows and interior stonework and still achieved a BREEAM 'Excellent' for the building.
- We designed and built a new data centre campus in Ireland. It is a 210-hectare site featuring three single-story data centres, equipped with rooftop air handling equipment and outdoor standby diesel generators.
- The Construct team completed 50 Finsbury Square, London, a commercial retrofit and remodelling development for Great Portland Estates (GPE) in the London Borough of Islington which achieved net zero status. The project focused on creating a workspace with emphasis on the environment. Our work secured a BREEAM 'Excellent' rating and WiredScore Platinum.
- We were appointed to refurbish the nine-storey Woolgate Exchange for Stanhope, a project that will be an exemplar for retrofit. We aim to preserve 98% of the building's structure and go for net zero carbon in both the construction phase and in operation.
- As a result of our approach to sustainability, technology and wellbeing, Construct was appointed to deliver Edenica for BauMont Real Estate Capital and YardNine. It is an office and retail development at 100 Fetter Lane in London. We will create a building with the highest environmental standards of BREEAM Outstanding, as well as WiredScore, SmartScore and WELL certifications.
- We were chosen as the delivery partner on three major infrastructure projects on the Heathrow Airport's H7 Framework, covering all four terminals, and the Asset Replacement Programme in terminals 3, 4 and 5. There is a commitment to reduce the embodied carbon at the airport by 40% and Construct will be looking to integrate offsite construction including the construction of a 'virtual control tower'.
- Mace Interiors was appointed as principal contractor to deliver the Grade A office refurbishment of 10 Gresham Street, in the heart of London's historic Square Mile. We will refurbish the 145,000sq ft building, owned by CBRE Investment Management, by recycling and repurposing materials. The scheme will also feature low energy LED lighting and high-performance glazing. Upon completion, the refurbishment aims to deliver BREEAM Outstanding and WELL Platinum ratings.
- Other important wins include: being appointed lead contractor to deliver a five-year decarbonisation programme for Norfolk County Council; leading Landsec's one million sq ft Timber Square redevelopment project in Southwark, London; and a highly sustainable office in London Bridge for Edge Technologies.
- Mace Specialist Services delivered innovative MEP solutions at 40 Leadenhall, Heathrow's Cargo Tunnel and Panorama St Pauls and logistics at various projects, including data centres.

Case study —
UCL EAST – MARSHGATE

Fostering innovation at University College London's new campus

In 2023, we handed over Marshgate, University College London's new flagship campus building: 35,000sqm of research, innovation, education and public engagement space. Located at the East Bank on the Queen Elizabeth Olympic Park in London, it is UCL's largest building.

The Mace project team was tasked with realising UCL's vision for a new type of academic campus – one that fostered innovation by enabling collaboration across disciplines. Inspired by this pioneering vision and a forward-thinking design incorporating 30,000sqm of exposed architectural concrete, we adopted innovative delivery methods.

BIM 3D digital modelling was integrated across many platforms to monitor each stage of design and construction. A 400sqm prefabrication yard was built on site to aid production, enhance quality, reduce waste and ensure safety. A multi-disciplinary approach to prefabrication was implemented, with trades working together early in the planning and delivery process. One valuable benefit was a significant reduction in the amount of work at height. The facility was also used to enhance offsite prefabricated modules, with weather-sensitive items added before being lifted into place.

To maintain the highest quality of exposed concrete with a consistent finish, a full-sized mock-up was built to ensure that everyone involved in the project understood the required quality benchmark and could see it at scale. A robust inspection process was crucial to maintaining the highest quality standards.

Marshgate reached practical completion on budget and ahead of schedule. The project achieved an exemplary Considerate Constructors Scheme score of 45/45.

The BREEAM 'Excellent'-rated building is powered by renewable electricity and aims to reach net zero carbon by 2035. Carbon emissions are kept low through passive cooling internally and by cutting down on internal finishes. The project used 70% cement replacement for substructures and 40% above ground, making huge reductions in embodied carbon.

Durability and energy efficiency were just as central to project delivery. The site was powered by 100% renewable electricity, and the impact on the surrounding area was managed carefully, reducing noise and waste and using a system called Datascope to track mileage and carbon emissions of deliveries.

Clean tech was installed, diesel generators were replaced and six solar-powered tower lights and 100% renewably powered electric hand tools were used, cutting carbon emissions by more than 700kg a year. Single-use plastics were replaced with reusable modular hoarding panels, recognised by the London Legacy Development Corporation as the new standard across the Olympic Park.

UCL East – Marshgate

David Allen
Chief Financial Officer

FINANCIAL OVERVIEW

Mace took a big step forward in 2023 and is well-placed to benefit from improving market conditions in 2024 and beyond.

Highlights

Group turnover 2023
£2.36bn

Profit before tax from continuing operations
£61.7m

Net assets
£76.1m

Cash at bank
£175.8m

A successful 2023

In 2023, the Group generated record profits, secured a record order book and simplified its business model.

The Group's 2023 turnover of £2.36bn was up 25% on 2022, reflecting the business' growing reputation and our trusting relationships with clients across the globe.

The business took in its stride the changes through which it has simplified its structure and intensified its focus on the Consult and Construct Engines. Profit before tax from continuing operations was £61.67m: 68% more than in 2022 and a record for the Group. Even after a £10.12m loss from discontinued operations, profit before tax of £51.55m was 41% higher than in 2022.

This improved profitability was achieved despite some significant costs from outside the Group's core operations. An exceptional charge of £11.73m reduced the recoverable value of the Group's loan to a development joint venture and a £4.64m charge reduced the fair value of an investment in a development in the City of London.

Mace's strong profit growth was achieved despite these costs because of exceptional performances from the Consult and Construct Engines, which both achieved record profits.

Consult's turnover of £619.44m was £119.65m, or 24% higher than in 2022. Consult's operating profit grew by 34% to £43.68m and profit before tax grew by 31% to £44.65m. The Engine's profit before tax margin was 7.2%.

Construct's turnover of £1.73bn was £352.78m, or 26% higher than in 2022 (its highest since 2018). Construct's operating profit grew by 16% to £77.76m and profit before tax grew by 18% to £79.32m. The Engine's profit before tax margin was 4.6%.

These high levels of performance translated into a significant strengthening of the balance sheet. The Group ended the year with cash at bank of £175.81m (up £21.88m or 14% on 2022). Net assets increased to £76.1m (up £22.54m or 42.1% on 2022).

Record order book

Encouragingly, Consult and Construct both won a significant volume of new work in 2023. Our Engines have created a fantastic platform from which to deliver further profit growth in 2024 and beyond. The value of the Engines' aggregate secured order books at the end of May 2024 was £5.04bn.

Consult secured roles on several major programmes, with landmark wins in all four global hubs and entered 2024 with £398m of secured work. Consult's forecast growth suggests that it will account for an increasing proportion of the Group's revenues in the future, which will increase average margins.

In 2023, Construct won new jobs in a wide range of sectors, including data centres, commercial offices, aviation, life sciences and interiors. At the end of May 2024, the Engine's secured order book totalled £3.90bn. Construct is a specialist partner for its clients. Its experts are trusted to work on complex, flagship projects that only a handful of other businesses have the capability and track record to deliver. This means that a significant proportion of our future revenues will come from one of the segments in the construction sector in which there are substantive barriers to entry and competitive intensity is lower.

Simpler business model

During 2023, the Group committed to a simpler, more focused business model.

The Board decided not to continue investing in development assets and to sunset the Develop Engine. We will exit legacy investments, using the money that would have been allocated to development assets to fuel digitalisation, industrialisation, innovation in environmental sustainability and the growth of the Consult Engine in which our development management experts now work.

However, where our development management expertise can help transform important towns and city centres in the UK, the Group will continue to participate and invest in development joint ventures with local authorities.

The Board also decided to dispose of the Operate Engine. Having been purchased by its management team on 1 November 2023, that business now trades independently as Macro and is chaired by Mark Holmes (who is a director of Mace Group). Mace is supporting Macro's evolution to becoming an independent business by providing a suite of transitional services under an agreement that expires in 2024.

In its new, simpler formation, Mace is able to focus energy and investment on the things that matter most to our clients and to our future performance. Consult's international diversification is de-risking and improving the quality and value of our earnings. We now have two incredibly strong and complementary Engines, united in their commitment to our purpose and to sharing data, expertise and capital as we work to redefine the boundaries of ambition.

Better economic conditions

During 2023, a more stable economic environment and reductions in some commodity and product prices began to reduce pressure on suppliers and sub-contractors, particularly in the UK. This stability is making it easier for clients to commit to programmes and projects, and for Mace and its supply chain partners to deliver the high-quality work those clients are entitled to expect even more consistently and efficiently.

> "Consult's international diversification is de-risking and improving the quality and value of our earnings."

Overview
Strategic Report
Governance
Financial Statements

DELIVERING OUR 2026 ESG STRATEGY

UCL East – Marshgate

Relentlessly pursuing a better way.

The built environment holds many of the keys to the sustainable future we all want. As a purpose-led organisation, the value we can create stretches far beyond the boundaries of our business.

ESG ambition:
Creating impact through sustainable and ethical growth

What makes us different?

Ambitious targets that go beyond creating benefits for Mace
To make a valuable contribution to society we look at every part of our sphere of influence to identify opportunities that impact more than just our business.

Inclusive behaviours that challenge our industry
We pro-actively champion individuality and celebrate diversity to create an inclusive environment where people can be their authentic selves and thrive.

Transparency of our journey
We set ourselves bold targets, progress against which is measured and governed rigorously and professionally. We share our strategies, performance, actions and learnings publicly to inspire change.

Why ESG is important to us
Our ESG strategy is a critical to our long-term value and resilience. It has helped us respond effectively to challenges and prepare to mitigate future risks.

As a purpose-led organisation, Mace colleagues expect, demand and value purpose-led career opportunities. Our ESG strategy allows us to attract and retain the best people, offering roles on projects and programmes across the world that are always built on a foundation of social value and community impact.

As we grow, our ESG strategy is designed to guide our business decisions, ensuring that we remain focused on creating opportunities for our employees and the communities we serve across the globe, that we continue to challenge ourselves to be more sustainable, share learning and breakthroughs with our industry, and adopt the highest standards of governance.

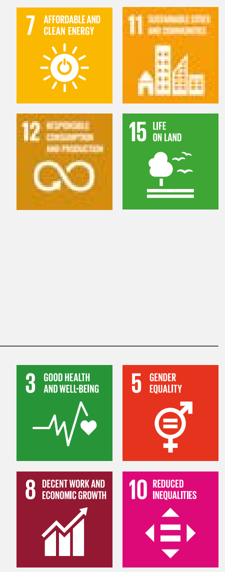
OUR ESG FRAMEWORK

How our strategic priorities link to our ESG framework

	Environment	Social	Governance
ESG focus	— Corporate carbon reduction — Client carbon reduction — Biodiversity — Waste and water reduction	— Employment and development — Shared knowledge — Community impact — Health, safety and wellbeing	— Leadership and corporate governance — Anti-corruption and bribery — Risk management — Labour standards and human rights
Strategic priorities	PURSUE A SUSTAINABLE WORLD Accelerate the built environment's response to the climate emergency	GROW TOGETHER Create opportunities for our people, clients, partners and communities	DELIVER DISTINCTIVE VALUE Transform the industry through well-governed solutions that offer added value

We set ourselves bold targets, progress against which is overseen by our boards. We share our strategies, performance, actions and learning publicly to inspire change.

	Our targets for 2026		2023 achievements of strategic targets	Alignment to UN Sustainable Development Goals
ENVIRONMENT **Developing pioneering approaches to address the climate challenge**	Annual corporate carbon reduction (cumulative) 10% Client carbon reduction (cumulative) 10m tCO_2e	Biodiversity delivered 500ha	Annual corporate carbon reduction 5.9% (2022: 7%, 2021: 12%) Client carbon reduction 1,769,242 tCO_2e (2022: 979,752 tCO_2e, 2021: 341,720 tCO_2e) Biodiversity delivered 166 ha (2022: 54ha, 2021: 14ha)	7, 11, 12, 15
SOCIAL **Building opportunities for our people, partners and communities**	Annual gender pay gap improvement 10% Colleague engagement score 85%	Health, safety and wellbeing performance 0.04AFR Value to society created £700m	Annual mean gender pay gap change -0.2% (April 2021-2022: 11.2%, April 2020-2021: 9.6%) Colleague engagement score Not measured in 2023 (2022: 84%, 2021: 86%) Health, safety and wellbeing performance 0.04AFR (2022: 0.03AFR, 2021: 0.06AFR) Value to society created £912m (2022: £682m, 2021: £535.8m)	3, 5, 8, 10
GOVERNANCE **Re-imagining our approach and creating value through innovation and robust governance**	Client satisfaction score 85% Annual turnover invested in R&D 3.5%	Annual margin growth 20%	Client satisfaction score 86% (2022: 86%, 2021: 88%) Annual turnover invested in R&D 2.9% (2022: 3.0%, 2021: 2.6%) Annual margin growth 68% (2022: -4.7%, 2021: 129%)	9, 16, 17



ENVIRONMENTAL

Delivering bigger and bolder change.

The built environment is responsible for generating almost 40% of society's CO_2 emissions and 60% of its waste, and for 50% of its consumption of natural resources.

By working together, we have a real opportunity to make a difference. For change to happen at the rate that is needed, the emphasis has to be on taking a collaborative approach and looking beyond the boundaries of Mace's own carbon emissions. The time for individual action is over. Something far broader and bolder is needed.

ENVIRONMENTAL PERFORMANCE

Diesel

2026 target	Eliminate diesel on all sites by 2026
2023 performance: (vs 2019 baseline)	-69% (2022: -73%, 2021: -43%)

Waste

2026 target	Reduce our waste tonnage by 24% by 2026
2023 performance: (vs 2020 baseline)*	+10% (2022: -9.50%, 2021: -18.90%)

* increase due to a number of mega-projects breaking ground and large projects reaching completion.

Biodiversity

2026 target	Deliver 500 hectares of biodiversity over six years
2023 performance: (since 2019 baseline)	166ha (2022: 54ha, 2021: 14ha)

Corporate carbon

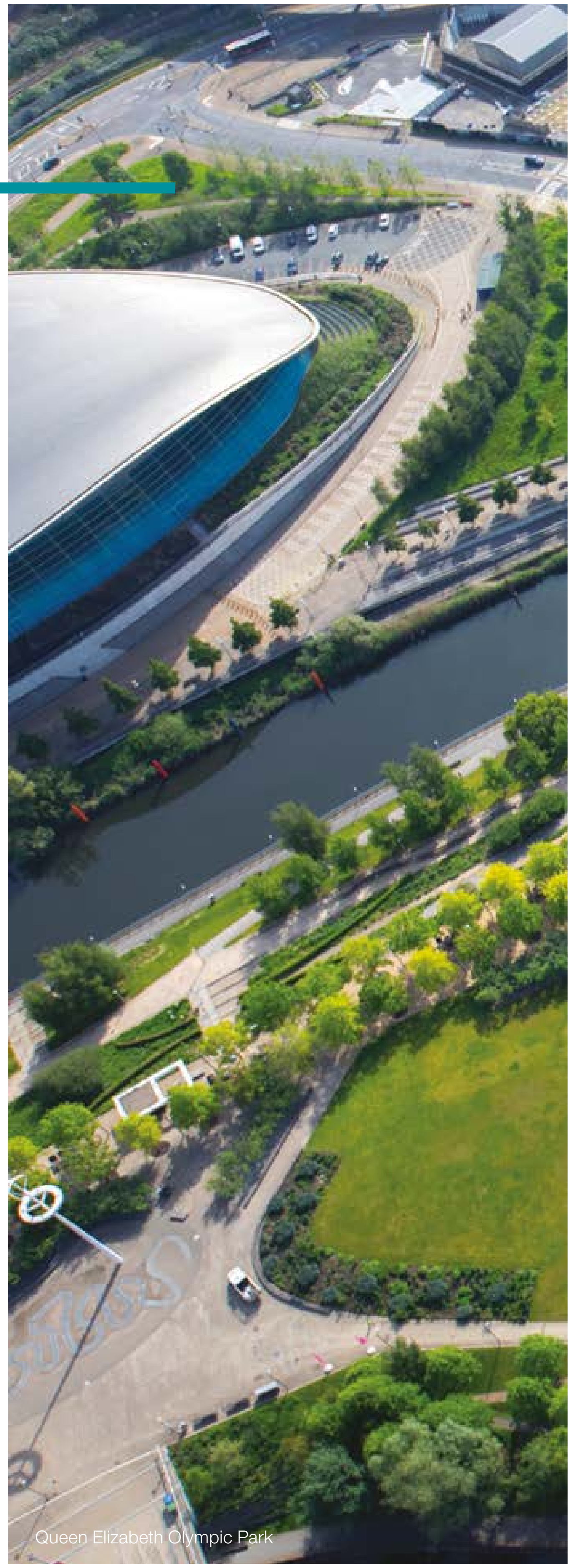
2026 target	Reduce corporate carbon footprint by 10% each year
2023 performance: (vs 2022 baseline)	-5.9% (2022: 7%, 2021: 11.6%)

Client carbon

2026 target	Save 10 million tonnes of client carbon emissions
2023 performance: (since 2019 baseline)	1.7m tonnes CO_2e (2022: 979,752 tonnes CO_2e, 2021: 341,720 tonnes CO_2e)

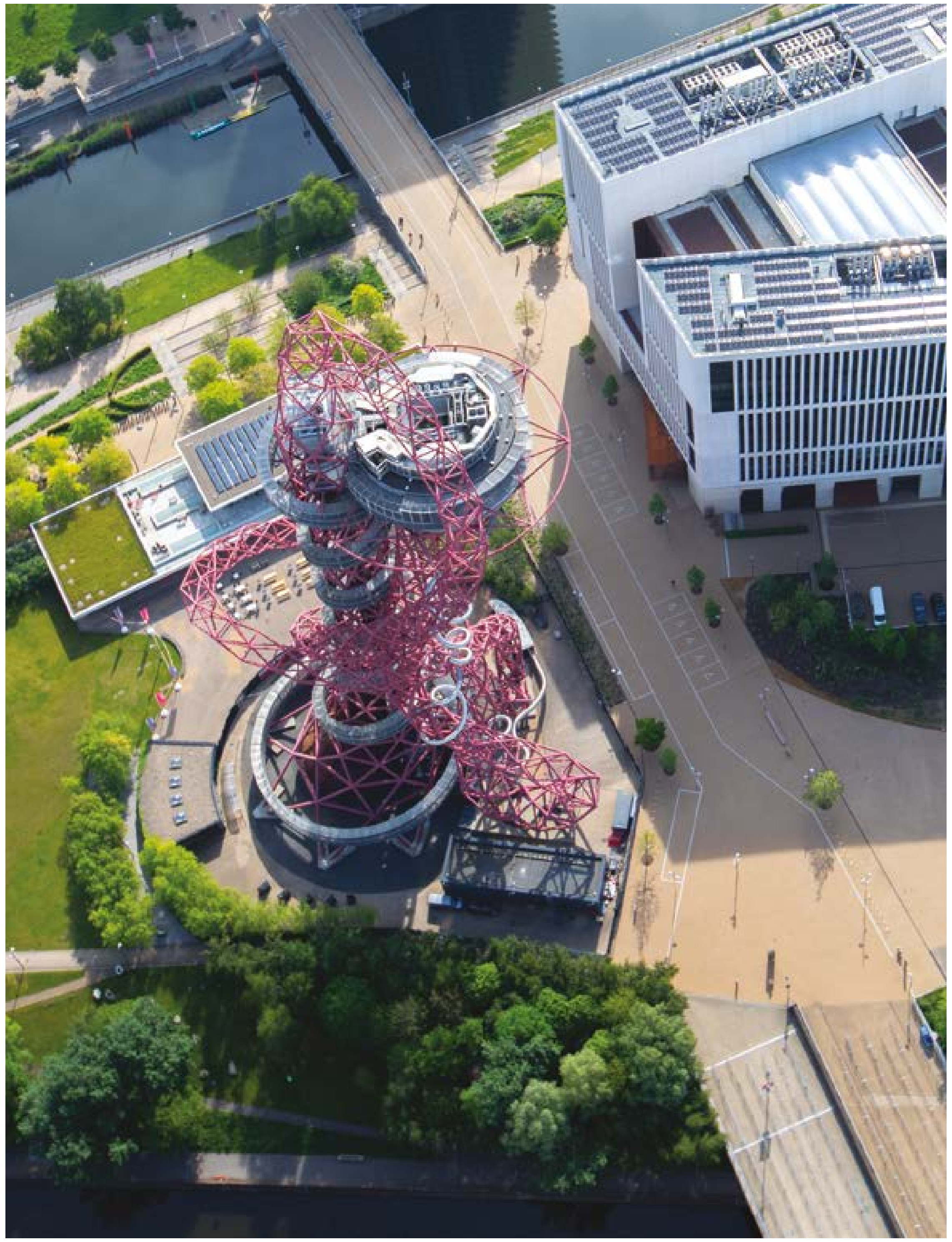
Carbon Footprint Ltd review and verify Mace's emissions in accordance with the ISAE 3000 (revised) standard and ISAE 3410 Assurance Engagements on GHG Statements.

Mace additionally uses the Carbon Disclosure Project (CDP), a not-for-profit charity that runs the global disclosure system for managing environmental impacts, to voluntarily disclose its carbon position.



Queen Elizabeth Olympic Park

As an industry leader we have a responsibility to spearhead positive change, by introducing best practice throughout our global networks and helping to lead our industry to do the right thing. Put simply, we choose to lead when others would walk away. Our commitment and determination is driven by our exceptional people who constantly strive to go the extra mile, innovate and challenge convention to find better ways of working.



Part of the change

The built environment holds the key to a more sustainable and resilient future. For everyone. Our Responsible Business Strategy was developed to help drive us towards that future.

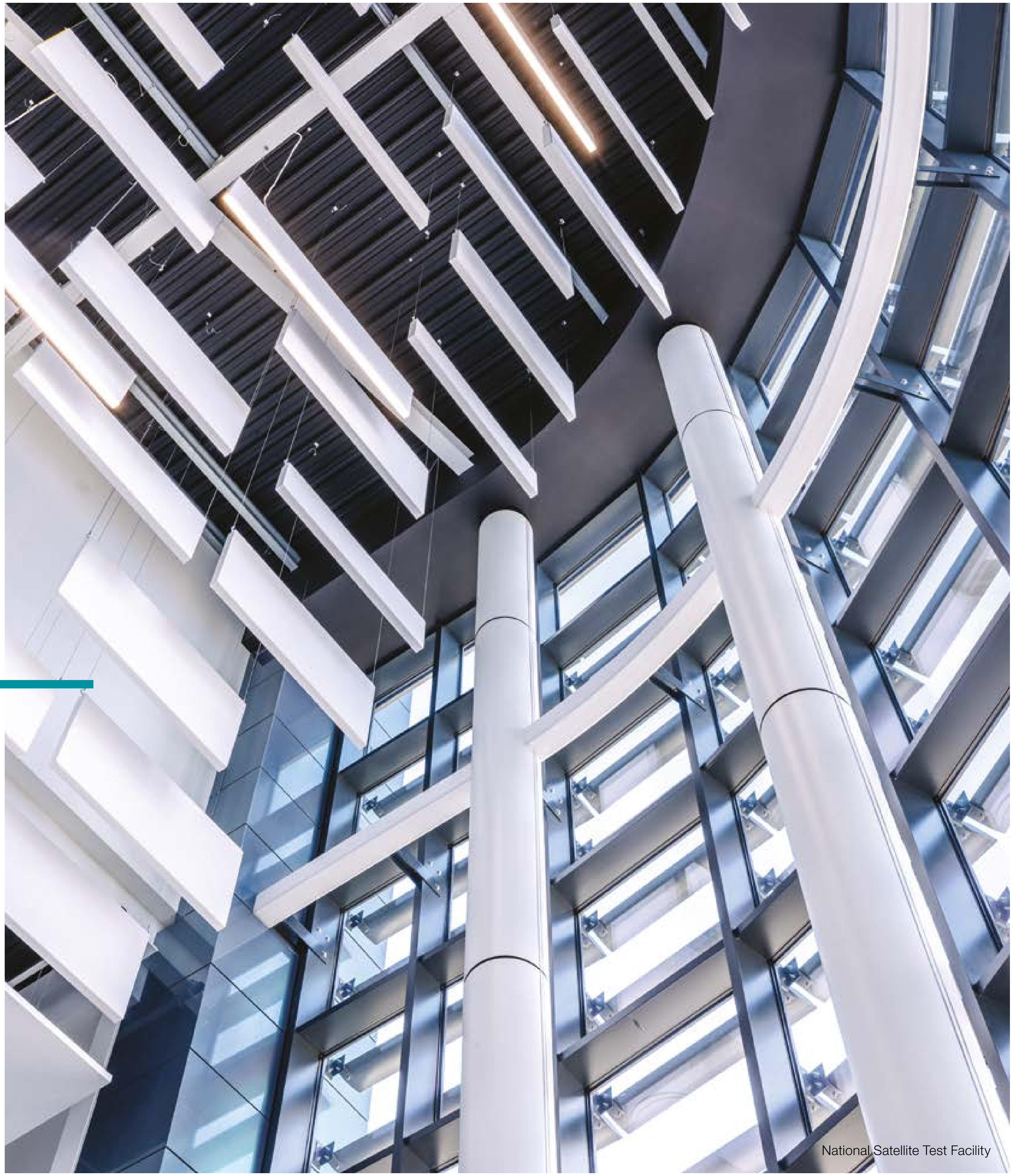
Our unique capabilities and breadth of expertise make us a force for positive change, harnessing the power of our people, suppliers and clients to achieve the ambitious carbon, climate and biodiversity goals we've set.

Read our full Responsible Business Strategy https://www.macegroup.com/about-us/a-responsible-business

Protect and restore

What we're doing to protect, restore and enhance our natural environment.

- Use green and blue infrastructure to provide natural flood management.
- Incorporate green building façades and roofs.
- Partner with and support nature-based organisations.
- Use responsibly sourced materials e.g. FSC or Rainforest Alliance Certified timber.
- Embed an understanding of our activities' impact on nature into our decision-making.
- Do nature-focused volunteering.
- Calculate and report the biodiversity net change of our clients' projects and programmes.
- Design more green space and less hardstanding into our projects and programmes.
- Link up with neighbouring sites to created interconnected habitats.



National Satellite Test Facility

No going back. No holding back

We're living in a world that's developing fast. The societal needs for property and infrastructure are ever-growing and the urgent need for sustainable development is ever more pressing.

OUR CARBON DATA

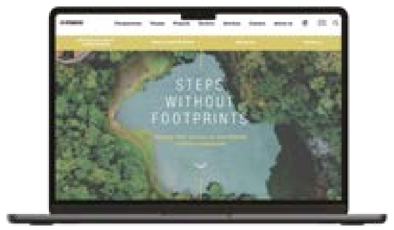
2023 corporate carbon reduction Compared to our 2022 baseline	5.9% reduction (2022: 7%)
Total 2023 carbon emissions	10,758 tCO_2e (2022: 11,430 tCO_2e)
Scope 1 Fuel consumption in stationary and mobile sources (onsite)	2,200 tCO_2e (2022: 3,259 tCO_2e)
Scope 2 Purchased electricity	858 tCO_2e Market based (2022: 562 tCO_2e) 4,417 tCO_2e Location based (2022: 5,387 tCO_2e)
Scope 3 T&D losses from electricity, waste, water, home working and business travel.	7,699 tCO_2e (2022: 7,607 tCO_2e)
Electricity Market based	+53% (2022: -15%)
Electricity Location based	-18% (2022: +87%)

Panorama St. Paul's

We're on a journey to reduce our carbon footprint, whilst also helping clients, partners, suppliers and colleagues reduce theirs. The scale of our overall impact and the opportunity it gives us to make a positive difference is significant. So, by 2026 we are committed to shaping the development and delivery of a range of projects that, once completed, will save our clients 10 million tonnes of carbon.

Read about our 10 Million Tonnes of Carbon pledge in our Pursue A Sustainable World case study on page 35.

Follow the Steps Without Footprints initiative: https://www.macegroup.com/about-us/a-responsible-business/steps-without-footprints-report



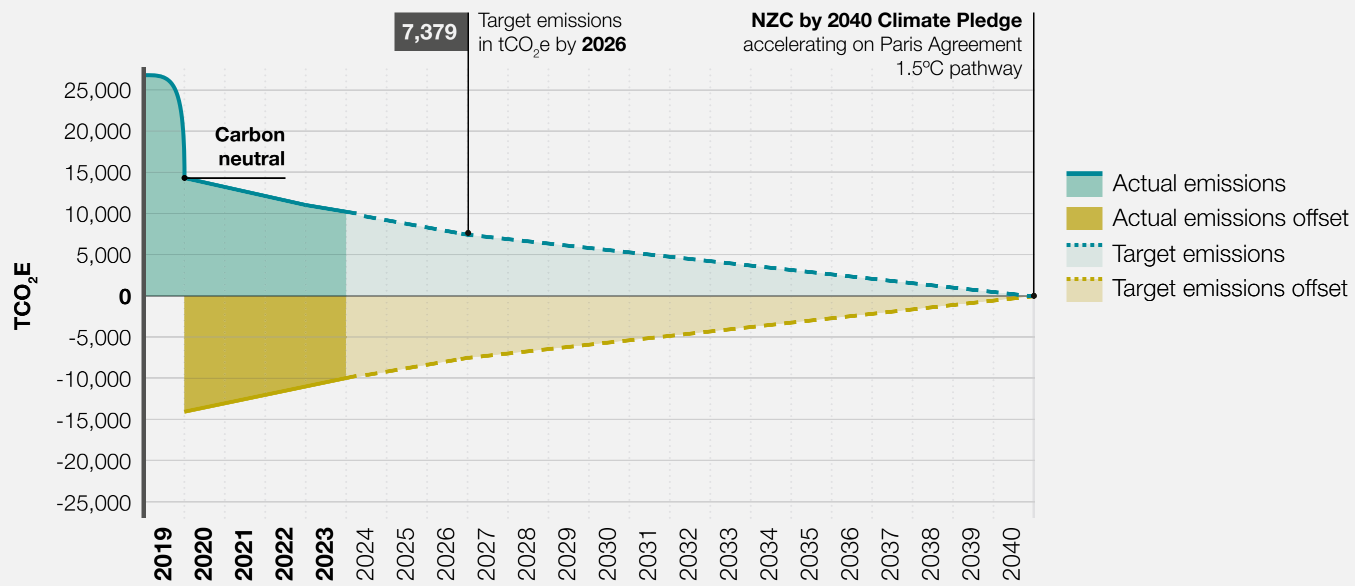
Decarbonising existing assets

- Replace gas heating with low-carbon alternatives.
- Reduce inefficient operations and use whole life carbon modelling to enable predictive conditions-based maintenance and the phasing in of low carbon controls and components.
- Use low-carbon refrigerants and address GHG emissions beyond carbon.
- Improve project monitoring and reporting using digital twins to test low-carbon decisions in a virtual world.
- Utilise AI and analytics to operate more energy efficient smart buildings.
- Ensure easy and obvious solutions such as LED lighting are rolled out everywhere.
- Support data-led decision-making, design and planning.
- Encourage the installation of EV charging points on our projects to enable green commuting and deliveries.
- Extend the use of clean energy generation through battery storage.
- Use a 100% renewable energy supply on our sites and in our offices.

Building without emitting carbon

- Integrate low-carbon alternative materials and design solutions.
- Adopt electric and hydrogen-powered construction plant and machinery, shifting away from petrol and diesel fuels.
- Support our suppliers to adopt EV delivery fleets.
- Implement material passports and blockchain solutions for material tracking on our projects to drive circularity.
- Prioritise nature-based solutions; using nature to tackle climate challenges.
- Encourage the use of HVO and biofuels; creating a stepping stone and alternative fuel route to cleaner power sources.
- Partner with suppliers who use clean power sources to help us reach zero operational carbon.
- Use industrialised and construction to production solutions to build more efficiently.

CARBON REDUCTION TARGET VS. ACTUAL



UCL East – Marshgate

TCFD REPORT

This is our first report published in alignment with the recommendations of the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD) and forms part of our Non-Financial and Sustainability Information statement, as required by The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

We recognise the climate emergency and the impacts it will have on our business. We see the requirement for mandatory TCFD disclosures as more than just a compliance exercise, and in 2023 it gave us the opportunity to engage with the business globally on climate-related risks and opportunities and build climate resilience into our business planning and strategy development.

With the Carbon Disclosure Project (CDP) already embedded in our reporting practices, expanding disclosures for our first year of TCFD reporting was a smooth process. We established a TCFD working group to lead our disclosure and consulted with key internal stakeholders from a variety of disciplines around the world to identify short, medium and long-term climate-related risks and opportunities that could have a material financial impact on Mace, across both low and high emission scenarios.

We have built on our existing 2026 Business Strategy and strategic priorities and goals, to align our business with the TCFD recommended disclosures and accelerate our progress on sustainability matters. Mitigation and opportunity areas identified in workshops will be taken forward in future strategic and financial plans.

This report highlights how the way we operate our business is consistent with the TCFD framework and how we are embedding climate-related risks and opportunities into our operations. It also highlights the progress we made in 2023 and the areas on which we will focus in the future. It covers the TCFD's four key pillars: Governance, Strategy, Risk Management, and Metrics and Targets.

STATEMENT OF EXTENT OF CONSISTENCY WITH THE TCFD FRAMEWORK

TCFD recommended disclosures		Our response	Disclosure location	Focus areas for 2024 onwards
GOVERNANCE				
Disclose the company's governance around climate-related risks and opportunities.	a) Describe the board's oversight of climate-related risks and opportunities.	The Mace Executive Board oversee climate-related risks and opportunities, and these are communicated to them from other Boards and Committees. The Mace Executive Board consider these risks and opportunities when setting Mace business strategy and ensure they are managed appropriately e.g. with financial investment.	Page 79	Continue to improve the quality of information provided to the board and management on climate-related risks and opportunities, to support effective decision-making.
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	Climate-related risks and opportunities are assessed by management through committees, including the Risk and Audit Committee and Responsible Business Steering Committee. These committees regularly review the status of risks and opportunities, as well as supporting the development of climate-related business targets. They play a key role in planning mitigations for risk reduction and implementing measures to maximise opportunities, and help shape company strategy in response.	Page 79	
STRATEGY				
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term.	We have conducted a risk assessment to identify chronic and acute climate-related hazards at risk to Mace, such as heat stress, extreme precipitation and sea level rise. We have also identified the top five transition risks and top five transition opportunities that will impact the business in the short, medium and long-term. These are described in detail within the report.	Pages 79-81	Continue to improve our identification and understanding of climate-related risks and opportunities that impact Mace. We will focus specifically on climate-related risk and opportunities associated with the different regions in which Mace operates. Improve processes and tools for quantifying the impacts of climate-related risks and opportunities on financial planning, in addition to the costs of managing risks and capitalising on opportunities. Continue to review our existing business strategy to ensure Mace remains resilient to climate-related risks and opportunities, develops solutions to mitigate risk and capitalise on opportunities, and considers the potential future impact of different scenarios. Undertake further quantification and modelling of the future climate and scenarios, over short-, medium- and long-term time horizons.
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	The impacts of climate change are continually shaping Mace's business strategy, with impacts such as potential capital damage, heightened operational costs, R&D, new practices, investor preferences, and extreme weather events exposing us to both risks and opportunities. We have analysed the financial impact of these to the business and have put in place appropriate measures to mitigate risks and capitalise on opportunities.	Page 82	
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Through analysing the impact of low emission and high emission climate scenarios on the business and our current strategy, we remain resilient to future impacts of climate-related physical and transition risks, with mitigation measures in place to maintain this position.	Page 82-84	

TCFD recommended disclosures		Our response	Disclosure location	Focus areas for 2024 onwards
RISK MANAGEMENT				
Disclose how the organisation identifies, assesses and manages climate-related risks.	a) Describe the organisation's processes for identifying and assessing climate-related risks.	Mace regularly reports business risks to the Risk and Audit Committee and the Mace Executive Board. The Group operates an Enterprise Risk Managements Framework and records risk data in a dedicated risk hive system. This includes the identification and assessment of climate-related risks.	Page 85	Improve processes and tools for identifying, assessing and managing climate-related risks and further integrating them into risk management, particularly in different regions, where Mace's operations are expanding.
	b) Describe the organisation's processes for managing climate-related risks.	In 2023, Mace implemented a comprehensive climate-related risk and opportunity management process, which included a sector-specific breakdown engaging key stakeholders. This will be updated annually through the business planning cycle to enable Mace to manage climate-related risks.	Page 85	
	c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	We identify, review and update our information about the climate-related risks and opportunities to which Mace is exposed in quarterly Risk and Audit Committee meetings. The most significant risks are disclosed in our annual report in accordance with TCFD guidelines	Page 85	
METRICS & TARGETS				
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Mace has undertaken an in-depth risk assessment and has identified additional metrics to address our specific climate risk. This includes measuring our performance against our corporate commitments including RE100 and EP100. To address our ability to meet the changing policy and legal climate, we measure the carbon we save our clients in line with our Steps Beyond footprints strategy aiming to save our clients 10m tonnes of carbon.	Page 86	Mace is continually reviewing our metrics including those relating to emerging climate-related risks. Future metrics may include measuring circularity in material use, monitoring our supply chain's climate-related risk or biodiversity.
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Mace has publicly reported its Scope 1, 2 and 3 GHG emissions since 2016 in line with the GHG Protocol and with ISO14064 aligned third-party auditing. Related risks are provided in the targets and performance table. Scope 1, 2 & 3 emission reporting is utilised to measure the risk associated with decarbonising our business in order to reduce our impact on climatic change.	Page 87	
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Mace has addressed climate risk and set ambitious targets to reduce our climate-related risk and capitalise on opportunities.	Pages 88-89	

Governance

Strong, transparent and accountable governance safeguards the health of Mace; this includes incorporating climate-related risk into our planning. Good governance enables the company to maintain its agility and entrepreneurial spirit, whilst growing sustainably.

