

Statement on Remuneration Consultation

Following AGM Held on 10 May 2022

At the Company's AGM in May 2022, the resolution to approve the Remuneration Report ("Resolution 3") was passed with a 76.23% majority vote. There being more than 20% of votes cast against the Board's recommendation, the Company undertook to consult with shareholders in line with the FRC Code of Corporate Governance to ascertain the reasons for this voting outcome. This statement provides an update on the consultations conducted. A final summary will be included in the Company's Annual Financial Report 2022.

Background

In 2021, the Remuneration Committee ("Committee") approved an exceptional bonus payment to Ian Manocha (CEO) and to Tom Mullan (CFO) in relation to the Company's transformational and highly successful acquisition of Electra Information Systems Inc. which completed on 22 June 2021. In light of the scale of the acquisition relative to the Company and its strategic significance, and the absence of any acquisition-related or post-acquisition performance-related activities within the annual bonus plan targets, the Committee considered that it would be most appropriate to structure these payments as exceptional bonuses. These payments were duly disclosed in the Company's Annual Financial Report 2021.

Within the Company's Annual Financial Report 2021, the Company also reported that it was intending to pay a second, smaller, exceptional bonus in 2022, in line with the structure adopted for 2021, based on and subject to successful achievement of certain integration-related objectives during the first 12 months following acquisition.

Shareholder consultations

The FRC Code of Corporate Governance requires that, when 20% or more of votes have been cast against a board recommendation for a resolution, a company should consult with shareholders to understand the reasons behind the result and provide an update on the views received.

Accordingly, the Remuneration Committee has consulted with major shareholders on Resolution 3 in order to ascertain the reasons behind the result. Shareholders representing in excess of 70% of the voting capital of the Company were invited to participate in the consultation. Feedback was received from shareholders representing in excess of 60% of the voting capital.

Based on the feedback received, the Committee understands that a small number of shareholders did not support Resolution 3 because they do not consider that the payment of transaction-related bonuses is appropriate as they represent a departure from UK remuneration best practice. They further stated that they would not support a further resolution involving the payment of transaction-related bonuses. By contrast, a majority of shareholders consulted did not object to these bonuses in 2021 and stated that they did not intend to object to the proposal to pay the second, smaller part of the exceptional bonus during 2022 in relation to integration-related objectives.

Outcome

Having completed the consultation and ascertained the views of major shareholders, the Committee is confident that it has a clear understanding of the reasons behind the result. The Committee has therefore reached the following preliminary conclusions.

Firstly, the Committee recognises that transaction-related bonuses represent a departure from UK remuneration best practice. However, the Committee believes that departures from best practice can be justified in certain circumstances, such as in this case where it was considered necessary to do so in order to fairly reward management whilst remaining true to original bonus targets and fully transparent in reporting. The Committee is committed to upholding these principles.

Secondly, having regard to the strategic significance of the Electra acquisition and the related activities, and taking into account the level of shareholder support for this structure, the Committee remains of the view that the exceptional bonus payments in 2021 were justified and appropriate. For the same reasons, and having specific regard to the majority views of shareholders consulted, the Committee intends to proceed with this structure for the second, smaller part of the exceptional bonus during 2022 in relation to integration-related objectives.

Finally, the Committee has received constructive feedback in relation to remuneration structures and remuneration disclosures generally. The Committee will take this feedback into account in the formulation of the Company's remuneration policy and in remuneration disclosures in the future.

A final update will be provided in the Company's Annual Financial Report 2022.