



**Annual Report  
and Accounts 2021**

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## Financial

Revenue (£m)

**£267.4m**

0%

2020: £267.7m

Adjusted operating profit<sup>1</sup> (£m)

**£47.3m**

+11%

2020: £42.7m

Profit before tax (£m)

**£41.4m**

+1%

2020: £41.0m

Adjusted profit before tax<sup>1</sup> (£m)

**£46.7m**

+11%

2020: £42.0m

Basic earnings per share  
(pence)

**29.1 pence**

+3%

2020: 28.2 pence

Adjusted basic earnings  
per share<sup>1</sup> (pence)

**33.2 pence**

+15%

2020: 28.8 pence

Cash flow generated from  
operations (£m)

**£52.1m**

-21%

2020: £66.1m

Cash conversion<sup>2</sup> (%)

**124.1%**

-22%

2020: 158.4%

Adjusted cash conversion<sup>1</sup> (%)

**110.3%**

-29%

2020: 154.8%

Dividend per share (pence)

**33.0 pence**

-29%

2020: 46.5 pence

### Forward-looking statements

This Annual Report contains statements which constitute "forward-looking statements". Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to be correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

## Operational

**825** university events attended<sup>3</sup> in 2021

(2020: 862)

**59,705** completed applications received via our website

(2020: 64,608)

We work proactively with over **250** University Partners globally

**2,410** training completions in 2021

(2020: 1,341)

Mounties assigned to clients at week 52<sup>4</sup> were **4,033**

(2020: 3,580)

UK mean gender pay gap of **0.5%**

(2020: 0.4%)

Mountie utilisation<sup>5</sup> rate of **97.3%**

(2020: 94.8%)

**78** new clients globally

(2020: 52)

1 The adjusted operating profit and adjusted profit before tax are calculated before Performance Share Plan expense (including social security costs) of £5.3 million (2020: £1.0 million). The adjusted basic earnings per share is calculated before the impact of Performance Share Plan expenses (including social security costs and associated deferred tax). The adjusted cash conversion is calculated by dividing cash flow generated from operations by adjusted operating profit. See page 31 for further details of adjusted items.

2 Cash conversion is calculated by dividing cash flow generated from operations by operating profit.

3 This is a mix of physical and virtual events attended.

4 Week 52 in 2021 commenced on 20 December 2021 (2020: week 52 commenced on 21 December 2020).

5 Utilisation is calculated as the ratio of cost of utilised Mounties to the total Mountie payroll cost.

# We are FDM<sup>★</sup>

FDM Group (Holdings) plc (the “Company”) and its subsidiaries (together the “Group” or “FDM”) form a global professional services provider with a focus on IT. Our mission is to bring people and technology together, creating and inspiring exciting careers that shape our digital future.

The Group’s principal business activities involve recruiting, training and deploying its own permanent IT and business consultants (“Mounties” or “consultants”) to clients, either on site or remotely. FDM specialises in a range of technical and business disciplines including Development, Testing, IT Service Management, Project Management Office, Data Engineering, Cloud Computing, Risk, Regulation and Compliance, Business Analysis, Business Intelligence, Cyber Security, AI (Artificial Intelligence), Machine Learning and Robotic Process Automation.

The FDM Careers Programme bridges the gap for graduates, ex-Forces, returners to work and apprentices, providing the training and experience required to make a success of launching or relaunching their careers. We have dedicated training centres and sales operations located in London, Leeds, Glasgow, New York NY, Arlington VA, Charlotte NC, Austin TX, Toronto, Frankfurt, Singapore, Hong Kong, Shanghai and Sydney. We also operate in Ireland, Luxembourg, the Netherlands, Poland, Switzerland, Austria, Spain, South Africa, and New Zealand.

The physical and mental health and wellbeing of our people and stakeholders is central to who we are and what we do. As such, our outreach programmes for our Mounties and in-house staff have grown and broadened during the pandemic, becoming key to our support and care for all of our people globally.

FDM is a collective of over 5,500 people, from a multitude of different backgrounds, life experiences and cultures. We are a strong advocate of diversity and inclusion in the workplace and the strength of our brand arises from the talent within.

[Together, we are FDM.](#)

## Our purpose

Bringing people and technology together, creating and inspiring exciting careers that shape our digital future.

Delivering customer-led, sustainable, profitable growth on a consistent basis, through our well-established Mountie model:

- **Identify and recruit talented individuals** – we recruit high-calibre candidates and develop them into skilled Mounties. We currently have four pathways: Graduate, Ex-Forces, Returners and Apprentices.
- **Train individuals through our Academies** – we provide Mounties with first-class training and ongoing development and support, giving them the best possible platform to launch exciting and successful careers in IT. We invest in our trainers and training facilities to create leading-edge centres of excellence.
- **Grow our customer presence profitably** – we look to create new opportunities to deploy our Mounties amongst our existing client base and in ever-broadening and diverse new markets and territories.
- **Identify and fill our clients’ skills gaps** – we focus on understanding and anticipating requirements and market trends, to provide opportunities to our Mounties and other employees, delivering sustainable profitable growth for our shareholders.
- **Create a long-term sustainable global business** – we aim to have a beneficial impact on the communities where we operate. We are aware of our responsibility towards our suppliers, and are working to minimise our impact on the physical environment.

## Together we are stronger

FDM has always been people-focussed. We celebrate diversity and encourage inclusivity. We thrive on teamwork and collaboration with colleagues, clients and partners. What makes us successful is that we're a collective made up from a multitude of backgrounds, cultures, languages, nationalities and skills. This diversity makes us stronger.

## We strive for success

We are entrepreneurial, ambitious, creative and brave. We thrive on pushing the boundaries to exceed clients' expectations. We create an inspiring place for colleagues to work and develop their careers. We encourage our colleagues to challenge themselves and help each other maximise their potential so we can continue to deliver a unique and unparalleled service to our clients and stakeholders.

## We make it happen

We are pioneers and innovators – a team of adaptable, agile and passionate people. We have a 'can-do' attitude, approaching every day with energy and enthusiasm. We seize every opportunity to provide solutions for our clients, careers for our people and to drive our business forward.

# Our values

## We say it how it is

We believe in professional integrity. We are reliable, open and trustworthy, and undivided in this behaviour. This approach has earned us the respect of our colleagues, clients, partners and investors and has made us the business we are today.

## Committed to our clients

We all work towards a shared goal, helping our clients succeed. We are attentive, focussed and in-tune with their wants and needs. We work hard to nurture our relationships, to become our clients' partner and to create solutions to fulfil their business ambitions. Their success is our success.

# Awards

## Awards received during the year included:

- Social Mobility Foundation Employer Index 2021: Top 75
- The JobCrowd Top 50 Companies For Graduates To Work For 2021
- The JobCrowd Top IT Development & Consulting Companies
- British Ex-Forces in Business Awards 2021 – Employer of the Year
- RateMyPlacement Best 60 Medium-sized Employers 2020/21
- MINT Minded Company (Germany)
- Vets Indexes Recognized Employer (USA)
- TalentEgg National Recruitment Excellence Awards – Best Grad Program (Canada)
- GradAustralia Top 100 Graduate Employers
- GradConnection Top 100 Graduate Employers (Australia)
- Equal Opportunity Award: For Gender Equality and Racial Equality; and For Inclusion (both from the Equal Opportunities Employer Commission, Hong Kong)
- GradSingapore Top 100 Leading Graduate Employers





Client demand for our consultants strengthened throughout the year in the majority of the territories where we operate. In order to meet this growth in demand, we trained 2,410 Mounties during the year, which is ahead of pre-pandemic levels and the highest number in FDM's history

# Chairman's Statement



David Lister  
Chairman

## I am pleased to present FDM's Annual Report for the financial year ended 31 December 2021.

### Performance

FDM made good progress in 2021, performing comfortably in line with the Board's expectations. Client demand for our consultants strengthened throughout the year in the majority of the territories where we operate. In order to meet this growth in demand, we trained 2,410 Mounties during the year, which is ahead of pre-pandemic levels and the highest number in FDM's history. This growth was made possible by the investment we have made over the last two years in our recruitment and training processes, and we ended 2021 with record number of consultants in training.

The pandemic continued to have an impact in the territories where we operate to varying degrees and, although business and working conditions in some locations were closer to normal for large parts of the year, other territories continued to experience the disruptions and challenges which arise from lockdowns and restrictions. The rapid and innovative ways in which we responded to the uncertainties of the pandemic continued to evolve during the year and enabled us to mitigate many of the operational and economic challenges which it continues to impose on global businesses, including our own. The agility and resilience of our model, the hard work of our people, and the experience of our management teams have enabled FDM to continue to prosper.

The Group delivered an adjusted profit before tax<sup>1</sup> of £46.7 million (2020: £42.0 million). The balance sheet remains strong with closing cash balances of £53.1 million (2020: £64.7 million), after dividend payments during the year of £46.8 million (2020: £20.1 million).

<sup>1</sup> The adjusted profit before tax is calculated before Performance Share Plan expenses (including social security costs).

### Culture and values

FDM's business is supported by a strong cultural identity that helps to ensure our goals are understood and shared by our people. I am particularly proud of the work we do to promote social mobility and to make FDM a diverse and inclusive place to work. It was rewarding to be ranked again in the Social Mobility Employer Index 2021 operated by the Social Mobility Foundation, in recognition of the steps we take to enable those from lower socio-economic backgrounds to succeed. You can find more information on our work in this area on page 43. Towards the end of the year, we asked our staff for their feedback on a number of areas in our regular employee survey; the survey is an important part of our programme of employee engagement and enables us to understand their views on some of the changes to working practices which have emerged over the last two years. There is more information about our engagement with our people on page 40.

### Governance

The Board considers robust corporate governance and a sound approach to risk management to be fundamental to the sustainability of the Group and its operations. We continue to be guided by the 2018 UK Corporate Governance Code (the "2018 Code"). Engagement with our employees and other stakeholders has always been an important part of our approach and we continue our efforts to ensure employee voices are heard by the Board. We have once again engaged with our larger institutional shareholders on two key areas: strategy and policy. I report on corporate governance in more detail on page 66 and our framework of risk management and governance will continue to evolve during the coming year in line with shareholder expectations and best practice requirements.

## Chairman's Statement

An important area of focus for the Board this year has been to strengthen our efforts to reduce our impact on the environment whilst continuing to develop the Group's response to climate-related risks and opportunities. We have developed our Carbon Reduction Plan, which will be published in the first half of 2022. Our commitment is to reduce our greenhouse gas emissions, relative to our 2020 base year; to reduce our scope 1 and scope 2 emissions by 50% by 2030; and to reduce our scope 3 emissions by 62% per employee by 2030. In line with best practice and our shareholders' expectations, we have submitted our carbon reduction targets to the Science Based Targets initiative ("SBTI") for validation. Our climate strategy roadmap includes the steps we will undertake to implement fully the recommendations of the Task Force on Climate-related Financial Disclosures ('TCFD') framework. Further information can be found on page 50.

## Dividend

The Board operates a progressive dividend policy, aimed at aligning the annual dividend broadly with growth in the Group's earnings per share, whilst taking into account the Board's desire to maintain an appropriate cash buffer at a Group level, the ongoing needs for funding of organic growth across the business and the distributable reserves available to the Group. The Group's normal dividend timetable, which had been temporarily adjusted to take account of uncertainties caused by the pandemic, resumed in 2021 and the Board will be recommending a final dividend of 18 pence per ordinary share in respect of the year to 31 December 2021 for approval by shareholders at our AGM, which is scheduled to be held on 24 May 2022, taking the total ordinary dividend to 33.0 pence per share.

## People

FDM is a people business and looking after our people has remained our top priority this year. Our results reflect the dedication and hard work of all our colleagues; our consultants working with clients and our recruiters, trainers, internal staff and those in support roles. Our people understand that our clients' success is our success, and, on behalf of the Board, I would like to thank them again for their great contribution to our performance during the year.

The People Team continues to engage with staff to ensure that their wellbeing is monitored and safeguarded. The People Team works closely with the Board on succession planning and people development whilst progress on the implementation of our Group People Strategy has continued during the year. There is further information on the Group People Strategy on page 41.

As in 2020, we have not accessed the UK Coronavirus Job Retention Scheme (commonly known as furlough), nor have we taken any UK government funding.

## The Board and its Committees

There have been no changes to the Board since the publication of our last Annual Report.

Jacqueline de Rojas (independent Non-Executive Director) was appointed as an additional member of the Nomination Committee with effect from 1 March 2021, and Rod Flavell (CEO) stepped down as a member of that Committee with effect from 27 April 2021. Following those changes, the Committee now comprises three independent Non-Executive Directors (Jacqueline de Rojas, Michelle Senecal de Fonseca and Peter Whiting), in addition to me as the Committee Chair.

## Outlook

As we enter the current year demand for our Mounties is very strong. In 2022 we are targeting a significant increase in the numbers of Mounties that we train and deploy and plan to accelerate our internal staff recruitment and other internal development programmes, with a particular focus on our sales and Academy training teams. Notwithstanding the wider geopolitical issues ongoing in the world, the Group is well placed to deliver a good performance in 2022 and beyond.



**David Lister**  
Chair of the Board  
16 March 2022



# Chief Executive's Review



Rod Flavell  
Chief Executive Officer

**“FDM made good progress in 2021, delivering a strong operational and financial performance. The Group continued its significant investment in Academy transformation and accreditation programmes to underpin the future growth of the business, and the numbers of Mounties trained during the year and of trainees at the year end were both a record high.”**

## Overview

The Group has delivered a good performance overall for the year and the strength of our response to the many challenges presented by the COVID-19 pandemic has been pleasing.

Throughout the year, we consistently saw average weekly deal volumes exceed expectations. We experienced strong client demand across the majority of our markets, most notably in the UK and APAC, and the levels of beached and signed off Mounties returned to pre-pandemic levels. To meet this growth in demand, 2,410 Mounties were trained during the year (2020: 1,341 training completions; 2019: 2,115 training completions) which is the highest in the Group's history, and the Group ended the year with a record number in training.

We ended the year with 4,033 Mounties placed with clients, ahead of the pre-pandemic closing 2019 headcount of 3,924. The Group recorded revenue of £267.4 million and delivered an adjusted operating profit<sup>1</sup> of £47.3 million.

We maintain a strong focus on cash management and cash collection, ending the year with £53.1 million of cash and no debt.

## Our strategy

FDM's strategy is straightforward: to deliver customer-led, sustainable, profitable growth on a consistent basis, through our well-established and proven Mountie model. The resilience and agility of our business model has enabled us to deliver a very strong performance in the year and to continue to deliver on our four key strategic objectives: attract, train and develop high-calibre Mounties; invest in leading-edge training capabilities; grow and diversify our client base; and expand and consolidate our geographic presence.

Our strategy requires that all activities and investments produce the appropriate level of return on investment, that they deliver sustained and measurable improvements for all our stakeholders including customers, staff and shareholders, and that they further our objective of launching the careers of talented people worldwide, which remains core to everything we do.

<sup>1</sup> The adjusted operating profit is calculated before Performance Share Plan expenses (including social security costs).

## Strategic objectives



### Attract, train and develop high-calibre Mounties

As client demand increased throughout 2021, we were able to ramp up recruitment and training and delivered a record number of training completions in the year. The efforts made by our Recruitment teams globally throughout the pandemic to maintain engagement with potential candidates and our university partners benefited our recruitment significantly. Our Academy Transformation Programme, which I discuss in more detail below, offers market-leading, flexible training to increasing numbers of trainees, using the latest technologies and training methods, further enhancing the quality and efficiency of training and making our offering more attractive than ever to candidates, and further differentiating FDM in the current high-wage inflationary environment.

Our Ex-Forces and Returners programmes remain an important source of talent for the business and we continue to invest in those programmes. We are also investing in our programme of apprenticeships, which will further diversify our talent pipeline.

In total, there were 2,410 training completions in 2021, an increase of 80% on the previous year (2020: 1,341), and the highest number in the Group's history. In 2022 we shall target a significant increase in the numbers of Mounties that we train.



### Invest in leading-edge training capabilities

As I have previously reported, one of our key responses to the pandemic was the introduction of remote training. Realising the benefits that remote training brings to our business, we have been heavily focussed on developing our strategy for the longer-term delivery of our training programmes and in June 2021 we formally started our Academy Transformation Programme. This consists of five key areas:

**Accreditation** – External validation of FDM's programme content, delivery approach, and assessment

**Standardisation** – Ensuring the programmes we deliver are consistent across the global business

**Academy Change** – Trials of new ways of working within the Academy – including larger classes, cross-regional deliveries, hybrid training (remote and classroom-based training) and agile training delivery

**Physical Infrastructure** – Understanding the needs and configuration of the physical space of the FDM Academy of the future

**Technological Infrastructure** – Updating our existing IT systems to better support remote training delivery

Working with our accreditation partner, TechSkills, we achieved the Tech Industry Gold Standard accreditation for seven of our programmes – Business Analysis, Business Consulting (accredited as 'Project Management Office'), Business Intelligence, Software Testing, Software Development, RRC (Risk Regulation and Compliance) and Robotic Process Automation. This accreditation provides assurance for candidates and clients that the content that we deliver meets industry standards for job readiness. Once the initial FDM training has been completed, our Mounties receive their Foundation Certification, with digital credentials

provided by Credly. Mounties will also have the opportunity to undertake their Practitioner Certification, which is based on the successful completion of learning outcomes during their first two years in industry with our clients.

Alongside accreditation, we are standardising our programmes globally, allowing us to offer accredited programmes in more locations. We have already reduced the impact of regional borders with UK trainers delivering to Frankfurt trainees, and North American and APAC trainers delivering throughout their respective regions. Standardising our content will enable this model to become more widespread over time.

With trainees able to join training remotely, we have seen a reduction in the number of trainees who leave within the initial 14-day cooling off period, and an increase in average class sizes. Remote training also offers greater accessibility to those with travel restrictions, children and other caring responsibilities. Reinforcing inclusivity in this way will enable our trainee population to become more diverse.

We have implemented hybrid training trials in the UK, utilising a combination of classroom-based and remote training. These trials will continue throughout 2022 as we work towards the best training delivery solution for the post-COVID world of work. Our permanent Academies, of which we have nine, remain a key part of our training model as we trial and assess the benefits of bringing trainees into physical classrooms for some elements of their training.





**Attract, train  
and develop  
high-calibre  
Mounties**



**Invest in  
leading-edge  
training  
capabilities**



**Grow and  
diversify our  
client base**



**Expand and  
consolidate our  
geographic  
presence**



### **Grow and diversify our client base**

We continue to deliver the highest level of service to our clients and have worked closely with them as demand for our Mounties increased throughout the year. We secured 78 new clients in the year (2020: 52), of which 33 were in the UK, 20 in North America, 17 in APAC and 8 in EMEA. 85% were secured from outside the financial services sector. We have made good progress in the software and IT services, government and commercial and professional services sectors.



### **Expand and consolidate our geographic presence**

The expansion and consolidation of our geographic presence is a key growth driver for FDM. APAC Mountie headcount at week 52 increased to 880 compared to 633 in 2020 and 497 in 2019. The UK also delivered a very strong performance, increasing Mountie headcount by 232 over 2020. Headcount in North America increased by nine overall, led by a strong performance from our Canadian operation; our performance in the US was more subdued, primarily reflecting continued pandemic-related uncertainties but demand improved during the second half and has strengthened further in the opening months of 2022, and we have introduced a number of new initiatives in the US which should enable us to meet that demand as it continues to grow. EMEA, which now includes Ireland (please see the Our Markets section on page 26) closed with 252 Mounties deployed, down 35 compared with 2020 after the completion of a major client project in Luxembourg during the second half; we saw good activity levels in our nascent location of Poland.

With high client engagement and high demand for Mounties in all territories, we anticipate continued growth of our international footprint in 2022 and beyond, both in our longer-established territories and our newer locations.

## **Our service offerings**

We continually review our training content to ensure we deliver, at scale, a consultant workforce that meets our clients' current and future requirements. We have numerous exciting client projects in progress across the mainstream cloud providers including AWS, GCP, and Microsoft Azure. As the financial regulators gain increasing confidence in the security that cloud providers offer, we have seen our banking clients look to accelerate their cloud-specific programmes of work. Software Engineering continues to be a strong area of demand, with clients making the most of this skillset's adaptable nature. We have also seen strong interest across our Data products, especially around hard-to-source-skillsets such as Data Engineering. Further, we have supported our clients' regulatory programmes of work with large order fulfilment across KYC (Know Your Customer) and programmes of work related to specific regulatory deadlines.

Throughout 2021 we have also developed deeper partnerships with technology providers such as AWS and their 'AWS re/Start programme', A Cloud Guru, Microsoft, and Salesforce, providing additional strength to our industry-accredited training.

Following the success of our Agile Pods in 2020, we have continued to develop this initiative, which allows our Mounties to develop skills remotely in a multi-disciplinary and collaborative setting which closely simulates the client environments in which they will be placed.