The Mace Executive Board meet weekly to review KPIs and the output of the strategic and operational SteerCos, with climate-related issues discussed and managed within two governance streams for review at board level.

Climate-related risk is reported to the Board through the Risk and Audit Committee and the Responsible Business SteerCo, and feeds into Mace's business plans. The Board reviews monthly reports on all risks, including climate-related risks, from the Risk and Audit Committee, and assesses the business' current risk exposure.

In response to the 2023 TCFD disclosure requirements, we conducted an in-depth climate related risk assessment. This fed into the Risk and Audit Committee and shared with business sector leaders. The Responsible Business SteerCo provides summaries of relevant horizon scanning reports and knowledge sharing articles to all levels of management capturing the risks and opportunities facing the business. In addition, relevant leaders within business have delivered climate-related briefings to all levels of staff to increase awareness of climate-related risks and opportunities.

All levels of management are involved in supporting a number of industry-leading campaigns aimed at tackling the climate emergency, such as SteelZero and ConcreteZero, as well as workstreams focused on increasing circularity and favouring retrofit over new build, as these issues are seen as key focus areas for our business.

Climate Change Scenarios	
Low Emissions	**High Emissions**
RCP2.6 which aims to keep global warming below 2°C above pre-industrial temperatures[1].	RCP8.5 which results in a 4.3°C global mean surface temperature rise[2].

Risks and opportunities

To identify and assess the climate-related risks and opportunities to which Mace will be exposed in the future, scenario analysis has been undertaken. An evaluation of the actual and potential impacts of climate-related risks for two climate change scenarios has been completed. Given the associated uncertainties with assessing and planning for climate-related risks, our scenarios present possible futures but are not intended to predict the future.

Our scenarios for a low and high emissions world are informed by the Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathways (RCP).

We have undertaken a physical risk assessment under each climate change scenario for regions and cities. These regions have been selected using the IPCC WGI reference regions[3].

We identified physical climate-related risks associated with the environments in which our business operations occur. This includes our leased offices, employees' homes, construction sites, client sites and fieldwork locations. We evaluated the risks associated with acute[4] and chronic[5] physical climate-related hazards. Our physical risk assessment methodology, including the hazards evaluated, is informed by UKGBC guidance and considers the likely consequence and probability of each to determine the risk associated with the climate-related hazard.

As we chart a path towards greater sustainability and adapt to a changing global landscape, transition risks and opportunities may arise from changes in policy, markets, technology, societal shifts, products, services and resource efficiency. Workshops with key internal stakeholders were held to identify these risks and opportunities, and the level of risk for which Mace must prepare or the level of opportunities which we can benefit from.

We use the same scenarios as for the physical risk assessment and have used the following assumptions for each:

1) **Low Emissions:** A scenario where global governments work to achieve the Paris Agreement targets through ambitious climate policy, development of new technology and financial incentives for decarbonisation.
2) **High Emissions:** A scenario where little progress is made by governments, companies and regulators to work towards a net zero world. In this scenario physical risks are more pronounced and transitional risks and opportunities are based on present world conditions.

Our analysis has presented an opportunity for Mace to grow and differentiate ourselves from the market through investments in renewable energy sources, innovation in sustainable technologies and climate resilience. To mitigate the identified risks, we must stay agile and responsive to dynamic changes as the world works towards a more sustainable future and ensure that our business model remains resilient and aligned with emerging global sustainability standards and client expectations.

We have consulted internal stakeholders to determine which risks and opportunities could have a material financial impact on Mace. Our analysis has considered current and planned mitigation measures, future government policy and market conditions. It assumes reasonable societal adaptation to the effects of climate change.

1 SSP-based scenarios are referred to as SSPx-y, where 'SSPx' refers to the Shared Socioeconomic Pathway describing the socioeconomic trends underlying the scenarios, and 'y' refers to the level of radiative forcing (in watts per square metre, or W m-2) resulting from the scenario in the year 2100. RCP2.6 = Low (SSP1-2.6) from IPCC AR6 Report Box SPM.1, Table 1.
2 Global mean surface temperature averaged over 2081-2100 compared to the pre-industrial period (average between 1850-1900) for the RCP pathways (best estimate, 5-95% range) RCP2.6 global mean surface temperature rise 1.6°C (0.9°C–2.3°C range), RCP8.5 global mean surface temperature rise 4.3°C (3.2°C–5.4°C range). From IPCC Fifth Assessment Report (AR5) WG1 Table 12.3.
3 Sixth Assessment Report (AR6) WGI reference set of land and ocean regions, consisting of 46 land regions and 15 ocean regions, including 3 hybrid regions that are both land and ocean regions.
4 Acute physical risks refer to those that are event-driven, including increased severity of extreme weather events, such as cyclones, hurricanes, or floods.
5 Chronic physical risks refer to longer-term shifts in climate patterns (e.g., sustained higher temperatures) that may cause sea level rise or chronic heat waves.

We have identified short-, medium- and long-term climate-related risks and opportunities. Our definition for each of these has been informed by the IPCC scenario periods to align with our scenario analysis and adapted to apply to our business operations. The short-term scenario (0-3 years) aligns with our current projects and operational locations and delivery of our 2026 business strategy. The medium-term (4-10 years) aligns to our future project pipeline and strategy. The long-term (11-30 years) focuses on factors that could impact future business, strategy and financial decisions.

Region	Climate-related risk
Europe (Spain, Greece, Germany, UK, Ireland, Iceland and Netherlands)	Heat Stress
Eastern North America (New York and Atlanta)	Heat Stress
Western North America (San Francisco and Los Angeles)	Heat Stress Water Scarcity Wildfires
North-Western South America (Peru)	Heat Stress Extreme Precipitation Water Scarcity Fluvial Flooding Pluvial Flooding
Arabian Peninsula (United Arab Emirates, Bahrain, Egypt, the Kingdom of Saudi Arabia, Oman and Qatar)	Heat Stress Water Scarcity
South Eastern Africa (Kenya)	Extreme Precipitation Storm and Wind Events Fluvial Flooding Pluvial Flooding
East Southern Africa (Johannesburg)	Fluvial Flooding Pluvial Flooding
Central Africa (Angola)	Water Scarcity Fluvial Flooding Pluvial Flooding Sea Level Rise
South Asia (India)	Heat Stress Extreme Precipitation Storm and Wind Events Fluvial Flooding Pluvial Flooding
Eastern Australia (Sydney and Brisbane)	Heat Stress Wildfire
Southern Australia (Melbourne)	Wildfire
South East Asia (Vietnam and Singapore)	Extreme Precipitation Storm and Wind Events Fluvial Flooding Pluvial Flooding
East Asia (Hong Kong)	Extreme Precipitation Storm and Wind Events Pluvial Flooding

The impact of climate-related physical risks to Mace

<table>
<tr><th>Hazard</th><th>Description of risk</th><th>Impact</th></tr>
<tr><td>Heat stress</td><td>Temperatures and periods of prolonged hot days are increasing which is exacerbated by the urban heat island effects in cities resulting in increased risk of heat stress in Mace office locations. Long-term risk associated with drought, reduced agricultural production and biodiversity loss.</td><td rowspan="8">— Short – long-term impact on our leased offices, employee homes, construction and client sites and field work locations.
— Short – long-term impact on our people's wellbeing, health and safety including illness, injury and loss of life.
— Short – medium-term impact on business operations including reduced revenue resulting from decreased productivity, the negative impact on the workforce including the supply chain; and increased capital and operating costs including repair, building operation including HVAC, insurance, or relocation costs.
— Short-term project and programme delays through disruptions to site operations, transport and logistics.
— Short-term risk to our community and subsequent impact to Mace including disruption to utilities, infrastructure including IT and buildings.
— Increased stress placed on buildings and infrastructure providing a short – long-term opportunity for Mace to develop climate-resilient design for existing and buildings and infrastructure.</td></tr>
<tr><td>Extreme precipitation</td><td>As temperature increases extreme precipitation events including flash rain storms and monsoons are increasing in frequency and intensity. Indirect risks relate to flash flooding. Long-term risk associated with water contamination, reduced agricultural production and loss.</td></tr>
<tr><td>Storms and wind events</td><td>Increasing sea temperatures are intensifying and increasing the frequency of tropical storms / cyclones. Changes to atmospheric wind currents in the Northern Hemisphere, temperature increases and increases in extreme precipitation events are increasing in frequency and intensity. Indirect risks relate to flash flooding.</td></tr>
<tr><td>Water scarcity</td><td>Temperatures are rising and prolonged periods of hot days are increasingly common, which could result in drought. Increased flood risk and sea level rise could result in water contamination. Long-term risk associated with drought, reduced agricultural production and biodiversity loss.</td></tr>
<tr><td>Wildfire</td><td>Dry conditions present a risk of wildfire in rural areas surrounding cities. Fire season is likely to last longer and be more intense. Indirect risks associated with heat stress and water scarcity.</td></tr>
<tr><td>Fluvial flood</td><td>Climate change increases the frequency and intensity of extreme precipitation events resulting in a potential increase in waterbody levels. Flood storage likely to become overwhelmed by snow melt due to temperature increase. Long-term risk associated with water contamination, reduced agricultural production and biodiversity loss.</td></tr>
<tr><td>Pluvial flood</td><td>Climate change increases the frequency and intensity of extreme precipitation events. Societal influences such as urbanisation resulting in loss of flood storage contributing to increased vulnerability. Long-term risk associated with water contamination, reduced agricultural production and biodiversity loss.</td></tr>
<tr><td>Sea level rise</td><td>Rising sea levels may result in flooding where our leased offices, employee homes, site operations or field work are located. Societal influences such as urban expansion to floodplains contributing to increased vulnerability.</td></tr>
</table>

Chapter London Bridge

The impact of climate-related risks and opportunities on Mace's business, strategy and financial planning

Mace has considered how the Group's vulnerability to physical climate-related hazards translates into financial risk. Our financial analysis is qualitative with a focus on our people, our business operations, and the indirect effects on the communities in which we work, including utilities, infrastructure, buildings, biodiversity and the environment. Financial risk associated with our Construct materials and processes are less direct as they are linked to our supply chain, and we have excluded the financial impact of these risks on our clients from our analysis. The financial impact of the transition risks and opportunities was assessed through the workshops and drew on our internal stakeholder's expertise and experience of how the identified risks and opportunities have already affected Mace. Mitigation and opportunity areas identified in workshops are listed in the transition risks and opportunities tables and will be incorporated into future strategic and financial planning exercises.

Contractual agreements provide some protection from operational risks and will continue to strengthen. However, for Mace, operational costs, potential capital damage and risk to services present possible financial impacts. Mace owns very few property assets. Financial impacts in relation to our leased offices are largely related to operational disruption and content loss rather than physical damage or insurance premiums.

Some of the financial impacts associated with climate-related risk detailed in the table on the following pages could manifest in several ways. An escalation of operating costs as a result of potential increases in utility prices could be significant. Shifting investor preferences may result in reduced demand for real estate assets, impacting the size and value of our addressable market. Extreme weather events could disrupt our business operations in many ways, which is why the Group has invested in its resilience and business continuity framework.

Mace's strategy is resilient and takes into consideration different climate-related scenarios, including a 2 degrees Celsius or lower scenario

As we expand globally, our focus remains on ensuring our operations are climate-resilient.

Mitigation strategies to address each of the risks posed to Mace are described in the Transition Risk table below. Our metrics and targets allow us to track our progress in creating a business that is more resilient to the consequences of climate change. Existing mitigation measures for key transition risks demonstrate the resilience of our current strategy.

Physical Risks

Risk	Chronic Hazards	Acute Hazards
Engine	Construct, Consult	Construct, Consult
Financial Impact	££	£
Time horizon	Medium to Long-term	Short to Long-term
Region	Global	Global
Mitigation	Identify long-term climate impacts in business continuity plans and embed climate change risk assessments in all design and procurement processes.	Climate change risks assessments to be embedded and undertaken in all design and procurement processes and project/region specific measures to be put in place to support employees and minimise disruption e.g. construction installation methodologies and technologies.

Transition Risks

Risk	Workforce retention and talent acquisition	Reduced availability of materials and resources	Supply chain adaptability and resilience	Failure to adapt to new technology	Increased climate policy and legislation
Type	Reputation	Market	Market	Technology	Policy & Legal
Engine	Construct, Consult	Construct, Consult	Construct	Construct, Consult	Construct, Consult
Potential Impact	With the increased demand for low-carbon products and services and people's desire to work for companies that are contributing to sustainable development, our ability to attract and retain the skilled workforce that is vital to our future growth will depend on Mace maintaining its leadership position in low-carbon programme and project delivery.	Potential disruptions to global supply chains could reduce the availability of materials and resources (e.g., transition metals or energy) required for the delivery of projects and programmes.	With our clients' demand for low-carbon products and services increasing, we need to ensure our supply chain remains at the forefront of innovation and is resilient to the impacts of climate change to minimise disruption to projects and programmes.	Increasing adoption of new technology and innovation is increasing. Failure to adapt could mean Mace falls behind as a market leader and fails to remain competitive.	Increased legislation and policy changes could impact programmes and increase operating costs, as well as the risk of non-compliance, liabilities and litigation.
Financial Impact	£££	££	£	££	££
Time horizon	Short to Long-term	Long-term	Medium to Long-term	Medium to Long-term	Short to Long-term
Region	Global	Global	UK and Europe	Global	Global
Mitigation	Our Pursue a Sustainable World targets will enable us to remain a leader in sustainability within the built environment. Mace's attractive employee offer and talent acquisition strategy enables the business to attract, retain and develop staff of the highest calibre.	Work with our supply chain to develop business continuity plans and ensure they have diverse and resilient suppliers.	Continue to support and upskill our supply chain through our Mace Business School to build resilience and adaptability to respond to changing demands.	Continue to invest in new technologies and the skills to transform how deliver for our clients. We are committed to invest 3.5% of revenue on R&D and support our supply chain with the uptake of new technology through initiatives such as our clean tech brochure.	Continue to support the development of industry legislation, complete horizon scanning exercises to stay ahead of future policy changes and ensure contracts and insurance policies reduce our exposure to climate-related risks.
Post mitigation risk					
Low-emission scenario	Medium	Medium	Medium	Low	Medium
High-emission scenario	Medium	Medium	Medium	Low	Low

Opportunities

Opportunity	Increased customer demand for low-carbon products and services	Reduced operating costs	Enhanced reputation as a climate leader	Adoption of new technology	ESG linked funding and access to markets
Type	Products and Services	Resource Efficiency	Reputation	Technology	Market
Engine	Construct, Consult	Construct, Consult	Construct, Consult	Construct, Consult	Construct, Consult
Potential Impact	The increased demand for low-carbon infrastructure and services and supporting businesses with climate mitigation and adaptation, is a significant opportunity for Mace.	By reducing our carbon footprint there is an opportunity to improve energy and water efficiency and reduce operating costs for Mace and our clients.	Pursue a Sustainable World is one of our three business priorities and we consider sustainability opportunities in all business decisions. We can ensure that we remain the low-carbon delivery partner of choice. This means we can attract and retain staff and influence major programmes.	The accelerating adoption of new technology and innovation will create new opportunities for Mace as we help our clients reduce their carbon emissions. These include innovation in AI, construction materials and processes, and plant and equipment.	Clients and financial markets expect businesses to report their ESG performance transparently and in detail. There has been an increase in sustainability-linked lending. We believe performing well against our Pursue a Sustainable World business priority will ensure we can work with leading clients and reduce our borrowing costs.
Financial Impact	£££	£	££	££	££
Time horizon	Short to Long-term	Long-term	Short to Long-term	Short to Long-term	Short to Long-term
Region	Global	Global	Global	Global	Global
Our response	Continue to upskill our staff and develop low-carbon service offers. Our commitments to SteelZero and ConcreteZero put us in a position where we have the supply chain to offer low-carbon materials to clients.	As a member of EP100 we are committed to doubling our energy productivity within 25 years and reducing energy usage by 50% by 2045. We have made a commitment to procure 100% of our electricity from renewable sources by 2030 as part of the RE100 Climate Group.	Ensure sustainability remains a strategic priority and that we continue to work on, and improve the performance of, highly sustainable projects.	Ensure we continue to invest in R&D, work with our supply chain to successfully develop and trial new technologies, and share knowledge and lessons learnt.	Ensure sustainability remains a strategic priority and meet or beat our internal sustainability targets.
Residual potential opportunity					
Low-emission scenario	Medium	Low	Medium	Medium	Medium
High-emission scenario	High	Low	Medium	Medium	Medium

Mace identifies and assesses existing and emerging risks of all types. The assessment of potential threats to our business plan and the achievement of our strategic targets evolves as we learn from experience, access new data, explore methodologies and respond to new regulation.

Mace's processes for identifying and assessing climate-related risks

As soon as a new risk or opportunity is identified, our Engines report it to the Risk and Audit Committee. On a quarterly basis the principal risks to which the Group is exposed are reported to the Mace Executive Board. As part of our Enterprise Risk Management (ERM) framework, Mace uses the riskHive system to help structure and manage all of the Group's risk information. This process is not currently specific to climate-related risks, and we are developing a new assessment methodology for these risks, which includes the company-wide workshops. Specialists from the different geographical areas in which Mace operates are being interviewed to ensure our identification and understanding of risks is as complete and as reflective of our global operations as possible.

This process is carried out at Group level and is currently specific to climate-related risks.

Mace's processes for managing climate-related risks

In line with TCFD recommendations and the recognition of climate change as a systemic risk for Mace, a specific process for managing climate-related risks and opportunities has been implemented. This process involved the creation of a Mace TCFD working group to review management, collect or update the necessary information and organise workshops. These workshops were specific to Mace's key business sectors, providing a distinct view of the potential physical and transitional risks facing Consult, Construct and the Group globally under the low and high emission scenarios.

A list of transition risks and opportunities was created and classified according to their potential financial impact, time horizon and the likelihood of the risk/opportunity occurring. This was done using the expertise of the internal stakeholders and the TCFD working group. The working group analysed this information to highlight only the most significant elements, as presented in the Strategy section.

This process will be developed to integrate climate risk assessment into Mace's Enterprise risk management framework, so that the risks and opportunities are updated annually to inform the publication of our TCFD report.

We already consider climate-related risks and opportunities in Mace's quarterly Risk and Audit Committee. and management ensures that best practices are monitored to maintain alignment with TCFD recommendations.

Overview
Strategic Report
Governance
Financial Statements

Metrics and targets

Mace's monitors its response to climate-related risk and opportunities by reporting on several different metrics from across the Group which are summarised in the table on page 87. These KPIs are reported quarterly via the Responsible Business SteerCo who in turn report it to the Mace Executive Board.

As disclosed within our governance section, our metrics are tied into our strategy and business plan. Looking at our long-term transition scenarios, we understand that our clients are transitioning to similar scenarios and are looking to adapt their own approaches in response to climate-related risk.

Most of these metrics focus on how we operate and what we construct. Our 'Steps without footprints' strategy launched in 2020 and committed Mace to becoming carbon neutral in one year and then to reaching a Net Zero target by 2040, across our Scope 1, 2 and 3 emissions. We report our Scope 1, 2 & 3 emissions and understand that these are material to Mace, and we have committed to a 10% reduction year-on-year until 2026, after which we will set our progress to meet Net Zero.

We understand that our Consult and Construct Engines play a role in delivering carbon savings beyond our footprint and to address this we set a target to deliver 10m tonnes of carbon savings for our clients. Each Business Unit leader has a performance measure set against this target and performance against it feeds into renumeration. This approach leads to increased accountability for delivering low-carbon and sustainable solutions and fosters innovation. This approach is implemented across our business and helps maintain our position as a climate leader within the built environment.

10m tonnes

By the end of 2026 we will have secured a programme of work that, once delivered, will save our clients more than 10 million tonnes of carbon.

Mace's methodology for tracking client carbon is based on the way we work with our clients. Our influence is categorised as Direct, Influence or Delivery and this categorisation determines how much of the carbon saving is attributable to Mace. We always track our impact as well as our clients.

Mace is using this metric to drive innovation and deliver low-carbon solutions across our Consult and Construct Engines. This metric incentivises our employees and challenges our clients to align to Net Zero transition.

As part of our commitment to becoming Net Zero we have been working with our supply chain to implement Net Zero pathways. Our 'race to Zero' pledge has helped drive further innovation and alignment with our strategy.

We have public commitments to the following:

The Climate Pledge	Reach net zero emissions by 2040 (10 years ahead of the Paris Agreement)	Climate Group RE100	Procure 100% renewable electricity by 2030
Race to Zero	50% emissions reduction by 2030	Climate Group EP100	Double energy productivity within 25 years
Climate Group SteelZero	50% low emissions steel use by 2026 (100% by 2040)	World Green Building Council – Advancing Net Zero	Halve emissions of sector by 2030 and total decarbonisation of sector by 2050
Climate Group ConcreteZero	30% low emissions concrete use by 2025 (100% by 2050)		

Risks associated with Scopes 1, 2 and 3

Mace currently reports its Scope 1, Scope 2 and some Scope 3 emissions in accordance with the streamlined energy and carbon reporting (SECR) regulations[1].

Mace also complies in full with the Energy Savings Opportunities Scheme (ESOS). We align our business with PPN 06/21 and produce a carbon reduction plan reporting all our performance every year[2].

Table 1 GHG emissions 2021-23

Metric Category	Metric tCO_2e	Calendar Year 2021	2022	2023	Targets
GHG Emissions	Scope 1	4,267	3,259	2,201	10% year-on-year reduction in line with our 2020 pathway, Net Zero By 2040
	Scope 2 (Market Based)	300	563	858	
	Scope 2 (Location Based)	6,341	5,388	4,417	
	Scope 3 (Total)	7,709	7,608	7,699	
	Waste to landfill	5	2	2	
	T&D losses	543	472	317	
	Water consumption	23	33	17	
	Business travel	4,390	4,718	5,070	
	Embodied carbon	134	0	0	
	Working from home	2,604	2,384	2,294	
	Total Scope 1, 2 & 3 emissions	12,277	11,430	10,758	
	Total offsets	**12,277**	**11,430**	**10,759**	
	Percentage reduction from year-on-year cumulative target (annual target changes on previous year performance)	-16.2%	-7%	-5.9%	

We continue to be a carbon neutral organisation as a result of purchasing and retiring carbon offsetting credits for projects assured against the Verified Carbon Standard (VCS) and Gold Standard VER (GS).

1 See page 128 for Methodology used in the calculation of disclosures.
2 Mace Carbon Reduction Plan 2023.

Targets and performance

PURSUE A SUSTAINABLE WORLD GOALS

Risk/Opportunity	Metric	Target	FY 2021 Performance	FY 2022 Performance	FY 2023 Performance	Future actions
Risk: Reduce the risk of future climate-related policy and legislation by aligning to Net Zero now. **Opportunities:** Reduce operational costs Enhance our reputation as a climate leader ESG-linked funding and access to new markets	Scope 1, 2 and 3 Greenhouse Gas emissions (tCO_2e) (Total, for breakdown of Scope 1, 2 & 3 see page 87)	10% annual carbon reduction (tCO_2e) PASW 2020 baseline 10% annual carbon reduction (tCO_2e)	12,276.48 (tCO_2e) (-11.6% reduction from baseline)	11,429.73 (tCO_2e) (-7% vs previous year)	10,758.18 (tCO_2e)	We have published our circular economy in the built environment vision. It is a clear opportunity and we will work with our supply chain to reduce cost and carbon.
Risk: Reduce the risk of future climate-related policy and legislation by aligning to Net Zero now. Reduce our risk of failing to adapt to new technology. **Opportunities:** Reduce operational costs Enhance our reputation as a climate leader Increased client demand for low-carbon products and services	10m tonnes pipeline client carbon saving (tCO_2e)	Save our clients 10m tonnes of carbon with projects delivered by 2026	555,416 (tCO_2e)	979,753 (tCO_2e)	1,769,242 (tCO_2e)	Further refinements are being made to how we record this data and how we can improve accuracy across the business. Improving carbon fluency across the business and clients through training.
Risk: Reduce the risk of future climate-related policy and legislation by aligning to Net Zero now. **Opportunities:** Reduce operational costs Enhance our reputation as a climate leader	RE100 – Renewable Energy procured (%) by 2030	100% of Renewable Energy procured on Mace projects and sites	87.00%	85.00%	89.00%	We are ensuring the small % of sites that do not use renewable energy have a scheduled programme for transition in place. Within expanding international teams we will be supporting emerging or restricted energy markets where Mace operates with the energy transition.
Risk: Reduce long-term Chronic and Acute weather events by reducing the impacts of climate change.	Hectares of habitat created	500ha of new biodiverse space	14.0ha	54.3ha	166.6ha	We continue to deliver new biodiverse space with our NGO partners. In parallel, we manage the delivery of biodiversity net gain for our programmes and advise on the additional benefits nature-based solutions can provide to help reduce the impacts of climate change.
Opportunities: Reduce operational costs Enhance our reputation as climate leader Adopt low-carbon technology	EP100 – Double energy efficiency	Double energy productivity on construction sites by 2048	N/A	1.6GJ/m² (benchmark year)	0.31GJ/m² (80%)	Our strategy to increase offsite manufacturing/preassembly, or Construction to Production (C2P), will result in more efficient construction programmes, achieving faster build times with less onsite labour. This will reduce energy consumption onsite and result in less waste generated. We're utilising telematics on some site machinery to monitor how efficiently it is being used and we will be encouraging more of our supply chain to adopt this approach. We've enforced a ban on diesel generators unless there are extenuating circumstances. Where there is no alternative to a generator, we will be pushing for the use of fly wheel technology to cover power demand surges, reducing demands on the generator.
Risk: Reduced availability of materials and resources Supply chain adaptability and resilience **Opportunities:** Enhance our reputation as climate leader Adopt low-carbon technology Increased client demand for low-carbon products and services	Reduce construction waste by 24% by 2026	24% reduction from a 2020 baseline	-18.90%	-9.50%	+10.00%	We are promoting circularity and the principles of circular economy. Throughout our projects recently we have run several events on the reuse of materials on our projects. We are supporting the industry externally and working to provide guidance on the use of material passports. We are looking to explore further metrics to monitor material circularity within Mace.
Risk: Reduce the risk of future climate-related policy and legislation by aligning to Net Zero now.	Reduce Water Use in Construction	24% reduction by 2026	-20.00%	-22.00%	-30.59%	We are constantly looking to reduce our use of natural resources across our projects, including water.
Risk: Failure to adapt to new technology Reduced availability of materials and resources **Opportunities:** Adopt low-carbon technology Increased customer demand for low-carbon products	Diesel Free Sites. All sites diesel free by 2030	All sites diesel free by 2030	43.00%	73.00%	-69.00%	Diesel is key fuel that construction relies on. We advocate the use of HVO where appropriate and are identifying new technologies to replace fossil fuels. Mace has released a Low-carbon Technology brochure to help support clients and sell sustainable solutions as value-added on projects.
Risk: Failure to adapt to new technology Supply chain adaptability and resilience **Opportunities:** Increased client demand for low-carbon products and services Enhance our reputation as a climate leader Adoption of new technology	Invest in innovation	Spend 3.5% of revenue on R&D development	2.60%	2.98%	2.90%	We will continue to invest in innovation to help us tackle climate-related risk and accelerate our progress towards Net Zero.

SOCIAL

Building opportunities for our colleagues, partners and communities.

As a responsible business, we recognise that we have a hugely important role to play in society. The value we generate isn't just recognised through revenue and profit, but through the opportunities we create and the legacy we leave behind for our own people, our industry and the communities we work in.

Redefining inclusion

People are at the heart of our business. We launched our first inclusion and diversity plan during the pandemic. In 2023 we updated it to reflect our ambitions for the next three years. We know that diverse and inclusive organisations outperform those that are not. Our diverse and inclusive team brings fresh perspectives, wider and more effective collaboration, greater adaptability and means that as a Group we have fewer blind spots.

Read our 2023-2026 Equality, Diversity and Inclusion Strategy here https://www.macegroup.com/about-us/edi

Read more in our Grow Together case study on page 39.

Gender and ethnicity pay gap

We have set an ambitious goal of reducing all pay gap measures by 10% each year.

Between our 2019/20 pay gap data and the data published in this report for the twelve months from April 2022 to April 2023, our median pay gap across the whole of Mace's UK team has reduced every year, from 40% in 2019/20 to 29.3% today (an overall improvement of 26.8%). Similarly, our median ethnicity pay gap has reduced over the past three years from 27.7% to 22.5% – an overall improvement of 18.8%.

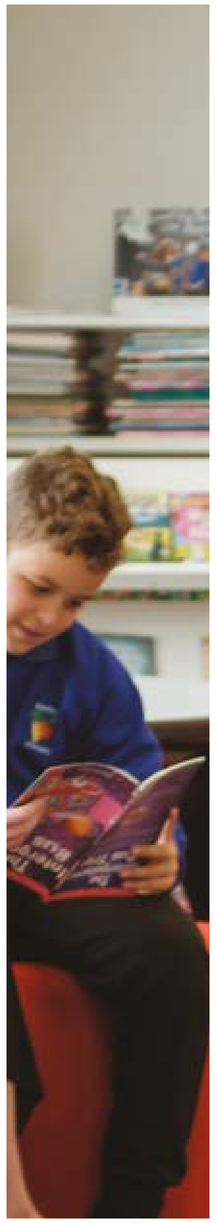
Read our 2022-2023 Inclusion Pay Gap Report here https://www.macegroup.com/about-us/edi

Mean gender pay gap

27.8%

Mean ethnicity pay gap

24%



SOCIAL PERFORMANCE

Community investment

2026 target:	Grow community investment to £20m
2023 performance:	£6.9m

Supply chain

2026 target:	Ensure that we're paying our supply chain promptly and fairly. 100% of invoices paid within 60 days
2023 performance: Invoices paid within 60 days*	95%

Value to society

2026 target:	Create £700m Value2Society per year by 2026
2023 performance:	£912m

Engagement

2026 target:	Achieve a colleague engagement score of 85%
2023 performance:	Not measured in 2023

AFR

2026 target:	Achieve an Accident Frequency Rate of 0.04
2023 performance:	0.04 AFR

Pay gap

2026 target:	Improve our gender pay gap by 10% year-on-year
2023 performance:	7.3%

* Mace Ltd, as a member of the Prompt Payment Code

OUR SOCIAL VALUE PERFORMANCE

Our core measure of the social value we generate is ‘value to society’, an independently audited measure that approximates the value we add across six ‘capitals’. We’ve measured that performance every year since 2017, and in 2021 we set ourselves an ambitious target of delivering £700m in social value by 2026.

We measure value to society using six key capital indicators.

£44m

Financial capital

We measure our financial value not simply through our own revenue and profit, but also through the tax we pay, and how we pay our people.

£5m

Natural capital

From our own projects and offices to the entire planet, we can create a positive impact on the natural world around us through our work. That’s why we measure the value we add through environmental and green space activities.

Creating added value for people, places and planet

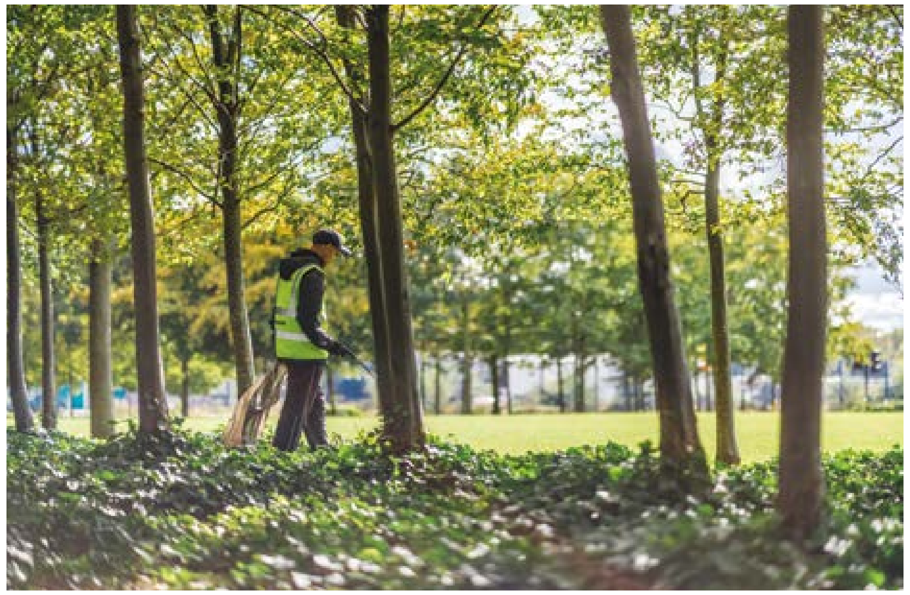
The legacy we create is far more than the buildings and places that are the physical result of our work. It’s the stories lived and told by the people who shape them, make them and use them. This is why we measure our value not just through revenue and profit, but also through the opportunities we create and the support and encouragement we offer to those around us.

Each year we commission a review by an independent organisation called Route2 of the social value generated by our activities. Transparency is key to our ESG strategy, so we measure our value to society with and without our Gross Value Add – so we get a truer picture of the impact we’re having on society.

£161m

Intellectual capital

This targets areas where we share knowledge, upskill our employees and support those outside of our business to grow. From investing in research and development, to vocational qualifications.



£645m

Human capital

People are at the heart of our business, so one of the ways we measure our value is through how we support them and encourage them to support others. From volunteering and wellbeing programmes, to construction site safety.

£1m

Manufactured capital

Here we focus on how our consumption of key fuels impacts the value we add. From LPG and natural gas, to diesel and petrol, we also consider the effect of our carbon offset on this measure.

£56m

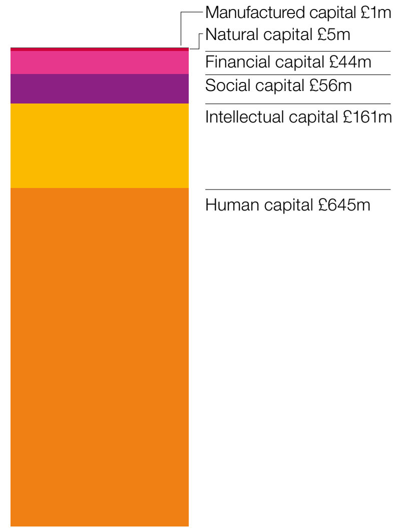
Social capital

Through our platform we have the ability and responsibility to support the communities our work serves. We measure our social value through, for example, community investment and our spend with social enterprises.

2023 Value to society

£912m

Proportional split of value by capital



The Mace Foundation

Through the Mace Foundation, we give 1% of our pre-tax profits to our communities. During 2023, the Mace Foundation helped give more than £4m of social value to communities all around the world. Meanwhile, the business raised or donated more than £500,000 to the Foundation during the year.

Read more in our Grow Together case study on page 42.

Supporting ethnic minority groups to develop and grow

2023 was Mace’s second year of participating in the 10,000 Black Interns programme. We’re very proud that Mace took the most interns from the initiative’s Construction, Real Estate & Property Steering Group.

Read more in our Grow Together case study on page 39.

Championing wellbeing

We have an established network of more than 300 wellbeing ambassadors across the globe who champion health and wellbeing activities across Mace. Understanding the depth of mental health issues faced in construction, we have partnered with Mates in Mind to deliver mental health awareness training on our UK sites.

GOVERNANCE

Robust governance. Secure controls. Service excellence.

How we work is shaped by our approach to governance: robust, ethical and committed to being a force for good in our industry and the communities we work in around the world.

It shapes everything we do, from how we manage Mace's tax affairs to how we collaborate with our supply chain, how we procure the materials used to deliver our projects and how we protect our digital assets.

Code of Ethics

Our Code of Ethics is not only about compliance with the laws that apply to us in every jurisdiction in which we operate; it's also about upholding our reputation as a fair, honest and ethical organisation that conducts business responsibly and always does the right thing.

Our Code of Ethics sets out the standards of behaviour expected of everyone at Mace, and is a key foundation of our culture. You can find out more from the Corporate Governance section on our website https://www.macegroup.com/about-us/corporate-governance.

The Discovery Centre

GOVERNANCE PERFORMANCE

Client satisfaction

2026 target	Our client satisfaction score to be higher than 85%
2023 performance:	86%

R&D Investment

2026 target	Target 3.5% R&D investment of our revenue by 2026
2023 performance:	2.9%

Timber

2026 target	To procure 100% of our timber from responsible sources
2023 performance:	100%

Security

2026 target	Zero significant cyber security breaches
2023 performance:	Zero

We are decisively committed to transforming how our industry operates. To improve productivity, health and safety, and reduce the potentially negative impacts of our industry, we are investing in innovation and technology. We know that to have our maximum impact, we must roll out new capabilities across our global business, and beyond.

