



**D4t4 Solutions plc**

Corporate Governance Report 2022

Corporate governance  
for the next stage of growth

## Chairman's introduction to governance

# Corporate governance for the next stage of growth

### Dear Shareholder

I am pleased to report on the corporate governance procedures undertaken by D4t4 for the financial year 2022, and I'm particularly pleased that this year's report sees an increase in our reporting to provide stakeholders with greater visibility into the workings of the board, its committees and the Group overall.

### The role of the board in good governance and business success

The Board recognises the importance of high standards of corporate governance for delivering long-term success to the Group and acknowledges its role in setting the culture, values and ethics of the Group (as outlined in Principle 8) and communicating these to all the Group's stakeholders. This requirement is set out formally in the Stakeholder Engagement section on page 30 of the Annual Report 2022. The Board meets regularly to discuss the monitoring and promotion of a healthy corporate culture. The Chairman has ultimate responsibility for corporate governance matters and has overseen the preparation of this governance statement accordingly.

AIM Rule 26 requires all AIM companies to disclose details of a recognised corporate governance code that its Board of Directors has decided to apply, how the Group complies with that code and, where it departs from its chosen corporate governance code, an explanation of the reasons for doing so.

The Board believes the Quoted Companies Alliance Corporate Governance Code 2018 ("QCA Code") is the most applicable set of principles for governance considering the size, resource and current development stage the Company is in. Board discussions are conducted openly and transparently, which creates an environment for sustainable and robust debate. In the year, the Board has constructively and proactively challenged management on Group strategies, proposals, operating performance and key decisions, as part of its ongoing work to assess and safeguard the position and prospects of the Group.

### Exceptions to the application of the QCA Code

The QCA Code requires the Board to have an appropriate balance between Executive and Non-Executive Directors. At the start of the year the board contained a majority of executive directors and the board felt this was no longer the appropriate balance. The restructuring of the board in June 2021, to create a smaller board focussed on corporate governance and strategy, means that we now have a majority of non-executive directors on the board.

The QCA Code also requires the Board to contain the necessary mix of experience, skills, personal qualities (including gender balance) and capabilities to deliver the Group's strategy over the medium to long term. We believe our restructured board has a strong mix of experience as evidenced in the table on page 8. In the technology industry there is a longstanding gender bias which is changing slowly. For our part, during the year we have appointed women in key roles such as VP Marketing, Head of Fraud, Finance Director, and Head of HR, People and Culture.

By order of the Board

**Peter Simmonds**

**Non-executive Chairman**

6 July 2022

# Corporate governance statement

## Board operation

The Board's principal role is to provide effective leadership of the Group and to establish and align the Group's purpose, strategy, values and culture. It is responsible to shareholders for delivering shareholder value by developing the overall strategy and supporting the development of the direction of the Group. The Board is also responsible for overseeing the Group's external financial and other reporting and for ensuring that appropriate risk management and internal control systems are implemented and maintained.

During the year we reviewed afresh the Matters Reserved for the Board as well as the Terms of reference for our three board committees covering Audit, Nominations and Remuneration.

- Strategy and long-term objectives;
- Financial statements, dividend payments and accounting policies and practices;
- Approval of the Group budget;
- Capital structure;
- Internal controls and risk management;
- Acquisitions and disposals;
- Major capital expenditure;
- Legal (including major contracts), health and safety and insurance issues;
- Approval of policies adopted by the Group; and
- Board structure and the appointment of advisers.

These matters must come to the board for formal approval. However, the board delegates certain powers to its committees allowing them to deal with those matters in detail and report back to the board with their considerations and outputs. The Board has three principal

committees: the audit committee, the remuneration committee and the nomination committee. Their responsibilities are set out in formal terms of reference for each committee, which are reviewed annually and are available on the Group's website at [www.d4t4solutions.com/investors/corporate-governance](http://www.d4t4solutions.com/investors/corporate-governance).

## Audit committee

The committee is responsible for overseeing the Group's external financial reporting and associated announcements, considering risk management, internal controls procedures and the work of the external and internal auditors. Full details of the work of the committee are set out in the audit committee report on pages 19-20.

## Nominations committee

The nomination committee is responsible for leading the Board appointments process and for considering the size, structure and composition of the Board. Full details of the work of the committee are set out in the nomination committee report on pages 21-22.

## Remuneration committee

The main role of the remuneration committee is to set the company's remuneration policy, determine each executive director's total individual remuneration package and set the targets for performance-related pay, such as to be able to recruit, retain and motivate individuals of the highest calibre. The details of the committee's work are set out on pages 23-24.

The Board meets as often as necessary to discharge its duties and the number of Board meetings held during the year, together with the Directors' attendance records, is set out on page 49. Details on the number of committee meetings held during the year together with the Directors' attendance records can be found on page 14.

# Corporate Governance Statement continued

Board meetings are in person at the company's offices in Sunbury whenever possible, or alternatively held by video conference.

The Directors have access to the advice and services of the Company Secretary, James Thorne, who have over xx years' experience, and is responsible for ensuring that the Board and its committees' procedures and applicable rules and regulations are met. The Directors all have access to the Group's key advisers. If required in the performance of their duties, Directors may take independent professional advice at the Company's expense.

Appropriate insurance cover is in place in respect of legal action against the Directors. The Group has adopted and maintained a share dealing code for Directors and employees in accordance with the Market Abuse Regulations.

Board and committee papers are circulated approximately one week in advance of meetings to enable the Board to review and consider the materials provided.

The Chair ensures that input is sought and obtained from any Director who is unable to attend a Board meeting and provides a verbal update following the meeting to complement the minutes. There is ongoing contact between the Chair, Executive Directors and Non-executive Directors between Board meetings.

A Board calendar is prepared on an annual basis, and Operations Board members and other staff are regularly invited to attend to present an update on their areas of the business. This is highly valuable in providing further detail to support strategic decisions. In addition, the Board meets on an ad hoc basis as necessary to consider specific issues, such as potential corporate activity, supported by detailed Board papers circulated in advance analysing relevant aspects of the topic under discussion.

## Board Roles and Responsibilities

The roles of the Chair and the Chief Executive Officer are separate and defined in writing. This provides a clear division of responsibilities between the running of the Board and the executive responsibility for running the business. The key responsibilities of the Chair, the Chief Executive Officer and Non-executive Directors are set out below:

### *The Chair's responsibilities include:*

- chairing the Board, the nomination committee and shareholder meetings (including the AGM);
- providing leadership of the Board and ensuring the effectiveness of all aspects of the Board's role;
- providing challenge to the Executive Directors and working closely with the Chief Executive Officer on key strategic decisions;
- maintaining a dialogue with major shareholders on governance and other strategic matters, as appropriate;
- setting the Board agenda and ensuring all Directors have the opportunity to maximise their contribution to the Board by encouraging open and honest debate and constructive challenge of the Executive Directors; and
- undertaking the annual evaluation of the Board and the Directors and building an effective Board.

The Chief Executive Officer and Chief Financial Officer are responsible for the implementation of the approved strategic and financial objectives of the Group.

### *The Chief Executive Officer's responsibilities include:*

- the day-to-day running of the business, accountable for the Group's financial and operational performance
- developing and reviewing the Group strategy;
- maintaining close contact with major customers, suppliers and shareholders
- chairing the Group Operations Board to direct and co-ordinate the management of the Group's business generally, including sales and marketing, customer delivery and satisfaction and product development;
- with the Chief Financial Officer, approving the divisional budgets;
- monitoring the performance of senior managers; and

### **The Chief Financial Officer responsibilities include:**

- Supports the Chief Executive in developing and implementing the Group strategy;
- Produces the annual budget and long-term strategic and financial plan; and
- Analyses operations and performance to ensure maximisation of shareholder value over the long term
- Ensures effective financial reporting, processes and controls are in place;
- Leads the finance and admin function;
- Monitoring the Group's principal financial risks, and safeguarding its assets.
- Oversees the Company's relationships with the investment community.

