

Robust corporate governance provides a sustainable platform for success and growth

The Board is committed to maintaining high standards of corporate governance, with an increasing focus on sustainability.



I am delighted to have been appointed as Chairman of XPS during the year. I am extremely proud of the success of the XPS Group, with yet another year of record financial performance, and look forward to capitalising on the strong positioning of the business.

Alan Bannatyne
Chairman



Alan Bannatyne
Chairman



The Board is delighted with yet another record financial performance from the Group. The efforts of all at XPS should be highly commended. We are equally delighted by the way growth is being achieved: alongside high corporate governance standards. Our aim is to grow sustainably. In line with this, high corporate governance standards run right through the Group, starting with the Board itself.

Independence and diversity

The year under review saw changes to the Board's composition, including my own appointment as Chairman. This was prompted by the retirement of Tom Cross Brown in September 2022 and followed an extensive recruitment and shareholder consultation exercise that was overseen by Russell Reynolds Associates. Having been Chairman since the IPO, Tom's departure leaves big shoes to fill. I know this first hand, having served on the Board for six years as Senior Independent Director. Margaret Snowdon OBE has now been appointed as Senior Independent Director.

In February 2023, we also appointed Aisling Kennedy, an experienced Actuary and previous Head of Life & Health Pricing UK at Swiss Re, as Independent Non-Executive Director. As well as further strengthening

the Board's independence, Aisling's appointment increases the proportion of female Directors to 43%. While further work is needed in terms of increasing the Board's diversity, we are nevertheless encouraged by the progress being made.

Continual assessment

Evaluation of Board members does not end at the appointment stage. Directors' performance and suitability are regularly assessed – for example, an external Board evaluation has been conducted this year. Involving one-to-one interviews with Directors and the senior management team, this is a comprehensive exercise. It has to be. For if we want to live up to the high corporate governance standards we have set ourselves and ensure we grow in a sustainable way, the Board must set the example.

The following report 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.

Alan Bannatyne
Chairman
21 June 2023

Statement of compliance with the UK Corporate Governance Code

In FY 2023, 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 58 to 63;
- (ii) division of responsibilities: pages 62 to 63;
- (iii) composition, succession and evaluation: pages 60, 66 to 68 and 64 to 65;
- (iv) audit, risk and internal control: pages 70 to 73; and
- (v) remuneration: pages 76 to 99.

Board of Directors

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



Alan Bannatyne
Independent
Non-Executive Chairman
Appointed: November 2022
Appointed to Board:
January 2017

Committee membership



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
- 20+ years at Robert Walters plc, Group Financial Controller 2002 – 2007, Chief Financial Officer since 2007

Current external listed company directorships/ key appointments

- Chief Financial Officer of Robert Walters plc since March 2007

Meetings attended

7/7



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

7/7



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

6/7



Snehal Shah
Chief Financial Officer
Appointed: July 2019

Committee membership



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 Ladbroke's 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

7/7

Key to Committee membership

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



Margaret Snowdon OBE
Senior Independent
Non-Executive Director
Appointed: November 2022
Appointed to Board:
January 2017

Committee membership

A R N S

Key strengths

- 40+ years of experience in the 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
- Chair of Pension Scams Industry Group

Meetings attended

7/7



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

7/7



Aisling Kennedy
Independent
Non-Executive Director
Appointed: February 2023

Committee membership

A R N S

Key strengths

- Experienced Irish qualified actuary
- A wealth of experience across consulting, insurance companies and professional bodies

Key experience

- Head of Life & Health Pricing UK at Swiss Re until 2020, where she spent eight years

Current external listed company directorships/ key appointments

- Non-Executive Director at State Street Fund Services (Ireland) since 2021, where she chairs the Audit Committee
- Non-Executive Director of Athora Ireland plc since 2020, where she chairs the Audit Committee
- Chair of ECCU Assurance Company since 2023, where she has served as Director since 2018
- Non-Executive Director of White Horse Insurance Ireland since 2021
- Non-Executive Director of the Irish Auditing and Accounting Supervisory Authority since 2020
- Chair of Irish charity MABS Support CLG

Meetings attended

1/1



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

Committee membership

R N

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 the Management Committee of Artemis Investment Management LLP 2011–2018

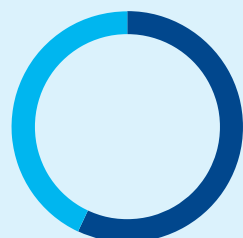
Meetings attended

3/3

Group governance at a glance

Board composition

Independence



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

Non-Executive tenure



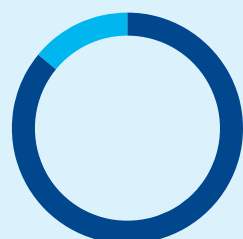
● 3-6 years **25%**
● Less than 3 years **25%**
● 6+ years **50%**

Age



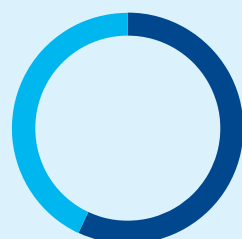
● 41-50 **43%**
● 51-60 **43%**
● 61+ **14%**

Ethnicity



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

Gender



● Male **57%**
● Female **43%**

Board members' key skills:

- Mergers and acquisitions
- Risk management
- Financial reporting
- Workforce engagement
- Prior FTSE experience
- Pensions industry
- Cyber security
- Investor relations
- Marketing
- Corporate governance
- Environmental and social sustainability
- Business development
- Operational management

All as at 31 March 2023

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). Tom Cross Brown retired as the Group's Chairman following the September 2022 AGM; Alan Bannatyne was appointed as Interim Chairman until the recruitment process, supported by Russell Reynolds, was complete, when Alan Bannatyne was appointed as Chairman on a permanent basis as of 30 November 2022. You can read more about the recruitment process on page 67 of the Nomination Committee report. The Board concluded that Alan Bannatyne met the independence criteria set out in the Code on his appointment as Chairman. Aisling Kennedy was appointed as an Independent Non-Executive Director as of 22 February 2023, following a recruitment process supported by Russell Reynolds. Other than supporting the recruitment of the Group's Chairman and Non-Executive Directors, Russell Reynolds has no other connection to the Group.

The Board considers that Senior Independent Director Margaret Snowdon OBE and Non-Executive Directors Sarah Ing and Aisling Kennedy are each independent of management in character, judgement and opinion and are free from relationships or circumstances that could affect their judgement. The Board benefits from the wide experience of its Non-Executive Directors. Biographical details of all Board members are given on pages 58 and 59.

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 70 to 73.

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 sustainability and 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. The Remuneration Committee has tabled an updated Directors' Remuneration Policy for approval at the 2023 AGM.

Further details are given in the Remuneration Report on pages 76 to 99.

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 66 to 69.

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 74 and 75.



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 Audit & Risk, Remuneration and Nomination 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 smaller (defined as below FTSE 350) UK listed company's remuneration and audit committees should comprise at least two 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 & Company Secretary 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. During the year, all Board meetings were attended by all Directors, with the exception of one meeting due to personal circumstances.

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.

Board operation and meetings continued

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 2023 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.

Division of responsibilities

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.



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 29.

Board division of responsibilities



Alan Bannatyne



Paul Cuff



Ben Bramhall



Margaret Snowden OBE

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

Alan Bannatyne 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

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

The Board considers that the Co-CEO structure works well with clear accountability of roles between the Executive Directors.