Health and Safety Policy Statement
The health, safety and wellbeing of our people is the foundation of everything we do. Driven by Mace's 'Safety first' value, we are clear that our people and supply chain must go home safe and well at the end of every day. Find out more at https://www.macegroup.com/about-us/health-safety-and-wellbeing

Anti-Bribery and Corruption Policy
Mace has a zero-tolerance approach to bribery anywhere in the world, whether we are working in the public or private sector. Our Anti-Bribery policy can be found in our Code of Ethics here https://www.macegroup.com/about-us/corporate-governance

Speak Up
To help us encourage the highest standards of ethical behaviours, corporate governance and accountability, Mace operates a speak up culture supported by an anonymous whistleblowing hotline, which is available 24 hours a day, seven days a week. Our Speak Up policy can be found in our Code of Ethics guide here https://www.macegroup.com/about-us/corporate-governance

Modern Slavery Act
Our policy statement sets out the approach Mace and its subsidiaries have taken and what we intend to do throughout the 2024 financial year with the aim of ensuring that modern slavery or human trafficking is not taking place within our business or within our supply chain. Our full Modern Slavery Statement can be accessed on the Responsible Business section of our website https://www.macegroup.com/about-us/a-responsible-business

Sustainability Policy
Our commitment and determination is driven by our exceptional people who constantly strive to go the extra mile, to innovate, and to challenge convention to find better ways of working. You'll find our Step Without Footprints and Net Zero Carbon policies here https://www.macegroup.com/about-us/a-responsible-business/sustainability

Responsible Materials Procurement Policy
Our policy sets out Mace's strategic commitment to the procurement and management of materials. View our policy at https://www.macegroup.com/about-us/a-responsible-business

Diversity and Inclusion Policy
Creating a truly diverse and inclusive culture is at the top of our agenda, because when our Mace people are comfortable and confident to be themselves, they thrive, we thrive and our clients thrive. Find our policy on the Equality, Diversity and Inclusion page of our website https://www.macegroup.com/about-us/edi

Subcontractor and Supplier Fair Processing Policy
Mace is committed to protecting and respecting our partners' privacy. This policy sets out the basis on which we will process any personal data we collect in our pre-qualification checks and throughout our relationship with our contractors, sub-contractors and their employees. To view the policy https://www.macegroup.com/people/suppliers

Supplier Dispute Resolution Process
Mace is a signatory to the UK Government's Prompt Payment Code and is committed to dealing fairly and transparently with all of our suppliers to ensure a timely and efficient resolution of any disputed invoices. You can find our dispute resolution process here https://www.macegroup.com/people/suppliers

Compliance Training
To ensure we maintain high quality on all of our projects, we deliver classroom-based training to our strategic supply chain. Our unique Mace Business School teaches our key suppliers to deliver industry best practice and maintain the highest levels of health and safety and wider regulatory issues, underpinned by our suppliers' code of conduct. As processes and techniques evolve, we adapt to ensure our courses support, develop and set standards for the construction experts involved in what we do.

Tax Strategy
Strong, transparent and accountable governance safeguards Mace. That's why we're proud to have held the Fair Tax Mark since 2020, the global gold standard of responsible tax conduct. Mace is dedicated to paying our fair share of tax in all the countries in which we operate, only applying generally available tax reliefs, and we remain committed to managing tax risk and reporting effectively and transparently. Our tax strategy is published on the Group's website https://www.macegroup.com/about-us/corporate-governance

ENGAGING WITH OUR STAKEHOLDERS

Mace continues to operate a governance framework that enables organisational effectiveness and high quality decision-making.

Section 172 Companies Act 2006

Section 172 Statement

This section of the Strategic Report states how the Directors have had regard to the matters set out in Section 172(1)(a) to (f) during the year as required by Section 414CZA of the Companies Act 2006 when performing their duties.

The Board has delegated a number of the management responsibilities to the Mace Executive Board (MEB), made up of executive directors and senior managers, and which is accountable to the Board for its performance.

The directors, alongside members of the executive leadership team, meet formally as the MEB on a quarterly basis and weekly to discuss day-to-day management issues. Further details, including the membership of the Board and the MEB can be found on page 116-119 and page 121. The directors are careful to ensure that in their decision-making process they manage both the expectations of the shareholders (some directors are also shareholders) and the expectations of other stakeholders.

To support this, decision-making processes are guided by the Governance Framework that was introduced into the business in January 2022 to support the 2026 Business Strategy. The Framework is transparent, and enables recommendations to flow efficiently from the Sub-Boards through to the MEB. This framework is summarised on page 121.

The Mace Group launched the 2026 Business Strategy in early 2021. The strategy outlines our new drive to be a purpose-led business and sets out exactly how Mace will become an even bolder, stronger and more resilient Group. This strategy reflects the Group's purpose to "redefine the boundaries of ambition".

2023 was a transitional year for the Group, as we prepared to comply with the UK Corporate Governance Code and strengthen our governance and oversight arrangements. Details of how that future governance will operate are included in the Corporate Governance report: page 121.

The Board has focused their decision-making on three key priorities:

PURSUE A SUSTAINABLE WORLD

Accelerate the built environment's response to the climate emergency. For further information, please see 34.

GROW TOGETHER

Engage, develop and inspire our people, clients, partners and communities. For further information, please see 38.

DELIVER DISTINCT VALUE

Service excellence, innovation and industry transformation. For further information, please see 44.

Each of these priorities and associated targets has been established to ensure that Mace meets the needs of its stakeholders, taking into account how our activities impact them. This is reflected in our focus on being a responsible business, where we measure our performance based on the wellbeing of our people, our impact on the environment and how effectively we generated social value for the communities and regions we work in.

Our purpose and priorities were developed in partnership with Mace colleagues through direct engagement. They provide a clear framework through which we engage with all of Mace's stakeholders – from our people to our supply chain, clients and beyond.

Stakeholder interests and key Board decisions

Our process for decision-making demonstrates our successful application of Section 172 of the Companies Act 2006. From the initial assessments and the decision-making by the Board in March 2023, and at subsequent points in the year, the Board directly took decisions addressing the needs of various stakeholders.

In discharging its Section 172 duties, the Board has adopted a strategic approach to stakeholder engagement. While the Board has overall responsibility for managing relationships with all our stakeholders, it delegates some of the practical responsibilities for engaging with stakeholders to the divisional CEOs and their teams.

The Board continues to operate under a governance framework that protects and enables organisational effectiveness and high-quality decision-making. It helps to avoid duplication of work, reduce cost, and empowers colleagues to become an unstoppable force for good. The Board has effectively considered the impact of decision-making on key stakeholder groups in the daily management of the business and in the setting of the Group's long-term strategic vision.

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The following table provides examples of stakeholder engagement undertaken by the Mace Group

Stakeholder group	Engagement with our colleagues	The results were
Colleagues	Our ambition is to ensure that we are always in close dialogue with our colleagues, and that their perspective and needs are accounted for in decision-making at Board level. Mace is committed to growing together with our people, and our ambition is to be the most diverse and inclusive employer in our industry. Mace takes a strategic approach to colleague engagement, using multiple channels to ensure people are informed about major changes within the business, how we operate and our performance. In 2023, this included: — Integrated use of digital engagement channels, including a central digital news site; — Regular news content from across the Group, including major programme appointments and milestones; — The active management of digital community spaces for colleagues through Microsoft's Viva Engage and Teams platforms; — Two annual Group-wide virtual communication sessions, Mid-Year Comms and End of Year Comms, broadcast live to thousands of colleagues around the Group; including regional specific sessions hosted by the relevant leaders; — Regular engagement through leadership cascades around mental health and wellbeing; — Monthly email updates from Mace's Chair and Chief Executive to all colleagues; — Supporting the activity of Mace's six Employee Resource Groups: Pride at Mace, Ethnic Diversity at Mace, Women at Mace, Enabled at Mace, Parents at Mace and the Mace Military Network; and — Gathering feedback from our teams about their engagement with Mace through regular 'pulse survey' as well as less regular full Engagement and Wellbeing Surveys. There are also a number of forums where colleagues are invited to join senior members of the Mace leadership team to discuss issues and concerns directly – these include monthly 'Coffee with the Board' sessions, which are open to all employees, and the Consult Engine's 'Employee Council'. The Board recognised the competitive pressures in the workforce, and in response, place considerable focus on the recruitment, development, wellbeing and retention of staff throughout the year.	The Mace Executive Board made a number of decisions in 2023 that had a direct impact on colleagues across the business. These included the implementation of Mace's Career Framework, which launched on 1 January 2024, but was developed during 2023. This was a direct response to colleagues' request for more transparency around career progression and development within the organisation. Other major decisions included the adoption of Mace's new Diversity and Inclusion Strategy, which launched in October 2023, and set new targets for inclusion and diversity; and was based on engagement and discussion with Mace's Employee Resource Groups and the leadership team. The outcomes of our work to engage colleagues were captured in a Pulse Survey carried out in July 2023, which received more than 3,700 responses from across the Group. The results were positive, showing that 83% of colleagues feel able to be themselves at work, and 86% of colleagues felt that their team worked well together and could get the job done. During 2023 we did not carry out a full employee engagement and wellbeing survey, and so do not have an overall employee engagement KPI for the year, but the results of the Pulse Survey are in line with our 2022 engagement score of 84%.

Stakeholder group	Engagement with our clients	The results were
Clients	Mace works hard to ensure that we are consistently engaging with all our clients, on an operational and corporate level; sharing best practice and knowledge and always working to ensure that our relationships are open and collaborative. In 2023, this included: — Embedding a 'collaboration first' approach to managing the risks and impacts associated with difficulties in the trading environment. We aim to minimise contractual or legal challenges; — Undertaking regular client surveys to ensure that our service delivery was consistently excellent; — Measuring how our clients and others are accessing Mace resources through our website; and — Promote effective customer relationship management (CRM) across the organisation, using digital tools and careful planning to ensure clients' needs are met consistently. In 2023, we introduced a new weekly 'CRM email' encouraging colleagues across the Group to engage regularly with their clients on relevant topics.	Our customer satisfaction score for 2023 was 86.4%. The Board makes every effort to ensure that the needs of our clients are considered when making decisions, prioritising the delivery of a high-quality, safe, valuable and responsible service. In order to ensure that we understand our clients as effectively as possible, each client survey that is carried out is reviewed by the Board; encouraging the sharing of best practice and the prompt fixing of issues or concerns. Our client base remained consistently engaged and informed throughout 2023, as evidenced by the Group securing significant repeat business orders as well as a number of major new strategic appointments.

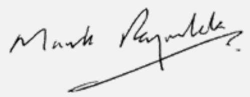
Stakeholder group	Engagement with our supply chain	The results were
Supply chain	As a global programme and project delivery consultant and construction expert, Mace aims to be a leader and champion of best practice. This is reflected in our processes for managing the procurement of contractors, consultants and suppliers. We are keenly aware of our responsibility to all of the people employed by the companies who work on behalf of Mace, and we do everything we can to be a responsible client. In 2023 this included: — Briefing our UK construction strategic supply chain to engage them in our response to market challenges and give them the opportunity to feedback to Mace; — Sharing information received from Build UK and the Department of Business and Trade with our supply chain. — Assisting the supply chain in addressing material availability with regular input from the Group Procurement Director; — Adopting a 'collaboration first' approach to managing the risks and impacts associated with the difficult trading environment, minimising contractual or legal challenges; — Communicating with the whole supply chain via email on a wide range of issues, both to our UK strategic supply chain and cascaded through our consultancy teams to project teams around the world; — Supporting our project teams to help them develop a comprehensive and detailed understanding of how our supply chain was operating, including labour levels, materials and product availability, and productivity; and — Paying suppliers promptly (while also seeking to be paid promptly by Mace's clients).	The Board ensures that the needs of our supply chain around the world are accounted for in our decision-making. Of particular note is our continued prioritisation of prompt payment, ensuring that our supply chain is compensated quickly for the work they do on behalf of Mace; providing support and stability to the companies that work for us and the people they employ. The impact of our industry-leading approach to supply chain engagement is evident in the exceptionally high standard of delivery we achieve for our clients. 2023 saw a number of major changes to the UK construction industry, through the introduction of new regulations and guidance. Mace's engagement with our supply chain enabled us to ensure the partners we work with were able to respond to those changes quickly and effectively.

Stakeholder group	Engagement with financial institutions	The results were
Financial institutions	As a large private business operating across the globe, Mace is keenly aware of its responsibilities to the financial institutions we work with. This includes the institutions that insure us, hold our debt, provide our banking facilities or are engaged with us through our project work. To ensure that financial institutions are kept closely engaged, we regularly share the Group's operational and financial performance, its prospects and plans and its key risks and opportunities with stakeholders. In general, this is through meetings that the CFO holds with banks, insurers, sureties, credit insurers, auditors and clients.	Ensuring that the Board's decision-making is in line with the needs and expectations of our financial stakeholders was a priority for the Board in 2023. As outlined in the 'governance in action' case study in this section, the disposal of Mace Operate was a major decision. The disposal's impact on our debtors, insurers and other stakeholders was considered carefully before the decision to sell was made. The beneficial impact of our close engagement with these stakeholders was evidenced by a significant improvement in the Group's financial resilience in 2023 (e.g. net assets increased by more than 42% in 2023). Mace complied with all its financial covenants in 2023.

Stakeholder group	Engagement with our local communities	The results were
Local communities	As contractors and consultants, the work we do has a direct impact on hundreds of thousands of people across the globe each year, and we are committed to ensuring that we engage with those communities positively. We take our commitment to social value seriously. Each year, we commission an independent measurement of our social value performance through our value to society KPI, which in 2023 tracked more than £912m of social value delivered by Mace. At the same time, we encourage all of our colleagues to ensure that we are engaging responsibly with the communities we work within. This includes efforts to: — Operate an established team of community engagement managers, each of whom takes responsibility for different Mace projects; — Engage and communicate with residents about disruption that might be caused by our activities; — Work closely with local community organisations and our clients to use local labour on our projects; — Build a pipeline of young apprentices and graduates across our business that are drawn from a diverse range of communities; — Provide each Mace team member with a volunteering day each year, and proactively identify opportunities for them to support local causes; and — Provide ad-hoc support to, and engagement with local communities around our projects, including school visits.	Mace's recognition of the impact of our work on communities around the world is demonstrated through the Board's clear commitment to being a responsible business and pursuing a sustainable world. As detailed in the TCFD section of this report we are working proactively to ensure that the construction projects and programmes we deliver on behalf of our clients have a positive impact on the climate and on communities around the world. The Board's decisions are informed by a data-led understanding of the impact of our work on the climate and biodiversity; and our annual contribution of social value through the Value2Society measurement is summarised on page 93. At a more local level, the successful maintenance of good relationships with the communities around our major projects demonstrates that we are working effectively with them to minimise disruption. This has a positive outcome for our clients and supply chain, as it leads to effective mitigation of the risk of disruption to our projects that could be generated through local community campaigning. As a result, we regularly receive positive feedback from clients about how we are engaging with the local communities around their projects.

Stakeholder group	Engagement with government and industry stakeholders	The results were
Government and industry stakeholders	As a responsible business and a leading private UK Company, Mace is committed to working with our peers and government stakeholders to improve our entire industry; in the UK and around the world. We believe that it is vital for us to engage actively and regularly outside our organisation, listening, learning, sharing insight and arguing for change that will improve how our industry operates. To communicate and engage with our peers and government, we: — Take an active role in trade associations and senior industry leadership bodies such as the Construction Leadership Council and Build UK; — Take an active role in engaging with local, regional and national governments, including working directly on behalf of central government departments and local authorities in the UK and beyond; — Support and help lead non-governmental regional business groups, such as the Northern Powerhouse Partnership, BusinessLDN and others; and — Take part in cross-sector working groups and activities.	The impact of our engagement can be seen through a number of high-profile appointments to cross-industry bodies. In 2023, Mark Reynolds, our Chair and Chief Executive, was appointed the Co-Chair of the UK Construction Leadership Council, taking one of the most prominent cross-industry leadership roles. Gareth Lewis, our CEO for Construction, was appointed as a board member for Build UK. As a result of those leadership positions and wider engagement with government and sector bodies the Board was able to develop a detailed understanding of the issues and threats facing our sector, peers, clients and suppliers. The maintenance of effective relationships with government, regulatory bodies and other key organisations enables us to share knowledge and improve best practice across our industry. In 2023, this was particularly important because of the clarification of the implementation of the UK's Building Safety Act, the most significant change in regulation impacting our industry in decades. Due to proactive engagement from Mace's leadership team, the business was able to communicate effectively and quickly what these changes would mean for our clients, colleagues and supply chain; and in turn this has enabled us to move forward with minimum disruption as major changes in industry operating processes have been introduced over the past 12 months. This work has resulted in us maintaining our reputation for delivery work of the highest quality, ensuring we continue to retain positive, productive relationships with our clients and secure new work across the globe.

Signed on behalf of the Board of directors



Mark Reynolds
Chair and Chief Executive Officer
27 June 2024

RISK REPORTING AND OVERVIEW

The Board's approach to risk

The Board holds overall responsibility for the Group's Enterprise Risk Management Framework (ERMF), and the mechanisms through which risks are identified and managed. The ERMF also provides a structure for maintaining the internal controls, policies and standards through which Mace manages risk.

The Board delegates authority to the Risk and Audit Committee to:

- Review and monitor the effective implementation of the Enterprise Risk Management Framework and related processes;
- Ensure robust identification and assessment of all principal and emerging risks has been undertaken; and
- Provide assurance of the effectiveness of the Group's internal controls and systems including commenting on their effectiveness.

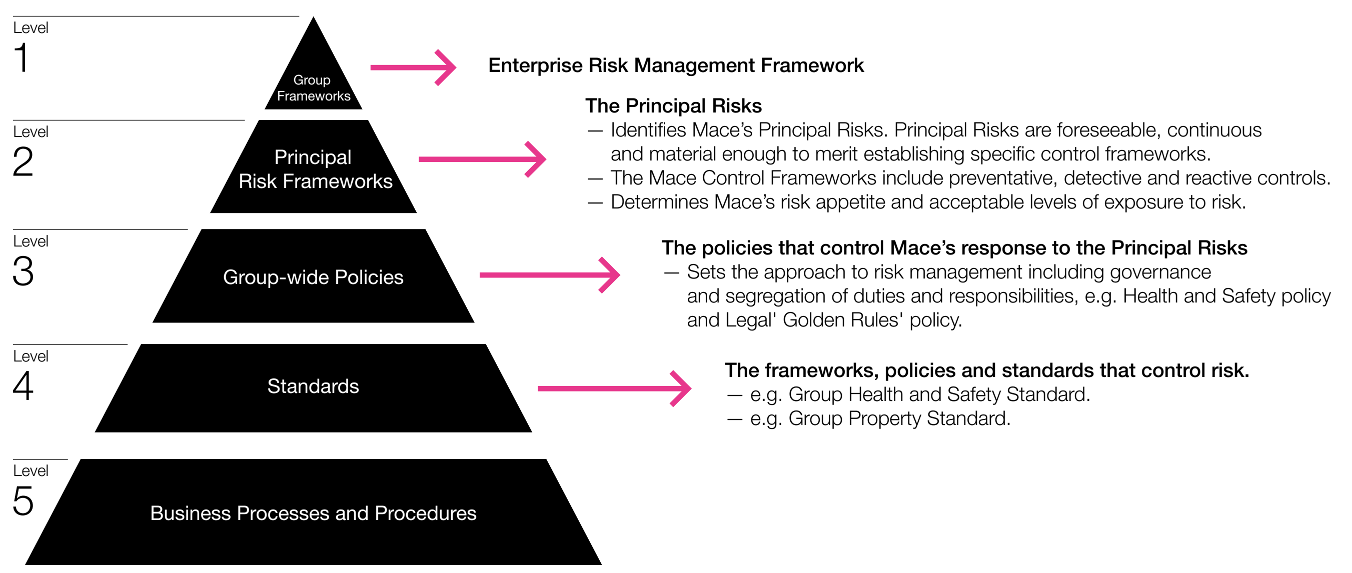
Group risks are assessed from a top-down strategic and bottom-up operational perspective on an ongoing basis at Project, Business Unit, Engine and Group level.

On an annual basis, the Board receives a report from the Risk and Audit Committee on the Group's principal risks and considers whether the key risks have been identified and the mitigating actions and existing controls are being implemented effectively. A member of the Board is accountable for the management of each of the principal risks.

The ERMF deploys a 'three lines of defence' model.

- **Operational** – The policies, procedures and systems that are established to manage and report on the principal risks.
- **Assurance** – Monitor adherence to the policies and procedures.
- **Audit** – Independently review the first and second lines of defence and deliver assurance over the risk management frameworks.

RISK MANAGEMENT FRAMEWORK



Risk management process

Group risks are assessed from a top-down strategic and bottom-up operational perspective on an ongoing basis at Project, Business Unit, Engine and Group level. Risk information is reviewed by the Risk and Audit Committee on a quarterly basis. The Risk and Audit Committee provides independent oversight of the effectiveness of the Group's risk management and internal control environment. Engine leadership teams ensure the ERMF is implemented consistently.

Mace groups its principal risks into six themes:

- **Treasury/Liquidity**: The risk that Mace is unable to meet its contractual or contingent obligations or does not have the appropriate amount or mix of funding and liquidity to support business activities.
- **Operational**: The risk of loss as a result of inadequate or failed processes, human factors or external events.
- **Conduct**: The risk of detriment to clients, partners, employees and other stakeholders, from the inappropriate supply of services, including instances of willful or negligent misconduct.
- **Legal**: The risk of loss or the imposition of penalties, damages or fines as a result of the failure of Mace to meet its legal obligations, including relevant regulatory or contractual requirements.
- **Reputational**: The risk that an action, investment, event, decision or business relationship will reduce trust in Mace's integrity and/or competence.
- **Climate**: The risk of suffering loss or damage due to climate change, either impacting Mace directly or by affecting its clients, employees and other stakeholders.

Engines risk management

Mace operates through two Engines. The Engines trade globally, meaning that the Group is exposed to a variety of risks. The adoption of an ERMF provides visibility of these diverse risks and allows a consolidated Group view of the risks Mace is exposed to be established, understood and responded to.

The Construct and Consult Engines have their own Boards, which review the Engine specific and Group-wide risks to which they are exposed. The work to understand the Engine's risk exposures starts with the programmes and projects, which conduct their own risk reviews and report these through the ERM risk management system riskHive. A 'single source of the truth' for risk information and, where appropriate, aggregating risk information across the Engines and the Group.

Each Engine has a defined risk management process, which forms an integral part of the Group ERMF. The Engines employ experts who provide risk challenge and support to first line teams and feed into the Group-wide risk updates on emerging and principal risks. These experts also provide assurance of the ERMF implementation within the Engines, consolidate risk information and reports and monitor risk and response plans.

Risk appetite

Risks that the Group is exposed to through programme and project delivery and the pursuit of its 2026 Business Strategy continue to be monitored in line with its risk appetite. The Group's risk appetite continues to align to the 2026 Business Strategy ensuring that decisions taken factor in risk exposures, ensuring that Mace continues to operate within agreed tolerances.

PRINCIPAL RISKS

Principal risk
1. Project execution

Risk trend	— (no change)
Responsibility	Deputy Chief Executive
Alignment to priorities	— Pursue a Sustainable World — Grow Together — Deliver Distinctive Value

Definition
Not meeting contractual, legal or client expectations about the timing, cost, quality, or safety requirements of a project either because of adverse bidding and contractual arrangements, or not controlling the project or development effectively. During recent years, this risk has been exacerbated by the impacts of instability in the Middle East, the war in Ukraine, Covid-19 and Brexit on the Group's operations. The viability of the supply chain and the availability and cost of materials and products are managed actively across the Group.

Potential impact
Significant financial losses, including breach of contract claims and liquidated damages from clients and legal claims from the supply chain partners. Loss of market reputation leading to the loss of new and recurring clients. Diversion of resources (cash and people) to deal with legal proceedings.

In the last few years, cost inflation affected programmes and projects, resulting in some delays in moving projects from initial contract (pre-construction service agreement) award through to starting on site.

Mitigation
Early identification of issues and proactive management to resolve them. Focus on selective bidding, achieving realistic programmes and margins, and adherence to Mace's golden rules that establish minimum acceptable commercial terms. Effective control of mobilisation, design development, contract management, supply chain, quality and service excellence activities. Active sharing of best practice and lessons learned. Since 2020, a Service Excellence and Quality process has been embedded on all projects. Gateway reviews identify issues for resolution at the earliest possible juncture. Effective engagement with clients has ensured that the business continues to mitigate the impact of delays and cost overruns.

Management of the risks to the Group's operations includes activities to minimise the potential effects of:
- Shortage of skilled labour through supply chain partners.
- Material shortages and interruptions to global supply chains.
- Higher inflation and increases in staff and supply chain costs where raw material and energy prices have increased.

The business continued to operate risk management strategies during 2023 to limit adverse impacts globally. These risk management strategies will continue to be deployed.

Principal risk
2. Third-party management

Risk trend	↑ (increasing)
Responsibility	Group Commercial Director
Alignment to priorities	— Deliver Distinctive Value

Definition
The collapse of a supply chain partner that has a significant role in the successful delivery of one or more projects. The UK construction supply chain has had to adapt to the adverse cash flow impacts of the Reverse Charge regime for VAT introduced by UK HM Treasury in March 2021. Mace also continues to monitor the impact of Covid loans on its supply chain, although the risks associated with these loans are receding. Ongoing monitoring suggests that material prices have stabilised and availability is good.

Potential impact
Project disruption, potential additional costs through delivery delays, loss of secured income, potential cash flow shortages and reputational damage. The inflation experienced in 2023 will make the impact of this risk higher and could lead to the failure of Mace's clients.

Mitigation
Actively managing relationships with the supply chain and clients, ensuring appropriate levels of due diligence and checks of their financial strength are undertaken and kept up to date. A range of supply chain partners are engaged to control volumes of work and reduce the risk of over-reliance. Early identification of problems and robust knowledge and understanding of contractual positions. Enhanced supply chain analysis and more regular internal reporting of concerns has been implemented since March 2021. The relevant processes continue to be operated to enable Mace to identify and act upon potential concerns regarding individual suppliers. Client credit-worthiness is appraised and assessed, and credit control procedures are followed.

Principal risk
3. Health and safety

Risk trend	— (no change)
Responsibility	Group Technical Director
Alignment to priorities	— Grow Together — Deliver Distinctive Value

Definition
The occurrence of major health and safety incidents, including fatalities, on programmes and projects.

Potential impact
Project disruption, significant fines and reputational damage. Potential custodial sentences for senior employees. Impact on mental health of employees who witness incidents.

Mitigation
High standards of health, safety and wellbeing are embedded in everything Mace does. It is a central part of the Mace culture. One of the Group's key values is "Safety first – going home safe and well". Fostering a culture in which health and safety remains a priority and actions to improve health and safety are celebrated. Focus on health and safety training, the role of supervisors, compliance with Mace Way standards and best practice, knowledge sharing and working with suppliers to embed Mace's standards. The implementation of new procedures to tackle evolving risks on site. Mental health training and support for employees.

Principal risk
4. Contract management

Risk trend	↓ (decreasing)
Responsibility	Group Commercial Director
Alignment to priorities	— Deliver Distinctive Value — Grow Together

Definition
Inability to win work either by negotiation or by competitive tender.

Potential impact
Reduced revenue and profit. Less work generally could lead to poor staff utilisation, redundancies and unmanaged staff attrition. Failure to secure a sufficient volume of good quality work could lead to employee demotivation.

Mitigation
Long-term business development planning. Senior management review of bidding processes, cost budgeting and programme estimation to ensure Mace are competitive and price complex projects and programmes in a way that reflects the risks involved and the best and more appropriate delivery methods. Seeking to move into new sectors and/or geographies to expand opportunities to win new work and diversify risk. Investment in innovation. Mature relationships and genuine partnerships with suppliers. Active client engagement to ensure their expectations are understood and met in full.

Principal risk
5. People and talent

Risk trend	↑ (increasing)
Responsibility	Chief People Officer
Alignment to priorities	— Grow Together — Deliver Distinctive Value

Definition
Challenges in attracting, recruiting, developing and retaining the right people to deliver projects for clients or to support corporate activity.

Potential impact
Inability to deliver for clients. Loss of skills, expertise, or corporate knowledge when employees leave.

Mitigation
Competitive salaries and fair grading structures. Attractive incentivisation arrangements and fair access to promotion opportunities. First-class development and learning programmes for employees. Development of a clear employee value proposition. Productive working arrangements are maintained in all Mace workplaces to help foster inclusion and support the effort to increase the diversity of our team. Diversity risk in relation to the labour force is discussed regularly by the Mace Executive Board. Mitigating actions are also taken through the Risk and Audit Committee.

Principal risk

6. Macroeconomic

Risk trend	—
Responsibility	Group Chief Executive
Alignment to priorities	— Deliver Distinctive Value

Definition
Macroeconomic and industry sector changes affect confidence and/or investment levels, reducing the pipeline of available work and leading to the pausing or cancellation of new or current programmes or projects. Cost inflation driven by excess demand and shortages in the supply of skilled labour, materials and products. Foreign exchange fluctuations.

Potential impact
Reduced revenue and profits. Possible reductions in headcount. The impacts of the war in Ukraine and instability in the Middle East have heightened the risk of supply chain constraints and inflation.

Mitigation
Diversification into new sectors, markets and major programmes. Using performance, expertise, client relationship management and innovation to become a contractor of choice in a changing market. New contracts reflect latest supply chain costs (including inflation to date). News contracts generally include inflation protection for the Company. Active management of materials and product logistics, foreign exchange exposures and supply chains.

Principal risk

7. IT security, resilience, cyber and data protection

Risk trend	—
Responsibility	Chief Information Officer
Alignment to priorities	— Deliver Distinctive Value — Grow Together

Definition
Major business disruption caused by a cyber security incident, IT failure or breach of data protection/GDPR legislation.

Potential impact
Major impact on the ability to effectively work for days or even weeks. Disruption to projects or clients. Significant fines for failure to comply with relevant legislation. Compromises Mace's reputation for competence.

Mitigation
Move away from legacy systems to cloud technology, ensuring appropriate patches and revisions are in place together with an effective cyber security and Mace-wide data protection regime. Security screening for all employees and enhanced checks for those operating in secure client environments. Maintain ISO27001 Information Management accreditation.

Principal risk

8. Sustainability and climate change

Risk trend	↑
Responsibility	Deputy Chief Executive
Alignment to priorities	— Pursue a Sustainable World — Deliver Distinctive Value

Definition
Major loss of revenue due to an inability to adapt to future climate scenarios. Mace faces physical and transitional risks as a result of climate change. In addition to having to adapt to be able to operate in more volatile and extreme climate scenarios, the Group faces increasingly onerous legislative frameworks and profound market changes as a result of climate change.

Potential impact
Loss of revenue due to delays on projects from severe weather events and acute climate change scenarios (e.g., reduced crane availability as a result of high winds, extreme temperatures reducing employee productivity, increasingly onerous adaptations to protect staff health and safety). Disruption to utilities and Mace infrastructure as a result of climate change. Not being able to retain skilled staff due to an actual or perceived failure to adapt to and to help mitigate climate change. Materials and product availability and cost issues as a result of climate change and demand for low-carbon products, resulting in decreased margins and lower profits. Reputational damage as a result of being seen as an organisation that is not addressing climate change. Significant financial penalties for not meeting legislative requirements across the world.

Mitigation
Identify long-term climate impacts in business continuity plans and embed climate change risks assessments in all design and procurement processes. Implement project and geographically specific measures to minimise disruption e.g., new construction installation methodologies and technologies. Ensure that Mace's strategy continues to respond to emerging climate trends and regulation, enabling us to continue to lead improvement in the sustainability of the built environment. Complete horizon scanning exercises to stay ahead of policy changes and ensure our contracts and insurance policies reduce our exposure to risk effectively.

Principal risk

9. Legal, regulatory and compliance

Risk trend	—
Responsibility	Group Strategy Director
Alignment to priorities	— Deliver Distinctive Value — Grow Together

Definition
Action taken against the business for failing to put in place effective arrangements to mitigate the risk of breaches of legislation/regulation, covenants or contract conditions.

Potential impact
Custodial sentences for senior employees. Reputational damage. Being prohibited from bidding for new work. Significant financial penalties for the business.

Mitigation
Compliance training for all employees on existing and upcoming issues, rigorous policies and a clear disciplinary approach in the event of non-compliance. Horizon scanning exercises to look ahead for upcoming legislative and regulatory change. Mace's top-down commitment to a culture of ethical behaviour is demonstrated through the promotion of, and compliance with, a comprehensive suite of corporate policies and formal delegations to committees and individuals.

Principal risk	Risk trend	
10. Funding and liquidity		
	Responsibility	Chief Financial Officer
	Alignment to priorities	— Deliver Distinctive Value

Definition
Inability to secure adequate funding to meet operational liquidity needs.

Potential impact
Inadequate financial liquidity and funding could impact the ability of the Group to meet its financial obligations as they fall due.

Mitigation
Effective performance and cash flow management on client bids, programmes and projects. The procurement of three-year, £60m committed liquidity facilities in January 2022. Expected proceeds from the realisation of Mace's equity investment in the Botley joint venture.

Principal risk	Risk trend	
11. Innovation		
	Responsibility	Chief Technical Officer
	Alignment to priorities	— Pursue a Sustainable World — Grow Together — Deliver Distinctive Value

Definition
Failure to keep ahead of competitors in terms of innovation and operational efficiency and effectiveness, and a consequent failure to meet the needs of the market, resulting in the business being uncompetitive.

Potential impact
Failure to win work and failure to be competitive (which may reduce margins and profit).

Mitigation
Foster a culture in which the identification and development of innovative concepts and initiatives is prized (and in which innovation is funded appropriately).

Principal risk	Risk trend	
12. Fraud		
	Responsibility	Chief Financial Officer
	Alignment to priorities	— Deliver Distinctive Value

Definition
A fraud by an employee, JV partner, supplier or client which results in financial loss for the business.

Potential impact
Financial loss. Reputational harm. Breach of lender covenants.

Mitigation
Mace maintains an effective financial control environment. There is rigorous segregation of duties, and frequent reconciliation and analysis work is performed to identify potential issues. Mace operates an independent employee whistleblowing line through which malpractice can be identified anonymously.

Principal risk	Risk trend	
13. Financial reporting		
	Responsibility	Chief Financial Officer
	Alignment to priorities	— Deliver Distinctive Value

Definition
Failures in accounting controls and reporting leading to misstatement of primary financial statements.

Potential impact
Financial misstatement of actuals and/or of forecasts, which could result in a loss of value and/or breach of lender covenants, financial penalties and reputational harm.

Mitigation
Mace maintains and is investing to strengthen further its financial controls. The Engine and Group finance teams contain a significant number of qualified accountants. The Group has invested in an enterprise-class Oracle system, the use of which brings significant coherence and control to its financial controls and reporting. Mace is investing to enhance its internal and assurance capabilities.

GOVERNANCE REPORT

Governance Report

Expo 2020

MORE ROBUST GOVERNANCE

Mark Reynolds
Group Chairman and Chief Executive

A sustainable and successful business requires robust and effective governance. As Mace has grown and developed over the past 30 years, our governance has evolved; just as our delivery of the built environment on behalf of our clients and the creation of value for our shareholders have evolved.

Welcome –

Mace is a large and successful British private company. Since January 2019 we have adopted the Wates Corporate Governance Principles. The Board and I are proud of how we have applied those principles. In this report we outline how our 2023 governance structure ensured that the decisions we made on behalf of the business were prudent, informed and made with the appropriate stakeholders in mind – from our shareholders to our clients and our brilliant colleagues all over the world.

The year saw us make some major changes to the Group that will shape our future. We sharpened our focus on the core services and expertise that have made Mace what it is today: a world-leading programme and project consultant and construction expert, renowned for delivering complex and challenging projects, providing clients with innovative and world-leading safety performance, and digital, net zero and industrialised solutions that deliver long-term value across the world.

The decisions to step back from direct development and to divest our facilities management business will define the next decade of this organisation. These major decisions were made by the Board in a way that reflects strong governance principles that guide all of our delivery, and with the full support and approval of our shareholders.

2023 was the midpoint in the delivery of Mace's 2026 Business Strategy; and the year that also marked the beginning of a transition to the next stage of our growth. As you will read elsewhere in this report, we have made significant steps towards achieving our target of £3bn of revenue by 2026. As our business has grown, our shareholders, clients, colleagues and financial stakeholders rightly have higher expectations about the transparency and oversight of our operations and of our strategic decision-making.

The Wates Principles have helped Mace to become the organisation it is today – a purpose-led company committed to transparency and dedicated to redefining the boundaries of ambition. However, the next step of our journey requires a new focus.

By January 2025, the Group's structure will align with the principles and requirements of the UK Corporate Governance Code. The Code includes expected standards of good practice in relation to issues such as Board leadership, division of responsibilities, composition, succession and performance evaluation, audit, risk, internal control and remuneration; and Company purpose. From 2025, we will report on how we have applied the principles of the Code in our Annual Report.

The Code will hold us to a higher standard; and several structural and cultural changes are required for us to align with its principles.

In May 2024, we announced a number of significant and long-planned changes to our leadership structure, including the upcoming appointment of a senior independent director and three further non-executive directors, the establishment of a new Mace Group Board and an Executive Committee – as well as the appointment of Jason Millett as the new Group Chief Executive from 1 January 2025, alongside Davendra Dabasia and Andrew Jackson as, respectively, the Chief Executives of Consult and Construct.

Our two longest-serving shareholders Stephen Pycroft and Mark Holmes will cease to be Directors and my own role will change as part of that transition, as the Group splits the role of Chair and Chief Executive and I step down from my position as Chief Executive after 12 years at the end of December; taking up a new post as Executive Chairman. That succession is the result of a long-term strategic approach to building talent within our organisation, and taking measured steps towards a governance model that matches the scale of our ambitions.

Sustainable growth and the relentless pursuit of a better way.

At the beginning of 2024, we established four board sub-committees – Audit and Risk, People (Remuneration and Nominations), Safety and Responsible Business, and Investment and General Purpose. In some instances (such as the Audit and Risk Committee) the new structure is simply clarifying and extending the accountabilities of predecessor committees. From January 2025, three of these committees will be chaired by our non-executive directors, ensuring that our most important decisions are open to independent challenge and scrutiny.