The Non-executive Directors provide independent, constructive challenge and insight to the executive team forming an integral part of the Board's decision-making process together with the monitoring of management and business performance. The Non-executive Directors play a key role in developing and reviewing proposals on strategy, actively participating in the regular strategy forums. They strengthen governance through leading and participating in the Board committees, providing a wide range of experience and independence. This aids the Board in developing a broader understanding and in evaluating the implications, risks and consequences of decisions.

### **Board effectiveness**

The board undertakes a periodic assessment of its effectiveness. Further information is shown under Principle 7 of the Corporate Governance statement.

### **Board composition and changes**

The Board is satisfied that the size of the Board and its committees and the balance of Executive and Non-executive members is such that no individual or small group of individuals can unduly influence its decisions.

Various Board changes have occurred during the financial year. These changes gave us the opportunity to streamline the main D4t4 Board to allow increased focus on corporate governance, group strategy formulation as well as investor and wider stakeholder relations, whilst creating a Group Operations Board for managing the business on a

day-to-day basis. From 1st July 2021 the Board has been made up of a majority of independent Non-executive Directors, and is comprised of the roles of Chief Executive Officer, the Chief Financial Officer, the Non-Executive Chairman, and two Non-Executive Directors.

When considering Board appointments, a wide variety of factors is taken into account, including the balance of skills, experience, independence, knowledge of the Group and diversity, including gender.

The directors have a broad range of international business knowledge and experience, as well as specific skills in the digital technology, growth companies, finance, corporate transactions, investor relations, and risk management. A skills matrix reflecting this experience is included in the Directors' biographies on pages 7-8.

### **KEY TOPICS CONSIDERED BY THE BOARD IN 2021/22**

- Review, debate and challenge of the corporate strategy and plan
- Improvement to Management information and KPIs
- Presentations on product roadmap, information security, tech strategy and cybersecurity
- Review of Marketing and relaunch of corporate and product branding
- HR improvements including employee engagement and culture
- ESG Reporting and Carbon Footprint Audit
- Acquisition of Prickly Cactus
- Board restructuring and new organisation structure
- Approval of appointments of B Bruno and A Mehta
- Risk management and internal controls, including a robust assessment of the principal risks
- Updated Treasury Policy
- Review and update of Matters Reserved for the Board and Terms of Reference of board committees
- Group Business Plan and Budget
- Review of Covid status and hybrid policy to safeguard staff
- Financial results announcements, presentations, report and accounts and market updates
- Investor engagement and analyst coverage
- The Group's going concern statement, profitability and dividend policy
- Change of auditor, and corporate lawyers

# Corporate Governance Statement continued

## Group Operations Board

Following the restructuring of the plc board in June 2021, the Board created a Group Operations Board to focus on day-to-day operations and delivery. This meets weekly and is now comprised of the following roles;

- Chief Executive Officer
- Chief Financial Officer
- Chief Technical Officer
- VP – Marketing
- VP – Global Sales
- Chief Security Officer
- Director of Managed Services

## Risk management

Key risks and uncertainties affecting the business are regularly assessed and updated. The Board challenges management to ensure appropriate risk mitigation measures are in place. An outline of the Group's key risks and uncertainties is shown on pages 26 to 29 of the Annual Report 2022.

In light of the new and emerging risks or uncertainties arising from the Group's strategic growth plans and the wider economic, political and market conditions, a rolling risk review process has been implemented which seeks to ensure that risks are constantly monitored, assessed and quantified, so that action may be prioritised by the Board accordingly. This process is undertaken by the Risk Committee which reports to the board on a monthly basis.

The incidence of the global pandemic over the last two years, coupled with increasing global economic and political volatility, has resulted in unprecedented times. The Group continues to monitor closely risks affecting the business and seeks to mitigate them as far as possible.

## Internal control

The Board has ultimate responsibility for the Group's internal control arrangements and for reviewing their effectiveness, which guide and direct the Group's activities to support delivery of its strategic, financial, operational and other objectives and safeguard shareholders' investment and the Group's assets. The Board recognises that a system of internal control reduces, but cannot eliminate, the likelihood and impact of poor judgement in decision making, human error, deliberate circumvention of control processes by employees and others, management override of controls and the occurrence of unforeseeable circumstances.

The Board sets policies and seeks and obtains on an ongoing basis, both directly and through the audit committee, assurance regarding the existence and operation of appropriate internal controls to mitigate key strategic, financial, operational, compliance and reputational risks.

The Board and audit committee consider any significant control matters raised in reports from management, and the external auditor and they monitor the progress of remedial actions.

The key features of the Group's overall control frameworks, all of which were in place throughout the year and up to the date of approval of this report, are set out below:

- Delegated limits of authority in place;
- An appropriate finance function across the Group with suitably qualified and experienced professionals;
- Segregation of duties, authorisation limits and other key internal controls are designed into both system-based and manual processes.
- A comprehensive monthly financial and operational performance reporting system which covers, amongst other things, operating results, cash flow, balance sheet information, forecasts and comparisons against budgets;
- A risk committee meeting on a regular basis to review and monitor risk and mitigating controls across the Group; and
- Regular updates to the Board from management on insurance, litigation, human resources, sustainability and health and safety matters.

These arrangements are reviewed periodically by management to ensure they remain appropriate.

The Group has extensive internal quality assurance processes in critical areas of the business and there are functions within the Group that provide assurance and advice covering specialist areas, such as information security.

The Group's businesses hold an ISO certifications for ISO 27001: Information Security. Throughout 2021, the Group maintained the ISO certifications for all our UK, US and India locations. The Group continues to review and make improvements to the implementation of these standards.

### Financial planning and monitoring

The Group sets annual budgets, which are subject to Board approval. Financial information, including actual performance versus budget and expected future performance, is provided to all Board members as part of the Board papers. The monthly reporting cycle includes a rolling forecast.

### Policies, procedures and authorisation limits

The key policies and documented procedures in place include:

- Group delegated authority limits;
- Group treasury policy;
- Group share dealing code;
- Group anti-bribery and corruption policy;
- Group human resource and staff welfare policies;
- Group health, safety and environmental policies;
- Group code of ethics and standards of business conduct;
- Group data governance policy;
- Group information security policy;
- Group anti-fraud policy; and
- Group whistleblowing policy.

The Group whistleblowing procedures include a confidential reporting hotline operated by an external, independent service provider. The policy and reporting hotline continue to be internally promoted. All employees are required to acknowledge that they have read and understood the policy and procedures.

### Directors' responsibilities

A statement of the Directors' responsibilities in respect of the accounts is set out on page 83 of the Annual Report 2022.

### Stakeholder engagement

The Board continues to engage with stakeholders and welcomes ongoing dialogue throughout the year. Further information is contained in our Stakeholder Engagement report on pages 30 to 34 of the Annual Report 2022.

### Conflicts of interest

Directors have a legal duty to avoid conflicts of interest. Prior to appointment, conflicts of interest are disclosed and assessed to ensure that there are no matters which would prevent that person from taking on the appointment. Disclosure of directors interests is a standing item on the board meeting agenda and any new interests, whether conflicting or not, are disclosed during that item.

If any potential conflict arises subsequently, the Articles of Association permit the Board to authorise the conflict, subject to such conditions or limitations as the Board may determine. In situations where a potential conflict arises, the Director concerned will not be permitted to remain present in any meeting or discussion concerning that conflict, and all material in relation to that matter will be restricted, including Board papers and minutes.

## Board of Directors

*The D4t4 Solutions' Board of Directors is comprised of a Non-executive Chairman, two Executive Directors and two independent Non-executive Directors*



**Peter Simmonds**  
Non-executive chairman

### APPOINTED

April 2015

### BOARD COMMITTEES



### BIOGRAPHY

Peter was CEO of dotDigital Group plc for eight years and a major contributor to their success prior to stepping down. Peter is FCCA qualified and has 45 years business experience in FMCG, insurance, banking and software. He is also Chairman of Gresham Technologies plc and was Chairman of Cloudcall Group plc until its sale to private equity in January 2022. Peter is an advocate of high standards of corporate governance in public companies and has been a deputy chair of the Quoted Company Alliance since 2019.



