

Robust corporate governance
is vital and provides a

sustainable platform

for success and
growth of the Group



As our excellent financial results demonstrate, XPS employees continued to provide an exceptional level of service to our pension scheme clients and their underlying members, despite the disruption and challenges we all faced.”

Tom Cross Brown,
Chairman

Covid-19 pandemic

For the second consecutive year, the Covid-19 pandemic prevented physical Board meetings for the majority of the reporting period. Through regular virtual meetings, the Board and its members were still able to carry out their duties effectively and we were delighted to hold one in-person Board meeting before the year end. The same was clearly true for our employees. As our excellent financial results demonstrate, XPS employees continued to provide an exceptional level of service to our pension scheme clients and their underlying members, despite the disruption and challenges we all faced.

Board composition

There were no changes to the Board during the review period to report. However, as announced post year end in April 2022, I have taken the decision to retire from my role as Chairman of the Group. I will therefore not be standing for re-election at this year's Annual General Meeting, which is to be held on 8 September 2022, and will retire from the Group at the conclusion of the meeting. A process to identify and appoint my successor is underway and this is being led by the Nomination Committee.

My successor in the role of Chair of the Board will be joining a Group that takes its responsibilities to all stakeholders and wider society extremely seriously and one that continually strives to improve itself at all levels at all times. It has been a pleasure to be a part of XPS's journey since its IPO in 2017 and I wish my successor, the rest of the Board and all XPS employees continued success in the years ahead.

The report below outlines how the Company has applied the main principles of the 2018 Corporate Governance Code (the "Code"), and how it has complied with all relevant provisions of the Code during the reporting period.



Tom Cross Brown
Chairman
22 June 2022



**XPS's
stakeholders'
interests were key
to the decisions
the Board made
during the year."**

Statement of compliance with the UK Corporate Governance Code

In 2021, the Company has applied the principles and complied with the provisions of the UK Corporate Governance Code 2018 as they apply to it as a "smaller company" (defined in the Code as being a company below the FTSE 350). The Code is publicly available at www.frc.org.uk.

Further information on how the Company has applied the five overarching categories of the principles can be found on the following pages:

- (i) Board leadership and Company purpose: pages 52 to 53;
- (ii) division of responsibilities: pages 57 to 58;
- (iii) composition, succession and evaluation: pages 54, 61 and 63,
- (iv) audit, risk and internal control: pages 64 to 67; and
- (v) remuneration: pages 70 to 90.

The Board is composed of seven members, consisting of the Chairman, three Executive Directors and three independent Non-Executive Directors.



Tom Cross Brown
Independent
Non-Executive Chairman
Appointed: January 2017–
September 2022
Committee membership



Key strengths

- Mergers and acquisitions, strategy, financial reporting, listed company experience, investor relations and corporate governance are noted as Tom's key skills

Key experience

- CEO of ABN AMRO Asset Manager until 2003
- 21 years at Lazard Brothers & Co. until 1997, CEO 1994–1997
- Non-Executive Chairman of Pearl Assurance plc 2005–2009
- Non-Executive Chairman of Just Retirement Group 2006–2016
- Non-Executive Director of Artemis Alpha Trust plc 2006–2018
- Non-Executive member of Management Committee, Artemis Investment Management LLP 2011–2018

Current external listed company directorships/ key appointments:

- None

Meetings attended:

11/11



Paul Cuff
Co-Chief
Executive Officer
Appointed: October 2016
Committee membership

N/A

Key strengths

- Qualified actuary with 20+ years of experience in the pensions industry
- Responsible for raising the profile of XPS in the market, generating new business and the Group strategy with regard to M&A opportunities and technology investment
- Mergers and acquisitions, strategy, pensions industry and investor relations are noted as Paul's key skills

Key experience

- Partner at KPMG 2008–2016
- Head of KPMG London pensions team prior to joining XPS

Current external listed company directorships/ key appointments:

- None

Meetings attended:

11/11



Ben Bramhall
Co-Chief
Executive Officer
Appointed: April 2014
Committee membership

N/A

Key strengths

- Qualified actuary with 20+ years of experience in the pensions industry
- Responsible for day-to-day operation of the business, including provision of services to existing clients, revenue generation and the Group's people strategy
- Mergers and acquisitions, strategy, pensions industry, risk management, workforce engagement, investor relations, business development and operational management are noted as Ben's key skills

Key experience

- Eight years at KPMG

Current external listed company directorships/ key appointments:

- None

Meetings attended:

11/11

Key to Committee membership

- Chairman
- Member
- A Audit & Risk
- R Remuneration
- N Nomination
- S Sustainability



Snehal Shah
Chief Financial Officer
Appointed: July 2019

Committee membership

S

Key strengths

- Chartered accountant with 20+ years of experience
- Mergers and acquisitions, post-deal integration, strategy, risk management, financial reporting, listed company experience, investor relations, corporate governance and operational management are noted as Snehal's key skills

Key experience

- Ten years with PwC
- Senior finance roles including Group Financial Controller, Head of Investor Relations and Finance Director for Integration at Ladbrokes plc 2009-2017
- Interim Director (Finance & Corporate Governance) at Parkdean Resorts Ltd and Interim Director of Finance & Investor Relations at Countrywide plc 2017-2019

Current external listed company directorships/ key appointments:

- None

Meetings attended:

11/11



Margaret Snowden OBE
Independent
Non-Executive Director
Appointed: January 2017

Committee membership

A R N S

Key strengths

- 40+ years of experience in pensions industry
- Mergers and acquisitions, strategy, risk management, workforce engagement, pensions industry, corporate governance, business development, investment strategy, technology, customer service, trusteeship and operational management are noted as Margaret's key skills

Key experience

- Partner and Director level positions with leading employee benefit consultancies
- Previous Non-Executive Director of The Pensions Regulator
- Appointed an OBE in 2010 and received many awards for her contribution to pensions

Current external listed company directorships/ key appointments:

- Non-Executive member of Phoenix Group With Profits Committee
- Advisory Board member of Moneyhub Financial Technology Limited
- Trustee of The Pension SuperFund
- Chair of Pension Scams Industry Group

Meetings attended:

11/11



Alan Bannatyne
Senior Independent
Non-Executive Director
Appointed: January 2017

Committee membership

A R N

Key strengths

- Chartered accountant
- Recent and relevant financial experience
- Strategy, risk management, financial reporting, listed company experience, investor relations and corporate governance are noted as Alan's key skills

Key experience

- Qualified with Deloitte & Touche
- Previous Commercial Manager of Primecom and Financial Director of Foresight - both subsidiaries of Primedia
- Group Financial Controller of Robert Walters plc 2002-2007

Current external listed company directorships/ key appointments:

- Chief Financial Officer of Robert Walters plc since March 2007

Meetings attended:

11/11



Sarah Ing
Independent
Non-Executive Director
Appointed: May 2019

Committee membership

A R N S

Key strengths

- Chartered accountant
- 30+ years of experience in financial services including audit, corporate finance, investment banking and asset management
- Mergers and acquisitions, financial reporting, investor relations and risk management are noted as Sarah's key skills

Key experience

- Previously a top-rated equity research analyst covering the UK general financial services sector and also founded and ran a hedge fund investment management business

Current external listed company directorships/ key appointments:

- Non-Executive Director of CMC Markets plc since September 2017, where she chairs the Remuneration Committee
- Non-Executive Director of Marex Group since July 2021 where she chairs the Audit & Compliance Committee
- Non-Executive Director of Gresham House plc since September 2021, where she chairs the Audit Committee

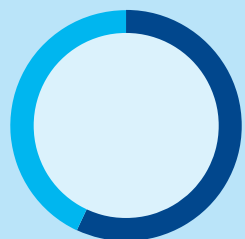
Meetings attended:

11/11

Group governance at a glance

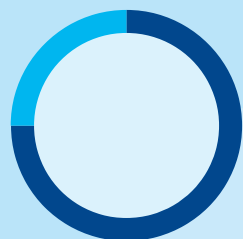
Board composition

Independence



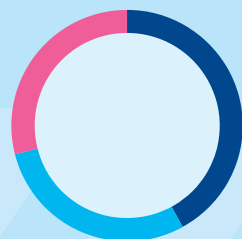
● Non-Executives **57%**
● Executives **43%**

Non-Executive tenure



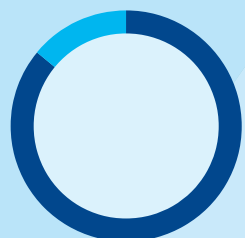
● 3-6 years **75%**
● Less than 3 years **25%**

Age



● 41-50 **42%**
● 51-60 **29%**
● 61+ **29%**

Ethnicity



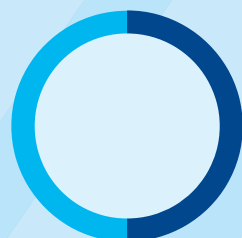
● White **86%**
● Minority ethnic group **14%**

Gender



● Male **71%**
● Female **29%**

Non-Executive gender



● Male **50%**
● Female **50%**

Board members with core/secondary skill



Board composition and independence

The Board is composed of seven members, consisting of the Chairman, three Executive Directors and three independent Non-Executive Directors. The Company complies with the provisions of the Code for smaller companies below the FTSE 350 which requires the composition of the board of directors of a UK listed company to include at least two independent non-executive directors (excluding the chairman). The Board concluded that Tom Cross Brown met the independence criteria set out in the Code on his appointment as Chairman. Tom Cross Brown will not stand for re-election at the next Annual General Meeting in September 2022 and will retire as the Group's Chairman as of conclusion of the AGM. The Nomination Committee has commenced the recruitment process for a successor.

The Board considers that Non-Executive Directors Alan Bannatyne, Margaret Snowdon OBE and Sarah Ing are each independent of management in character, judgement and opinion and are free from relationships or circumstances that could affect their judgement. One of the Non-Executive Directors, Alan Bannatyne, acts as the Senior Independent Director.

The Board benefits from the wide experience of its Non-Executive Directors. Biographical details of all Board members are given on pages 52 and 53.

Board Committees

The Audit & Risk Committee's role is to assist the Board in discharging its oversight responsibilities by reviewing and monitoring the following: the integrity of the financial information provided to shareholders; the effectiveness of the Company's system of internal controls and risk management; the external audit process and auditor; and the processes for compliance with laws, regulations and ethical codes of practice. Further details are given in the Audit & Risk Committee Report on pages 64 to 67.

The role of the Remuneration Committee is to assist the Board to fulfil its responsibility to shareholders to ensure that remuneration policy and practices of the Company reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements. The Committee recommends the policy the Board should adopt on executive remuneration and, within the terms of the Directors' Remuneration Policy approved by shareholders at the AGM in September 2020, determines and agrees with the Board the levels of remuneration for each of the Executive Directors, the Company Chairman and designated senior management below Board level. Further details are given in the Remuneration Report on pages 70 to 90.

The role of the Nomination Committee is to undertake an annual review of succession planning and ensure that the membership, composition and diversity of the Board and its Committees, including the balance of skills, remain appropriate. The Committee also reviews the outcome of the annual Board effectiveness review to determine any changes required. Further details are given in the Nomination Committee Report on pages 62 and 63.

The role of the Sustainability Committee is to support the Board's oversight responsibilities of the Company's environmental, social and governance impact and initiatives. The Committee intends to improve practices, reporting and communication in relation to factors that have a material impact on business strategy, business performance and the long-term sustainability of the Group. Further details are given in the Sustainability Committee Report on pages 68 and 69.

Written terms of reference for each Committee are subject to annual review and periodic updating to reflect any changes in legislation, regulation or best practice. The terms of reference for the four main Board Committees are available on the Company's website at www.xpsgroup.com/investors/corporate-governance/committees/.

The Company complies with the Code provision that a UK listed company's remuneration and audit committees should comprise at least three independent non-executive directors and that the nomination committee should comprise a majority of independent directors. The Company Chairman is not a member of the Audit & Risk Committee, in compliance with the Code. Each Chair reports on the business of their previous Committee meeting at the next scheduled Board meeting.

Executive Committee

The Co-Chief Executive Officers operate an Executive Committee to support them in the performance of their duties, including the development and implementation of strategy and the day-to-day operational management of the business. During the year the Committee was comprised of the Executive Directors, Chief Information Officer, Head of Advisory, Managing Director of Administration, Head of Investment, General Counsel and HR Director.

Board operation and meetings

Decisions on operational matters are delegated by the Board to the Executive Directors, consistent with the schedule of matters reserved for Board approval. In advance of scheduled Board meetings, each Director receives documentation providing updates on Group strategy, finances, operations and business development. The Board meets at least seven times a year and at other times as and when necessary.

The Board reviews the business strategy for the year ahead at the beginning of each financial year and receives strategy updates at each Board meeting. At least once a year the Board will hold a strategy session to discuss and review business strategy. The Directors are expected to attend all meetings of the Board and any Committees of which they are members, and to devote sufficient time to the Company's affairs to fulfil their duties as Directors. Non-Executive Directors each need to commit to a minimum of 28 days of service per year to the Company. The Board is satisfied that each Non-Executive Director commits sufficient time to the Company.

Non-Executive Directors remain in regular contact with the Chairman, whether in face-to-face meetings or by telephone, to discuss matters relating to the Company and on occasion meet without the Executive Directors present.

If a Director is unable to attend a meeting, they will still receive Board papers before the meeting and they are encouraged to submit any comments to the Chairman to ensure that their views are recorded and taken into account during the meeting. The Director will also receive the minutes and matters arising in the usual way in order to ensure that they are fully informed.

The Board is ultimately responsible for the effectiveness and monitoring of the Group's system of internal controls. The Audit & Risk Committee's role is to assist the Board with its oversight responsibility by reviewing and monitoring the Company's system of internal controls. It met four times in the financial year and at its meeting in June 2022 considered the internal controls assurance framework used during the financial year, concluding that it was sound and appropriate for the business.

Directors are reminded at the commencement of each meeting to notify the Board of any conflicts of interest. Any actual or potential conflicts of Directors with the interests of the Company that arise must be disclosed for consideration and, if appropriate, authorisation by the Board in accordance with the Company's Articles of Association. The Board may authorise conflicts and potential conflicts, as long as the potentially conflicted Director is

not counted in the meeting quorum and does not vote on the resolution to authorise. Directors are required to notify the Group Chairman when a conflict or potential conflict does arise in order that Board authorisation can be considered. If the Board determines that a conflict or potential conflict can be authorised, it may impose additional conditions on the Director concerned.