As we work over the coming months to implement these changes, I am confident that we are doing everything in our power ensure that Mace is sustainable, resilient and profitable; creating value for our stakeholders every step of the way.

This 2023 governance report is published at a significant milestone for our business: the beginning of a transition towards Mace being an even more robustly-governed organisation, and a step towards a bigger and bolder future as the world's leading programme and project delivery consultants and construction experts.

Mark Reynolds

Mark Reynolds
Group Chairman and Chief Executive
27 June 2024

A HIGHLY EXPERIENCED BOARD OF DIRECTORS

Mark Reynolds
Group Chairman and Chief Executive
Board appointment: August 2001

Executive responsibility
Mark was appointed Mace's Group Chief Executive in 2013 and Chairman in January 2022. He has consistently championed change within the industry, driving innovation to improve service excellence while ensuring Mace continues to be a more productive, efficient and responsible company.

Skills and experience
Mark gained his early experience in the commercial and aviation sectors, and was the Deputy Programme Director for the London 2012 Olympic and Paralympic Games. Mark has led Mace into new sectors and markets. He was instrumental in establishing the Mace early contracting offer, he led and established the Utilities, Nuclear and Infrastructure business and Delivery Partner offer.

Additional roles
Mark has advised government departments and supported the UK Government on several advisory boards.

He was appointed in June 2022 as Co-Chair of the Construction Leadership Council, alongside the UK's Minister for Construction, to help lead the next steps of our industry's transformation. Mark is also a Board Director for BusinessLDN and the Northern Powerhouse Partnership.

Jason Millett
Group Deputy CEO and CEO of Consult
Board appointment: January 2013

Executive responsibility
Jason is Deputy CEO for Mace Group and CEO of Consult. He oversees the strategy, growth and operational performance for Consult, Construct and Group Technical Services, bringing the best of Mace's delivery capability, global teams, service excellence and construction expertise to clients across the world.

Skills and experience
With more than 30 years of construction industry experience. Jason has spearheaded Consult's ambitious strategy, plans and growth for our clients and communities, from infrastructure delivery to critical public services and works of global, national and local importance.

He has been instrumental in numerous large projects, including the construction of Dubai Expo 2020, the transformation of London's Euston station for HS2, and Mace's work as commercial delivery partner to the UK's Defence Equipment and Support organisation.

Additional roles
Jason has held roles on the Department of International Trade's Advisory Group for Investment and more recently the Global Britain Commission. He is also fellow of the Chartered Institute of Building, the Royal Institute of Chartered Surveyors and the Association of Project Management.

David Allen
Chief Financial Officer
Board appointment: January 2023

Executive responsibility
David Allen is Mace's Chief Financial Officer and is responsible for shaping and delivering the Group's financial strategy.

Skills and experience
David has almost 20 years' experience in the built environment. Before joining Mace at the start of 2023, he was Chief Executive of Wates Group, a UK construction, development and property services business.

David joined Wates as Chief Financial Officer in January 2016 following almost seven years as Crossrail's Finance Director. From 2004 to 2009 he was at Laing O'Rourke, where he was Finance Director of its European construction business. Before entering the construction industry, David worked for Accenture, HSBC and Arthur Andersen.

David is a Fellow of the Institute of Chartered Accountants in England and Wales and of the Institution of Civil Engineers. He is a Member of the Institute of Directors.

Amanda Baldwin
Chief People Officer
Board appointment: September 2021

Executive responsibility
As Mace's Chief People Officer, Amanda provides both leadership and direction across our HR teams, not only enabling and influencing the business to achieve ambitious goals but also supporting our people to embrace the challenges of the industry, empowering them to unlock their potential.

Skills and experience
Amanda joined Mace in July 2021 from global law firm, DLA Piper where, as the international HR leader, she worked with their executive board to shape their organisation and people strategy. She also led the transformation of the firm's HR operating model to better support international business growth across 40 countries, influencing the uplift of the leadership and talent pipeline at every level, and supporting the rollout of new values and behaviours for cultural change.

Amanda has 30 years of industry and global expertise, gained from a variety of FTSE-listed and professional services organisations, with a recent focus on supporting business transformation, organisational design and change management.

Additional roles
Amanda's passion for business has led to her undertaking a Master's in Business Administration with IMD Business School in Switzerland in addition to serving as a Non-Executive Board Member for multiple public sector organisations, including Invicta Law Ltd and Commercial Services Group.

Gareth Lewis
CEO for Construct
Board appointment: January 2001

Executive responsibility
Gareth is the Chief Executive Officer for our construction business. In this role he has increased the construction business turnover to more than £1.755bn; with Mace Construct now firmly established as London's number one contractor.

Skills and experience
With more than 35 years' experience in the construction industry, Gareth joined Mace in 1994 and then the Group Board in 2001, before becoming one of the owners of the business in 2003. In 2007, Gareth was appointed Chief Operating Officer for Construct.

During his time as CEO, Gareth has played a central role in the development of several high-profile Mace projects, including The Shard in London Bridge, T5 at Heathrow and Battersea Power Station – one of Europe's largest construction projects. He has a no compromises approach to health, safety and wellbeing and has ensured that Mace has one of the best safety records in the industry.

Under Gareth's leadership, Mace has become one of the UK and Europe's leading major contractors and construction managers.

Additional roles
Gareth currently oversees management of the construction supply chain, and is Group Board sponsor for Behaviours for Success.

Davendra Dabasia
COO for Consult
Board appointment: November 2022

Executive responsibility
As COO for Consult, Davendra is responsible for driving Mace Consult's performance, alongside building our global delivery capability and best practice across our markets, sectors and geographies.

Skills and experience
Davendra's practical expertise in delivering major construction programmes and projects spans two decades and five continents. During his career at Mace, which began in 2007, he has honed his skills in programme and project delivery, through a close involvement with infrastructure for sports and events; leading Mace's growth and expansion into new international markets and territories such as the Middle East, Asia Pacific and the Americas.

In his previous role as Managing Director for International Consultancy, he spearheaded expansion across Mace's global hubs, working closely with the regional teams in the Americas, Middle East & India, Asia Pacific, and Sub-Saharan Africa to deliver distinctive value for Consult's clients.

Mandy Willis
Group Director for Corporate Strategy
Board appointment: October 2014

Executive responsibility
In Mandy's role as the Director for Corporate Strategy, she leads on governance and corporate restructuring activities that are critical to delivering the Mace strategy.

Skills and experience
Mandy officially joined Mace in 2014 after supporting the Board as an external adviser on tax, shareholder and commercial matters for 14 years. Experienced in shareholder matters, corporate structuring, funding and high-level reward and incentivisation, Mandy was appointed in January 2017 to the Board as the Director for Corporate Strategy.

Additional roles
Mandy is also a member of the Development and Innovation Boards at Mace, steering the agenda for capital structuring and research and development. In addition, Mandy acts as the Board Sponsor for legal, tax and Women at Mace, where Mandy champions gender equality as part of the wider diversity and inclusion agenda at Mace, with a specific focus on increasing the representation of women across the business and actively nurturing behaviours that recognise the attributes of a diverse talent pool.

Andrew Jackson
COO for Construct
Board appointment: June 2021

Executive responsibility
Andrew is the Chief Operating Officer (COO) for Construction at Mace, where he is responsible for overseeing the day-to-day operations of the Construct Engine.

Skills and experience
Since joining Mace in 2015, Andrew has helped drive Construct's rapid growth to become one of the UK's leading contractors, building its presence in a diverse range of sectors and geographies.

As COO he has had a laser focus on improving Construct's processes, procedures and governance driving enhanced quality, productivity, and health and safety performance.

Andrew is driven by helping others to succeed and has built countless high performing teams over 35 years in the industry.

Additional roles
Andrew is the Board Sponsor for Mace's Emerging Talent and Talent Pathways schemes and sits on the industry-wide Construction Productivity Taskforce.

Stephen Jeffery
Chief Technical Officer
Board appointment: January 2019

Executive responsibility
As Mace's Chief Technical Officer, Stephen heads up our Group Technical Services team.

Skills and experience
Stephen has continuously driven both technical excellence and innovation throughout his career at Mace, both internally and externally within our supply chain.

Stephen began his Mace journey in 1996, and quickly attained the role of MEP Director. He was responsible for setting up our internal MEP contracting business, Mace MEP, which notably delivered the services on The Shard.

Our Central Technical Team was established in 2017 and in 2019 this team became Group Technical Services coinciding with Stephen becoming Chief Technical Officer and joining the Mace Executive Board. The Group Technical Services remit now includes service excellence; health, safety and wellbeing; compliance and audit; and internal management systems.

Additional roles
Alongside his role as CTO, Stephen oversees our specialist services internal divisions, and the Mace Business School. Stephen is the MEB sponsor for health, safety and wellbeing and our employee resource group, Mace Military.

Michelle Barkess
Chief Information Officer
Board appointment: March 2018

Executive responsibility
As our Chief Information Officer, Michelle Barkess leads on our digital strategy, ensuring that innovation remains top of the Mace agenda.

Skills and experience
Michelle's goal is to build upon the fantastic foundations already in place and position Mace as both the employer and the partner of choice at a global level. Our digital strategy is very much focused on creating a fully connected business across our clients, our people and our supply chain across the world. And as part of becoming a data-driven business, we are constantly looking at how digital platforms can underpin modern methods of construction.

Prior to joining Mace in 2018, Michelle spent more than 20 years leading big-name retailers on their own digital transformation journeys.

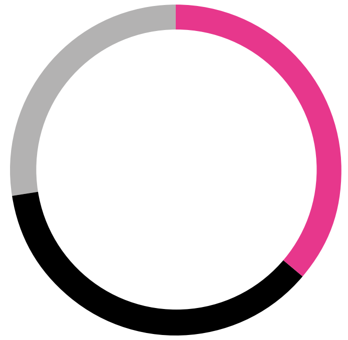
Lee Penlington
Group Commercial Director
Board appointment: January 2016

Executive responsibility
Since 2010 Lee has held overall commercial responsibility for Mace's construction and consultancy businesses.

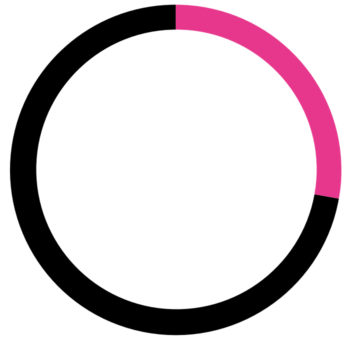
Skills and experience
Lee's motivation is to find solutions to complex commercial challenges whether they are related to procurement, contract negotiations, or 'no surprises' account management. During his 25 years at Mace, Lee has helped develop best-practice across the Group commercially.

Additional roles
Lee is Group Board Sponsor for the Group Procurement & Supply Chain Management Teams.

Board tenure



Gender diversity



CORPORATE GOVERNANCE STATEMENT

The Mace Group, as subject to The Companies (Miscellaneous Reporting) Regulations 2018, has adopted the Wates Corporate Governance Principles for Large Private Companies (the "Principles") when making disclosure about its corporate governance arrangements for the year ended 31 December 2023.

Following the launch of our growth plans in January 2021, as detailed in the 2026 Business Strategy, the Board has continued to grow and develop Mace's approach to good corporate governance. The Board are proud of how they applied the Wates Principles throughout 2023.

Transitioning to the UK Corporate Governance Code throughout 2024

2023 is the last year that Mace will be reviewing its governance solely through the lens of the Wates Corporate Governance Principles. Our ambition is that by January 2025, our organisation will adopt the UK Corporate Governance Code, reflecting the scale of our global ambitions and our growth over recent years.

As such, the governance arrangements described in this report reflects our position in 2023; a firm foundation we are building on throughout 2024. In May 2024, our Chair and Chief Executive Mark Reynolds announced a new governance structure and succession plan; including the splitting of the Chair and Chief Executive role into two positions, and Jason Millett's appointment as Group Chief Executive from 1 January 2025.

Mace Group will also be announcing the appointment of a number of new non-executive directors; including a new Senior Independent Director. This move, in line with the UK Corporate Governance Code, will ensure that our most important decisions are open to independent challenge and scrutiny.

During early 2024, the steering committees described in the report below were formally stood down, and replaced with four main board sub-committees that will be responsible for certain major delegated decisions: Audit and Risk, People (Remuneration and Nominations), Safety and Responsible Business, and Investment and General Purpose. From 1 January 2025, and the formal adoption of the UK Corporate Governance Code, the first three of these committees will be chaired by our new non-executive directors.

Purpose and leadership

2023 was a year of growth for Mace. We reached the midpoint of our ambitious 2026 Strategy. As a purpose-led business, we remain committed to being diverse and inclusive, and to having a positive impact on people and communities globally.

Our strategy shows the world that the Group is bold, confident and focused, ready to lead from the front and take on new challenges driving improvements and change for people, economies and societies. The Group's Key Performance Indicators (detailed on page 48) help to focus the business on our ambitious growth targets and on our current performance.

The Board recognises the role Mace will play in helping the world adapt to rapid and transformative changes and understands how important our culture is to that role. The engines need to operate under a governance framework which protects and enables organisational effectiveness and decision-making (managing risk and creating value through performance) so that we avoid duplication of work, reduce cost and empower colleagues to become an unstoppable force for good.

Our values – safety first, client focus, create opportunity, integrity – permeate everything we do. Together with our purpose, our values guide our behaviours and foster a culture of innovation and service excellence. These have helped us forge cooperative long-term partnerships and relationships with clients and suppliers that are increasingly focused on great mutual outcomes.

Being a Responsible Business continued to be a key focus area for the leadership in 2023 and the Board's commitment to this permeates throughout the business. In support, the Mace Executive Board (MEB) continued its focus on the implementation of the Code of Ethics and the now annual certification requirement whereby employees are required to confirm their adherence to the Code and its underlying policies. In addition to this, the Suppliers' Code of Conduct continued to be a key element of the onboarding process for new suppliers/subcontractors; clearly setting out the behaviours expected by Mace of all its suppliers and subcontractors in the conduct of business. Safecall continued as our external whistleblowing service provider.

Mace's behaviours continued to be embedded during 2023, following a refresh and launch in 2022. Our four behaviours encourage Mace people around the world to be collaborators, to be curious, to be contributors and to be champions.

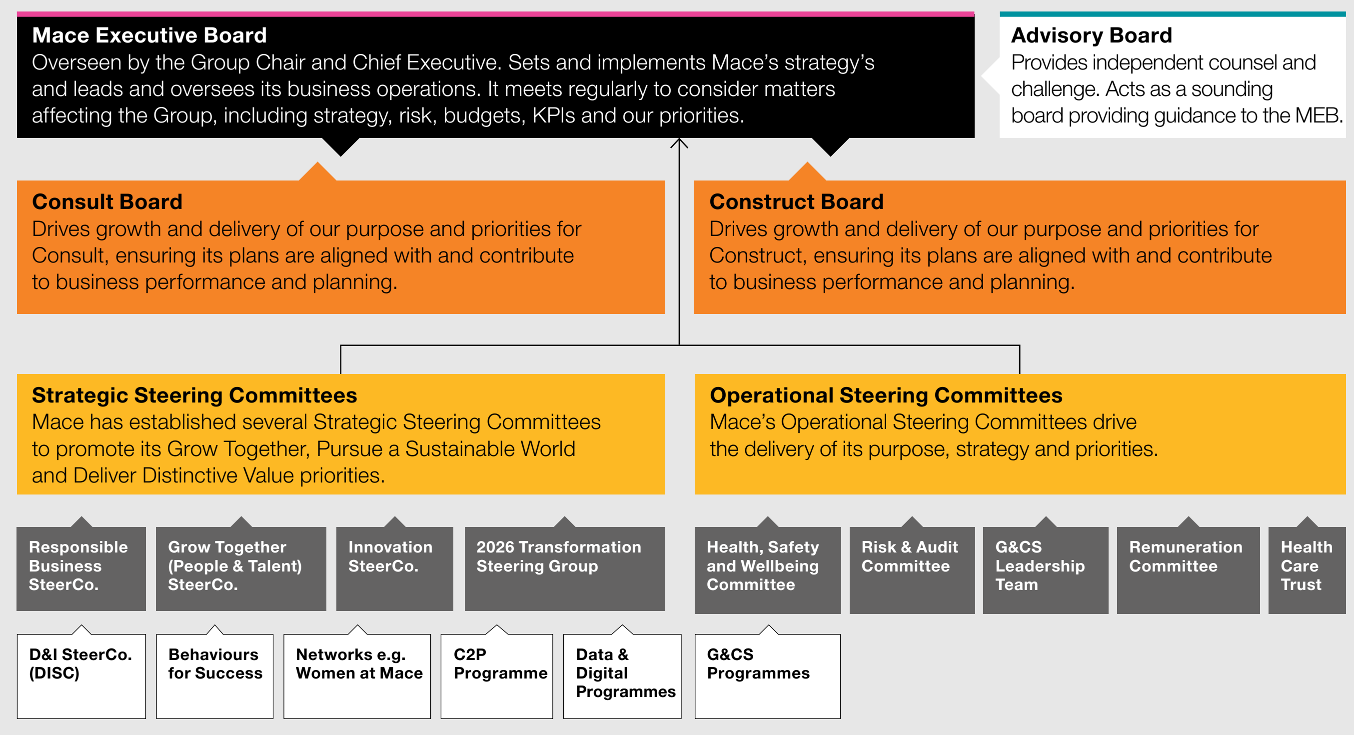
The behaviours are now embedded in every aspect of the colleague experience at Mace, from induction and onboarding to the performance management and goal setting processes.

Mace's employee recognition scheme, Ambition Makers, rewards colleagues and teams who live Mace's behaviours and go above and beyond to support their team mates, Mace's clients and the communities we work in.

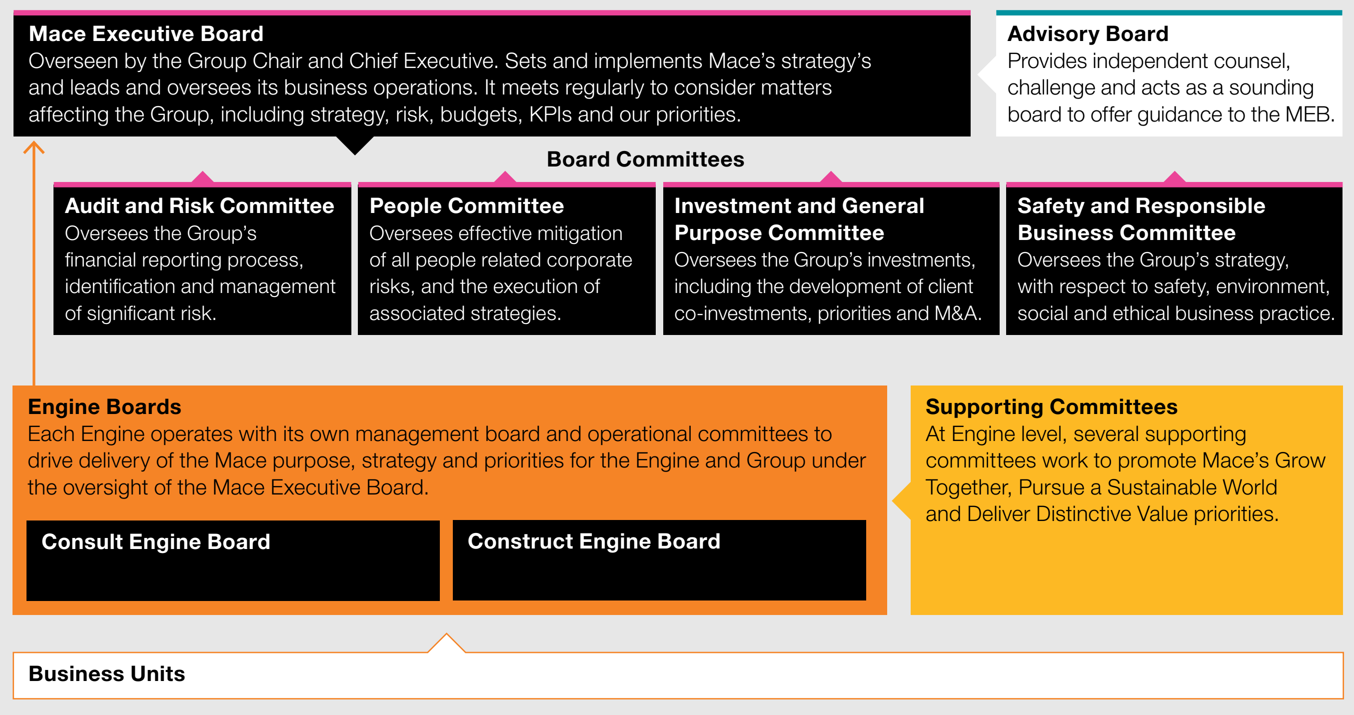
In 2023 Mace achieved a 5.9% annual reduction in our carbon emissions as we progressed along our net zero carbon reduction pathway, and continue to be a carbon neutral business by offsetting any residual emissions through the procurement of Gold Standard carbon offsets. Mace also identified more than one million tonnes of carbon savings on behalf of its clients, four years ahead of target. We have now set a new target of eliminating more than 10 million tonnes of client carbon emissions by 2026.

The Board is committed to the principles of tax transparency and the implementation of measures globally to prevent the facilitation of tax evasion. Our increased focus on governance and on maintaining effective processes to ensure compliance with the Group's Senior Accounting Officer (SAO) obligations, a clean SAO certificate for 2022 was submitted in September 2023. A clean certificate for 2023 is expected to be submitted over the coming months.

OUR 2023 GOVERNANCE FRAMEWORK



OUR 2024 GOVERNANCE FRAMEWORK



The Mace Group has been an accredited Fair Tax Mark business since November 2021. This is the gold standard of responsible tax conduct, demonstrating our commitment to responsible tax conduct and tax transparency.

Taxes contributed in 2023	£000s
Corporate income tax payments / (receipts)	6,194
Research and Development credit	(5,579)
Employment-related taxes	46,563
Irrecoverable withholding taxes expensed in the year	1,178
Other taxes	1,777
Taxes deducted / collected for the government (in addition to taxes borne above):	
Employment related taxes	132,088
CIS	2,394
VAT	262,435
International withholding taxes paid on supplier invoices	4,990
Total tax contribution (taxes generated from Mace Group activity)	452,040
Government grant income received	(334)
Total tax contribution net of government grants received	451,706

Mace began 2023 operating through four engines. During the year the business restructured to focus on its two core engines: Consult and Construct. As part of this restructure, the Group supported a management buyout of Mace Operate which was completed on 1 November 2023.

In 2023 there were 68 external audit days conducted over 10 ISO and other industry certifications, across 15 Mace locations.

During the year, due to team changes internal group audits were limited. However, 97 function-led internal audits were carried out.

To support the Board's target to achieve a workforce which reflects society, we have a Diversity and Inclusion Steering Committee (DISC) which is responsible for driving positive change. This is chaired by our Inclusion Manager and members of this Committee are drawn from across the business to ensure we consider a variety of perspectives.

In October 2023, the Mace Group launched a refreshed Equality, Diversity and Inclusion Strategy, which set new ambitions for recruiting and retaining diverse talent across the world. It focuses on three pillars: attracting and retaining talented and diverse people; ensuring all colleagues have a voice and are valued; and encouraging our leaders to champion our inclusive culture and behaviours.

Alongside our existing target to improve our gender and ethnicity pay gaps by 10% year-on-year, we introduced new ambitions to drive further transformation of our business; including to improve representation at our most senior levels to at least 25%.

Board composition

The Board comprises the statutory directors. Jonathan Mark Holmes resigned as Deputy Chairman on 31 December 2023 but continues as a director. Mark Castle resigned as a non-executive director on 31 December 2023. David Allen was appointed as Chief Financial Officer on 9 January 2023.

The MEB comprises the executive directors and senior management. Jonathan Mark Holmes resigned from the MEB on 31 December 2023. David Allen was appointed to the MEB on 9 January 2023. The MEB together with the Board have the knowledge, experience and expertise required to run an organisation as large and diverse as the Mace Group.

Membership of the Board and the MEB is listed below. Profiles of the members of the MEB are available on page 116. Both the Board and MEB recognise there is still work to be done to improve their diversity of the Board and are committed to increasing diversity amongst the senior leadership team.

Board

- Mark Reynolds – Group Chairman and Chief Executive
- Jonathan Mark Holmes – Director (resigned as Deputy Chairman 31 December 2023)
- David Allen – Chief Financial Officer (appointed 9 January 2023)
- Stephen Jeffery – Chief Technical Officer
- Gareth Lewis – CEO of Construct
- Jason Millett – Deputy Group Chief Executive & CEO of Consult
- Lee Penlington – Commercial Director
- Mandy Willis – Director of Strategy
- Mark Castle – Non-Executive Director (resigned 31 December 2023)
- Stephen Pycroft – Director

MEB

- Mark Reynolds
- David Allen (appointed 9 January 2023)
- Michelle Barkess
- Amanda Baldwin
- Davendra Dabasia
- Jonathan Mark Holmes (resigned as Deputy Chairman 31 December 2023)
- Andrew Jackson
- Stephen Jeffery
- Gareth Lewis
- Jason Millett
- Carolyn Pate
- Lee Penlington
- Mandy Willis

The following people are members of the MEB but are not statutory directors: Michelle Barkess (Chief Information Officer), Amanda Baldwin (Chief People Officer), Davendra Dabasia (Chief Operating Officer – Consult), Andrew Jackson (Chief Operating Officer – Construct) and Carolyn Pate (Company Secretary).

Directors' responsibilities

The Board meets annually. The MEB met quarterly in 2023 and in addition met less formally during weekly operational meetings.

In 2023, Mace made a strategic decision to focus on its core service offerings through its two Engines for Growth: Construct and Consult. Each Engine has its own CEO who is responsible for delivering the Engine's business plan, as well as its own Board; chaired by the divisional CEO.

These Sub-Boards meet on a quarterly basis and report to the MEB. These operating divisions are supported by group partners, functional teams that provide corporate governance, risk and assurance, legal & commercial services, finance, information technology, marketing & communications, procurement and human resource expertise.

During the past year the directors have sought to carry their duties as required under s172 of the Companies Act 2006 (the "Act") as referred to in the Strategic Report. In 2023 the Board continued to focus on the three strategic priorities which underpin the 2026 Business Strategy: Pursue a Sustainable World, Grow Together, and Deliver Distinctive Value.

For each priority, KPIs were agreed and progress was measured at each quarterly meeting. The standing items on the Board agenda during the past year were grouped in line with the three strategic priorities. Further detail of Mace's performance against these KPIs can be found on page 48.

Opportunity and risk

As part of the priority to achieve stable and sustainable growth, the Board continued its robust risk management programme in 2023. The oversight function of the Risk and Audit Committee remained with the Board and the review of the Group's principal risks was maintained as a regular item on their agenda. Further details on Mace's approach to risk can be found in the Risks section of this report on page 104.

The Risk and Audit Committee has returned to its usual pattern of meetings in 2023, with David Allen appointed as the Chair. The Committee members continued to monitor and review the development and delivery of the Group Risk and Audit strategy, ensuring plans were aligned to enable delivery of the 2026 Business Strategy and to mitigate the business' principal risks, as identified in the Strategic Report. Recommendations by Committee members were directly notified to the Board.

Remuneration

The key objectives of the Board, whilst operating within the principles of good governance, are to:

- Assess executive remuneration and reward packages for the executive directors,
- Determine the remuneration of the Chair and the Group management team;
- Determine the total remuneration packages for these individuals including any compensation on termination of office; and
- Approve annual bonus arrangements and share awards, including the relevant performance targets.

Executive remuneration is structured to drive both accountability and performance, creating long-term value for all stakeholders. In determining remuneration, the performance of the business during the financial year and the capabilities needed to deliver its future strategy are taken into consideration. Pay levels are commensurate with market norms.

Stakeholders

Our engagement with our internal and external stakeholders is at the heart of our success as a business. During 2023 we continued to work hard to ensure that we communicated openly and transparently with our stakeholders. Our objective is for our communication (as far as practicable, both inside and outside of the organisation) to be an open and authentic dialogue. We are open to new ideas and best practice from outside Mace.

Our most important stakeholder group is our Mace colleagues, of whom we are extremely proud.

Our engagement with internal and external stakeholders is at the heart of our success as a business.

Our internal communications strategy relies on a broad range of channels to engage directly with colleagues, including our intranet, regular communication events, emails, and direct engagement to create an open conversation across the organisation. We carry out regular engagement and wellbeing surveys and pulse surveys to measure engagement and run regular internal campaigns to promote information about topics that are important to our people, including sustainability, mental health and diversity and inclusion. Regular leadership briefings and all-company briefings take place throughout the year.

To help colleagues, we ran regular work, mental health and wellbeing, communication events, including regular leadership videos and briefings. We also introduced new digital collaboration tools. All-company briefings take place throughout the year.

Mace supports a series of employee resource groups, including Pride at Mace, Women at Mace, the Ethnic Diversity Inclusion Network, the Mace Military Network, Enabled at Mace and Parents at Mace. Throughout 2023, these groups played a key role in working with our corporate team to engage with specific groups of our colleagues; share information and best practice and engage on important policy and operational matters.

Externally, our core stakeholder audiences are our clients, our supply chain, insurers, bond providers, investors, industry organisations, public sector bodies (including both local and national government), and the communities we work in.

During 2023 we continued to work hard to ensure that our core stakeholder groups were kept informed and updated about how we were responding to market challenges and how that would affect our work. We communicate with those audiences through a wide variety of channels, both as part of our day-to-day delivery and wider communications channels and campaigns. This includes promoting our work through media and social media, providing regular updates to our clients about our work and carrying out regular customer surveys.

Of note is our role in helping to lead and shape the wider industry's response to key issues and challenges. Our Group Chairman and CEO (Mark Reynolds) worked closely with key industry and Government stakeholders (including in his role as co-chair of the Construction Leadership Council) to ensure that construction continues to develop in a way that meets society's needs.

Further details of how we create value for these groups is available on page 24 and in the Section 172 statement on page 99.

External reporting

In addition to our Annual Report, we regularly publish information, including our business payment practices and performance under the Duty to Report regime. We published our annual UK Inclusion Pay Gap report, including voluntary disclosure of our ethnicity pay gap data, in September 2023.

External auditors

Following the appointment by the Mace Group of Forvis Mazars LLP (then named Mazars LLP) as auditors on 4 May 2021, Forvis Mazars LLP were re-appointed to conduct the 2023 audit.

As a private company, the Mace Group is not subject to external restrictions in terms of non-audit work provided by the external auditors, but for good governance has chosen to implement its own policy in relation to the level of their remuneration and the extent of their non-audit services.

Governance at Mace is defined as the business system and architecture that organises activities so we can fulfill our purpose of redefining the boundaries of ambition.

Sub-Boards

The Corporate Governance Framework, sponsored by the Board, defines the Group's Sub-Board and Committee structure. Governance at Mace is defined as the business system and architecture that organises activities so we can fulfill our purpose of redefining the boundaries of ambition.

As described earlier in this report, a number of major changes to Mace's structure took place during 2023, including the management buy-out of Mace Operate, and a reduced focus on Mace's development activities.

Further changes and alterations are taking place during 2024, which are described in the first section of this report.

Throughout 2023 the Advisory Board continued to meet as shown in the Governance Framework. The role of the Advisory Board is to support the decision-making process of the Mace Executive Board by advising and providing independent constructive challenge and support to all of the Mace leadership team.

Steering Committees

During 2023, the steering groups referred to below worked in accordance with clear terms of reference to drive activity and results in the areas for which they were responsible.

Responsible Business Committee

The Responsible Business Committee was commissioned to lead the Mace Group in the development and delivery of the Responsible Business Strategy. Responsibilities include but are not limited to:

- Providing direction and guidance to the Responsible Business team on the Responsible Business strategy and plans to ensure delivery of programmes and initiatives remain on track;
- Identifying developments (from other institutions and organisations) that could be considered best practice and assessing how these may be adapted and adopted by Mace;
- Championing the broad Responsible Business agenda within business units and across the Mace Group to achieve a consistent approach; and
- Commissioning working groups, establishing appropriate objectives in accordance with the 2026 Business Strategy and monitoring progress for the duration of the working groups.

Grow Together Board (People and Talent) Committee

The Grow Together Committee guides the delivery of the Mace Group HR strategy. Responsibilities include but are not limited to:

- Reviewing and monitoring the Mace Group HR strategy to ensure it is aligned to the delivery of the 2026 Business Strategy;
- Developing and monitoring a scorecard of key measures agreed with the MEB and reviewed and agreed by the MEB on a quarterly basis;
- Setting the HR Policies for the Mace Group;
- Providing direction and guidance to the HR team on changes to the HR strategy and on the effective delivery of key programmes and initiatives; and
- Identifying developments (from other institutions and organisations) that could be considered best practice and assessing how these may be adapted and adopted by Mace.

Innovation Committee

The Innovation Committee monitors and reviews the development and delivery of the Mace's Innovation strategy, ensuring its plans are aligned to and enable the business to deliver the 2026 Business Strategy. Responsibilities include but are not limited to:

- Setting the Innovation Policies for the Mace Group for approval by the MEB;
- Providing direction and guidance to the Innovation team on changes to the Innovation strategy and on the effective delivery of key programmes and initiatives;
- Identifying developments (from other institutions and organisations) that could be considered best practice and assessing how these may be adapted and adopted by Mace; and
- Championing the broad Innovation agenda within business units and across the Mace Group, to achieve a consistent approach.

Transformation Steering Group Committee

The Transformation Steering Group Committee proposes and oversees a portfolio of transformation and change projects across the Mace Group that will enable the business to fulfill its purpose and support progress against all priority to deliver distinctive value. It reviews and recommends business cases (including investment appraisals) for MEB decision and tracks status and benefits realisation.

Health, Safety and Wellbeing Committee

The Health, Safety and Wellbeing Committee monitors and reviews the development and delivery of the Mace Group health, safety, and wellbeing strategy, ensuring its plans are aligned to and enable the business to deliver the 2026 Business Strategy. Responsibilities additionally include but are not limited to:

- Developing and monitoring the scorecard of key measures as agreed with the MEB;
- Setting the health, safety and wellbeing policies for the Mace Group;
- Providing direction and guidance to the HS&W team on changes to the strategy and on the effective delivery of key programmes and initiatives;
- Evaluating of the Group's investment in the health, safety and wellbeing;
- Championing the broad health, safety and wellbeing agenda within business units and across the Mace Group, to achieve a consistent approach to corporate challenges; and
- Identifying developments from other institutions and organisations that could be considered best practice and assessing how that may be adapted and adopted by Mace.

Risk and Audit Committee

The Risk and Audit Committee monitors and reviews the development and delivery of the Risk and Audit strategy. Responsibilities include but are not limited to:

- Reviewing the Group's risk information, examining overall risk exposure, changes in risk exposure, the status of the Group's risk information and the progress being made in executing mitigating actions;
- Setting the Risk and Audit Policies for the Mace Group and recommending their adoption to the MEB;
- Providing assurance to the MEB on the activities through which the 2026 Business Strategy is being delivered and on compliance with Mace's policies and procedures; and
- Identifying developments from other institutions and organisations that could be considered best practice and assessing how that may be adapted and adopted by Mace.

Group and Commercial Services Committee

The Group and Commercial Services Committee monitors and reviews the development and delivery of the Mace Partners strategy, ensuring its plans are aligned to and enable the business to deliver the 2026 Business Strategy. Responsibilities include but are not limited to:

- Setting the Mace Group and Commercial Services Policies for the Mace Group for approval by the MEB;
- Providing direction and guidance to the Group Partners on changes to the strategy and plans to ensure delivery of programmes and initiatives remain on track;
- Supporting the Group Partners in developing roll-out strategies that will gain maximum traction across the business;
- Championing the broad Group Partners agenda within business units and across the Mace Group, to achieve a consistent approach; and
- Identifying developments from other institutions and organisations that could be considered best practice and assessing how that may be adapted and adopted by Mace.

Mace Health Care Trust Committee

To prioritise and effectively govern the healthcare providers for our people and, in doing so, build employee and stakeholder confidence that their health and healthcare is an important element of our employee value proposition (attracting and retaining great talent in a highly competitive market). For the UK employees this is specific to the actual Trust. For the rest of the Mace Group, the focus is to oversee the relevant benefits provided to global employees.

Remuneration Committee

To recommend, align and monitor the level and structure of remuneration for senior management to support sustainable business performance and success and the delivery of the 2026 business Strategy; to mitigate reward risk and advise the Board on Reward Strategy to ensure that Mace maintains a fair and appropriate remuneration policy and executes it effectively.

DIRECTORS' REPORT

The directors present their annual report on the affairs of the Group, together with audited financial statements and a report from the independent auditor, for the year ended 31 December 2023.

Principal activity

The Group is an international consultancy and construction group whose principal activities continue to be construction delivery, project management and cost consultancy.

Results and dividends

The consolidated profit for the year before taxation, excluding discontinued operations, amounted to £61.7m (2022: £36.7m). The Company has paid dividends of £3.9m (2022: £3.8m) in the year and no further dividend is proposed for the year.

Strategic Report

The Group is required by Section 414A of the Companies Act 2006 to present a Strategic Report in the Annual Report. The Strategic Report also contains, where appropriate, an indication of the directors' view on likely future developments in the business of Mace Group.

Directors

The directors who held office during the year were:

Mark Reynolds
David Allen (appointed 9 January 2023)
Stephen Jeffery
Gareth Lewis
Jason Millett
Lee Penlington
Mandy Willis
Stephen Pycroft
Jonathan Mark Holmes
Mark Castle – Non-Executive Director (resigned 31 December 2023)

Financial instruments

Further information regarding the Group financial instruments related policies and a consideration of its liquidity and other financing risks are set out in note 3 to the financial statements.