**Bill Bruno**  
Chief Executive Officer

### APPOINTED

August 2021

### BOARD COMMITTEES



### BIOGRAPHY

Bill joined D4t4 in 2018 as the VP of North America and became CEO in October 2021. He has over 19 years of experience in the media, data, and analytics sectors and has a passion for fostering a culture of innovation while working with brands to drive transformational change. Prior to D4t4, Bill spent many years as CEO (North America) for an AIM listed company upon leading his consulting business through a successful acquisition by that company in 2013.



**Ash Mehta**  
Chief Financial Officer

### APPOINTED

September 2021

### BOARD COMMITTEES



### BIOGRAPHY

Ash is an experienced public company finance director having previously served on the boards of a number of AIM and full-list businesses. He has also held senior financial roles in a variety of private growth companies, as well as a number of non-executive director roles. Ash qualified as a chartered accountant with KPMG and has extensive experience in investor relations, strategic finance, managing growth, fundraisings, and M&A.





**Monika Biddulph**  
Non-executive Director

#### APPOINTED

December 2019

#### BOARD COMMITTEES



#### BIOGRAPHY

Monika has a wide range of experience in both the commercial and technical aspects of an international technology business. In over twenty years at ARM, Monika held various General Manager, IP licensing and technical roles in the business. Currently Monika is also a Non-Executive Director on the board of Ilika plc. She was previously NED at Linaro Limited, and holds a PhD in High Energy Particle Physics from the ETH Zurich.



**Peter Whiting**  
Non-executive Director

#### APPOINTED

July 2018

#### BOARD COMMITTEES



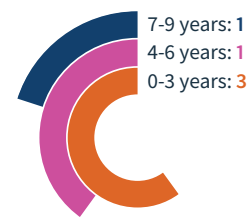
#### BIOGRAPHY

Over a 30-year career, Peter has gained extensive financial and commercial experience. His core skills are centred around the financial services and technology industries; he has the proven ability to quickly understand complex technologies and their applications and at the same time successfully developed strong interpersonal and management skills which have enabled him to build a technology-led NED portfolio. He is currently Chair of Kooth plc and a Non-Executive Director of FDM Group plc.

#### Board of Directors key



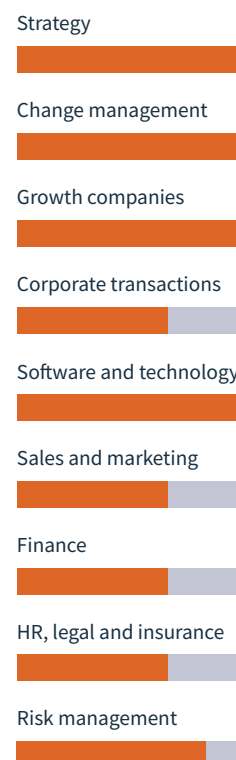
#### Board tenure



#### Committee membership

- Audit committee
- Nominations committee
- Remunerations committee
- Risk sub-committee
- Chair of committee

#### Summary of skills



# Application of the QCA Corporate Governance Code

This section describes how D4t4 Solutions plc has applied and complied with the main and supporting principles of the QCA Corporate Governance Code (2018).

In last year's Statement of Corporate Governance there were two areas where the Group was not fully compliant with the ten key principles of the QCA Code. These have been addressed as far as possible during the year. These are shown below followed by a review of each of the principles in turn.

No significant corporate governance matters arose during the period covered by the 2022 Annual Report, nor subsequently to the date of this statement, on which it was considered necessary for the Board or any of its committees to seek external advice. The Board consults with its Nominated Adviser and other professional advisers on routine matters arising in the ordinary course of its business.

The following table summarises the specific areas within one of the principles where the Board considers that the Group did not fully comply, or may be perceived as not fully complying, with the QCA Code, throughout the year.

## Principle 5 -Maintain the Board as a well-functioning, balanced team led by the Chair

| Application   | Exceptions and explanations  |
|---|--|
| The Board should have an appropriate balance between Executive and Non-Executive Directors. | At the start of the 2021/22 financial year, the Board consisted of seven members, three Non-Executive (all of whom were considered independent) and four Executive. On 28 April 2021, C Irvine resigned from the Board. On 30 June 2021 J Dodkins and M Boxall resigned from the Board. On 27 August 2021 and 01 September 2021, B Bruno and A Mehta respectively were appointed to the board. On 31 March 2022, P Kear stepped down from the board, which now consists of two Executive and three Non-Executive members, all of whom are considered independent. The general expectation that at least half of a Board should be independent Non-Executives has been satisfied since 1 July 2021. |

## Principle 6- Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities)

| Application  | Exceptions and explanations   |
|--|---|
| The Board should contain the necessary mix of experience, skills, personal qualities (including gender balance) and capabilities to deliver the Group's strategy over the medium to long term. | The male to female ratio on the Board is presently 4:1 and there are currently no female Executive Directors. We believe that this reflects a strong gender bias in the technology industry as a whole, and the Board remains confident both that the opportunities in the Group are not excluded or limited by any diversity issues (including gender) and that the Board nevertheless contains the necessary mix of experience, skills and other personal qualities and capabilities necessary to deliver its strategy. This is better reflected amongst the leadership team where we have women in key roles such as VP Marketing, Head of Fraud, Finance Director, and Head of HR, People and Culture, and members of the leadership team being located across all three of our main locations. |

## The Principles of the QCA Code

### Principle 1 - Establish a strategy and business model which promote long-term value for shareholders

The Board's shared view of the Group's purpose, business model, opportunities and strategy, and the values underpinning them, are detailed in the Strategic Report within pages 4 to 49 of the Annual Report 2022 as follows:

- "Our products and services" (pages 4-5) explains what D4t4 Solutions' services and products are.
- "Our strategy" (pages 6-7) describes how D4t4 Solutions seeks to transform the business to create shareholder value.
- "Strategy in action" (pages 12-13) illustrates, with case studies, how our customers use and benefit from our products and services.

The Group's approach to delivering long-term value for shareholders is addressed in the Statement of the Chief Executive Officer on pages 16 to 19. Pages 26 to 29 ("Principal risks and uncertainties") detail the key risks faced by the business and how these continue to be addressed. Pages 38 to 49 describe how we are embedding ESG into our business.

### Principle 2 – Seek to understand and meet shareholder needs and expectations

#### Relations with shareholders and dialogue with institutional shareholders

The Board as a whole is responsible for ensuring that a dialogue is maintained with shareholders based on the mutual understanding of objectives. Members of the Board meet with major shareholders on a regular basis, including presentations after the Group's announcement of the year-end results and at the half year. In addition to regulatory news announcements the Directors have published the annual report and accounts, the annual results presentation, the half year results and announcements on new contract wins as they arise.

In the period from 1 April 2021 to the date of this corporate governance statement, the following activities and events with stakeholders have been arranged with the view to:

- Communicating the Group's business model, strategy and values,
- Provide financial updates and explanations sought by shareholders, and
- Engage with shareholders to fully understand their needs and expectations.

| Date          | Description of engagement                   | Group Participants       | Notes   |
|---------------|---|--------------------------|---|
| June 2021     | Preliminary results roadshow                | P Kear, B Bruno          |   |
| August 2021   | AGM   | Directors                | Shareholders invited to attend online and in person Q&A session |
| December 2021 | Interim results roadshow                    | B Bruno, A Mehta         |   |
| December 2021 | Capital Markets Day                         | B Bruno, A Mehta         |   |
| Various       | Shareholder & potential shareholder meeting | P Kear, B Bruno, A Mehta |   |

## Application of the QCA Corporate Governance Code continued

The Board is kept informed of the views of shareholders and other stakeholders at each monthly Board meeting through a report from the Chief Financial Officer together with formal feedback on shareholders' views gathered and supplied by the Group's advisers. The views of private and smaller shareholders, typically arising from the AGM or from direct contact with the Group, are also communicated to the Board on a regular basis.

The Chairman, P Simmonds, is available to shareholders if they have concerns where contact through the normal channel of Chief Executive Officer or Chief Financial Officer has failed to resolve or for which such contact is inappropriate. P Simmonds can be contacted through the UK head office contact information shown on our website.

### *Constructive use of the AGM*

The Board uses the AGM to communicate with private and institutional investors and welcomes their participation; all members of the Board are usually present at the AGM.