A formal induction programme has been developed and tailored for any new Directors joining the Board. The Chairman, with the support of the Company Secretary, ensures that the development and ongoing training needs of individual Directors and the Board as a whole are reviewed and agreed following the annual performance evaluation of the Board, its Committees and individual Directors.

Directors may seek independent professional advice at the Company's expense where they consider it appropriate in relation to their duties. All Directors have access to the advice and services of the Company Secretary.

Embedding culture

The Board recognises the importance of its role in setting the tone of the Group's culture, championing the behaviours we expect to see and embedding these throughout the Group. In addition to the Board, the Executive Committee upholds our values and ensures that the importance of compliance and integrity is recognised at all levels throughout the Group. At XPS, our values are embedded in everything we do; you can read more about our values on page 24.



We are
ambitious



We do the
right thing



We are
agile



We are
helpful



We are
experts

Board responsibilities

The Board is focused on providing entrepreneurial and sustainable leadership to the Group. It is responsible for directing and controlling the Group and has overall authority for the effective and prudent management and conduct of the Group's business and the Group's strategy and development. The Board monitors performance and is responsible for ensuring that appropriate financial and human resources are in place for the Group to meet its objectives, and takes the lead in setting and embedding the Group's culture, values and standards. The Board is also responsible for ensuring the maintenance of a sound system of internal control and risk management (including financial, operational and compliance controls, and for reviewing the overall effectiveness of systems in place), and for the approval of any changes to the capital, corporate or management structure of the Group. All Directors devote sufficient time to their roles. There is a formal schedule of matters reserved for Board approval which is subject to annual review and published on the Company's website: www.xpsgroup.com.

The matters reserved for the Board include:

- the Group's long-term objectives, business strategy and risk appetite;
- the Company's policies, culture, values and standards;
- annual business plans, budgets and forecasts;
- extension of the Group's activities into new business or geographic areas;
- changes in capital structure and any form of fundraising or asset securitisation;
- major changes to the corporate structure, including material acquisitions and disposals;
- interim and annual financial statements and dividend policy;
- material guarantees, indemnities and letters of comfort;
- the Group's system of internal control and risk management;
- contracts which are material strategically or by reason of size or duration;
- calling of shareholder meetings and related documentation;
- changes to the membership of the Board and its Committees;
- remuneration policy for the Directors and senior management;
- introduction of new share incentive plans or major changes to existing plans; and
- the Company's overall corporate governance arrangements.

There is a clear division of key responsibilities between the Chairman and the Co-CEOs.

Board division of responsibilities



Tom Cross Brown
Chairman

- Leads the Board and manages the effective leadership and governance of the Board
- Provides direction and focus on business strategy, performance, value creation and accountability
- Ensures the Board establishes a strategy that facilitates the entrepreneurial development of the Group and promotes the long-term sustainable success of the Group's approach
- Ensures clear structure for effective operation of the Board and its Committees
- Sets Board agenda and ensures sufficient time is allocated to promote effective debate to support sound decision making
- Ensures the Board receives precise, timely and clear information
- Encourages Directors to contribute fully to Board discussions, ensuring sufficient challenge of major proposals
- Meets with the Non-Executive Directors independently of the Executive Directors
- Leads the process for evaluating the performance and development needs of the Board, its Committees and individual Directors
- Leads the Board succession planning process and chairs the Nomination Committee
- Acts as a sounding board for the Co-CEOs on important business issues
- Ensures the Board sets the risk appetite it is willing to take in the implementation of strategy
- Ensures effective communication with shareholders to ensure that the Board understands their views on governance and performance against the strategy
- Ensures effective communication with other key stakeholders

Board division of responsibilities continued



Co-Chief Executive Officers

- The Co-CEOs have worked together for over 20 years, having both started their careers as trainee actuaries at Punter Southall, before spending many years in the same team at KPMG
- Their long friendship and history of working together, and their complementary skill sets, make the Co-CEO arrangement a success
- The Co-CEOs report to the Chairman and the Board and are responsible for jointly leading the Group's business and managing it in accordance with the business plan approved by the Board, the Board's overall risk appetite, the Group policies approved by the Board and its delegated authorities, and all applicable laws and regulations
- The Co-CEOs recommend budgets and forecasts for Board approval, lead the investor relations programme and maintain a dialogue with the Chairman on significant business developments and strategy issues
- Both Co-CEOs have leadership roles on large clients

Paul Cuff

Co-Chief Executive Officer

- Primarily responsible for raising the profile of XPS in the market and generating new business, both in traditional service areas and in the development of new services as the market evolves
- Develops the Group's strategy with regard to M&A opportunities and technology investment



Ben Bramhall

Co-Chief Executive Officer

- Primarily responsible for the day-to-day operation of the business, including the provision of services to existing clients, revenue generation and the Group's people strategy
- Develops the Group's internal strategy to pursue large opportunities within the market



Alan Bannatyne

Senior Independent Non-Executive Director

- Acts as a sounding board for the Chairman and other Directors
- Leads the annual review of the Chairman's performance
- Leads any Non-Executive Director meetings without the Chairman present
- Acts as an additional point of contact for shareholders, if they have concerns that contact through the normal channels have failed to resolve or for which such contact is inappropriate
- Chair of the Audit & Risk Committee

S172 Statement

Stakeholder engagement is central to the Group's strategy and sustainable success. The Board of Directors of the Company acts in good faith to promote the long-term success of the Company for the benefit of its members as a whole, taking into account the factors as listed in Section 172 of the Companies Act 2006:

- a. the likely consequences of any decision in the long term;
- b. the interests of the Company's employees;
- c. the need to foster the Company's business relationships with suppliers, customers and others;
- d. the impact of the Company's operations on the community and the environment;
- e. the desirability of the Company maintaining a reputation for high standards of business conduct; and
- f. the need to act fairly as between members of the Company.

The Company's purpose, values and culture are established by the Board and embedded throughout the Group and key decisions made.

When making key decisions, the Board is careful to consider the interests and priorities of stakeholders, and the consequences the decisions may have. The Board recognises that stakeholders have differing interests and gives careful consideration to balancing the views of all stakeholder groups.

You can read about the Group's principal risks and key mitigations, including those in relation to clients, employees and suppliers, on pages 44 to 49.

	Key interests	Engagement strategy
Clients	<ul style="list-style-type: none"> • Products and services • Service performance and efficiency • Competitiveness and value • Compliance and data protection • Sustainable products 	<p>The Company engages with clients through key contacts who work day to day with the clients. We also complete client satisfaction surveys every two years and the Board reviews the results. We are pleased that our client survey this year shows that clients are very positive, with 93% of clients "satisfied" or better and 86% of clients likely to recommend XPS. We also hold conferences, webinars and training exercises for clients throughout the year. We work with clients to establish a relationship that works for them; an example of an innovative way in which we have collaborated with BT plc to satisfy its requirements can be found on page 9.</p>
Shareholders	<ul style="list-style-type: none"> • Financial performance and growth • Dividends • Timely and relevant communications • Sound corporate governance and stewardship • Strategy aligned with long-term sustainability and value creation 	<p>We engage with our shareholders in various ways throughout the year including meetings with investors and results roadshows hosted by the Executive Directors and regular calls with analysts, investors and potential investors. The Investor section of the XPS website was updated and improved during the year, to include useful information for our shareholders. The Board also attends the Annual General Meeting and is available to answer shareholder questions. Sarah Ing is appointed as the designated Shareholder Engagement Non-Executive Director. Sarah attends the Company's results presentations for analysts and shareholders. Sarah meets and speaks to shareholders and prospective investors as well as sell side analysts. The Remuneration Committee Chair engages through consultation and meetings with major shareholders in relation to executive remuneration.</p>
Regulators	<ul style="list-style-type: none"> • Transparency and openness • Proactivity and engagement in consultation • Compliance with regulation and legislation 	<p>The Company works with the regulators by responding to requests and consultations, submitting returns and attending industry meetings. Margaret Snowden is an adviser to The Pensions Regulator and regularly updates the Board on industry developments.</p>

	Key interests	Engagement strategy
Employees	<ul style="list-style-type: none"> • Engagement • Reward • Career opportunities • Training and development • Wellbeing • Equality, inclusion and diversity • Work-life balance and flexibility 	<p>Margaret Snowdon is appointed as the Designated Employee Engagement Non-Executive Director. Margaret is Chair of the Employee Engagement Group (EEG) and updates the Board after each EEG meeting. Employees complete an annual employee survey, the results of which are analysed in detail and shared with the Board, and an action plan is agreed. An external and anonymous whistleblowing hotline is available to employees 24/7; any reports can be escalated to the Board as required. Employees have been at the forefront of the Board's discussions and considerations in relation to the Covid-19 pandemic and the My XPS, My Choice trial. You can read more about employee engagement on pages 26 to 30.</p>
Suppliers	<ul style="list-style-type: none"> • Responsible procurement and ethics • Fair contract and payment terms • Cost efficiency and value 	<p>The Group has a designated Procurement team and an external company which engages with and carries out due diligence on its suppliers. We conduct formal and transparent tender processes when required. An annual review of existing suppliers, which provide services that are deemed as higher risk (i.e. process large amounts of our data or have access to our offices), is completed in addition to quarterly performance reviews with key suppliers. The Board annually approves the XPS Modern Slavery Statement. Our Supplier Code of Conduct communicates what we expect from our suppliers.</p>
Communities, charities and environment	<ul style="list-style-type: none"> • Local and worldwide social and environmental impact • Health and safety 	<p>The Sustainability Committee is a Committee of the Board, and 50% of members are Board members. The Committee Chair, Sarah Ing, updates the Board following each meeting. You can read the Committee report on pages 68 and 69. XPS is excellently positioned to ensure our positive impact is wider than the Group itself as we advise our clients on sustainable investments; you can read about this on pages 31 and 32. XPS has reported on TCFD this year; you can read this on pages 40 to 43. XPS achieved carbon neutrality in 2021; you can read more about this on pages 34 and 35. You can also read about our community support on page 33.</p>

Examples of stakeholder key interests being considered and impacting decisions during the year:

My XPS, My Choice:

Employees – The initiative was formed following the pandemic resulting in all employees working from home for a period of time; we engaged with employees throughout the pandemic to understand how employees work most efficiently. We engaged via the EEG, surveys and discussions between employees and line managers and formed this innovative initiative. A trial was completed, and employees were consulted throughout. 91% of employees were satisfied or better in relation to their initial experience of the new flexible working model (Employee survey 2021).

Clients – The satisfaction of and efficiency for clients remain of paramount importance and were monitored throughout the pandemic and the trial. 77% of clients were “very satisfied” with XPS (Client satisfaction survey 2021).

Shareholders – It is important that our shareholders continue to see the Group's growth in-line with consensus, and to achieve this we must retain the talented people we have by offering an attractive and flexible way of working to our employees.

Environment – The nature of the flexible working initiative has resulted in less travel to offices, and therefore less environmental impact as a result of travel.

Michael J Field Consulting Actuaries acquisition:

Shareholders – Our shareholders' key interests are the growth of the Group and value creation. It is with this in mind that part of the XPS strategy is growth through acquisition.

Employees – Through the acquisition, we welcomed new employees to the Group. It is important to us that these employees feel welcomed and integrated as quickly and effectively as possible, with as minimal disruption as possible.

Clients – The clients we welcomed as a result of the acquisition are important to us and the success of the acquisition. We aim to ensure minimal impact and disruption to our new clients, whilst developing the relationships and access to XPS's experience, offerings and skills.

Regulators – We ensure that we meet all regulatory requirements when conducting an acquisition.

Annual General Meeting

The Company's Annual General Meeting (AGM) will take place at 12pm on Thursday 8 September 2022 at the Group's Reading office. The AGM notice setting out the resolutions to be proposed at the meeting and including explanatory notes, together with this Annual Report and Accounts, will be available on the Company's website (www.xpsgroup.com) and distributed to shareholders who have elected to receive hard copies of shareholder information at least 20 working days prior to the date of the meeting. Voting at the AGM will be conducted by way of a poll and the results will be announced through the London Stock Exchange Regulatory News Service and made available on the Company's website. All Board members are expected to attend the meeting and the Chair of each of the Board's Committees will be present to answer any questions put to them by shareholders.

Board evaluation

The Board acknowledges that the Code requires regular external Board evaluations (as a company below FTSE 350) and conducted an external Board evaluation in 2020, facilitated by Ceradas Limited. The next externally facilitated evaluation will be conducted in 2023.

In 2022, the Board conducted an internal evaluation conducted by the Company Secretary and Chairman, using questionnaires and covering all aspects of Board effectiveness, including the Committees of the Board. All Board members completed the evaluation.

2022 outcome

The overall outcome of the evaluation process was positive. The following actions were identified to further improve the effectiveness of the Board:

- the handover and succession of the Chair role following Tom Cross Brown's retirement in September 2022 will be a key focus for the Board in the year ahead;
- relations and communications with shareholders will continue to develop, including the potential for new introductions when the Group's new Chair is appointed; and
- the Board will continue to develop engagement with Group employees, including re-introducing Non-Executive Director and employee networking sessions (previously halted due to Covid-19).

Review of Chairman's performance

The Non-Executive Directors, in addition to their role of constructively challenging and facilitating the development of the Group's strategy, meet annually to evaluate the performance of the Chairman, led by the Senior Independent Director. The Senior Independent Director also engages with the Executive Directors separately for their feedback. As the Chairman, Tom Cross Brown, has confirmed his intention to retire and not stand for re-election at the 2022 AGM, the directors are focused on recruiting a successor and ensuring an orderly handover.

2021 evaluation outcomes and progress

The 2021 evaluation identified the following areas for improvement, which have been improved as follows:

Actions from 2021	Improvements
The Board will consider other mechanisms for shareholder engagement, including holding a capital markets day, and would develop the Group's Investor Relations function with external support.	The Group has appointed an external firm to support with investor relations and a capital markets day will be held in future. The Remuneration Committee Chair has been in touch with the Group's largest investors and agreed to maintain regular dialogue in relation to remuneration policy and practices.
The Board will work cohesively to continue key strategic themes and continue to hold an annual Board strategy session.	A strategy meeting was held and attended by all Board members, where effective and engaging discussions were had.

Succession planning for a sustainable future



The Committee supports the Board by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of the financial statements and the Group's Annual Report.