Energy and carbon emissions

The Group has been a member of the RE100 Climate Group since 2017, which committed the Group to procure 100% power from renewable sources by 2030. Through the Group's Electricity Supply and New Connections contracts with Npower, EDF Energy and Ecotricity, the Group has procured 100% renewable or REGO backed electricity where the Group has financial control of the energy. Through the partnership with Ecotricity as much 'green' gas has been procured as possible (there is a limited amount and demand outstrips supply) and offsets the remaining CO_2e.

This statement of energy use and carbon emissions complies with the 'Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance March 2019 (Updated Introduction and Chapters 1 and 2)'. The statement below covers energy use and associated greenhouse gas emissions relating to gas, electricity, diesel and business travel via private vehicles, an intensity ratio and information relating to energy efficiency actions. The scope for this report excludes emissions from international and joint arrangements, included in the scope are emissions from Mace Group UK only operations where the Group has financial control.

Reporting Year (UK Operations only Excludes JAs)	2023	2022	Change	Units
Total energy use covering electricity, gas, diesel and transport	**33,285,471**	33,517,356	-1%	kWh
Total emissions generated through combustion of gas	**365**	302	+21%	tCO_2e
Total emissions generated through use of purchased electricity	**5,562**	4,227	+32%	tCO_2e
Total emissions generated through use of other fuels	**177**	1,414	-87%	tCO_2e
Total emissions generated through business travel	**1,519**	1,197	+27%	tCO_2e
Total gross emissions	**7,623**	7,140	+7%	tCO_2e
Intensity ratio (total gross emissions)	**415**	463	-10%	tCO_2e per £m Revenue

Explanation of energy consumption

The figures above show a marginal reduction of 1% in energy use from 2022 to 2023.

- **Gas:** The majority of Mace's gas use is driven by our offices and our construction projects, the volume of work we are delivering and the various demand profiles of different stages of construction. The 21% increase in 2023 is due to a number of large construction projects coming online during the year.
- **Electricity:** Similarly, the 32% increase in emissions from electricity use is due to a number of Mace construction projects entering the commissioning phase, where the energy requirements increase as a result of the nature of work being delivered onsite. As our use of diesel onsite has reduced, we have also seen a corresponding increase in electricity use.
- **Other fuels:** The 87% reduction in consumption of 'other fuels' reflects the significant reduction in emissions caused by the Group's ban on the use of diesel fuel on our construction sites and projects. The Group is unable to separate diesel generator use from diesel used in other plant equipment, so we have chosen to include all diesel usage.
- **Business travel:** Despite efforts to reduce business travel across the Group, our expanding consultancy operations around the world have seen our business travel carbon increase by 27% year-on-year. We continue to work across our operations to minimise and eliminate unnecessary business travel.
- As a result of the above, our UK operations, year-on-year gross emissions have increased by 7%. When compared to the Group's total revenue, our 'intensity ratio' of 'tCO_2e per £m of revenue' has reduced by 10%.

Energy efficiency

In January 2020 Mace launched its Net Zero Strategy and a behavioural change initiative called 'Steps without Footprints'. The report 'Steps without Footprints: One Year On' details the 2020 journey and future targets: Report: Steps Without Footprints – One Year On | Mace (macegroup.com).

- **Transforming the Group's impact on society and planet:** Evolving the way business is done to ensure that operations are sustainable, ethical and robustly governed. The Group's ESG strategy links to the Group's strategic priorities, connecting every element of what we do to our purpose.
- **Value2Society:** Creating shared value, supporting communities and generating opportunities to deliver better outcomes for society. It's what we do because it's the right thing to do. Over the last few years, we have increased our Value2Society, but there is always more that we can do.
- **Carbon emissions:** Globally we have reduced our Scope 1, 2 and 3 carbon emissions by 5.9%. We will continue secure annual verification of our net zero position, with a target of reducing our corporate carbon footprint by 10% each year.

To become net zero Mace committed to reduce carbon emissions associated with:

- Energy use – the electricity, gas and diesel consumed;
- Embodied carbon – from manufacturing and transporting the materials used in the buildings we develop and own;
- Business travel – our flights, trains, taxis, cars, and hotel accommodation;
- Water and waste from Mace construction sites – the water we use and waste we send to landfill;
- Purchased goods and services – water consumption from Mace construction projects;
- Waste; and
- Home working.

Having achieved carbon neutrality in 2020, Mace is committed to a net zero future, this involves reducing energy use, business travel and onsite diesel. Mace has committed to reducing its environmental impact and helping its clients reduce their impact on the environment. Mace has established a new 2026 target to reduce client carbon emissions by 10m tonnes.

Methodology used in the calculation of disclosures

The methodology for compiling the data in this report has followed the format of the Mace ESOS Reports and complies with Environmental Reporting Guidelines (including the streamlined energy and carbon reporting guidance issued in March 2019 – Updated Introduction and Chapters 1 and 2).

Mace's scope for SECR reporting is activities where Mace: acts as a project/construction manager; has control of emissions associated with the construction set-up and construction activities; and has financial control of the utilities.

Any estimations used for data use the pro-rata calculation technique. This is used where there are data gaps, as the billing period covers more than the reporting year and needs to be quantified using a proportional method based on meter readings. The consumption for a billing period is broken down into a daily consumption and multiplied into monthly consumption to cover the data gap.

The Intensity ratio, reported for UK operations, has been calculated by dividing total emissions (tCO_2e) by the UK revenue recorded in the period.

Directors' indemnity insurance
The Company provides a directors' and officers' insurance policy which was in place during the year and remains in force at the date of this report.

Going concern
The directors continue to adopt the going concern basis in preparing the Group's 2023 financial statements.

The directors have carried out an assessment of the Group's ability to continue as a going concern for a period of at least 12 months from the date of the approval of the financial statements. The assessment has considered:
- The likelihood of the principal risks of the Group occurring;
- Current liquidity levels and financing arrangements;
- The most recent unaudited trading performance of the Group at the point at which the assessment took place, being March 2024;
- The anticipated results for the 2024 and 2025 financial years with reference to the Board approved targets and associated assumptions; and
- The total value and phasing of the Group's forward order book.

In performing their assessment, the directors have modelled the impact of three adverse scenarios, which were selected through a detailed review of the Group's principal risks. The three scenarios noted below model the impact on the Group's financial performance and have been assessed before and after reasonable mitigation to consider the level of severity:
- Inability to re-finance debt facilities that mature at the end of January 2025;
- A downside scenario in which all principal risks occur simultaneously, including unexpected contractual loss, lower than expected returns from major projects, supply chain failure, delays in customer receipts and unexpected inflationary pressure; and
- A balanced downside case assuming that only risks assessed as being of 'High' or 'Medium' likelihood occur.

In even the most severe of these scenarios, the Group is still expected to retain sufficient liquidity to operate efficiently and remain within its banking covenants throughout the going concern period.

Events after the reporting date
Details of significant events after the reporting date can be found in the Strategic Report and in note 29.

Employees
The Directors recognise that employees are fundamental to Mace's success and are committed to the involvement and development of employees at all levels. The Directors wish to ensure that Mace is a diverse and inclusive business that respects employees' protected characteristics including race, religion, sexual orientation and any disabilities.

Mace gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is Mace's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Arrangements exist to keep all employees informed on matters of concern to them and information on Mace Group performance and prospects is disseminated widely. The Directors ensure that employees or their representatives are consulted on a regular basis so that the views of employees can be considered in making decisions which are likely to affect their interests. Employees are encouraged to be concerned with the performance and efficiency of Mace Group and various profit sharing and bonus schemes operate to emphasise and reinforce this.

The Directors would like to thank all Group employees for their hard work during the year.

Engagement with stakeholders
Mace Group continued to engage with stakeholders throughout the year as disclosed in the s172 Statement.

Research and development
Investment in research and development is the key to driving the business forward. In 2023, the Group invested £68.1m (2022: £57m) which included development of new construction elements, temporary works processes, and making substantial improvements in mechanical and electrical services.

Disclosure of information to auditors
Each of the persons who is a director as at the date of this report confirms that:
- So far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Forvis Mazars LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed appointed as Auditors at the Annual General Meeting.

The financial statements are approved by the Board and signed by order of the Directors.

Carolyn Pate
Group Company Secretary
27 June 2024

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Strategic Report, the Directors' Report, the Corporate Governance Report, and the financial statements in accordance with applicable law and regulations.

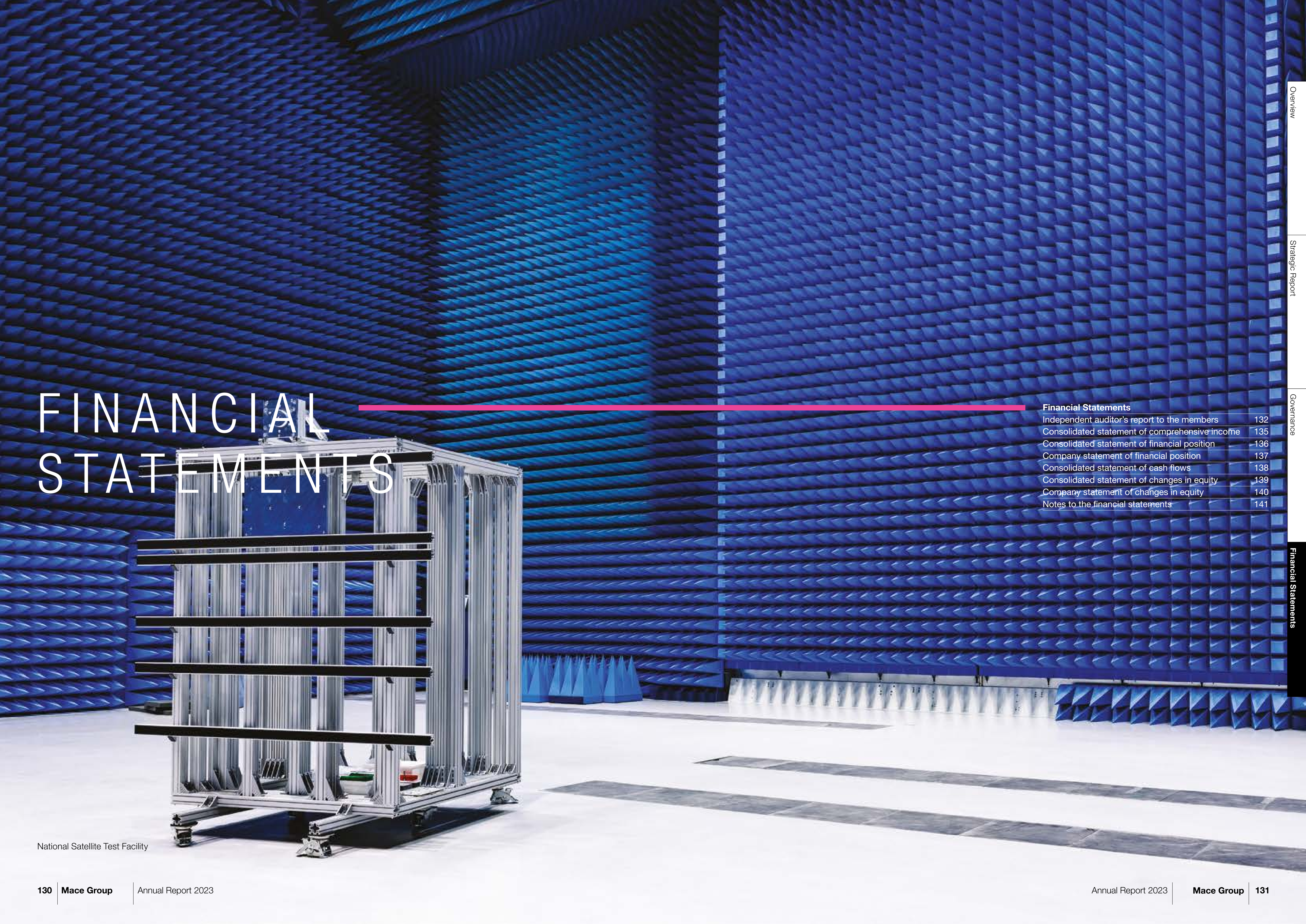
Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework. Under company law directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of their profit or loss for that period. The Directors consider the financial statements to be true and fair.

In preparing these financial statements, the Directors are required to:
- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether the Group financial statements have been prepared in accordance with UK-adopted international accounting standards;
- State whether the Company financial statements have been prepared in accordance with FRS 101 Reduced Disclosure Framework; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Mark Reynolds
Group Chairman
and Chief Executive
27 June 2024



FINANCIAL STATEMENTS

Financial Statements

National Satellite Test Facility

Opinion

We have audited the financial statements of Mace Finance Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the following:

— Consolidated Statement of Comprehensive Income
— Consolidated Statement of Financial Position
— Company Statement of Financial Position
— Consolidated Statement of Cash Flows
— Consolidated Statement of Changes in Equity
— Company Statement of Changes in Equity, and
— Notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted international accounting standards.

The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

— The financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2023 and of the group's profit for the year then ended;
— The group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
— The parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
— The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our audit procedures to evaluate the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

— Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern;
— Obtaining an understanding of the relevant controls relating to the directors' going concern assessment;
— Assessing the historical accuracy of projections prepared by the directors;
— Assessing the data inputs and the assumptions underlying the base case going concern model, and the assumptions used in the downside and upside scenarios;
— Testing the forecast model and covenant calculations for mathematical accuracy and logical integrity;
— Assessing projected liquidity and projected covenant compliance over the going concern period; and
— Evaluating the appropriateness of the directors' disclosures in the financial statements on going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

— The information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
— The strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

— Adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
— The parent company financial statements are not in agreement with the accounting records and returns; or
— Certain disclosures of directors' remuneration specified by law are not made; or
— We have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 129, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the group and the parent company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, Bribery Act and Modern Slavery Act, Health and Safety regulation, anti-money laundering regulation, General Data Protection Regulation (GDPR) and Building Safety Act.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

— Inquiring of management and, where appropriate, those charged with governance, as to whether the group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
— Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
— Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
— Considering the risk of acts by the group and the parent company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the completeness, existence, cut-off and accuracy), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

— Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
— Gaining an understanding of the internal controls established to mitigate risks related to fraud;
— Discussing amongst the engagement team the risks of fraud; and
— Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body for our audit work, for this report, or for the opinions we have formed.

William Neale Bussey (Senior Statutory Auditor)
for and on behalf of Forvis Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey
London
EC4M 7AU

27 June 2024

Consolidated statement of comprehensive income
Year ended 31 December 2023

		2023 £000s	Restated* 2022 £000s
Group revenue	4	**2,356,792**	1,892,583
Cost of sales	4	**(2,100,459)**	(1,680,938)
Gross profit	4	**256,333**	211,645
Administrative expenses	4	**(176,600)**	(167,202)
Other income	7	**581**	845
Fair value on financial instruments measured at FVTPL	3	**(4,313)**	856
Operating profit before exceptional items	4	**76,001**	46,144
Exceptional – impairment loss on loan to joint venture	11	**(11,730)**	(13,009)
Operating profit	4	**64,271**	33,135
Share of net profit of associates and joint ventures	15	**731**	2,625
Profit on disposal of subsidiaries	4	**46**	–
Profit before interest	4	**65,048**	35,760
Finance income	8	**2,210**	5,574
Finance costs	8	**(5,584)**	(4,667)
Profit before taxation	4	**61,674**	36,667
Income tax expense	12	**(17,877)**	(13,941)
Profit for the year – continuing operations		**43,797**	22,726
Loss for the year – discontinued operations	23	**(10,122)**	(485)
Profit for the year		**33,675**	22,241
Profit for the year attributable to:			
Owners of the parent		**33,593**	22,520
Non-controlling interest		**82**	(279)
		33,675	22,241
Other comprehensive income			
Items that will or may be classified to profit and loss:			
Exchange differences on re-translation of foreign subsidiaries		**(4,529)**	5,227
Items that will not be classified to profit and loss:			
Remeasurement of post-employment benefit obligation	19	**(2,490)**	980
Tax on remeasurement of post-employment benefit scheme		**329**	(79)
Total comprehensive income for the year		**26,985**	28,369
Total comprehensive income for the year attributable to:			
Owners of the parent		**27,072**	28,515
Non-controlling interest		**(87)**	(146)
		26,985	28,369
Analysed by:			
Continuing operations		**37,107**	27,637
Discontinued operations		**(10,122)**	732
Total comprehensive income for the year		**26,985**	28,369

The notes on pages 141 to 182 form part of these financial statements.

*Prior year restated to reflect discontinued operations see Note 1 and 23.

Consolidated statement of financial position
As at 31 December 2023

	Note	31 December 2023 £000s	31 December 2022 £000s
Non-current assets			
Property, plant and equipment	13	**33,405**	26,993
Intangible assets	14	**158,232**	166,755
Deferred tax assets	12	**4,864**	10,095
Investments in joint ventures & associates	15	**251**	944
Other investments	15	**6,675**	11,314
Restricted cash	25	**252**	244
Trade and other receivables	17	**–**	600
Deferred consideration	23	**4,337**	–
		208,016	216,945
Current assets			
Trade and other receivables	17	**614,115**	519,091
Development loan to joint venture	18	**33,700**	44,430
Development work in progress	18	**7,382**	7,494
Current tax assets		**2,143**	1,353
Restricted cash	25	**10,842**	26,281
Cash at bank		**175,809**	153,933
		843,991	752,582
Current liabilities			
Trade and other payables	19	**(807,517)**	(703,419)
Provisions	20	**(9,651)**	(9,334)
Financial liabilities	21	**–**	(473)
Current tax liabilities		**(11,729)**	(6,045)
Lease liabilities & borrowings	22	**(6,854)**	(56,726)
		(835,751)	(775,997)
Net current liabilities		**8,240**	(23,415)
Total assets less current liabilities		**216,256**	193,530
Non-current liabilities			
Trade and other payables	19	**(1,199)**	(527)
Provisions	20	**(63,600)**	(88,395)
Financial liabilities	21	**–**	(181)
Lease liabilities & borrowings	22	**(73,453)**	(49,386)
Deferred tax liabilities	12	**(1,932)**	(1,511)
		(140,184)	(140,000)
Net assets		**76,072**	53,530
Capital and reserves			
Share capital	24	**1**	1
Own shares	24	**(7,682)**	(7,744)
Foreign exchange reserve		**(4,949)**	(589)
Retained earnings		**88,027**	60,814
Equity shareholders' funds		**75,397**	52,482
Non-controlling interests		**675**	1,048
		76,072	53,530

These financial statements of Mace Finance Limited (Company number 08057308) were approved by the directors, authorised for issue on 27 June 2024, and are signed on their behalf by:

Mark Reynolds
Chief Executive Officer

David Allen
Chief Financial Officer

The notes on pages 141 to 182 form part of these financial statements.

Company statement of financial position
As at 31 December 2023

	Note	31 December 2023 £000s	31 December 2022 £000s
Non-current assets			
Deferred tax assets	12	**233**	2,015
Investments in subsidiaries	15	**146,111**	146,111
Trade and other receivables	17	**2,800**	–
		149,144	148,126
Current assets			
Trade and other receivables	17	**24,284**	20,241
Current tax assets		**5,626**	720
Cash at bank		**1,557**	345
		31,467	21,306
Current liabilities			
Trade and other payables	19	**(80,664)**	(81,062)
Borrowings	22	**–**	(16,880)
		(80,664)	(97,942)
Net current liabilities		**(49,197)**	(76,636)
Total assets less current liabilities		**99,947**	71,490
Non-current liabilities			
Trade and other payables	19	**(672)**	–
Borrowings	22	**(50,000)**	(30,000)
Deferred tax liabilities	12	**(78)**	–
		(50,750)	(30,000)
Net assets		**49,197**	41,490
Capital and reserves			
Share capital	24	**1**	1
Own shares	24	**(6,809)**	(4,363)
Retained earnings		**56,005**	45,852
Equity shareholders' funds		**49,197**	41,490

A separate profit and loss account for the Company (Company number 08057308) is not presented as permitted by Section 408 of the Companies Act 2006. The profit after taxation of the Company was £14.5m (2022: £5.7m) and total comprehensive income was £14.5m (2022: £5.7m).

These financial statements were approved by the directors, authorised for issue on 27 June 2024 and are signed on their behalf by:

Mark Reynolds
Chief Executive Officer

David Allen
Chief Financial Officer

The notes on pages 141 to 182 form part of these financial statements.

Consolidated statement of cash flows
Year ended 31 December 2023

	Note	**Year ended 31 December 2023 £000s**	Year ended 31 December 2022 £000s
Cash flows from operating activities	25	**54,199**	(3,491)
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		**(4,310)**	(5,836)
Acquisition of subsidiaries		**–**	(7,279)
Disposal of subsidiaries	23(i), (ii)	**(3,938)**	82
Dividends from joint ventures	15	**1,271**	2,524
Proceeds from disposals of property, plant and equipment and intangible assets		**–**	451
Net cash used in investing activities		**(6,977)**	(10,058)
Cash flows from financing activities			
Dividends paid to Company shareholders		**(3,849)**	(3,751)
Dividends paid to non-controlling interests		**(424)**	(677)
Repurchase of own shares		**(338)**	(323)
Exercise of options		**30**	92
Increase in borrowings		**30,000**	40,000
Repayment of borrowings		**(10,000)**	(10,000)
Repayment of lease liabilities		**(5,561)**	(5,134)
Net cash inflow from financing activities		**9,858**	20,207
Net increase in cash at bank and bank overdrafts		**57,080**	6,658
Cash at bank and bank overdrafts at beginning of year		**129,864**	126,936
Effects of currency translation on cash at bank and bank overdrafts		**(41)**	(3,730)
Cash at bank and bank overdrafts at end of year		**186,903**	129,864

Cash at bank and bank overdrafts		**2023 £000s**	2022 £000s
Cash at bank		**175,809**	153,933
Restricted cash	25	**11,094**	26,525
Bank overdrafts	22	**–**	(50,594)
		186,903	129,864

The notes on pages 141 to 182 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
Year ended 31 December 2023

	Share Capital £000s	Own Shares £000s	Foreign Exchange Reserve £000s	Retained Earnings £000s	Attributable to Owners £000s	Non-Controlling Interests £000s	Total £000s
Equity shareholders' funds as at 1 January 2022	2	(21,957)	(5,683)	55,022	27,384	1,871	29,255
Profit after tax for the year	–	–	–	22,520	22,520	(279)	22,241
Remeasurement of post-employment benefit scheme	–	–	–	980	980	–	980
Tax on remeasurement of post-employment benefit obligation	–	–	–	(79)	(79)	–	(79)
Retranslation gain	–	–	5,094	–	5,094	133	5,227
Total comprehensive income for the year	–	–	5,094	23,421	28,515	(146)	28,369
Dividends paid	–	–	–	(3,751)	(3,751)	(677)	(4,428)
Repurchase of shares (note 24)	–	(338)	–	–	(338)	–	(338)
Cancellation of shares (note 24)	(1)	13,862	–	(13,862)	(1)	–	(1)
Share-based payments	–	–	–	565	565	–	565
Shares transferred to award owners	–	689	–	(581)	108	–	108
Equity shareholders' funds as at 31 December 2022	1	(7,744)	(589)	60,814	52,482	1,048	53,530
Profit after tax for the year	**–**	**–**	**–**	**33,593**	**33,593**	**82**	**33,675**
Remeasurement of post-employment benefit scheme (note 19)	**–**	**–**	**–**	**(2,490)**	**(2,490)**	**–**	**(2,490)**
Tax on remeasurement of post-employment scheme	**–**	**–**	**–**	**329**	**329**	**–**	**329**
Retranslation loss	**–**	**–**	**(4,360)**	**–**	**(4,360)**	**(169)**	**(4,529)**
Total comprehensive income for the year	**–**	**–**	**(4,360)**	**31,432**	**27,072**	**(87)**	**26,985**
Disposal of non-controlling interest	**–**	**–**	**–**	**–**	**–**	**138**	**138**
Dividends paid	**–**	**–**	**–**	**(3,849)**	**(3,849)**	**(424)**	**(4,273)**
Repurchase of shares (note 24)	**–**	**(338)**	**–**	**-**	**(338)**	**–**	**(338)**
Cancellation of shares (note 24)	**–**	**338**	**–**	**(338)**	**–**	**–**	**–**
Shares transferred to award owners	**-**	**62**	**–**	**(32)**	**30**	**–**	**30**
Equity shareholders' funds as at 31 December 2023	**1**	**(7,682)**	**(4,949)**	**88,027**	**75,397**	**675**	**76,072**

The notes on pages 141 to 182 are an integral part of these consolidated financial statements.

Company statement of changes in equity
Year ended 31 December 2023

	Share Capital £000s	Own Shares £000s	Retained Earnings £000s	Total £000s
Equity shareholders' funds as at 1 January 2022	2	(17,449)	57,909	40,462
Profit after tax for the year	–	–	5,669	5,669
Total comprehensive income for the year	–	–	5,669	5,669
Dividends paid (£0.6 per share)	–	–	(3,848)	(3,848)
Repurchase of shares	–	(1,465)	–	(1,465)
Cancellation of shares	(1)	13,862	(13,862)	(1)
Share-based payments	–	–	565	565
Shares transferred to award owners	–	689	(581)	108
Equity shareholders' funds as at 31 December 2022	1	(4,363)	45,852	41,490
Profit after tax for the year	**–**	**–**	**14,463**	**14,463**
Total comprehensive income for the year	**–**	**–**	**14,463**	**14,463**
Dividends paid (£0.6 per share)	**–**	**–**	**(3,940)**	**(3,940)**
Repurchase of shares	**–**	**(2,846)**	**–**	**(2,846)**
Cancellation of shares	**–**	**338**	**(338)**	**–**
Shares transferred to award owners	**–**	**62**	**(32)**	**30**
Equity shareholders' funds as at 31 December 2023	**1**	**(6,809)**	**56,005**	**49,197**

The notes on pages 141 to 182 are an integral part of these consolidated financial statements.

Notes to the financial statements
Year ended 31 December 2023

1. Accounting policies

General information
Mace Finance Limited (the "Company" and the "Group") is a private company limited by shares, incorporated and domiciled in England and Wales. The address of the registered office is 155 Moorgate, London, EC2M 6XB. The principal activities of the Group and the Company are detailed in the Directors' Report.

The functional currency of the Company is pounds sterling because that is the currency of the primary economic environment in which the Group operates. Pounds sterling is also the presentation currency of the Company and Group. The amounts stated are denominated in thousands (£000).

Basis of preparation
The consolidated financial statements have been prepared in accordance with UK-adopted accounting standards and with the requirements of the Companies Act 2006.

The consolidated financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative financial instruments) at fair value through profit and loss.

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under Financial Reporting Standard (FRS) 100 issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2023 the Company reported under FRS 101 as issued by the Financial Reporting Council, which does not result in any change in the amounts presented because the Company's accounting policies under FRS 101 are consistent with those described in the Group's consolidated financial statements under UK-adopted international accounting standards.

As permitted by FRS 101, the Company has taken advantage of the following disclosure exemptions available under that standard:

— The requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement.
— The requirements of IAS 7 Statement of Cash Flows.
— The requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures.
— The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
— The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.
— The requirements of paragraphs 134(d)-134(f) and 135(a) – 135(e) of IAS 36 Impairment of Assets.
— The requirements of IAS 8 to disclose the details of standards issued but not yet effective and the likely impact, and
— The disclosure requirements of IFRS 7 Financial Instruments, other than those required by law.

Where required, equivalent disclosures are given in the consolidated financial statements.

In addition to the application of FRS 101, the Company has taken advantage of Section 408 of the Companies Act 2006 and consequently its statement of comprehensive income (including the profit and loss account) is not presented as part of these financial statements.

Prior year restatements
Restatement of comparative financial information – Discontinued Operations
On 1 November 2023 the Group entered into an agreement to sell its 100% stake in Mace Operate Limited and its subsidiaries and joint ventures ("Mace Operate"), comprising its facility management business (the "Transaction"). The Transaction completed on 1 November 2023 and Mace does not hold any remaining interest in Mace Operate. In accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', from 1 November 2023 the Group has classified Mace Operate as a discontinued operation.

An operation is classified as discontinued if it is a component of the Group that: (i) has been disposed of, or meets the criteria to be classified as held for sale; and (ii) represents a separate major line of business or geographic area of operations or will be disposed of as part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations. The results of discontinued operations are presented separately from those of continuing operations. Accordingly, the results for the year ended 31 December 2022 have been restated, impacting the Consolidated Statement of Comprehensive Income. Refer to note 23 for further details on discontinued operations.

Going concern
The directors continue to adopt the going concern basis in preparing the Group's 2023 financial statements.

The directors have carried out an assessment of the Group's ability to continue as a going concern for a period of at least 12 months from the date of the approval of the financial statements. The assessment has considered:

— The likelihood of the principal risks of the Group occurring;
— Current liquidity levels and financing arrangements;
— The most recent unaudited trading performance of the Group at the point at which the assessment took place, being March 2024;
— The anticipated results for the 2024 and 2025 financial years with reference to the Board approved targets and associated assumptions; and
— The total value and phasing of the Group's forward order book.

1. Accounting policies (continued)

Going concern (continued)
In performing their assessment, the directors have modelled the impact of three adverse scenarios, which were selected through a detailed review of the Group's principal risks. The three scenarios noted below model the impact on the Group's financial performance and have been assessed before and after reasonable mitigation to consider the level of severity:

— Inability to re-finance debt facilities that mature at the end of January 2025;
— A downside scenario in which all principal risks occur simultaneously, including unexpected contractual loss, lower than expected returns from major projects, supply chain failure, delays in customer receipts and unexpected inflationary pressure; and
— A balanced downside case assuming that only risks assessed as being of 'High' or 'Medium' likelihood occur.

In even the most severe of these scenarios, the Group is still expected to retain sufficient liquidity to operate efficiently and remain within its banking covenants throughout the going concern period.

Basis of consolidation
The Group financial statements incorporate the results of Mace Finance Limited, its subsidiary undertakings, and the Group's share of the results of joint ventures and joint operations. Subsidiaries are all entities over which the Group has control.

The power over relevant activities, exposure or rights to variable returns from its involvement with an investee, and the ability to influence those returns, are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group until the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed to the income statement. The identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair values at the acquisition date, irrespective of any non-controlling interest. The excess of cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but impairment indicators are considered for the asset transferred. Accounting policies of acquired subsidiaries are changed where necessary, to ensure consistency with policies adopted by the Group. All subsidiaries of the Group are included within the consolidated financial statements.

Changes to accounting policies as a result of new standards issued and effective
IFRS 17 Insurance Contracts
IFRS 17, issued in May 2018, establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard. The Standard is effective for years beginning on or after 1 January 2023 with a requirement to restate comparatives.

The Company enters into performance guarantees where the Company guarantees certain subsidiaries performance to a customer. The Company has reviewed and concluded its arrangements meet the accounting definition of an insurance contract under IFRS 17. The Company has elected to apply IFRS 17 to all currently issued performance guarantee contracts. The Company has assessed the probability of losses on its performance guarantees and has determined that the probability is remote after consideration of both historical and forward-looking triggers and as such the estimated liability is immaterial. As a result, no transition accounting entries were required as at 1 January 2023 and, as the estimated liability is immaterial at 31 December 2023, no liability has been recognised in the Company financial statements.

Group has assessed that its parent company guarantee arrangements in the form of financial or performance guarantees, that meet the IFRS 17 definition of insurance contracts, have no impact on the Group financial statements of the Group for the year to 31 December 2023. The Group has no other contractual obligations impacted by IFRS 17. The Directors are not aware of any other contracts where IFRS 17 would have an impact on the Group financial statements.

There are no other new standards or interpretations issued by the IASB that had a significant impact on the Group financial statements.

Standards and interpretations issued but not yet effective
A number of new standards and amendments to existing standards have been published which are mandatory but are not effective for the year ended 31 December 2023. The directors do not anticipate that the adoption of these revised standards and interpretations will have a significant impact on the figures included in the financial statements in the period of initial application.

Revenue and margin recognition
Revenue is measured under IFRS 15 at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services in the normal course of business, net of discounts, VAT and other sales related tax. Revenue is recognised in the period in which the performance obligations are satisfied. Margin is calculated by reference to total project revenue less costs incurred to deliver the services. The different types of contract types are described below with reference to our Engines:

Consult contracts
The Group earns revenue from the provision of services relating to Consult contracts for project and programme management, cost consultancy and advisory services. Revenue is measured under IFRS 15 at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services in the normal course of business, net of discounts, VAT and other sales related tax.

The Group recognises revenue when it transfers control over a product or service to a customer. Revenue under most contracts is either a fixed fee for a specific service or period of service, or is based on a set hourly / daily rate. Contracts often comprise service or framework agreements, together with specific task orders issued under the terms of the framework agreement. Depending on the nature of the framework agreement and the task orders, each task order may be treated as a separate performance obligation or as a variation on existing performance obligations.

An element of variable consideration, assessed for example by reference to identified performance obligations, can be included in the contractual arrangements, and is included in estimated contract revenue based on management's assessment of the likely outcome, but only to the extent that it is highly probable that a significant reversal will not be required when the level of variable consideration is determined.

For fixed-fee service contracts, revenue is recognised over the period of delivery of the service. Total expected revenue is recognised in profit or loss in proportion to the percentage of completion of the performance obligation at the reporting date. The percentage of completion is measured by actual costs incurred in relation to total estimated costs. Estimates of revenues, costs or the extent of progress towards completion are revised if circumstances change. In the Group's view this best reflects the value delivered to the customer in a business that mainly uses human and intellectual capital (of its employees) for completion of the performance obligations.

In the case of fixed-fee contracts, the customer makes payments based upon a contractual payment schedule. If the services rendered by the Group exceed the payments, a contract asset (accrued revenue) is recognised. If the payments exceed the services rendered, a contract liability (deferred revenue) is recognised.

For contracts under which revenue is based solely on a set hourly / daily fee, revenue is normally billed monthly in arrears, and is recognised in the period that the services are delivered by reference to the amount the Group has a right to invoice in respect of those services.

Construct contracts
A significant percentage of the Group's revenue is derived from construction contracts. The majority of contracts are considered to contain only one performance obligation for the purposes of recognising revenue. While the scope of works may include a number of different components, in the context of construction activities these are usually highly interrelated and produce a combined output for the customer.

Contracts are typically satisfied over time. For fixed price construction contracts, progress is measured through a valuation of the works undertaken by a professional quantity surveyor, including an assessment of any elements for which a price has not yet been agreed, such as changes in scope. For cost reimbursable contracts, progress is measured based on the costs incurred to date as a proportion of the estimated total cost and an assessment of the final contract price payable.

Variations to the original contract sum are not included in the estimated total contract price until the customer has agreed the revised scope of work. Where the scope has been agreed but the corresponding change in price has not yet been agreed, only the amount that is considered highly probable not to reverse in the future is included in the estimated total contract price. Where delays to the programme of works are anticipated and liquidated damages would be contractually due, the estimated total contract price is reduced accordingly. This is only mitigated by expected extensions of time or commercial resolution being achieved where it is highly probable that this will not lead to a significant reversal in the future.

In order to recognise the profit over time, it is necessary to estimate the total costs of the contract. These estimates take account of any uncertainties in the cost of work packages which have not yet been let and materials which have not yet been procured, the expected cost of any acceleration of or delays to the programme or changes in the scope of works and the expected cost of any rectification works during the defect liability period. Once the outcome of a construction contract can be estimated reliably, margin is recognised in the income statement in line with the corresponding stage of completion. Where a contract is forecast to be loss-making, the full loss is recognised immediately in the income statement. Un-invoiced amounts relating to construction contracts are presented in the statement of financial position as contract assets.

Operate contracts (classified as Discontinued operations)
Operate contracts include fees for facilities management, helpdesk and consultancy services. Due to the diversity of services delivered, the division uses different types of contracts to suit the different delivery and pricing arrangements.

Fixed price, cost plus and guaranteed maximum price contracts may be used and are all typically accounted for as a single performance obligation. Even when a contract includes an array of different service lines, they are considered to form a single performance obligation, matching the intent of the contract. For fixed price contracts, the Group typically receives payments from the customer based on a contractual schedule of value that reflects the timing, performance of service delivery and achievement of key performance indicators (KPIs). Cost plus contracts will include contractual entitlement to bill clients based on costs incurred plus an agreed mark up or at an agreed charge out rate. Guaranteed maximum price contracts will also be billed on a cost-plus basis but capped at the agreed contractual price. In the event that a guaranteed maximum price contract reaches the capped amount, this is the maximum amount of revenue that can be recognised, unless the maximum price is increased formally through a change control process. Contracts are subject to change, following an agreed change control process, where such changes shall alter the price up or down. In all instances, revenue is recognised over time in accordance with the contract and un-invoiced amounts are presented as contract assets.

1. Accounting policies (continued)

Revenue and margin recognition (continued)

Contract costs

Costs to obtain a contract are expensed unless they are incremental, i.e. they would not have been incurred if the contract had not been obtained, and the contract is expected to be sufficiently profitable for them to be recovered. Costs to fulfil a contract are expensed unless they relate to an identified contract, generate or enhance resources that will be used to satisfy the obligations under the contract in future years and the contract is expected to be sufficiently profitable for them to be recovered. Where costs are capitalised, they are amortised over the shorter of the period for which revenue and profit can be forecast with reasonable certainty and the duration of the contract except where the contract becomes loss making. If the contract becomes loss making, all capitalised costs related to that contract are expensed immediately.

Where work has been carried out, but payment has not been applied for or certified, the value of the work is recognised as a contract asset until the right to payment becomes unconditional. This differs to classification as contract receivables which relate to accrued income for work performed where the right to payment is unconditional.