### *Capital Markets Day*

In December 2021, we held a Capital Markets Day alongside the release of our interim results. This was a good opportunity for our new Executive team to meet with shareholders and vice versa. It was also an opportunity to showcase our Celebrus FDP fraud product and for shareholders to put questions directly to our Head of Fraud, Serpil Hall and our Chief Technology Officer, Ant Philipps. A recording of the day is available on our website.

At all investor meetings, shareholders are asked to confirm that their questions have been successfully answered. At the year end and interim presentations to shareholders, the Group's Nominated Advisor consults with attendees for feedback to ensure that future presentations encapsulate their requirements where possible.

## **Principle 3 – Take into account wider stakeholder and social responsibilities and their implications for long-term success**

The Board is fully aware that the long term success of the Group relies upon maintaining successful relationships with a range of different stakeholders, both internal and external. The table below identifies who the key stakeholders are and how we engage with them.

| Stakeholders | Reason for engagement  | How we engage  |
|--------------|--|--|
| Staff        | Our ability to provide an industry leading software and services business is dependent upon good communications within our organisation. | <p>We have identified our internal values in order to recruit and maintain talented and motivated staff. These values form the basis of all communications which are sought through internal appraisals and regular cross-functional meetings.</p> <p>There are also regular opportunities for the staff to engage with other parts of the organisation and recognise the successes of others. Examples include staff brunches and bi-monthly Group-wide "Town Hall" meetings, which are held to provide staff with an operational and sales update on what is happening within the business and ask any questions they may have of any of the leadership team.</p> <p>Since the year-end we have launched an HR system which facilitates more effective employee engagement and communication across our various locations. This is particularly important in a world where, post-Covid, employees will probably never return to being in the office every day. This system has already proven to be every effective.</p> |

| Stakeholders       | Reason for engagement  | How we engage  |
|--------------------|--|--|
| Clients & Partners | Understanding current and emerging requirements of clients enables us to develop new and enhanced services, together with software to support the fulfilment of those services.                                      | <p>We have account managers and account directors whose primary responsibility is to engage with our clients and partners to understand and develop our products and services so that we can work with them to exceed their requirements.</p> <p>In relation to our own IP products we seek formal and informal feedback on product roadmap and enhancements via our support offering and annual user group meetings.</p>  |
| Suppliers          | Our relationships with our suppliers are key to the core success of our business.  | We treat all suppliers with respect and care, building long term collaborative relationships and where possible working within the local community, and ensuring ongoing communication so that feedback can be received and acted upon. We seek to ensure that supplier invoices are processed and paid promptly.  |
| Shareholders       | As a public company it is vital that we build relationships with our shareholders so that we can both inform them of our successes and listen to their guidance.   | <p>This is achieved in several ways:</p> <ul style="list-style-type: none"> <li>• Regulatory news releases</li> <li>• Investor relations section of the Group's website</li> <li>• Annual and half-year reports and presentations</li> <li>• AGM</li> <li>• Capital Markets day and Technology demo events</li> </ul> <p>Our intention is to engage with our shareholders to inform them of our successes and to listen to the question and comments. This feedback is usually received at the AGM and the investor presentations.</p>   |
| Industry bodies    | Information security is fundamental to our business, clients, partners, suppliers and associated data subjects and so we ensure that our policies and procedures provide a cohesive approach to this important area. | We have an established information security management system which encompasses independently audited ISO27001 and PCI DSS controls, industry best practices, as well as latest regulatory requirements including General Data Protection Regulations (GDPR) and the UK Data Protection Act (2018). Our experienced Information Security Committee ensure that governance, risk and compliance is actively managed and that our policies and procedures evolve to meet ongoing requirements.   |
| Communities        | We consider that it is important to be a business that makes a positive contribution to local economies and is attractive as an employer and partner.  | We look to recruit locally experienced staff and through the local universities, in all of our locations. We employ local suppliers where possible and throughout the year, we encourage staff to identify charities that they have an affiliation with for the Group as a whole to support. Further information is available in the ESG Report.   |
| Environment        | Irrespective of our status as a public company, it is part of our ethos to conduct business operations that minimise any adverse impact on the climate these may have.   | We endeavour to use technology wherever possible such that meetings with both internal and external stakeholders can be held online, thus reducing the need for travel. This further extends to allowing employees to work at home, further reducing commuting costs on both economic and environmental grounds. In addition, our HQ at Sunbury uses the latest standards in insulation, lighting, heating and energy waste reduction and is now fully powered using renewable resources. During the year we appointed an external consultancy to conduct a carbon audit. Further details are given in the ESG report. |

# Application of the QCA Corporate Governance Code continued

## Principle 4 – Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board's risk management controls and mitigation strategies are described in the Annual Report 2022 at pages 26 to 29 ("Principal risks and uncertainties") and pages 1 to 6 of this report outline the control environment the Board has put in place – as per Principles 8 and 9 of the QCA Code – to promote a corporate culture based on ethical values and behaviours and to maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.

The Directors and management have a clear responsibility for identifying risks facing each of the businesses and for putting in place procedures to mitigate and monitor risks. To this end the Company has a Risk sub-Committee appointed by, and reporting directly to, the Board. It's membership includes the Chief Technology Officer, the Chief Financial Officer, the Director of Finance and the Chief Information Security Officer; other members of the Company are seconded to the Committee as required.

The remit of the Committee is to examine the vulnerability of the Group to all types of risk, the mitigation of such risks, maintain the risk register to properly reflect this and to report back to the Board with any changes in, or new areas of, vulnerability to risks and recommendations for mitigation.

- A review of the risk register is included in the monthly Board pack
- A quarterly report provided to the Board
- A formal assessment of risks during the annual budget process]

The Risk Committee meets every two months, or more often as required, and on each occasion reviews two areas of the corporate risk register in detail to assess the vulnerability of the Group to risks under consideration and how to mitigate such risks. Employees from with the relevant areas of the business are invited to help provide a more informed opinion of which risks are key and how they can be managed. The Committee report back to the Board with any changes in, or new areas of, vulnerability to risks and recommendations for mitigation. The global pandemic is an example of an occasion when the Risk Committee has convened more frequently in order to review the register for any changes to the level of risk due to the pandemic and the emergence of any new issues which may require mitigation.

## Principle 5 – Maintain the Board as a well-functioning, balanced team led by the Chair

### Composition

Directors' biographies are shown both in the and on the Group's website.

The Board is currently comprised of the Non-Executive Chairman, two Executive Directors and a further two Non-Executive Directors. At the date of this corporate governance statement, all of the Non-Executive Directors are considered to be independent. The Board does not consider it necessary to appoint an independent Director to a formal "Senior Independent Director" role.

All Directors are subject to election by shareholders at the first AGM immediately following their appointment and thereafter are subject to re-election at intervals of no more than three years. All Non-Executive Directors are appointed for fixed terms in line with corporate governance requirements, although any Non-Executive Director whose independence may be called into question is subject to re-election annually.

Both of the Executive Directors are full-time employees of the Group.

### Operation of the Board

The Board is responsible to shareholders for the proper management of the Group. A statement of the Directors' responsibilities in respect of the financial statements is set out on page 83 and a statement of going concern is given on page 82 of the Annual Report 2022.

The Board meets at least eleven times a year, and more often if required. The formal schedule of matters specifically reserved to it for decision was reviewed and adopted by the Board on 24 May 2022 and is reviewed annually (see Group's website).

Other matters are delegated to the Executive Directors, supported by policies for reporting to the Board. Presentations are made to the main Board at each monthly meeting by the Executive Directors and also on regular occasions by operational management.

The Company Secretary is responsible for ensuring that Board procedures are followed, and that applicable rules and regulations are complied with and for advising on corporate governance matters. The Group maintains appropriate insurance cover in respect of any legal action against the Group's Directors and the Company Secretary, but no cover exists if a Director is found to have acted fraudulently or dishonestly.

The Non-Executive Chairman and Non-Executive Directors are able to meet without Executives present prior to each Board meeting. The agenda and relevant briefing papers are distributed in advance of each Board meeting.