# Accredited Courses





## Climate change

Having previously identified four of the United Nations Sustainable Development Goals (UNSDGs) which closely align with our business and strategy, we have worked to align with a further goal in 2021 – Climate Action. We are committed to implementing our strategy in a way which will support the achievement of these goals and will enable us to make our own contribution to the UN's work.

I am delighted to report that FDM's Carbon Reduction Plan was approved in 2021 and will be published in the first half of 2022 (see page 56 for more information).

We have submitted our near-term targets to the SBTi for validation.

Relative to its 2020 base year, FDM commits:

- to reduce absolute Scope 1 and 2 greenhouse gas emissions by 50% by 2030. This includes direct emissions and electricity consumption; and
- to reduce Scope 3 greenhouse gas emissions by 62% per employee by 2030. This includes emissions from all business travel, procured goods and services, and employee commuting.

The next phase of our plan involves engagement with our major suppliers to refine our understanding of the indirect emissions arising from our supply chain and to continue to reduce such emissions.

## Our people – talented, ambitious, enthusiastic, diverse

We are a people business, and I am very proud of the way our teams of staff around the world have contributed to the strength of our performance, as we find ourselves back to pre-pandemic levels of trading.

The safety, wellbeing and morale of all employees remained a key focus in 2021. We ran targeted and effective programmes of employee engagement, including surveying employees to monitor their wellbeing and to ensure they feel well supported by the Company and its management. Further details on our other client engagement programmes are set out on page 58.

We regularly assess how we reward and remunerate our people. During the year we introduced paid Mountie training in the UK. All our UK trainees are now paid a salary from the first day of training, in line with all our other territories. We also took the opportunity to enhance our all-employee Buy As You Earn share plan, so that our employees will be rewarded with a higher number of bonus shares if they retain the shares they have purchased in the plan for a longer period.

The Group People Strategy is designed to enable FDM to maintain its position as a high-performing and impactful global organisation with a clear orientation towards sustainability, scalability, commercial efficiency and flexibility. The strategy aims to ensure we achieve the following measures:

- **Successful deployments** – by placing our Mounties and clients at the heart of our work;
- **An inclusive culture** – where our people can thrive and be happy and productive;
- **A proactive business** – anticipating the needs of our people and clients;
- **Quality and clarity of purpose** – by ensuring that all our employees promote and embody our values and our unique service offering; and
- **Recognised leadership** – in diversity and inclusion, STEM, people analytics and leading-edge learning.

A focus of the strategy during 2021 has been on succession planning and the retention and development of our key people. This has been facilitated via a number of initiatives, including our mentoring programmes, the introduction of Skillsoft to deliver important compliance and regulatory training to all staff and the enhancement of our all-employee share scheme as outlined above.

I would like to extend the Board's thanks to every FDM employee for the quality and commitment they have shown in their work during 2021, which has enabled us to deliver for all our stakeholders.

## Looking forward

During these first weeks of 2022, demand for our Mounties across all our operating territories has been very strong and we are achieving excellent levels of deal volumes.

We have seen client ordering patterns at greater levels than ever before with established and new clients of the Group looking for very significant quantities of Mounties, across a broad range of skill sets.

Our balance sheet is very strong, our business remains highly cash generative and the Group is well positioned to deliver further good progress in 2022.



**Rod Flavell**

Chief Executive Officer

16 March 2022

# Key Performance Indicators

We monitor a range of Key Performance Indicators (“KPIs”) to identify trends in our operating and trading performance. In 2022, we intend to review and expand the range of KPIs to include social and environmental indicators. The Group aims to deliver an appropriate level of profitability, maintain a robust balance sheet and undertake strategic investment programmes.

The adjusted numbers in the KPI analysis remove the impact of costs associated with the Performance Share Plan, to provide a clear understanding of the underlying trading performance.

Each KPI is linked to different aspects of FDM’s Business Model, as illustrated below. The three components of FDM’s Business Model are recruit, train and deploy. The Business Model is shown on pages 22 to 23.

## Financial KPIs

### Revenue (£m)

0%

[Link to Business Model](#)

Deploy

### Performance



### Description

Revenue was flat year-on-year reflecting the phasing of headcount. On a constant currency basis, revenue increased by 2%.

### Adjusted operating profit<sup>1</sup> (£m)

+11%

[Link to Business Model](#)

Recruit

Train

Deploy

### Performance



### Description

Adjusted operating profit increased by 11%, driven by Mountie headcount growth and improved Mountie utilisation.

### Adjusted basic earnings per share<sup>1</sup> (pence)

+15%

[Link to Business Model](#)

Recruit

Train

Deploy

### Performance



### Description

Adjusted basic earnings per share increased by 15% to 33.2 pence. This reflects the Group’s higher adjusted operating profit and lower effective tax rate.

<sup>1</sup> The adjusted operating profit is calculated before Performance Share Plan expenses (including social security costs). The adjusted basic earnings per share is calculated before the impact of Performance Share Plan expenses (including social security costs and associated deferred tax).

## Cash flow generated from operations (£m)

**-21%**[Link to Business Model](#)

Recruit

Train

Deploy

## Performance



## Description

The Group closed the year with £53.1 million cash (2020: £64.7 million), after making dividend payments during the year of £46.8 million (2020: £20.1 million).

## Cash conversion (%)

**-22%**[Link to Business Model](#)

Recruit

Train

Deploy

## Performance



## Description

Cash conversion was 124% reflecting good cash generation and a consistent cash collection performance. Cash conversion was higher in the prior year due to the level of accruals.

## Operational KPIs

## Mounties assigned to clients (week 52)

**+13%**[Link to Business Model](#)

Deploy

## Performance



## Description

The number of Mounties assigned to clients increased by 13%, as we experienced increasing levels of client demand and high deal volumes across most of our regions.

## Mountie utilisation rate (%)

**+3%**[Link to Business Model](#)

Deploy

## Performance



## Description

Mountie utilisation rate returned to more normal pre-pandemic levels.

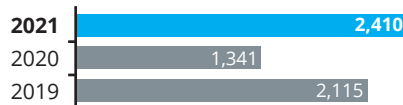
## Training completions (year to 31 December 2021)

**+80%**[Link to Business Model](#)

Recruit

Train

## Performance



## Description

We uplifted Mountie recruitment and training as the year progressed to better meet client demand. 2,410 (2020: 1,341) Mounties completed training in the year, the highest in FDM's history.

# Business Model

## Our purpose

To bring people and technology together, creating and inspiring exciting careers that shape our digital future

## About us

We recruit and train graduates, ex-Forces personnel, returners to work and apprentices, transforming them into IT and business professionals before deploying them to work with our clients

We work in partnership with our clients to fill their skills gaps, building a diverse pipeline for the future

## What sets us apart

### Our people

- As employees of FDM, our Mounties are trained not only to meet the requirements of our clients but to equip themselves well for the early stages of their nascent careers; we provide ongoing training and support throughout their tenure as FDM employees

### Global coverage

- International presence with localised support in all our operating territories
- Experienced trainers with remote and in-house delivery capability

### Track record of success

- Robust credentials with over 30 years of operational success
- Cost-effective, value-added business model

### Bespoke approach for our clients

- Low-risk solution as FDM retains full accountability for Mounties
- Scalable capacity with no minimum requirement
- Ability to tailor recruitment and training
- Option to transfer consultants from FDM to a permanent role with the client after initial period



## How our business works

### We recruit

The best:

- Graduates
- Ex-Forces
- Returners to work
- Apprentices

### We train

We offer extensive and award-winning training to successful candidates

### We deploy

We place Mounties at a diverse range of clients, in a wide range of disciplines and territories

### Career development

Following completion of the initial commitment period, there is the option for Mounties to transition permanently to the client if the client so requires, remain as is or embark on a new placement with FDM

## The value we create

### For our clients

We provide our clients with a first-class, flexible resource at a competitive price

**4,033**

Mounties assigned to clients at year end

### For our shareholders

We consistently deliver returns for our shareholders and adopt a progressive dividend policy

**33.0 pence**

### For our employees

Ongoing professional development and support available to our employees throughout their career at FDM

**5,500+**

FDM employees globally

**95+**

nationalities

### For our trainees

Our award-winning training enables our trainees to transition into professional IT and business consultants, with relevant technical skills and commercial experience

**2,410**

training completions in 2021

### For the environment

FDM is committed to reduce its greenhouse gas emissions:

scope 1  
and 2 by

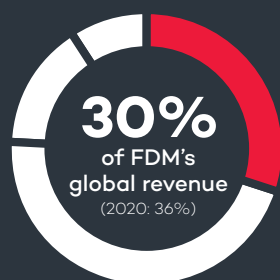
**50%**  
by 2030; and

scope 3 per  
employee by

**62%**  
by 2030

# Our Markets

North America	2021	2020
Revenue	£81.4m	£97.1m
Adjusted operating profit <sup>2</sup>	£13.1m	£12.5m
Mounties deployed	1,095	1,086
Training completions	661	520

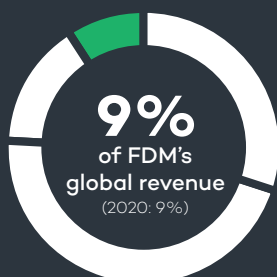
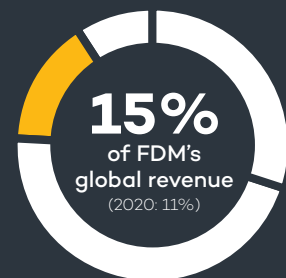
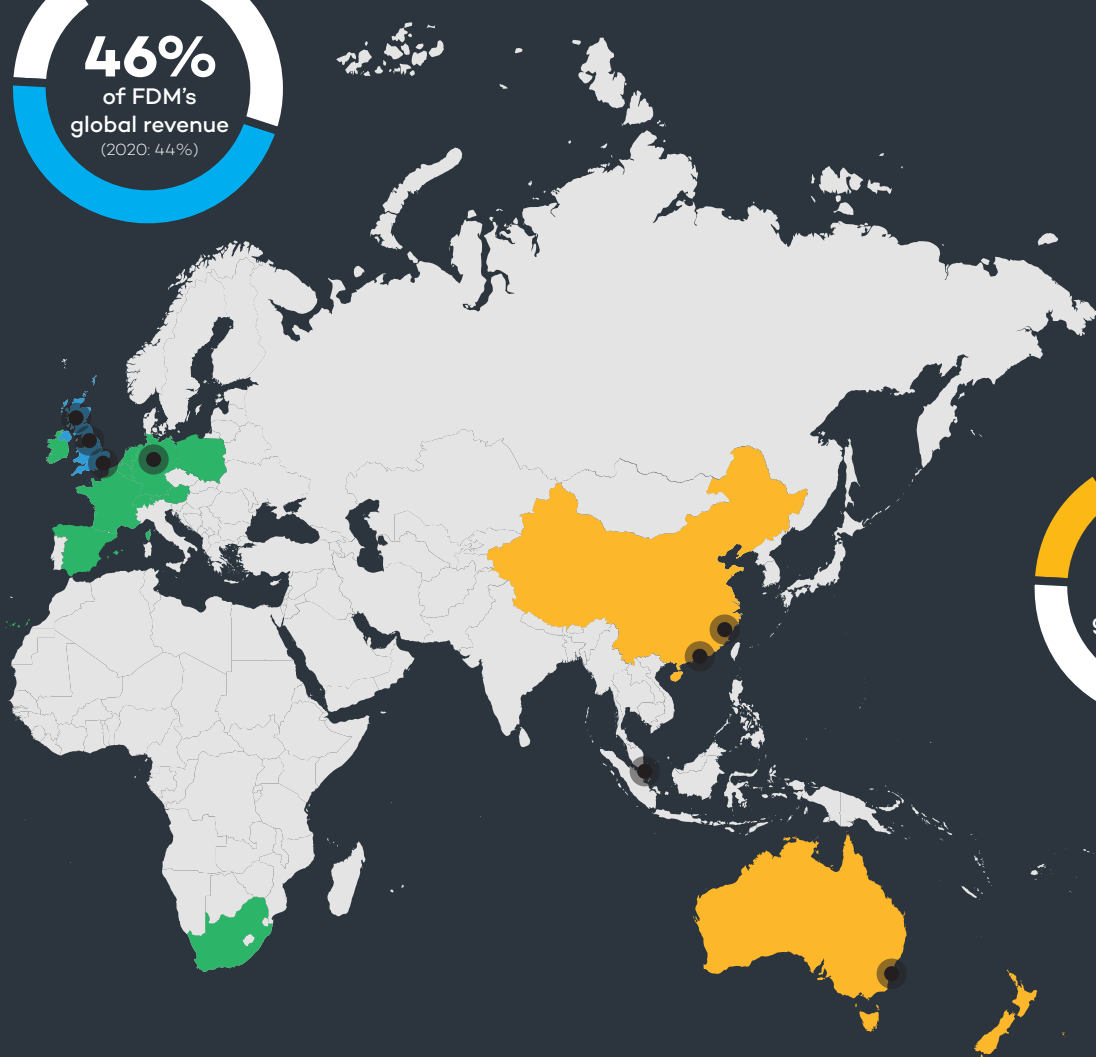
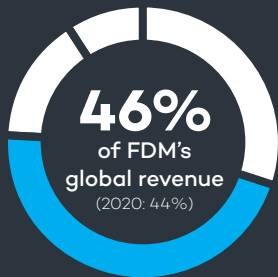


EMEA <sup>1</sup>	2021	2020
Revenue	£25.0m	£23.9m
Adjusted operating profit <sup>2</sup>	£3.4m	£4.5m
Mounties deployed	252	287
Training completions	197	96

<sup>1</sup> Reflecting internal management and reporting, performance and headcount results for Ireland, previously included within the 'UK and Ireland' region, are included within EMEA. All results, including prior year comparatives, have been updated to reflect this change.

<sup>2</sup> The adjusted operating profit is calculated before Performance Share Plan expenses (including social security costs).

UK <sup>1</sup>	2021	2020
Revenue	£121.8m	£116.7m
Adjusted operating profit <sup>2</sup>	£28.4m	£24.1m
Mounties deployed	1,806	1,574
Training completions	1,035	414



APAC	2021	2020
Revenue	£39.2m	£30.0m
Adjusted operating profit <sup>2</sup>	£2.4m	£1.6m
Mounties deployed	880	633
Training completions	517	311

### UK<sup>1</sup>

The UK experienced solid growth in Mountie headcount with Mounties deployed at week 52 increasing 14.7% to 1,806 (2020: 1,574). Revenue increased by 4.4% to £121.8 million (2021: £116.7 million), less than the increase in Mountie headcount (14.7%) due to the phasing of headcount year-on-year. Adjusted operating profit<sup>2</sup> increased 17.8% to £28.4 million (2020: £24.1 million). We progressively increased training during the year to meet client demand with 1,035 training completions during the year, an increase of 150% over the previous year (2020: 414).

In 2020, in response to reduced client demand we decreased our number of trainees, instead focussing on upskilling those already onsite and those who were signed off. Demand returned in 2021 and the proportion of consultants who are within their first year increased to 49% (2020: 21%), while the proportion who have completed their first two years with FDM reduced to 33% (2020: 41%); we anticipate that this will continue to rebalance to more normal levels over the next two to three years.

In the second half of the year we introduced paid training in the UK, recognising a cost of £2.0 million in 2021. Trainees are now employed and paid a salary from the first day of training, in line with our operations elsewhere in the world.

### North America

North America Mounties deployed at week 52 increased slightly to 1,095 from 1,086 in 2020. Revenue decreased by 16.2% to £81.4 million (2020: £97.1 million) due to the phasing of headcount year-on-year as during 2020 North America headcount was largely resilient to the effects of the pandemic until the last quarter. During 2021, we increased our training output by 27.1%, with 661 training completions compared with 520 in 2020.

Despite Canada's strict lockdown for much of 2021, client demand has been good; US trading was more subdued, primarily reflecting continued pandemic-related uncertainties. However, demand for our Mounties in the US improved during the third and fourth quarters and has strengthened further in the opening months of 2022, and we have introduced a number of new initiatives in our recruitment, training and sales processes which should enable us to optimise the throughput of quality talent to meet that demand as it continues to grow. We continued to focus on expanding our client base and added a further 20 new clients during the year (2020: 10), a record for the region.

Adjusted operating profit<sup>2</sup> decreased by 4.8% to £13.1 million (2020: £12.5 million).

### EMEA (Europe, Middle East and Africa, excluding UK)<sup>1</sup>

EMEA Mounties deployed decreased by 12.2% to 252 at week 52 (2020: 287), reflecting the anticipated completion of a major Risk, Regulation and Compliance project for a client in Luxembourg. We had 197 training completions in the period, a record for the region and double the prior year (2020: 96) while revenue increased 4.6% to £25.0 million (2020: £23.9 million).

During the year we established a presence in Poland, where we have seen good initial demand and we ended the year with 38 consultants deployed with clients.

Adjusted operating profit<sup>2</sup> decreased 24.4% to £3.4 million (2020: £4.5 million).

### APAC (Asia Pacific)

APAC continued to grow at a rapid pace in 2021, led by growth in Australia, which now holds the largest headcount in the region. Mounties deployed at week 52 increased 39.0% to 880 (2020: 633) and revenue increased by 30.7% to £39.2 million (2020: £30.0 million). During the year we trained 517 consultants, an increase of 66.2% on 2020 (311).

We continued to expand our client base, adding a further 17 clients in the year (2020: 16). During the year we established a trading entity in New Zealand, to meet client demand and benefit from the reciprocal visa arrangements between Australia and New Zealand.

Adjusted operating profit<sup>2</sup> increased 50.0% to £2.4 million (2020: £1.6 million).

<sup>1</sup> 2020 results for both the UK region and EMEA region have been restated to show results for Ireland as part of EMEA. Previously, results for Ireland were included in the region "UK and Ireland".

<sup>2</sup> The adjusted operating profit is calculated before Performance Share Plan expenses (including social security costs).



# Financial Review



Mike McLaren  
Chief Financial Officer

The Group delivered a solid performance in 2021, evidencing good recovery from the impact of the pandemic. Whilst revenue was flat in comparison to the prior year at £267.4 million (2020: £267.7 million), adjusted operating profit<sup>1</sup> increased by 10.8% to £47.3 million (2020: £42.7 million), with adjusted basic earnings per share<sup>1</sup> up 15%, to 33.2 pence (2020: 28.8 pence). We ended the year with a robust balance sheet, including a cash balance of £53.1 million, having converted 124% of our operating profit into operating cash flow. We remain well positioned for future growth with a proven and agile business model that allows us to respond rapidly and effectively to market fluctuations.

<sup>1</sup> The adjusted operating profit and adjusted profit before tax are calculated before Performance Share Plan expenses (including social security costs). The adjusted basic earnings per share is calculated before the impact of Performance Share Plan expenses (including social security costs and associated deferred tax).

## Summary income statement

	Year ending 31 December 2021	Year ending 31 December 2020	% change
Revenue	£267.4m	£267.7m	Unchanged
Adjusted operating profit <sup>1</sup>	£47.3m	£42.7m	+11%
Operating profit	£42.0m	£41.7m	+1%
Adjusted profit before tax <sup>1</sup>	£46.7m	£42.0m	+11%
Profit before tax	£41.4m	£41.0m	+1%
Adjusted basic EPS <sup>1</sup>	33.2p	28.8p	+15%
Basic EPS	29.1p	28.2p	+3%

## Overview

Revenue was flat against the prior year at £267.4 million (2020: £267.7 million); on a constant currency basis revenue increased by £5.6 million. The change in revenue is less than the increase in Mountie headcount due to the phasing of headcount year on year. Mounties assigned to clients at week 52 2021 increased by 13%, totalling 4,033 (week 52 2020: 3,580; week 52 2019: 3,924). At week 52 2021 our Ex-Forces Programme accounted for 196 Mounties deployed worldwide (week 52 2020: 194). Our Returners Programme had 156 Mounties deployed at week 52 2021 (week 52 2020: 112). The Mountie utilisation rate improved to 97.3% (2020: 94.8%).

An analysis of revenue and headcount by region is set out in the table below:

	Year ending 31 December 2021 Revenue £m	Year ending 31 December 2020 Revenue £m	2021 Mounties assigned to clients at week 52 <sup>2</sup>	2020 Mounties assigned to clients at week 52 <sup>2</sup>
UK <sup>3</sup>	121.8	116.7	1,806	1,574
North America	81.4	97.1	1,095	1,086
EMEA <sup>3</sup>	25.0	23.9	252	287
APAC	39.2	30.0	880	633
	267.4	267.7	4,033	3,580

Adjusted Group operating profit margin increased to 17.7% (2020: 16.0%) with overheads decreasing to £84.7 million (2020: £87.0 million). As previously disclosed, the prior year adjusted operating profit margin was impacted by an increase in overheads after the Board took the pragmatic and commercial decision in 2020 to settle a long-standing legal claim, which the Board considered to be unmeritorious, for £3.0 million.

<sup>1</sup> The adjusted operating profit and adjusted profit before tax are calculated before Performance Share Plan expenses (including social security costs). The adjusted basic earnings per share is calculated before the impact of Performance Share Plan expenses (including social security costs and associated deferred tax).