Development contracts

The Group delivers development management as a service and develops real estate assets. Contracts for development management services are typically treated as having one performance obligation but may be priced based on time and materials, a fixed fee or a variable fee based on total project cost. Revenue is calculated on the same basis as the consult contracts detailed below. Development contracts may include performance obligations delivered at a point in time, in which case revenue is recognised at the point, otherwise they will be treated as being delivered over time in accordance with typical ongoing service type contracts.

Revenue deriving from the sale of land or property is recognised when control has been passed to the buyer the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group. Sale of goods revenue is recognised at legal completion in respect of the total proceeds of building and development. Revenue is measured at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the property, net of discounts and VAT. Cost of sales is also recognised at legal completion, when the goods are sold, and until then the costs are recorded within Development WIP on the balance sheet.

Income from leases where a member of the Mace Group is a lessor is covered in the accounting policy for leases.

Financing component

The Group usually does not have any significant contracts where the period between the transfer of the promised services to customer and the payment by the customer, as contractually agreed, exceeds one year. If applicable, the transaction price is adjusted for the time value of money.

Agent versus principal

For each performance obligation, the Group assesses whether the nature of its commitments is to provide the services itself, or to arrange those services to be provided by another party. The Group assesses whether it controls the specified services before they are delivered to the customer.

The Group is typically a principal in case of subcontracted work, as the Group is primarily responsible for fulfilling the promise to provide the specified services and bears primary responsibility for meeting customer specifications and has discretion in establishing the price towards the customer. When the Group acts as an agent, only the fee / commission is recognised on a net basis in revenues.

Government grants

Government grants are recognised when there is reasonable assurance that the conditions will be met. Government grants are either recorded in other income or reported to offset the relevant cost, depending on the type of grant. Government grants are recognised to match the associated cost other than where expenditure has already been incurred, in which case they are recorded in the profit and loss immediately. Where government grants are repaid to clients, this is recorded as a reduction in revenue. Where government loans have not yet been approved as grants, these are reported as a loan balance within loans and borrowings on the balance sheet. No government grants have been received in relation to assets.

Other income

Other income is income derived from activities unrelated to the main focus of the business, such as rental income, management fees, insurance income or income from government grants where relevant.

Divisional information

IFRS 8 requires an entity whose debt or equity securities are publicly traded to disclose information to enable users of its financial statements to evaluate the nature and financial effects of the different business activities in which it engages and the different economic environments in which it operates. Although Mace is not required to report segmental information, divisional information has been included in these financial statements to provide more detail on the financial results of the main operating divisions or engines. Operating divisions are reported in a manner consistent with the internal reporting provided to the Board. The Board is responsible for allocating resources and assessing performance of the operating divisions.

The Group has presented disaggregation in line with the divisional analysis as shown in note 4. Material differences in risk between the different revenue streams have been captured by the Group's operating divisions as this best depicts how the nature, timing and amount of revenue and cash flows are affected by economic factors. Once identified as asset held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated and any investments recognised using the equity method are no longer equity accounted.

Discontinued operations

A discontinued operation is a part of the Group that has either been sold or has been categorised as held for sale, and which:

— Represents a major line of business or a geographical area of operations;
— Is part of a single coordinated plan to dispose of a separate, major line of business or geographical area of operations; or
— Is a subsidiary acquired exclusively with a view to resale.

If an operation is classified as a discontinued operation, the Consolidated Statement of Comprehensive Income as well as the data relating to it for the comparative year is adjusted so that it was as if the operation had been discontinued from the start of the comparative year.

Goodwill and other intangible assets

Goodwill represents the future economic benefits arising from assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units (CGU) expected to benefit from the synergies of the combination. CGUs to which the goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount or future economic benefits from the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Software is recognised as an intangible asset. It is recognised at cost less accumulated amortisation and impairment losses. Amortisation is recognised on a straight-line basis over its estimated useful life. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on prospective basis. The estimated useful lives for the Group's finite life intangible assets are 3, 5 or 10 years depending on the expected useful economic life of the intangible assets. Amortisation is recognised in administrative expenses. Amortisation of intangible assets commences once the asset is in the condition and location to be used as intended by management. Assets under construction are not amortised.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation of tangible fixed assets commences once the asset is in the condition and location to be used as intended by management. Assets under construction are not depreciated.

Depreciation is calculated so as to write off the cost of a tangible asset less its estimated residual value over the estimated useful economic life of that asset on the following basis:

Right-of-use assets	Over the period of the lease, to the break clause assumption
Leasehold improvements	Over the period of the lease on a straight-line basis, to the first break clause
Plant, motor vehicles and equipment	10% to 20% per annum on a straight-line basis
Computer equipment	25% per annum on a straight-line basis*
Freehold property	5% per annum on a straight-line basis

* Computer equipment additions prior to the change in estimate effective from 1 January 2022 are depreciated at 33% per annum on a straight-line basis.

Depreciation of property, plant and equipment and right-of-use assets is recognised under cost of sales when the related asset is directly linked to a specific revenue-generating projects and under administrative expenses when the related asset is not linked to any revenue-generating projects.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of property, plant and equipment and intangible assets excluding goodwill

Property, plant and equipment and intangible assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable, or where there is any indication that an impairment loss recognised in a previous period either no longer exists or has decreased. When a review for impairment is conducted, the recoverable amount of an asset or a CGU is determined as the higher of fair value less costs to sell and value-in-use.

The value-in-use estimate is calculated using discounted cash flows and reviews in conjunction with the carrying amounts of tangible and intangible assets. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Leases

Where the Company is a lessee, a right-of-use asset and lease liability are recognised at the outset of the lease. The lease liability is initially measured at the present value of the lease payments that are not paid at that date based on the Group's expectations of the likelihood of lease extension or break options being exercised. The lease liability is subsequently adjusted to reflect imputed interest, payments made to the lessor and any lease modifications. The right-of-use asset is initially measured at cost, which comprises the amount of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred by the Group and an estimate of any costs that are expected to be incurred at the end of the lease to dismantle or restore the asset. The right-of-use asset is subsequently depreciated in accordance with the Group's accounting policy on property, plant and equipment. The right-of-use asset is also reviewed for impairment. The amount charged to the income statement comprises the depreciation of the right-of-use asset and the imputed interest on the lease liability. Where a lease is for a term of less than 12 months or the lease is of a low value, the lease cost is recorded as an expense in the income statement when the cost is incurred.

Where the Company is a lessor, rental income from operating leases is recognised on a straight-line basis over the term of the lease. Lease income is recognised in revenue where it is part of the core operations of the business, otherwise it is recognised in other income.

1. Accounting policies (continued)

Retirement benefit costs
The Group contributes to the personal pension plans of certain employees on a defined contribution basis. The assets of these schemes are held in independently administered funds. The pension cost charged in the financial statements represents the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either prepayments or accruals in the statement of financial position.

Post-employment benefits
In some areas where Mace operates, there is a legal requirement to pay an end of service benefit to employees at the end of their employment if they have completed at least one year of employment. The obligation is accounted for as a defined benefit post-employment benefit with the expected liability accrued over the term of employment. Remeasurements, comprising actuarial gains and losses, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Equity compensation plans
Executive directors and senior management have been granted share options under the Group share option scheme for equity in the Company. They have also been granted share appreciation rights and shares on both restricted and unrestricted terms in return for service. At the grant date, the fair value of the options or the shares is measured and recognised over the period until the options vest or the shares become unrestricted as an employment expense, with a corresponding increase in equity for restricted and unrestricted shares, while for share appreciation rights the corresponding increase is in liabilities. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

The total amount to be expensed is determined by reference to the fair value of the options or the shares granted;

(a) Including any market performance conditions;

(b) Excluding the impact of any non-market performance vesting conditions, such as profitability levels, sales growth targets and continuing service; and

(c) Including the impact of any non-vesting conditions, such as any savings requirements.

Non-market performance vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on meeting non-market performance vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity and liabilities.

The shares awarded and the shares subject to options that have already been issued are held by an Employee Benefit Trust (EBT). When the options are exercised, the ultimate parent Company requests the EBT to award the shares. The proceeds received net of any directly attributable transactions costs are retained by the EBT.

The financial statements of the EBT have been consolidated into the Group financial statements of the Company.

Other long-term employee benefits
Long term incentive plans have been introduced and aim to provide long-term incentives to those members of the MEB who are not shareholders. The expected cost should be recognised only when: 1) it has a legal or constructive obligation to make such payments as a result of past events; and 2) a reliable estimate of the obligation can be made.

The benefits are expected to be settled more than 12 months after reporting period, and the amount is classified as ‘long-term incentive accrual’ under trade and other payables.

Taxation
The tax expense represents the sum of the tax currently payable and deferred tax. The current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using the tax rates prevailing in the year.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences; deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted at the statement of financial position date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity. When current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Development work in progress
Development work in progress is held in relation to Development contracts. Development work in progress is initially stated at cost and then held as the lower of this initial amount and net realisable value. Cost comprises direct materials and, where applicable, direct labour and those overheads that have been incurred in bringing work in progress to its present value. Cost also includes interest incurred on external borrowings funding the projects, where these are qualifying assets under the IAS 23 requirements for capitalisation of borrowing costs. Net realisable value represents the estimated selling price less all estimated costs of completion.

Financial instruments
Financial assets and financial liabilities are recognised on the Group’s statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The principal financial assets and liabilities of the Group are as follows.

a) Financial assets at amortised cost
Trade and other receivables are initially recognised at their transaction price and are subsequently measured at amortised cost less any allowance for expected credit losses. Interest recognised on overdue trade receivables is recognised as other income, within operating profit.

The Group recognises lifetime expected credit losses for trade receivables, contract assets and loans to joint ventures. The expected credit losses on trade receivables are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as anticipated future trading conditions at the reporting date.

b) Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with a maturity of three months or less at inception. Bank overdrafts are presented as current liabilities to the extent that there is no right of offset with cash balances.

c) Investments
Investments in subsidiary undertakings are stated at cost less any provision for impairment. Any contingent consideration is recognised as an accrual at the acquisition date and is measured at the present value of the expected settlement using a pre-tax discount rate that reflects a current market assessment of the time value of money. The increase in the accrual due to the passage of time is recognised as an interest expense. Any change to the value of contingent consideration identified within 12 months from the acquisition date is reflected in the original cost of the investment if it is a measurement adjustment in terms of IFRS 3. Subsequent changes to the value of contingent consideration are reflected in the statement of comprehensive income.

Subsidiaries are all entities over which the Group has control. This is usually where the Group has a shareholding of more than 50% but other aspects of the relevant arrangements can also give rise to control.

Where the Company or its subsidiaries has significant influence over an entity, normally being more than 20% and less than 50%, then that investment is classified as an associate and is equity accounted for. Joint arrangements in legal entities are classified as joint ventures and are equity accounted for. An equity investment is initially recorded at cost and is subsequently adjusted to reflect the share of the net profit or loss.

Where the joint arrangement is not structured through a separate vehicle it will normally be classified as joint operations. This applies to most of the unincorporated joint arrangements in note 30 other than Dubai Expo 2020, which is structured through a separate vehicle so is treated as a joint venture and amounts are recognised in relation to interest in the joint operation. The Group also assesses the legal form and contractual arrangement between the parties to determine whether the Group has the direct rights to assets and obligations of the arrangement. Joint operations accounting includes recognising assets and liabilities based on the Group’s share of any assets and liabilities held jointly, recognising revenue from the sale of the Group’s share of the output of the joint operation and share of any expenses incurred jointly.

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may have suffered an impairment loss. If any such indication exists, the Company makes an estimate of the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Value in use represents the discounted net present value of expected future cash flows. If the recoverable amount is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount and an impairment loss is recognised immediately in the statement of comprehensive income of the Company.

d) Other investments
This category includes an investment in Finsbury Tower that is an equity investment carried in the statement of financial position at fair value with changes in fair value recognised in the Consolidated Statement of Comprehensive Income as part of operating profit (FVTPL).

e) Trade and other payables
Trade and other payables are not interest bearing and are stated initially at fair value and subsequently held at amortised cost.

f) Other borrowings
Interest bearing borrowings are recorded at fair value (which is typically equivalent to the proceeds received) net of direct issue costs and subsequently measured at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for at amortised cost and on an accruals basis in the statement of comprehensive income using the effective interest method. Interest is added to the carrying value of the instrument to the extent that it is not settled in the period in which it arises.

g) Financial liabilities and equity
Financial liabilities and equity are classified according to the substance of the financial instrument’s contractual obligations rather than the financial instrument’s legal form. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

1. Accounting policies (continued)

Financial instruments (continued)

h) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

i) Derivative financial instruments

Financial assets and liabilities are recognised on the Group's statement of financial position when the Group becomes party to the contractual provision of the instrument. The Group uses derivative financial instruments to manage its exposure to foreign exchange risks. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. As the Group has not adopted hedge accounting, fair value of derivative contracts are recognised as fair value through profit and loss.

j) Operating cycle

The statement of financial position classifies the Group and Company's assets and liabilities as either current or non-current. In respect of the Group's construction business, contract related balances are typically classified as current when management expect these to be settled within its normal operating cycle. Management have determined that the normal operating cycle for the construction business is 42 months (2022: 41 months), being the typical length of a construction contract.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the exchange rates in effect when they take place. Resulting foreign currency denominated assets and liabilities are translated at the exchange rates at the reporting date. Exchange differences arising from foreign currency transactions are reflected in the income statement.

The assets and liabilities of overseas subsidiary undertakings are translated at the rate of exchange at the reporting date. Trading profits or losses are translated at average rates prevailing during the accounting period. Differences on exchange arising from the retranslation of net investments in overseas subsidiary undertakings at the year-end rates are recognised in other comprehensive income. All other translation differences are reflected in the income statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Provisions

Provisions for legal claims, defects and warranties and other onerous commitments are recognised at the best estimate of the expenditure required to settle the Group's liability. Provisions are recognised when: i) the Group has a present legal or constructive obligation as a result of a past event; ii) it is probable that an outflow of resources will be required to settle the obligation; and iii) the amount of the obligation can be estimated reliably. Any insurance claims against third parties resulting from legal claims, defects and warranties follows the accounting policy for contingent assets below.

Onerous contract provisions arise when the unavoidable costs of meeting contractual obligations exceed the remuneration expected to be received. Unavoidable costs include total contract costs together with an allocation of other costs that relate directly to fulfilling contracts. The provision is calculated as the lower of the termination costs payable for an early exit and the best estimate of net cost to fulfil the Group's unavoidable contract obligations.

Contingent liabilities

Contingent liabilities are possible obligations arising from past events, existence will only be confirmed by future uncertain events that are not wholly within the Group's control, or present obligations where it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be reliably measured. If the outflow of economic resources is not considered remote, contingent liabilities are disclosed but not recognised in the financial statements.

Contingent assets

Contingent assets are possible assets that arise from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly in the control of the entity.

It is probable that these amounts will be recognised in future periods when the uncertainty over their recoverability has been removed. The amounts of such claims are disclosed as contingent assets but not recognised in the financial statements. Insurance claims are recognised under IAS 37 when the economic benefit arising from the claims is virtually certain.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Use of non-GAAP measures

In the reporting of financial information, the Group uses certain measures that are not required under IFRS, the Generally Accepted Accounting Principles (GAAP) under which the Group reports. The Group believes that operating profit before exceptional items provides additional useful information on underlying trends to the users of the financial statements. This non-GAAP measure is used by the Group for internal performance analysis. The terms 'exceptional items' and 'operating profit before exceptional items' are not defined terms under IFRS and may therefore not be comparable with similarly titled measures reported by other companies. They are not intended to be a substitute for, or superior to, GAAP measures. The separate reporting of exceptional items, which are presented as exceptional within their relevant income statement category, helps to provide an indication of the Group's underlying business performance. The principal items which are included as exceptional items are non-trading items such as profits and losses on the disposal, closure or impairment of subsidiaries, joint ventures, associates, joint operations and investments or other exceptional write offs or impairments. The term 'operating profit before exceptional items' refers to the relevant measure being reported for continuing operations excluding exceptional items.

2. Significant accounting estimates and judgements and key sources of uncertainty

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Estimates and judgements are continually made and based on historic experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The directors believe the following to be key areas of estimation and judgement.

Sources of estimation uncertainty:

a) Estimates of cost to complete and contract provisions

To determine the margin that the Group is able to recognise on its construction contracts in the reporting period, the Group has to allocate total costs of the construction contracts between the proportion completing in the period and the proportion to complete in a future period. The assessment of the total cost to be incurred and the final contract value requires a degree of estimation.

The estimation of final contract value includes assessments of the recovery of variations which have yet to be agreed with the client, but which meet the criteria set out in the Group's accounting policies and are in accordance with IFRS 15 Revenue from Contracts with Customers. The variable consideration recognised is the amount which is highly probable not to result in a significant reversal in the future. At the reporting date, unagreed variations accounted for 0.17% (2022: 2.28%) of total contract revenue.

The largest components of the cost to complete are the agreed subcontract sums and the stage of completion of which is assessed as part of the contract process. These amounts have a low level of estimation uncertainty and typically make up the bulk of the cost to complete. However, the cost to complete may also include provisional sums and provisions for cost, both of which require estimation and judgement in order to establish the appropriate amount to recognise.

Provisional sums arise when no subcontract has been entered into at the contract date and so estimates of the likely cost are required for the purposes of establishing cost to complete, until such time that subcontracts are entered into and the ultimate cost can be determined. Generally provisional sums are a minor component of the overall contract value, due to the inherent risk of entering into contracts without having certainty of the outturn cost.

Contract provisions are made in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and are measured at the best estimate of the expenditure required to settle obligations present at the reporting date. Contract provisions may include estimates of remediation works that could be required where defects are present or where insurance claims have been made. The assessment of this cost is based on best estimates made by experienced senior management, on an individual contract basis and with reference to relevant contract provisions and insurance excess premiums. Where the cost cannot be measured reliably and the likelihood of incurring the cost is only considered possible rather than probable, estimated amounts are disclosed as contingent liabilities, details of which are disclosed in note 20.

Recoveries of these amounts from insurers or third parties are treated as a deduction of cost rather than revenue and are only recognised when recovery is deemed to be virtually certain. Management mitigates the degree of uncertainty by ensuring estimates of recovery are produced by suitably qualified individuals and are subject to thorough review by senior management. Insurance recoveries that are considered probably recoverable but not virtually certain are disclosed as contingent assets. Details of contingent assets recognised in the year in relation to insurance matters are disclosed in note 20.

b) Valuation of development work in progress and loan to joint venture

The key estimates in determining the net realisable value of land and work in progress are estimates of costs to complete; and the recoverable value.

These assessments include a degree of uncertainty. Reliance is placed on third-party valuations and indicative purchase offers when assessing the best estimate of the market value at the balance sheet date. These valuations are compared against the carrying amount of the asset. Where the carrying amount is higher than the net realisable value, write-downs of land and work in progress may be necessary. The same estimates extend to the carrying amount of the loan to joint venture as the repayment of the loan is dependent on the valuation of the joint venture's development work in progress. The balance of work in progress assets and loan to joint venture at the balance sheet date are detailed in the development work in progress note 18.

c) Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the CGUs to which the goodwill has been allocated. The value requires an estimate to be made of the timing and amount of future cash flows expected to arise from the CGU and the application of a suitable discount rate in order to calculate the net present value. Cash flow forecasts for the next five years are based on the Group's budgets and forecasts. Other key inputs in assessing each CGU are revenue growth, operating margin and discount rate. The significant assumptions are set out in note 14.

d) Fair value of investments

The investment in Finsbury Tower is valued at fair value using a discounted cash flow approach, the inputs of which are determined using forecasts where management judgement is applied in relation to assumptions on the timing for exiting the investment, as well as the rental yields used for determining the value of the return on investment. A £0.70m undiscounted loss on investment assumed is based on the expected rate of return and assuming realisation of the investment in early 2027, factoring in the potential for delays with a project of this scale. A one-year advance in exit date could result in a reduction of this loss of up to £0.63m. A one-year delay in the exit date assumption would increase the loss by £0.58m. A change in the exit yield as the building is finished, would also impact the value of the investment. The movements on investments in the year, including fair value adjustments, are presented in the investment note 15.

2. Significant accounting estimates and judgements and key sources of uncertainty (continued)

Judgements made in applying accounting policies:

e) Exceptional items

Exceptional items are reported separately in order to calculate adjusted results, as the Group believes these adjusted measures provide additional useful information on continuing performance and trends. Judgement is required in determining whether an item should be classified as an exceptional item. The definition of exceptional items is outlined in note 1.

f) Contingent liabilities and contingent assets

Provisions are made using the directors' best judgements and estimates of known legal claims, investigations and legal actions relating to the Group which are considered more likely than not to result in an outflow of economic benefit. If the directors consider that a claim, investigation or action relating to the Group is unlikely to succeed, no provision is made. If the Directors cannot make a reliable estimate of a potential, material obligation, no provision is made but details of the claim are disclosed as a contingent liability. At 31 December 2023, the Company and Group had no contingent liabilities in relation to claims (2022: £nil).

The Group discloses contingent assets in relation to claims against third parties for the reimbursement of costs on construction contracts. As at 31 December 2023, there were no ongoing matters that are disclosed as contingent assets (2022: 6). Under IAS 37 these amounts may only be recognised when the economic benefit arising from the claims is virtually certain. It is probable that these amounts will be recognised in future periods when the uncertainty over their recoverability has been removed.

3. Financial risk management

General

The Group has exposure to the following risks from its contracts with clients and suppliers and its use of financial instruments:

a) Interest rate risk;

b) Credit risk;

c) Liquidity risks; and

d) Foreign currency and exchange rate risk.

The Board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's overall risk management programme focuses on the unpredictability of financial markets, and the markets in where the Group operates and seeks to minimise potential adverse effects on the Group's financial performance.

The Group and Company operate within financial risk policies and procedures approved by the Board. It is, and has been throughout the year, the Group's policy that no trading in financial instruments shall be undertaken. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The Group and Company financial instruments principally comprise bank borrowings, cash and cash equivalents, receivables and payables.

a) Interest rate risk

On 28 January 2022 the Company procured two three-year committed liquidity facilities. These facilities are ESG-linked facilities. The two facilities are:

— A £10m unsecured revolving credit facility (RCF) from BBVA; and

— A £50m unsecured loan facility provided by JP Morgan and with the support from the UK Export Finance.

Both facilities are guaranteed by the Company and the material subsidiaries of the Company. The balance of external debt at 31 December 2023 was £50m (2022: £30m).

The interest rate basis for both liquidity facilities is SONIA plus a margin and therefore the interest rate is variable. There is a commitment fee payable on undrawn but committed amounts of between 35% and 40% of the margin charged.

The interest rate margin chargeable on the revolving credit facility (RCF) is between 2.15% and 2.85%. The margin will vary by up to plus or minus 5 basis points depending on financial covenant targets for leverage and interest cover plus performance relative to sustainability targets which cover carbon reduction, use of renewable energy and the safety performance of the Group. The facility was undrawn at year end.

The interest rate margin chargeable on the unsecured loan facility is between 2.0% and 2.1%. The margin will vary by up to plus or minus 5 basis points depending on sustainability targets which cover carbon reduction, use of renewable energy and the safety performance of the Group. The variability being up to plus or minus 5 basis points. The facility was fully drawn at 31 December 2023 and the rate charged at 31 December 2023 was 2.0% (2022: 2.0%).

b) Credit risk

The Group's credit risk is primarily attributable to its trade receivables and other current assets with the exception of cash and cash equivalents, which are predominantly held with JP Morgan, in respect of which, the credit risk arising is considered low. The maximum exposure to credit risk at the reporting date is the book value of each class of receivable listed in note 17.

The directors do not consider the Group to have any significant concentration of risk in respect of trade receivables, contract assets or contract receivables at the balance sheet date. The diversified operating model of the Group is intended to safeguard the business from risk and consequently receivables are spread across a wide range of clients, geographies and sectors.

The amount of trade receivables presented in the consolidated balance sheet is net of expected credit loss. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, contract assets and contract receivables.

To measure expected credit losses, trade receivables, contract assets and contract receivables have been grouped based on shared or similar credit risk characteristics and the days past due that the Group has determined to be relevant based on geographical location and customer profile.

The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables. Therefore, the Group has concluded that the expected loss rates for 'not yet due' category is a reasonable approximation of the loss rates for the contract assets. The provision rate across the Group ranges from 0% to 6% (2022: 0% to 7.5%).

The expected loss rates are based on a 12-month rolling assessment, on the payment profiles of credit sales over a period of 24 months before 31 December 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified customer type, the sector and geographical location of the customer is in, and the economic outlook to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in credit risk from these factors. The adjusted provision matrix for measuring expected credit loss does not result in a material effect in the current period.

Accordingly, provisions for expected credit losses booked amounted to £3.2m (2022: £4.0m) in respect of total overdue trade receivables of £54.9m (2022: £48.6m). The ageing of the debt is included in note 17.

Due to the nature of the Group's operations, some contracts entitled clients to hold retentions in respect of projects in progress or completed projects. Retentions held by clients at 31 December 2023 were £107.7m (2022: £137.0m). The Group manages the collection of retentions throughout the duration of a project and during its post completion project monitoring procedures to ensure that potential issues that could lead to the non-payment of retentions are identified and addressed promptly. At the reporting date £42.1m of retentions held by clients were due in more than one year under the terms of the respective contracts. Unlike trade receivables, the ageing of these balances is not an indicator of impairment and hence recoverability has been assessed based on the individual characteristics of the contract counterparty and the nature of the project, as well as the current and future anticipated trading conditions. Accordingly, the directors believe that no significant credit provision is required on these balances. The directors always estimate the loss allowance on trade receivables, contract assets and contract receivables at an amount equal to lifetime expected credit losses.

Credit risk also arises for the Company by virtue of the receivables due from related parties, being other Group companies. The assessment of credit risk relating to these receivables is performed on a regular basis, specifically with reference to the future viability of the entity's ability to repay the amounts owed. In the event that the entity is unlikely to generate sufficient cash to repay the amount owed, the Company will impair or write off the amount in the reporting period. Credit risk in regard to related parties is managed carefully as part of the Group's wider capital risk management policy.

Of the amounts owed by related parties, the receivable owed by the Botley joint venture attracts the highest concentration of credit risk, due to the size and nature of the investment. At the balance sheet date, the Group was owed £88.2m (2022: £82.9m) by the Botley group of companies, which represented shareholder loans and accrued and interest. Following a valuation exercise with reference to third-party valuer and indicative offers received, the directors have provided £54.5m (2022: £38.5m) against the loans and interest.

At the reporting date, there were no trade and other receivables which have had renegotiated terms that would otherwise have been past due.

3. Financial risk management (continued)

General (continued)

c) Liquidity risk

The Group seeks to manage liquidity risk to ensure sufficient liquidity is available to meet the requirements of the business and to invest cash assets safely and profitably. The Board reviews available cash regularly to ensure there are sufficient resources for working capital requirements. The following table summarises the maturities of the Group's undiscounted financial liabilities at the reporting date, based on contractual payment dates.

	31 December 2023 £000s			
	Less than 1 year	**1 to 5 years**	**More than 5 years**	**Total**
Trade and other payables	**596,419**	**1,199**	**–**	**597,618**
Contract liabilities: purchase retentions	**60,342**	**26,306**	**1**	**86,649**
Bank borrowings	**–**	**50,000**	**–**	**50,000**
Accrued interest on bank borrowings	**606**	**–**	**–**	**606**
Lease liabilities	**6,840**	**19,833**	**14,978**	**41,651**
Total	**664,207**	**97,338**	**14,979**	**776,524**

	31 December 2022 £000s			
	Less than 1 year	1 to 5 years	More than 5 years	Total
Trade and other payables	505,334	527	–	505,861
Contract liabilities: purchase retentions	34,940	45,645	16	80,601
Bank overdrafts	50,594	–	–	50,594
Bank borrowings	–	30,000	–	30,000
Accrued interest on bank borrowings	291	–	–	291
Lease liabilities	5,897	19,478	1,910	27,285
Derivative financial assets:				
Derivative contracts – payments	1,636	–	–	1,636
Derivative contracts – receipts	(1,629)	–	–	(1,629)
Total	597,063	95,650	1,926	694,639

d) Foreign currency and exchange rate risks

Due to the Group's geographical spread it is exposed to changes in national economic conditions, exchange rate fluctuations and local trading restrictions. However, the Group employs local people and suppliers and has established local operating companies in each of its global hubs so that exposure to exchange rate changes can be managed and knowledge of the local business environment is strengthened.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. A 10% strengthening of sterling against the following currencies at 31 December 2023 and 2022 would have decreased equity and profit or loss by the following amounts:

	2023 £000s		2022 £000s	
	Profit or loss	**Equity**	Profit or loss	Equity
Qatari Rial	**116**	**(549)**	541	(706)
United Arab Emirates Dirham	**(184)**	**(1,464)**	(505)	(1,462)
Peruvian Nuevo Sol	**(577)**	**(875)**	(56)	(343)
Euro	**(1,114)**	**(2,048)**	(1,249)	(1,416)
United States Dollar	**(169)**	**(1,183)**	(721)	(1,097)
Saudi Riyal	**(989)**	**(1,235)**	(230)	(388)
Icelandic Krona	**–**	**–**	(189)	(417)

A 10% weakening of sterling against these currencies would have an opposite effect. A common analysis basis has been applied for both 2023 and 2022. This analysis assumes that all other variables, particularly interest rates, remain unchanged. The sensitivity is regarded as being representative of the position throughout the year.

At 31 December 2023, the Group held EUR 61.4m, SAR 34.3m, USD 8.9m, CAD 6.6m and CHF 3.7m and some smaller foreign currency balances in cash at bank. A 10% strengthening of sterling against these currencies at 31 December 2023 would have resulted in losses of £5.3m, £0.7m, £0.7m, £0.4m, £0.3m respectively.

At 31 December 2022, the Group held EUR 78.8m, AED 34.1m, USD 8.7m, CHF 4.7m and QAR 15.0m and some smaller foreign currency balances in cash at bank. A 10% strengthening of sterling against these currencies at 31 December 2022 would have resulted in losses of £7.0m, £0.8m, £0.7m, £0.4m, £0.3m respectively.

Capital management

The Group's policy is to maintain and develop a strong and flexible capital base in order to maintain investor and creditor confidence. Similar policies apply to individual business divisions so as to minimise demands for routine trading activities on finance obtained at Group level. The capital structure of the Group consists of cash and cash equivalents, equity and debt. At 31 December 2023 the Group had £50m external debt excluding overdrafts and lease liabilities (2022: £30m).

The Group is funded by ordinary shares, retained profits, and external borrowing. In 2022 the Group entered into two banking facilities. The Group and Company's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain a robust and efficient capital structure. The capital requirements of the Group's divisions differ. Property development typically requires equity and debt, consultancy typically requires working capital, and construction is typically cash generative. The economic cycle of each business is different. The Group manages its capital taking these differing requirements into account. The Group's liquidity facilities are subject to covenants over interest cover and gearing, both of which were met at the signing date.

Fair values

The investment in Finsbury Tower (note 15: other investments), represents an investment in 8.1% of the ordinary shares which have no voting rights. As there is no control or significant influence in this investment it is classified as an equity investment under IFRS 9 and held at fair value.

The valuation as at 31 December 2023 is based on a level 3 hierarchy, given there is no observable input for the asset in 2023. The valuation was based on a discounted cash flow approach, referencing an estimated yield from the investment to the Group which is expected to be what a similar market participant would achieve from the investment.

The investment has been reviewed and revalued at the year end. Based on latest forecasts there has been a reduction of £4.6m in the carrying value at 31 December 2023. There is no difference between the book value and fair value of other financial assets and liabilities due to the short-term nature of these instruments.

Contingent consideration was recognised in 2022 in relation to the acquisition of the Tenman subsidiaries. Based on the latest forecast there has been a reduction of £0.2m in the carrying amount of financial liability as at 31 December 2023.

The valuation at acquisition and as at 31 December 2023 are based on a level 3 hierarchy, given there is no observable input for the liability. The contingent consideration is based on meeting revenue and EBITDA targets, so the valuation was based on a discounted cash flow approach, referencing the expected performance for years 2021 to 2026.

Interest is charged on the financial liability. The closing balance is disclosed in note 21.

The following table presents the changes in level 3 items for the year ended 31 December 2023:

	Other investments £000s	Financial liabilities measured at FVTPL (Contingent consideration) £000s
At 1 January 2023	11,314	(654)
Paid in the year	–	432
Fair value (losses) / gains recognised in profit and loss	(4,639)	222
At 31 December 2023	**6,675**	**–**

Financial assets / (liabilities) – derivative financial assets / (liabilities)

The fair value of forex options, forward contracts and interest rate caps are given below. These derivatives are measured at fair value and the value is calculated as the present value of estimated cash flows based on observable yield curves corresponding to level 2 as defined in IFRS 13.

	2023 £000s	2022 £000s
Forex forward contracts: Group & Company	**–**	(7)

As the Group has not adopted hedge accounting, fair value of derivative contracts is recognised as fair value through profit and loss. A fair value change of £nil (2022: £1.5m gain) was recognised in the year in relation to derivatives. No forward contract were held at 31 December 2023.

Categorisation of financial instruments and fair value of other financial assets and liabilities

	2023 £000s	2022 £000s
Financial assets		
Financial assets at fair value	**6,675**	11,314
Financial assets at amortised cost	**613,605**	543,534
Cash and cash equivalents	**175,809**	153,933
Financial liabilities		
Current borrowings including future interest commitments	**50,000**	80,594
Current financial liabilities measured at amortised cost	**684,267**	580,225

Prepayments and accrued income are excluded from financial assets at amortised cost. Statutory liabilities, deferred income and payments on account are excluded from financial liabilities measured at amortised cost. There is no difference between the book value and fair value of other financial assets and liabilities.

4. Divisional analysis

Revenue

An analysis of the Group's revenue is as follows:

Continuing operations:	2023 £000s	Restated* 2022 £000s
UK & Europe	**2,195,056**	1,792,678
Middle East North Africa	**143,307**	97,219
Asia	**38,299**	29,174
Sub-Saharan Africa	**6,428**	6,912
America	**59,972**	53,609
Less:		
Intercompany trading	**(86,270)**	(87,009)
Total revenue	**2,356,792**	1,892,583

General

For management purposes, in 2022 the Group was organised into four operational divisions (Consult, Construct, Operate, Develop) and Group Services. In 2023, following the disposal of Mace Operate, the Group has moved from four operational divisions to two engines for growth (Consult and Construct). Legacy development assets (formerly Develop) and Group Services, including the corporate overheads and support, are grouped under Other as shown below. These divisions are the basis on which the Group reports information to the Board.

The Board assesses the performance of the divisions based on management accounts which reflect the allocation of cross charges, interest, depreciation and amortisation. The adjustments exclude the effects, if any, of non-recurring expenditure from the operating divisions such as restructuring costs, legal expenses and goodwill impairments resulting from any isolated, non-recurring event.

2023	Consult £000s	Construct £000s	Other £000s	Total £000s
Group revenue	619,440	1,734,750	2,602	2,356,792
Cost of sales	(499,875)	(1,596,633)	(3,951)	(2,100,459)
Gross profit	**119,565**	**138,117**	**(1,349)**	**256,333**
Administrative expenses	(76,130)	(60,358)	(40,112)	(176,600)
Other income	21	(4)	564	581
Fair value changes on financial instruments measured at FVTPL	222	–	(4,535)	(4,313)
Operating profit before exceptional items	**43,678**	**77,755**	**(45,432)**	**76,001**
Exceptional items	–	–	(11,730)	(11,730)
Operating profit from continuing operations	**43,678**	**77,755**	**(57,162)**	**64,271**
Share of operating profit of JVs	731	–	–	731
Profit/(loss) on disposal of subsidiaries	–	–	46	46
Profit on ordinary activities before interest	**44,409**	**77,755**	**(57,116)**	**65,048**
Net finance income	238	1,561	(5,173)	(3,374)
Profit before tax from continuing operations	**44,647**	**79,316**	**(62,289)**	**61,674**

The profit and loss for the discontinued operations is disclosed in note 23.

2022 (Restated)*	Consult £000s	Construct £000s	Other £000s	Total £000s
Group revenue	499,789	1,381,975	10,819	1,892,583
Cost of sales	(399,526)	(1,273,167)	(8,245)	(1,680,938)
Gross profit	**100,263**	**108,808**	**2,574**	**211,645**
Administrative expenses	(68,766)	(43,392)	(55,044)	(167,202)
Other income	37	34	774	845
Fair value changes on financial instruments measured at FVTPL	1,034	1,506	(1,684)	856
Operating profit before exceptional items	**32,568**	**66,956**	**(53,380)**	**46,144**
Exceptional items	–	–	(13,009)	(13,009)
Operating profit	**32,568**	**66,956**	**(66,389)**	**33,135**
Share of operating profit of JVs	2,625	–	–	2,625
Profit on ordinary activities before interest	**35,193**	**66,956**	**(66,389)**	**35,760**
Net finance income	(1,166)	61	2,012	907
Profit before tax from continuing operations	**34,027**	**67,017**	**(64,377)**	**36,667**

* Prior year restated to reflect discontinued operations see Note 1 and 23.

A further analysis of the Group's Construct revenue is as follows:

	2023 £000s	2022 £000s
Fixed Price & Cost Reimbursement	**1,688,911**	1,323,975
Construction Management	**45,839**	58,000
Total revenue	**1,734,750**	1,381,975

Inter-divisional sales are carried out at open market rates. Income from three major clients in relation to construction projects amounted to 37% (2022: 22%) of total Group revenue during 2023.