When Directors have concerns which cannot be resolved about the running of the Group or a proposed action, these concerns are recorded in Board minutes. Upon resignation, a Non-Executive Director is asked to provide a written statement to the Chairman for circulation to the Board if there are any such concerns.

### Commitment

All Directors are expected to attend the monthly meeting of the full Board, or to make themselves available to join the meeting by telephone or online, and to attend all meetings of any Committee(s)\*\*

of which they are members. In addition, the Directors are expected to attend strategy and business planning meetings each year. The Non-Executive Directors are expected to make themselves available at all reasonable times for consultation by other members of the Board.

Prior to each monthly Board meeting the Directors receive a detailed pack which includes:

- Board meeting agenda
- Minutes from previous Board meeting
- Board pack which includes financial summary, update on each part of the business, an operations update and risk assessment update
- Papers as required for additional items requiring Board attention

### Meetings and attendance

The following table summarises the number of Board, Audit Committee, Nomination Committee and Remuneration Committee meetings held during the period covered by the 2022 Annual Report and the attendance record of individual Directors at those meetings:

|                                      | Board   | Audit | Remuneration | Nomination |
|--------------------------------------|---------|-------|--------------|------------|
| PA Simmonds                          | 17/17   | 3/3   | 4/4          | 5/5        |
| PF Whiting                           | 17/17   | 3/3   | 4/4          | 5/5        |
| M Biddulph                           | 17/17   | 3/3   | 4/4          | 5/5        |
| B Bruno (appointed 27 August 2021)   | 10/10*  | –     | –            | 1/1        |
| A Mehta (appointed 1 September 2021) | 10/10** | –     | –            | –          |
| PJ Kear (resigned 31 March 2022)     | 17/17   | –     | –            | 2/4        |
| JL Dodkins (resigned 30 June 2021)   | 5/5     | –     | –            | –          |
| MG Boxall (resigned 30 June 2021)    | 5/5     | –     | –            | –          |
| CC Irvine (resigned 28 April 2021)   | 2/2     | –     | –            | –          |

\* also attended 7 as an observer; \*\* also attended 1 as an observer

The Board met monthly as in prior years but also had additional ad-hoc meetings to discuss, amongst other matters, the global pandemic, business strategy and board changes.

# Application of the QCA Corporate Governance Code continued

## Principle 6 – Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

Biographies of the current Board of Directors, and details of their experience including a skills matrix, is shown on pages 7-8 of this report.

This information is also on the Group's website. The range of skills at the board is also considered by the Nominations Committee in its assessment of board requirements.

All Directors are expected to keep their skills up to date, and it is Board policy that Executive Directors receive suitable ongoing training for their position. The Chairman ensures that all Directors update their skills and knowledge required to fulfil their roles on the Board and Committees. Ongoing training is provided as necessary and includes updates from the Company Secretary and Nominated Adviser on changes to the AIM rules, requirements under the Companies Act and other regulatory matters. Directors may consult with the Company Secretary or Nominated Adviser at any time on matters related to their role on the Board.

### External advice

No significant matters of a corporate governance nature arose during the period covered by the 2022 Annual Report nor subsequently to the date of this statement on which it was considered necessary for the Board or any of its committees to seek external advice. The Board consults, on an ongoing basis, with its Nominated Adviser and other professional advisers on routine matters arising in the ordinary course of its business.

## Principle 7 – Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Board periodically reviews the its own effectiveness, as well as that of its Committees and individual Directors in the following manner:

- (i) The role of the Committees is considered by the Executive Directors without the presence of the Non-Executive Directors.
- (ii) The Chairman and CEO examine the contribution and effectiveness of the individual Directors with regard to their line role and contribution at Board meetings.
- (iii) The whole Board examines its purpose and effectiveness with regard to identified key areas.
- (iv) The whole Board considers its structure, size and composition with particular regard to the skills, knowledge and experience of its members and otherwise as advised by the Nomination Committee.

In addition, a formal Board effectiveness evaluation process is conducted biannually. The process involves all Directors completing a detailed individual evaluation of Board performance, which covers effectiveness in several areas including Board composition, Board information, Board process, internal control and risk management, Board accountability, CEO/Senior management and Standards of conduct.

The results of these biennial evaluations are interpreted by an independent Non-Executive Director, with support from the Chairman, and outputs plus any associated recommendations are reviewed by the Board as a whole, with progress on any actions arising monitored at the monthly Board meetings.

The results of the last evaluation, carried out during early 2020, were interpreted by M Biddulph and presented to the Board at the meeting held in April 2020. Improvements in a number of areas were noted, for example board composition and size, and risk management. Areas were identified for action or closer monitoring, with a focus on succession planning and long-term strategy.

As the business expands and as part of succession planning, the Executive Directors have been challenged to identify potential internal candidates who could potentially occupy Board positions and set out development plans for these individuals and these are in progress.



## Principle 8 – Promote a corporate culture that is based on ethical values and behaviours

Our long-term growth strategy incorporates our objectives and the business model set out in the strategic report. It is also underpinned by our core values, which were redefined following a staff consultation process and are split between client and internal values.

### Values

#### Innovation

D4t4 Solutions is dedicated to the development of innovative technology that provides insight into your business, drives value from your data and pragmatically addresses your challenges.

#### Security

D4t4 Solutions' advanced technology collects, manages and enables analysis of your data, supporting it with the utmost care for its security.

#### Trust

D4t4 Solutions takes pride in its relationships with customers, working hard to understand their business needs and developing trust through professional and responsive service provision.

#### Collaboration

D4t4 Solutions augments its own technology by collaborating with industry partners that provide further opportunities for engendering the long-term success of our customers.

#### Pride

D4t4 Solutions will be a Group in which we can be proud of our achievements, delivering the highest standards of quality and being confident in our ability to satisfy our customers' needs.

#### Recognition

D4t4 Solutions will acknowledge the value of all employees and recognise their contribution to the Group's ongoing success.

#### Teamwork

D4t4 Solutions will create an environment of innovation in which we work together as a team to develop pioneering technology that solves our clients' challenges.

#### Engagement

D4t4 Solutions will be a workplace in which all employees are engaged with our business and are empowered to get involved with our communications and decision-making processes.

The culture of the Group is characterised by these values which are communicated regularly to staff through internal communications and forums. These core values are also communicated to prospective employees in the Group's recruitment programmes and are further embedded within the induction process.

The Board believes that a culture that is based on the core values is a competitive advantage and consistent with fulfilment of the Group's mission and execution of its strategy.

The Board believes that the Executive Directors represent these values and convey them effectively throughout the organisation.

### Ethical business practices

The Group is committed to corporate sustainability and to applying the highest standards of ethical conduct and integrity to its business activities in the UK and overseas. The Group does not tolerate any form of bribery: the Directors and senior management are committed to implementing and enforcing effective systems throughout the organisation to prevent bribery in accordance with its obligations under the Bribery Act 2010.

# Application of the QCA Corporate Governance Code continued

## Principle 9 – Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

### *Roles and responsibilities of Directors*

The Report includes, at pages 3-4, descriptions of the individual roles and responsibilities of the Chairman, Chief Executive Officer and other Directors.

### *The Board and its Committee composition*

The Board is currently comprised of the Non-Executive Chairman, two Executive Directors and a further two Non-Executive Directors.

The roles of Chairman and Chief Executive Officer are distinct, set out in writing and agreed by the Board. The Chairman is responsible for the effectiveness of the Board and ensuring communication with shareholders, and the Chief Executive Officer is accountable for the management of the Group.

Non-Executive Directors constructively challenge and assist in the development of strategy. They scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.

The Board has not appointed a Senior Independent Non-Executive Director.

The Company Secretary is J Thorne, a solicitor of over 25 years standing, who was appointed to the role on 27 July 2017. He is not a Director of the Group.

To deal with specific aspects of the Group's affairs, the Board has formed certain Committees. Each of these Committees is governed by terms of reference available upon request from the Company Secretary.

Details of the membership, roles, responsibilities and activities of the Audit, Remuneration and Nomination Committees are described in more detail in the individual Committee reports commencing on page 19 of the 2022 Annual Report. The Chair of each Committee reports to the Board on the activities of that Committee.