Margaret Snowden OBE 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

Annual General Meeting

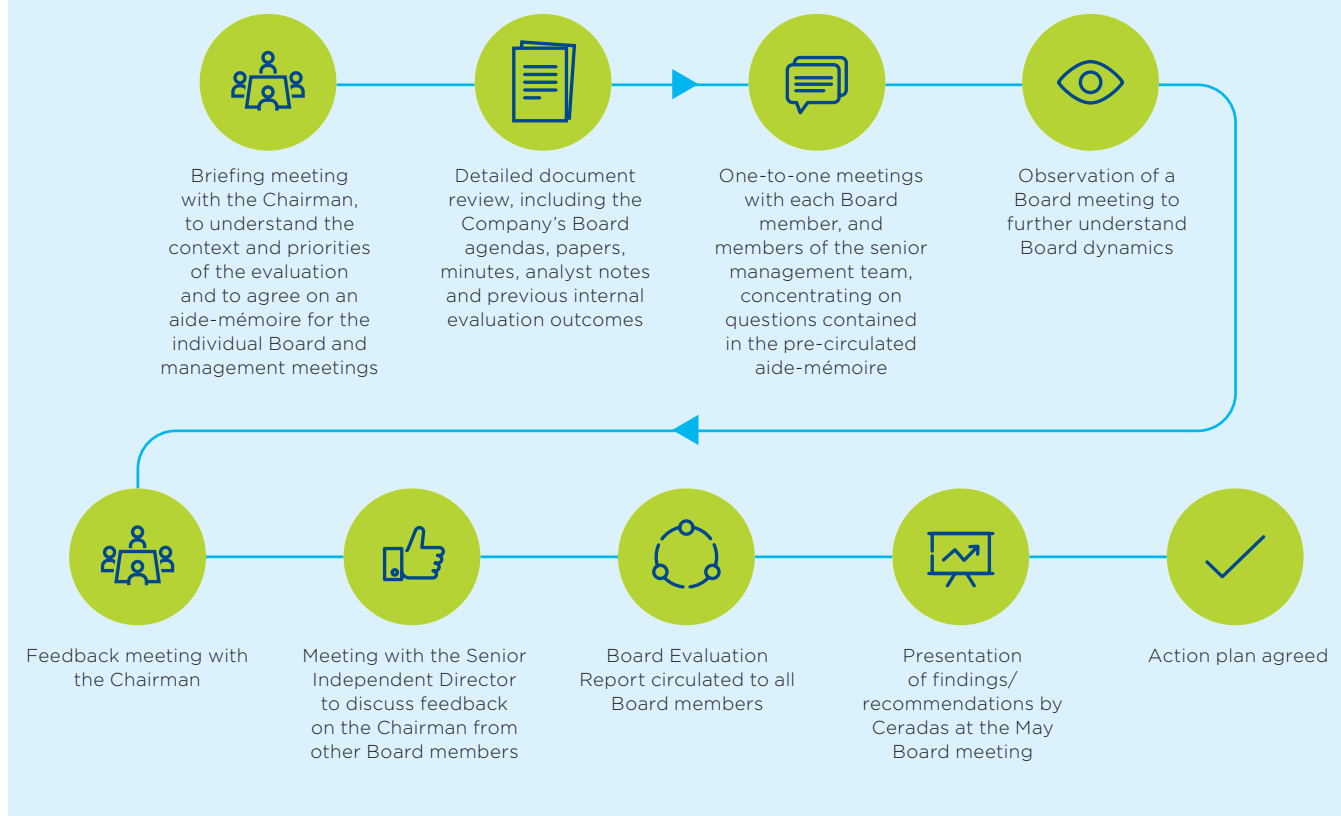
The Company's Annual General Meeting (AGM) will take place at 12pm on Thursday 7 September 2023 at the Group's Reading office. The AGM notice setting out the resolutions to be proposed at the meeting and including explanatory notes, together with this Annual Report and Accounts, will be available on 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 the FTSE 350) and conducted an external Board evaluation in 2023, facilitated by Ceradas Limited. All Board members engaged with the process, in addition to a number of the senior management team. Ceradas has no other connections to the Company or the Directors.

2023 Board evaluation process



The evaluation concluded positively, and the following outcomes were agreed as areas for potential development:

- the Board agenda to be developed to optimise the focus of discussions;
- Nomination Committee to consider planning for Non-Executive Director succession in the next 3 years; and
- more formal feedback from the Employee Engagement Group to be shared with the Board.

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 part of the wider Board evaluation process, individual Directors discussed the Chairman's performance with Ceradas, which then discussed the Chairman's performance with the Senior Independent Director.

2022 Board evaluation outcomes and progress

The 2022 internally facilitated evaluation identified the following areas for improvement; progress is reported as follows:

Actions from the 2022 evaluation	Improvements
The handover and succession of the Chair role following Tom Cross Brown's retirement in September 2022 was a key focus for the Board during the year.	Alan Bannatyne, previously Senior Independent Director, succeeded Tom Cross Brown as Chairman on a permanent basis in November 2022. Alan's understanding of the business and working relationship with Tom over the previous 5+ years helped to facilitate an orderly handover.
Relations and communications with shareholders continued to develop, including the potential for new introductions when the Group's new Chairman was appointed.	Alan Bannatyne has attended various induction meetings with the Group's largest shareholders since his appointment as Chairman. You can read more about the Board's engagement with shareholders, including the introduction of a Capital Markets Day, within the Section 172 Statement on pages 24 and 25.
The Board continued to develop engagement with Group employees, including reintroducing Non-Executive Director and employee networking sessions (previously halted due to Covid-19).	Margaret Snowden OBE has continued her position as the Group's Employee Engagement Non-Executive Director, and continues to chair the Group's meetings. Sarah Ing chaired the Values In Practice Awards again in 2023. Non-Executive Director and employee networking sessions have been reintroduced and further sessions are planned for FY 2024.

Succession planning for a sustainable future

The Committee has played an important role throughout the year by supporting the Board with Chairman succession and the appointment of a new Non-Executive Director, whilst continuing to improve Board diversity.

Committee membership	Attendance
Chair	
Alan Bannatyne	3/4
Members	
Margaret Snowdon OBE	4/4
Sarah Ing	4/4
Tom Cross Brown (resigned September 2022)	1/1
Aisling Kennedy (appointed February 2023)	0/0

Dear Shareholder,

I am pleased to present the report of the Nomination Committee for the year ended 31 March 2023. The Committee has met four times during FY 2023 and all meetings were attended by all members of the Committee, with the exception of one meeting which I did not attend due to this relating to Chairman succession and my appointment. 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.



Alan Bannatyne
Chair of the Nomination Committee

Chairman succession and Non-Executive Director appointment

In September, Tom Cross Brown retired as Chairman of the Group. On behalf of the Board, I would like to thank Tom for his contribution to XPS throughout a transformational period, and wish him well for his retirement. The Nomination Committee was led by Margaret Snowdon OBE in the search for a successor, following a review of the skill set and experience of all Directors to identify any skills gaps following Tom's retirement. The Committee engaged external search firm Russell Reynolds, with which the Group and the Directors have no other connections. In September, I was appointed as Interim Chairman following Tom's retirement and my appointment was made permanent on 30 November 2022. At the same time, Margaret Snowdon was appointed Senior Independent Director and Sarah Ing was appointed as Chair of the Audit & Risk Committee.

Following my appointment as Chairman, the Committee reviewed the size of the Board, the balance between Executive and Non-Executive Directors and the diversity of the Board and agreed to recruit an additional Non-Executive Director to maintain the balance of skills, experience, independence and knowledge required of the Board and each Committee. The Committee then commenced the search for a Non-Executive Director, with the support of Russell Reynolds, and appointed Aisling Kennedy in February 2023. Aisling is an experienced Irish qualified actuary, with a wealth of experience across consulting, insurance companies and professional bodies. We were delighted to welcome Aisling to our Board and Aisling's extensive experience in XPS's key markets complements the experience of the other members of the Board.

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



Chairman recruitment process

April 2022

- XPS announced Tom Cross Brown's intention to retire following the September 2022 AGM.
- Margaret Snowdon OBE was identified as leading the Nomination Committee through the recruitment process to appoint a successor.
- Russell Reynolds was engaged to support the recruitment process, the Committee identified key competencies and Russell Reynolds drew up a long-list of 50 candidates.
- The long-list was then reduced by Russell Reynolds to ten candidates, including Alan Bannatyne, who were invited to interview by Russell Reynolds and Margaret Snowdon OBE.

August – October 2022

- The Group's top ten shareholders were invited to consultation, in addition to shareholders who had previously expressed an interest in the process.
- Margaret Snowdon OBE held meetings with six shareholders during August to October.
- Following Tom Cross Brown's retirement in September, Alan Bannatyne, as Senior Independent Director, was appointed as Interim Chairman whilst the recruitment process remained ongoing.

November 2022

- The Committee reviewed shareholder feedback and interview outcomes and concluded that Alan Bannatyne was the right candidate for the role.
- Alan was appointed as Chairman on 30 November 2022 and has since held a number of meetings with the Group's largest shareholders following his appointment.

Board effectiveness evaluation

During the year, an externally facilitated Board effectiveness evaluation was completed by Ceradas Limited; further details of the process and the outcomes can be found on pages 64 and 65. The Group intends to conduct an externally facilitated effectiveness review every three years going forward.

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.

In May 2023, the Board developed and agreed a succession plan for Non-Executive Directors and the Chairman, and will continue to review and maintain this plan annually going forward.

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. Since Aisling Kennedy's appointment, she has been completing a detailed induction to the Group, including meeting with the Group's Executive Committee, business heads and other members of senior management.

Diversity, equality and inclusion

During the year, the XPS Board reached the gender diversity target we committed to within our FY 2022 reporting, and our female Board representation increased from 29% to 43%. This year, we have reported for the first time in relation to the FCA's newly introduced diversity listing rules, and I am proud to confirm that XPS complies with the three requirements. Whilst we recognise that XPS has further progress to make in relation to the diversity of our Board and executive management, we are pleased to be making progress and reporting compliance with the listing rules.