Key balance sheet items by division:

2023 balance sheet

	Consult £000s	Construct £000s	Other £000s	Total £000s
External borrowings excluding overdrafts and lease liabilities	–	–	50,000	**50,000**
Goodwill	79,416	52,240	5,390	**137,046**
Development WIP & loan to joint venture	–	–	41,082	**41,082**
Contract assets	8,427	134,336	–	**142,763**
Contract receivables	67,760	32,080	150	**99,990**
Contract liabilities	(31,044)	(179,624)	(984)	**(211,652)**

2022 balance sheet

	Consult £000s	Construct £000s	Other £000s	Total £000s
External borrowings excluding overdrafts and lease liabilities	–		30,000	**30,000**
Goodwill	80,694	52,240	9,794	**142,728**
Development WIP & loan to joint venture	–	–	51,924	**51,924**
Contract assets	7,296	125,167	4,515	**136,978**
Contract receivables	58,263	21,726	7,331	**87,320**
Contract liabilities	(38,176)	(150,646)	(6,273)	**(195,095)**

5. Revenue

At the end of the period there was revenue still to be recognised on construction projects where performance obligations were unsatisfied due to the nature of the long-term contracts, where revenue is recognised over time.

The time bands below present the likely consideration value of secured contracts but may be subject to future modifications that impact the amount and / or timing of revenue recognition.

The following table provides the aggregate amount of the transaction price allocated to construction contracts that are partially or fully unsatisfied at the year end.

	2023 £000s	2022 £000s
Due in less than one year	**2,025,031**	1,969,732
Due in one to five years	**1,056,119**	1,218,022
Total revenue	**3,081,150**	3,187,754

6. Operating profit and EBITDA

Operating profit is stated after charging:	2023 £000s	Restated* 2022 £000s
Depreciation of owned assets	**2,952**	2,977
Depreciation of right-of-use assets	**4,351**	3,961
Amortisation	**3,726**	3,141
Profit on disposal of fixed assets	**–**	5
Share-based payments	**–**	565
Employee benefit costs	**657,118**	598,960
Short term lease rentals		
Land and buildings	**3,921**	3,476
Motor vehicles	**229**	93
EBITDA		
Profit before interest**	**65,048**	35,760
Depreciation of property, plant and equipment	**7,303**	6,938
Amortisation of intangible assets	**3,726**	3,141
	76,077	45,839

* Prior year restated to reflect discontinued operations. Current year and prior year amounts represent continuing operations.
** The Group uses profit before interest and tax as the basis for calculating EBITDA. Including profit/loss from joint ventures and associates is considered appropriate given the Group has a number of joint ventures as part of its operations.

During the year the Group (including its overseas subsidiaries) obtained the following services from the Company's auditors and its associates:

	2023 £000s	2022 £000s
Fees payable to the Company's auditor for the audit of the Company and consolidated accounts (UK based)	**1,379**	1,095
UK statutory entities	**336**	158
Overseas statutory entities	**149**	187
Additional audit fees for prior period	**–**	457
	1,864	1,897
Non-audit fees:		
Covenant compliance audit	**39**	37
Additional fees for prior period	**–**	37
	1,903	1,971

7. Other income

	2023 £000s	Restated* 2022 £000s
Government grants	**334**	644
Property income	**209**	196
Other income	**38**	5
	581	845

* Prior year restated to reflect discontinued operations. Current year and prior year amounts represent continuing operations.

8. Finance income and costs

	2023 £000s	Restated* 2022 £000s
Bank and other interest receivable	**1,723**	127
Loan interest receivable	**487**	375
Interest receivable from joint venture	**–**	5,072
Total finance income	**2,210**	5,574
Bank and other interest payable	**(4,302)**	(2,795)
Interest charge on financial liabilities	**–**	(746)
Interest on post-employment benefit obligation	**(380)**	(227)
Interest expense for lease arrangements	**(902)**	(899)
Total finance costs	**(5,584)**	(4,667)

* Prior year restated to reflect discontinued operations. Current year and prior year amounts represent continuing operations.

Interest is charged on intercompany loans at market rates at the time the loan is taken out. Interest receivable on a loan to joint venture has been considered irrecoverable in 2023 and has therefore been impaired immediately after recognition.

9. Directors' remuneration

The total amount of directors' remuneration in respect of their qualifying services are as below:

	2023 £000s	2022 £000s
Remuneration for services (including benefits)	**5,852**	7,137
Share-based payment	**–**	566
Performance related remuneration	**3,760**	2,248
Defined contribution pension contributions	**12**	12
	9,624	9,963

Pension contributions were made in respect of 3 directors (2022: 3).

Directors' remuneration includes the following amounts in respect of the highest paid director:

	2023 £000s	2022 £000s
Remuneration for management services (including performance-related remuneration)	**1,976**	2,176
	1,976	2,176

The MEB members are considered to be the key management personnel. The total amount of key management personnel compensation are as follows:

	2023 £000s	2022 £000s
Short-term employee benefits	**7,933**	8,529
Post-employment benefits	**120**	52
Performance related remuneration	**4,204**	2,968
Share-based payments	**–**	566
	12,257	12,115

10. Staff costs and numbers

Staff costs of Continuing Operations were as follows:	2023 £000s	Restated* 2022 £000s
Aggregate gross wages and salaries	**568,864**	492,315
Employer's social security costs	**47,945**	43,162
Other pension costs	**40,786**	33,729
	657,595	569,206

* Prior year restated to reflect discontinued operations, see Note 1 and 23. Current year and prior year amounts represent continuing operations.

Average monthly number of persons employed by the Group during the year

	2023	2022
Corporate support services	**272**	300
Project delivery staff	**6,840**	6,156
	7,112	6,456
The total number of direct employees as at the reporting date was	**6,906**	6,710

The average number of the persons employed by the Group includes the number of persons employed by discontinued operations up to the date of disposal. As at 31 December 2023, the total number of the direct employees excludes employees of discontinued operations.

11. Exceptional items

	2023 £000s	2022 £000s
Impairment loss on loan to joint venture	**(11,730)**	(13,009)
	(11,730)	(13,009)

There is no cash flow impact of the exceptional items in 2023 and 2022. A provision against the loan receivable is a result of reduction of the expected future cash inflow.

12. Tax on profit on ordinary activities

(a) Analysis of Group charge in year	2023 £000s	Restated 2022 £000s
Current tax		
UK corporation tax at 23.50% (2022: 19.00%)	**3,990**	–
Group relief payment	**197**	605
Adjustments in respect of previous years	**263**	(62)
	4,450	543
Foreign tax	**8,937**	12,722
Adjustments in respect of previous periods	**(1,295)**	2,488
Total current tax expense	**12,092**	15,753
Deferred tax		
Origination and reversal of temporary differences	**7,153**	(1,513)
Impact of deferred tax rate movements on opening asset/liability	**–**	(76)
Adjustments in respect of previous periods	**(1,368)**	(223)
Total deferred tax expense / (credit)	**5,785**	(1,812)
Total tax (note 12(b))	**17,877**	13,941

(b) Factors affecting Group tax charge for year

The tax assessed for the period is higher (2022: higher) than the standard rate of corporation tax in the UK (2023: 23.50%; 2022: 19.00%). The differences are explained below:

	2023 £000s	Restated 2022 £000s
Profit on ordinary activities before tax	**61,674**	36,667
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.50% (2022: 19.00%)	**14,494**	6,967
Effects of:		
Expenses not deductible for tax purposes	**9,457**	7,394
Income not taxable	**(2,182)**	(5,444)
Non-taxable disposal of investments	**(1,594)**	–
Group relief claimed	**–**	(7)
Non-taxable foreign branch (income)/losses	**302**	(58)
Withholding tax deduction	**1,178**	5,288
Different rates of tax on overseas earnings	**(2,129)**	(969)
Research and development expenditure credit	**(180)**	–
Movement in temporary differences not recognised in deferred tax	**155**	(1,115)
Impact of deferred tax rate movements	**776**	(313)
Adjustments to tax charge in respect of previous years – UK taxation	**263**	(62)
Adjustments to tax charge in respect of previous periods – overseas taxation	**(1,295)**	2,488
Adjustments to tax charge in respect of previous periods – deferred tax	**(1,368)**	(228)
Current tax charge for the year (note 12(a))	**17,877**	13,941

Changes in tax rates

In the UK Budget on 3 March 2021, the Chancellor announced the intention to increase the UK corporate tax rate from the current rate of 19% to 25%, effective from 1 April 2023. As this change had been substantively enacted at the balance sheet date, the impact of this change has been reflected in the deferred tax assets and liabilities of the UK Group.

Effective tax rate

The Group is present in a number of jurisdictions and its effective tax rate is subject to various factors outside of the Group's control. The effective tax rate of the financial year 2023 was 29.0% (2022: 38.0%).

Future developments

Following an agreement reached by the Finance Ministers from the G7 in July 2021 backing the creation of a global minimum corporate tax rate of at least 15%, over 130 countries and jurisdictions have agreed to the OECD/G20 Inclusive Framework on BEPS, also referred to as BEPS 2.0. The new framework aims to ensure that large multinational enterprises pay a fair share of tax wherever they operate and to set a global minimum tax rate. Implementation in some countries has commenced. Whilst some details are still unknown, the United Kingdom announced the adjustment of their local tax legislation from 1 January 2024. Based on its current understanding of the anticipated changes to the global tax landscape, the Group expects there to be no material impact upon its future effective tax rate once adjustments are made to relevant local tax legislation. The Group's future effective tax rate is expected to be in a range of 25% to 30%. The Group's effective tax rate is dependent on the various factors including foreign exchange rate movements.

Deferred taxes – Group

Deferred tax assets	Fixed asset temporary differences £000s	Short-term temporary differences £000s	Losses carried forward £000s	Total £000s
At 1 January 2022	**1,316**	**3,584**	**3,221**	**8,121**
(Charged)/credited to:				
Profit and loss	(879)	347	2,474	1,942
Foreign exchange through equity	–	–	32	32
At 31 December 2022	**437**	**3,931**	**5,727**	**10,095**
(Charged)/credited to:				
Profit and loss	**(366)**	**(1,716)**	**(3,076)**	**(5,158)**
Foreign exchange through equity	**–**	**(18)**	**(19)**	**(37)**
Disposal of subsidiaries	**(60)**	**180**	**(156)**	**(36)**
At 31 December 2023	**11**	**2,377**	**2,476**	**4,864**

Deferred tax reported in equity relate to foreign exchange movements on deferred tax held in subsidiaries whose functional currency is not the Group presentational currency (GBP). This movement is included in the retranslation gain / loss reported in the Consolidated Statement of Changes in Equity.

12. Tax on profit on ordinary activities (continued)

Deferred tax liabilities	Fixed asset temporary differences £000s	Short-term temporary differences £000s	Losses carried forward £000s	Total £000s
At 1 January 2022	**1,000**	**227**	**–**	**1,227**
Charged / (credited) to:				
Profit and loss	110	66	24	200
Foreign exchange through equity	–	5	–	5
Actuarial gains through OCI	–	79	–	79
At 31 December 2022	**1,110**	**377**	**24**	**1,511**
Charged / (credited) to:				
Profit and loss	**301**	**372**	**(24)**	**649**
Foreign exchange through equity	**–**	**195**	**–**	**195**
Actuarial gains through OCI	**–**	**(329)**	**–**	**(329)**
Disposal of subsidiaries	**–**	**(94)**	**–**	**(94)**
At 31 December 2023	**1,411**	**521**	**–**	**1,932**

Deferred taxes – Company

Deferred tax	Fixed asset temporary differences £000s	Short-term temporary differences £000s	Losses carried forward £000s	Total £000s
At 1 January 2022	**–**	**478**	**460**	**938**
(Charged) / credited to profit and loss	–	432	645	1,077
At 31 December 2022	**–**	**910**	**1,105**	**2,015**
(Charged) / credited to profit and loss	**–**	**(988)**	**(872)**	**(1,860)**
At 31 December 2023	**–**	**(78)**	**233**	**155**

Tax losses carried forward
Tax losses for which no deferred tax asset was recognised:

	2023		2022	
	Gross amount £000s	**Tax effected £000s**	Gross amount £000s	Tax effected £000s
Tax losses expiring:				
Within 10 years	**48**	**14**	1,166	227
Available indefinitely	**946**	**135**	24,101	6,032
	994	**149**	25,267	6,259

13. Property, plant and equipment

Group	Freehold property £000s	Property right-of-use assets £000s	Leasehold improvements £000s	Computer equipment & IT systems £000s	Plant, motor vehicles & equipment £000s	Total £000s
Cost						
At 1 January 2022	**1,266**	**32,299**	**12,303**	**10,029**	**1,542**	**57,439**
Exchange differences	150	343	57	245	97	892
Additions	–	7,440	482	3,162	12	11,096
Disposals	(352)	(1,220)	(92)	(112)	(12)	(1,788)
At 31 December 2022	**1,064**	**38,862**	**12,750**	**13,324**	**1,639**	**67,639**
Exchange differences	**(53)**	**(324)**	**(54)**	**(210)**	**(143)**	**(784)**
Additions	**–**	**13,538**	**195**	**3,415**	**113**	**17,261**
Reclassification to intangible assets	**–**	**–**	**–**	**(403)**	**–**	**(403)**
Disposal of subsidiaries	**–**	**–**	**(809)**	**(1,055)**	**(388)**	**(2,252)**
Disposals	**–**	**(4,284)**	**(32)**	**(78)**	**(93)**	**(4,487)**
At 31 December 2023	**1,011**	**47,792**	**12,050**	**14,993**	**1,128**	**76,974**
Depreciation and impairment						
At 1 January 2022	**476**	**20,077**	**6,006**	**6,724**	**1,200**	**34,483**
Exchange differences	56	172	56	168	80	532
Charge for the year	–	3,961	681	2,223	90	6,955
Disposals	–	(1,220)	(92)	(5)	(7)	(1,324)
At 31 December 2022	**532**	**22,990**	**6,651**	**9,110**	**1,363**	**40,646**
Exchange differences	**(26)**	**(149)**	**(44)**	**(132)**	**(146)**	**(497)**
Charge for the year	**–**	**4,351**	**682**	**2,188**	**105**	**7,326**
Reclassification to intangible assets	**–**	**–**	**–**	**(74)**	**–**	**(74)**
Disposal of subsidiaries	**–**	**–**	**(801)**	**(982)**	**(380)**	**(2,163)**
Disposals	**–**	**(1,497)**	**(32)**	**(77)**	**(63)**	**(1,669)**
At 31 December 2023	**506**	**25,695**	**6,456**	**10,033**	**879**	**43,569**
Net book value						
At 31 December 2023	**505**	**22,097**	**5,594**	**4,960**	**249**	**33,405**
At 31 December 2022	532	15,872	6,099	4,214	276	26,993

The Group had capital commitments of £0.1m at 31 December 2023 (2022: £0.5m).

There is no property, plant and equipment held by the Company (2022: £nil).

14. Intangible assets

Group	Computer Software £000s	Assets under construction £000s	Goodwill £000s	Customer relationships £000s	Brand £000s	Total £000s
Cost						
At 1 January 2022	**21,988**	**1,642**	**143,203**	**4,800**	**300**	**171,933**
Additions	20	2,034	–	–	–	2,054
Reclassification	1,597	(1,597)	–	–	–	–
Exchange differences	–	–	1,636	–	–	1,636
At 31 December 2022	**23,605**	**2,079**	**144,839**	**4,800**	**300**	**175,623**
Additions	**193**	**394**	**–**	**–**	**–**	**587**
Reclassification between categories	**1,754**	**(1,754)**	**–**	**–**	**–**	**–**
Reclassification from property, plant and equipment	**403**	**–**	**–**	**–**	**–**	**403**
Disposal of subsidiaries	**(784)**	**–**	**(4,398)**	**–**	**–**	**(5,182)**
Exchange differences	**(3)**	**–**	**(1,284)**	**–**	**–**	**(1,287)**
At 31 December 2023	**25,168**	**719**	**139,157**	**4,800**	**300**	**170,144**
Amortisation and impairment						
At 1 January 2022	**3,355**	**–**	**2,111**	**200**	**42**	**5,708**
Charge for the year	2,583	–	–	480	97	3,160
At 31 December 2022	**5,938**	**–**	**2,111**	**680**	**139**	**8,868**
Charge for the year	**3,156**	**–**	**–**	**480**	**100**	**3,736**
Reclassification from property, plant and equipment	**74**	**–**	**–**	**–**	**–**	**74**
Disposal of subsidiaries	**(766)**	**–**	**–**	**–**	**–**	**(766)**
At 31 December 2023	**8,402**	**–**	**2,111**	**1,160**	**239**	**11,912**
Net book value						
At 31 December 2023	**16,766**	**719**	**137,046**	**3,640**	**61**	**158,232**
At 31 December 2022	17,667	2,079	142,728	4,120	161	166,755

There is no intangible asset held by the Company (2022: £nil).

The carrying amount of goodwill is allocated to the CGUs as follows:

	2023 £000s	2022 £000s
Consult	**79,416**	80,694
Construct	**52,240**	52,240
Other (Legacy Development)	**5,390**	5,390
Operate (discontinued operations)	**–**	4,404
	137,046	142,728

The recoverable amount of each CGU has been determined by estimating its value in use by reference to the present value of forecast revenue and the residual profits. The forecasts were prepared for commercial purposes and rely on specific assumptions and projections on a CGU by CGU basis, using management's detailed knowledge and expectations of the outcome of each CGU. The projections were primarily prepared using historic performance indicators, secured order book values and a comparison of the secured order book to historic trends. They were originally prepared based on a five-year strategy, starting from 2022 to 2026, and subsequently the 2024 forecast is updated to align with the Group's budget and extended to 2028 based on CGU specific growth rates. The terminal value of the Consult and Construct CGUs are calculated based on the latest 2028 forecast with an assumed 2% growth rate. The terminal value of the Legacy Development CGU is calculated based on the expected cash inflows of projects due to the long-term nature of development projects.

The forecasts are discounted using CGU specific post-tax rates that reflect the current market assessment of the time value of money and the risks specific to the CGU. The post-tax discount rate used as the starting point is based on the estimated weighted average cost of capital, which has then been adjusted for a number of factors to determine the discount rate, including the risk free rate in the UK and the inherent risk of the forecast income streams included in the Group's cash flow projections.

The analysis has been done primarily on the goodwill attributed to each of the CGUs but also incorporates other intangible and tangible assets.

Consult CGU: A pre-tax discount rate of 14.0% (2022: 13.8%) has been applied to the Consult CGU.

Construct CGU: A pre-tax discount rate of 16.6% (2022: 16.4%) has been applied to the Construct CGU.

Legacy Development CGU: A pre-tax discount rate of 13.9% (2022: 11.7%) has been applied to the Legacy Development CGU.

Analysis using the 2024–2028 forecasts does not indicate any need for impairment based on the goodwill carrying values as at 31 December 2023. Therefore, the directors consider that no impairment or further adjustment of the goodwill, other intangibles or tangible asset carrying value is necessary.

As at the measurement date, the recoverable amount of all CGUs, based on their value in use, is significantly higher than the carrying amount relevant for the impairment test. After considering all key assumptions, management considers that a reasonably pessimistic revision of key assumptions which can rationally be expected would not cause the carrying amount of the CGUs to exceed their recoverable amount.

The Company did not own any intangible assets.

15. Investments

Group	Joint ventures & associates £000s	Other investments £000s
Cost less provisions		
At 1 January 2022	**1,341**	**12,998**
Exchange differences	(498)	–
Share of profit after tax	2,625	–
Dividends received	(2,524)	–
Fair value adjustment	–	(1,684)
At 31 December 2022	**944**	**11,314**
Exchange differences	**(153)**	**–**
Share of profit after tax	**731**	**–**
Dividends received	**(1,271)**	**–**
Fair value adjustment	**–**	**(4,639)**
At 31 December 2023	**251**	**6,675**

Company	Subsidiaries £000s
Cost less provisions	
At 1 January 2022	146,111
At 31 December 2022	146,111
At 31 December 2023	**146,111**

A full list of subsidiaries undertakings is included in note 31 which form part of the financial statements.

16. Joint arrangements

The Group has investments in a number of joint arrangements that are classified as joint ventures or joint operations, depending on the nature of the investment, as described in note 1.

Joint ventures

The following table summarises the results of joint ventures in which Mace has a part share.

	Dubai Expo 2020		MWJV Limited		Botley		Mace Engenharia E Servicos Ltda		Other joint ventures and joint operations		Total	
	2023 £000s	2022 £000s	2023 £000s	2022 £000s	2023 £000s	2022 £000s	2023 £000s	2022 £000s	2023 £000s	2022 £000s	2023 £000s	2022 £000s
Non-current assets	**–**	–	**–**	–	**–**	–	**95**	199	**50**	40	**145**	239
Current assets	**2,386**	2,454	**2,278**	2,034	**104,665**	103,359	**908**	1,481	**341**	497	**110,578**	109,825
Cash and cash equivalents (including overdrafts)	**1,033**	–	**529**	506	**2,814**	7,552	**487**	5,213	**(57)**	144	**4,806**	13,415
Current liabilities	**(2,158)**	(1,523)	**–**	–	**(91,297)**	(84,705)	**(2,226)**	(6,346)	**(494)**	(384)	**(96,175)**	(92,958)
Current financial liabilities	**–**	–	**(2,793)**	(2,513)	**(70,427)**	–	**–**	–	**–**	–	**(73,220)**	(2,513)
Non-current liabilities	**–**	–	**–**	–	**(2,511)**	(1,319)	**–**	–	**(47)**	(3)	**(2,558)**	(1,322)
Non-current financial liabilities	**–**	–	**–**	–	**–**	(70,012)	**–**	–	**–**	–	**–**	(70,012)
Total	**1,261**	931	**14**	27	**(56,756)**	(45,125)	**(736)**	547	**(207)**	294	**(56,424)**	(43,326)
Revenue	**10,940**	15,478	**12,724**	11,546	**5,237**	4,967	**4,829**	5,844	**2,458**	3,550	**36,188**	41,385
Expenses	**(8,014)**	(10,631)	**(12,703)**	(11,506)	**(9,676)**	(11,708)	**(5,877)**	(4,078)	**(2,862)**	(3,779)	**(39,132)**	(41,702)
Depreciation & amortisation	**–**	–	**–**	(5)	**–**	–	**–**	–	**–**	–	**–**	(5)
Interest expense	**–**	–	**–**	–	**(10,742)**	(7,597)	**–**	–	**22**	(9)	**(10,720)**	(7,606)
Income tax	**–**	–	**(7)**	(8)	**–**	306	**–**	(1,018)	**(19)**	(1)	**(26)**	(721)
Profit/(loss) for the year	**2,926**	4,847	**14**	27	**(15,181)**	(14,032)	**(1,048)**	748	**(401)**	(239)	**(13,690)**	(8,649)

Dubai Expo 2020 is a joint venture within the Consult operations formed for the exclusive purpose of acting as Programme Management Consultant to provide programme delivery management services for the Expo 2020 event, in Dubai. This was postponed due to Covid-19, and consequently ran from October 2021 to March 2022. Mace has joint control with a 49% profit share and net asset agreement. The arrangement is created as a separate vehicle so is classified as a joint venture with the equity method of accounting applied.

MWJV Limited is a joint venture between the Mace Group and Ward Williams Associates delivering multi-disciplinary services to the public sector in the South West of England. Mace has joint control with a 50% profit share and net asset agreement. The arrangement is classified as a joint venture and the equity method of accounting has been applied.

16. Joint arrangements (continued)

Botley includes the Development joint ventures Botley Developments (Holdings) Limited which owns BDC Phase 2 Ltd and The Botley Development Company Limited. These are separate legal entities and the arrangement is classified as a joint venture of which Mace Ltd has 50% joint control with another party and has equal voting rights. The equity method of accounting has been applied.

The purpose of the Botley Development (Holdings) Limited is to undertake the development of a site in Oxford. The JV operates from the UK and is an entity registered in England and Wales. The Botley Development Company Limited has raised its own development debt finance, which has security over the assets. Botley Development (Holdings) Limited has raised shareholder debt finance from Mace Finance Limited.

Mace Engenharia E Servicos Ltda is a Company incorporated under Angolan law with a registered office in Luanda. It has two shareholders, Mace – Consultoria e Gestão de Projectos e Construção, Lda which holds a 47% share, and Engiservices Engenharia e Serviços Lda, which holds a 53% share. This Company embodies an exclusive partnership agreement between the parties to provide professional engineering services under the Mace brand in Angola. It is part of Mace's Consult CGU. Under the Shareholders' Agreement there is joint control and all forms of decision making require unanimous agreement between the shareholders. The arrangement is classified as a joint venture, and the equity method of accounting has been applied.

17. Trade and other receivables

	Group		Company	
Amounts falling due after more than one year:	**2023 £000s**	Re-presented* 2022	**2023 £000s**	2022 £000s
Employee benefit trust loan	**–**	–	**2,800**	–
Prepayments	**–**	600	**–**	–
	–	600	**2,800**	–
Amounts falling due within one year:				
Trade receivables	**234,155**	213,867	**–**	–
Contract assets	**142,763**	136,978	**–**	–
Contract receivables	**99,990**	87,320	**–**	–
Amounts owed by subsidiary undertakings	**–**	–	**22,611**	14,606
Amounts owed by joint ventures and associates	**791**	1,016	**–**	–
Loans to directors	**1,284**	1,284	**1,149**	1,149
Loan to shareholders	**68**	68	**68**	68
Loan receivable	**1,250**	2,500	**–**	–
Loan interest receivable	**689**	689	**–**	–
Employee benefit trust loan	**–**	–	**–**	2,800
Other debtors	**95,309**	60,402	**58**	1,048
Other tax and social security receivables	**2,294**	725	**52**	–
Prepayments	**35,522**	14,242	**346**	570
	614,115	519,091	**24,284**	20,241

* Re-presentation to reclassify £8.7m reported as tax and social security receivable in 2022 to other debtors.

Retentions will be collected in the normal operating cycle of the Group and are therefore shown in current receivables. £42.1m (2022: £40.0m) of the retention receivable is due in more than one year and £100.7m (2022: £97.0m) of the retention receivable is due within one year.

The movement in contract assets in 2023 was not significant. The value of the sales retention depends on the stage of the project at the balance sheet date and the size of the project.

	Group		Company	
Debtors past and overdue	**2023 £000s**	2022 £000s	**2023 £000s**	2022 £000s
Trade receivables not past due	**182,435**	169,266	**–**	–
Trade receivables past due 1-30 days	**24,386**	26,457	**–**	–
Trade receivables past due 31-60 days	**5,986**	6,485	**–**	–
Trade receivables past due over 60 days	**24,522**	15,703	**–**	–
Gross trade receivables	**237,329**	217,911	**–**	–
Less provision for expected credit losses	**(3,174)**	(4,044)	**–**	–
Trade receivables	**234,155**	213,867	**–**	–

18. Development work in progress and loan to joint venture

	2023 £000s	2022 £000s
Work in progress	**7,382**	7,494
Development work in progress	**7,382**	7,494
Loan to joint venture	**88,192**	82,914
Provision on loan to joint venture	**(54,492)**	(38,484)
Development loan to joint venture	**33,700**	44,430

No work in progress on development schemes had capitalised interest during the year (2022: £0.1m). No work in progress was expensed as cost of sales in the year (2022: £6.5m).

19. Trade and other payables

	Group		Company	
	2023 £000s	2022 £000s	**2023 £000s**	2022 £000s
Amounts falling due more than one year:				
Long-term incentive plan accrual	**1,199**	527	**672**	–
Amounts falling due within one year:				
Trade creditors	**139,029**	116,590	**21**	–
Contract liabilities	**211,652**	195,095	**–**	–
Amounts due to subsidiaries	**–**	–	**77,501**	79,838
Amounts due to joint ventures and associates	**169**	130	**–**	–
Dividend payable to non-controlling interests	**–**	341	**–**	–
Accruals	**333,592**	297,769	**3,131**	390
Taxation and social security payables	**104,057**	71,938	**–**	629
Post-employment benefit obligation	**9,977**	8,801	**–**	–
Other creditors	**9,041**	12,755	**11**	205
	807,517	703,419	**80,664**	81,062

Contract liabilities includes deferred income and amounts payable on construction contracts.

Retentions will be paid in the normal operating cycle of the Group and are therefore shown in current payables.

£83m of Group revenue recognised in the period was included in the contract liability balance at the beginning of the year (2022: £76m).

Group contract liabilities have increased as a result of more income being deferred in 2023 in relation to large construction projects which are in early stages. Advance payments on these projects are deferred and the income will be recognised when further costs are incurred.

19. Trade and other payables (continued)

Reconciliation of post-employment benefit obligation:	Group 2023 £000s	Group 2022 £000s
Post-employment benefit obligation at 1 January	**8,801**	9,737
Disposal of subsidiaries	**(634)**	(158)
Service cost	**1,880**	2,088
Interest cost	**380**	259
Settlement gain	**–**	(119)
Liability utilised	**(2,399)**	(3,138)
Actuarial loss / (gain)	**2,490**	(980)
Exchange difference	**(541)**	1,112
Post-employment benefit obligation at 31 December	**9,977**	8,801
Post-employment benefit obligation remeasurement:		
Liability loss / (gain) due to changes in assumptions	**991**	(1,075)
Liability experience loss arising during the year	**1,499**	95
Total actuarial loss / (gain) recognised in other comprehensive income	**2,490**	(980)
Exchange difference	**(541)**	1,112
Total amount recognised in other comprehensive income in the year	**1,949**	132
Post-employment benefit obligation future cash flows:		
Expected benefits paid by the plan for the next financial year	**(1,264)**	(1,233)
Consult:		
Amount, timing and uncertainty of post-employment benefit obligation future cash flows:		
Sensitivity 1 – discount rate plus 0.5% – % difference in post-employment benefit obligation	**(4.7%)**	(4.3%)
Sensitivity 2 – discount rate minus 0.5% – % difference in post-employment benefit obligation	**5.0%**	4.7%
Sensitivity 3 – salary growth rate plus 0.5% – % difference in post-employment benefit obligation	**5.0%**	4.9%
Sensitivity 4 – salary growth rate minus 0.5% – % difference in post-employment benefit obligation	**(4.6%)**	(4.6%)
Post-employment benefit obligation assumptions:		
Discount rate	**4.8%**	5.0%
Rate of compensation increase	**5.0%**	4.0%
Plan duration (years)	**10.47**	9.80
Operate (discontinued operation):		
Amount, timing and uncertainty of post-employment benefit obligation future cash flows:		
Sensitivity 1 – discount rate plus 0.5% – % difference in post-employment benefit obligation	**–**	(4.9%)
Sensitivity 2 – discount rate minus 0.5% – % difference in post-employment benefit obligation	**–**	5.4%
Sensitivity 3 – salary growth rate plus 0.5% – % difference in post-employment benefit obligation	**–**	6.2%
Sensitivity 4 – salary growth rate minus 0.5% – % difference in post-employment benefit obligation	**–**	(5.7%)
Post-employment benefit obligation assumptions:		
Discount rate	**–**	5.1%
Rate of compensation increase	**–**	3.0%
Plan duration (years)	**–**	11.36

The assumptions used in the prior year differ between Consult and Operate as they are based on the staff profile in those businesses and the locations where the benefit is paid. The duration of the plan liabilities relates to the weighted average timing at which the End of Service Benefit payments are expected to occur. This is a result of the actuarial projections and depends on the profile of the membership data (mainly age, salary and service) and on the assumptions adopted (mainly the nominal retirement age and staff turnover rates).

20. Provisions, contingent liabilities and contingent assets

Provisions

Provisions primarily include onerous contract provisions and construction insurance liabilities. The construction insurance liabilities are principally legal claims and costs, where provision is made for the directors' best estimate of known legal claims, investigations and legal actions in progress.

Onerous contract provisions

	Group 2023 £000s	Group 2022 £000s
At 1 January	**3,775**	–
Utilised provisions	**(198)**	–
Additional provisions	**6,757**	3,775
At 31 December	**10,334**	3,775

Other provisions

	Group 2023 £000s	Group 2022 £000s
At 1 January	**93,954**	96,146
Unused amounts released	**(29,515)**	(11,332)
Utilised provisions	**(17,317)**	(18,541)
Additional provisions	**15,752**	27,737
Exchange difference	**43**	(56)
At 31 December	**62,917**	93,954

It is anticipated that amounts provided for will be utilised as follows:

	Group 2023 £000s	Group 2022 £000s
Due within one year	**9,651**	9,334
Due after one year	**63,600**	88,395
	73,251	97,729

In relation to the amounts included in provisions, £65.4m (2022: £33.8m) of expected reimbursement is included within other debtors in note 17.

Contingent liabilities

The Company is party to group liabilities with its principal and secondary bankers across two cash pools. For each separate pool, there is a right of set-off for entities in each pool. Whilst certain group companies have overdrawn balances, at 31 December 2023 there was no group indebtedness to its principal or secondary bankers and therefore the directors consider no contingency arises. The aggregate gross overdraft in the cash pools which is offset with cash and cash equivalents as at 31 December 2023 is £35.8m.

In addition to bonds for construction projects we also have a number of bonds for a variety of other purposes such as project management assignments internationally and guarantees.

Provisions are made using the directors' best judgements and estimates of known legal claims, investigations and legal actions relating to the Group which are considered more likely than not to result in an outflow of economic benefit. If the directors consider that a claim, investigation or action relating to the Group is unlikely to succeed, no provision is made. If the directors cannot make a reliable estimate of a potential, material obligation, no provision is made but details of the claim are disclosed as contingent liabilities. At 31 December 2023 Mace Finance Limited Company and Group had no contingent liabilities in relation to claims (2022: £nil).

Contingent assets

The Group had contingent assets of £nil (2022: £15.7m) in relation to claims against third parties for the reimbursement of costs on construction contracts as there were no ongoing matters (2022: 6).

Under IAS 37 these amounts may only be recognised when the economic benefit arising from the claims is virtually certain. It is probable that these amounts will be recognised in future periods when the uncertainty over their recoverability has been removed.

21. Financial liabilities

	Group 2023 £000s	Group 2022 £000s	Company 2023 £000s	Company 2022 £000s
Amounts due within one year:				
Derivatives not designated as hedging instruments:				
Foreign currency exchange contracts	–	7	–	–
Acquisition contingent liability	–	466	–	–
	–	473	–	–
Amounts due after more than one year:				
Acquisition contingent liability	–	181	–	–

22. Lease liabilities & borrowings

	Group 2023 £000s	Group 2022 £000s	Company 2023 £000s	Company 2022 £000s
Due within one year:				
Bank overdraft	–	50,594	–	16,880
Lease liabilities	6,854	6,132	–	–
	6,854	56,726	–	16,880
Due within two to five years:				
Lease liabilities	23,453	19,386	–	–
Bank loan	50,000	30,000	50,000	30,000
	73,453	49,386	50,000	30,000

See the section on capital risk management in the financial risk management note 3 for further details of the corporate bond and external borrowings. Interest is charged on these borrowings at between 6 and 8%.

23. Disposal of subsidiaries

(i) Discontinued Operations

a) Description

On 1 November 2023 the Group sold its 100% shareholding in Mace Operate Limited for consideration of £7.7m, including £3.5m of cash consideration and contingent and deferred consideration of £4.2m (£5.47m as undiscounted value). The total undiscounted consideration is £8.99m. In accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', the Group has classified the business of Mace Operate Limited and its subsidiaries and joint ventures as discontinued operations.

b) Financial performance and cash flow information

The financial performance and cash flow information presented below are for the 10 months ended 1 November 2023 and the year ended 31 December 2022.

The results of the discontinued operations which have been included in the consolidated statement of comprehensive income were as follows:

	For the 10 months ended 1 November 2023 £000s	For the year ended 31 December 2022 £000s
Group revenue	90,397	90,117
Costs recharged to clients	(39,393)	(46,212)
Revenue	51,004	43,905
Cost of sales	(44,989)	(37,630)
Gross profit	6,015	6,275
Administrative expenses	(6,041)	(7,250)
Other income	–	200
Operating loss	(26)	(775)
(Loss) / profit of disposal of a subsidiary	(60)	649
Finance costs	(84)	(80)
Loss before tax	(170)	(206)
Income tax	(390)	(279)
Non-controlling interest	91	(154)
Loss for the year	(469)	(639)
Loss on disposal	(9,653)	–
Loss from discontinued operation	(10,122)	(639)

The cash flows of the discontinued operations which have been included in the consolidated statement of cash flows were as follows:

Discontinued Operations	2023 £000s	2022 £000s
Operating	(985)	7,886
Investing	(782)	47
Financing	(400)	–
Net cash (outflow) / inflow	(2,167)	7,933

c) Details of the sale of the Group

Consideration received or receivable	
Cash	3,520
Fair value of contingent and deferred consideration	4,207
Total disposal consideration	7,727
Carrying amount of net assets sold	(4,539)
Non-controlling interest	(230)
Gain on sale before income tax and reclassification of foreign exchange reserve	2,958
Forgiveness of intercompany loan	(11,768)
Recycling of accumulated foreign exchange from other comprehensive income to profit and loss	(346)
Transaction costs	(497)
Loss on disposal	(9,653)

The fair value of contingent and deferred consideration as at 31 December 2023 is £4.337m. The fair value of contingent and deferred consideration as at disposal date is £4.207m and the increase is due to the fair value increase on contingent consideration and interest on deferred consideration between disposal date and 31 December 2023.