<sup>2</sup> Week 52 in 2021 commenced on 20 December 2021 (2020: week 52 commenced on 21 December 2020).

<sup>3</sup> Reflecting internal management and reporting, performance and headcount results for Ireland, previously included within 'UK and Ireland' region, are included within EMEA. All results, including prior year comparatives, have been updated to reflect this change. Ireland Mountie headcount was 20 at the end of 2021 (2020: 51).



## Adjusting items

The Group presents adjusted results, in addition to the statutory results, as the Directors consider that they provide a useful indication of underlying performance. The adjusted results are stated before Performance Share Plan expenses including associated taxes are factored in. An expense of £5.3 million was recognised in the year to 31 December 2021 relating to Performance Share Plan expenses, including social security costs (2020: £1.0 million). Details of the Performance Share Plan are set out in note 25 to the financial statements. The Directors believe that excluding these costs provides a more meaningful comparison of the trading performance.

## Net finance expense

The finance expense costs include lease liability interest of £0.6 million (2020: £0.7 million). The Group continues to have no borrowings.

## Taxation

The Group's total tax charge for the year was £9.6 million, equivalent to an effective tax rate of 23.2%, on profit before tax of £41.4 million (2020: effective tax rate of 25.0% based on a tax charge of £10.2 million and a profit before tax of £41.0 million). The effective tax rate in 2021 is higher than the underlying UK tax rate of 19% primarily due to Group profits earned in higher tax jurisdictions. The effective tax rate reflects the Group's geographical mix of profits and the impact of items considered to be non-taxable or non-deductible for tax purposes, with the decrease year-on-year primarily due to changes in these factors.

## Earnings per share

Basic earnings per share increased in the year to 29.1 pence (2020: 28.2 pence), whilst adjusted basic earnings per share were 33.2 pence (2020: 28.8 pence). Diluted earnings per share were 28.8 pence (2020: 28.1 pence).

## Dividend

During the year, the Group paid three dividends totalling £46.8 million, representing 43.0 pence per share.

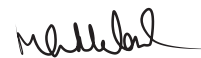
On 27 January 2021, taking into account the decision not to recommend a final dividend in 2020 in respect of the 2019 financial year, the Board declared a second interim dividend for 2020 of 13.0 pence per share which was paid to shareholders on 26 February 2021. On 28 April 2021, a final dividend of 15.0 pence per share for 2020 was approved by shareholders at the AGM and was paid on 4 June 2021. On 27 July 2021, an interim dividend of 15.0 pence per share for 2021 was declared which was paid on 3 September 2021.

The Board has recommended a final dividend of 18.0 pence per share, subject to shareholder approval at the forthcoming AGM, taking the total dividend to 33.0 pence per share.

The Board has set a minimum consistent cash buffer at a Group level and will always consider the ongoing needs for the funding of organic growth across the business and the distributable reserves available to the Group when considering dividend levels. At 31 December 2021 the Company had distributable reserves of £51.2 million. This statement does not form part of the audited financial statements and the distributable reserves figure of £51.2 million is therefore not audited by PwC.

## Cash flow and Statement of Financial Position

The Group's cash balance decreased to £53.1 million (2020: £64.7 million) with the variation of the timing of dividends bolstering the prior year end financial position. Cash conversion remained good at 124.1% (2020: 158.4%) reflecting strong cash generation and cash collection performance by our credit control team. Dividends paid in the year totalled £46.8 million (2020: £20.1 million). Net capital expenditure was £0.4 million (2020: £0.6 million) and tax paid was £10.6 million (2020: £11.5 million).



**Mike McLaren**

Chief Financial Officer  
16 March 2022

# Risk Management

**Effective risk management is critical to the delivery of the Group's strategic objectives.**

## Approach to risk

The Board has overall responsibility for ensuring risk is effectively managed across the Group, with a focus on evaluating the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives – its “risk appetite”. The Board controls the approach to risk management and the procedures for the identification, assessment, management, mitigation and reporting of risks. The Audit Committee takes responsibility for overseeing the effectiveness of sound risk management and internal control systems.

## Identifying and monitoring key risks

The Board uses the Risk Register as its principal tool for monitoring and reporting risk. The preparation of the register is led by the Chief Financial Officer, supported by the senior management team, and it details the Group's risks, the potential impact of each risk, the likelihood of that risk occurring, the strength of the mitigating controls in place and how these are evidenced. Input is obtained from all areas of the business, including support functions, as appropriate. A member of the Executive Team is assigned as the owner of each risk to ensure the appropriate level of focus and accountability to the Board. The Board formally reviews the Risk Register at the half year and at the year end.

Our risk management process is periodically reviewed by our Internal Audit function, with the latest review being carried out during 2021. The review concluded that our processes are suitable for a business of our size and complexity and identified areas of good practice as well as some minor recommendations, all of which are in the process of being incorporated into our risk management framework. All Internal Audit reviews are risk-based and the scope of individual reviews consider the key risks recorded in the Risk Register.

The current Risk Register includes 32 risks categorised as strategic, operational, compliance or financial risks, eleven of which are considered to be the Group's principal risks. The Risk Register was formally updated during the last quarter of 2021 and reviewed by the Audit Committee in the first quarter of 2022. In March 2022, the Audit Committee and the Board carried out a robust and formal assessment of the Group's emerging and principal risks as set out in the updated Risk Register.

## Principal risks

The principal risks faced by the Group, their current status and how the Group mitigates these risks are set out on pages 34 to 39. The status of four of the Group's principal risks has changed from the prior year, these being the two risks relating to the supply and demand of our Mountie resource, the risk of an interruption to the business caused by a successful cyber-attack and the risk of an interruption to the business caused by a natural disaster or other similar events.

During 2020, our levels of unallocated resource increased significantly, this was one of the most significant impacts of the pandemic on our business and in the prior year we increased the status of the risk associated with excess Moutie resource. During 2021, such was the increase in client demand and deal volumes that our level of unallocated resource fell to record lows, we have therefore increased the net risk rating associated with insufficient Moutie resource, whilst reducing the risk of excess Moutie resource. The resilience of the Group's Business Continuity Plan (“BCP”) to the impacts of the pandemic has resulted in the Board assessing that the impact of an interruption to the business caused by a natural disaster or other similar event is lower than previously estimated. The Board has however assessed that the risk associated with a business interruption caused by a cyber-attack has increased in the year.

The alignment to our strategic objectives, as set out on pages 14 to 16, indicates those aspects of the business strategy that would be impacted by each risk, were it to materialise.

## Emerging risks

In addition to our principal risks, we also identify and record any emerging risks. In 2021, we have identified climate change as such a risk, as outlined below.

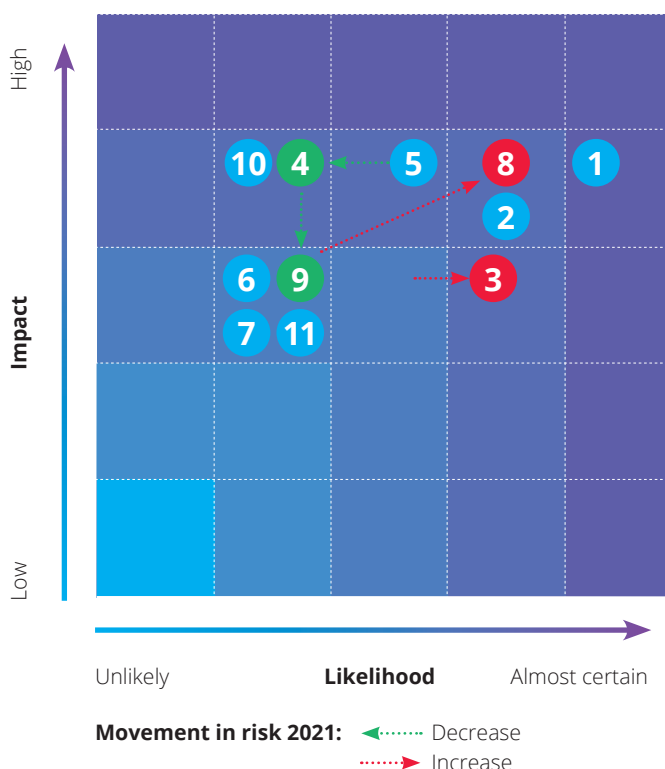
### Climate change

The Board has spent some time during the year assessing the risks of the direct physical effects of climate change, the transition to a low carbon economy and how climate change might potentially

### Principal risks

The following diagram shows the net risk score after taking account of controls and mitigations:

1	Changes in the macro-economic environment
2	Concentration exposure in the financial services sector
3	Balancing supply and demand – insufficient Mountie resource
4	Balancing supply and demand – excess Mountie resource
5	Recruitment and development of highly skilled Mounties
6	Talent development and succession planning
7	Development of new service offerings
8	Business interruption – caused by successful cyber-attack
9	Business interruption – caused by natural disaster or other similar events
10	Reputation
11	International regulatory non-compliance



impact the Group’s ability to achieve its strategic objectives. For the following reasons, the Board has concluded the risk is low in the short and medium-term and it does not therefore form part of the Group’s principal risks:

- The Group’s operating model is agile and adaptable, and measures that were put in place in response to the COVID-19 pandemic and the challenges of remote training and working gave the Board confidence that the Group is able to recruit, train and deploy Mounties efficiently from any location. Our employees have the ability to work remotely and do so over different geographically-diverse territories.
- FDM leases properties over a short and medium-term timeframe. We are conscious that some of our current leased office locations are in cities which could be vulnerable to the longer-term risk of rising sea levels and higher-frequency extreme weather. The Board’s policy is to consider these factors in the round as our portfolio of leased premises changes with the needs of the

Group’s business, which are evolving in line with our Academy transformation strategy and beyond. For some years we have been committed to considering the carbon footprint of premises when opening new locations (for example, we opened our most recent major Academy location in 2019, in the cutting-edge sustainable development at Barangaroo in Sydney, Australia).

- We are aware that our clients in some sectors could be adversely affected by future climate change and there is a risk that this affects our own business indirectly if clients’ spending decisions are constrained by challenges associated with climate change. We mitigate this risk by diversifying the sectors and geographies in which we operate.
- We also believe that there is opportunity, as we train and deploy consultants with the skills to help our clients find and apply the optimal technical and business solutions to the challenges which climate change brings. For example, some of our clients in the energy



sector are deploying Mounties on projects to help them to move towards sourcing energy from renewable sources.

We are also committed to reducing our carbon footprint, as explained on page 56 our Carbon Reduction Plan was approved in 2021 and will be published in the first half of 2022.

#### Conflict in Ukraine

The Board is monitoring the potential risks to FDM’s business arising from the conflict in Ukraine. At the time of writing, the situation is changing rapidly and the implications are impossible to predict. However, it seems possible that these events could have significant geopolitical and macro-economic impacts in some of the territories in which FDM operates, including the UK, the EU, and the US. FDM does not have any operations or clients in Ukraine or Russia and the Board considers that the risk of direct operational difficulties for FDM is therefore relatively low based upon current knowledge. The Board will keep this situation under close review.

## Strategic risks

Risk and impact	Mitigation	Movement in the year
<p><b>1. Changes in the macro-economic environment</b></p> <p>A global downturn or a downturn in the territories in which FDM operates, including from geopolitical uncertainties, could curtail demand and the ability of the Group to deploy its Mountie resource, resulting in an adverse impact on revenue, cost and operating profit; a shrinking customer base; and a negative impact on share price.</p> <p><b>Risk owner:</b> Chief Financial Officer</p> <p><b>Alignment to strategic objectives:</b></p> 	<p>Whilst external factors such as macro-economic risks are outside the Group's control, the Group has effective measures in place to respond to changes, including robust planning, budgeting and forecasting and resource allocation procedures. A three-year plan was approved by the Board in January 2022.</p> <p>The flexible nature of the Group's business model enables it to manage resource availability thereby enabling it to control its cost base in the medium term.</p> <p>Notwithstanding the impact of risk 2 below, the Group is focussed on diversifying its customer base both by sector and by geography.</p>	<p><b>↔ No change</b></p> <p>Although the Group has recovered well from the impact of COVID-19, the Board recognises that uncertainty remains due to the impact of the different variations of the virus, imposed lockdowns and travel restrictions. The current conflict in Ukraine has also created significant macro-economic and political uncertainty and instability. As a result, the Board considers it appropriate to maintain a high rating for this risk. Macro-economic risks are outside the Group's control, but the Group will continue to focus on ensuring it has effective measures in place to identify and react quickly to changes in macro-economic conditions. The Group's current financial position includes a strong balance sheet and significant cash balances.</p>
<p><b>2. Concentration exposure in the financial services sector</b></p> <p>The majority of the Group's revenue is generated from within the financial services sector. A crisis in the financial services sector could reduce revenue significantly and have a negative impact on the majority of the Group's KPIs.</p> <p><b>Risk owner:</b> Chief Commercial Officer</p> <p><b>Alignment to strategic objectives:</b></p> 	<p>As above, the Group is focussed on growing its customer base both by sector and by geography as well as diversifying the range of services it offers to existing and potential clients.</p> <p>Diversification into new client sectors forms an element of bonus targets for Directors and staff.</p> <p>Further details of Directors' bonus targets are in the Remuneration Report on page 93.</p>	<p><b>↔ No change</b></p> <p>Although the proportion of the Group's revenue generated from the financial services sector has remained broadly similar to the prior year, the % of new client wins outside of the financial services sector during the year was 85%. The Board continues to focus on this risk.</p> <p>The Group continues to broaden the spread of its service offerings within its financial services clients to cover operational, compliance and IT services, in addition to increasing its presence in other sectors.</p>

### FDM's four key strategic objectives



Attract, train and develop high-calibre Mounties



Invest in leading-edge training capabilities





Grow and diversify our client base









Expand our geographic presence

FDM's four key strategic objectives are explained in more detail on pages 14 to 16.



Risk and impact	Mitigation	Movement in the year
<p><b>3. Balancing supply and demand – insufficient Moutie resource</b></p> <p>An inability to meet a rapid increase in demand due to insufficient Moutie resource and an inability to recruit in a timely manner would result in lost revenue, eroded customer confidence and an adverse reputational impact.</p> <p><b>Risk owner:</b> Chief Commercial Officer</p> <p><b>Alignment to strategic objectives:</b></p> 	<p>The recruitment team maintains strong links to universities and other recruitment channels.</p> <p>An effective social media recruitment strategy is in place to maximise applications.</p> <p>Resource management meetings occur weekly to ensure supply and demand issues are identified and resolved.</p> <p>The management team is incentivised to maximise utilisation and increase flow through of trainees within the Academies.</p> <p>The Ex-Forces and Returners programmes, whilst relatively small in terms of total headcount, help spread the Group's access to a wider talent pool.</p>	<p><b>↑ Increased</b></p> <p>During 2021, with a significant increase in client demand and weekly deal volumes, there has been a significant reduction in unallocated resource. At the end of 2021, we had 30% less unallocated resource compared to the end of 2020, having returned to more normalised levels of unallocated resource. Consequently, the Board considers that the status of this risk is increased.</p> <p>The Group's reputation amongst graduates, together with the career programmes it offers, means it is well placed to source sufficient applicants for its projected growth for the short to medium term. The number of applications during the year is consistent with historical trends.</p>
<p><b>4. Balancing supply and demand – excess Moutie resource</b></p> <p>An inability to utilise or redeploy Mouties in the event of a sudden decrease in demand would result in a reduction in margin and would demotivate Mouties.</p> <p><b>Risk owner:</b> Chief Commercial Officer</p> <p><b>Alignment to strategic objectives:</b></p> 	<p>The flexibility of the Group's business model is a key mitigation to this risk. The Group is able to flex the number of Mouties it recruits relatively quickly, thereby responding appropriately to a sudden downturn.</p> <p>Resource management meetings occur weekly to ensure supply and demand issues are identified and resolved in a timely manner.</p>	<p><b>↓ Decreased</b></p> <p>The level of unallocated resource has decreased significantly during 2021 resulting in a decrease in the status of this risk.</p>

## Operational risks

Risk and impact	Mitigation	Movement in the year
<p><b>5. Recruitment and development of highly skilled Mounties</b></p> <p>Mounties are the Group's core asset. A failure to deliver high-quality Mounties into its customer base could result in a loss of customers and damage to the Group's reputation.</p> <p><b>Risk owner:</b> Chief Executive Officer</p> <p><b>Alignment to strategic objectives:</b></p> 	<p>The Group regularly reviews and benchmarks the remuneration packages and incentives it offers to attract graduates.</p> <p>Strong relationships exist with universities and other recruitment channels including ex-Forces personnel and the Group's Returners Programme.</p> <p>Initial training includes modules focussing on professional skills and resilience. An ongoing development programme is in place for Mounties, covering further training and development opportunities.</p> <p>The Accreditation of a number of our training programmes provides increased assurance to potential candidates that the content that FDM delivers meets industry standards for job readiness.</p> <p>The Group actively promotes Women in IT initiatives to attract, develop and retain Mountie talent.</p> <p>The Group is focussed on promoting its reputation in the marketplace as a leading employer.</p>	<p><b>↔ No change</b></p> <p>With the need to recruit significant numbers of Mounties to fulfil forecast growth levels, this is perceived to be one of the Group's main risks.</p> <p>A combination of the following factors indicates this risk is being managed effectively:</p> <ul style="list-style-type: none"> <li>• a record number of training completions occurred during 2021;</li> <li>• recruitment levels of Mounties are monitored and reviewed by the Board;</li> <li>• the level of global applications has remained constant even during the initial stages of the pandemic;</li> <li>• there is a broad base of talent from which to recruit through the Graduate, Ex-Forces and Returners programmes; and</li> <li>• challenging recruitment targets are being met.</li> </ul>
<p><b>6. Talent development and succession planning</b></p> <p>The ability of the business to create an appropriate environment supported by robust procedures to facilitate the retention and development of key employees, thereby enabling the business to expand.</p> <p><b>Risk owner:</b> Chief Executive Officer</p> <p><b>Alignment to strategic objectives:</b></p> 	<p>The Group's Remuneration Policy states that the overall remuneration package should be sufficiently competitive to attract, retain and motivate Executive Directors.</p> <p>The remuneration packages of all employees are reviewed and benchmarked regularly to ensure they remain competitive.</p> <p>The Group People Strategy incorporates a key focus on talent development and succession planning.</p> <p>The annual development review includes the identification of training requirements, which are fulfilled within the following twelve months.</p> <p>The Nomination Committee considers succession matters as a regular agenda item.</p>	<p><b>↔ No change</b></p> <p>Talent development and succession planning is a key part of the Group People Strategy developed by our People Team. This includes a programme of mentoring (some of which is provided by our Non-Executive Directors) and coaching for some key senior managers around the Group.</p> <p>The Group's remuneration packages remain competitive and, for senior employees, include long-term share options to encourage retention.</p> <p>The Group operates an attractive Buy As You Earn share plan, available to all employees, to reward and encourage talent retention. The scheme was enhanced in the year so that our employees will be rewarded with a higher number of bonus shares if they leave the shares they have purchased in the plan for a longer period.</p>

Risk and impact	Mitigation	Movement in the year
<p><b>7. Development of new service offerings</b></p> <p>An inability of the Group to develop new service offerings and sources of revenue could result in a loss of customers and market share.</p> <p><b>Risk owners:</b>  <b>Chief Commercial Officer and Chief Information Officer</b></p> <p><b>Alignment to strategic objectives:</b></p> 	<p>FDM's flexible training model is able to develop course material relevant to customers' needs.</p> <p>FDM's training capability is designed to provide high quality content either face-to-face or remotely.</p> <p>The Group has a number of touch points with customers, enabling them to keep up to date with developments in the marketplace and to identify customer needs.</p>	<p> <b>No change</b></p> <p>The Group is responsive to its customers' needs which it identifies through regular contact and feedback.</p> <p>New offerings are considered and developed, and are set out on page 16.</p> <p>The Executive Directors are actively involved in key client relationships.</p>
<p><b>8. Business interruption – caused by cyber-attack</b></p> <p>Major IT system integrity issues or data security issues, either due to internal or external factors, could result in actual financial loss of funds; potential loss of sensitive data with risk of litigation; loss of customer confidence; and damage to reputation.</p> <p><b>Risk owner:</b>  <b>Chief Information Officer</b></p> <p><b>Alignment to strategic objectives:</b></p> 	<p>The Group's IT Security team has 50+ years of experience and industry certifications and includes a CISO industry-certified expert.</p> <p>Advance Threat Protection ("ATP") solutions are in place to protect against malware and cyber-attacks.</p> <p>A Global Standard for Technology Security is in place.</p> <p>The Group's IT security policy complies with ISO 27001.</p> <p>Staff are regularly made aware of the risk of a cyber-attack and the appropriate actions necessary to mitigate the risk of this occurring.</p> <p>IT policy and security matters are regular Board and Audit Committee agenda items.</p> <p>The Group's IT security controls are regularly reviewed by Internal Audit – the last detailed review occurred during 2020 with a follow up performed during 2021.</p>	<p> <b>Increased</b></p> <p>Whilst FDM continues to strengthen its cyber security and information safeguarding capabilities, it is recognised that the global threat of cyber-attack is increasing. In particular, in February 2022 the UK Government and the UK's National Cyber Security Centre warned of a heightened cyber security threat to the UK's infrastructure and UK companies, arising from increased geopolitical tensions in Eastern Europe. Our reliance on third party suppliers also increases our exposure to the risk of an interruption to our business should one of our key suppliers be subject to a cyber-attack.</p>