Table 1. Reporting table on sex/gender representation as at 31 March 2023

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	4	57%	4	7	78%
Women	3	43%	1	2	22%
Not specified/prefer not to say	—	—	—	—	—

Table 2. Reporting table on ethnicity representation as at 31 March 2023

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority White groups)	6	86%	4	8	89%
Mixed/multiple ethnic groups	—	—	—	—	—
Asian/Asian British	1	14%	1	1	11%
Black/African/Caribbean/Black British	—	—	—	—	—
Other ethnic group, including Arab	—	—	—	—	—
Not specified/prefer not to say	—	—	—	—	—

Executive management is defined as the XPS Executive Committee.

This data was obtained from HR data held by the Group.



The Company has an established Inclusion and Diversity Committee, championed by Non-Executive Director Margaret Snowdon OBE and chaired by a senior female within the Group. The group has made great progress, has a significant impact across the business and is a key channel of communication and engagement for employees and management. You can read more about the Group's I&D strategy and commitment to further progress on pages 31 to 33 of our Sustainability report.

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 continued to recruit into the 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.

Alan Bannatyne

Chair of the Nomination Committee
21 June 2023

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
Chair	
Sarah Ing	4/4
Members	
Margaret Snowdon OBE	4/4
Alan Bannatyne (resigned 8 September 2022)	2/2
Aisling Kennedy (appointed 22 February 2023)	1/1

Dear Shareholder,

I am pleased to present the report of the Audit & Risk Committee for the year ended 31 March 2023. The Committee met four times during FY 2023 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

During the year, Alan Bannatyne stepped down as Chairman of the Committee, following his appointment as Interim Chairman of the Group in September 2022; at this time, I was appointed as Interim Chair of the Committee. The appointments were made permanent in November 2022. Aisling Kennedy was appointed to join the Board and the Committee in February 2023, and the Committee members are now Margaret Snowdon OBE, Aisling Kennedy 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 I have recent relevant financial experience as can be seen in our biographies included on pages 58 and 59 of the Annual Report.

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



Sarah Ing
Chair of the Audit & Risk Committee

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 life 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 Penfida Limited for cash consideration of £8.6 million and a further cash payment of up to £3.4 million in September 2024, subject to the achievement of a client retention target, and the sellers remaining in employment with the Group. 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 £14.2 million (FY 2022: £9.8 million). For more details, see note 6 to the financial statements on page 127.

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. During FY 2021, the Committee undertook an audit tender exercise and BDO LLP were retained as the Company's auditor.

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 127.

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, and a closed session between the Audit & Risk Committee and the audit partner is held at the beginning of each Committee meeting, without the Executive Directors present. The audit partner is also invited to attend the Committee meetings for the duration of the meeting. 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 advisory services 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 2023 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 standardised risk management framework enables consistent reporting and a clear articulation of risk appetite, and the key controls in place to effectively manage these risks.

Sarah Ing

Chair of the Audit & Risk Committee

The Committee was satisfied that, taken as a whole, the Annual Report is fair, balanced and understandable and provides the necessary information.

Risk

The existing risk management framework within the Group has been further developed throughout the year, ensuring it continues to address existing and emerging risks to the XPS Group. These enhancements are 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, supporting all functions in the Group and enabling consistent reporting. This includes a clear articulation of the key risks and the appetite the Group has for each of these, along with the key controls in place to effectively manage these risks within their stated appetites.

The framework embraces the whole spectrum of the Group's activities and supports the achievement of the organisation's objectives. The underlying processes and control procedures are regularly reviewed and amended as required to reflect the findings of these reviews. These improvements typically include key risk areas including operational administration, regulatory compliance, legislative changes, and changes in the external threat environment.

The risk reporting framework deployed provides Executive Management with regular updates on our overall risk profile, with detailed reports on risks that may require action to keep within appetite. These updates include information on 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 Group 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 01/20, IIP and the IoA Quality Assurance Scheme (QAS). In addition to these the Group has also achieved accreditation against the PASA pensions administration standard this year.

The Audit & Risk Committee regularly reviews the wider internal control processes, enlisting external support to support these reviews when deemed necessary. Recognising the importance of business resilience and the protection of data assets from cyber risks, the Committee considers these specific risks at each of its meetings. This includes the performance of key controls and the independent assurance frameworks in place.

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.

Sarah Ing

Chair of the Audit & Risk Committee
21 June 2023

Embedding sustainability across the business

All our sustainability activities are designed to support our purpose; to shape and support safe, robust and well understood pension schemes for the benefit of people and society. This year we have continued to focus on our sustainability ambitions and the integration into the Groups operations for the benefit of our people, clients, communities and the environment.

Committee membership	Attendance
Chair	
Sarah Ing	4/4
Members	
Margaret Snowdon OBE	4/4
Aisling Kennedy (appointed February 2023)	1/1
Snehal Shah	4/4
Charlotte West	3/4
Adrian Davison	4/4
Alex Quant	4/4



Sarah Ing
Chair of the Sustainability Committee

This year, the role of the Sustainability Committee continues to be to drive improvements in practices, reporting and communication in relation to environmental, social and governance (ESG) factors that have a positive 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 includes: Margaret Snowdon OBE (Senior Independent Non-Executive Director), Aisling Kennedy (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. Aisling Kennedy joined the Committee following her appointment to the Board in February 2023. Other Board members and members of the management team are invited to meetings as the agenda dictates.

The Committee met four times during the the 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 continued to oversee the I&D strategy, as referred to on pages 31 to 33 and the practices to create an 'inclusive culture' to ensure we are able to nurture, retain and attract diverse talent.



2. Development of environmental strategy

The Committee provided oversight on the net zero and carbon offsetting project, having reviewed the implementation of the Environmental Management System and associated Environment Policy as referred to on page 39.

3. Further development of our responsible investment solutions

A strong focus for the Committee this year was to provide oversight of the Group's further 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.

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.

We have aligned our sustainability ambitions with the UN Sustainable Development Goals, where we believe we can make a positive contribution.

We also remain committed to aligning our strategy with the 2015 Paris Agreement.

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

- providing oversight for further development and integration of our sustainability strategy, including a review of our materiality matrix and further development of our sustainability framework and reporting to include clear commitments, KPIs and measurement thereof. See pages 26 to 41 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;

- 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
21 June 2023

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 be the best provider of services to the UK pensions market, as a one stop shop for everything Trustees and Employers need in this market, 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 (March 2023: 13.5%) or the average increase of employees across the Group in any given year, whichever is higher.	Increases of 7% applied effective 1 April 2023 recognising strong corporate and individual performance. Executive Director level of increase significantly below the average workforce rate.
Short-term variable pay Financial/functional and personal objectives set with reference to business plans approved by the Board.	Cash bonus	The maximum opportunity for FY 2023 is 150% of salary and potentially payable in cash and deferred shares. 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.	The Co-CEOs were awarded 150% of salary and the CFO was awarded 112.5% of salary, as determined by the Remuneration Committee. These payments amounted to 100% of maximum. Bonuses were paid on financial performance as well as personal objectives (detailed on pages 90 and 91).
Long-term variable pay Stretching performance conditions measured over a three-year period with a further two-year post-performance holding period. Performance conditions based upon adjusted earnings per share/TSR to comparator group.	XPS Performance Share Plan (PSP)	Maximum "normal" grant level is 150% of salary. Malus and clawback provisions apply. Aligned with long-term business strategy to become the best provider of services to the UK pensions market, as a one stop shop for everything Trustees and Employer need in this market, and delivery of shareholder value due to strong cash generation and non-cyclical demand for services.	The November 2020 PSP award is subject to underlying EPS performance and relative TSR performance. The overall estimated payout for the award is equal to 66.2% of maximum, but will be dependent upon TSR performance to the end of the three-year performance period ending in November 2023.
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

FY 2023 fixed remuneration

Base salary		Pension	
Co-CEOs	CFO	Co-CEOs	CFO
£332,755	£281,069	6% of salary	6% of salary

These pension contributions are in line with that offered to the majority of the workforce and below 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 FY 2023 resulted in a bonus payment of 100% 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 100% of the maximum. Further details of financial and personal objectives can be found on pages 90 and 91.

£m	Threshold £'000	Target £'000	Maximum £'000	Actual £'000	Payout (% of this element)
Group adj. PBT (75% of potential)	28,617	30,123	31,629	33,358	100%

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.