Committee membership	Attendance
Chair	
Tom Cross Brown	2/2
Members	
Alan Bannatyne	2/2
Sarah Ing	2/2
Margaret Snowdon OBE	2/2
Attending by invitation	
Co-Chief Executive Officers	
Chief Financial Officer	

Dear Shareholder,

I am pleased to present the report of the Nomination Committee for the year ended 31 March 2022. The Committee has met twice during the 2021/22 financial year and all meetings were attended by all members of the Committee. The Committee intends to continue to meet at least twice annually with additional meetings as required.

The Nomination Committee assists the Board in determining the composition and make-up of the Board, including its skills, knowledge, experience and diversity. It is responsible for developing and maintaining a formal, rigorous and transparent procedure for identifying appropriate candidates for Board appointments and making recommendations to the Board.

The Committee is also responsible for keeping under review the leadership needs of the Group, both Executive and Non-Executive, and for ensuring that succession planning focuses on the continued ability of the Group to deliver its strategic goals and compete effectively. The terms of reference of the Committee are reviewed annually and available on the Company's website, www.xpsgroup.com.

Board changes

The members of the Committee are Alan Bannatyne, Margaret Snowdon OBE, Sarah Ing and me. Members of the management team, including the Executive Directors, are invited to Committee meetings as the agenda dictates.

During the year, the Committee reviewed the size of the Board, the balance between Executive and Non-Executive Directors and the diversity of the Board, and was satisfied with the composition and balance of skills, experience, independence and knowledge of the Board and each Committee.

Chairman succession

Following the year end, I informed my fellow Directors of my intention to retire and not stand for re-election at the September 2022 AGM. The Nomination Committee, led by Margaret Snowdon, has commenced its search for a successor and I have not partaken in the search or decisions surrounding this. As part of the recruitment effort, the Committee has considered and reviewed the skill set and experience of all Directors to identify any skills gaps following my retirement. The Committee has engaged external search firm Russell Reynolds, with which the Group and Directors have no other connections. The Group will keep stakeholders updated by public announcement as the search progresses. The identified successor will chair the Nomination Committee following their appointment.

Board effectiveness evaluation

During the year, an internally facilitated Board effectiveness evaluation was completed; further details of the outcomes can be found on page 61. The Group intends to conduct an externally facilitated effectiveness review in 2023, three years following the prior external evaluation.

Succession planning

During the year, the Nomination Committee reviewed detailed succession plans covering the roles considered key to the business, including those of the Executive Directors and the Executive Committee. The Committee is satisfied that the contingency and talent management plans in place for key positions are appropriate and has agreed that the Group's succession planning should be kept under review, at least bi-annually. We conduct Leadership Development Centres to develop our future senior leaders.

Induction programme and training

A formal tailored induction for Non-Executive Directors is in place supported by a programme of training, to further their knowledge of the Group, its business, culture, operations, employees and governance and to ensure awareness of their regulatory duties and obligations as a Director of a UK premium listed company.

Diversity, equality and inclusion

The Company has an established Diversity Working Group, championed by Non-Executive Director Margaret Snowdon and chaired by a senior female within the Group. The group has made great progress and has a significant impact across the business and is a key channel of communication and engagement for employees. You can read more about the Group's I&D strategy on page 27.

The Company acknowledges that there remains a gender pay gap within the business which reflects a higher proportion of males in higher paid roles than females. Whilst this is partly a challenge of the UK industry in which the Company operates, with a male-dominated actuarial profession, the Board believes it has a responsibility to promote change, both within XPS and the industry more generally. The Group introduced an apprentice scheme during the year and hopes this continues to improve the diversity of the Group and profession in the future.

The Board believes that no individual should be discriminated against, whether for reasons of gender, ethnicity or other grounds that restrict social inclusion, and this extends to Board appointments which it considers should be made on merit and on the basis of ensuring an appropriate balance of skills and experience within the Board. The Board recognises that greater diversity, in the widest sense of diversity of race, experience and approach, can generate a more diverse perspective on issues which, in turn, has the ability to benefit Board effectiveness through improved discussions and better decisions.

You can find information regarding the Group's gender balance, including senior management, on page 29 in the sustainability section.



Tom Cross Brown

Chair of the Nomination Committee
22 June 2022

Delivering independent oversight



The Audit & Risk Committee continues to provide independent oversight of the Group's financial reporting procedures, risk management and internal control framework.

Committee membership	Attendance
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Chair	
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Alan Bannatyne	4/4
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Committee members	
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Sarah Ing	4/4
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Margaret Snowden OBE	4/4
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Dear Shareholder,

I am pleased to present the report of the Audit & Risk Committee for the year ended 31 March 2022. The Committee met four times during the 2021/22 financial year and intends to continue to meet at least three times annually. All meetings were attended by all members of the Committee.

Membership of the Committee

The members of the Committee are Sarah Ing, Margaret Snowden OBE and me. The Board is satisfied that the Audit & Risk Committee as a whole has competence relevant to the sector in which the Company operates and that Sarah Ing and I have recent relevant financial experience as can be seen in our biographies included on pages 52 and 53 of the Annual Report.

The Executive Directors are invited to each meeting as well as the Company's Non-Executive Chairman, Chief Operating Officer, Head of Risk, General Counsel, Financial Controller and other members of the management team as the agenda dictates.

Significant accounting matters considered during the year

Revenue recognition, accrued income and trade receivables

Matters considered

Depending on the income stream and the nature of the engagement, the Group recognises revenue on either time cost incurred, fixed fee or rateably over the period of providing the relevant services. Billing is mainly in arrears and occurs monthly or quarterly.

Action

The Committee reviewed the approach to revenue recognition including the process for accrued and deferred revenue. The Committee receives regular updates on ageing of accrued revenue and trade receivables. The Committee has also considered the conclusions reached by BDO as part of its audit of this area and is satisfied that management has adopted appropriate processes and controls over revenue recognition, accrued revenue and trade receivables.

Carrying value of goodwill and intangible assets

Matters considered

The Group has significant intangible assets on the balance sheet in the form of goodwill, customer relationships, brands and software. The intangible assets have to be reviewed for impairment at least annually or if there are any indicators of impairment.

Action

The carrying value of all indefinite lived assets is tested for impairment annually. In reaching its conclusion that the treatment adopted is appropriate, the Committee has reviewed the forecasts, key assumptions and methodology adopted by management. BDO's findings have also been considered by the Committee in reaching its conclusions over the appropriateness of the treatment within the financial statements.

Business combinations

Matters considered

During the year, the Group acquired the trade and assets of Michael J Field Consulting Actuaries for cash consideration of £1.5 million and up to £1.5 million in contingent consideration. All acquisitions are assessed under IFRS 3 where applicable, and a purchase price allocation (PPA) exercise is undertaken.

Action

The Committee has reviewed management's assessment of the fair value of the assets and liabilities acquired and resulting goodwill from the acquisition. The Committee has reviewed the disclosures in respect of the acquisition and considers the accounting and disclosures to be appropriate.

Presentation and disclosure of exceptional and non-trading items

Matters considered

The Group classifies certain items in the income statement as exceptional/non-trading to allow a clearer understanding of the underlying trading performance of the business.

Exceptional and non-trading items in the year totalled £9.8 million (FY 2021: £13.9 million). For more details, see note 6 to the financial statements on page 119.

Action

As part of its assessment that the treatment of exceptional/non-trading items in the financial statements is appropriate, and consistent with the Group's accounting policies and with the guidance issued by the FRC, the Committee has considered each of the items treated as exceptional/non-trading and challenged, where necessary, the treatment adopted by management. The Committee has also considered the conclusions reached by BDO as part of its audit in this area and is satisfied.

Auditor

The Committee is responsible for making recommendations to the Board regarding the appointment of its external auditor and its remuneration. BDO LLP has been the Group's auditor since 2014. The Group audit partner is required to rotate after a maximum of five years; the current audit partner, Andrew Radford, was appointed in September 2020.

The Committee is responsible for making recommendations on the independence of the Company's auditor, BDO LLP. In addition, the auditor has internal processes, which include peer reviews, to ensure that independence is maintained. The Committee will review the level of audit fees and non-audit fees on an ongoing basis. See note 5 to the financial statements on page 118.

The Committee has reviewed the approach to the annual audit at a meeting that the auditor attended ahead of the start of fieldwork. The auditor then attended a further Committee meeting at the completion stage of the audit to present its findings. There is an open line of communication between the Chair of the Audit & Risk Committee and the audit engagement partner. The Committee assessed the effectiveness of the external audit process by obtaining feedback from parties involved in the process, including management and the external auditor.

Based on this feedback and its own ongoing assessment, the Committee remains satisfied with the efficiency and effectiveness of the audit.

After due and careful consideration, the Committee remains satisfied with the effectiveness and independence of BDO LLP and has recommended to the Board that BDO LLP be reappointed as the Company's auditor.

Internal Audit

The Internal Audit function is provided using a co-sourcing agreement, with PwC reappointed in 2020 after a retender as it had been in place since 2017. It offers independent oversight of operational and risk management activities, with audit reports and relevant findings presented to the Committee. This year it focused on the Group's fraud controls and no significant control weaknesses were identified. The Internal Audit programme is supported by a number of regular assurance activities which are carried out by the Risk and Compliance teams, which look at the design and effectiveness of internal controls for key processes.

Annual Report review

A final draft of the Annual Report is reviewed by the Committee prior to consideration by the Board and the Committee considered whether the 2022 Annual Report was fair, balanced and understandable and

whether it provided the necessary information for shareholders to assess the Group's position and performance, business model and strategy. The Committee was satisfied that, taken as a whole, the Annual Report is fair, balanced and understandable and provides the necessary information.

Risk

XPS Group has continued to enhance its risk management framework. This is supported by a strong culture, active engagement from staff and a clear direction from Executive Management.

The standardised risk management framework supports a common approach across all businesses and support functions in the Group. This includes a clear articulation of the key risks, the appetite the Group has for each of these and the controls that are in place to manage these risks within their stated appetites.

The framework embraces the whole spectrum of activities and measures addressing risk (identification, evaluation, treatment, reporting and monitoring) which, taken together, support the achievement of the organisation's objectives. The underlying processes and control procedures are regularly reviewed and amended to reflect the findings of the process, including improvements in operational administration, regulatory compliance, legislative changes and changes in the external threat environment.



The updated risk management framework rolled out during the year has been supported by a strong culture, active engagement from staff and clear direction from Executive Management."

Alan Bannatyne,
Chair of the Audit & Risk Committee

A reporting framework has been deployed as part of this work which provides Executive Management with regular updates on our overall risk profile and detailed reports on risks that may require action to keep within appetite. This framework includes information on relevant key risk indicators as well as summarising root-cause analysis reviews for incidents and errors.

The Risk Management Committee continues to meet on a regular basis to discuss risks and issues as well as ensuring that the framework is meeting the needs of the Group's stakeholders. This Committee also acts as the mechanism by which risks reported at business level can be considered in the context of the Group and whether escalation is required.

The central Risk team supports all businesses within the Group and ensures best practices are applied consistently. This team is also responsible for co-ordinating the existing external assurance programme across the Group, to ensure all risks and controls are considered and assessed appropriately. These assurance activities include certifications to ISO 14001 and ISO 27001, AAF 01/06, IIP and the IoA Quality Assurance Scheme (QAS).

The Audit & Risk Committee regularly reviews the wider internal control processes and enlists external support to review and test when it is deemed necessary. Recognising the importance of the protection of data assets and business resilience, the Committee considers these specific risks at each of its meetings, along with the development of the frameworks to effectively manage them.

We are pleased to note that our risk management frameworks have proved effective in allowing the Group to successfully manage the impact of the ongoing Covid-19 pandemic, allowing us to continue to keep staff safe and support continued client servicing without interruption.

Whistleblowing

The Group has a clear, formalised Whistleblowing Policy and procedure available to all staff in order to raise concerns about perceived wrongdoing, non-compliance with our own standards, regulatory requirements and/or the law. This policy was reviewed this year. We have a confidential helpline, run by a third party, Expolink, in order that staff can report any concerns or perceived shortcomings within our operations without fear of sanction or disadvantage. The helpline is promoted through the intranet and posters. Incidents are reported and then reviewed by the Board at the next available meeting or sooner if appropriate. The Group's Audit & Risk Committee reviews the policy and process annually to ensure they remain fit for purpose.



Alan Bannatyne

Chair of the Audit & Risk Committee
22 June 2022

Aligning strategy with sustainability



Our core purpose as a business is to shape and support safe, robust and well-understood pension schemes for the benefit of people and society. We are ambitious in our goals to create sustainable financial futures for as many people as possible, and use our influence to integrate ESG considerations throughout the pensions industry.

Committee membership

Attendance

Chair

Sarah Ing	3/3
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Committee members

Margaret Snowden OBE	3/3
Snehal Shah	3/3
Charlotte West	3/3
Adrian Davison	3/3
Alex Quant	2/3

Created during the 2020/21 financial year, the role of the Sustainability Committee is to improve practices, reporting and communication in relation to environmental, social and governance (ESG) factors that have a material impact on business strategy and performance and the long-term sustainability of the Group. The Committee has oversight of the views and interests of all key stakeholders of the Group, internal and external.