**Operational risks (continued)**

Risk and impact	Mitigation	Movement in the year
<p><b>9. Business interruption – caused by natural disaster or other similar events</b></p> <p>An environmental event, including the impact of climate change, natural disaster, epidemic or similar health-related event, such as COVID-19, which could potentially result in the closure of one or more of our operating locations, the temporary closing down of clients, or the prevention of staff travelling to their place of work, in regions impacted by such events, could lead to disruption and a loss of revenue.</p> <p><b>Risk owner:</b> Chief Operating Officer</p> <p><b>Alignment to strategic objectives:</b></p> 	<p>Although the occurrence of an environmental event, including the impact of climate change, natural disaster, epidemic or similar health-related event is beyond the Group’s control, FDM has a Business Continuity Plan (“BCP”) which includes procedures to be followed in the event of a loss of facilities and staff being unable to travel to their place of work.</p>	<p><b>↓ Decreased</b></p> <p>The Group reviews its BCP regularly.</p> <p>The Group has demonstrated the resilience of its BCP plan and its ability to respond to COVID-19, in terms of enabling its entire workforce to work remotely effectively and efficiently. As a result the Board has concluded that the status of this risk has reduced since the prior year.</p>
<p><b>10. Reputation</b></p> <p>Reputation is key to the Group maintaining and growing its business. Sub-standard service or the actions of Mounties or staff could have an adverse impact on the Group’s reputation. A failure to manage any subsequent crisis through a lack of reactive procedures could also exacerbate potential damage. Any impact could be far-reaching: failure to meet financial targets; litigation; loss of key clients; and loss of key staff.</p> <p><b>Risk owner:</b> Chief Operating Officer</p> <p><b>Alignment to strategic objectives:</b></p> 	<p>Robust recruitment and training procedures are in place which reduce the risk of employing persons whose actions could result in a negative impact on FDM’s reputation.</p> <p>FDM has a zero-tolerance policy with respect to any inappropriate behaviour by an individual employed by the Group or acting on behalf of the Group.</p> <p>The Group focusses on strong relationship management and communication with all stakeholders.</p>	<p><b>↔ No change</b></p> <p>The Group continues to invest in staff development, quality systems and processes to mitigate the risk of operational failure.</p> <p>The Board regularly consults with its PR advisors.</p> <p>We have a dedicated head of Investor Relations to manage the relationship with shareholders and stakeholders.</p>



## Compliance risk

Risk and impact	Mitigation	Movement in the year
<p><b>11. International regulatory non-compliance</b></p> <p>Failure to comply with international tax, legal, employment and other business regulations could result in significant costs, fines and/ or revocation of business licences.</p> <p><b>Risk owner:</b> Chief Financial Officer</p> <p><b>Alignment to strategic objectives:</b> n/a</p>	<p>The Group has robust recruitment and training procedures, which ensure the employment of appropriately skilled personnel in areas where compliance with legislation is required.</p> <p>The Group seeks appropriate advice and engages external advisors as necessary, particularly in overseas locations, and actively manages those relationships. We regularly review and update our contractual documentation, policies and procedures, aiming for ongoing improvement of our approach to management of business risk.</p> <p>The Group ensures that staff undertake ongoing training and professional studies where required.</p>	<p><b>↔ No change</b></p> <p>The Group continues to invest in appropriately-skilled personnel and will outsource where appropriate in areas where compliance and expertise are required.</p> <p>The Group's existing in-house Legal and People Teams are augmented with people having experience and knowledge of the countries in which the Group operates.</p>

## Viability statement

The Directors have assessed the prospects of the Group in accordance with Provision 31 of the 2018 Code.

The period selected by the Board for its assessment is three years. This period was chosen for the following reasons: the core of FDM's business is the Mountie model, and three years represents approximately the average lifecycle of Mounties' engagement with FDM and the Group's normal investment cycle in its most important asset. Further, the Group's strategic plan covers a period of three years and is underpinned by robust financial budgets, forecasts and a three-year financial plan.

In making its assessment, the Board undertook a review that incorporated the Group's current financial position and prospects, the resilience displayed during the pandemic, the longer-term sustainability of the business model, the Group's cash flow requirements and other key financial assumptions over the three-year period and sensitised certain of those assumptions as appropriate. The sensitivity analysis included consideration of the loss of revenue equivalent to 500 Mounties, which equates to loss of one of the Group's largest customers for the three-year viability period. After applying the sensitivities, our modelling showed that the Group would still maintain a minimum appropriate cash balance while maintaining forecast dividends during the viability period, without utilising any third-party borrowings.

In assessing its viability, the Board has considered the principal risks affecting the Group, including the uncertainty that remains due to the impact of different variants of the COVID-19 virus, and government-imposed lockdowns and travel restrictions. Together with the risk of climate change, which was assessed as having a low net risk on the business, the Board assessed how these risks might impact the Group's future performance, solvency and liquidity. The sensitivity analysis noted above also considered the impact of certain principal risks. Individually, and when considered together, no reasonable combination of sensitivities could result in the Directors altering their view of the Group's viability.

The Group's financial position is strong with cash balances of £53.1 million at the end of the year and no external borrowings.

Based on the results of this assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment.

# Corporate Responsibility

The long-term success of the business continues to be achieved through an inclusive and collaborative approach with consideration to our key stakeholders, our employees, our clients and investors, and the communities in which we operate.

Our purpose is to deliver customer-led, sustainable, profitable growth on a consistent basis, through our well-established Mountie model.

Our values, outlined on page 5, encourage our employees to be themselves at work, and for us all to play a part in creating and fostering an inclusive workplace where everyone can thrive. FDM has long been a strong advocate of the benefits of diversity, inclusion and social mobility. We know the positive impact that a diverse workforce has had on our business, and this is an important factor which makes our Mountie model so attractive to many of our clients.

## Our people

### Awareness and engagement

It is important that our employees feel safe and are encouraged to be their authentic self at work; this promotes personal wellbeing and employee engagement. Our Employee Networks provide an inclusive community, a sense of belonging and a place for discussion and learning. They also enable valuable and productive consultation with the business on processes, policies and initiatives.

The LEAD (“Learning, Educating and Aspiring Diversity”) Network provides resources and prompt discussions via our Yammer platform to celebrate cultural diversity, In 2021, the Network helped our staff around the world to appreciate how understanding and pronouncing correctly the names of our colleagues in all FDM’s territories is a key part of inclusivity.

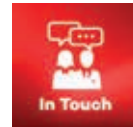
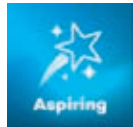
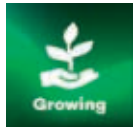
The Network also hosted a Global Get-Together as part of 2021 Inclusion Week, pairing staff with a colleague from another territory to provide an opportunity to connect as a business and promote an inclusive workplace.

### Employee engagement mechanisms

<h4>Wellbeing portal</h4>	<h4>Consultant Experience Partners</h4>	<h4>Mentoring</h4>
<p>Our online wellbeing portal provides a range of helpful resources, including professional guidance and advice. Consultants receive support from FDM Wellbeing Champions throughout the FDM community.</p>	<p>Consultants have available to them support and career guidance from Consultant Experience Partners while working on assignment with our clients.</p>	<p>FDM partners consultants and internal staff with mentors throughout the organisation, based on their career aspirations and helps build long-term professional development opportunities.</p>
<h4>Online learning and development</h4>	<h4>Consultant Peer Support</h4>	<h4>Yammer</h4>
<p>Virtual training, webinars and discussions are available to consultants, as well as e-learning platforms, including LinkedIn Learning and Intuition Know-How.</p>	<p>Our Consultant Peer Support Programme introduces new consultants to those already working on assignment, to help them settle into their new role.</p>	<p>Our social collaboration platform enables our employees to keep up to date with the latest news and upcoming events whilst communicating with fellow FDM employees across the globe.</p>

The safety, wellbeing and morale of all our employees has continued to be an important priority and focus in 2021. Our employee engagement mechanisms have helped to ensure our employees felt connected, supported and informed, particularly when unable to attend offices in person because of pandemic restrictions. Working with Inpulse, we carried out a survey to give all our employees an opportunity to express their views on a range of subjects and to enable us to identify areas where we could take action. The survey covered a number of themes, seeking to understand how our employees feel about opportunities for growth and development, personal dedication, and commitment to FDM; their wellbeing and work/ life balance; job satisfaction; levels of workload; and the support and leadership provided to them by their managers. The survey has provided some useful guidance on the areas which are important to our staff that we can target for improvement.

### Group People Strategy



#### FDM People experience

Continuous professional development	Career direction and advice	Smooth administration and transactional interaction	Clear and consistent direction and expectation setting	Supporting each other and celebrating difference
Technical curiosity and learning	Leveraging our whole community in support of launching inspiring careers	Clear employee-focussed policies	Open two-way dialogue	Engaging in our communities
Leading-edge thought leadership		Happy and healthy employees		Developing the talent of the future

- **Yammer** – Yammer is our social collaboration platform enabling our employees to keep up to date with the latest news and upcoming events, whilst communicating with fellow FDM employees across the globe. We are working to develop Yammer further into a knowledge pool, giving trainers, consultants and internal staff access to a wealth of knowledge, videos and other resources. Its collaboration features allow everyone the opportunity to reach out to trainers and other communities.
- We regularly communicate with employees via email, one-to-one calls and meetings to ensure they are supported, especially when remote working while on client assignment. The People Team has been available to answer calls by consultants and staff. Our monthly Connection newsletter keeps all employees up to date with FDM news from around the world, from important developments in our business to congratulating individual employees on noteworthy achievements.

We have Wellbeing Champions who provide support and can signpost fellow employees to relevant advice on mental health and wellbeing. The direct support they provide has been invaluable, particularly during periods of remote working.

Jacqueline de Rojas is the Non-Executive Director with primary responsibility for engaging with our workforce to enable employees to share ideas and concerns with senior management and the Board. She is supported by other Non-Executive Directors in this work as required. During the year, Jacqueline and her non-executive colleagues held a series of informal meetings with managers and team members at different levels across the business.

## Employee networks

Employee networks, created for our people and by our people, provide an inclusive community and sense of belonging. They also enable valuable and productive consultation with the business on process, policy and learning.



Leading, Educating and Aspiring Diversity network – representing and celebrating FDM's BAME community



Empowering and celebrating consultants of all genders



Creating an open and inclusive environment for LGBTQIA+ employees through education and representation



Supporting consultants with visible and non-visible disabilities, including mental health



Self-Assessment, Interaction and Learning – bringing together diversity of perspective and experience to encourage debate and continuous learning



Bringing together those who have a faith or similar beliefs



Providing a supportive network for those with parental and/ or caring responsibilities

## Diversity and inclusion

We are proactive and enthusiastic promoters of diversity, social mobility and inclusion within our workplaces. We value the fact that our colleagues come from a wide range of backgrounds and we look to be representative of the communities and geographies in which we operate. By building a diverse and inclusive workforce, we broaden the range of skills, expertise and perspectives contributing to the success of our business, enhancing innovation and growth, and making our business more robust and sustainable.

Our analysis is published where sufficient data is available. It includes the following four groups of respondents, together with the response rate for each group: UK consultants (93% response rate); US consultants (97% response rate); UK internal staff (82% response rate); and US internal staff (91% response rate). We are working to obtain data for other groups around the business. By monitoring the characteristics we can see how the business and our recruitment policies are performing.

### Ethnicity % of those that chose to disclose identify as:

	UK consultants 2021 %	UK internal staff 2021 %
Arab or Arab British	2	0
Asian or Asian British	26	15
Black or Black British	11	7
Mixed or Mixed British	4	4
White or White British	49	67
Other	3	2
Prefer not to say	5	5
	100	100

### Ethnicity % of those that chose to disclose identify as:

	US consultants 2021 %	US internal staff 2021 %
Asian	29	14
Black	11	13
Hispanic or Latino	12	15
White	37	48
Two or more races	4	7
Other	1	0
Prefer not to say	6	3
	100	100

### Sexual orientation % of those that chose to disclose:

	UK consultants 2021 %	UK internal staff 2021 %
Do you identify as LGBTQIA+?		
Yes	5	6
No	86	87
Prefer not to say	9	7
	100	100

## Supporting social mobility

We are proud to be recognised again in the Social Mobility Foundation's Employer Index for 2021. The index recognises the top 75 UK employers who have taken the most action on social mobility in the workplace, to access and progress talent from all backgrounds. We received positive feedback from the Foundation on our outreach work at schools with above average levels of free school meals or lower levels of attainment, and it was particularly pleasing that the Foundation noted our efforts to target a wider range of both Russell Group and non-Russell Group universities, which is resulting in more diversity in those applying to, and being accepted onto, our graduate programme. We will be targeting a significant expansion of our nascent apprenticeship scheme in 2022.

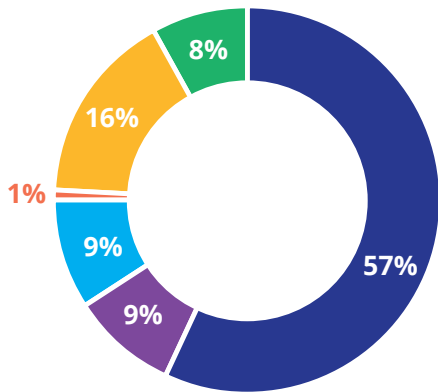
Our recruitment processes are reviewed regularly and designed to be as inclusive as possible. For example:

- Our opportunities are available to everyone who can show us that they have the aptitude to thrive on our programme and have the attitude that our clients are looking for;
- We use strength-based interview questions throughout the process ensuring candidates are not assessed on previous experience or social capital; and
- All staff involved in interviewing applicants to FDM undergo training to raise awareness of the potential impact of unconscious bias and to mitigate this in the assessment process.

## Corporate Responsibility

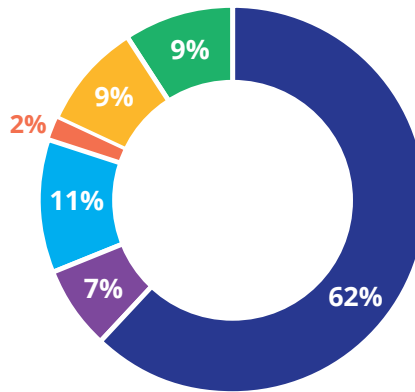
### School type attended

UK consultants 2021



### School type attended

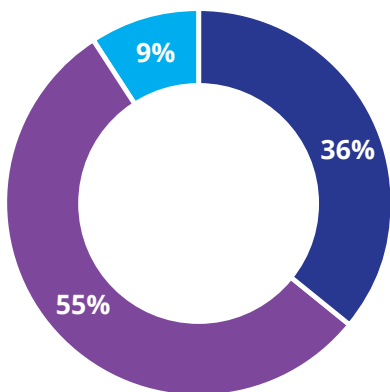
UK internal staff 2021



■ State: Non-Grammar ■ State: Grammar ■ Private ■ Other ■ Outside the UK ■ Prefer not to say

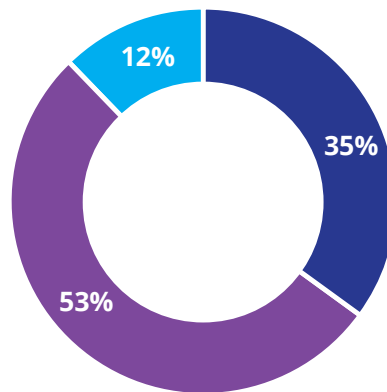
### First in family to attend university

UK consultants 2021



### First in family to attend university

UK internal staff 2021



■ Yes ■ No ■ Prefer not to say

## Gender equality

We have been a signatory to the United Nations Women's Empowerment Principles ("UNWEP") since 2013 and have been supporting the annual FDM Everywoman in Technology Awards, recognising and celebrating the achievements of women in the IT industry, for ten successful years. These awards provide opportunities for candidates at all stages of their careers and celebrate the tech industry's most talented women.

In February 2021, the Hampton-Alexander Review on improving gender balance on boards published its final five-year report. We are proud to be one of the 152 companies in the FTSE 250 which the Hampton-Alexander Review identified as having met the target to have women make up at least 33% of Board members. We achieved the second-highest position amongst participants in the Support Services category for the level of gender diversity in our senior management team. The Hampton-Alexander Review called for companies to continue to improve gender diversity in leadership roles. With this in mind, we monitor our demographic data regularly to help inform action plans and areas on which to focus; from attraction and recruitment right through to progression and retention.

The table below shows the gender split at different levels within the Group as at 31 December 2021.

As at 31 December 2021	Number of males	Number of females
On the Board	6	3
Within senior management (Executive Team)	4	1
Within senior management team and their direct reports	21	14
All employees	4,032	1,820

31% of our worldwide employees are female. Our UK mean gender pay gap reported in 2021 was 0.5% (2020: 0.4%), and our median gender pay gap for the same period was -9.6% (2020: -2.1%) meaning that our median female employee is paid more than our median male employee. These figures are significantly better than average for the UK where the average median pay gap reported was +15.4% (Office for National Statistics - Annual Survey of Hours and Earnings, 2021). We monitor these results and keep our policies under review.

## Employee development

We provide our people with a range of opportunities for their development, including face-to-face and online training on a wide range of subjects. This programme covers a number of important compliance-related topics as well as diversity and inclusion training, including help for all those who carry out interviews to be aware of the risk of unconscious bias during the recruitment process. The team continued to facilitate our ongoing mentoring programme, and a number of our colleagues are currently undertaking study toward FDM-sponsored degree-equivalent or higher qualifications.

## Rewarding

We believe it is important to recognise and reward the commitment and hard work of our colleagues. The FDM Consultant of the Month and FDM Stars initiatives reward those that excel, as nominated by our clients or other employees within the business. We recognise and reward the commitment and long-standing contribution of employees who have completed five, ten, twenty, and even thirty years with FDM. The CEO Award of Excellence is FDM's most prestigious award, reserved for outstanding employees who go above and beyond in contributing to the success and growth of the Group.

In addition:

- During 2021 we made further awards to employees under our discretionary Performance Share Plan ("PSP").
- The Buy As You Earn share plan, launched in January 2019, is open to all our employees and we made some changes during the year to make the plan's rewards more generous.

These plans provide a longer-term incentive to enable participants to share in the success of our business and reap the rewards of their contribution to our shared goals. Those employees who received awards under the PSP in 2017 benefitted from this success when those awards vested in full in March 2021. Details of the PSP are set out in note 25 to the Consolidated Financial Statements. At year end our Buy As You Earn share plan had more than 200 participants, who had demonstrated their commitment to the business by setting aside a portion of their monthly salary to purchase shares in FDM. The shares purchased will be matched with additional shares for those who hold their shares and remain in employment for the required period. The first award of matching shares was made in March 2021, as a proportion of shares purchased under the plan during 2019. At our AGM in April 2021, a number of enhancements to the Buy As You Earn plan were approved by shareholders, providing for additional awards of matching shares to employees who leave their shares in the plan over a longer period, thereby increasing the attractiveness of the plan.

## Disability

The Group gives full and fair consideration to the employment of disabled people. Throughout the recruitment and selection stages, we encourage candidates to disclose any reasonable adjustments they may require, to remove barriers, so that we can ensure all candidates have the opportunity to be successful. These adjustments may include, for example, providing additional equipment, adapting our telephone screening process or adjusting our assessment day interviews and tests to suit individual needs. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Group can continue either in their current role or in a suitable alternative. The Group endeavours to make any reasonable adjustments to enable disabled employees to fulfil the responsibilities of their job role. It is the Group's policy to support disabled employees in all aspects of their training, development and promotion.

**Disability** % of those that chose to disclose:

	UK consultants 2021 %	UK internal staff 2021 %
Identify as having a disability	5	5
Identify as not having a disability	91	89
Prefer not to say	4	6
	100	100

**Disability** % of those that chose to disclose:

	US consultants 2021 %	US internal staff 2021 %
Identify as having a disability	1	4
Identify as not having a disability	90	81
Prefer not to say	9	15
	100	100

We have been a member of the Business Disability Forum since 2017. The specialist advice and support which it provides enables us to improve our understanding of how we can further enhance our accessibility to disabled employees and customers. 5% of our UK consultants in 2021 who chose to disclose their disability status identified themselves as having a disability.