Committee membership	Attendance
Chair	
Margaret Snowdon OBE	5/5
Members	
Alan Bannatyne	5/5
Sarah Ing	5/5
Tom Cross Brown (resigned 8 September 2022)	3/3
Aisling Kennedy (appointed 22 February 2023)	1/1



Margaret Snowdon OBE
Chair of the Remuneration Committee

Dear Shareholder,

The Directors' Remuneration Report for the year ended 31 March 2023 contains:

- my annual statement;
- the Directors' Remuneration Policy, which will apply for a maximum of three years from the 2023 AGM and will replace the Directors' Remuneration Policy previously approved at the 2020 AGM; and
- the annual report on remuneration which describes how the Directors' Remuneration Policy has been applied in FY 2023 and how it will be implemented in FY 2024.

Operational highlights

During the year ended 31 March 2023, we produced an excellent year of robust financial performance. At a Group level, revenues increased 20% year on year and adjusted fully diluted EPS rose 24% year on year. This was delivered in a year where employee engagement and client satisfaction scores were at record highs.

Engaging with our stakeholders Shareholders

At last year's Annual General Meeting held on 8 September 2022, the Remuneration Committee was pleased that shareholders approved the Remuneration Report with 96% of votes for.

As Chair, I am always keen to maintain a collaborative and productive relationship regarding remuneration decisions. Ahead of the publication of this report, I held meetings with many of our top shareholders to gather views and feedback.

I am extremely grateful for the feedback I received and the level of engagement from shareholders. These meetings have been helpful in shaping the Committee's decision-making set out in this report, as well as maintaining our productive relationship. I am pleased to report that there was strong support for the planned approach for the Directors' Remuneration Policy 2023 and the 2023 PSP award, including the one-off enhancement as outlined within the report.

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.

Wider workforce remuneration

We continue to review the remuneration arrangements for the wider workforce and take these into account when considering remuneration arrangements for the Executive Directors and other members of senior management. The Committee reviewed the approach taken in light of the acknowledged cost-of-living challenges. XPS awarded mid-year salary increases in October 2022, in addition to the increases effective 1 April 2023, to all staff below Partner and Managing Consultant grades; You can read further details about this on page 33.

The Remuneration Committee also 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 Inclusion & Diversity Committee, in addition to chairing the Employee Engagement Group.

The Directors' Remuneration Policy

The current Directors' Remuneration Policy was approved by shareholders at the 2020 AGM when it received 96% approval from shareholders and therefore will be due for renewal at the 2023 AGM.

The objectives of the Policy remain to attract, motivate and retain Executive Directors while maximising long-term shareholder value and reinforcing the Company culture. Having reviewed the current Policy the Committee concluded that making significant changes to the Remuneration Policy was not required this year.

We are therefore proposing that the Policy be resubmitted broadly unchanged, save for a revision relating to a clarification on how PSP awards in good leaver situations will normally be retained and vest at the normal vesting date, in line with standard market practice.

Annual bonus payments for FY 2023

The financial element of these bonuses is based on Group profit before tax (PBT). The reported Group adjusted PBT for FY 2023 has resulted in a bonus payment of 100% of the maximum for this element of the bonus.

The Committee determined that the strategic objectives had been fully met which therefore led to a bonus outturn of 100% of the maximum for the Co-CEOs and CFO. When considering the appropriateness of the bonus outturn, the Committee was mindful that this was the first maximum bonus payment since IPO (in 2017) and that in three of the previous four years the bonus had been reduced, with the agreement of the Co-CEOs, from the formulaic outcome.

	% of salary	% of maximum
Ben Bramhall	150%	100%
Paul Cuff	150%	100%
Snehal Shah	112.5%	100%

Vesting outcomes for the 2020 PSP awards

The November 2020 PSP award is subject to underlying EPS performance and relative TSR performance. The estimated overall payout for the award is equal to 66.2% of maximum.

The Committee considers that the Policy operated as intended during FY 2023 and that remuneration outcomes are consistent with the Group performance and appropriately reflect performance delivered for our shareholders over the respective periods. The Committee felt that no discretion needed to be applied for these remuneration outcomes.

Operation of the Directors' Remuneration Policy for FY 2024

Looking forward into FY 2024, we have given consideration to actions on pay matters which we regard as appropriate and designed to support shareholders' interests over the long term.

The Board considers that the Co-CEO structure works well with clear accountability of roles between the Executive Directors. Both Co-CEOs have responsibility for building and sustaining relationships with some of our key clients. Somewhat unique to our industry, clients expect deep professional and technical expertise in senior executives, and both Co-CEOs are practitioners who lead projects on some of the Group's biggest clients.

In addition to these direct and valuable client accountabilities, Paul Cuff is 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. Ben Bramhall is responsible for the day-to-day operations of the business, which covers the provision of services to existing clients, revenue generation and the Group's people strategy. Both are responsible for employee culture and the dual role increases the bandwidth for employee engagement.

In addition to his finance responsibilities Snehal Shah maintains the Company's relationships with its brokers and is responsible for shareholder communication. Snehal is also responsible for Group Risk and leads on the Group's sustainability agenda.

When reviewing the Executive Directors' salaries, the Committee considered the matter holistically, taking into consideration the roles outlined above, the impact of salary increases on total remuneration and increases applicable to the wider workforce along with the strong absolute and relative performance of the Group.

The Committee agreed it was fair and reasonable to award salary increases of 7% for all Executive Directors which take effect from 1 April 2023. This percentage is significantly less than the comparable annual average increase for employees across the Group which is 12% for the year, reflecting the highly competitive landscape for professionals in our niche market. The resultant salaries for the Executive Directors remain low against the FTSE Small Cap market and other similarly sized companies, and annual target earnings are low in comparison to senior leadership and senior client facing roles at some of the Group's competitors, which include Big 4 accounting firms and other equity partnerships.

The maximum bonus opportunity of the CFO is being set at 125% of salary from 2023/24 in acknowledgement of his performance and growing experience in role. The maximum opportunity for the Co-CEOs will remain unchanged at 150% of salary.

The PSP award due to vest in July 2024 incorporates inflation-linked EPS targets. The current volatile and unpredictable inflation levels in the economy have detrimentally impacted the incentive effect of awards with an inflation linkage. The Committee does not feel that it is appropriate to amend in-flight performance conditions, despite some compelling arguments, but it wishes to recognise management's performance whilst maintaining a strong alignment with the experience of our shareholders.

In recognition of the performance of the Executive Directors and also the need to continue to retain them and incentivise the delivery of our key strategic objectives, it is the intention that the 2023 PSP award levels will be enhanced on a one-off basis by 25% of salary compared to the 2022 levels. The award levels will remain below the 200% exceptional circumstances limit as permitted under the continuing Policy.

It should be noted that despite this increase in award levels, due to the increase in the Company's share price over the last year, it is anticipated that the individual total 2023 PSP awards will be over a lesser number of shares than the 2022 PSP awards.

For the main award, there will be three performance criteria, based on EPS, relative TSR performance and a newly incorporated ESG measure.

The vesting of the enhanced one-off element will be based on EPS targets incorporating a further level of stretch, with vesting requiring a performance level well above budget and guidance. Further details of the targets are provided on page 98.

Component of remuneration	Summary of approach																					
Base salary and benefits	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 and the performance of the individuals and the Company. The base salaries of the Executive Directors have been increased by 7% for FY 2024, which is 5% lower than the average annal increase over the year awarded to all staff:																					
	Ben Bramhall – £356,048 Paul Cuff – £356,048 Snehal Shah – £300,744																					
	The increase since 1 April 2018 remains below that of the general level of salary increases across the Group since then:																					
	<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>1 April 2023</th><th>Annualised</th></tr><tr><td>Co-CEOs</td><td>0%</td><td>0%</td><td>9.0%</td><td>6.0%</td><td>7.0%</td><td>4.3%</td></tr><tr><td>Average staff</td><td>3.0%</td><td>3.2%</td><td>3.2%</td><td>5.9%</td><td>12%¹</td><td>5.4%</td></tr></table>		1 April 2019	1 April 2020	1 April 2021	1 April 2022	1 April 2023	Annualised	Co-CEOs	0%	0%	9.0%	6.0%	7.0%	4.3%	Average staff	3.0%	3.2%	3.2%	5.9%	12% ¹	5.4%
		1 April 2019	1 April 2020	1 April 2021	1 April 2022	1 April 2023	Annualised															
Co-CEOs	0%	0%	9.0%	6.0%	7.0%	4.3%																
Average staff	3.0%	3.2%	3.2%	5.9%	12% ¹	5.4%																
¹ Includes the mid-year cost-of-living salary increases granted to employees.																						
Pension	Defined contribution/cash supplements of 6% are paid and are aligned with the levels available for new employees. This is well below the rate provided to many employees who have joined the business through the acquisitions we have made.																					
Annual bonus	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. Maximum bonus opportunity: Ben Bramhall – 150% of salary Paul Cuff – 150% of salary Snehal Shah – 125% of salary																					
Long-term incentives	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. Maximum grant levels FY 2024: Ben Bramhall – 175% of salary Paul Cuff – 175% of salary Snehal Shah – 150% of salary																					
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.																					