The terms of reference for each of the Audit, Remuneration, Nomination can be found on the Group's website.

### *Evolution of governance framework*

In March 2018 the QCA Code was formally selected as the appropriate recognised corporate governance code to be applied for the purposes of AIM Rule 26. The Board monitors the requirements of this code on an annual basis and revise its governance framework as appropriate as the Group evolves.

As part of ongoing governance efforts, the Group decided last year that an additional sub-committee should be formed to focus on ESG (environmental, social & governance). This committee is comprised mainly of staff members who volunteered for the role due to a particular interest in driving the Group's ESG agenda. In March 2021, the first sitting of this ESG Committee took place.

The Committee was predominantly formed to focus on the Group's environmental and social initiatives, as governance is clearly a focus of the whole Board and all committees.

As the Group continues to grow the Board fully recognises both the importance and the need of the governance framework to continue to evolve. This has been evidenced over the last two years by the formation of the Risk and ESG sub-committees and the external advice sought regarding the new executive LTIP scheme.

## **Principle 10 – Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

A range of forums exist at which the functioning of the Group is critically appraised and where opportunities exist for stakeholders to challenge management and hold them to account for the Group's performance.

### ***Board Committees***

A description of the work of the Board's Committees in the financial year to 31 March 2022, including a report from each of the Audit, Remuneration and Nomination Committees, is set out at pages 19 to 24 of the 2022 Annual Report.

### ***Votes at General Meetings***

All resolutions put to the AGM held on 26 August 2021 were passed by majorities of not less than 90% of the votes cast. The most recent results for the Group, together with Annual Reports for the preceding years and notices of all General Meetings, can be found on the Group's website.

## Report of the audit committee

# Reviewing of financial performance and controls

### Dear Shareholder

I am pleased to present the report of the Audit Committee for the year ended 31 March 2022.

The Audit Committee comprises three Non-Executive Directors of the Company, all of whom served for the entirety of the year. By invitation, the meetings are also attended by the CEO and CFO of the Company. The Audit Committee includes one financially qualified member as recognised by the Consultative Committee of Accountancy Bodies, but all Audit Committee members are expected to be financially literate.

The Committee is chaired by myself and met three times during the year under review. It operates under formal terms of reference, which were reviewed and updated during the year and are now available on our website.

The Audit Committee is responsible for reviewing a wide range of financial matters including ensuring that the financial performance of the Group is adequately measured and controlled, correctly represented, reported to and understood by the Board.

The Audit Committee advises the Board on the appointment of external auditors and on their remuneration and independence, both for audit and non-audit work, and discusses the nature and scope of their audit. If required, the Audit Committee meets the auditors at least once a year without any Executive Directors present. To ensure auditor independence, consideration is given to their integrity and the objective approach of the audit process. The use of non-audit services is not considered to be significant and amounts paid in respect of these are disclosed in note 6.

With RSM UK Audit LLP and its predecessor firms having been in the role since 2010, during the year the Committee undertook a thorough review of the auditor function and ran a selection process for the auditor role for the Group. The process identified five audit firms that were invited to submit proposals and the Committee proposed to the Board that Haysmacintyre LLP ("Haysmacintyre") be appointed as the Group's new auditor.

Haysmacintyre acts for a number of public companies, both fully listed and AIM, operating across a number of sectors, and has a strong presence in the technology sector. The Committee was very impressed throughout the process with the Haysmacintyre account team, their approach, and their references. I'd like to thank RSM for their work over the last ten years. RSM have confirmed that there are no circumstances which they consider should be brought to the attention of shareholders.

I am satisfied that the Committee has satisfactorily discharged its duties in the year in accordance with its terms of reference.

The Audit Committee has recommended to the Board that Haysmacintyre LLP is re-appointed at the forthcoming AGM.

**Peter Simmonds**

**Chair of the audit committee**

6 July 2022



## COMMITTEE MEMBERS

**Peter Simmonds (Chair)**

**Monika Biddulph**

**Peter Whiting**

### Key issues considered during the recent audit

#### Revenue recognition

- This is a key issue in all audits due to historic misstatement by companies over the years. The Committee review the Group's revenue recognition policies to ensure they are compliant with current accounting standards and applied consistently.

#### Carrying value of goodwill

- The Committee monitors the intangible carrying value in the Group for any indications of impairment and undertakes impairment test calculations to support decisions to not impair goodwill.

#### Management override of controls

- This is the risk of misappropriation of assets and the risks of misrepresentation of financial information, in particular in relation to revenue and associated asset and liability accounts.
- The Committee receives updates on internal controls and any instances of management override.

#### Valuation of share options

- This is the risk of incorrect pricing of share options vesting under market conditions, non-market conditions and LTIP schemes, and hence an incorrect charge being made to the income statement. This is a complex area and so the Group appointed the Valuations department of RSM UK Corporate Finance LLP to value the share options under a Black-Scholes and a Monte Carlo basis.

#### Capitalisation of development costs

- This is the risk of incorrect capitalisation of research and development costs which do not fall in line with IAS 38. The Committee reviewed the basis and assumptions for the capitalisation.

#### Accounting for the acquisition of Prickly Cactus Limited

- This is the risk of incorrect accounting for the acquisition of Prickly Cactus Limited, including the recognition of contingent consideration and subsequent goodwill under IFRS 3.
- The Committee reviewed the calculations and is satisfied that the contingent consideration will become payable and therefore should be recognised in the Consolidated statement of financial position.

## Report of the nomination committee

# A focus on succession planning

### Dear Shareholder

I am pleased to present the report of the Nomination Committee for the year ended 31 March 2022.

The Nomination Committee comprises four Directors: three Non-Executive Directors (myself, Peter Simmonds and Peter Whiting) and one Executive Director, which was Peter Kear until February 2022, and Bill Bruno from February 2022. In the performance of its duties, the Committee held three meetings in the year. The principal activity of the Nomination Committee in the year was overseeing the CEO transition, the appointment of a CFO successor as well as succession planning, and board composition.

I'm delighted to report that in April 2021, following a thorough selection process, Bill Bruno was appointed as CEO designate to succeed Peter Kear. Bill has an in-depth understanding of the digital data industry and has played an active role in shaping the future strategy at D4t4 since he joined the Group in 2018. He is well placed to drive D4t4's next phase of growth.

Bill and Peter had been working closely together over the first six months of the financial year and in October 2021, Bill was appointed CEO, with Peter moving to the role of Deputy CEO and providing continuing support until June 2022. I would like to thank Peter Kear for his dedication and continuing support during the transition.

In addition to CEO succession, the nomination committee actively engaged in the CFO succession, where a specialist recruiter was used to assemble a high calibre shortlist. Following a thorough interview process and deliberations, in September 2021 Ash Mehta was appointed as CFO. Ash is an experienced public company finance director and has extensive experience in investor relations, strategic finance, managing growth, fundraisings, and M&A. Myself, the Nomination Committee and the Board are very pleased having Ash on board and look forward to working with him!

The Nomination Committee further considers the Board composition and the balance between Non-Executive and Executive Directors as well as the mix of skills amongst the independent Non-Executive Directors and decide on appropriate actions to be taken.

Following on from the CEO and CFO appointments, and as a result of the main Board reorganisation, Mark Boxall, Chief Operating Officer and Jim Dodkins, Chief Technology Officer, stepped down from the main Board in June 2021 to serve D4t4 on the new Group Operations Board below the main D4t4 Board. The Group Operations Board will be focused entirely on the execution and delivery of Group strategy, and will, in addition to the CEO, CFO, COO and CTO, include a small number of other senior individuals. On behalf of the Nominations Committee and the board I would like to thank Jim and Mark for their many years of service on the board. I am confident that the new Group Operations Board will provide added focus and efficiency for the delivery of shareholder returns.



The Board's policy is to ensure that all appointments are merit-based and based on clear and objective criteria, giving due regard to equality of opportunity, and to promote inclusion and diversity. The Board notes that achieving diversity in the technology sector is challenging, having regard to the available pool of individuals with the right skills, experience and talent. Given the size of the Board and the Group, the Nomination Committee does not currently set any measurable objectives for implementing a diversity policy, but it acknowledges the role of the Board in promoting diversity, including gender diversity, throughout the Group. Currently there is one female member of the Board, representing 20% of Board membership.