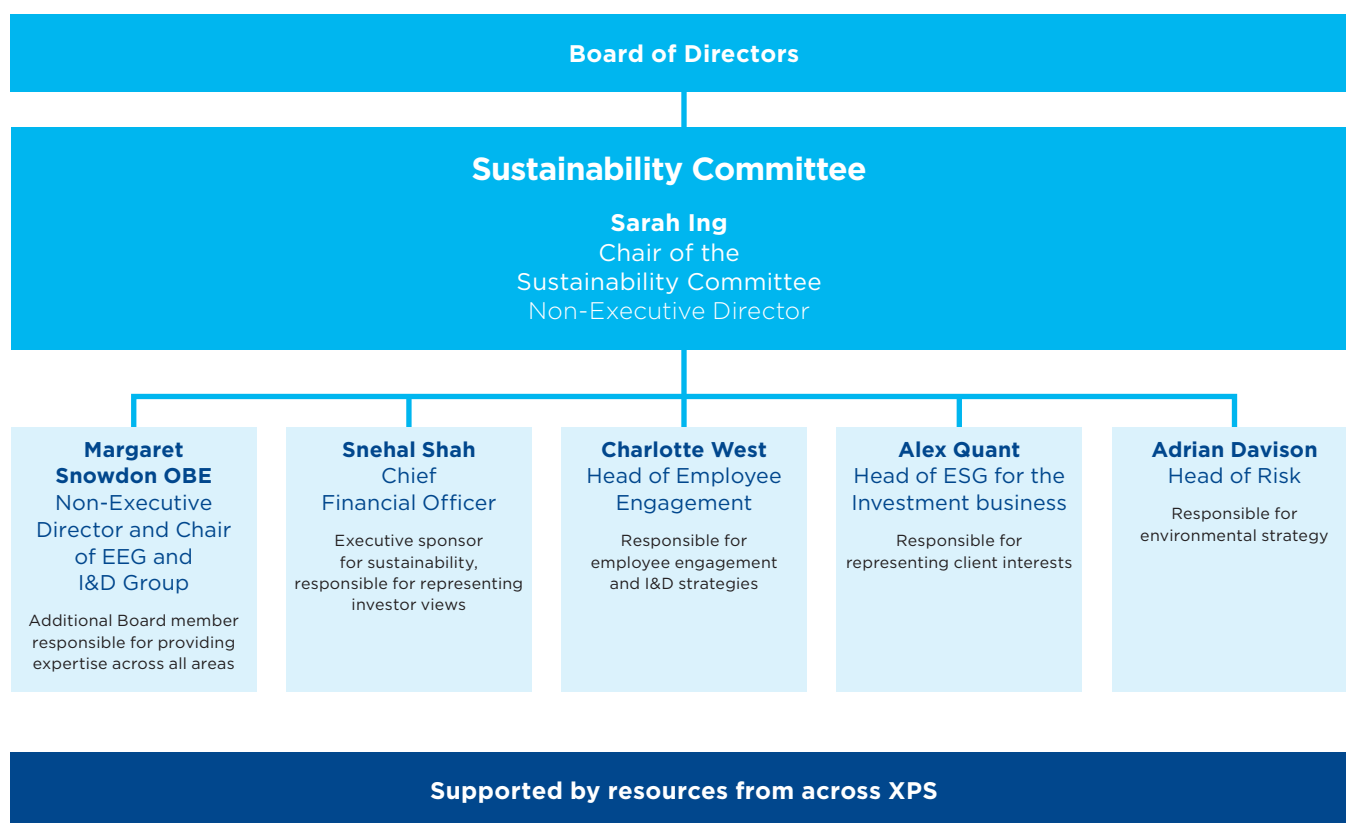
Membership of the Committee

The members of the Committee are Margaret Snowden OBE (Independent Non-Executive Director), Snehal Shah (CFO), Charlotte West (Head of Employee Engagement), Adrian Davison (Head of Risk), Alex Quant (Head of ESG for the Investment business) and me. Alex Quant joined the Committee during the year. Other Board members and members of the management team are invited to meetings as the agenda dictates.

The Committee met three times during the 2021/22 financial year and all meetings were attended by all members, with the exception of one meeting due to a prior engagement. The Committee intends to continue to meet at least twice yearly with additional meetings as required.

The focus of the Committee

During the year the Committee provided oversight and challenge on a number of sustainability issues within the Group's key areas of focus – governance, our employees, our clients, our communities and our environment.



1. Launch of I&D strategy

The Committee oversaw the implementation of the I&D strategy, which was launched to XPS colleagues in November 2021. The strategy has four main pillars with clear ambitions and measurable actions in place to achieve these. Progress has already been made in the reporting year on a number of key actions.

2. Development of environmental strategy

The Committee provided oversight on the carbon offsetting project, having reviewed the implementation of the Environmental Management System and associated Environment Policy.

3. Development of our responsible investment solutions

A strong focus for the Committee this year was to provide oversight of the Group's development of its responsible investment offering and implementation of the Responsible Investment Policy. Input was given on a range of issues including training and

development within the Investment team, strategy, our position in the market to influence and educate, and communication.

4. Shaping sustainability reporting

This year the Committee discussed a number of external sustainability frameworks and standards. The Committee also reviewed sustainability reporting best practice and considered feedback from proxy advisers on XPS's ESG performance, incorporating this into our sustainability framework where appropriate.

At a high level, the focus for the year ahead includes:

- providing oversight for further development and integration of our sustainability strategy, including the development of our sustainability framework and reporting to include clear commitments, KPIs and measurement thereof. See pages 22 to 35 of the Strategic Report for our current reporting on sustainability matters;

- continuing to review and provide challenge on activities carried out by the business, underpinned by our sustainability strategy; keeping best practice under review; referring to thought leadership; and monitoring the Group's position regarding relevant emerging sustainability issues; and
- providing oversight and challenge on the continued integration of climate risk into our risk management processes, and the development of our carbon reduction plan and associated targets.

The terms of reference of the Committee are reviewed annually and are available on the Company's website, www.xpsgroup.com.

Sarah Ing
 Chair of the Sustainability Committee
 22 June 2022

Remuneration at a glance

The overall Remuneration Policy is designed to promote the long-term success of the Group whilst ensuring it does not support inappropriate risk taking. The Remuneration Committee has developed the Directors' Remuneration Policy with the following principles in mind:

Aligned with shareholders – in order to motivate Executive Directors and incentivise the delivery of sustained performance over the long term, and to promote alignment with shareholders' interests.

Aligned with financial performance – to motivate Executive Directors and support the delivery of the Group's financial and strategic business targets.

Aligned with colleagues – by striving for as consistent as possible an approach between the Executive Directors and senior management.

Aligned with clients – the continued strategy to become the pre-eminent pensions consulting and administration firm in the UK at the same time as achieving sustainable growth through investing in client services, technology and staff demonstrates the commitment to providing an agile, high-quality and market-leading service that puts client satisfaction at the heart of the business.

Competitive – remuneration packages are reviewed annually and benchmarked by reference to the external market. This allows us to attract and retain highly talented people, who know that good performance will be rewarded.

Designed to encourage retention and to reward performance – deferred variable remuneration does not give rise to any immediate entitlement. Long-term incentive awards normally require the participant to be employed continuously by the Group until at least the third anniversary of grant in order to vest in full.



Our Executive Directors' remuneration at a glance

		Key features of the policy	How we implemented the policy
Fixed pay	Salary and benefits	Annual increases will not exceed 7.5% + RPI (April 2022: 11.1%) or the average increase of employees across the Group in any given year, whichever is higher.	Increases of 6% applied effective 1 April 2022 as the second phase of a market adjustment following Remuneration Committee confirmation of continued strong corporate and individual performance.
Short-term variable pay	Cash bonus	<p>The maximum opportunity for 2021/22 is 150% of salary and potentially payable in cash and deferred shares.</p> <p>Bonus is payable subject to the achievement of performance conditions (financial and personal objectives) which will be set by the Remuneration Committee. Malus and clawback provisions apply.</p>	<p>The Co-CEOs were awarded 119% of salary and the CFO was awarded 89% of salary, as determined by the Remuneration Committee. These payments amounted to 79% of maximum.</p> <p>Bonuses were paid on financial performance as well as personal objectives (detailed on pages 82 and 83).</p>
Long-term variable pay	XPS Performance Share Plan (PSP)	<p>Maximum "normal" grant level is 150% of salary.</p> <p>Malus and clawback provisions apply.</p> <p>Aligned with long-term business strategy to become the pre-eminent pensions consulting and administration firm in the UK and delivery of shareholder value due to strong cash generation and non-cyclical demand for services.</p>	The September 2019 PSP award is subject to underlying EPS performance and relative TSR performance. The overall payout for the award is equal to an estimated 38% of maximum.
Share ownership guidelines	Share ownership guidelines	Minimum shareholding of 200% of base salary for any Executive Director with requirements applying for a two-year period post termination of employment.	

Remuneration at a glance: pay outcomes for the year

2021/22 fixed remuneration

Base salary		Pension	
Co-CEOs	CFO	Co-CEOs	CFO
£313,920	£265,160	6% of salary	6% of salary

These pension contributions are in line with the average contribution levels across the Group.

Annual bonus

The financial element of these bonuses is based on Group profit before tax (PBT). The reported Group adjusted PBT for 2021/22 resulted in a bonus payment of 89% of the maximum for this element of the bonus. When combined with the performance against strategic objectives, this led to formulaic bonus outturn of between 86 and 87% of the maximum. However, the Executive Directors volunteered that the Remuneration Committee reduce the level of bonus payable from this formulaic outcome to 79% of maximum to be consistent with bonus outcomes in the wider firm. Further details of financial and personal objectives can be found on page 82.

£m	Threshold £'000	Target £'000	Maximum £'000	Actual £'000	Payout (% of this element)
Group adj. PBT (75% of potential)	26,140	26,522	26,864	26,750	89%

Aligning remuneration with sustainable success



The Remuneration Committee continues to ensure a robust link between the execution of strategy, reward and performance and is committed to fairness and transparency.

Margaret Snowdon OBE

Chair of the Remuneration Committee

Committee membership	Attendance
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Chair

Margaret Snowdon OBE	4/4
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Committee members

Tom Cross Brown	4/4
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Alan Bannatyne	4/4
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Sarah Ing	4/4
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Attending by invitation

Co-CEOs

CFO

HR Director

Dear Shareholder,

The Directors' Remuneration Report for the year ended 31 March 2022 contains:

- my annual statement;
- the annual report on remuneration which describes how the Directors' Remuneration Policy has been applied in the 2021/22 financial year and how it will be implemented in the 2022/23 financial year; and
- the Directors' Remuneration Policy which remains unchanged since it was approved at the 2020 AGM.

Operational highlights

During the year ended 31 March 2022, we produced another year of robust financial performance. At a Group level, total revenues grew 8% year on year. The Group delivered adjusted diluted earnings per share of 10.2p.

Engaging with our stakeholders

Shareholders

At last year's Annual General Meeting held on 7 September 2021, the Remuneration Committee was pleased that shareholders approved the Remuneration Report with 99.28% of votes for. We are grateful for the ongoing shareholder engagement and constructive feedback allowing us to ensure we are able to reflect the views of shareholders in the decisions that the Remuneration Committee makes.

Employees

The Employee Engagement Group, which I chair as XPS Group's Designated Employee Engagement Non-Executive Director, considers Executive Directors' remuneration, taking account of employee views.

The Employee Engagement Group was set up with the purpose of providing an “employee voice” to the Board by raising any matters or issues highlighted by employees. It is a forum for employees to share ideas and concerns with the Board in a consultative manner and is not a decision-making group. One area of focus for the Employee Engagement Group is reward and remuneration of Executive Directors; members are asked to provide feedback on the Directors’ Remuneration Policy and Executive Director objectives. The group improves engagement between the Board and XPS employees.

The Directors’ Remuneration Policy

The current Directors’ Remuneration Policy was approved by shareholders at the 2020 AGM and therefore will be due for renewal at the 2023 AGM. The Remuneration Committee will consult with major shareholders and the voting guidance services well in advance in relation to the Policy.

The changes to the operation of the Directors’ Remuneration Policy

As outlined last year, due to base salaries being low against the FTSE Small Cap market and other similarly sized companies the Remuneration Committee therefore decided to increase the base salaries of the Executive Directors in two phases:

- 9% with effect from 1 April 2021. This was the first increase for three years and is below the general level of increases for employees across the Group over the period since 1 April 2018; and
- 6% with effect from 1 April 2022 (subject to continued strong performance, both corporate and individual).

These increases still leave target and maximum total remuneration for all the Executive Directors below the market median.

The Committee has also agreed to amend the approach to measuring EPS performance under the PSP.

Due to the current volatility of inflation rates, the Committee determined to remove the link with CPI when measuring EPS performance. For the 2022 awards, this will now be measured on an absolute growth scale.

Remuneration of the Executive Directors for 2022/23

The table below summarises our intended approach to the remuneration of the Executive Directors for 2022/23.

Component of remuneration	Summary of approach																						
Base salary and benefits	<p>Base salary and benefits are reviewed annually on 1 April in light of a number of factors, including the approach to salary reviews more generally across the Group. In line with the phased approach outlined last year, the base salaries of the Co-Chief Executive Officers have been increased by 6% for the 2022/23 financial year:</p> <p>Ben Bramhall – £332,755 Paul Cuff – £332,755 Snehal Shah – £281,069</p> <p>The increase since 1 April 2018 remains below that of the general level of salary increases across the Group since then:</p> <table> <tr> <th></th><th>1 April 2019</th><th>1 April 2020</th><th>1 April 2021</th><th>1 April 2022</th><th>Total</th></tr> <tr> <td>Co-CEOs</td><td>0%</td><td>0%</td><td>9.0%</td><td>6.0%</td><td>15.5%</td></tr> <tr> <td>Average staff</td><td>3.0%</td><td>3.2%</td><td>3.2%</td><td>5.9%</td><td>16.2%</td></tr> </table>						1 April 2019	1 April 2020	1 April 2021	1 April 2022	Total	Co-CEOs	0%	0%	9.0%	6.0%	15.5%	Average staff	3.0%	3.2%	3.2%	5.9%	16.2%
	1 April 2019	1 April 2020	1 April 2021	1 April 2022	Total																		
Co-CEOs	0%	0%	9.0%	6.0%	15.5%																		
Average staff	3.0%	3.2%	3.2%	5.9%	16.2%																		
Pension	Defined contribution/cash supplements of 6% are paid. This is well below the rate provided to many employees who have joined the business through the acquisitions we have made.																						
Annual bonus	<p>Payable subject to the achievement of challenging financial/strategic/personal performance conditions. These are expected to incorporate sustainability, culture and technology-based goals. Malus and clawback provisions apply.</p> <p>Maximum bonus opportunity:</p> <p>Ben Bramhall – 150% of salary Paul Cuff – 150% of salary Snehal Shah – 112.5% of salary</p>																						
Long-term incentives	<p>Annual awards of performance shares. Shares vest, subject to the achievement of the performance conditions, after three years and are subject to a further two-year holding period. Malus and clawback provisions apply.</p> <p>Maximum grant levels:</p> <p>Ben Bramhall – 150% of salary Paul Cuff – 150% of salary Snehal Shah – 125% of salary</p>																						
All-employee share plans	Executive Directors are entitled to participate in all of the Company’s employee share plans, including the Share Save Plan, on the same terms as other employees.																						
Share ownership guidelines	Executive Directors are subject to a minimum shareholding requirement of 200% of salary with a requirement to maintain a shareholding post cessation of employment at 200% for one year and 100% for a second year.																						