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
21 June 2023

Directors' Remuneration Policy 2023

This Remuneration Policy, which has been approved by the Board, contains the material required to be set out in the Directors' Remuneration Report for the purposes of 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 will take effect for all payments made to Directors with effect from the conclusion of the forthcoming AGM (in place of the current Policy approved at the 2020 AGM). The new Policy is very similar to the current one, save for a change clarifying how PSP awards in good leaver situations will normally be retained and vest at the normal vesting date.

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 £35,000 for each Executive Director (indexed to inflation).	n/a
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

Element and purpose	Policy and operation	Maximum	Performance measures
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).</p> <p>Clawback and malus provisions apply as explained in more detail in the notes to this Policy table.</p>	<p>The maximum annual bonus opportunity is 150% of base salary. For FY 2024, the maximum opportunity will be 150% of base salary for the Co-CEOs and 125% for the CFO.</p>	<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>
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.</p> <p>No more than 25% of awards vest for attaining the threshold level of performance.</p> <p>The 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>

Directors' Remuneration Policy 2023 continued

Element and purpose	Policy and operation	Maximum	Performance measures
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>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 will be 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 the Executive Directors' actual relevant shareholding at leaving and reducing to 50% of this requirement in the second year. For the purpose of this requirement, the Executive Directors' actual 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 the 2020 AGM but excludes shares acquired and the release of shares under share incentive plans where the grant occurred prior to the adoption of the Policy. The Committee will retain the discretion to remove the holding requirement if it is deemed to be inappropriate.</p>	No maximum level but not less than 200% of base salary for any Executive Director.	n/a
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>	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.	Consistent with normal practice, such awards would not be subject to performance conditions.

Element and purpose	Policy and operation	Maximum	Performance measures
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, Chair of the Audit, Remuneration or other Board Committees or Designated Employee Engagement NED 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>	n/a

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:

Notes to the Policy table continued

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 issue, 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.

Remuneration policy on recruitment

The Company's recruitment remuneration policy aims to give the Committee sufficient flexibility to secure the appointment and promotion of high-calibre executives to strengthen the management team and secure the skill sets to deliver our strategic aims.

In terms of the principles for setting a package for a new Executive Director, the starting point for the Committee will be to apply the Remuneration Policy for Executive Directors as set out above and structure a package in accordance with that Policy. Consistent with the DRR Regulations, any caps contained within the Policy for fixed pay do not apply to new recruits, although the Committee would not envisage exceeding these caps in practice unless absolutely necessary.

The annual bonus plan and PSP, including the maximum award levels, will operate as detailed in the general Remuneration Policy in relation to any newly appointed Executive Director. For an internal appointment, any variable pay element awarded in respect of the prior role may either continue on its original terms or be adjusted to reflect the new appointment as appropriate.

For both external and internal appointments, the Committee may agree that the Company will meet certain relocation expenses as it considers appropriate.

For external candidates, it may be necessary to make additional awards in connection with the recruitment to buy out awards forfeited by the

individual on leaving a previous employer. Any recruitment-related awards which are not buyouts will be subject to the limits of the annual bonus plan and PSP as stated in the general policy. Details of any recruitment-related awards will be appropriately disclosed.

For any buyouts the Company will not pay more than is necessary in the view of the Committee and will be limited in value to what the Committee considers to be a fair estimate of the value of the awards foregone. The Committee will in all cases seek, in the first instance, to deliver any such awards under the terms of the existing annual bonus plan and PSP. It may, however, be necessary in some cases to make buyout awards on terms that are more bespoke than the existing annual bonus plan and PSP.

All buyouts, whether under the annual bonus plan, PSP or otherwise, will take due account of the service obligations and performance requirements for any remuneration relinquished by the individual when leaving a previous employer. The Committee will seek, where it is practicable to do so, to make buyouts subject to what are, in its opinion, comparable requirements in respect of service and performance. However, the Committee may choose to relax this requirement in certain cases, such as where the service and/or performance requirements are materially completed, or where such factors are, in the view of the Committee, reflected in some other way, such as a significant discount to the face value of the awards forfeited, and where the Committee considers it to be in the interests of shareholders.

Service contracts Executive Directors

Ben Bramhall and Paul Cuff entered into a service agreement with the Company that was effective upon admission and dated 16 February 2017. Snehal Shah entered into a service agreement with the Company that was effective 28 May 2019, the date of his employment beginning, although Snehal was not appointed as Chief Financial Officer until FCA approval was received on 9 July 2019. The policy is that each Executive Director's service agreement should be of indefinite duration, subject to termination by the Company or the individual on no more than 12 months' notice.

The service agreements of all Executive Directors, which are available for inspection at the Company's registered office, comply with this policy:

- the Executive Directors' service agreements are terminable by either party on not less than nine months' written notice for the Co-CEO, six months for the CFO or immediately upon payment in lieu of notice, and contain a garden leave clause; and
- in each case any payment in lieu of notice will be calculated by reference to base salary and contractual benefits only, and will not include any entitlement to bonus.

Chairman and Non-Executive Directors

The appointments of Alan Bannatyne and Margaret Snowden OBE are subject to the terms of letters of appointment agreed between each of them and the Company dated 24 January 2017, the appointment of Sarah Ing is subject to the terms of a letter of appointment dated 19 March 2019 and the appointment of Aisling Kennedy is subject to the terms of a letter of appointment dated 22 February 2023. They are not entitled to receive any compensation on termination of their appointment (other than payment in respect of a notice period where notice is served) and are not entitled to participate in the Company's share plans, bonus arrangements or pension schemes.

They are entitled to be reimbursed all reasonable out-of-pocket expenses incurred in the proper performance of their duties.

Their appointment may be terminated at any time upon three months' written notice by either party and with immediate effect in certain circumstances. The appointment may also be terminated pursuant to the Articles or as otherwise required by law. They are subject to retirement by rotation every three years under the Articles but intend to retire and submit themselves for re-election by shareholders each year at the Annual General Meeting.

Remuneration policy on termination

The Committee will consider treatments on a termination having regard to all of the relevant facts and circumstances available at that time. This policy applies both to any

negotiations linked to notice periods on a termination and any treatments that the Committee may choose to apply under the discretions available to it under the terms of the annual bonus plan and PSP. The potential treatments on termination under these plans are as follows:

Annual bonus plan

If an Executive Director resigns or is dismissed for cause before the bonus payment date, the right to receive any bonus normally lapses (unless the Committee determines otherwise). If an Executive Director ceases employment before the bonus date because of death, injury, ill health, disability or any other reason determined by the Committee, such bonus will be payable as the Committee in its absolute discretion determines taking into account the circumstances for leaving, time in employment and performance. Similar treatment will apply in the event of a change in control of the Company.

Performance Share Plan (PSP)

The Committee's Policy is in accordance with the rules of the Performance Share Plan 2017. If, during the performance or vesting period, a participant:

- resigns or is dismissed for cause, awards will normally lapse in full; and
- ceases to be employed due to death, ill health, injury or disability, retirement with the agreement of the participant's employer, redundancy, the sale or transfer of the participant's employing company or business out of the Group (other than on change of control), or for other reasons specifically approved by the Committee, the award shall be retained and will vest at the normal vesting date (unless the Committee exercises its discretion to allow awards to vest early on cessation in exceptional circumstances) to the extent that the Committee determines. The Committee will determine the extent to which an award will vest taking into account the extent to which the performance conditions have been met and, where appropriate, the period that has expired to the date of cessation.

If a participant ceases employment during the holding period, performance-vested awards will normally be retained and vest as

normal at the end of the holding period (unless the Committee exercises its discretion to allow awards to vest early on cessation in suitable cases).

The all-staff Share Save scheme provides treatments for leavers in line with HMRC rules for such plans.

The Company has the power to enter into settlement agreements with Directors and to pay compensation to settle potential legal claims. In addition, and consistent with market practice, in the event of the termination of an Executive Director, the Company may make a contribution towards that individual's legal fees and fees for outplacement services as part of a negotiated settlement. Any such fees will be disclosed as part of the detail of termination arrangements.

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 enable 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. 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.

Statement of consideration of employment conditions elsewhere in the Company continued

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 scheme on identical terms.