## Ex-Forces, Returners and Apprentices pathways

We recognise that people who have served in the Armed Forces have many transferable skills for a successful career in the corporate world, ranging from adaptability and maturity to responsibility and leadership. Our dedicated Ex-Forces Programme in the UK and USA provides training to ex-Forces personnel in relevant commercial skills, assisting them to make a smooth transition into the civilian workplace and leading to deployment as one of our IT or business consultants. The Programme is run by ex-service personnel and employs ex-servicemen and women from all ranks across all three services. We are proud holders of a Gold Award from the UK Government's Defence Employer Recognition Scheme, acknowledging our strong commitment and drive in delivering our pledges under the Armed Forces Covenant, to which we are also a signatory. We have again been ranked as one of the Military Times Best for Vets Employers in 2021.

Our Returners Programme aims to address the challenges faced by professional individuals who have taken a planned career break. It gives them the opportunity to re-enter the workforce at a level which is appropriate to their experience. Our returners to work typically have between 10 and 15 years of experience and are an invaluable source of talent for our clients. Our Programme aims to provide participants from a diverse range of social, ethnic and educational backgrounds, and from a wide range of age groups, with intensive training to learn new skills, refresh existing knowledge and help individuals to regain the confidence to return to their business careers. On average the participants on the Programme have had a career break of around five years. More than 200 careers have been relaunched since our Returners Programme began.

Our Apprentices programmes, whilst still nascent, are gaining momentum. In the UK, we take school leavers from a wide range of backgrounds through to achieving a university degree, all funded by us over a three-year period. In Australia we have a similar programme being built in collaboration with one of our key clients in the territory to similarly take school leavers through to a degree. In the USA our Community College programme and in Canada our Associate Degree programmes are being scoped for full initiation in 2022. Over the coming years we hope that this significant investment in future talent will see many hundreds of young people launch successful careers in and around IT.



## Our clients and shareholders

Our business development teams develop relationships with our clients to gain insight and understanding of their evolving requirements. We work closely with our clients through the process of interviewing and selecting our trainees for deployment as Mounties on client projects, which enhances our understanding of the skills and qualities they are looking for. Clients have attended virtual pod demonstrations and feedback sessions. This interaction helps to ensure that the Mounties we put forward are well matched to the client's requirements and project criteria, which ultimately makes for a successful deployment.

This year we hosted virtual and in-person meetings with current and potential investors, involving our Executive Directors and senior managers, to enable shareholders to further their understanding of our work, ethos and activities in other areas. Our in-house investor relations function works with our external brokers and financial PR advisors to provide an overall programme of communication with shareholders and prospective investors, and to increase the information available to them through our website and other channels.

## Our communities

We work with numerous charitable partners and community groups through a combination of employee volunteering, donations, and employee time. We tailor our community activities to reflect the needs and interests of the communities where we operate, prioritising programmes which use our training expertise to illustrate the possibilities surrounding a career in technology – particularly for underrepresented groups – and maintain that each of our charitable ventures aligns with our values.

### ***Donation of IT hardware and expertise***

During the year we identified computers and other IT hardware we no longer use and have refurbished them for donation to schools, charitable causes and organisations in need. Computers have been provided to primary schools and an Army Cadets detachment in the communities local to our London and Brighton offices, identified through our external professional networks and from personal references. Senior members of our IT team have provided mentoring and training sessions as part of the TechUPWomen programme, which aims to help women from minority and underrepresented communities to retrain and move into a career in technology.

### ***Events with our University Partners***

Our close relationship with our University Partners has continued, and our recruitment team has delivered 825 events working with over 250 different University Partners.

Delivery of our FDM Attraction Events for students has continued to be virtual, and we have introduced new content for those events, including technical content for those with a technical background as well as those from other courses who would like to upskill; information about the diverse and inclusive culture at FDM; and employability skills to help students and graduates. We provided digital bootcamps focussing on Excel, introductory sessions on Python and SQL, and sessions which explain to students from all degrees which of the skills they will gain at university will be useful in a career in IT. These events enable us to engage with a new audience of non-technical students, helping them to gain practical skills which they can use elsewhere, including when applying for graduate roles with FDM.

Although many universities and employers are experiencing digital fatigue and reduced engagement from students in relation to graduate recruitment, FDM has not found this to be a problem. We believe our digital upskilling bootcamps provide unique interest for students in a sector where the market for job opportunities is buoyant.

### ***Walking With The Wounded***

Spearheaded by the Ex-Forces team, our employees are involved with Walking With The Wounded, a charity which delivers employment, mental health care coordination and volunteering programmes in collaboration with the NHS to support those who served in the Forces, and their families, whether mentally, socially or physically wounded, in reintegrating back into society.

In 2021 FDM was a lead partner of Walking With The Wounded's Cumbrian Challenge, and members of our teams in Brighton and London took part in the charity's Walking Home for Christmas event.



## Human resource policies and respect for human rights

We are committed to making FDM a great place for all our employees. Our policies on maternity, paternity, adoption, personal and special leave, and on sickness absence go beyond the minimum required by law. We are committed to fulfilling our obligations in accordance with the relevant legislation for those of our applicants and existing employees who have disabilities. We give equal consideration to applicants with disabilities, and our staff who interview applicants receive training in disability awareness and unconscious bias in the recruitment process.

We have in place policies which prohibit discrimination and harassment in the workplace. We believe that our policies taken as a whole provide an effective framework to ensure that all our stakeholders and any other individuals with whom we interact in the course of our work are treated with respect and dignity, and in a way which accords with the Universal Declaration of Human Rights.

## Anti-slavery and human trafficking policy

We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of the business. We have considered the degree of risk that modern slavery could arise within the organisation or in supply chains.






The nature of our business and the direct relationship we have with applicants to the training programmes means that the risk of modern slavery in our own organisation is low. We have reviewed supply chains and taken steps to address the potential risks of modern slavery and human trafficking.

The Group has in place an Anti-Slavery and Human Trafficking policy to assist in mitigating this risk, and continues to implement a process of due diligence on key suppliers to ensure compliance with our policy and our obligations under the Modern Slavery Act 2015. There is a pre-contract due diligence process, used with new suppliers to ensure that they confirm their commitment to comply with our policies and values, or that they have in place appropriate equivalent policies of their own. We have also developed a set of standard contractual clauses for inclusion in supplier contracts which reinforces this approach. The Group aims to promote a high level of understanding of the risks of modern slavery and familiarises all staff with these policies on induction. Additional training may be provided to key staff members where appropriate. The effectiveness of these steps is monitored annually by the Board.

## UN Sustainable Development Goals

The sustainability of our business can benefit all our stakeholders, as a result of the much broader impact which we can have on the lives of those in our stakeholder communities.

In partnership with governments, the private sector and civil society, the United Nations (“UN”) 17 Sustainable Development Goals (“UNSDGs”) aim to improve the lives of future generations. We have reviewed the UNSDGs and identified five goals which are most closely aligned to our business and strategy. We are committed to implementing our strategy in a way which will support the achievement of these goals and will enable us to make our own contribution to the UN’s work.

United Nations Sustainable Development Goals	Our contribution	Examples
 <p><b>4 QUALITY EDUCATION</b> Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	Our recruitment processes are designed to be as inclusive as possible.	<p>Our programmes are available to everyone who can show us that they have the aptitude and attitude to thrive.</p> <p>Our Early Talent Programme aims to improve the social mobility of teenagers in our local communities by encouraging them to aim high and aspire to exciting careers in technology and science.</p>
 <p><b>5 GENDER EQUALITY</b> Achieve gender equality and empower all women and girls</p>	Women currently make up 31% of our global workforce. We are committed to improving gender diversity in our teams around the world, making our business more robust and sustainable.	We are a signatory to UNWEP. Our annual FDM Everywoman in Technology Awards recognise and celebrate the achievements of women in the IT industry, aiming to create a more gender-balanced workforce for FDM and our clients.
 <p><b>8 DECENT WORK AND ECONOMIC GROWTH</b> Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	Our reputation is dependent on the people we employ. We treat our employees fairly and help them to launch fantastic careers in technology.	We provide our graduates, ex-Forces personnel and returners to work with bespoke IT and business training, together with invaluable industry experience gained whilst deployed with our clients.
 <p><b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b> Ensure sustainable consumption and production patterns</p>	We are committed to reducing the impact our operations have on the environment by making our consumption of energy and materials more sustainable.	<p>Our on-site and hosted infrastructure uses a cloud-based solution using best-in-class datacentres to increase energy efficiency and to reduce our carbon footprint.</p> <p>Our old IT hardware is donated to charities and schools who can continue to use it.</p>
 <p><b>13 CLIMATE ACTION</b> Take urgent action to combat climate change and its impact</p>	FDM has produced a Carbon Reduction Plan. The Group is committed to reduce its scope 1, 2 and 3 greenhouse gas emissions (see page 56).	<p>We are liaising with the landlords of our leased premises to switch the electricity supplied to our sites to be sourced from 100% renewable sources.</p> <p>From 1 July 2021, our largest site, the Cottons Centre in London, has been supplied with electricity from 100% renewable sources.</p>

## Implementation of the Task Force on Climate-related Financial Disclosures (“TCFD”) framework

In 2021, we made good progress in establishing the governance necessary to identify, assess and manage climate-related risks, in line with the recommendations disclosures under the TCFD framework.

We have compiled a climate strategy roadmap that sets out the further work that will be undertaken in 2022 to ensure FDM is fully compliant with the TCFD framework. To be compliant, FDM will:

- undertake detailed climate-related scenario analysis, including assessment over the long-term
- set and disclose the metrics and targets the business will use to manage climate-related risks and opportunities; and
- describe our performance against those targets.

Climate change is assessed as part of the Group’s overall risk management process. We have assessed the resilience of the Group to climate change and consider the risk to the business of achieving its objectives as low (see pages 32 and 33). The key risks and opportunities of climate change facing the Group are:

- Direct business interruption from higher frequency high-impact climate-related events. This is mitigated by having an agile business, Mounties are spread out geographically and across multiple customer sectors. This is enhanced by having a Business Continuity Plan and implementing it when such events occur;
- Indirect impact on FDM’s customers as they are directly impacted. This risk is mitigated by greater client and geographical diversification; and
- The transition to a low carbon economy is leading to greater awareness of the crisis and the introduction of new national legislation (such as in the introduction of PPN 06/21 in the UK). In 2021 FDM finalised its Carbon Reduction Plan, which will be published in the first half of 2022 (see page 56). The Plan includes near-term greenhouse gas emission reduction targets and a commitment to reach Net Zero by 2050. Publication of the plan means that FDM meets the requirement of PPN 06/21, which will allow the business to tender for UK central-government contracts with a value over £5 million. We are already implementing the actions necessary to reach our commitments to reduce our greenhouse gas emissions.

## TCFD recommendations and FDM's approach and status

We have not included climate-related financial disclosures consistent with all of the TCFD recommendations and recommended disclosures.

In accordance with LR 9.8.6R(8) the table below sets out: where in the Annual Report we have made climate-related financial disclosures consistent with the TCFD's recommendations and recommended disclosures; and, if we have not made disclosures consistent with some or all of the TCFD's recommendations and/ or recommended disclosures, an explanation of why, and a description of the steps we are taking or plan to take to be able to make consistent disclosures in the future.

### TCFD recommendations and FDM's approach and status

Recommendation	Consistent with TCFD recommendations	FDM approach and status
<b>Governance</b>		
Disclose the organisation's governance around climate-related risks and opportunities.		
Describe the Board's oversight of climate-related risks and opportunities.	Yes	The Board has overall responsibility for ensuring the risk of climate change is effectively managed across the Group, and further details regarding the Board's governance of climate-related risks and opportunities are on page 68.
Describe management's role in assessing and managing climate-related risks and opportunities.	Yes	The risk of climate change is assessed and managed as part of the Group's overall risk approach, which is described on pages 32 and 33.
<b>Strategy</b>		
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.		
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	No	The assessed short and medium-term risks and opportunities associated with climate change as they affect FDM, are described on pages 32, 33 and 50.  In 2022, we will work with our external sustainability advisor to carry out further analysis of climate-related risks and opportunities, including over the long term.
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	No	Based on its risk management process, management assessed the risk of climate change on the business as low (see pages 32 and 33). This included assessing the risks of the direct physical effects of climate change, the transition to a low carbon economy and how climate change might potentially impact the Group's ability to meet its strategic objectives.
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	No	Management has initially assessed the risk of climate change as low. We will carry out detailed climate-related scenario analysis in 2022 and report our findings in next year's Annual Report.

## TCFD recommendations and FDM's approach and status (continued)

Recommendation	Consistent with TCFD recommendations	FDM approach and status
<b>Risk Management</b>		
Disclose how the organisation identifies, assesses and manages climate-related risks.		
Describe the organisation's processes for identifying and assessing climate-related risks.	Yes	The process for identifying and assessing climate-related risks is the same approach as applied to other risks facing the Group and is described on page 32.
Describe the organisation's processes for managing climate-related risks.	Yes	The Board uses the Risk Register as its principal tool for monitoring and reporting risk, including climate-related risks. The process is described on pages 32 and 33.
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Yes	The process for identifying, assessing and managing climate-related risks is integrated into the Group's overall risk management and is described on page 32.
<b>Metrics and Targets</b>		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.		
Disclose the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process.	No	Management has initially assessed the risk of climate change as low. We will carry out detailed climate-related scenario analysis in 2022 and report our metrics in next year's Annual Report.
Disclose scope 1, scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Yes	The Group's annual greenhouse gas emissions from scope 1, 2 and limited scope 3 activities are detailed on pages 53 to 55. Our methodology applied is given on page 54. The near-term targets in the Group's Carbon Reduction Plan are set out on page 56.
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	No	Management has initially assessed the risk of climate change on the business as low. The targets used to monitor our performance against these risks and opportunities will be developed more fully as part of the climate-related scenario analysis that will be undertaken in 2022.

## Environmental performance

### Operating in a sustainable manner

Global climate change has had observable effects on the environment, and the effects on individual regions will vary over time. The potential future effects of global climate change include an increase in the frequency, duration and intensity of events. At FDM, we realise that our activities and operations have an associated environmental impact. As such, we take into consideration and mitigate the environmental impact our business activities have on the environment and on climate change.

The risk of climate change on the Group is described on pages 32 and 33. This includes, assessing the risks of the direct physical effects of climate change, the transition to a low carbon economy and how climate change might potentially impact the Group's ability to continue its business activities.

We report our carbon and energy data following Streamlined Energy and Carbon Reporting ("SECR") requirements.

## Carbon and energy data 2021

### Directors' statement of SECR compliance

FDM Group continues to meet the greenhouse gas ("GHG") emissions reporting requirements of The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2019. We have prepared this report in accordance with the requirements for quoted companies under these regulations. We continue to report scope 1, scope 2 and limited scope 3 emissions across our global operations. The scope 3 emissions that are reported here are consistent with our reporting in prior years and cover business travel and business activities, such as paper usage, water usage, waste disposal and electricity transmission and distribution. Our Carbon Reduction Plan includes a much broader remit (see page 56).

### 2021 performance

The Group's reported greenhouse gas emissions, on a location basis, have decreased by 30% to 622 tCO<sub>2</sub>e in 2021. The market-based emissions are lower as they reflect emissions from our specific electricity suppliers. The market-based emissions are lower due to purchasing electricity for our UK centres from 100% renewable sources. This year there has been further reduction in overall Scope 1 (-27%), Scope 2 (-12%) and Scope 3 (-47%) emissions. This reduction can be attributed to the significant reductions in travel, in particular flying, and other business activities due to COVID-19 restrictions, which affected the Group globally.

### Environmental initiatives introduced in 2021

In 2021, the following energy savings initiatives were undertaken:

- Produced Group Carbon Reduction Plan (see page 56).
- Renewable electricity: From 1 July 2021, electricity supplied to the Cottons Centre was sourced from 100% renewable energy sources.
- Paper reduction: the introduction of our timesheet and billing system in 2020 significantly reduced our paper usage in 2021 compared with the previous year.

### Ongoing environmental initiatives

We are virtualising our IT estate: Our overall energy requirement is lower as we are hosted at efficient datacentres, run by Microsoft Azure that flexes capacity in line with our usage.

We have policies and facilities in place to promote:

- recycling of paper, plastics and cans at our centres; and
- the use of video conferencing technology and other collaborative tools to reduce the need for travel.

At year end the Group had two company cars, used as pool cars for business usage only.

### 2021 emissions' methodology

As an IT-focussed global professional services provider, we recognise the importance of quality data management. We have processes and controls in place to capture actual consumption where possible. In line with common practice, where the data is incomplete we model the consumption using estimates. We work with Avieco, a leading provider of sustainability data services, to ensure that we continue to follow best practice in the assessment and reporting of our environmental performance. Our engagement with Avieco enables us to provide transparency to stakeholders and to further identify opportunities to improve our environmental performance.

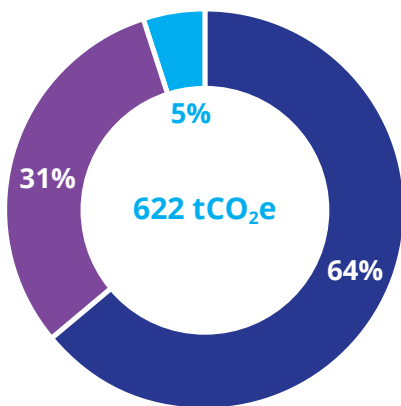
The methodology used to calculate the GHG emissions is in accordance with the requirements of the following standards:

- World Resources Institute (WRI) Greenhouse Gas (GHG) Protocol (revised version);
- Defra's Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting requirements (March 2019); and
- Global office emissions have been calculated using the DEFRA 2021 & IEA 2021 issue of the conversion repository.

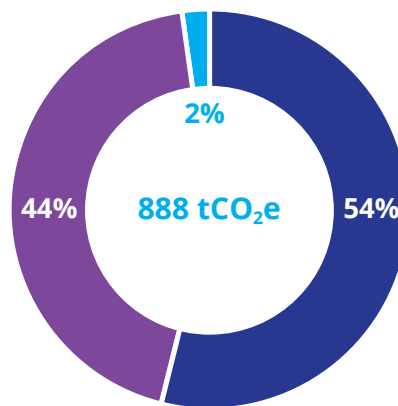
Following an operational control approach to defining our organisational boundary, our calculated GHG emissions from business activities fell within the reporting period of January to December 2021, using the reporting period of January to December 2020 for comparison.

### Emissions breakdown by resource type

2021



2020



■ Travel ■ Energy ■ Other



Emissions and energy usage<sup>1</sup>

	Emissions source	Global emissions (tCO <sub>2</sub> e)		% change to 2020
		2021	2020	
<b>Scope 1</b>	Natural gas	44	56	↓21%
	Company cars	2	7	↓71%
<b>Total Scope 1</b>		<b>46</b>	<b>63</b>	<b>↓27%</b>
<b>Scope 2</b>	Electricity	351	374	↓6%
	Purchased Steam	0	23	↓100%
<b>Total Scope 2</b>		<b>351</b>	<b>397</b>	<b>↓12%</b>
<b>Scope 3<sup>2</sup></b>	Flights	123	317	↓61%
	Non-company cars	62	44	↑41%
	Other business travel	8	21	↓62%
	Other business activities	32	46	↓30%
<b>Total Scope 3</b>		<b>225</b>	<b>428</b>	<b>↓47%</b>
<b>Total emissions (Location based)</b>		<b>622</b>	<b>888</b>	<b>↓30%</b>
<b>Total emissions (Market based)</b>		<b>569</b>	<b>820</b>	<b>↓31%</b>
<b>Total energy usage (kWh)</b>		<b>1,688,635</b>	<b>1,882,187</b>	<b>↓10%</b>
	£ million of revenue	267.4	267.7	0%
	Average number of employees	5,364	5,231	↑3%
Normaliser	tCO <sub>2</sub> e per £ million of revenue	2.3	3.3	↓30%
Normaliser	tCO <sub>2</sub> e per employee	0.12	0.17	↓29%

Emissions <sup>3</sup>	2021		2020		Total % change to 2020	
	UK	Global (excluding UK)	UK	Global (excluding UK)	UK	Global (excluding UK)
Total (Location based) (tCO <sub>2</sub> e)	218	404	345	543	↓37%	↓26%
Total energy usage (kWh)	813,731	874,904	935,517	946,670	↓13%	↓8%

<sup>1</sup> This work is partially based on the country-specific CO<sub>2</sub> emission factors developed by the International Energy Agency, © OECD/IEA 2021 but the resulting work has been prepared by FDM Group and does not necessarily reflect the views of the International Energy Agency.

<sup>2</sup> Scope 3 emissions: CO<sub>2</sub>e from company activities, not owned or controlled by the company (i.e. flights, non-company cars other business travel which includes emissions from rail, taxis and buses and other building activities which includes emissions from paper, waste, water and electricity transmission and distribution).

<sup>3</sup> Energy reporting includes kWh from scope 1, scope 2 and scope 3 employee cars only (as required by the SECR regulation).

## Group Carbon Reduction Plan

The Board approved the Group Carbon Reduction Plan in December 2021 and it will be published in the first half of 2022. FDM is fully committed to playing its part in addressing the climate crisis and is committed to ambitious near-term science-based targets in line with a 1.5°C limit to global warming, and to delivering Net Zero emissions across all scopes by 2050. We have established an internal steering group to implement the actions required and to monitor our performance against our targets.