In relation to succession planning, the Nomination Committee keeps under review, and takes appropriate action to ensure, orderly succession for appointments to the Board and to senior management, thereby maintaining an appropriate balance of skills and experience within the Group and on the Board. With regards to Non-Executive Directors, the Committee considers, amongst other factors, their other significant outside commitments prior to making recommendations. This is designed to ensure that they have sufficient time to meet what is expected of them and keeps any changes to these commitments under review.

I am satisfied that the Nomination Committee has satisfactorily discharged its duties in the year in accordance with its terms of reference, which are reviewed on an annual basis.

## Monika Biddulph

### Chair of the nomination committee

6 July 2022

## COMMITTEE MEMBERS

**Monika Biddulph (Chair)**

**Peter Kear <sup>+</sup>**

**Bill Bruno <sup>++</sup>**

**Peter Simmonds**

**Peter Whiting**

<sup>+</sup> Peter Kear left from the Committee on 24 February 2022

<sup>++</sup> Bill Bruno joined the Committee on 24 February 2022



## Report of the remuneration committee

# Determining executive remuneration

### Dear Shareholder

I am pleased to introduce the Directors' Remuneration Report for the year ended 31 March 2022.

The Committee has consisted throughout the entire year of three Non-Executive Directors; Peter Simmonds, Monika Biddulph and me.

The Committee's terms of reference require it to meet not less than once each year. The Committee met four times in the year ended 31 March 2022. It is responsible for reviewing and determining the policy of the Group on executive remuneration including specific remuneration packages for each of the Executive members of the Board, pension rights and compensation payments. The Committee is also responsible for monitoring compliance with the implementation by the Group of the legal requirements and, so far as reasonably practical, recommendations and guidelines relating to Directors' remuneration.

None of the Committee has any personal financial interest (other than as shareholders or as noted in the Directors' report), conflicts of interests arising from cross- directorships or day-to- day involvement

in running the business. The Committee makes recommendations to the Board. No Director plays any part in any discussion about his or her own remuneration.

For the financial year to 31 March 2022, the Remuneration Committee has continued to operate a remuneration structure made up of basic salary, pensions and benefits, annual performance-related bonuses, and a long-term incentive plan (LTIP). As in prior years, a significant proportion of executive remuneration has been based on performance, designed to align executive pay with shareholder interests. In this respect, the Committee has assessed the performance of Executive Directors for the year reported against the targets set a year ago, set performance targets for the following financial year and made recommendations to the Board on the overall packages for the Executive Directors.

The committee believes that a combination of Total Shareholder Return (TSR) and growth in EPS provides an optimal alignment with shareholders over the medium term, and these remain the basis of the vesting criteria of the LTIP grants made during the year.

A significant management transition took place during the year, with the roles of both the Chief Executive Officer and Chief Financial Officer being assumed by new incumbents, namely Bill Bruno and Ash Mehta respectively. In the case of Bill, this was by internal promotion, whilst Ash was recruited externally. The Remuneration Committee worked





closely with the Nomination Committee and the wider Board during the period of selection and thereafter. In particular, we wished to ensure that the packages offered to Bill and Ash were appropriate to the nature and complexity of the specific roles, align with the wider recruitment market, and encourage the building-up of meaningful shareholdings in the Group. We also set personal objectives for all of the executive directors including retiring CEO Peter Kear designed to ensure that the transition of internal reporting lines and external client and supplier relationships took place as smoothly as possible.

I am satisfied that the Committee has appropriately discharged its duties in the year in accordance with its responsibilities and encourage you to read the Directors Remuneration Report on the following pages.

**Peter Whiting**  
**Chair of the remuneration committee**  
6 July 2022

COMMITTEE MEMBERS

|                              |
|------------------------------|
| <b>Peter Whiting (Chair)</b> |
| <b>Peter Simmonds</b>        |
| <b>Monika Biddulph</b>       |

# Directors' remuneration report

This report complies with the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in 2013, the provisions of the QCA Corporate Governance Code 2018 and the Listing Rules.

The report is in two sections:

- The Directors' remuneration policy which sets out the Group's current policy on remuneration for Executive and Non-Executive Directors; and
- The Directors' Remuneration Report. This section sets out details of how the remuneration policy was implemented for the year ended 31 March 2022.

## Directors' remuneration policy

Executive remuneration packages are prudently designed to attract, motivate and retain Directors of the high calibre needed to maintain the Company's position as a market leader and to reward them for enhancing value to shareholders. The performance measurement of the Executive Directors and key members of senior management, and the determination of their annual remuneration package are undertaken by the Committee. The remuneration of the Non-Executive Directors is determined by the Board within limits set out in the Articles of Association.

The Company's policy is that a substantial proportion of the potential remuneration of the Executive Directors should be performance related. The performance criteria set should motivate the Executive Directors to create value for the shareholders.

There are five main elements of the remuneration package for Executive Directors and senior management:

| Element of remuneration | Link to Group strategy  | Operation   | Framework   |
|-------------------------|---|---|---|
| <b>Base salary</b>      | Ensures that the Company can recruit and retain high-quality Executives to deliver on the Company strategy in the interest of the shareholders. | Base salary is paid monthly and reviewed annually, with any increases applying from 1 April.  | An Executive Director's salary is determined by the Remuneration Committee in March of each year and when an individual changes position or responsibility. In deciding appropriate levels, the Remuneration Committee considers the Company as a whole and relies on objective research which gives up to date information on a comparable group of companies. |
| <b>Benefits</b>         | Ensures that the Company can recruit and retain high-quality Executives to deliver on the Company strategy in the interest of the shareholders. | Benefits principally comprise private healthcare and death in service insurance.  | In relation to health care and death in service benefits, premiums are paid by the Company to an external broker to arrange cover, in line with other Group employees. These benefits are standard for all Group employees.<br><br>The Company offers company cars / car allowances to a number of employees across the organisation.                           |
| <b>Annual bonus</b>     | Rewards and incentivises the Executive Directors for achievement of strategic objectives.   | The Committee sets annual performance targets, linked to strategic objectives and risk management. Bonus payments in respect of a year are made in June, or later if any element is deferred. | The Remuneration Committee sets bonus plans for Executive Directors based upon achieving a number of pre-defined growth targets including ARR and Adjusted Profit before tax.   |

| Element of remuneration                         | Link to Group strategy  | Operation   | Framework   |
|---|---|---|---|
| <b>Share option plan (LTIP)</b>                 | Aligns the interests of the Executive Directors with the interest of the long term shareholders.  | The Remuneration Committee has discretion to make option grants to Executive Directors and other staff, subject to the scheme rules, and to determine appropriate performance conditions. | The share option plans are subject to rules and limits approved by shareholders in general meeting. Any exercise is subject to satisfaction of the specified performance conditions.  |
| <b>Pension</b>                                  | Ensures that the Company can recruit and retain high-quality Executives to deliver on the Group strategy in the interest of the shareholders.                           | Pension contributions are made by the Company to a defined contribution scheme operated by third party providers.   | Executive Directors are members of the Company Money Purchase pension scheme.<br><br>To the extent that contributions to the Company scheme are restricted by HMRC limits, the Company contributes 6% of the Director's salary providing the Director contributes a minimum of 4% of their salary by way of salary sacrifice. There are no unfunded pension promises or similar arrangements for Directors. There were 3 Directors in the scheme in 2022 (2021: 4).   |
| <b>Chairman and Non-Executive Director fees</b> | Ensures that the Group can recruit and retain a high-quality Chairman and Non-Executive Directors to deliver on the Group strategy in the interest of the shareholders. | Fees for Non-Executive Directors are set by the Board (excluding Non-Executive Directors). Fees are paid monthly or quarterly.  | A basic fee is set for normal duties, commensurate with fees paid for similar roles in other similar companies, taking account of the time commitment, responsibilities, and committee position(s). Supplementary fees are paid for any additional duties at fixed day rates. Non-Executive Directors are not eligible for pensions, incentives, bonus or any similar payments other than normal out-of-pocket expenses incurred on behalf of the business.<br><br>Compensation for loss of office is not payable to Non-Executive Directors. |

## Remuneration policy considerations

### Recruitment

The Company's Nomination Committee is responsible for leading the process for Board appointments and making recommendations to the Board. Refer to the report of the Nomination Committee for details.