Statement of consideration of shareholders' views

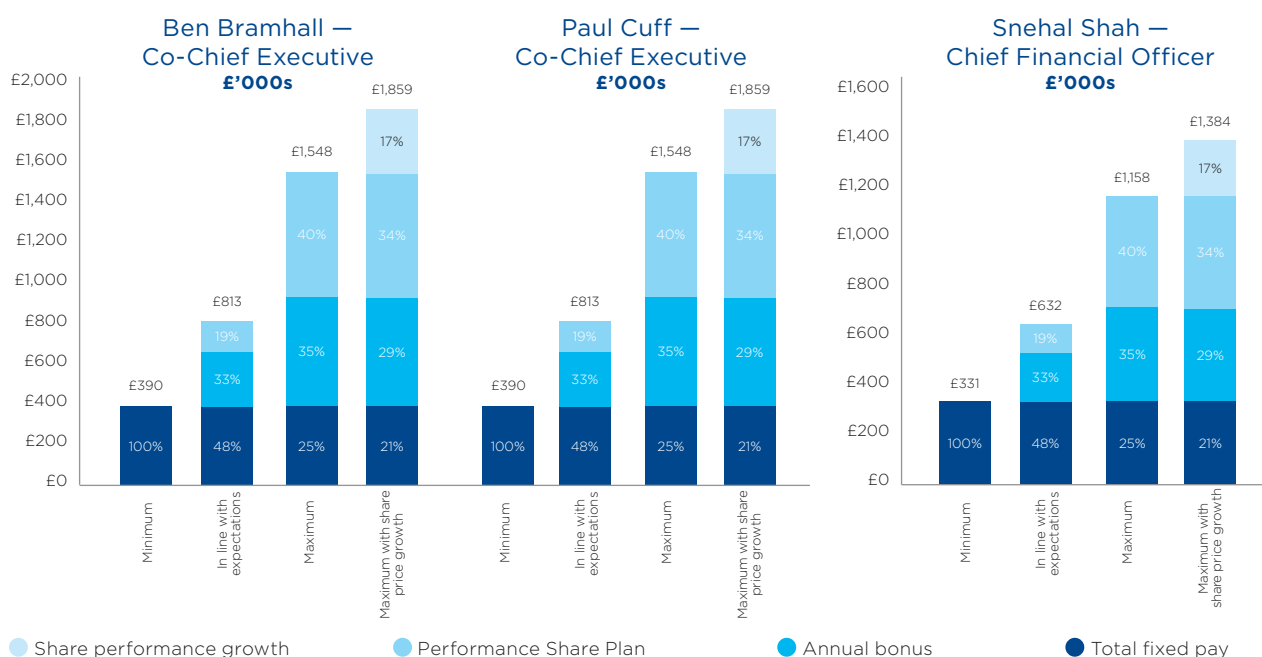
The Committee considers shareholder views received during the year and at each AGM, as well as guidance from shareholder representative bodies more broadly, when determining the Remuneration Policy and its implementation. The Committee seeks to build an active and productive dialogue with investors on 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.

Illustrations of application of the Directors' Remuneration Policy

The charts below show how the Remuneration Policy set out above will be applied for Executive Directors in FY 2024 based on three performance scenarios and using the assumptions below.

Minimum	Consists of base salary, benefits and pension: <ul style="list-style-type: none"> base salary is the salary to be paid in FY 2024; benefits measured as benefits paid in the year ended 31 March 2023; and pension measured as the defined contribution or cash allowance in lieu of Company contributions of 6%.
Target	Based on what the Executive Director would receive if performance were in line with expectations or on target (excluding share price appreciation and dividends): <ul style="list-style-type: none"> annual bonus: consists of the on-target bonus (50% of maximum opportunity used for illustrative purposes); and PSP: consists of the threshold level of vesting (25% vesting) under the PSP.
Maximum	Based on the maximum remuneration receivable (excluding share price appreciation and dividends): <ul style="list-style-type: none"> annual bonus: consists of maximum bonus of 150% of salary for the Co-CEOs and 125% of salary for the CFO; and PSP: consists of the face value of awards (175% of base salary for Co-CEOs and 150% of base salary for the CFO) under the PSP.
Maximum with 50% share price growth	Maximum scenario plus the value resulting from a share price growth of 50% in relation to the PSP award.



Remuneration Committee membership

The Remuneration Committee is chaired by Margaret Snowden OBE, who is Senior Independent Non-Executive Director. Alan Bannatyne, Sarah Ing and Aisling Kennedy are also members of the Committee. Tom Cross Brown served on the Committee until he stepped down from the Board in September 2022. Aisling Kennedy was appointed to the Committee in February 2023. 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 five times during the year. All members attended every Committee meeting they were eligible to attend throughout the year.

Other individuals, such as the Co-Chief Executive Officers, the Chief Financial 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 FY 2023 were £54,282 (FY 2022: £63,902). FIT's fees are charged on the basis of the firm's standard terms of business for advice provided.

The following (audited) section provides details of how the Directors were paid during the financial year to 31 March 2023.

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	2023	332,755	12,993	499,133	367,030	18,701	1,230,612	364,449	866,163
	2022	313,920	11,017	371,995	178,403	17,860	893,195	342,797	550,398
Paul Cuff	2023	332,755	12,793	499,133	367,030	18,701	1,230,412	364,249	866,163
	2022	313,920	10,817	371,995	178,403	17,860	892,995	342,597	550,398
Snehal Shah	2023	281,070	12,523	316,203	253,288	15,994	879,078	309,587	569,491
	2022	265,160	10,736	235,661	147,739	15,467	674,763	291,363	383,400
Non-Executive Directors									
Alan Bannatyne ⁵ – Chairman of Board and Chair of Nomination Committee	2023	100,398	—	—	—	—	100,398	100,398	—
	2022	75,000	—	—	—	—	75,000	75,000	—
Margaret Snowden OBE – Chair of Remuneration Committee, Senior Independent NED and Designated Employee Engagement NED	2023	72,822	—	—	—	—	72,822	72,822	—
	2022	70,000	—	—	—	—	70,000	70,000	—
Sarah Ing – Chair of Audit & Risk and Sustainability Committees	2023	70,644	—	—	—	—	70,644	70,644	—
	2022	65,000	—	—	—	—	65,000	65,000	—
Aisling Kennedy ⁶	2023	6,250	—	—	—	—	6,250	6,250	—
Tom Cross Brown ⁷ – former Chairman of Board	2023	52,727	—	—	—	—	52,727	52,727	—
	2022	120,000	—	—	—	—	120,000	120,000	—
Total									
	2023	1,249,421	38,309	1,314,469	987,348	53,396	3,642,943	1,341,126	2,301,817
	2022	1,223,000	32,570	979,651	504,545	51,187	2,790,953	1,306,757	1,484,196

Advisers continued

- 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 91.
- 3 The outturn for the November 2020 PSP which vests in November 2023 is expected to be 66.2% and the vesting share price has been estimated at 159.14p, based on the three-month average share price ended 31 March 2023. The grant share price for the award was 124p and accordingly the relevant figures are reflective of an increase of 28% in the Company's share price comparing the award price to the vesting price. Details of the performance measures and targets applicable to the 2020 PSP are set out on page 93. The outturn for the September 2019 PSP which vested on 18 September 2022 was 50% and the value has been updated reflecting the actual vesting share price of 123p and the dividend equivalents.
- 4 Pension values shown all relate either to pension contributions or to cash allowances in lieu of pension.
- 5 Appointed Non-Executive Chairman on 30 November 2022.
- 6 Appointed to the Board on 22 February 2023.
- 7 Stepped down from the Board on 8 September 2022.

FY 2023 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)	28,617	30,123	31,629	33,358	100%

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 staff satisfaction and morale	Staff approval rating at least 90%	Staff satisfaction at an all time high with 98% reporting that XPS is a great place to work and with an exceptional Net Promoter Score of +33	100%
Progress Inclusion & Diversity agenda	Reduce gender pay gap Plan for 30% female senior managers by 2027	Gender pay gap and gender bonus gap have reduced and ethnicity pay gap reported earlier than legally required Plan and early actions agreed	100%
Develop market-leading pensions administration platform	Platform on track for deployment for new and selected clients	On track against an accelerated plan	100%
Maintain high level of client satisfaction	Client satisfaction level at least 80%	Achieved and feedback highlighted that clients trust XPS and appreciate our friendly approach	100%
Pursue and execute accretive acquisitions as approved by the Board	Successful implementation of bolt-on acquisitions in line with agreed business case	The acquisition of Penfida has extended our services to clients to include independent sponsor covenant advice In addition, the Michael J Field 2022 acquisition integrated successfully	100%
As executive sponsor of Sustainability Committee, ensure sustainability is embedded in XPS services and infrastructure	Senior commitment to ambitious sustainability targets and progress each sustainability pillar to agreed levels	Excellent progress evidenced by being re-confirmed as a signatory to the new UK Stewardship Code	100%

Snehal Shah – CFO

Measure	Target	Performance	Assessment
Improve OCF conversion	Above 90%	Achieved	100%
Successful AAF 01/20 audit	No medium or higher exceptions in the assessment	No exceptions. PASA accreditation also achieved	100%
Fully develop sustainability narrative in ARA and website Sustainability KPIs defined, measured and reported	Clear and comprehensive with ambitious and meaningful targets	Committed to a science-based net zero strategy that aligns with the Paris Agreement	100%
Increase interaction with non-shareholders and analysts and improve shareholder communication	Secure at least one new institutional investor Successfully plan and execute a Capital Markets Event for analysts and institutional investors	Ten new institutional investors added in the year, with three of these in the top 20 holders Completed and excellent feedback received	100%

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.