Our 2020 baseline greenhouse gas emissions were significantly higher than those emissions disclosed on pages 53 to 55. Our baseline and commitment targets include capturing emissions from more scope 3 categories than the limited number reported in this Annual Report. The broader data collection allows us to monitor our carbon footprint and includes emissions from; our purchased and procured services and goods; and from employee commuting. We are currently in the process of calculating our full 2021 emissions.

We have submitted our near-term targets to the Science Based Targets initiative (“SBTi”) for validation.

FDM is committed:

- to reduce its absolute Scope 1 and 2 greenhouse gas emissions by 50% by 2030 from a 2020 base year; and
- to reduce its Scope 3 greenhouse gas emissions by 62% per employee by 2030 from a 2020 base year.

## Statement by the Directors in performance of their statutory duties under s.172(1) Companies Act 2006

The Directors of the Company have an obligation to act in accordance with a general set of duties which are set out in section 172 of the Companies Act 2006 (the "Companies Act"). This states that the Directors must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and, in doing so, have regard (amongst other matters) to:

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

Directors are briefed on these duties as part of their induction, and have access to professional advice on them, from the Company Secretary or, if they consider it necessary, from an external independent advisor. The Directors fulfil this duty partly by delegating responsibility for day-to-day decision-making to the Executive Team and other senior managers, under a robust governance structure which is described in further detail in our Corporate Governance Report.

The Directors consider, both individually and together, that they have acted in accordance with their duties under s.172 in the decisions taken during the year ended 31 December 2021 (see page 67). There are examples throughout this Annual Report of how we take into account the matters referred to above, but the following summarises the stakeholder groups we have identified, the key steps we have taken to engage with them and the outcomes of that engagement.

Stakeholder group	Importance of engagement	How we have engaged	Key topics, decisions and outcomes of engagement
Our employees	<p>We engage with our employees to ensure that we are creating an environment in which they can thrive, and to understand their ideas and concerns.</p> <p>Our long-term success depends on the commitment of our staff to deliver our purpose (see page 4) – both internal staff and our Mounties.</p> <p>The safety, wellbeing and morale of all our employees remained an important priority throughout 2021.</p>	<p>We discuss our activities to engage with our employees on pages 40 to 42, including our Employee Networks.</p> <p>We have surveyed our consultants and internal staff to ensure they continue to feel connected and to obtain their views on a range of issues, including on changes in work patterns, and their wellbeing.</p> <p>Jacqueline de Rojas as the Non-Executive Director responsible for engaging with our workforce held a series of informal meetings with managers at different levels across the business.</p>	<p>The results of the employee survey were discussed at Board level, giving us insight into the views of our staff and enabling us to tailor our support initiatives to the needs of our employees and consider their views on the ways in which working patterns are changing following the pandemic, and a number of other matters.</p> <p>In 2020 we recognised that the interval between our UK trainees completing their training and finding their first client placement was longer than normal (as a result of onboarding delays caused by the COVID-19 pandemic), as a result of which the Board enhanced the employment package for those signed-off trainees, paying them a salary immediately on completion of training to ensure they were financially supported until we were able to deploy them onto their first client assignment. This year, we have further enhanced the remuneration package for our UK trainees – they now become an employee and receive a salary from day one of their training. Our other territories already benefit from this enhanced policy.</p> <p>As a result of feedback received from candidates during our recruitment process, the Board has introduced other enhancements to our model for trainees and consultants in other territories, including reducing the expectation that consultants will be geographically flexible in the US, and a bonus paid to Canadian trainees at the end of their two-year commitment to us.</p>

Stakeholder group	Importance of engagement	How we have engaged	Key topics, decisions and outcomes of engagement
Our University Partners	Universities can be seen as a key supplier. Recruiting graduates of the highest calibre into our training programmes is key to our ability to deliver Mounties with the qualities and attributes which our clients are looking for. We engage with our University Partners to ensure that our Academy offering adapts and develops to remain competitive and attractive to graduates.	Information on our engagement with our university partners can be found on page 47.	We have continued to develop the content of our events to engage with non-technical students, enabling them to gain confidence before applying to FDM.
Our trainees	Our trainees are key to our Mountie model, it is important for us to ensure that we are providing them with training which will enable them to evolve into Mounties with client-driven and cutting-edge skills in the technologies which are relevant to our clients' needs.	All our trainees are asked to provide formal feedback on the content and delivery of the courses which they receive during their time in our Academies.	<p>The Board decided to enhance the package for trainees in the UK by making them employees and paying them a salary from day one of their training. Other changes have been made to the employment model in the US and Canada (as set out in "Our Employees" above) to help our trainees and consultants, and to make our offering more attractive to potential recruits.</p> <p>Our engagement with trainees and Mounties has informed the work we are undertaking in our Academy Transformation Programme which will result in a significant evolution of the way our Academy delivers training post-lockdown, making it more flexible and accessible for trainees, whilst maintaining quality. Information about the Academy Transformation Programme can be found on page 14.</p>
Our clients	Understanding our clients' needs is central to our business. We need to ensure that we are offering Mounties of the right calibre, with the required personal and professional attributes and technological skills.	Further information on our engagement with clients can be found on page 47.	<p>As a result of our work with individual clients we have continued to develop and deliver the pod concept and have created driven programmes, tailored to specific client needs.</p> <p>Six of our courses have now been awarded Tech Industry Gold accreditation by TechSkills, which provides our clients with assurance that our courses meet standards for quality and job-readiness which are set by leaders in the industry. Further information on our Academy Accreditation programme can be found on page 14.</p>

Stakeholder group	Importance of engagement	How we have engaged	Key topics, decisions and outcomes of engagement
Our shareholders	We look for an investor base that is interested in holding our shares long term. We engage with current and prospective investors to assist them in understanding and supporting our strategic objectives, enabling us to generate strong financial results which create value for shareholders.	We discuss our programme of investor engagement on page 73. Key elements of this include our AGM, our comprehensive full-year and half-year results presentations, participation in numerous other investor meetings between individual Directors and members of the management team with current and prospective shareholders.	Discussion with our top shareholders has been taken into account in our approach to Directors' Remuneration in 2022 (see page 100 for further details).  We took into account the views of our major shareholders prior to making all our UK trainees employees and paying them a salary from day one of their training.
Our local communities	We place great importance on ensuring that our activities have a positive impact on the wider communities in which we operate.	Further information on our activities with the communities where we operate can be found on page 47.	We have continued our work to promote diversity, inclusion and social mobility, making further progress in improving our own gender pay gap.  FDM has refurbished its old IT hardware and donated it, to schools, charitable causes and organisations in need (see page 47).
The environment	We are conscious that all business activities have an impact on the environment and climate change, and we are committed to finding ways to mitigate that impact.	Further information on the work we have done to reduce our impact on the environment can be found on page 53.	We engaged an external sustainability consultancy to assist us in measuring our carbon footprint resulting from Scope 1, 2 and 3 GHG emissions across our organisation. The Board approved the Group's commitment to reduce FDM's greenhouse gas emissions (see page 56) and we have submitted our targets to the independent SBTi to be validated as being in line with the latest climate science.

## Non-financial performance reporting

We comply with the requirements of sections 414CA and 414CB of the Companies Act. The information provided above is to help our stakeholders understand our position on key non-financial matters, specifically: employees, social matters, respect of human rights, environmental matters, and anti-corruption and anti-bribery matters.

The Strategic Report was approved by the Board on 16 March 2022 and signed on its behalf by:



**Rod Flavell**

Chief Executive Officer  
16 March 2022

# Governance

## Governance

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# Meet the Board





### Michelle Senecal de Fonseca

Non-Executive Director



#### Date of Appointment

Non-Executive Director January 2016

#### Experience

Michelle is an experienced senior executive specialising in the field of technology and international communications. She is currently the Global Vice President for Cloud Innovation Partnerships at Citrix Systems having previously served as a European Sales Vice President for the company. Prior to Citrix, she was Global Director of Cloud and Hosting Services at Vodafone. Michelle has previously worked at the European Bank for Reconstruction and Development where she managed the Telecom, Media and Technology banking team. Michelle is a co-founder and board member of Women in Telecoms and Technology, a UK not-for-profit organisation. She is also a global council member at Thunderbird School of Global Management in Phoenix, Arizona. In 2020, Michelle joined the Strategic Advisory committee to TEDI-London, a new design-led engineering school in the UK.

#### External Appointments

- Citrix Systems UK Limited (Director, appointed May 2019)
- Alphawave IP Group Plc (Non-Executive Director, appointed May 2021)
- Women in Telecoms and Technology (WITT) Limited (Director, appointed May 2008)
- Thunderbird School of Global Management (Director, appointed April 2009)
- MOVE Capital (Investment Board member, appointed September 2017)

### Alan Kinnear

Non-Executive Director



#### Date of Appointment

Non-Executive Director January 2020

#### Experience

Alan is a member of the Institute of Chartered Accountants of Scotland.

Alan was with PwC for 35 years until his retirement in 2015, including 23 years as an audit partner working with listed, private equity-backed and fast-growth entrepreneurial companies. He was a member of PwC's South East regional board and a national leader for audit services in the private equity sector. He has significant skills and experience in financial reporting, regulation, corporate governance and risk management.

During the year following his retirement from PwC in 2015, Alan was a non-executive director with CEGB Holdings Limited.

#### External Appointments

Alan has no external appointments.

### Jacqueline de Rojas CBE

Non-Executive Director



#### Date of Appointment

Non-Executive Director October 2019

#### Experience

Jacqueline is a highly regarded leader in the UK technology field, with a strong reputation as a champion of women and minority voices in the sector. She has been the president of technology trade association techUK since July 2015 where she has developed and supported a manifesto for skills and diversity in the technology industry. She is also the co-chair of the Governance Board of the Institute of Coding.

Prior to this, Jacqueline held senior executive roles at major tech companies including Sage Group, Citrix Systems, CA Technologies, Novell and McAfee International. She was previously a non-executive director at AO World plc and Home Retail Group plc. In 2019, Jacqueline was awarded a CBE for Services to International Trade in Technology.

Jacqueline is the Board's designated Non-Executive Director for engagement with the Group's workforce, enabling employees to share ideas and concerns with senior management and the Board.

#### External Appointments

- Costain Group plc (Non-Executive Director, appointed November 2017)
- Rightmove plc (Senior Independent Director, appointed December 2016)
- techUK Limited (Director, appointed July 2014)
- Industrial and Financial Systems, IFS AB (Sweden) (Non-Executive Director, appointed May 2021)



## Andy Brown

Chief Commercial Officer

### Date of Appointment

Chief Commercial Officer January 2008  
Joined FDM 1994

### Experience

Andy progressed through the Group's Sales team to become Global Sales Director in 2007 and, subsequently, Chief Commercial Officer.

Andy oversees the expansion of the Group with a focus on the sales and recruitment functions. Andy's strategic focus is around developing new service streams in line with client demands, as well as increasing the number of applicants to the Group's Graduate programme, which are both key areas to the success and growth of the Group. Andy also played a key role in the launch and success of the UK Ex-Forces Programme.

### External Appointments

Andy has no external appointments.

## Mike McLaren

Chief Financial Officer

### Date of Appointment

Chief Financial Officer April 2011  
Joined FDM 2011

### Experience

Mike is a Fellow of the Institute of Chartered Accountants in England and Wales.

Prior to joining FDM, Mike fulfilled the roles of Group Finance Director and Chief Operating Officer in a premium listed business in the software and services sector. In addition, Mike has been an Independent Non-Executive Chairman and Non-Executive Director on the boards of a number of other companies. Overall, Mike has more than 30 years' experience of working within the technology sector in a range of senior financial, commercial and operational roles.

### External Appointments

ActiveOps plc (Non-Executive Director, Chair of Audit Committee, appointed March 2021)

## Peter Whiting

Non-Executive Director



### Date of Appointment

Non-Executive Director June 2014  
Senior Independent Director June 2014  
Chair of the Remuneration Committee June 2014

### Experience







Peter has over 20 years of experience as an investment analyst, specialising in the software and IT services sector. Peter joined UBS in 2000 and led its UK small and mid-cap research team. Between 2007 and 2011 he was Chief Operating Officer of UBS European Equity Research. One of his responsibilities during this period was the oversight of the graduate recruitment, training and development programmes, both for the Research business and the Equities operation as a whole. He has used his extensive experience in the financial services and technology industries in developing a strong technology-led NED portfolio.

### External Appointments

- Kooth plc (Non-Executive Chair, appointed September 2020)
- Aptitude Software Group plc (Senior Independent Director, Chair of Remuneration Committee, appointed February 2012)\*
- D4T4 Solutions plc (Non-Executive Director, Chair of Remuneration Committee, appointed July 2018)

\*Note: Aptitude Software Group plc has announced that Peter Whiting will not seek re-election as a Non-Executive Director at the company's next Annual General Meeting, due to be held on 28 April 2022.

### Key

	Member of Remuneration Committee		Chair of Remuneration Committee
	Member of Audit Committee		Chair of Audit Committee
	Member of Nomination Committee		Chair of Nomination Committee



## David Lister

Non-Executive Chair of the Board



### Date of Appointment

Chair of the Board March 2019  
Non-Executive Director March 2016

### Experience

David has over 40 years of experience in operations and technology roles across multiple industries for international businesses such as Diageo, GlaxoSmithKline, Boots, Reuters, Royal Bank of Scotland and National Grid. He also has experience in the professional services sector where he was a management consultant at PricewaterhouseCoopers LLP ("PwC"). Other former non-executive appointments include Interxion Holdings B.V., HSBC Bank plc, CIS General Insurance Limited and the Department for Work and Pensions.

### External Appointments

- HSBC Private Bank (UK) Limited (Non-Executive Chair, appointed December 2019)
- Marks and Spencer Financial Services Plc (Non-Executive Chair, appointed September 2020)
- HSBC UK Bank Plc (Non-Executive Director, appointed May 2019)
- Nuffield Health (Member of the Board of Governors, appointed February 2014)

## Rod Flavell

Chief Executive Officer

### Date of Appointment

Founded FDM in 1990

### Experience

Rod is the founder and Chief Executive Officer of FDM Group and has more than 40 years of experience in the technology sector. He has been instrumental in the development of the Group into an international, award-winning employer with a prestigious client base operating in multiple markets.

Rod is a strong advocate of improving diversity in the technology industry, as demonstrated by the Group's Women in Tech, Returners Programme, Ex-Forces and veteran career transition initiatives. In 2018 and 2019, Rod was featured in the Management Today Agents of Change Power List for his work promoting gender equality in the workplace.

### External Appointments

Rod has no external appointments.

## Sheila Flavell CBE

Chief Operating Officer

### Date of Appointment

Chief Operating Officer January 2008  
Joined FDM 1998

### Experience

Sheila has over 30 years of experience in both the public and private IT sectors. She spearheads FDM's global Women in Tech initiative and Returners Programme.

Sheila was awarded a CBE in the 2020 New Year Honours List for services to gender equality in IT, and graduate and returners' employment.

Sheila has been invited to advise government committees on improving the digital skills shortage and gender pay gap in the UK. Her work has been acknowledged by numerous awards, including inclusion in Computer Weekly's 'Most Influential Women in UK Tech, Hall of Fame,' at the 2020 European Tech Women Awards, The Department of Trade and Industry recognised her outstanding achievements by conferring Sheila with a 'Career Recognition' award.

### External Appointments

- techUK Limited (Director, Deputy President, appointed June 2016)
- Institute of Coding Industry Advisory Board (Chair)

# Corporate Governance Report

## Chair's Governance Overview

On behalf of the Board, I am pleased to present the Corporate Governance Report, which follows the principles of the 2018 Code. This section of our Annual Report aims to provide shareholders and other stakeholders with an understanding of how we manage our Group and the framework of governance and control within which we work, I hope you find it informative and useful.

We take great care to ensure that the content of our Annual Report is fair, balanced and understandable. A review by the Audit Committee can be found on page 89 and a formal statement from the Directors is included on page 119.

Further information on the Board's primary areas of focus in 2021 is set out on pages 71 and 72. The Board has continued to work with the business during the year on the development of our Academy of the future, which will use a virtualised environment (initially developed as a response to the challenges of remote training during the pandemic) to enhance the user experience, whilst further improving quality and our training capacity. These changes will represent an important evolution of our business model and will support the delivery of the cornerstones of our strategy (see page 13).

The Board is overseeing the Group's response to climate-related risks and opportunities, and our approach is outlined on page 68. FDM's climate strategy roadmap includes the steps we will undertake to implement fully the recommendations of the TCFD framework. In 2021 we approved the Group's Carbon Reduction Plan, which we will publish in the first half of 2022 (see page 56).

### David Lister

Chair of the Board  
16 March 2022



## UK Corporate Governance Code 2018

As a premium listed company, we are expected to explain how FDM Group has applied the main principles of the 2018 Code issued by the Financial Reporting Council in July 2018.

The Board considers that FDM Group has complied with the 2018 Code during 2021, except to the extent explained below.

- Provision 17 of the 2018 Code states that a majority of members of the Nomination Committee should be independent non-executive directors. At the beginning of the year the Nomination Committee comprised David Lister (Chair of the Nomination Committee and Non-Executive Chair of the Board), Michelle Senecal de Fonseca (independent Non-Executive Director), Peter Whiting (independent Non-Executive Director) and Rod Flavell (CEO). Although not specified by provision 17, there is a view that (in line with provision 11 of the Code relating to main Board composition) the Chair of the Committee should not be counted when establishing the proportion of independent Non-Executive Directors on the Committee. In addition, some of our investors expressed the view that they consider it best practice for the CEO not to be a member of the Committee. In recognition of these factors: (a) the Board appointed Jacqueline de Rojas (independent Non-Executive Director) as an additional member of the Nomination Committee with effect from 1 March 2021; and (b) Rod Flavell (CEO) stepped down as a member of the Nomination Committee with effect from 27 April 2021. Following those changes, the Committee now comprises three independent Non-Executive Directors (Jacqueline de Rojas, Michelle Senecal de Fonseca and Peter Whiting), and the Committee Chair (David Lister, who is also Chair of the Board).

Further information on the 2018 Code can be found at [www.frc.org.uk](http://www.frc.org.uk)

The main principles of the 2018 Code are as follows:

- Board Leadership and Company Purpose
- Division of Responsibilities
- Composition, Succession and Evaluation
- Audit, Risk and Internal Control
- Remuneration

## 1. Board leadership and company purpose

### An overview of the Board's role

The Board is required to establish the Group's purpose and to define its strategy. FDM exists to deliver customer-led, sustainable, profitable growth on a consistent basis, through our well-established Mountie model. This is our purpose, and its key components are set out in more detail on pages 22 to 23. The Board's view is that enabling the successful achievement of FDM's purpose will secure the long-term sustainable success of the Group for our staff, customers and other stakeholders, generating value for shareholders.

In support of this purpose, the Board has developed a strategy which will enable us to launch new careers for our talented Mounties around the world, and ensures that all the investments we make and activities we carry out can deliver quantifiable improvements to our business for our customers, staff and shareholders. You can read more about our strategy and its four key objectives, including how each has been delivered during 2021, on pages 13 to 16 of the Strategic Report.

The Group has established a set of core values which reflect FDM's culture. Each of the Executive Board members aims to be a role model for these values, promoting them and FDM's culture. Our values and culture are central to the continued success of the Group and support the implementation of our strategy.

The Board is responsible for identifying the risks which may stand in the way of meeting FDM's strategic objectives, considering which of those risks the Group is prepared to take to achieve its goals, ensuring that appropriate procedures and controls are in place to manage or mitigate those risks insofar as it is reasonably practicable to do so, and regularly testing the effectiveness of those mitigations.

## Corporate Governance Report

The Board has a remit to ensure that the Group has the necessary resources in place to achieve its strategic goals, both in terms of finance and people, and to monitor performance and measure progress towards those goals. It is the Board's duty to support and challenge the Executive Team to ensure that FDM's business is managed in accordance with that strategy.

The Board meets regularly through the year to review operational and financial matters, develop and refine strategy, and monitor progress towards strategic objectives. When setting and monitoring the implementation of the Group's strategy, the Directors keep in mind their individual duty to act in the way that they consider, in good faith, will be most likely to promote the success of the Group for the benefit of its stakeholders as a whole, as set out in s.172 of the Companies Act.

The Directors act with reasonable care, skill and diligence in their work, taking steps to ensure that they exercise independent judgement at all times and that processes are in place to enable robust decision-making, especially when there are more difficult decisions to be made. FDM's network of stakeholders includes its shareholders, clients, employees, and members of the wider society in which we operate. The interests of these stakeholders are varied but interconnected, and we recognise our responsibilities to engage with them and to take their interests into account. Additionally, in the event of any notable vote against a Board recommendation proposed at an AGM, FDM will carefully review the voting outcomes and will engage with shareholders to understand their reasons. We will then provide details of the actions taken in response in the next Annual Report.