Annual bonus payments for 2021/22

The financial element of these bonuses is based on Group profit before tax (PBT). The reported Group adjusted PBT for 2021/22 has resulted in a bonus payment of 89% of the maximum for this element of the bonus. When combined with the performance against strategic objectives, this led to a formulaic bonus outturn of 86% of the maximum for the Co-CEOs and 87% for the CFO. However, the Executive Directors volunteered that the Remuneration Committee reduce the level of bonus payable from this formulaic outcome to 79% of maximum to be consistent with bonus outcomes in the wider firm.

Annual bonus payments for 2021/22 continued

On this basis, the bonus outturn for 2021/22 for the Executive Directors is as follows:

Executive Director	% of salary	% of maximum
Ben Bramhall	119%	79%
Paul Cuff	119%	79%
Snehal Shah	89%	79%

Vesting outcomes for the 2019 PSP awards

The September 2019 PSP award is subject to underlying EPS performance and relative TSR performance. The estimated overall payout for the award is equal to 38% of maximum.

The Committee considers that the Policy operated as intended during 2021/22 and that remuneration outcomes are consistent with the Group performance and appropriately reflect performance delivered for our shareholders over the respective periods. Other than the adjustment to the bonus outturn mentioned above, the Committee felt that no further discretion needed to be applied for these remuneration outcomes.

Other activities to note

The Remuneration Committee reviewed the Group's gender pay gap analyses and action plans. I have also continued to play an active role throughout the year on the Group's Diversity Working Group, in addition to chairing the Employee Engagement Group.

I trust that you find this report to be informative and transparent and I hope to receive your support for our decisions this year as described in the Directors' Remuneration Report at the AGM. I am keen to encourage ongoing open dialogue with our shareholders on executive remuneration and welcome all engagement.



Margaret Snowden OBE

Chair of the Remuneration Committee
22 June 2022



We were pleased to be given an early opportunity to comment on the Co-CEOs' personal objectives for FY 2023. We discussed various topics including sustainability, inclusion and diversity, gender pay gap, and employee engagement metrics.

As in previous years, we were asked to review the Directors' Remuneration Report and put forward our views on future changes."

Abigail Fletcher,
XPS EEG Representative

Directors' Remuneration Policy 2020

This Directors' Remuneration Policy, which has been approved by the Board and shareholders, has been prepared in accordance with Part 4 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, which amended The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (the "DRR Regulations").

The Directors' Remuneration Policy as set out in this section of the Directors' Remuneration Report was approved in 2020 and took effect in respect of all payments made to Directors from the conclusion of the 2020 AGM at which it was approved. The Policy as approved can be found at www.xpsgroup.com/investors/results-reports-and-presentations/. We have reproduced some of the main sections of the Directors' Remuneration Policy here for the convenience of our shareholders even though we have not, as envisaged before the engagement process with investors, made any changes to it.

Summary of decision-making process and changes to Policy

The Remuneration Committee's review of the Directors' Remuneration Policy followed a robust process which included discussions on the content of the Policy at Remuneration Committee meetings during the year. The Committee considered the input from management and independent advisers, as well as consulting with major shareholders and proxy and advisory services. The input from investors was critical in influencing our view that we should work within the Policy as approved in 2020.

Element and purpose	Policy and operation	Maximum	Performance measures
Base salary The core element of pay, reflecting the individual's position within the Company and experience	The base salary of each Executive Director takes into account the performance of each individual and is set at an appropriate level to secure and retain the talent needed to deliver the Group's strategic objectives. Salaries are reviewed annually on 1 April and are influenced by: information from relevant comparator groups (referencing the Group's competitors and public companies in other industries); the performance of each individual Executive Director; and average increases for employees across the Group as a whole.	Annual increases will not exceed 7.5% + RPI or the average increase of employees across the Group in any given year, whichever is higher. The level of increase may deviate from this maximum in the case of special circumstances, for example increases in responsibilities or promotion. As an example, this may occur if the market capitalisation of the Company increases as the shares are "re-rated" by investors such that the comparator group changes. In this scenario, the Board would consider the increase and the performance of the Company. Other elements of remuneration may also change. In these cases, any exceptional increase will not exceed 20% of salary a year.	n/a
Benefits in kind To provide market-competitive benefits valued by recipients	Benefits currently include permanent health insurance, life insurance, private medical insurance and car allowance and may also include other benefits in the future. In certain limited circumstances, relocation allowances may be necessary. All benefits are subject to annual review to ensure they remain in line with market practice.	Benefits (excluding any relocation allowances) may be provided up to an aggregate value of normally £30,000 for each Executive Director (indexed to inflation).	n/a

Summary of decision-making process and changes to Policy continued

Element and purpose	Policy and operation	Maximum	Performance measures
Pension To provide retirement benefits	Executive Directors participating in the pension plan benefit from matching annual Group contributions of 6% of base salary. Executive Directors are entitled to take all or part of their pension contributions as a cash allowance.	The maximum employer's contribution (or cash supplement) is 6% of salary. Executive Directors' employer's contribution levels are aligned to the contribution levels for the majority of the workforce.	n/a
Annual bonus To motivate Executive Directors and support the delivery of the Group's financial and strategic business target over a one-year operating cycle	<p>Annual bonus plan levels and the appropriateness of measures are reviewed annually to ensure they continue to support our strategy. Once set, performance measures and targets will generally remain unchanged for the year, except to reflect events (e.g. corporate acquisitions or other major transactions) where the Committee considers it to be necessary in its opinion to make appropriate adjustments.</p> <p>The Remuneration Committee retains the flexibility to pay annual bonus outcomes in cash and/or deferred shares (which may allow for dividend roll-up). The number of shares (or the cash equivalent) subject to deferral may be increased to reflect the value of dividends that would have been paid in respect of any record dates falling during the deferral period.</p> <p>Clawback and malus provision applies as explained in more detail in the notes to this Policy table.</p>	The maximum annual bonus opportunity is 150% of base salary. For 2022/23, the maximum opportunity will be 150% of base salary for the Co-CEOs and 112.5% of salary for other Executive Directors.	<p>Bonuses will be payable subject to the achievement of performance conditions which will be set by the Remuneration Committee.</p> <p>The targets may be financial and/or personal and strategic. The intended weighting of these measures is not less than 60% financial. Where a sliding scale of targets is used, attaining the threshold level of performance for any measure will not typically produce a payout of more than 20% of the maximum portion of overall annual bonus attributable to that measure, with a sliding scale to full payout for maximum performance. Bonus payments will also be subject to the Committee considering that the proposed bonus amounts, calculated by reference to performance against the targets, appropriately reflect the Company's overall performance and shareholders' experience. If the Committee does not believe this to be the case, it retains the discretion to adjust the bonus outturn accordingly.</p>

Element and purpose	Policy and operation	Maximum	Performance measures
Performance Share Plan To motivate Executive Directors and incentivise the delivery of sustained performance over the long term, and to promote alignment with shareholders' interests	<p>Awards under the PSP may be granted as nil/nominal cost options which vest to the extent performance conditions are satisfied over a period normally of at least three years.</p> <p>Awards will vest at the end of the specified vesting period at the discretion of the Remuneration Committee and are subject to a further holding period of two years (or such shorter period so that the period from the date of grant until the end of the holding period will be equal to five years).</p> <p>The PSP rules allow that the number of shares (or the cash equivalent) subject to vested PSP awards may be increased to reflect the value of dividends that would have been paid in respect of any record dates falling between the grant of awards and the expiry of any vesting period.</p> <p>Clawback and malus provisions applied are explained in more detail in the notes to this Policy table.</p>	<p>The market value of shares to be awarded to Executive Directors in respect of any year will normally be up to 150% of base salary, with awards of a maximum of 200% allowable in exceptional circumstances.</p>	<p>The Remuneration Committee may impose such conditions as it considers appropriate which must be satisfied before any award will vest.</p> <p>All awards made to Executive Directors will be subject to performance conditions which measure performance over a period normally no less than three years. Awards in 2022 will be subject to EPS and relative TSR performance weighted 75/25%.</p> <p>No more than 25% of awards vest for attaining the threshold level of performance.</p> <p>Formulaic outcome of all PSP performance measures will also be subject to the Committee considering that the proposed levels, calculated by reference to performance against the targets, appropriately reflect the Company's overall performance and shareholders' experience. If the Committee does not believe this to be the case, it retains the discretion to adjust the PSP outturn accordingly.</p>
Share ownership guidelines To promote stewardship and to further align the interests of Executive Directors with those of shareholders	<p>The share ownership guidelines encourage Executive Directors to build or maintain (as appropriate) a shareholding in the Company.</p> <p>Minimum shareholding of 200% of base salary for any Executive Director.</p> <p>If any Executive Director does not meet the guideline, they will be expected to retain up to 50% of the net of tax number of shares vesting under any of the Company's discretionary share incentive arrangements (including any deferred bonus shares) until the guideline is met.</p> <p>Executive Directors are required to maintain a shareholding in the Company for a two-year period after stepping down from that position, being in the first year the lesser of the guideline level or each Executive Director's relevant shareholding at leaving and reducing to 50% of this requirement in the second year.</p> <p>For the purpose of this requirement, the relevant shareholding will include shares vesting under any of the Company's discretionary share incentive arrangements (including any deferred bonus shares) from awards granted after 8 September 2020, but excludes shares acquired and the release of shares under share incentive plans where the grant occurred prior to this date. The Committee retains the discretion to remove the holding requirement if it is deemed to be inappropriate.</p>	n/a	n/a

Summary of decision-making process and changes to Policy continued

Element and purpose	Policy and operation	Maximum	Performance measures
All-employee share plans To facilitate and encourage share ownership by staff, thereby allowing everyone to share in the long-term success of the Company and align interests with those of shareholders	<p>The Executive Directors will be entitled to participate in all of the Company's employee share plans, including the Share Save Plan, on the same terms as other employees.</p> <p>These all-employee share plans are established under HMRC tax-advantaged regimes and follow the usual form for such plans.</p>	<p>The maximum participation levels for all-employee share plans will be the limits for such plans set by HMRC from time to time. However the Company may impose lower limits on a scheme-by-scheme basis.</p>	<p>Consistent with normal practice and/or HMRC requirements, such awards would not be subject to performance conditions.</p>
Chairman and Non-Executive Directors' fees To enable the Company to recruit and retain Company Chairs and Non-Executive Directors of the highest calibre, at the appropriate cost	<p>The fees paid to the Chairman and Non-Executive Directors aim to be competitive with other listed companies of equivalent size and complexity.</p> <p>The fees payable to the Non-Executive Directors are determined by the Board, with the Chairman's fees determined by the Committee. No Director participates in decisions regarding their own fees.</p> <p>The Chairman and Non-Executive Directors do not participate in any new cash or share incentive plans.</p> <p>The Chairman and Non-Executive Directors are entitled to benefits relating to travel and office support and such other benefits as may be considered appropriate.</p> <p>The Chairman is paid a single fee for the role, although he will be entitled to an additional fee if he is required to perform any specific and additional services.</p> <p>Non-Executive Directors receive a base fee for the role. Additional fees are paid for acting as Senior Independent Director, Chairs of the Audit, Remuneration or other Board Committees or Designated Employee Engagement Non-Executive Director to reflect the additional time commitment. They will be entitled to an additional fee if they are required to perform any specific and additional services.</p>	<p>The aggregate fees and any benefits of the Chairman and Non-Executive Directors will not exceed the limit from time to time prescribed within the Company's Articles of Association for such fees, currently £500,000 p.a. in aggregate.</p> <p>Any increases in fee levels made will be appropriately disclosed.</p>	<p>n/a</p>

Notes to the Policy table

- 1. Stating maxima for each element of the Remuneration Policy** The Regulations and related investor guidance encourage companies to disclose a cap within which each element of the Directors' Remuneration Policy will operate. Where maximum amounts for elements of remuneration have been set within the Policy, these will operate simply as caps and are not indicative of any aspiration.
- 2. Travel and hospitality** While the Committee does not consider it to form part of benefits in the normal usage of that term, it has been advised that corporate hospitality, whether paid for by the Company or another, and business travel for Directors (and in exceptional circumstances their families) may technically come within the applicable rules, and so the Committee expressly reserves the right for the Committee to authorise such activities.
- 3. Past obligations** In addition to the above elements of remuneration, any commitment made prior to, but due to be fulfilled after, the approval and implementation of this Remuneration Policy will be honoured.
- 4. Malus/clawback** The Committee may apply malus (being the ability to withhold or reduce a payment/vesting) and clawback (the ability to reclaim some or all of a payment/vesting) to an award under the

annual bonus or PSP where there are circumstances which would justify such action. The relevant circumstances where these powers of recovery may operate include:

- the Company materially misstated its financial results for any reason and that misstatement would result or resulted either directly or indirectly in an award being granted or vesting to a greater extent than would have been the case had that misstatement not been made;
- the extent to which any performance target and/or any other condition was satisfied was based on an error, or on inaccurate or misleading information or assumptions which resulted either directly or indirectly in an award being granted or vesting to a greater extent than would have been the case had that error not been made;
- circumstances arose (or continued to arise) during the vesting period (including any holding period) of an award which would have warranted the summary dismissal of the participant; or
- there is a sufficiently significant impact on the reputation of the Company (including a Company failure) to justify the operation of malus or clawback.

Normally, clawback can operate for up to two years following the vesting of an award.

5. Performance conditions The performance-related elements of remuneration take into account the Group's risk policies and systems, and are designed to align the senior executives' interests with those of shareholders. The Committee reviews the metrics used and targets set for the Group Executive Directors and senior management (not just the Executive Directors) every year, in order to ensure that they are aligned with the Group's strategy and to ensure an appropriate level of consistency.

6. Differences between the Policy in respect of remuneration for Directors and the policy on remuneration for other staff

While the appropriate benchmarks vary by role, the Company seeks to apply the philosophy behind this Policy across the Company as a whole. Where the Group's pay policy for Directors differs from its pay policies for groups of staff, this reflects the appropriate market rate position and/or typical practice for the relevant roles. The Company takes into account pay levels, bonus opportunity and share awards applied across the Group as a whole when setting the Executive Directors' Remuneration Policy.

7. Committee discretions The Committee will operate the annual bonus plan and PSP according to their respective rules and the above Remuneration Policy table. The Committee retains discretion, consistent with market practice, in a number of respects, in relation to the operation and administration of these plans. This discretion includes, but is not limited to, the following:

- the selection of participants;
- the timing of grant of awards;
- the size of an award/bonus opportunity subject to the maximum limits set out in the Remuneration Policy table and the rules of the relevant plan;
- the determination of performance against targets and resultant vesting/payouts;
- discretion required when dealing with a change of control or restructuring of the Company;
- determination of the treatment of leavers based on the rules of the relevant plan and the appropriate treatment chosen;
- adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events and special dividends); and

- the annual review of performance measures, weightings and targets from year to year.