In light of the high standards of attainment of each of the Executive Directors, the Remuneration Committee assessed that performance against the targets had been met in full and would result in 100% of maximum for this element of bonus to be payable to the Co-CEOs and CFO.

This results in an outcome in aggregate of 100% of maximum for the Co-CEOs and CFO.

	Weightings	Outcomes		
		Ben Bramhall	Paul Cuff	Snehal Shah
Financial performance (% of this element)	75%	100%	100%	100%
Strategic performance (% of this element)	25%	100%	100%	100%
Total actual performance outcome (% of maximum)		100%	100%	100%
Total actual performance outcome (% of salary)		150%	150%	112.5%
Total actual performance outcome (£)		£499,133	£499,133	£316,203

Statement of Directors' shareholding and share interests (audited)

For each Director, the total number of Directors' interests in shares at 31 March 2023 or at the date of stepping down from the Board if earlier was as follows:

Director	Ben Bramhall	Paul Cuff	Snehal Shah	Tom Cross Brown	Alan Bannatyne	Margaret Snowdon OBE	Sarah Ing	Aisling Kennedy
Number of ordinary shares held as at 31 March 2023	1,699,549	967,191	66,830	38,861	36,594	30,303	15,000	—
Share ownership requirement (% of salary)	200%	200%	200%	n/a	n/a	n/a	n/a	n/a
Share ownership requirement met?	Y	Y	N	n/a	n/a	n/a	n/a	n/a
Holding as % of March 2023 salary	817%	465%	38%¹	n/a	n/a	n/a	n/a	n/a
Number of ordinary shares held as at 31 March 2022	1,618,848	886,490	—	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.

Statement of Directors' shareholding and share interests (audited) continued

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 2023 and 21 June 2023.

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 2022.

These awards vest in 2025 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 below.

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 2022	150%	£499,132	383,948	July 2025
Paul Cuff	1 July 2022	150%	£499,132	383,948	July 2025
Snehal Shah	1 July 2022	125%	£351,336	270,260	July 2025

¹ Based on the share price of £1.30 on 30 June 2022.

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 2022	Interests awarded during the year	Interests vested during the year	Interests lapsed during the year	Interests held at 31 March 2023	Vesting period
Ben Bramhall	18 September 2019	0.05p	313,043	—	156,521 ¹	156,522	—	September 2022
	30 November 2020	0.05p	348,387	—	—	—	348,387	November 2023
	1 July 2021	0.05p	341,217	—	—	—	341,217	July 2024
	1 July 2022	0.05p	—	383,948	—	—	383,948	July 2025
Paul Cuff	18 September 2019	0.05p	313,043	—	156,521 ²	156,522	—	September 2022
	30 November 2020	0.05p	348,387	—	—	—	348,387	November 2023
	1 July 2021	0.05p	341,217	—	—	—	341,217	July 2024
	1 July 2022	0.05p	—	383,948	—	—	383,948	July 2025
Snehal Shah	18 September 2019	0.05p	259,239	—	129,619 ³	129,620	—	September 2022
	30 November 2020	0.05p	240,423	—	—	—	240,423	November 2023
	1 July 2021	0.05p	240,181	—	—	—	240,181	July 2024
	1 July 2022	0.05p	—	270,260	—	—	270,260	July 2025

¹ On 12 October 2022, Ben Bramhall exercised awards over 156,521 shares granted on 18 September 2019 and sold 75,820 shares to settle resultant tax and social security obligations. The closing share price on the day of exercise was £1.2925.

² On 12 October 2022, Paul Cuff exercised awards over 156,521 shares granted on 18 September 2019 and sold 75,820 shares to settle resultant tax and social security obligations. The closing share price on the day of exercise was £1.2925.

³ On 12 October 2022, Snehal Shah exercised awards over 129,619 shares granted on 18 September 2019 and sold 62,789 shares to settle resultant tax and social security obligations. The closing share price on the day of exercise was £1.2925.

⁴ The highest mid-market price of the Company's ordinary shares during the year ended 31 March 2023 was £1.68 and the lowest was £1.145. The year-end price was £1.60.

Vesting outcomes for the FY 2021 PSP awards (granted in November 2020)

These awards comprise nominal cost options with an exercise price of 0.05p per option and vest in November 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 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 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%
Actual performance¹:	
CAG of 3.3% above CPI	33%

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 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:	
Above upper quartile	100%

2 Based on performance to the end of May. This is an estimate as TSR performance will be measured to the third anniversary of the date of grant which is 30 November 2023.

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

Based on the above the expected percentage of the total award vesting is 66.2% of maximum. Details of the shares under award and their estimated value (based on the three-month average share price at 31 March 2023 of 159.14p 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	348,387	230,632	117,755	367,030
Paul Cuff	348,387	230,632	117,755	367,030
Snehal Shah	240,423	159,160	81,263	253,288

1 Based on the three-month average share price to 31 March 2023.

The awards also receive the value of dividend equivalents.

FY 2022 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.

FY 2023 PSP awards (granted in July 2022)

These awards comprise nominal cost options with an exercise price of 0.05p per option and vest in 2025 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 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.

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 2023 (FY 2022: £nil).

Payments for loss of office (audited)

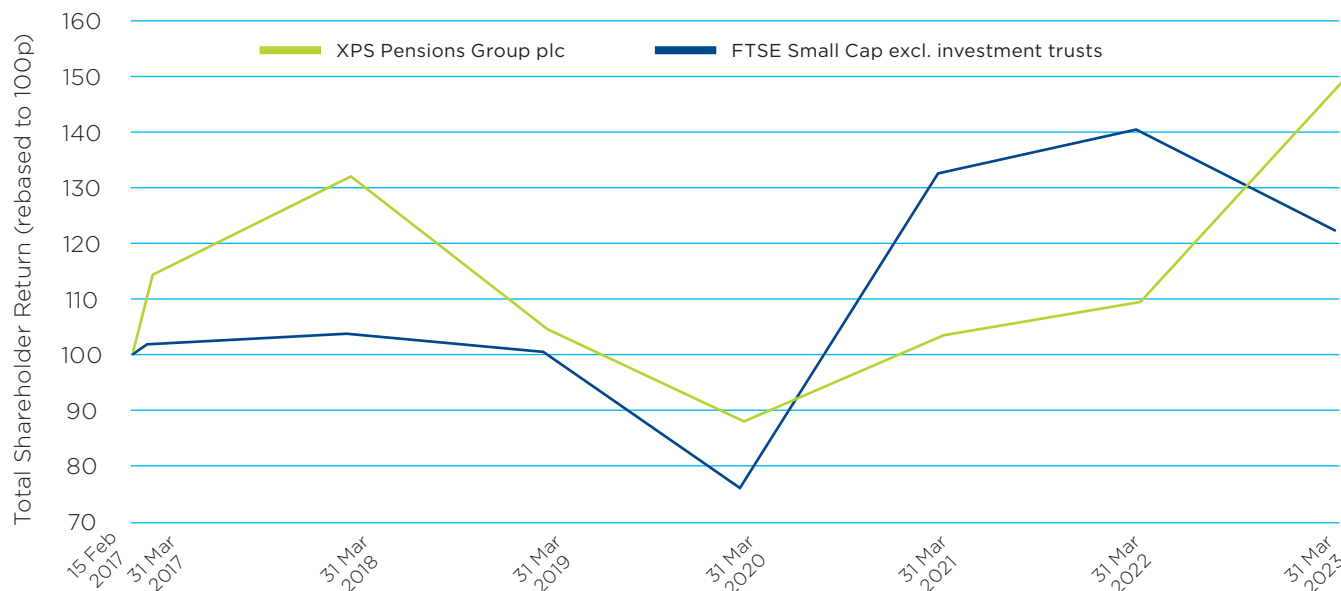
No payments were made to any Director in respect of loss of office in the financial year FY 2023 (FY 2022: £nil).