Further details of the steps taken by the Board to meet the requirements of s.172 of the Act are set out in our s.172 Statement which can be found on page 57.

The Board is aware of its responsibility to identify and manage the challenges facing the business from climate change and to take action to reduce the Group's carbon footprint. Working with Avieco, in 2021 the Board established FDM's climate strategy roadmap, which formed a timetable of when key workstreams will be undertaken. The first project on the roadmap was to produce the Group's Carbon Reduction Plan, which will be published in the first half of 2022 (see page 56 for further information). Mike McLaren is the executive sponsor, responsible for implementing the plan. The Executive Team will monitor the Group's emissions and initiatives against its published targets, reporting to the Board on the business' performance. We have submitted the Group's Carbon Reduction Plan to SBTi for validation.

The Board reviews the risks and opportunities to the Group from climate change as part of the overall risk management process. Such risks and opportunities may arise from both i) the direct and indirect effects of climate change and ii) the transition to a low-carbon economy. Input has been obtained from across the business and fed into the Group's Risk Register. A summary of the key climate-related risks and opportunities facing the Group and their impact upon strategy is provided on pages 32 and 33.

Further climate-related workstreams to be undertaken in 2022 include: performing climate scenarios analysis and ensuring full TCFD disclosure and compliance; and participating in the Carbon Disclosure Project.

The Board's financial responsibilities include approving the interim, preliminary and annual financial statements, the annual budget and longer-term forecasts, significant contracts and capital investment. Each of these responsibilities underpins the principles of the 2018 Code.

The Board's other responsibilities include monitoring the impact of its decisions on our employees, promoting strong business relationships with clients, suppliers and others, and considering the impact of our operations on the wider community and the environment. The Board supports the Executive Team in ensuring that the Group's reputation for high standards of business conduct is maintained, and is mindful of the need to achieve a fair balance between the interests of different shareholders and other stakeholders.

### **The Board and its Committees – a structure for robust governance**

The Board understands that the opportunity to promote the long-term sustainable success of the Group is maximised by ensuring that the Board remains effective, has the right blend of skills and experience, and retains the key elements of an entrepreneurial culture is at the core of FDM.

As recommended by the 2018 Code, where appropriate, the Board delegates some of its responsibilities to the Audit Committee, Remuneration Committee and Nomination Committee (“the Committees”), which play a key role in supporting the Board’s aims and the application of the principles of the 2018 Code. The terms of reference and composition of these Committees are reviewed annually and updated as appropriate. Whilst the Board retains overall responsibility, the establishment of Committees enables particular aspects of the Board’s work to be carried out at a more detailed level by Board members who have particular expertise, experience and interest, allowing deeper analysis and oversight of those areas. The Chairs of each Committee report to the Board on matters considered and decisions taken, and make recommendations on matters for which the Board reserves final approval. Minutes of all Committee meetings are made available to other Board members to be viewed at any time via the Board’s secure online portal.

The Nomination Committee keeps under review the blend of skills, experience, independence and knowledge across the Board’s members. It leads the process for new appointments to the Board, ensuring a fresh and entrepreneurial approach which enables strategic opportunities to be identified, analysed and effectively managed to provide long-term sustainable success. The Nomination Committee also leads the process to facilitate evaluations of the Board’s effectiveness. More information about these areas is set out in the “Composition, succession and evaluation” section on page 78 and in the Nomination Committee Report on pages 92 to 95.

The Audit Committee monitors the application of the financial reporting, internal control, and risk management principles set out in the 2018 Code, and ensures that the Group maintains an appropriate relationship with its auditors. More information about risk and internal controls can be found in the “Audit, risk and internal control” section on page 80 and in the Audit Committee Report beginning on page 82.

The Remuneration Committee is responsible for setting the Company’s Remuneration Policy, determining each Executive Director’s total individual remuneration package (including salary, benefits, bonus and pension entitlements, and participation in share and other incentive schemes) and setting the targets for performance-related pay. The Committee also has oversight of the remuneration of the next tier of senior management below Board level. The Remuneration Committee’s work supports the strategy set by the Board, by promoting the opportunity for long-term sustainable success, and by aligning executive and senior managers’ remuneration to the achievement of the Group’s purpose and promotion of its values, and to the successful delivery of long-term strategic goals. The Remuneration Report, beginning on page 96, contains more information on our application of these principles of the 2018 Code. The current Directors’ Remuneration Policy was approved by shareholders at the AGM held on 28 April 2021.

Information about the membership of each Committee can be found in the relevant Committee’s report.

### **The Board’s agenda**

The Board meets regularly throughout the year, following an agenda which is agreed in advance based on themes from the Group’s business plan. Although the setting of the agenda is led by the Chair of the Board in discussion with the Chief Executive and the Company Secretary, all Board members are welcome to put forward topics for discussion.

Standing items, including operational and financial reviews and Committee updates are considered at each scheduled Board meeting, with unplanned items such as commercial or property-related decisions considered as and when required. In addition, potential topics are identified for management updates and other Board discussions.

Ahead of each Board meeting, all Board members are supplied with an agenda and a set of specific papers on particular strategic issues, as well as reports and management information on current trading, operational issues, compliance, risk, accounting and financial matters. This enables the Chair to ensure all Directors are properly briefed on the matters to be discussed. The Chair works with the Company Secretary to ensure that the supporting papers are clear, accurate, timely and of sufficient detail to enable the Board to discharge its duties effectively. The Board’s forward agenda is coordinated with those of its Committees and the Chairs of the Committees report on the activity of their Committees at Board meetings. The agenda is designed to provide an appropriate balance between strategic planning items and reports which enable the Board to monitor the management and performance of the Group, ensuring it operates within the appropriate risk-reward culture and the Board’s strategy to deliver FDM’s purpose.

## Corporate Governance Report

The format of the Board Reports is reviewed regularly and updated as appropriate to ensure that the reports provide the required information in the most useful format to enable Board members to carry out their oversight role effectively.

At regular intervals throughout the year, senior managers from around the Group attend Board meetings to update the Board on progress being made and matters arising in their areas of operation. The Board aims to ensure that there is sufficient time for the Board to discuss significant matters or matters of a more discursive nature. To assist with this, the usual approach is to hold Board dinners and other informal gatherings after certain scheduled Board meetings which allow the Directors greater time to discuss key topics with additional internal and external participants. In particular, this enables the Non-Executive Directors to explore business and operational issues in greater depth with the senior managers who have reported to the Board.

The Board has identified certain matters on which decisions are formally reserved for the Board's approval, a schedule of which is available on the Group's website [www.fdmgroup.com/investors/corporate-governance/](http://www.fdmgroup.com/investors/corporate-governance/). They include the following:

- Approving financial results and other financial, corporate and governance matters;
- Approving material contracts;
- Approving material capital or operational expenditure;
- Approving Group strategy;
- Approving appointments to the Board;
- Determining dividend policy, as well as approving and recommending dividends, as appropriate;
- Reviewing material litigation;
- Reviewing annually the effectiveness of internal control and the nature and extent of significant risks identified by management and associated mitigation strategies; and
- Approving the Group's annual budgets and three-year plans.

Board decisions are generally reached by consensus at Board meetings. However, should the situation arise, decisions may be taken by a majority of Board members. FDM's Articles of Association provide the Chairman with a casting vote in the case of an equality of votes.

Details of the number of meetings of the Board and Committees (which only certain Directors are required to attend) and individual attendances by Directors are set out in the table below. During the early part of 2021 restrictions on gatherings and rules on social distancing required that some meetings of the Board and its Committees took place using virtual conference technology. The Company's Articles of Association allow meetings of the Board to be held validly in this manner. The Group's technology has continued to perform well in these circumstances and in conducting the meetings, the Chair has also adopted an approach which adequately caters for the different dynamic brought about by Board members' remote participation in meetings. The Board has found that virtual platforms have provided a satisfactory alternative to meetings in person, allowing all members to follow proceedings and participate as fully and effectively as if they were physically present in the same room. However, as restrictions on gatherings were relaxed during 2021, the Board resumed its standard practice of holding meetings in person at the Company's offices.

	Board meetings	Audit Committee meetings	Remuneration Committee meetings	Nomination Committee meetings
Number of meetings at which present, as a proportion of maximum possible				
Number of meetings held in 2021	9	4	5	2
David Lister	9/9	n/a <sup>1</sup>	n/a <sup>1</sup>	2/2
Rod Flavell	9/9	n/a <sup>1,2</sup>	n/a <sup>1</sup>	2/2 <sup>3</sup>
Sheila Flavell	9/9	n/a <sup>1</sup>	n/a <sup>1</sup>	n/a <sup>1</sup>
Mike McLaren	9/9	n/a <sup>1,2</sup>	n/a <sup>1</sup>	n/a <sup>1</sup>
Andy Brown	9/9	n/a <sup>1</sup>	n/a <sup>1</sup>	n/a <sup>1</sup>
Peter Whiting	9/9	4/4	5/5	2/2
Alan Kinnear	9/9	4/4	5/5	n/a <sup>1</sup>
Michelle Senecal de Fonseca	9/9	4/4	5/5	2/2
Jacqueline de Rojas	9/9	n/a <sup>1</sup>	n/a <sup>1</sup>	1/1 <sup>3</sup>

1 Not applicable, not a member of the Committee and not required to attend.

2 At the invitation of the Audit Committee (but not as members) Rod Flavell and Mike McLaren each attended four meetings of the Committee during the year. Rod Flavell attended 2/2 meetings of the Nomination Committee but subsequently stepped down from the Committee on 27 April 2021.

3 Jacqueline de Rojas was appointed to the Nomination Committee on 1 March 2021, following which she attended the remaining meeting of the Committee held during the year.



**Conflicts of interest**

Procedures are in place for the disclosure by the Directors of any interest that conflicts, or may possibly conflict, with the Group's interests and for the appropriate authorisation to be sought if a potential conflict arises, in accordance with the Company's Articles of Association. An up-to-date schedule of the Directors' other Board appointments, related parties' interests and relevant shareholdings is included as an appendix to each set of Board papers to ensure full transparency of their respective relevant interests.

In deciding whether to authorise a conflict or potential conflict of interest only non-interested Directors (i.e. those who have no interest in the matter under consideration) will be able to vote on and take the relevant decision. In doing so, the Directors must act in a way they consider, in good faith, will be most likely to promote the success of the Company, such that they may impose any limits or conditions which they think fit. The Board has reviewed the procedures in place and considers that they operate effectively. No actual conflicts of interest arose during the year under review, to the date of this report or in the previous year.

**The key areas of focus by the Board in 2021**

During the year there have been a number of areas where the Board has focussed its governance to ensure the delivery of the Group's strategy:

- As reported in last year's Annual Report, after remote working and delivery of training became a necessity as a result of the pandemic, the Board took the view that some of these changes to the world of work would continue after pandemic restrictions had been removed. A working group was established to examine how FDM could adapt to these changes to enhance its model. During the year, the Board received a number of updates on the progress of the working group, and the group itself presented its findings and plans to the Board in September 2021. Board members were able to discuss the group's proposals and make suggestions which will help the group take advantage of the opportunities for innovation which will enhance the delivery of our training, the experience of trainees, and the knowledge and skills they gain from their time in our Academies of the future. A number of these changes are now being piloted in our Academies, and our experience of these trials will enable us to identify significant efficiencies arising in our use of physical office and classroom space in our locations around the world, increasing the number of trainees which we are able to train at one time. Further information on our Academy Transformation Programme can be found on page 14.
- This year, we have further enhanced the remuneration package for our UK trainees, making them full employees, and paying them a salary, from day one of their training. This has boosted our recruitment programme in the UK, assisting us to attract, train and develop high-calibre Mounties, in line with our strategy. As a result of feedback received from candidates during our recruitment process, the Board has introduced other enhancements for trainees and consultants in other territories, including reducing the expectation that consultants will be geographically flexible in the US, and introducing the payment of a bonus to our Canadian consultants at the end of their two-year commitment to us.

## Corporate Governance Report

Other areas of focus for the Board during the year are set out below.

<b>Strategy</b>	<ul style="list-style-type: none"> <li>• Reviewed the Group's three-year plan (2021-2023)</li> <li>• Reviewed the evolution of the Group's training model and received an update from the working group</li> <li>• Received an update on the Group's project to update and standardise its training content and to obtain TechSkills accreditation for the Group's training courses</li> <li>• Received strategic updates from the Group's senior management teams</li> <li>• Reviewed and approved the Group's Carbon Reduction Plan</li> </ul>
<b>Operational</b>	<ul style="list-style-type: none"> <li>• Reviewed the Group's response to the operational restrictions arising from COVID-19 lockdowns</li> <li>• Received regular updates on changes to measures in place to protect the health and safety of staff, trainees, clients and visitors during the pandemic</li> <li>• Reviewed the requirements for Academy and other office space in the light of changes to methods of working (including the delivery of training in FDM's Academies)</li> <li>• Received business updates from the Group's senior management teams</li> <li>• Reviewed information on recruitment and Academy utilisation</li> </ul>
<b>Financial</b>	<ul style="list-style-type: none"> <li>• Reviewed monthly business performance against strategic goals</li> <li>• Reviewed trading updates, including the impact of the pandemic on the Group's business</li> <li>• Reviewed and updated the treasury and risk appetite policy</li> <li>• Reviewed and approved preliminary, full-year, half-year results and three-year plan</li> <li>• Reviewed and approved Group budgets and reforecasts</li> <li>• Approved a second interim dividend in respect of the 2020 financial year</li> <li>• Approved a final dividend in respect of the 2020 financial year</li> <li>• Approved an interim dividend in respect of the period ending 30 June 2021</li> </ul>
<b>Risk</b>	<ul style="list-style-type: none"> <li>• Undertook bi-annual reviews of Risk Register and risk management process, including reviews of the potential risks posed by climate change to the Group's business</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>• Reviewed the Group's legal and regulatory obligations arising from the impact of the pandemic on FDM's business</li> <li>• Reviewed the risks and opportunities arising for the Group's business from the transition to a low-carbon economy</li> <li>• Approved Group Carbon Reduction Plan and the submission of targets to SBTi</li> <li>• Modified plans for the Company's AGM to ensure compliance with current UK Government social distancing regulations</li> <li>• Carried out an externally-facilitated review of the effectiveness of the Board and its Committees</li> <li>• Reviewed the Group's Gender Pay Gap data and approved the report</li> <li>• Provided an update on Modern Slavery Act compliance</li> <li>• Establish a Working Group to manage the implementation of the Group's Carbon Reduction Plan</li> <li>• Approved updated terms of reference for the Board's Committees</li> <li>• Assessed and approved the viability statement</li> <li>• Conducted a going concern review</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Received updates on employee engagement</li> </ul>

## Engagement with stakeholders

The Board has identified the following key stakeholders: shareholders, clients, employees, prospective candidates, university partners, our local communities, and the environment.

### *Engagement with shareholders*

The Group has an internal investor relations function led by Mark Heather, the Company Secretary, who works with the Group's brokers and financial public relations advisors to operate a programme of regular engagement with current and prospective investors. We will continue to develop our investor relations activities, to include an expansion of the investor area of our website to provide additional information on our strategy, business model, competitive position, financial information and strategic progress.

To maintain dialogue with institutional shareholders, the Chief Executive Officer and Chief Financial Officer meet with major shareholders following interim and final results announcements and otherwise as appropriate. The Chief Executive Officer, Chief Financial Officer and Company Secretary also speak regularly with shareholders and potential investors to explain details of our business model, Mountie recruitment, training and deployment programme, and our approach to other important aspects of our work such as sustainability, inclusion, diversity, social mobility and our plans for carbon reduction.

Our usual approach is to host visits from current and prospective shareholders at our offices around the world, offering many of them the opportunity to tour our Academies and speak informally to members of our sales and recruitment teams, as well as trainers and trainees. Those investors who take advantage of these visits often tell us that they provide an ideal way to understand our business model, and we are glad to have the opportunity to demonstrate our purpose and the way in which our culture and values support it to drive our business towards our strategic objectives. Although it has not been possible to host the same number of visits in person this year, we are hopeful that it will be possible to welcome shareholders and potential investors at our Academies around the world in the coming year.

Other Executive and Non-Executive Directors also engage with shareholders from time to time, in particular when there are matters of governance to be discussed or when feedback on particular proposals is sought. As reported in last year's Annual Report, in the last quarter of 2020 we offered portfolio managers and compliance managers from our top 20 shareholders the opportunity to meet with David Lister (Board Chair), Peter Whiting (Senior Independent Director and Remuneration Committee Chair) and Mark Heather (Company Secretary and Head of Investor Relations). The principal reason for requesting those meetings was to consult shareholders on the Remuneration Committee's approach to executive remuneration, both in respect of 2020, and under the new policy to be introduced in 2021. That consultation proved particularly helpful and, as agreed with shareholders at the time, during 2021 Peter Whiting has followed up on that consultation by providing further information to those shareholders about the second phase in the programme of remuneration changes which we discussed with them previously.

The Company uses the AGM as an opportunity to communicate with its shareholders and welcomes their participation; shareholders who attend the AGM have the opportunity to ask questions and all Directors are expected to be available to take questions. In accordance with the 2018 Code, the Notice of AGM will be sent to shareholders at least 20 working days before the meeting and any other notice of general meeting will be sent to shareholders at least 14 days before each general meeting and will include details of the proposed resolutions and explanatory notes. It is proposed that the AGM will be held at 14.00 on Tuesday 24 May 2022 at the offices of Taylor Wessing LLP, 5 New Street Square, London EC4A 3TW.

The Board proposes separate resolutions for each issue and proxy forms allow shareholders who are unable to attend the AGM (or general meeting, as applicable) to vote for or against or withhold their vote on each resolution. As soon as practical after the conclusion of the AGM (or general meeting, as applicable), we will announce the proxy votes cast, including details of votes withheld, to the London Stock Exchange via its Regulatory News Service. We will also publish the information on our website.

The Group's website ([www.fdmgroup.com](http://www.fdmgroup.com)) is the primary source of information on the Group.

## Corporate Governance Report

### *Engagement with employees*

The Executive Directors regularly spend time in each FDM centre and meet with employees at all levels of seniority. This enables them to promote FDM's culture and values throughout the organisation. The FDM Newsletter allows the Group's culture to be spread from the Executive Team to all employees.

The Executive Directors meet regularly with partners that promote the transition to the civilian work environment from the Armed Forces, and those returning to work after a career break. Sheila Flavell chairs the Institute of Coding's Industry Advisory Board and is Deputy President of techUK, where she also sits on the Diversity Council. She has advised government committees on issues including bridging the digital skills gap and enhancing diversity in the workplace.

Jacqueline de Rojas is the president of techUK, where she engages extensively with the UK Government to build policy to allow the technology industry to thrive. In her role as co-chair of the Governance Board at the Institute of Coding, she promotes lifelong learning through industry collaboration to address the growing skills gap in technology and to encourage widening participation and pathways to digital skills through diversity and inclusion programmes.

Key managers in our People Team work closely with the Board and its Committees to assist them in assessing and monitoring the culture of FDM to ensure that policy and behaviour are aligned with the Group's purpose and strategy. During 2021 the business continued the expanded programme of employee engagement which had been put in place at the beginning of the pandemic to ensure the physical and mental wellbeing of our staff and trainees. An updated employee survey was carried out in December 2021 to gather feedback on changes to ways of working made during the year. The priorities identified from our engagement with employees have directly influenced a number of areas considered by the Board this year. In particular:

- UK trainees have historically been placed on payroll at the point that they are on-boarded and start their first placement with a client. As reported last year, during 2020 the Board recognised that the period between trainees being signed-off on completion of training and finding their first placement had been extended as a result of client onboarding difficulties, delays and market conditions during lockdown. Having considered the challenges which this was creating for our signed-off trainees, in April 2021 the Board introduced a salary for these trainees commencing immediately on completion of training. Recognising the positive impact of this change, the Board engaged in further consultation with our employees and our shareholders during the first half of 2021, following which the Board decided to bring forward the point at which UK trainees were placed on payroll. From July 2021, all UK trainees are employed and paid a salary from the commencement of their training.

Further information about our employee engagement can be found in our Corporate Responsibility report from page 40 to 42.

The results of our programmes will continue to inform our engagement with staff and the Group People Strategy as it continues to be implemented during the coming year. This will assist us in promoting a diverse, inclusive and fulfilling culture in which our people can thrive, optimising our Mounties' experience during their time with us, and ensuring that our employees promote and embody our values and our unique service offering.

In accordance with Provision 5 of the 2018 Code, the Board has appointed Jacqueline de Rojas to engage with the workforce to ensure that the voices of our employees are heard at Board level. During 2021, Jacqueline has continued to work with the People Team to run a programme of workforce engagement which has supplemented the work which has already been done to enable the views of the workforce to be raised in confidence, on an anonymous basis, which are then taken into account in the Board's discussions and decision-making. Jacqueline de Rojas provides regular updates to the Board on the themes which have arisen from her engagement with the workforce. For the third consecutive year, the Remuneration Committee has targeted the Executive Directors on a metric for their annual bonus in 2022 which relates to employee satisfaction and engagement.