The major classes of assets and liabilities sold are as follows:

	As at 1 November 2023 £000s
Discontinued Operations	
Assets	
Goodwill and other intangible assets	4,415
Property, plant and equipment	89
Deferred tax assets	36
Trade and other receivables	36,087
Cash and cash equivalents	6,808
Restricted cash	200
	47,635
Liabilities	
Deferred tax liabilities	(94)
Trade and other payables	(43,002)
	(43,096)
Net assets	4,539
Non-controlling interest	230
Net assets disposed of (including non-controlling interest)	4,769

A reconciliation of cash flows on disposal of Operate is shown in the table below:

Total cash consideration	3,520
Less: net cash derecognised on disposal	(7,008)
Transaction costs	(497)
Disposal of subsidiaries cash flow	(3,985)

23. Disposal of subsidiaries (continued)

d) Disposal of subsidiary in discontinued operations
On 15 August 2022, the Group completed the disposal of Mace Macro Technical Services LLC for consideration of £1.0m. The gain on disposal is analysed as follows:

	£000s
Proceeds	952
Net asset disposed (see below)	(186)
Transaction costs	(65)
Recycling of foreign exchange reserve	(52)
Profit on disposal of subsidiary	**649**
Income tax expense on gain on disposal	–

The prior year net cash flow effect of the disposal is analysed as follows:

	£000s
Proceeds	952
Less proceeds receivable from deferred consideration receivable	(520)
Less intercompany balances settled	(31)
Cash disposed	(254)
Transaction costs	(65)
Net disposal proceeds received	**82**

The major classes of assets and liabilities disposed are as follows:

	£000s
Goodwill	96
Property, plant and equipment	1
Trade and other receivables	607
Current tax assets	3
Cash	254
Trade and other payables	(630)
Current tax liabilities	(145)
Net assets disposed	**186**

(ii) Disposal of other subsidiaries
On 14 March 2023, the Group disposed Bethnal Green Regeneration Limited for consideration of £0.05m resulting in a gain of disposal of £0.05m.

24. Share capital and reserves

	2023		2022	
	Number of shares	**Ordinary shares value**	Number of shares	Ordinary shares value
Group and Company:		**£000s**		£000s
Allotted, called up and fully paid				
Ordinary shares at 0.01p each	**8,170,000**	**1**	8,185,000	1
At 31 December	**8,170,000**	**1**	8,185,000	1

The following transactions took place in 2022:

Ordinary shares
On 14 March 2022, the Company undertook a share-buy-back of 50,000 ordinary shares from the EBT of £0.0001 each for an agreed consideration of £1,127,000. The shares were subsequently cancelled.

On 14 March 2022, the Company made an allotment of 50,000 ordinary shares of £0.0001 each for an agreed consideration of £5 to a director of the Company, as part of its incentive programme.

On 18 May 2022, the Company undertook a disposal of 600,000 treasury shares of £0.0001 each for an agreed consideration of £60 following the share buy-back which occurred on 25 January 2021.

On 5 April 2022, having met the performance criteria under a Restricted Share Award 100,000 ordinary shares of £0.0001 each were awarded from the EBT to a director of the Company. These were accounted for as a share-based payment.

On 31 August 2022, having met the performance criteria under a Restricted Share Award 100,000 ordinary shares of £0.0001 each were awarded from the EBT to a director of the Company. These were accounted for as a share-based payment.

On 31 August 2022, the Company approved the transfer of 300,000 ordinary shares of £0.0001 each from Richard Bienfait on his exit from the business to the remaining shareholders. The shares were allocated pro-rata. The Company facilitated payment by taking receipt of the consideration from the individual shareholders and making a one-off payment to the exiting shareholder.

On 26 September 2022, having met the performance criteria under a Restricted Share Award 25,000 ordinary shares of £0.0001 each were awarded at the exercise price of £0.775 each from the EBT to a director of the Company. These were accounted for as a share-based payment.

On 27 September 2022, having met the performance criteria under a Restricted Share Award 15,000 ordinary shares of £0.0001 each were awarded at the exercise price of £0.775 each from the EBT to a shareholder. These were accounted for as a share-based payment.

On 27 September 2022, having met the performance criteria under a Restricted Share Award 28,037 ordinary shares of £0.0001 each were awarded at the exercise price of £1.07 each from the EBT to a director of the Company. These were accounted for as a share-based payment.

On 12 October 2022, having met the performance criteria under a Restricted Share Award 15,000 ordinary shares of £0.0001 each were awarded at the exercise price of £1.07 each from the EBT to a director of the Company. These were accounted for as a share-based payment.

On 12 October 2022, the Company undertook a share-buy-back of 15,000 ordinary shares from a director of the Company, of £0.0001 each for an agreed consideration of £338,100. The shares were subsequently cancelled.

On 25 October 2022, having met the performance criteria under a Restricted Share Award 28,037 ordinary shares of £0.0001 each were awarded at the exercise price of £1.07 each from the EBT to a director of the Company. These were accounted for as a share-based payment.

Ordinary 'A' shares
On 15 August 2022, the Company carried out an exercise relating to the shareholdings for the Company resulting in the share buy-back and cancellation of all ordinary 'A' shares classed as non-equity with no voting rights. The shares were acquired at par which resulted in an accumulated cost to the Company of £684. The shares were subsequently cancelled.

The impact of the repurchase and cancellation of shares on equity balances is presented in the statement of changes in equity. Cancellation of shares was at nominal value.

On 23 June 2023, the Company undertook a share-buy-back of 15,000 ordinary shares from the EBT of £0.0001 each for an agreed consideration of £338,100. These were subsequently cancelled.

On 29 August 2023, having met the performance criteria under a Restricted Share Award 28,037 ordinary shares of £0.0001 each were awarded at the exercise price of £1.07 each from the EBT to a director of the Company. These were accounted for as a share-based payment.

Details of post year end share transactions are included in note 29.

Reserves
The foreign exchange reserve holds gains and losses on the re-translation of subsidiaries denominated foreign currencies.

Retained earnings movement relates to the profit and loss result of the year, distribution of dividends and equity-settled share-based payment transactions. For the year ended 31 December 2022, share-based payment reserve has been reclassified to retained earnings. Previously, share-based payments reserve was presented separately as an equity reserve in both the Company and Group financial statements. In order to present more fairly the realised profit and loss from share-based payment transactions, the decision has been taken to remove the classification, and re-present amount recognised under share-based payment reserve as part of retained earnings within equity. The reclassification has no impact on any other financial statement line items. Share-based payment transactions accumulated within retained earnings as at 31 December 2023 amounted to £nil (2022: £0.02m).

Own shares relate to treasury shares and are held by the Employee Benefit Trust and Group companies. Own shares are deducted from equity and the shares are held at historical cost until they are sold.

25. Notes to the cash flow statement

Group reconciliation of operating activities to operating cash flows

	Note	2023 £000s	Restated 2022* £000s
Cash flows from operating activities			
Profit before interest and tax		**65,048**	35,760
Adjustments for:			
Loss in the year before interest and tax – discontinued operations		**(87)**	(126)
Profit on disposal of fixed assets	6	**–**	5
Depreciation of property, plant and equipment	13	**7,326**	6,955
Amortisation of intangible assets	14	**3,736**	3,160
Profit on disposal of investments		**(46)**	(649)
Share of net profits of joint ventures	15	**(731)**	(2,625)
Revaluation to fair value		**4,313**	650
Impairment on loan to joint venture		**11,730**	13,009
Movement on provisions		**(13,488)**	17,828
Movement on reimbursement asset in respect of professional indemnity claims		**(26,480)**	–
Income from government grants		**(334)**	(14,942)
Share-based payments		**–**	566
Foreign exchange – retranslation		**(4,242)**	5,440
Cash flows before changes in working capital		**46,745**	65,031
Working capital changes:			
Increase in trade and other receivables		**(108,085)**	(40,065)
Decrease in work in progress		**112**	5,049
Increase/ (decrease) in trade payables		**124,961**	(31,857)
Government grants and loan		**334**	14,942
Decrease/(increase) in working capital		**17,322**	(51,931)
Income taxes paid		**(6,764)**	(12,578)
Net finance costs		**(3,104)**	(4,013)
Net cash inflows/(outflows) from operating activities		**54,199**	(3,491)

* Prior year restated to reflect discontinued operations. Current year and prior year amounts represent continuing operations.

Reconciliation of changes in liabilities arising from financing transactions.

	1 January 2023 £000s	Cash flows £000s	Non-cash changes: Foreign exchange movement £000s	Non-cash changes: Additions £000s	Non-cash changes: Disposals £000s	31 December 2023 £000s
Bank borrowings and corporate bond	30,000	20,000	–	–	–	**50,000**
Lease liabilities	25,518	(5,561)	(179)	13,538	(3,009)	**30,307**
Derivatives not designated as hedging instruments: Foreign currency exchange contracts	7	–	–	–	(7)	**–**
Total liabilities from financing activities	**55,525**	**14,439**	**(179)**	**13,538**	**(3,016)**	**80,307**

Restricted cash

Restricted cash of £11.1m (2022: £26.5m) includes £8.6m (2022: £11.1m) held within joint operations for restricted use, including £2.6m of cash held in project bank accounts. £1.2m was held for specific withholding tax payment. Prior year balance includes £3.4m of cash held in project bank accounts. £14.8m was held for an advance payment bond that was released in 2023. There are some other smaller restricted cash balances amounting to £1.3m (2022: £0.6m).

Net cash reconciliation	Note	2023 £000s	2022 £000s
Short-term lease liabilities and borrowings	22	**(6,854)**	(56,726)
Long-term lease liabilities and borrowings	22	**(73,453)**	(49,386)
Less: lease liabilities		**30,307**	25,516
Cash at bank (excluding restricted cash)		**175,809**	153,933
Net cash		**125,809**	73,337

26. Share-based payments

As part of the arrangements constituting the MBO of January 2014, 1,850,000 ordinary shares were issued at par to an Employee Benefit Trust controlled by the Company. The purpose of the issue was to enable the Group to incentivise directors and eligible employees by granting them shares or options over the shares. At 31 December 2023, 1,905,000 (2022: 1,905,000) shares had been granted. Share-based payment charges arising from share options, restricted share issues and unrestricted share issues relating to directors of the Company have been charged to the statement of comprehensive income and disclosed within directors' remuneration in note 9.

Share option scheme

The Group's share option scheme was created in 2014 for the primary purpose of providing incentives to directors and eligible employees. Under the scheme, the Board may grant options over shares in the Company held by the EBT to eligible employees of the Group, including directors. In November 2014 options were issued over 170,187 shares to seven individuals. No consideration was payable on the grant of an option. Options may be exercised once certain conditions have been met.

The right to exercise expires on the 10th anniversary of the date of the grant of the option. A further 40,000 options were granted in 2017 to two individuals. The fair value of the options granted was calculated using the Black Scholes Model and included the following inputs:

	2017	2014
Exercise price	£0.78	£1.07
Expected volatility	29.05%	50.96%
Option life	5 years	5 years
Expected dividends	3.47%	8.89%
Risk free interest rate	0.57%	1.32%

The fair value was recognised over the vesting period which was estimated as five years. There was no charge in 2023 (2022: £nil). Since these options were granted to employees of Mace Limited, the amount was recharged as an employment cost to Mace Limited.

The following table summarises options granted under the plan.

	2023 Average exercise price per share option	2023 Number of share options	2022 Average exercise price per share option	2022 Number of share options
As at 1 January	**£1.07**	**28,037**	£0.99	139,112
Exercised during the year	**£1.07**	**(28,037)**	£0.96	(111,075)
As at 31 December	**–**	**–**	£1.07	28,037
Vested and exercisable as at 31 December	**–**	**–**	£1.07	28,037

Restricted shares

In November 2014, the Company issued 434,813 restricted shares to five individuals for £nil consideration. The restrictions denoted that, until certain conditions were met, the shares could not be voted or receive a dividend and would only participate in surplus assets on a sale with approval of the directors. The right to receive unrestricted shares expires on the tenth anniversary of the grant date of the shares. The fair value of the shares issued was determined using the same data as the options granted under the Company Share Option Plan (CSOP) scheme described above and amounted to £1.44 per share. The fair value was recognised over the period from the grant to the lifting date of the restrictions which was estimated as five years. In January 2019, the ultimate Company unconditionally removed restrictions on 143,925 of the shares issued in November 2014. As a result, the share-based payment charge was accelerated. A further charge was recognised in profit and loss, calculated as the increase in fair value arising from the removal in restriction. This amounted to a further £0.36 per share and was wholly recognised in 2019. Of the original 2014 award, none of the shares had restrictions at the end of 2023 and 2022.

In August 2020 and December 2020, two further tranches of restricted shares were issued for £nil consideration, valued at £6 and £18 per share respectively based on other arm's length transactions performed closest to the dates of issue. The shares are subject to the same restrictions on voting rights and dividends and subject to performance conditions relating to Group financial performance. Unlike the previous restricted awards, these awards will be accounted for at their full value at the point of issue and over the performance condition vesting period. The restrictions on the awards have been lifted in 2022. A charge of £nil (2022: £565,625) has been included in administrative expenses and as the awards were made to a director, have been included in director's remuneration disclosed in note 9.

Share appreciation rights

In 2023, a subsidiary company issued 152,500 (2022: 145,000) share appreciation rights of the Company to three individuals (2022: four individuals) for £nil consideration (2022: £nil). The restrictions denoted that, until certain conditions were met, the shares could not be voted or receive a dividend and would only be settled in cash by the exercise of options by the subsidiary company. The conditions to be fulfilled are considered not probable in 2023 and no charge has been recognised in 2023.

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27. Related party transactions

Group	2023 £000s	2022 £000s
Transactions between the Group and its joint ventures		
Trading transactions		
Sales	**2,466**	2,602
Purchases	**–**	(109)
Non-trading transactions		
Dividends received	**13**	2,524
Interest receivable	**–**	5,072

Balances between the Group and its joint ventures can be found in notes 17 and 19.

Loans to directors

Directors overdrawn loan accounts included in receivables (note 17) are loans owing from directors which have been overdrawn on exercise of their share options. s455 tax has been provided in respect of these director overdrawn loans. These loans are not interest bearing. One director repaid their loan and two directors had their loans waived in 2022.

28. Leases

The Group holds property leases for offices in the UK and internationally. The most significant property lease is for the Group's head office in Moorgate, London. The Group also has short-term leases for motor vehicles.

The Group acted as a lessor in the period and received rental income for student accommodation and a retail unit.

	Group	
	2023 £000s	2022 £000s
Income in relation to leasing	**209**	196

	Group	
	2023 £000s	2022 £000s
Due within 1 year	**209**	209
Due within 2-5 years	**428**	628
Total	**637**	837
Cash flows in relation to leases		
Cash inflow in relation to leases where Mace is the lessor	**209**	196
Cash outflows in relation to leases where Mace is the lessee	**(6,536)**	(5,892)
Net cash outflow	**(6,327)**	(5,696)

The principal element of the lease payment is included in financing activities and the interest component is included in operating activities in the cash flow statement.

Other disclosures:

Analysis of the right-of-use assets on the balance sheet is included in the property, plant and equipment note 13.

Analysis of the lease liabilities on the balance sheet is included in the lease liabilities and borrowings note 22 and the related interest charge in the interest note 8.

The maturity analysis of the lease liabilities is presented in the financial risk management note 3.

In addition to the closing lease liability at the year end, the Group also has commitments for leases that are short term. The expense incurred in relation to these leases is disclosed in the operating profit note 6.

Commitments in relation to short-term leases expenses are expected to be in line with the annual expense disclosed for the year ended 31 December 2023, as reported in the operating profit and EBITDA note 6.

29. Post balance sheet events

Share transactions

On 23 February 2024, Clove Investments Limited, transferred 38,750 shares of the Company's shares at £22.54 per share to an Employee Benefit Trust of the Company. Clove Investments Holdings Limited is an indirect investment of the Company. It is a direct investment of the Mace Finance Limited Employee Benefit Trust. The shareholder of Clove Investment Holdings Limited is a nominee shareholder and acts on letter of wishes given to them by Mace Finance Limited.

30. List of joint ventures, joint operations and associate undertakings

The following is a list of joint ventures and associate entities of Group.

Construct

Company	Country of registration/ incorporation	Tax Residency	Voting rights 2023 (%)	Voting rights 2022 (%)	Nature of business
New Burlington Developments Limited* (dissolved 18 July 2023)	United Kingdom	United Kingdom	0	50	Construct

Consult

Company	Country of registration/ incorporation	Tax Residency	Voting rights 2023 (%)	Voting rights 2022 (%)	Nature of business
Mace Avista Pty Ltd	Australia	Australia	50	50	Consult
Mace – Engenharia E Servicos Ltda	Angola	Angola	47	47	Consult
MMQSMace Consultancy (Pty) Limited	South Africa	South Africa	49	49	Consult
MMQS Mace (Pty) Limited	South Africa	South Africa	48	48	Consult
CLM Delivery Partner Limited*	United Kingdom	United Kingdom	25	25	Consult
MWJV Limited	United Kingdom	United Kingdom	50	50	Consult
Mace – Jacobs Consortium	Greece	Greece	50	50	Consult

Other

Company	Country of registration/ incorporation	Tax Residency	Voting rights 2023 (%)	Voting rights 2022 (%)	Nature of business
BDC Phase 2 Limited*	United Kingdom	United Kingdom	50	50	Develop
Botley Developments (Holdings) Limited*	United Kingdom	United Kingdom	50	50	Develop
Botley DevManCo Limited*	United Kingdom	United Kingdom	50	50	Develop
Commercial Road Development Management Limited*	United Kingdom	United Kingdom	50	50	Develop
Mace Develop Latimer (Stevenage) LLP*	United Kingdom	United Kingdom	50	50	Develop
Mace Develop Latimer (Stevenage) Plot A LLP*	United Kingdom	United Kingdom	50	50	Develop
Mace Develop Latimer (Stevenage) Plot K LLP*	United Kingdom	United Kingdom	50	50	Develop
Mace Develop Latimer Limited*	United Kingdom	United Kingdom	50	50	Develop
MPD Trinity LLP*	United Kingdom	United Kingdom	33	33	Develop
The Botley Development Company Limited*	United Kingdom	United Kingdom	50	50	Develop
West Way Academic Residential 1 Limited*	United Kingdom	United Kingdom	50	50	Develop
West Way Academic Residential 2 Limited*	United Kingdom	United Kingdom	50	50	Develop
Westway Estate Management Limited*	United Kingdom	United Kingdom	50	50	Develop

* Companies are registered at head office address in the UK: 155 Moorgate, London, EC2M 6XB, England

The following joint ventures were entered into after the balance sheet date.

Other

Company	Participation share (%)	Nature of business
Swingate Developments LLP	50	Develop
Swingate Holdings Limited	50	Develop
Swingate Phase 1A LLP	50	Develop

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30. List of joint ventures, joint operations and associate undertakings (continued)

The following is a list of other joint arrangements that the Group participate in.

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Unincorporated joint arrangement	Participation share 2023 (%)	Participation share 2022 (%)	Nature of arrangement
HS2 Euston	50	50	Consult
Dubai Expo 2020	49	49	Consult
Paragon	50	50	Consult
Schiphol Airport (Pier Airside)	55	55	Consult
TfL Integrator	50	50	Consult
Highways England PDP	33	33	Consult
Peru G2G	42	42	Consult
Northern Estate (Programme, Project and Cost Management Services to the Corporate Officers of the House of Commons and the House of Lords)	50	50	Consult
Bicentenary Education G2G	50	50	Consult
HS2 Curzon Street	50	50	Consult
Ontario Go Expansion	33	33	Consult
Metrolinx Subways Delivery Partner	33	33	Consult

Construct

Unincorporated joint arrangement	Participation share 2023 (%)	Participation share 2022 (%)	Nature of arrangement
Sumner Street – Landsec	50	50	Construct

31. List of subsidiary undertakings

The following is a list of the direct and indirect subsidiary entities of the Group.

Construct

Company	Country of registration/ incorporation	Tax Residency	Voting rights 2023 (%)	Voting rights 2022 (%)	Nature of business
Mace International Construction (Belgium) BV Avenue Marnix 23, fifth floor 1000 Brussel, Belgium	Belgium	Belgium	100	100	Construct
Mace Technology Denmark ApS Harbour House Sundkrogsgade 21 2100 Copenhagen, Denmark	Denmark	Denmark	100	100	Construct
Mace Technology (Ireland) Limited Floor 3, Block 3 Miesian Plaza Dublin 2, Ireland	Ireland	Ireland	100	100	Construct
Mace Management Services B.V. Zuidplein 116 Tower H, Level 14, 1077XV Amsterdam, Netherlands	Netherlands	Netherlands	100	100	Construct
Como Construction Limited*	United Kingdom	United Kingdom	100	100	Dormant
Como Group Limited*	United Kingdom	United Kingdom	100	100	Holding company
Como Homes Limited*	United Kingdom	United Kingdom	100	100	Dormant
Mace Construct Limited*	United Kingdom	United Kingdom	100	100	Construct
Mace Construct Specialist Services Limited*	United Kingdom	United Kingdom	100	100	Construct
Mace Construction (International) Limited*	United Kingdom	United Kingdom	100	100	Construct
Mace Facades Limited*	United Kingdom	United Kingdom	100	100	Construct
Mace Interiors Group Limited*	United Kingdom	United Kingdom	100	100	Construct
Mace Living Limited*	United Kingdom	United Kingdom	100	100	Construct
Mace MEP Services Limited*	United Kingdom	United Kingdom	100	100	Construct
Mace Plus Academies Limited*	United Kingdom	United Kingdom	100	100	Construct
Mace Plus Group Limited*	United Kingdom	United Kingdom	100	100	Construct
Mace Plus Limited*	United Kingdom	United Kingdom	100	100	Construct
Mace Tech Limited*	United Kingdom	United Kingdom	100	100	Construct

Consult

Company	Country of registration/ incorporation	Tax Residency	Voting rights 2023 (%)	Voting rights 2022 (%)	Nature of business
Mace Australia Proprietary Limited S14 02' Level 14, 68 Pitt Street, Sydney NSW 2000 Australia	Australia	Australia	100	100	Consult
Mace Consultancy (Canada) Limited [B] c/o ARC Information Services Inc 3-84 Castlebury Crescent Toronto, Ontario M2H 1W8 Canada	Canada	Canada	100	100	Consult
Mace Consultoria Colombia S.A.S. Cr 7 N. 71 52 To B P 10 Bogota D.C. Colombia	Colombia	Colombia	100	100	Consult
Mace Zagreb d.o.o. Petrinjska 42 a Zagreb 10000 Croatia	Croatia	Croatia	100	100	Consult
Callomin Property Solutions Limited 59-61 Acropolis Avenue 3rd floor, Flat 301 Nicosia 2012 Cyprus	Cyprus	Cyprus	100	100	Consult
Mace Holdings Limited [B] 59-61 Acropolis Avenue 3rd floor, Flat 301 Nicosia 2012 Cyprus	Cyprus	Cyprus	100	100	Consult – Holding Company
Mace International Limited [B] 59-61 Acropolis Avenue Savvides Court 3rd floor Nicosia 2012 Cyprus	Cyprus	Dubai	100	100	Consult
Mace Egypt for Project Management L.L.C. Building 19 A Cairo Business Park El Nasr St. New Cairo Egypt	Egypt	Egypt	100	100	Consult
Mace Projets Sarl 27 Place de la Madeleine 75008 Paris France	France	France	100	100	Consult
Mace GmbH Hamburger Allee 45 60486 Frankfurt Germany	Germany	Germany	100	100	Consult
Mace Management Service Limited Kwakkranya Street Accra 1359 Ghana	Ghana	Ghana	100	100	Consult
Mace Limited Room 24, Unit B, 6/F HungMou Industrial Building 62 Hung To Road Kwun Tong Hong Kong	Hong Kong	Hong Kong	100	100	Consult
Tencore Limited Unit 507, 5/F Chinachem Plaza 77 Mody Road Tsim Sha Tsui East Hong Kong	Hong Kong	Hong Kong	100	100	Consult
Tenman (HK) Limited Unit 507, 5/F Chinachem Plaza 77 Mody Road Tsim Sha Tsui East Hong Kong	Hong Kong	Hong Kong	100	100	Consult
Mace Project & Cost Management Private Limited 01A171 & 01A172 Platina Tower, MG Road Near Sikandarpur Metro Station, Sector 28 Gurgaon Haryana 122002 India	India	India	100	100	Consult
Mace Consultancy (Ireland) Limited Floor 3 Block 3, Miesian Plaza Dublin Ireland	Ireland	Ireland	100	100	Consult

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31. List of subsidiary undertakings (continued)

Consult

Company	Country of registration/ incorporation	Tax Residency	Voting rights 2023 (%)	Voting rights 2022 (%)	Nature of business
Mace Consultancy (Jersey) Limited 44 Esplanade, St Helier Jersey JE4 9WG	Jersey	Jersey	100	100	Consult
Mace Management Services LLP 78, Baitursynuly Street Apartment 38, Almalinskiy District 050022 Almaty Kazakhstan	Kazakhstan	Kazakhstan	100	100	Dormant
Mace Management Services Limited The Westwood, 9th Floor Vale Close off Ring Road Westlands Nairobi Kenya	Kenya	Kenya	100	100	Consult
Mace YMR Limited Liability Partnership Plot NO LR 209, 11459 Lion Place, Waiyaki Way Kenya	Kenya	Kenya	61	61	Consult
Mace Limitada Alameda Dr. Carlos d'Assumpcao, no. 263, China Civil Plaza 6o. andar M e N Macau	Macau	Macau	100	100	Consult
MaceYMR Ltd c/o Matco Limited, 11th floor, Tower 1 Nexteracom Building Ebene Cybercity Mauritius	Mauritius	Mauritius	61	61	Consult
Mace Management Services, SARL 106, Rue Abderrahman Sehraoui Casablanca, 20070 Morocco	Morocco	Morocco	100	100	Consult
Utremace B.V. Zuidplein 116, Tower H, Level 14 1077XV Amsterdam Netherlands	Netherlands	Netherlands	100	100	Dormant
Mace Management Services Limited 24B Amodu Tijani Close, Victoria Island, Lagos State, Nigeria	Nigeria	Nigeria	100	100	Consult
Mace International LLC PO Box 686 Muscat Governatorate Mutrah, Ruwi 112 Oman	Oman	Oman	65	65	Consult
Mace Consult Pakistan (Private) Limited 4th Floor, Central Hotel Building Civil Lines Mereweather Road Karachi Pakistan	Pakistan	Pakistan	100	100	Consult
Mace Consultancy (Peru) S.A.C Avenue Santo Toribio 143 San Isidro Lima, Peru	Peru	Peru	100	100	Consult
MaceTpm Inc. (previously named as Tenman Project Management Inc.) Rooms 805-808, 8th Floor The One Executive Office Building 5 West Avenue Brgy Nayong Kanluran Quezon City, Philippines	Philippines	Philippines	100	100	Consult
Mace Polska Spolka zoo ul. Rondo Daszynskiego 2B00-843, Warszawa Poland	Poland	Poland	100	100	Consult
Mace – Consultoria e Gestao de Projectos e Construcao, Lda Rua Nova Stella No 7 2760 – 087, Caxias Portugal	Portugal	Portugal	100	100	Consult
Mace Management Services Limited Umujyi wa Kigali Gasabo, Kacyiru Rwanda	Rwanda	Rwanda	100	100	Consult
Mace Arabia for Engineering Consultancy LLC The Business Gate, Unit A, Ground Floor Zone C, Building 4 PO Box 12195 Riyadh, 11473 Saudi Arabia	Saudi Arabia	Saudi Arabia	100	100	Consult

Consult

Company	Country of registration/ incorporation	Tax Residency	Voting rights 2023 (%)	Voting rights 2022 (%)	Nature of business
Mace Holdings Limited Al Mousa Centre, Tower 4 Unit 435, Olaya Street PO Box 9817, Riyadh 12241 Saudi Arabia	Saudi Arabia	Saudi Arabia	55	55	Consult
Mace Asia Consultancy Pte Ltd 9 Raffles Place #26-01 Republic Plaza 048619 Singapore	Singapore	Singapore	100	100	Consult
Mace Project Solutions (Pty) Limited Bryanston Place Office Park 1st Floor Southview Building 199 Bryanston Drive Bryanston Gauteng 2120 South Africa	South Africa	South Africa	48	48	Consult
Mace Management Services (Pty) Limited Floor 2 Building 1 Waverley Office Park 15 Forest Road, Bramley Johannesburg Gauteng 2199 South Africa	South Africa	South Africa	100	100	Consult
Mace Management Services S.A Paseo de la Castellana 135 Edificio Cuzco III Planta 3, 28046 Madrid Spain	Spain	Spain	100	100	Consult
Management and Excellence Consultancy (Qatar) Limited 2nd Floor, Office 204 Building 63, Al Matar Street 310 Zone 27, Doha Qatar	State of Qatar	State of Qatar	97	97	Consult
Mace GmbH (dissolved on 23 October 2023) c/o Urs Schneebeli Scheideggstrasse 119 8038 Zurich, Switzerland	Switzerland	Switzerland	0	100	Consult
Mace Management Services AG c/o OBT AG Steinengraben 42, 4051, Basel Switzerland	Switzerland	Switzerland	100	100	Consult
Mace Syria LLC No registered office	Syria	Syria	100	100	Dormant
Mace Construction Management and Consultancy Services Limited Maçka Cad.Tuncer Building, No:29 D.13 Maçka, Şişli Istanbul, Turkey	Turkey	Turkey	100	100	Consult
YMR Partnership Uganda Plot 24b Akibua Road, Nakasero Ericson Building 3rd Floor Kampala Uganda	Uganda	Uganda	51	51	Consult
Mace (New Zealand) Limited* [B]	United Kingdom	United Kingdom	100	100	Consult
Mace (Russia) Limited*	United Kingdom	United Kingdom	100	100	Consult
Mace (Slovakia) Limited*	United Kingdom	United Kingdom	100	100	Consult
Mace Angola Special Projects Limited*	United Kingdom	United Kingdom	100	100	Consult
Mace Consult Limited*	United Kingdom	United Kingdom	100	100	Consult
Mace Consultancy (Asia Pacific) Limited*	United Kingdom	United Kingdom	100	100	Consult
Mace Consultancy (Europe) Limited* [B]	United Kingdom	United Kingdom	100	100	Consult
Mace Consultancy (MENA) Limited*	United Kingdom	United Kingdom	100	100	Consult

31. List of subsidiary undertakings (continued)

Consult

Company	Country of registration/ incorporation	Tax Residency	Voting rights 2023 (%)	Voting rights 2022 (%)	Nature of business
Mace Consultancy (Netherlands) Limited*[B]	United Kingdom	United Kingdom	100	100	Consult
Mace Consultancy (Peru) Limited*[B]	United Kingdom	United Kingdom	100	100	Consult
Mace Consultancy (Sub-Saharan Africa) Limited*	United Kingdom	United Kingdom	100	100	Consult
Mace Consultancy (The Americas) Limited*	United Kingdom	United Kingdom	100	100	Consult
Mace Cost Consultancy Limited*	United Kingdom	United Kingdom	100	100	Consult
Mace International (UK) Limited*	United Kingdom	United Kingdom	100	100	Consult
Mace International Overseas Limited*[B]	United Kingdom	United Kingdom	100	100	Consult
Mace Projects (South Africa) Limited*[B]	United Kingdom	United Kingdom	100	100	Consult
Mace Sustain Limited*	United Kingdom	United Kingdom	100	100	Dormant
Msecure Limited*	United Kingdom	United Kingdom	100	100	Consult
Mace North America Limited[B] 3500 Lenox Road Suite 1500 Atlanta GA 30326 United States of America	USA	USA	100	100	Consult
Mace Vietnam Company Limited[B] Floor 13, BIDV Tower, No. 194, Tran Quang Khai Street Ly Thai To Ward Hanoi City Vietnam	Vietnam	Vietnam	100	100	Consult

Other

Company	Country of registration/ incorporation	Tax Residency	Voting rights 2023 (%)	Voting rights 2022 (%)	Nature of business
Clove Holdings Investments Limited**	Gibraltar	Gibraltar	N/A	N/A	Holding company of employee benefit trust
Mace Group I.C.S Limited Floor 3, Block 3 Miesian Plaza Dublin 2 Ireland	Ireland	Ireland	100	100	Non-trading
City Fringe Limited*	United Kingdom	United Kingdom	100	100	Holding company
Frontier Finance Plc* (liquidated on 26 September 2023)	United Kingdom	United Kingdom	0	100	Public limited company
Mace Group Limited*	United Kingdom	United Kingdom	100	100	Construct, Consult and Develop
Mace Limited*[B]	United Kingdom	United Kingdom	100	100	Construct, Consult and Develop
Mace Living Solutions Limited	United Kingdom	United Kingdom	100	100	Living Solutions
Mace Infrastructure Limited	United Kingdom	United Kingdom	100	100	Dormant
Mace Macro Limited*	United Kingdom	United Kingdom	100	100	Dormant
Bethnal Green Regeneration Limited* (disposed on 14 March 2023)	United Kingdom	United Kingdom	0	51	Develop
Graduation Student Living Limited*	United Kingdom	United Kingdom	100	100	Develop
Greenwich Square Commercial Limited*	United Kingdom	United Kingdom	100	100	Develop
Greenwich Square Limited*	United Kingdom	United Kingdom	100	100	Develop
Mace Develop Limited*	United Kingdom	United Kingdom	100	100	Develop
Mace Developments (Greenwich) Limited*	United Kingdom	United Kingdom	100	100	Develop
Mace Developments (Stevenage) Limited*	United Kingdom	United Kingdom	100	100	Develop
Mace Developments Limited*	United Kingdom	United Kingdom	100	100	Develop
Mace Estate Solutions Limited*	United Kingdom	United Kingdom	100	100	Develop

Operate – Discontinued Operations

Company	Country of registration/ incorporation	Tax Residency	Voting rights 2023 (%)	Voting rights 2022 (%)	Nature of business
Mace Macro Brazil Consultoria Em Projetos E Construcao Ltda Alameda Santos 200, Conjunto 82, Sao Paulo, 01418-00, Brazil	Brazil	Brazil	0	100	Operate
Mace Macro Chile Spa Padre Mariano No 272 Office 602 Providencia Santiago Chile	Chile	Chile	0	100	Operate
Mace (China) Limited Room C04, 17/F 2650 North Zhongshan Road Putuo District Shanghai China	China	China	0	100	Operate
Mace Macro International Limited[B] 59-61 Acropolis Avenue 3rd floor, Flat 301 Nicosia 2012 Cyprus	Cyprus	Dubai	0	100	Operate
Mace Macro India (FM Solutions) Private Limited 16th Floor, Building 9, Tower A Regus Pride Business Centres Private Limited DLF Cybercity, Phase 3 Gurgaon, Haryana 122002 India	India	India	0	100	Operate
Mace Macro (Ireland) Limited Joyce House 22/23 Holles Street Dublin 2 Ireland	Ireland	Ireland	0	100	Operate
Mace Macro International Investments Limited – Jordan 720 Level 7 Waha Ammoun Building Gardens Street, Amman, 45662 Jordan	Jordan	Jordan	0	100	Operate
Mace Macro Luxembourg S.à r.l. 45 rue des Scillas L – 2529 Howald Luxembourg	Luxembourg	Luxembourg	0	100	Operate
Mace Macro International Limited LLC Office 201, 2nd Floor Maktabi 1, Al Khuwair PO Box 1119 Muscat, 111 Oman	Oman	Oman	0	70	Operate
Mace Macro Pakistan (Pvt) Limited 4th Floor, Central Hotel Building Civil Lines Mereweather Road Karachi Pakistan	Pakistan	Pakistan	0	100	Operate
Mace Macro Saudi Arabia Limited 2nd Floor, Unit No.9 7157 An Nahdah Road – Al Ulaya Riyadh 12821 – 2445 Saudi Arabia	Saudi Arabia	Saudi Arabia	0	50	Operate
Macro Saudi Arabia Limited PO Box 1001, Amir Sultan Street Jeddah 21424, Saudi Arabia	Saudi Arabia	Saudi Arabia	0	75	Dormant
Macro Qatar LLC Al Nasr Twin Tower A Office #203 Westbay, Zone 60, Building 24, Street 950 PO Box 31237 Qatar	State of Qatar	State of Qatar	0	49	Operate
Mace Macro International Investments Limited Bin Shabib & Associates (BSA) LLC DIFC Building 3, 6th floor P.O. Box 262, Dubai United Arab Emirates	UAE	UAE	0	100	Operate

31. List of subsidiary undertakings (continued)

Operate – Discontinued Operations

Company	Country of registration/ incorporation	Tax Residency	Voting rights 2023 (%)	Voting rights 2022 (%)	Nature of business
FM24 Limited*	United Kingdom	United Kingdom	0	100	Operate
Mace (Poland) Limited* B	United Kingdom	United Kingdom	0	100	Operate
Mace Macro (Asia Pacific) Limited* B	United Kingdom	United Kingdom	0	100	Operate
Mace Macro (The Americas) Limited* B	United Kingdom	United Kingdom	0	100	Operate
Mace Macro Africa Limited* B	United Kingdom	United Kingdom	0	100	Operate
Mace Macro Europe Limited* B	United Kingdom	United Kingdom	0	100	Operate
Mace Operate (MENA) Limited*	United Kingdom	United Kingdom	0	100	Operate
Mace Operate Limited*	United Kingdom	United Kingdom	0	100	Operate

* Companies are registered at head office address in the UK: 155 Moorgate, London, EC2M 6XB, England.
** Clove Investments Holdings Limited is an indirect investment of the Company. It is a direct investment of the Mace Finance Limited Employee Benefit Trust. The shareholder of Clove Investment Holdings Limited is a nominee shareholder and acts on letter of wishes given to them by Mace Finance Limited.
B Companies with one or more international branch registrations.

The Company has guaranteed the liabilities of the following subsidiary exempt from audit under Section 479A of the Companies Act 2006. The Company name and registered number (CRN) is: Mace Group Limited (CRN: 4228706).

Mace Limited guarantees the liabilities for subsidiaries of the Group exempt from audit under Section 479A of the Companies Act 2006. This list is detailed within the consolidated accounts of Mace Limited.

S—M
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Company Registration Number:
08057308