In addition, while performance measures and targets used in the annual bonus plan and PSP will generally remain unaltered, if events occur which the Committee determines would make a different or amended target a fairer measure of performance, such amended or different targets can be set provided they are not materially more or less difficult to satisfy, having regard to the event in question.

Any use of the above discretion would, where relevant, be explained in the Annual Report on Directors' Remuneration and may, where appropriate and practicable, be the subject of consultation with the Company's major shareholders.

The Committee may make minor amendments to the Remuneration Policy set out above for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation, without obtaining shareholder approval for that amendment.

External appointments

The Company's policy on external appointments permits an Executive Director, subject to the approval of the Chairman, to serve as a Non-Executive Director for normally no more than one other organisation where this does not conflict with the individual's duties to the Company. When an Executive Director takes such a role, they may be entitled to retain any fees which they earn from that appointment.

Statement of consideration of employment conditions elsewhere in the Company

The Committee receives regular updates on overall pay and conditions in the Company which enables it to take the wider workforce remuneration into account when setting the policy for executive remuneration. Whilst the Committee does not consult directly with employees as part of the process for reviewing executive pay, the Committee does receive insights from the broader employee population via an Employee Engagement Group. Accordingly, the Committee confirms that the new Policy has been designed with due regard to the policy for remuneration of employees across the Group.

The remuneration policy for other employees is based on broadly consistent principles as described on pages 75 to 78. Annual salary reviews across the Company take into account Company performance, relevant pay and market conditions and salary levels for similar roles in comparable companies.

Other members of senior management participate in similar annual bonus arrangements to the Executive Directors, although award sizes vary by organisational level. Share incentive awards may also be granted to a broader population than the Executive Directors although the award sizes and terms of the awards vary. The Company operates discretionary bonus schemes for eligible groups of employees under which a bonus is payable subject to the achievement of appropriate targets. All eligible employees may participate in the Company's Share Save Plan on identical terms.

Statement of consideration of shareholders' views

The Committee considers shareholder views received during the year and at each AGM, as well as guidance from shareholder representative bodies more broadly, when determining the Remuneration Policy and its implementation.

The Committee seeks to build an active and productive dialogue with investors on developments on the remuneration aspects of corporate governance generally and it will consult with major shareholders in advance of any material change to the structure and/or operation of the Policy and will seek formal shareholder approval for any such change if required. Shareholders' views have directly led to the Remuneration Committee's decisions on pay in 2022.

Remuneration Committee membership

The Remuneration Committee is chaired by Margaret Snowdon OBE, who is an Independent Non-Executive Director. Tom Cross Brown, Alan Bannatyne and Sarah Ing are also members of the Committee. The Committee meets at least twice a year and at such other times as the Chair of the Committee shall require or as the Board may direct. The Committee met four times during the year. All members attended every Committee meeting throughout the year.

Other individuals, such as the Co-Chief Executive Officers, the Chief Financial Officer, the Chief Operating Officer, the HR Director and external professional advisers, were invited to attend for all or part of any meeting as and when appropriate and necessary.

The purpose of the Committee is to establish a formal and transparent procedure for developing the policy on remuneration in accordance with the Code and to set the remuneration of the Chairman and selected individuals with due account taken of all relevant factors such as individual and Group performance as well as remuneration payable by companies of a comparable size and complexity.

The Committee has formal terms of reference which are reviewed annually and can be viewed on the Company's website: www.xpsgroup.com.

Advisers

FIT Remuneration Consultants LLP (FIT), signatory to the Remuneration Consultants Group's Code of Conduct, was appointed by the Committee. FIT has been retained to provide advice to the Committee on matters relating to executive remuneration. FIT provided no other services to the Company and, accordingly, the Committee was satisfied that the advice provided by FIT was objective and independent. FIT's fees in respect of the 2021/22 financial year were £63,902 (2020/21: £68,649). FIT's fees are charged on the basis of the firm's standard terms of business for advice provided.

Service contracts

The Executive Directors' service contracts are of indefinite duration. Tom Cross Brown, Alan Bannatyne and Margaret Snowden's current three-year appointment terms expire on 23 January 2023. Sarah Ing's current three-year appointment term expires on 17 May 2025. Tom Cross Brown has confirmed his intention to retire following the conclusion of the 2022 AGM; the Nomination Committee has commenced the recruitment process for a successor.

The following (audited) section provides details of how the Directors were paid during the financial year to 31 March 2022.

Director		Salary/fees £	Taxable benefits ¹ £	Bonus ² £	Long-term incentives ³ £	Pension ⁴ £	Total remuneration £	Total fixed pay £	Total variable pay £
Executive Directors									
Ben Bramhall	2022	313,920	11,017	371,995	159,536	17,860	874,328	342,797	531,531
	2021	288,000	10,813	293,760	83,893	16,275	692,741	315,088	377,653
Paul Cuff	2022	313,920	10,817	371,995	159,536	17,860	874,128	342,597	531,531
	2021	288,000	10,613	293,760	83,893	16,275	692,541	314,888	377,653
Snehal Shah	2022	265,160	10,736	235,661	132,116	15,467	659,140	291,363	367,777
	2021	243,270	10,555	186,102	—	13,930	453,857	267,755	186,102
Non-Executive Directors									
Tom Cross Brown – Chair of Board and Chair of Nomination Committee	2022	120,000	—	—	—	—	120,000	120,000	—
	2021	120,000	—	—	—	—	120,000	120,000	—
Alan Bannatyne – Chair of Audit & Risk Committee and Senior Independent Director	2022	75,000	—	—	—	—	75,000	75,000	—
	2021	75,000	—	—	—	—	75,000	75,000	—
Margaret Snowden – Chair of Remuneration Committee and Designated Employee Engagement NED	2022	70,000	—	—	—	—	70,000	70,000	—
	2021	70,000	—	—	—	—	70,000	70,000	—
Sarah Ing – Chair of Sustainability Committee	2022	65,000	—	—	—	—	65,000	65,000	—
	2021	60,873	—	—	—	—	60,873	60,873	—
Total	2022	1,223,000	32,570	979,651	451,188	51,187	2,737,596	1,306,757	1,430,839
	2021	1,145,143	31,981	773,622	167,786	46,480	2,165,012	1,223,604	941,408

1 Each of the Executive Directors is entitled to a range of benefits, comprising permanent health insurance, life insurance, private medical insurance and car allowance. The Non-Executive Directors do not receive other benefits.

2 No element of annual bonus was deferred in respect of bonuses shown. Their current beneficial shareholdings are shown on page 83.

3 The outturn for the September 2019 PSP which vests in September 2022 is expected to be 38% and the vesting share price has been estimated at 134.26p, based on the three-month average share price ended 31 March 2022. The grant share price for the award was 115p and accordingly the relevant figures are reflective of an increase of 17% in the Company's share price comparing the award price to the vesting price. Details of the performance measures and targets applicable to the 2019 PSP are set out on pages 84 and 85. The outturn for the July 2018 PSP which vested on 26 July 2021 was 21.3% and the value has been updated reflecting the actual vesting share price of 143.5p and the dividend equivalents.

4 Pension values shown all relate either to pension contributions or to cash allowances in lieu of pension.

2021/22 annual bonus (audited)

The Executive Directors' annual bonus targets were set at the beginning of the financial year. The financial targets which account for 75% of the annual bonus were set based on Group PBT. The Group PBT targets set are shown below.

	Threshold £'000	Target £'000	Maximum £'000	Actual £'000	Payout (% of this element)
Group adj. PBT (75% of potential)	26,140	26,522	26,864	26,750	89%

The personal performance goals which account for 25% of the annual bonus were agreed with each Executive Director and were based on a range of strategic and other objectives set at the start of the year. The targets were principally designed to focus and reward the Executive Directors for accomplishing strategic goals which directly support the Company's strategy. Details of the measures and performance, to the extent they are not commercially sensitive, are outlined below.

Ben Bramhall and Paul Cuff – Co-CEOs

Measure	Target	Performance	Assessment
Maintain high level of employee engagement and oversee successful development and implementation of My XPS, My Choice, the Company's new fully-flexible working policy	Employee satisfaction score above 80%	The 2021 employee survey indicates 95% of employees agree that XPS is a good company to work for and 79% of employees believe the My XPS, My Choice framework is working well.	78%
Implementation of plan to enhance Group's technology strategy	Progress against delivery of implementation plan	A full review of options for the future was completed and implementation of the strategy has progressed significantly.	76%
Enhance the Group's I&D strategy	New I&D strategy to be implemented	The new I&D strategy was rolled out across the Group. The 2021 employee survey indicates that 89% of staff agree that XPS is committed to I&D.	100%
Increase in client satisfaction	Increased client satisfaction score	The 2021 client satisfaction score remained constant with the previous survey. Given the disruption caused by Covid-19 and the transition to a new working model, this is regarded a strong result.	60%

Snehal Shah – CFO

Measure	Target	Performance	Assessment
Maintain strong cash conversion and further optimise the client billing cycle	OCF conversion above 90% at year end	OCF conversion of over 90% achieved for the full year. Progress on reducing Days Sales Outstanding (DSO) achieved.	80%
Develop strategic three to five-year forecasting model	Present forecasting model to Board	The five-year forecast strategic model has been developed and reviewed by the Board.	100%
Further development of KPIs for businesses to increase visibility of efficiency	KPI dashboard to be developed	The divisional dashboard has now been developed and delivered.	80%
Review of broking arrangement and increase number of new shareholders	Broking arrangement to be reviewed and meet with non-holders during the year	Broking arrangement review and transition completed smoothly. A number of non-holders met with and XPS market profile widened.	100%
Improve shareholder communication and investor story	Increased level and quality of shareholder communication	Increased engagement with current shareholders and potential new shareholders and increased analyst coverage achieved.	90%

Each objective is measurable (albeit some detail has been removed given the commercially sensitive nature), with target achievement levels evidenced by activities and outcomes. The Remuneration Committee then assessed performance against each objective in each category on the basis of evidenced outcomes and rated the level of achievement. It also takes the view that, although the Executive Directors have personal accountabilities, their performance and activities are interconnected. For this reason, the Remuneration Committee assessed the performance of the Executive Directors collectively and in the round and hence the performance outcome is the same.

In light of the high standards of attainment of each of the Executive Directors, the Remuneration Committee assessed that performance against the targets would result in 79% of maximum for this element of bonus to be payable to the Co-CEOs and 80% to the CFO.

This results in a formulaic outcome in aggregate of 86% of maximum for the Co-CEOs and 87% for the CFO. However, the Executive Directors volunteered that the Remuneration Committee reduce the level of bonus payable from the formulaic outcome to 79% of maximum to be consistent with bonus outcomes in the wider firm.

	Weightings	Outcomes		
		Ben Bramhall	Paul Cuff	Snehal Shah
Financial performance (% of this element)	75%	89%	89%	89%
Strategic performance (% of this element)	25%	79%	79%	80%
Total formulaic performance outcome (% of maximum)		86%	86%	87%
Total actual performance outcome (% of maximum) ¹		79%	79%	79%
Total actual performance outcome (% of salary)		119%	119%	89%
Total actual performance outcome (£)		£371,995	£371,995	£235,661

¹ The Executive Directors volunteered that the Remuneration Committee reduce the level of bonus payable from 86% of maximum for the Co-CEOs and 87% for the CFO, to 79% of maximum to be consistent with bonus outcomes in the wider firm.

Statement of Directors' shareholding and share interests (audited)

For each Director, the total number of Directors' interests in shares at 31 March 2022 was as follows:

Director	Ben Bramhall	Paul Cuff	Snehal Shah	Tom Cross Brown	Alan Bannatyne	Margaret Snowden	Sarah Ing
Number of ordinary shares held as at 31 March 2022	1,618,848	886,490	—	38,861	36,594	30,303	15,000
Share ownership requirement (% of salary)	200%	200%	200%	n/a	n/a	n/a	n/a
Share ownership requirement met?	Y	Y	N	n/a	n/a	n/a	n/a
Holding as % of March 2022 salary	639%	350%	—% ¹	n/a	n/a	n/a	n/a
Number of ordinary shares held as at 31 March 2021	1,591,699	856,763	—	38,861	36,594	30,303	15,000

¹ In line with the Directors' Remuneration Policy, Snehal Shah will retain 50% of vested shares until he reaches the 200% ownership requirement. Snehal's awards remain unvested at present.

The shareholdings above include those held by Directors and their respective connected persons. There were no changes in the Directors' interests in shares between 31 March 2022 and 22 June 2022.

Under the share ownership guidelines, the Executive Directors are required to build and maintain a shareholding equivalent to at least 200% of salary and are required to maintain a shareholding for a period after leaving the Board.

Awards granted in the year under the PSP (audited)

The following nominal cost option PSP awards were granted in July 2021.

These awards vest in 2024 subject to performance relating to: (i) adjusted EPS targets as to 75% of the award; and (ii) relative TSR targets as to the remaining 25% of the award. The details of these targets are shown in the "Outstanding share plan awards" section on page 84.

Director	Date of grant	Basis of award (% of salary)	Face value of awards at grant ¹	Number of shares under award	Date of vesting
Ben Bramhall	1 July 2021	150%	£470,880	341,217	July 2024
Paul Cuff	1 July 2021	150%	£470,880	341,217	July 2024
Snehal Shah	1 July 2021	125%	£331,450	240,181	July 2024

¹ Based on the share price of £1.38 on 30 June 2021.