### Loss of office payments

In the event of early termination, all of the Directors' contracts provide for compensation up to a maximum of basic salary plus benefits for the notice period.

### Wider staff employment conditions

The Remuneration Committee considers pay and employment conditions for other senior Executives and staff members of the Group when designing and setting Executive remuneration. Underpinning all pay is an intention to be fair to all staff of the Group, taking into account the individual's seniority and local market practices.

# Directors' remuneration report continued

## Consultation with shareholders

The Remuneration Committee is committed to an ongoing dialogue with shareholders and seeks the views of significant shareholders when any major changes are being made to remuneration arrangements. The Committee takes into account the views of significant shareholders when formulating and implementing the policy.

## Consultation with employees

The Board and the Remuneration Committee did not consult with employees when formulating and implementing the policy.

## Service contracts and letters of appointment

It is the Company's policy that Executive Directors should have contracts with an indefinite term providing for a maximum of one year's notice.

## Executive Directors

Bill Bruno has a Directors' service agreement dated 27 August 2021 which can be terminated on six months' notice. Ash Mehta has a Directors' service agreement dated 12 May 2021 which can be terminated on three months' notice.

## Non-Executive Directors

P Simmonds, P Whiting and M Biddulph each have an agreement for 12 months. The fees of the Non-Executive Directors are determined and confirmed by the full Board excluding (in each case) the Non-Executive Director concerned.

## Policy on Director shareholdings

The Company has no policy on Director shareholdings.

## Outside appointments

Executive Directors are entitled to accept appointments outside the Company providing that the Chairman's permission is sought and fees in excess of £20,000 from all such appointments are accounted for to the Company.

## Aggregate Directors' remuneration

The total amounts for Directors' remuneration were as follows:

|   | £000         |              |
|---|--------------|--------------|
|   | 2022         | 2021         |
| Emoluments (Fees / basic salary, benefits and annual bonus) | 1,232        | 1,352        |
| Money purchase pension contributions                        | 39           | 39           |
|   | 1,271        | 1,391        |
| IFRS 2 share-based payment charge                           | 537          | 194          |
| Employer's National Insurance                               | 129          | 183          |
| <b>Total</b>  | <b>1,937</b> | <b>1,768</b> |

## Single figure for the total remuneration (audited)

| 31 March 2022                           | Fees/basic salary<br>£000 | Benefits<br>£000 | Bonus<br>£000 | Sub total<br>£000 | Pension<br>£000 | Total<br>2022<br>£000 | Total<br>2021<br>£000 |
|---|---------------------------|------------------|---------------|-------------------|-----------------|-----------------------|-----------------------|
| <b>Executives</b>                       |                           |                  |               |                   |                 |                       |                       |
| Bill Bruno (appointed 27 August 2021)   | 149                       | 3                | 270           | 422               | 9               | 431                   | –                     |
| Ash Mehta (appointed 1 September 2021)  | 100                       | 1                | 131           | 232               | 6               | 238                   | –                     |
| Peter Kear (resigned 31 March 2022)     | 229                       | 6                | 75            | 310               | 10              | 320                   | 422                   |
| Mark Boxall (resigned 30 June 2021)     | 46                        | 1                | –             | 47                | 3               | 50                    | 345                   |
| Jim Dodkins (resigned 30 June 2021)     | 41                        | 4                | –             | 45                | 10              | 55                    | 318                   |
| Charlie Irvine (resigned 28 April 2021) | 11                        | 1                | –             | 12                | 1               | 13                    | 146                   |
| <b>Non-Executives</b>                   |                           |                  |               |                   |                 |                       |                       |
| Peter Simmonds                          | 69                        | –                | –             | 69                | –               | 69                    | 50                    |
| Peter Whiting                           | 48                        | –                | –             | 48                | –               | 48                    | 45                    |
| Monika Biddulph                         | 47                        | –                | –             | 47                | –               | 47                    | 40                    |
| John Lythall (resigned 31 March 2021)   | –                         | –                | –             | –                 | –               | –                     | 25                    |
| <b>Total</b>                            | <b>740</b>                | <b>16</b>        | <b>476</b>    | <b>1,232</b>      | <b>39</b>       | <b>1,271</b>          | <b>1,391</b>          |

## Remuneration of highest paid Director

|   | 2022       | 2021       |
|---|------------|------------|
| Remuneration  | 422        | 412        |
| Company contributions to money purchase pension schemes | 9          | 10         |
|   | <b>431</b> | <b>422</b> |

Emoluments for the highest paid Director for the year ended 31 March 2022 and 31 March 2021 are included in the table above. The highest paid Director exercised no share options during the year (2021: nil options exercised).

Annual bonus payments for executive directors are typically paid 70% in cash and 30% in shares deferred for two years. To ensure a period of ongoing alignment with shareholders beyond his retirement date, the committee considered it appropriate to pay Peter Kear's bonus for the year entirely in shares deferred for one year.

# Directors' remuneration report continued

## Directors share options

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the Directors.

Details of options for Directors who served during the year are as follows:

|           | Number at<br>31 March 2021 | Number at<br>31 March 2022 | Option price | Expiry date     | Exercisable from |
|-----------|----------------------------|----------------------------|--------------|-----------------|------------------|
| B Bruno   | 54,000                     | 54,000                     | 2.0p         | 8 January 2031  | 15 July 2023     |
|           | –                          | 115,823                    | 2.0p         | 28 October 2031 | 28 October 2024  |
| A Mehta   | –                          | 58,290                     | 2.0p         | 28 October 2031 | 28 October 2024  |
| P Kear    | 138,591                    | 138,591                    | 2.0p         | 10 August 2030  | 10 August 2023   |
| J Dodkins | 105,593                    | –                          | 2.0p         | 10 August 2030  | 10 August 2023   |
| M Boxall  | 118,792                    | –                          | 2.0p         | 10 August 2030  | 10 August 2023   |
|           | 166,666                    | –                          | 149.0p       | 13 August 2038  | 1 July 2021      |

The awards made during the year were made in two tranches as set out below under the terms of the D4t4 Long Term Incentive Plan ("LTIP"). These awards have been made following the recent appointment of the two directors to their respective roles:

| Director/PDMR | Position                | Tranche A (Shares) | Tranche B (Shares) |
|---------------|-------------------------|--------------------|--------------------|
| B Bruno       | Chief Executive Officer | 66,185             | 49,638             |
| A Mehta       | Chief Financial Officer | 34,974             | 23,316             |

The awards are all exercisable at a price of two pence per Share and will vest three years after the grant date of 28 October 2021, subject to the continued employment of the relevant director.

Vesting of awards in Tranche A is also subject to the satisfaction over the three-year period from the date of grant of specified performance conditions, based on the Company's relative Total Shareholder Return (TSR) in respect of half of the award, and growth in Annual Recurring Revenue (ARR) in respect of the other half. Vesting criteria have been set as follows:

- 15% compound growth in ARR to achieve minimum award vesting, with a sliding scale above this level, up to full vesting at 27.5% compound growth; and
- TSR of no less than median performance against the selected benchmark for minimum vesting, with a sliding scale above this level, up to full vesting for top-quartile performance.

Tranche B represents a one-off award, without performance conditions.

P Simmonds, C Irvine, P Whiting and M Biddulph did not hold any share options during the year.

No directors (2021: one) exercised options during the year (2021: 166,667) with gains on exercise of share options during the year totalling £nil (2021: £227,000). No director's options lapsed during the year.

The market price of the shares at 31 March 2022 was 262.5p (31 March 2021: 302.5p) and the range in the period under review was 262p to 400p.

There have been no variations to the terms and conditions or performance criteria for share options during the financial year.

Directors shareholdings and dividends paid to Directors are disclosed in the Directors' Report in the 2022 Annual Report.

## Advisers

The Committee receives independent advice from FIT Remuneration Consultants LLP when required.

## Peter Whiting

**Chair of the remuneration committee**