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 2023. This is considered an appropriate comparator for XPS Pensions Group, which is a constituent of the FTSE Small Cap Index.

Total shareholder return

Source: Refinitiv Datastream



The table below shows the Co-CEOs' single total figure of 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
2023	Ben Bramhall	£1,230,611	100%	66.2%¹
	Paul Cuff	£1,230,411	100%	66.2%¹
2022	Ben Bramhall	£893,195	79% ²	38%
	Paul Cuff	£892,995	79% ²	38%
2021	Ben Bramhall	£692,741	68%	21%
	Paul Cuff	£692,541	68%	21%
2020	Ben Bramhall	£569,272	30% ³	40%
	Paul Cuff	£569,272	30% ³	40%
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 vesting rate relates to the November 2020 award that is due to vest in November 2023 and is, in part, based on estimated vesting levels at 31 March 2023.

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

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 remuneration from 31/03/2022 to 31/03/2023		
	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 %	Percentage change in base salary %	Percentage change in benefits %	Percentage change in bonus %
Ben Bramhall	0%	—	127%	9%	2%	27%	6%	18%	29%
Paul Cuff	0%	-2%	127%	9%	2%	27%	6%	18%	29%
Snehal Shah ¹	20%	23%	177%	9%	2%	27%	6%	17%	29%
Tom Cross Brown ²	0%	—	—	0%	—	—	(56%)	—	—
Alan Bannatyne	0%	—	—	0%	—	—	34%	—	—
Margaret Snowdon OBE	4%	—	—	0%	—	—	4%	—	—
Sarah Ing ³	14%	—	—	0%	—	—	9%	—	—
Aisling Kennedy ⁴	—	—	—	—	—	—	—	—	—
All UK employees	3.2%	1%	68%	5.9%	(2)%	14%	10%	4%	46%

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 Tom Cross Brown stepped down as a Director on 8 September 2022; accordingly the percentage difference shown represents a comparison between a full year (FY 2022) and a part year (FY 2023).

3 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).

4 Aisling Kennedy was appointed as Non-Executive Director on 22 February 2023.

CEO pay (unaudited)

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
2023	Option A	Total pay ratio	40:1	29:1	21:1
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

1 The Company determined the remuneration figures at each quartile with reference to a date of 31 March 2023.

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-CEOs' single figure of remuneration for 2023, which can be found on page 95.

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	£28,000	£37,642	£52,400
Total pay and benefits	£30,765	£41,880	£59,822

Relative importance of spend on pay (unaudited)

The table below details the change in total staff pay between FY 2022 and FY 2023 as detailed in note 10 of the financial statements, compared with distributions to shareholders by way of dividends, 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 2023	FY 2022	% change
Total gross staff pay	83,009	68,222	22
Distributions to shareholders	15,331	13,831	11

Statement of shareholder voting (unaudited)

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 FY 2022 Directors' Remuneration Report held on 8 September 2022.

AGM resolution	Votes for	%	Votes against	Votes withheld
Directors' Remuneration Policy	160,263,927	96.06	6,575,827	3,625
Directors' Remuneration Report	156,173,209	95.78	6,875,925	3,612,228

Implementation of Policy for FY 2024 (unaudited information)

This section provides an overview of how the Committee is proposing to implement the Remuneration Policy in the year ending 31 March 2024.

Base salary

Base salaries are as follows with effect from 1 April 2023:

- Ben Bramhall – £356,048;
- Paul Cuff – £356,048; and
- Snehal Shah – £300,744.

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 95. There is no intention to introduce additional benefits in 2023/24.

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 125% 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 2023/24 bonus in next year's report. The targets will be set to ensure both consistency and fairness to all stakeholders.

Implementation of Policy for FY 2024 (unaudited information) continued

PSP awards

As outlined in the Committee Chair's Statement, it is intended that the Co-CEOs and the CFO will receive awards under the PSP comprising a main award of 150% and 125% of salary respectively and a one-off additional award of 25% of salary.

Vesting of both awards will be based on the measures as summarised in the tables below, with performance measured over a three-year period.

For the main award, there are three performance criteria, based on EPS, relative TSR performance and on a newly incorporated ESG measure. The vesting of 70% of the shares under this award will be subject to EPS performance, 20% will be subject to relative total shareholder return and the remaining 10% is based on an ESG metric.

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 2026	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.

As at the date of this report the ESG-related targets are still being finalised. These will be fully disclosed in next year's report.

For the additional award, vesting will be fully based on EPS performance. The details of the EPS target range is shown in the table below.

Diluted adjusted EPS for the three-year period to the end of FY 2026	Portion of award vesting
CAG of 10%	0%
CAG of between 10% and 15%	Between 25% and 100% on a straight-line basis
CAG of 15% or more	100%

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

The EPS performance range of the additional award has been set to ensure vesting will occur only once the EPS element of the main award has vested in full.

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

Alan Bannatyne 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 21 June 2023 and was signed on its behalf by:



Margaret Snowden OBE

Chair of the Remuneration Committee
21 June 2023

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 2023.

The Governance section on pages 56 to 104 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 101 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 45 and the Viability Statement on page 51 for details on the assessment carried out by the Directors with regard to going concern.

Results and dividend

The Group's audited financial statements for the year ended 31 March 2023 are set out on pages 112 to 149 and the Company's audited financial statements are set out on pages 150 to 156. The Group's profit after taxation for the year ended 31 March 2023 was £15.8 million (FY 2022: £9.4 million).

An interim dividend of 2.7p per ordinary share (FY 2022: 2.4p) was paid on 2 February 2023. The Directors recommend a final dividend for the year of 5.7p per ordinary share (FY 2022: 4.8p) to be paid on 21 September 2023 to shareholders on the register on 25 August 2023. Further information regarding dividend policy and payments can be found in the Financial Review on page 45 and in note 36 to the financial statements on page 149.

Post balance sheet events

There have been no significant post balance sheet events to report since 31 March 2023.

Directors

The current Directors of the Company, with summaries of their key skills and experience, are set out in the Governance section on pages 58 and 59. Directors on the Board during the year and up to the date of this report are as follows:

Alan Bannatyne
Ben Bramhall
Paul Cuff
Snehal Shah
Margaret Snowdon OBE
Sarah Ing
Aisling Kennedy
(appointed 22 February 2023)
Tom Cross Brown
(resigned 8 September 2022)

Details of the Directors' service contracts are shown in the report of the Remuneration Committee on pages 86 to 87.

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 91 to 94.

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.

Information	Location within Annual Report
Likely future developments in the business of the Company	Strategic Report (pages 14 to 15)
Inclusion and diversity	Sustainability (pages 31 to 33), Nomination Committee (pages 68 to 69)
Employee involvement	Sustainability (pages 30 to 33), Co-Chief Executive Officers' Review (page 21), S172 Statement (pages 24 to 25) and Statement of Corporate Governance (page 57)
Directors' share interests	Directors' Remuneration Report (page 91)
Emissions and energy consumption	Strategic Report (page 41)
Financial risk management objectives and policies	Note 2 to the financial statements (pages 125 to 126)
Directors' regard to foster business relationships	Strategic Report (page 24)

Capital structure

The Company's issued ordinary share capital and total voting rights at 31 March 2023 and the date of this report were 207,443,140 ordinary shares (each with a par value of 0.05p and all fully paid). There were no ordinary shares held in treasury. As at 31 March 2023 1,016,215 ordinary shares were held in the Employee Benefit Trust, and as at the date of this report, 1,881,677 shares were held in the Employee Benefit Trust. Further details of the Company's issued share capital are given in note 28 of the financial statements on page 142.

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 1,881,677 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 102 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 2023 and 31 May 2023 (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. All Directors will offer themselves for re-election at the 2023 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 2022 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 2023 Annual General Meeting.

Political donations

No political contributions were made, or political expenditure incurred, by the Company and its subsidiaries during the year (FY 2022: £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 64.

	At 31 March 2023		At 31 May 2023	
	Number of ordinary shares	Percentage of total voting rights	Number of ordinary shares	Percentage of total voting rights
Shareholder				
Gresham House Asset Management	32,916,624	15.87	34,611,219	16.68
Punter Southall Financial Management	22,543,887	10.87	22,543,887	10.87
Fidelity International	19,175,200	9.24	15,903,547	7.67
Schroder Investment Management	14,070,641	6.78	14,070,641	6.78
Premier Miton Investors	13,799,259	6.65	11,769,259	5.67
Aberforth Partners	11,385,147	5.49	10,492,647	5.06

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 81
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 101 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
21 June 2023

Directors' responsibility statement

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 a 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
21 June 2023