Outstanding share plan awards (audited)

Details of all outstanding PSP awards made to Executive Directors are set out below:

Director	Date of grant	Exercise price	Interests held at 31 March 2021	Interests awarded during the year	Interests vested during the year	Interests lapsed during the year	Interests held at 31 March 2022	Vesting period
Ben Bramhall	26 July 2018	0.05p	241,340	—	51,405	189,935	—	July 2021
	18 September 2019	0.05p	313,043	—	—	—	313,043	September 2022
	30 November 2020	0.05p	348,387	—	—	—	348,387	November 2023
	1 July 2021	0.05p	—	341,217	—	—	341,217	July 2024
Paul Cuff	26 July 2018	0.05p	241,340	—	51,405	189,935	—	July 2021
	18 September 2019	0.05p	313,043	—	—	—	313,043	September 2022
	30 November 2020	0.05p	348,387	—	—	—	348,387	November 2023
	1 July 2021	0.05p	—	341,217	—	—	341,217	July 2024
Snehal Shah	18 September 2019	0.05p	259,239	—	—	—	259,239	September 2022
	30 November 2020	0.05p	240,423	—	—	—	240,423	November 2023
	1 July 2021	0.05p	—	240,181	—	—	341,217	July 2024

Notes:

- On 27 July 2021, Ben Bramhall exercised awards over 51,405 shares granted on 26 July 2018 and sold 24,256 shares to settle resultant tax and social security obligations. The closing share price on the day of exercise was £1.395.
- On 30 July 2021, Paul Cuff exercised awards over 51,405 shares granted on 26 July 2018 and sold 21,678 shares to settle resultant tax and social security obligations. The closing share price on the day of exercise was £1.475.
- The highest mid-market price of the Company's ordinary shares during the year ended 31 March 2022 was £1.515 and the lowest was £1.18. The year-end price was £1.24.

Vesting outcomes for the 2019/20 PSP awards (granted in September 2019)

These awards comprise nominal cost options with an exercise price of 0.05p per option and vest in September 2022 subject to performance relating to: (i) adjusted earnings per share (EPS) targets as to 50% of the award; and (ii) relative total shareholder return (TSR) targets as to the remaining 50% of the award.

The details of the EPS and TSR target ranges and performance against them are shown in the table below.

Diluted adjusted EPS for the three-year period to the end of FY 2022	Portion of award vesting
Compound annual growth in EPS (CAG) of less than 3% above CPI	0%
CAG of 3% above CPI	25%
CAG of between 3% and 7% above CPI	Between 25% and 100% on a straight-line basis
CAG of 7% or more above CPI	100%
Actual performance¹:	
CAG of 2.9% above CPI	0%

- To ensure a like-for-like comparison, the impact on EPS of IFRS 16 and of the use of shares held by the EBT following the IPO to settle bonus payments has been neutralised to ensure the outturn is an accurate reflection of operational performance.

XPS Pensions Group's TSR ranking vs a comparator group of companies	Portion of award vesting
Below median	0%
Median	25%
Between median and upper quartile	Between 25% and 100% on a straight-line basis
Upper quartile	100%
Actual performance²:	
Between median and upper quartile	76%

The TSR comparator group consists of the constituents of the FTSE Small Cap Index (excluding investment trusts) at the start of the performance period.

2 Based on performance to the end of March. This is an estimate as TSR performance will be measured to the third anniversary of the date of grant which is 18 September 2022.

Based on the above the expected percentage of the total award vesting is 38% of maximum. Details of the shares under award and their estimated value (based on the three-month average share price at 31 March 2022 of 134.26p per share) are as follows:

Executive	Maximum number of shares	Number of shares to vest	Number of shares to lapse	Estimated value vesting £¹
Ben Bramhall	313,043	118,956	194,087	159,536
Paul Cuff	313,043	118,956	194,087	159,536
Snehal Shah	259,239	98,510	160,729	132,116

1 Based on the three-month average share price to 31 March 2022.

The awards also receive the value of dividend equivalents.

2020/21 PSP awards (granted in November 2020)

These awards comprise nominal cost options with an exercise price of 0.05p per option and vest in 2023 subject to performance relating to: (i) adjusted earnings per share (EPS) targets as to 50% of the award; and (ii) relative total shareholder return (TSR) targets as to the remaining 50% of the award. The EPS target range was set considering both the internal and external expectations for EPS performance over the next three years. The details of the EPS and TSR target ranges are shown in the table below.

Diluted adjusted EPS¹ for the three-year period to the end of FY 2023	Portion of award vesting
Compound annual growth in EPS (CAG) of less than 3% above CPI	0%
CAG of 3% above CPI	25%
CAG of between 3% and 7% above CPI	Between 25% and 100% on a straight-line basis
CAG of 7% or more above CPI	100%

1 Measured by normalising to allow for the use of shares held by the EBT to settle bonus payments and the impact of IFRS 16, to ensure the outturn is an accurate reflection of operational performance.

XPS Pensions Group's TSR ranking vs a comparator group² of companies	Portion of award vesting
Below median	0%
Median	25%
Between median and upper quartile	Between 25% and 100% on a straight-line basis
Upper quartile	100%

2 The TSR comparator group consists of the constituents of the FTSE Small Cap Index (excluding investment trusts) at the start of the performance period.

2021/22 PSP awards (granted in July 2021)

These awards comprise nominal cost options with an exercise price of 0.05p per option and vest in 2024 subject to performance relating to: (i) adjusted earnings per share (EPS) targets as to 75% of the award; and (ii) relative total shareholder return (TSR) targets as to the remaining 25% of the award. The EPS target range was set considering both the internal and external expectations for EPS performance over the next three years. The details of the EPS and TSR target ranges are shown in the table below.

Diluted adjusted EPS ¹ for the three-year period to the end of FY 2024	Portion of award vesting
Compound annual growth in EPS (CAG) of less than 3% above CPI	0%
CAG of 3% above CPI	25%
CAG between 3% and 7% above CPI	Between 25% and 100% on a straight-line basis
CAG of 7% or more above CPI	100%

1 Measured by normalising for the impact of IFRS 16, to ensure the outturn is an accurate reflection of operational performance.

XPS Pensions Group's TSR ranking vs a comparator group ² of companies	Portion of award vesting
Below median	0%
Median	25%
Between median and upper quartile	Between 25% and 100% on a straight-line basis
Upper quartile	100%

2 The TSR Comparator Group consists of the constituents of the FTSE Small Cap Index (excluding investment trusts) at the start of the performance period.

External Board appointments

The Executive Directors did not hold any external directorships during the year. The approved Directors' Remuneration Policy makes provision for them to retain any fees for one appointment.

Payments to past Directors (audited)

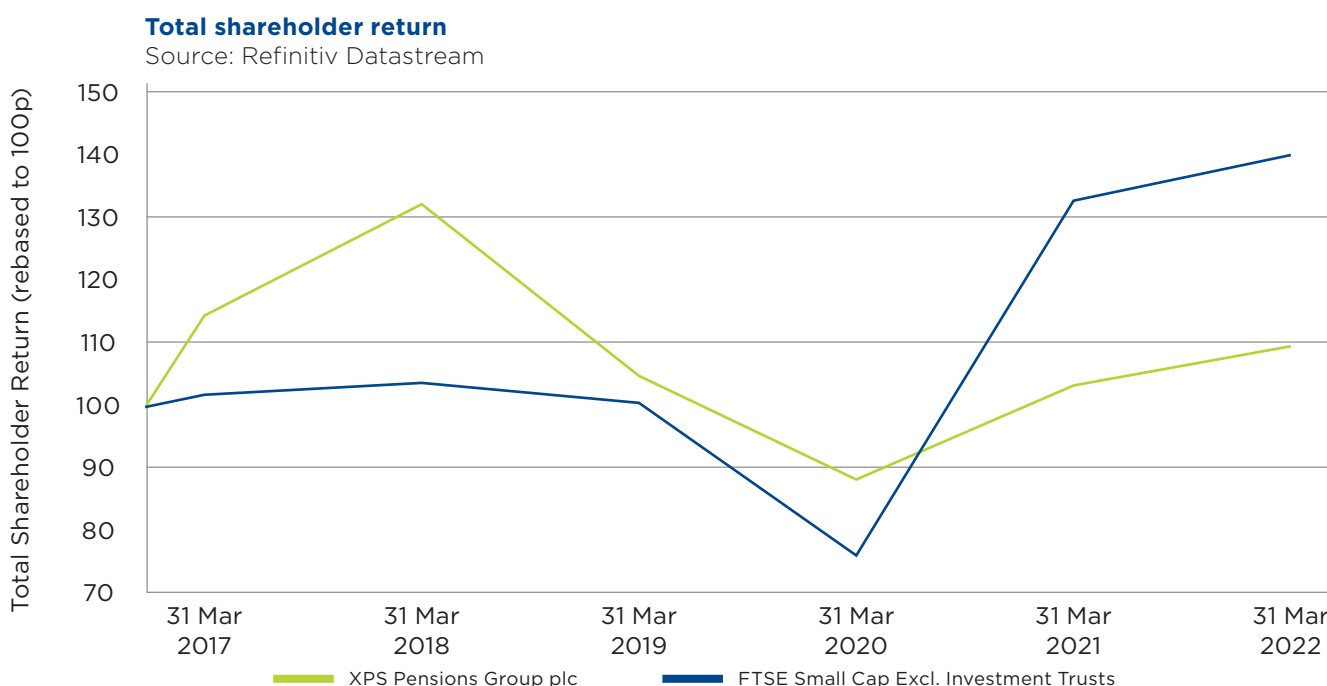
There were no payments to past Directors in the financial year FY 2022 (FY 2021: £nil).

Payments for loss of office (audited)

No payments were made to any Director in respect of loss of office in the financial year FY 2022 (FY 2021: £nil).

Review of past performance and CEO remuneration table (unaudited)

The graph below shows the TSR of the Company and the FTSE Small Cap Index (excluding investment trusts) over the period from admission to 31 March 2022. This is considered an appropriate comparator for XPS Pensions Group, which is a constituent of the FTSE Small Cap Index.



The table below shows the Co-CEOs' single total figure remuneration since admission and the level (as a percentage of maximum award) of payouts under the incentive plans:

		Single total figure of remuneration	Annual bonus payout as % of maximum	Long-term incentive vesting rates as % of maximum
2022	Ben Bramhall	£874,328	79% ¹	38% ²
	Paul Cuff	£874,128	79% ¹	38% ²
2021	Ben Bramhall	£692,741	68%	21.3%
	Paul Cuff	£692,541	68%	21.3%
2020	Ben Bramhall	£569,272	30% ³	40.3%
	Paul Cuff	£569,272	30% ³	40.3%
2019	Ben Bramhall	£362,803	12% ⁴	n/a
	Paul Cuff	£362,803	12% ⁴	n/a
2018	Ben Bramhall	£546,138	79%	n/a
	Paul Cuff	£545,724	79%	n/a
2017	Ben Bramhall	£286,882	31%	n/a
	Paul Cuff	£4,179,695	31%	n/a

1 The bonus was reduced with agreement of the Co-CEOs from the formulaic outcome of 86%.

2 The vesting rate relates to the September 2019 award that is due to vest in September 2022 and is, in part, based on estimated vesting levels at 31 March 2022.

3 The bonus was reduced with the agreement of the Co-CEOs from the formulaic outcome of 50%.

4 The bonus was reduced with the agreement of the Co-CEOs from the formulaic outcome of 54%.

Percentage change in remuneration of Directors and employees (unaudited)

The table below presents the year on year % change in remuneration received by each Director, compared with the change in remuneration received by all XPS Pensions Group staff.

	Percentage change in remuneration from 31/03/2020 to 31/03/2021			Percentage change in remuneration from 31/03/2021 to 31/03/2022		
	Percentage change in base salary %	Percentage change in benefits %	Percentage change in bonus %	Percentage change in base salary %	Percentage change in benefits %	Percentage change in bonus %
Ben Bramhall	0%	—	127%	9%	2%	27%
Paul Cuff	0%	-2%	127%	9%	2%	27%
Snehal Shah ¹	20%	23%	177%	9%	2%	27%
Tom Cross Brown	0%	—	—	0%	—	—
Alan Bannatyne	0%	—	—	0%	—	—
Margaret Snowdon	4%	—	—	0%	—	—
Sarah Ing ²	14%	—	—	0%	—	—
All UK employees	3.2%	1%	68%	5.9%	(2)%	14%

1 Snehal Shah was appointed as a Director on 28 May 2019; accordingly the percentage difference shown represents a comparison between a full year (FY 2021) and a part year (FY 2020).

2 Sarah Ing was appointed as Non-Executive Director on 17 May 2019; accordingly the percentage difference shown represents a comparison between a full year (FY 2021) and a part year (FY 2020).

CEO pay

The table below sets out the pay ratios for the Group Co-Chief Executive Officers in relation to the equivalent pay for the lower quartile, median and upper quartile employees (calculated on a full-time basis).

Year	Method		25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2022	Option A	Total pay ratio	31:1	22:1	15:1
2021	Option A	Total pay ratio	27:1	19:1	13:1
2020	Option A	Total pay ratio	24:1	13:1	11:1

Notes:

- 1 The Company determined the remuneration figures at each quartile with reference to a date of 31 March 2022.
- 2 The Group used calculation option A as this is widely regarded as the method resulting in the most robust analysis.
- 3 The calculation is based on full-time equivalent salary calculated on the same basis as the single figure table.
- 4 This year the ratios have increased compared to the previous year. This increase reflects the increase in the Co-CEO single figure remuneration for 2022, for which can be found on page 87.
- 5 The Committee has reviewed the employee data and believes the median pay ratio to be consistent with the pay, reward and progression policies for the Company's UK employees over the period.

The total pay and benefits and the salary component of total pay and benefits for the employee at each of the 25th percentile, median and 75th percentile are shown below:

£	25th percentile	Median	75th percentile
Salary	£26,203	£36,471	£51,969
Total pay and benefits	£28,333	£39,232	£57,905

Relative importance of spend on pay (unaudited)

The table below details the change in total staff pay between FY 2021 and FY 2022 as detailed in note 10 of the financial statements, compared with distributions to shareholders by way of dividend, share buybacks or any other significant distributions or payments. These figures have been calculated in line with those in the audited financial statements.

£'000	FY 2022	FY 2021	% change
Total gross staff pay	68,222	63,379	8
Distributions to shareholders	13,831	13,480	3

Statement of shareholder voting

The table below shows the outcome of the binding vote on the Directors' Remuneration Policy at the Annual General Meeting held on 8 September 2020 and the advisory vote on the 2020/21 Directors' Remuneration Report held on 7 September 2021.

AGM resolution	Votes for	%	Votes against	Votes withheld
Directors' Remuneration Policy	160,263,927	96.06	6,575,827	3,625
Directors' Remuneration Report	163,527,249	99.28	1,180,103	5,141,754

Implementation of Policy for 2022/23 (unaudited information)

This section provides an overview of how the Committee is proposing to implement the Remuneration Policy in the year ending 31 March 2023.

Base salary

Base salaries are as follows with effect from 1 April 2022:

- Ben Bramhall – £332,755
- Paul Cuff – £332,755
- Snehal Shah – £281,069

Benefits in kind

Benefits will be paid in line with the Directors' Remuneration Policy. Details of the benefits received by Executive Directors are set out in the single figure table on page 81. There is no intention to introduce additional benefits in 2022/23.

Pension

Contribution rates are currently 6% of base salary. Contributions may be made as cash supplements in full or in part. These contributions are in line with those for the majority of employees in the Group.

Annual bonus

Bonus maxima of 150% of salary will be applied for the Co-Chief Executive Officers and 112.5% for the Chief Financial Officer.

The weightings are as follows: 75% of the bonus will be payable by reference to performance based on adjusted PBT, with performance against personal/strategic targets determining the extent to which the remaining 25% of the overall bonus opportunity is payable.

In addition:

- no bonus will be payable unless the Committee is satisfied that the Company's underlying performance warrants it; and
- as set out in the Policy table, bonus payments will also be subject to the Committee considering that the proposed bonus amounts, calculated by reference to performance against the targets, appropriately reflect the Company's overall performance and shareholders' experience. If the Committee does not believe this to be the case, it may adjust the bonus outturn accordingly.

Owing to the Board's concerns about commercial sensitivity, we do not believe it is in shareholders' interests to disclose any further details of these targets on a prospective basis. However, the Company is committed to adhering to principles of transparency and will, provided disclosure of targets is not deemed to be commercially sensitive, make appropriate and relevant levels of disclosure of bonus targets and performance against these targets for the 2022/23 bonus in next year's report. The targets will be set to ensure both consistency and fairness to all stakeholders.

Implementation of Policy for 2022/23 (unaudited information) continued**PSP awards**

It is intended that the PSP awards will be made in 2022/23. There are two performance criteria and they are based on EPS and relative TSR performance. In 2022 the vesting of three-quarters of the shares under award will be subject to EPS performance and the remaining quarter subject to relative total shareholder return. The awards will normally vest three years after grant based upon performance. Due to the current volatility of inflation rates, the Committee determined to remove the link with CPI when measuring EPS performance. The details of the EPS and TSR target ranges are shown in the table below.

Diluted adjusted EPS for the three-year period to the end of FY 2025	Portion of award vesting
Compound annual growth in EPS (CAG) of less than 5%	0%
CAG of 5%	25%
CAG of between 5% and 10%	Between 25% and 100% on a straight-line basis
CAG of 10% or more	100%

1 Measured on a constant tax rate basis, to ensure the outturn is an accurate reflection of operational performance.

The EPS target range was set considering both the internal and external expectations for EPS performance over the next three years.

XPS Pensions Group's TSR ranking vs a comparator group of companies	Portion of award vesting
Below median	0%
Median	25%
Between median and upper quartile	Between 25% and 100% on a straight-line basis
Upper quartile	100%

The TSR comparator group consists of the constituents of the FTSE Small Cap Index (excluding investment trusts) at the start of the performance period.

The award levels will be no more than 150% of salary for the Co-CEOs and 125% for the CFO.

Minimum shareholding requirement

To align the interests of Executive Directors with those of shareholders, they are required to build and maintain significant holdings of shares in the Group over time. The minimum shareholding requirement for Executive Directors is 200% of base salary for the Co-CEOs and for the CFO.

In addition, Executive Directors will be required to maintain their full minimum shareholding requirement for one year post-cessation of employment, and hold 50% of the requirement for a second year.

The Chairman's and the Non-Executive Directors' fees

Tom Cross Brown receives an annual fee of £120,000 for his role as Board Chairman.

The Non-Executive Directors are entitled to a fee of £60,000 p.a., with an additional fee of £10,000 p.a. for the Chair of the Audit & Risk Committee and £5,000 p.a. for each of the Senior Independent Director, Chair of the Remuneration Committee, Chair of the Sustainability Committee and Designated Employee Engagement Non-Executive Director.

This report was reviewed and approved by the Board of Directors on 22 June 2022 and was signed on its behalf by:



Margaret Snowden OBE

Chair of the Remuneration Committee
22 June 2022

The Directors present their Annual Report on the activities of XPS Pensions Group plc (the "Group"), together with the audited financial statements for the year ended 31 March 2022.

The Governance section on pages 50 to 90 forms part of this Directors' Report. Other requisite components of this report are set out elsewhere in this Annual Report.

The Strategic Report provides information relating to the Group's activities, its business and strategy, engagement with stakeholders, the principal risks and uncertainties faced by the business and environmental and employee matters. These sections, together with the Statement of Corporate Governance and Directors' Remuneration Report, provide an overview of the Group and give an indication of future developments in the Group's business, so providing a balanced assessment of the Group's position and prospects. These reports and this Directors' Report have been drawn up and presented in accordance with, and in reliance upon, applicable English company law and any liability of the Directors in connection with such reports shall be subject to the limitations and restrictions provided by such law.

XPS Pensions Group plc is a member of the FTSE All-Share Index, trading under the ticker symbol XAF.

The table on page 92 details where certain other information, which forms part of the Directors' Report, can be found within this Annual Report.

Going concern

Please refer to the Going Concern Statement in the Strategic Report on page 39 and the Viability Statement on page 49 for details on the assessment carried out by the Directors with regards to going concern.

Results and dividend

The Group's audited financial statements for the year ended 31 March 2022 are set out on pages 103 to 141 and the Company's audited financial statements are set out on pages 142 to 148. The Group's profit after taxation for the year ended 31 March 2022 was £9.2 million (FY 2021: £9.0 million).

An interim dividend of 2.4p per ordinary share (FY 2021: 2.3p) was paid on 3 February 2022. The Directors recommend a final dividend for the year of 4.8p per ordinary share (FY 2021: 4.4p) to be paid on 22 September 2022 to shareholders on the register on 26 August 2022. Further information regarding dividend policy and payments can be found in the Financial Review on page 39 and in note 36 to the financial statements on page 141.

Post balance sheet events

There have been no significant post balance sheet events to report since 31 March 2022.

Directors

The current Directors of the Company, with summaries of their key skills and experience, are set out in the Governance section on pages 52 and 53. Directors on the Board during the year and up to the date of this report are as follows:

Tom Cross Brown
Ben Bramhall
Paul Cuff
Snehal Shah
Alan Bannatyne
Margaret Snowden OBE
Sarah Ing

Details of the Directors' service contracts are shown in the report of the Remuneration Committee on page 81.

Details of share options granted to Directors and the interests of the Directors in the ordinary shares of the Company are set out in the Remuneration Report on pages 83 to 86.

In accordance with its Articles of Association, the Company made qualifying third party indemnity provisions for the benefit of its Directors against any liability that attaches to them in defending proceedings brought against them, to the extent permitted by company law, which were in place throughout the year and remain in force at the date of this report. In addition, Directors' and Officers' liability insurance cover was maintained throughout the year at the Company's expense and remains in force at the date of this report.

Directors continued

Information	Location within Annual Report
Likely future developments in the business of the Company	Strategic Report (pages 12 to 13)
Equality and diversity	Sustainability (pages 27 to 28) , Nomination Committee (page 63)
Employee involvement	Sustainability (page 26), Co-Chief Executive Officers' Review (pages 18 to 19), S172 Statement (pages 59 to 60) and Statement of Corporate Governance (page 51)
Directors' share interests	Directors' Remuneration Report (page 83)
Emissions and energy consumption	Strategic Report (page 35)
Financial risk management objectives and policies	Note 2 to the financial statements (page 117)
Directors' regard to foster business relationships	Strategic Report (page 59)

Capital structure

The Company's issued ordinary share capital and total voting rights at 31 March 2022 and the date of this report were 205,151,471 ordinary shares (each with a par value of 0.05p and all fully paid). There were no ordinary shares held in treasury. 3,169,221 ordinary shares were held in the Employee Benefit Trust as at 31 March 2022 and the date of this report. Further details of the Company's issued share capital are given in note 28 of the financial statements on page 134.

The Company's ordinary shares rank pari passu in all respects with each other, including for voting purposes and for all dividends. Each share carries the right to one vote at general meetings of the Company. Further information on the voting and other rights of shareholders, including deadlines for exercising voting rights, are set out in the Company's Articles of Association and in the explanatory notes that accompany the Notice of the Annual General Meeting, which are available on the Company's website at www.xpsgroup.com.

Restrictions on shares

The Company's ordinary shares are freely transferable and there are no restrictions on the size of a holding. Transfers of shares are governed by the provisions of the Articles of Association and prevailing legislation. The ordinary shares are not redeemable; however, the Company may purchase any of the ordinary shares, subject to prevailing legislation and the requirements of the Listing Rules.

The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. Awards of shares under the Company's Performance Share Plan incentive arrangement are subject to restrictions on the transfer of shares prior to vesting.

As at the date of this report, the Trustee of the Group's Employee Benefit Trust holds 3,169,221 ordinary shares in the Company but has waived its entitlement to dividends and does not seek to exercise the voting rights on those shares.

Major interests in shares

The table on page 93 shows the interests in shares (whether directly or indirectly held) notified to the Company in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules as at 31 March 2022 and 31 May 2022 (being the latest practicable date prior to publication of this Annual Report).

Appointment and retirement of Directors

The Board may from time to time appoint one or more additional Directors so long as the total number of Directors does not exceed the limit of 12 prescribed in the Articles of Association. Any person so appointed will retire at the next Annual General Meeting and then be eligible for re-election. The UK Corporate Governance Code recommends that all Directors be subject to annual re-election by shareholders. Tom Cross Brown will retire as the Group's Chairman at the conclusion of the 2022 Annual General Meeting and therefore will not stand for re-election. All other Directors will offer themselves for re-election at the 2022 Annual General Meeting.

Powers of Directors

The business of the Company shall be managed by the Directors, who may exercise all powers of the Company, subject to legislation, the provisions of the Articles of Association and any directions given by special resolution. The Articles of Association contain specific provisions governing the Company's power to borrow money and also provide the powers to issue shares and to make purchases of its own shares. In accordance with the authorities granted at the 2021 Annual General Meeting, the Directors are authorised, within certain limits, to allot shares or grant rights to subscribe for shares in the Company and to make market purchases of the Company's own shares representing up to 10% of its share capital at that time. Details of the proposed renewal of authorities of the Directors are set out in the Notice of the 2022 Annual General Meeting.

Political donations

No political contributions were made, or political expenditure incurred, by the Company and its subsidiaries during the year (FY 2021: £nil).

Provisions on change of control

The Company is subject to a change of control provision in the following significant agreement:

The Company's £100 million agreement with HSBC Bank plc, National Westminster Bank plc, Bank of Ireland and Citibank in multicurrency revolving facilities, with a further uncommitted facility of up to £50 million, includes a customary provision for a lending counterparty to amend, alter or cancel the relevant commitment to the Group following a change of control of the Company.

The Company does not have agreements with any Director or employee that would provide specific compensation for loss of office or employment resulting from a takeover, except that provisions of the Company's Performance Share Plan incentive arrangement may cause awards to vest on a takeover.

Articles of Association

A copy of the full Articles of Association is available on the Company's website. The Company's Articles of Association may only be amended by a special resolution of shareholders in a general meeting.

Auditor and disclosure of information to the auditor

In accordance with Section 418 of the Companies Act 2006, each of the Directors who were members of the Board at the date of the approval 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.

The Company's auditor, BDO LLP, has expressed its willingness to continue in office and the Board has agreed, based on the recommendation of the Audit & Risk Committee, that a resolution for its reappointment will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

Details of the forthcoming Annual General Meeting are given in the Statement of Corporate Governance on page 61.

Shareholder	At 31 March 2022		At 31 May 2022	
	Number of ordinary shares	Percentage of total voting rights	Number of ordinary shares	Percentage of total voting rights
Gresham House Asset Management	30,617,621	14.92	31,520,183	15.36
Punter Southall Financial Management	22,543,887	10.99	22,543,887	10.99
Fidelity International	18,102,738	8.82	18,326,170	8.93
Schroder Investment Management	14,724,367	7.18	14,724,367	7.18
Premier Miton Investors	12,681,795	6.18	13,138,795	6.40
Tellworth Investments	10,642,009	5.19	10,082,086	4.91
Montanaro Asset Management	10,275,000	5.01	10,275,000	5.01

Listing Rule (LR) disclosures

For the purposes of LR 9.8.4CR, the information required to be disclosed by LR 9.8.4R can be found in the following locations:

Item	Location
Interest capitalised	None
Publication of unaudited financial information	Not applicable
Details of long-term incentive schemes	Details of the Company's long-term incentive scheme can be found in the Remuneration Committee Report on page 73
Waiver of emoluments by a Director	None
Waiver of future emoluments by a Director	None
Non-pre-emptive issues of equity for cash	Not applicable
Non-pre-emptive issues of equity for cash in relation to major subsidiary undertakings	Not applicable
Contracts of significance in which a Director is or was interested	None
Provision of services by a controlling shareholder	Not applicable
Shareholder waiver of dividend for the year and future dividends	Dividend waiver by the Trustee of the Group's Employee Benefit Trust – see page 92 of this report
Agreements with controlling shareholder	Not applicable

The Directors' Report was approved by the Board of Directors of XPS Pensions Group plc.

By order of the Board:



Snehal Shah
Chief Financial Officer
22 June 2022

The Directors are responsible for preparing the Annual Report and the Group financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements and have elected to prepare the Company financial statements in accordance with UK adopted International Financial Reporting Standards. Under company law the 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 Company and of the profit or loss for the Group and Company for that period. 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 they have been prepared in accordance with UK adopted International Financial Reporting Standards subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Directors' Report, a Strategic Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the 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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of the Directors in respect of the Annual Report

As required by the UK Corporate Governance Code, the Directors confirm that they consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. When arriving at this position the Board was assisted by a number of processes, including the following:

- the Annual Report is drafted by appropriate senior management with overall co-ordination by Internal Communications and Company Secretarial teams to ensure consistency across sections;
- an extensive verification process is undertaken to ensure factual accuracy;

- comprehensive reviews of drafts of the Annual Report are undertaken by members of the Executive Board and senior management team; and
- the final draft is reviewed by the Audit & Risk Committee prior to consideration by the Board.

Responsibility statement

The Directors confirm that to the best of their knowledge:

- the Group financial statements, prepared in accordance with UK adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and
- the Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and the Parent Company as a whole, together with a description of the principal risks and uncertainties that they face.



Snehal Shah
Chief Financial Officer
22 June 2022