### *Engagement with clients*

Together with members of the Sales team, the members of the Executive Team meet on a regular basis with customers in our different territories to discuss their requirements. The senior members of our Sales team maintain close long-term relationships with senior executives in our client organisations to ensure we are able to anticipate our clients' needs. We regularly update the structure and content of our training programme to reflect commercial and technological changes in the sectors in which our clients work.

### *Engagement with University Partners*

We have continued to engage with our University Partners, working to help them develop more effective ways of hosting remote careers fairs. We have also created our new “FDM attraction events” allowing us to engage with students from multiple universities in one event.

Further information about these engagements and the changes which we have made to the content of our virtual events for university students can be found on page 47.

### *Engagement with our local communities*

We continue to work with schools in the territories where we operate to promote the importance of STEM subjects and to prepare students for careers in technology. Building on our position as a Leeds Cornerstone Employer, we have collaborated with other employers to help teachers and students in local schools during periods of lockdown. On ‘Girls in ICT Day’ we worked with our schools to help students develop their coding skills.

During a period when so many students in our communities have been challenged to access their learning remotely, we have refurbished and donated significant numbers of laptop and desktop computers to schools and other organisations, some of whom we have connected with through our early talent programme, and others which we have identified through our connection with the Worshipful Company of Information Technologists.

More information about our activities in this area can be found on page 47.

### *Environmental responsibility*

During the year we established FDM's climate strategy roadmap. Under an Executive sponsor and working with Avieco, we identified the Group's baseline carbon footprint (using 2020 data) and used this to produce the Group's Carbon Reduction Plan.

Further information on the steps we are taking can be found on pages 50 to 56.

## 2. Division of responsibilities

### **Chairman, Chief Executive and Senior Independent Director**

The roles of the Chairman and Chief Executive, as well as those of the Senior Independent Director, and the division of responsibilities between them are clearly defined and agreed by the Board. As Chairman, David Lister leads the Board and is responsible for ensuring that it performs its role effectively. The Chairman aims to ensure that Board meetings are collaborative and provide an opportunity for all Directors to express their views, to contribute and add value to the Board's work. David Lister was appointed as Chairman on 5 March 2019 and on appointment was independent when assessed against the circumstances set out in Provision 10 of the 2018 Code.

As Chief Executive, Rod Flavell's main responsibility is to manage the Group's business and to lead the Executive Team in the implementation of the strategies which are adopted by the Board. The Executive Directors under the leadership of the Chief Executive are responsible for managing the day-to-day activities of the Group, communicating the Group's objectives to the wider management team and ensuring that the necessary resources are available to enable those objectives to be achieved. The Executive Team has formal monthly meetings and meets more informally at other times between those meetings.

This separation of roles enhances the independent oversight of executive management by the Board and more closely aligns the Board with shareholders. It also means that no one individual or group of individuals dominates the Board's decision-making. This oversight is further strengthened by the formal reservation of certain matters for the Board's approval, as referred to on page 70. The Directors' powers are set out in the Company's Articles of Association.

Peter Whiting is the Group's Senior Independent Director. In performing this role, Peter acts as a sounding board to provide support to the Chairman and the Non-Executive Directors. He also provides shareholders with a point of contact with whom they can meet if they have any concerns which might not be addressed through normal channels, for example with the Chairman or Executive Directors, and ensures that meetings with the Non-Executive Directors are held at least once per annum (or more regularly if circumstances so require) to evaluate the Chairman's performance. The Senior Independent Director serves as an important intermediary role in FDM's governance process. In carrying out his role, Peter ensures he maintains a thorough understanding of the views of the Company's shareholders. As stated above, Peter took part in a number of meetings with our largest shareholders in the last quarter of the year.

### **Support available to the Board**

All Board Directors have access to the Company Secretary, who advises them on Board and governance matters. The Board has full authority to appoint and remove the Company Secretary. Members of the Audit Committee received external training covering updates in corporate governance and corporate reporting. The Remuneration Committee Chair and the Company Secretary also received external updates on developments during the year in governance and trends in shareholder expectations and good practice relating to executive remuneration.

As well as the support of the Company Secretary, there is a procedure in place for any Director to take independent external professional advice at the Company's expense in the furtherance of their duties. As stated previously, the Chairman and the Company Secretary work to ensure that comprehensive information is provided well in advance of Board meetings to give Directors the time and materials they need to contribute to an effective and efficient Board.

### **Role of the Non-Executive Directors**

The Group's Non-Executive Directors have a broad and complementary mix of business skills, knowledge and experience acquired across diverse business sectors and territories. This allows them to provide strong, independent, external perspectives to Board discussions, which complement the skills and experience of the Executive Directors, facilitating a diversity of views aired at Board meetings. This diversity of skills, expertise and backgrounds enables the Non-Executive Directors to offer specialist advice where appropriate, enables robust and constructive debate and improves the quality of the decision-making process. At the same time, it also reduces the likelihood of any one perspective prevailing unduly. A key role performed by the Non-Executive Directors is the scrutiny of executive management in meeting agreed objectives and monitoring the reporting of performance. They also constructively challenge and help develop proposals on strategy and ensure that financial controls are rigorous and that the Group is operating within the governance and risk framework approved by the Board. The Chairman works to ensure a culture of open and transparent debate in Board meetings.

Non-Executive Directors are appointed for an initial minimum period of three years and are subject to annual re-election at the Company's AGM. Their appointments then continue until terminated by either the Director or the Company giving notice to terminate. They are all subject to regular re-election at AGMs and their appointments as Directors would end if they were not re-elected by the shareholders. The terms and conditions of appointment of Non-Executive Directors, including the expected time commitment, are available for inspection at the Company's registered office.

The Board regularly reviews the independence of each of the Non-Executive Directors. When determining whether a Non-Executive Director is independent, the Board considers each individual against the criteria set out in the 2018 Code and also considers how they conduct themselves in Board meetings, including how they exercise judgement and independent thinking. Taking these factors into account, the Board considers that all the Non-Executive Directors are independent when assessed against the criteria specified in Provision 10 of the 2018 Code.

### Board commitment

When making new appointments, the Board considers other demands on Directors' time to ensure that they are able to devote sufficient time and focus to their role at FDM. New external appointments may not be undertaken without the prior approval of the Board, and where any significant new appointments are approved by the Board, we intend to explain in the subsequent Annual Report the Board's rationale in giving that approval. For Executive Directors we recognise that external board exposure can be useful as part of their development as Directors, but we will not normally permit them to take on more than one external non-executive directorship of a publicly listed company (or another equivalent significant appointment). Sheila Flavell is Deputy President of techUK. Mike McLaren is a non-executive director and chair of the audit committee on the board of ActiveOps plc. No other Executive Director currently has an external commitment.

Non-Executive Directors are expected to commit at least 24 days per annum to FDM and in practice may commit considerably more time than this. The Board keeps this under regular review.

The current key external commitments of the Directors are included within their biographies on pages 63 to 65.

The Board has reviewed the time commitments of its Directors to ensure that they remain able to devote the appropriate amount of time and focus to their work at FDM.

During 2021 the Board approved the following external appointments:

- Mike McLaren (CFO) was appointed as a non-executive director and audit committee chair of ActiveOps plc, which is listed on AIM;
- Michelle Senecal de Fonseca (Non-Executive Director) was appointed as a non-executive director of Alphawave IP Group plc, which is listed on the main market of the London Stock Exchange; and
- Jacqueline de Rojas (Non-Executive Director) was appointed as a non-executive director of IFS AB, a private company registered in Sweden.

In approving these appointments, the Board considered the size and complexity of the relevant businesses, the work involved in the roles, and the overall time commitments involved. The Board also recognises that there is a benefit to FDM from enabling its directors to gain experience from operating on different boards, and to have a rounded exposure to a range of businesses and markets.

The Board also notes that, although David Lister has a number of external commitments, none of the boards on which he serves (other than the FDM Board) is with a listed company.

The Board considers that throughout the year all FDM's Directors (including the Chair) have been, and will continue to be, able to devote sufficient time and focus to their respective roles at FDM.

Details of the remuneration received by each of the Executive Directors for the year ended 31 December 2021 are shown in the single figure table presented on page 101 of the Remuneration Report.

### 3. Composition, succession and evaluation

#### Composition of the Board

The Board currently comprises four Executive Directors and five Non-Executive Directors (including the Non-Executive Chairman). Further biographical details about each Director, including information on their prior experience, are set out on pages 63 to 65.

As required by Provision 11 of the 2018 Code, half the Board (excluding the Chairman) are independent Non-Executive Directors.

#### Board diversity policy

The Board is committed to the promotion of diversity and inclusiveness of all kinds throughout the organisation. In 2021, we reported a median gender pay-gap of -9.6% (2020: -2.1%), and our mean gender pay-gap was 0.5% (2020: 0.4%). We have also been pleased to participate again in the Hampton-Alexander Review which set a target for the percentage of women on FTSE boards and leadership teams to reach one third by 2021.

We believe that by making the most of our differences of approach, and using the collective experiences, backgrounds, skill sets and knowledge of our talented and diverse employees, we will drive innovation and success and achieve more for our stakeholders. This applies equally to our Board. The composition of our Board is vital to its effectiveness and that, in turn, enhances good governance. In line with the targets set by the Hampton-Alexander Review and the Parker Review, at year end, 33% of our Board Directors are female and one Director identifies as Mixed White Asian. Diversity at Board level enables our employees who are from traditionally under-represented groups to aspire to senior management positions. This strengthens diversity and inclusion throughout our workforce, and directly supports our strategic aim to attract, train and develop high-calibre Mounties by making FDM attractive to the widest possible group of people as a place for them to launch their careers in technology.

The Board's primary obligation is to make appointments based on objective criteria to ensure that the best individuals are appointed for every role. Within this context, the Board is committed to a policy of promoting a rounded Board which reflects a diversity of all relevant personal attributes, including skills, experience, educational and professional background, gender, race and age. In support of this policy, the Board intends:

- to consider all aspects of diversity including gender and ethnicity when reviewing the composition and balance of the Board as part of the Board's annual effectiveness evaluation;
- to ensure that the succession planning and talent management programme includes initiatives to develop the pipeline of talent, to encourage and monitor the development of a diverse range of internal high-calibre employees and to promote diversity in appointments to the senior management team who will in turn aspire to a Board position;
- wherever possible to engage executive search firms who have signed up to the Voluntary Code of Conduct for Executive Search Firms on gender diversity and best practice;
- to require executive search firms to identify and present an appropriately diverse range of candidates for each vacancy;
- to develop further the level, frequency and quality of interaction between Board members (including Non-Executive Directors in particular) and those aspiring senior managers to enable them to gain more exposure to, and understanding of, the Board's work; and
- to review this policy and report on progress on an annual basis.

#### Appointments to the Board, succession planning and talent management

There have been no new appointments to the Board during the financial year. When making new appointments, the Board operates a formal, rigorous and transparent procedure for the appointment of new Directors, the primary responsibility for which is delegated to the Nomination Committee. There is more information about this procedure and the way the Nomination Committee applies it on pages 93 and 94.

The Board recognises its responsibility for succession planning and regularly considers the balance of skills, experience and knowledge of the Board, to ensure it remains appropriate to the business and that the Board is best placed to achieve the Group's strategic objectives. The Group's People Team has in place a Talent Management and Succession Planning programme with the following key elements:

- Building effective succession by proactively managing risk and distributing key knowledge and skills more widely;
- Ensuring a well-prepared pipeline of talent in advance of requirements arising, based on merit and objective criteria, and to identify and resolve any gaps in the pipeline; and
- Focussing on the skills and diversity of representation which the business needs to ensure sustained future growth.



The programme is designed to promote sustainable organisational performance through smooth succession and to provide investors with assurance that there is stability of talent within the FDM Group. By further developing diversity in our organisation, we ensure we can draw from a range of experiences, backgrounds and approaches which should help us to avoid “groupthink” and maximise our ability to recognise potential opportunities and threats. The programme also provides our senior managers clarity with regard to career paths, which will enable increased engagement and improved retention of key talent. The Nomination Committee will continue to monitor progress of the programme in the coming year.

### Board induction and development

On appointment, each Director takes part in a tailored induction programme, designed to give him or her an understanding of the Group’s business, governance and stakeholders.

Elements of the programme include:

- Briefings from senior management to provide a business overview, update on current trading conditions and strategic commercial issues;
- Meetings with the Company’s key advisors and major shareholders, where necessary;
- Meetings with employees at different FDM Academies and centres;
- Provision of a legal and regulatory memorandum and briefing on the duties of directors of listed companies;
- Details of the Group’s corporate structure, Board and Committee structures and arrangements and key policies and procedures; and
- The latest statutory financial reports and management accounts.

The Chairman, in conjunction with the Company Secretary, ensures that Directors are provided with updates on changes in the legal and regulatory environment in which the Company operates. These are incorporated into the annual agenda of the Board’s activities along with wider business and industry updates. The Company’s principal external advisors provide updates to the Board, at least annually, on the latest developments in their respective fields, and relevant update sessions are included in the Board’s meetings. The Company Secretary updates the Board as appropriate on developments in corporate governance and any relevant legal or regulatory changes. In this way, each Director keeps their skills and knowledge current so that they remain competent at fulfilling their role, both on the Board and on any Committee of which they are a member. Specific training and development needs of individual Directors are explored as part of Board evaluations (and may be requested by individual Directors directly) and are addressed by the provision of in-house training or external courses, as appropriate. Non-Executive Directors also experience development in the course of the outside roles they may hold, which contributes to the currency of their knowledge and experience in performing their work at FDM.

### Evaluation of the Board and its Committees

In accordance with current best practice and the 2018 Code, the Board undertakes a rigorous and formal annual evaluation of its performance and effectiveness and that of each Director and its Committees. The process is led by the Nomination Committee, and it is the Board’s policy to invite external advisors to assist with that evaluation every three years.

In the final quarter of the 2021 the Board effectiveness evaluation was facilitated externally by Lien Consulting Limited, an independent consultancy firm, whose only connection with the Group is its work on the Board evaluation. An externally facilitated evaluation was last carried out in 2018. Further information about this year’s Board evaluation can be found in the Nomination Committee Report on pages 94 and 95.

The Non-Executive Directors met without the Chairman to evaluate David Lister’s performance as Chairman and concluded that he had operated effectively in the role.

### Re-election of Directors at the 2022 AGM

The Company’s Articles of Association require that existing Directors offer themselves for re-election at intervals of no more than three years. At the 2022 AGM, in compliance with Provision 18 of the 2018 Code (and reflecting the Company’s membership of the FTSE 250), all Directors will retire and offer themselves for re-election.

In determining whether a Director should be proposed for re-election at the 2022 AGM, the Board took into account the Nomination Committee’s advice based on the results of a review of each Director’s contribution to the Board’s effectiveness, which formed part of the 2021 Board evaluation. This review confirmed that all Directors continue to be effective and demonstrate commitment to their roles and so the Committee recommended their reappointment.

## 4. Audit, risk and internal control

### Financial and business reporting

In its reporting to shareholders, the Board recognises its responsibility to present a fair, balanced and understandable assessment of the Group's position and prospects. The Board has ensured that processes are in place to achieve this and more information on the processes can be found in the Audit Committee Report on page 89. A statement of the Directors' responsibilities in relation to the financial statements is set out on pages 118 to 119.

### Independence of internal and external audit functions

The Board has in place processes which are managed on its behalf by the Audit Committee, and which are intended to ensure that the services provided by the internal and external auditors remain independent and effective. Further information on these processes is set out in the Audit Committee Report on pages 89 and 90.

### Risk management and internal control

The Board is ultimately responsible for maintaining sound risk management and internal control systems and for reviewing their effectiveness. These systems are designed to meet the Group's needs and to manage the risks to which it is exposed, including the risks of failure to achieve business objectives and of material misstatement or loss. However, such risks cannot be eliminated. The Group's systems can only provide reasonable but not absolute assurance. They can never completely protect against factors such as unforeseeable events, human fallibility or fraud.

The Board has established a continuous process for identifying and managing the significant risks faced by the Group (in accordance with the Financial Reporting Council's 'Guidance on Risk Management Internal Control and Related Financial and Business Reporting' (September 2014)). This process has been in place for the year under review and up to the date of approval of the annual report. The Group's principal risks are recorded in a Group Risk Register which is updated twice a year by the management team and reviewed by the Executive Team. After each update it is reviewed by the Audit Committee and then submitted to the Board for approval. The Board's view of the Group's key risks and how the Group seeks to manage those risks is set out on pages 32 and 33.

The Group has in place appropriate internal control and risk management systems around financial reporting. The Group's accounting function is centralised and financial information is held on a central accounting system from which internal management reporting, budgeting and external reporting is collated.

The Board regularly reviews the effectiveness of the Group's internal controls.

An outsourced Internal Audit function is in place for the Group and the scope of work undertaken during 2021 was carried out in accordance with the annual Internal Audit Plan which was discussed and approved in advance by the Audit Committee. A more detailed overview of the areas of focus and programme of work undertaken by the Internal Audit team in the year appears on page 89.

The key elements of the system of internal controls include:

- The Board meets on a regular basis and is responsible for the operational strategy, reviewing operating results, identification and mitigation of risks and communication and application of the Group's policies and procedures;
- The Group has a clear organisational structure with defined responsibilities and accountabilities;
- Regular reports are made available to the Board on key developments, financial performance against budget and prior year and operational issues in the business;
- Operational and financial controls and procedures are in place including authorisation and approval policies for financial expenditure; authorisation and approval policies for contracts and agreements; signing authorities; IT application controls; and appropriate segregation of duties and reviews by management. Further, there are additional procedures in place to address other risks to the business, including a Code of Conduct and Ethics, an Anti-Fraud policy, an Anti-Slavery and Human Trafficking policy, an Anti-Bribery and Corruption policy, and a Conflicts of Interest policy;
- The Group's finance function is centralised;
- The Group has implemented a portal to deliver training to all employees on key regulatory and compliance matters such as Health and Safety, Workplace Harassment and Information Security and the General Data Protection Regulation. Successful completion of the training is monitored, and employees' understanding can be refreshed as appropriate;
- An outsourced Internal Audit function is in place, working for and reporting back to the Audit Committee;
- A formal budgeting process occurs annually. The budgets and forecasts are reviewed, approved and monitored by the Board; and
- Regular meetings occur between the Executive Board and senior management team.

## 5. Remuneration

The Remuneration Committee is focussed on ensuring that remuneration policies and practices for Executive Directors and other senior managers support the Group's strategy and promote long-term sustainable success. Targets and metrics for bonuses and long-term incentives are reviewed annually by the Committee to ensure that they incentivise the behaviours which are necessary to deliver the Group's strategy and promote long-term sustainable success. The primary aim of the strategy established by the Board is to deliver the Group's purpose (which is described in further detail on page 4). Setting executive remuneration in a way which promotes the delivery of that strategy ensures that remuneration is aligned to the Group's purpose and values.

The Board delegates responsibility for developing policy on executive and senior managers' remuneration to the Remuneration Committee to ensure that the development of the policy is formal and transparent. The Committee regularly seeks independent advice from its external remuneration advisors and keeps itself informed about market trends in executive remuneration and on remuneration-related areas which are important to the Group's shareholders. The Committee consults with key shareholders prior to making significant changes in the Remuneration Policy.

The Directors' Remuneration Policy contains detailed and transparent information about the rationale behind its key provisions to enable shareholders to understand the link between the policy and delivery of the Group's long-term strategy. Each member of the Remuneration Committee exercises independent judgement and discretion when authorising remuneration outcomes, in line with the policy.

The Board as a whole takes responsibility for approving the remuneration of Non-Executive Directors.

The Directors' Remuneration Report provides more detailed information about the work of the Remuneration Committee, as well as setting out the Company's proposed new policy on remuneration and detail of the remuneration of each Director.

The Corporate Governance Report was approved by the Board on 16 March 2022 and signed on its behalf by:



**David Lister**

Chairman

16 March 2022

# Audit Committee Report

## Chair's introduction

On behalf of the Board, I am pleased to present the Audit Committee Report for the year ended 31 December 2021. This report, which has been prepared in accordance with the 2018 Code, provides an overview of the Committee's key responsibilities and information about its activities and matters it has considered during the year.

Although the most severe economic impacts of the COVID-19 crisis were largely confined to 2020, the UK remained subject to various lockdown restrictions for most of the first half of 2021, with restrictions on the ability of our staff to work in the office, restrictions on global travel, and other restrictions of varying levels in all of the other territories where we operate. These continuing global economic, operational and social disruptions continued to affect our business and our clients' businesses in different ways. The Committee continued careful monitoring of the financial performance of the Group, and obtained assurance from management that the Group's key financial controls continued to operate as designed, despite continued remote working during lockdowns. The Committee also applied scrutiny to management's stress testing of the financial and business models. The Executive Team's focus on a strong balance sheet and prudent cash buffer have continued to provide assurance to the Board that the business is in a solid position to continue as a going concern despite the macro-economic challenges which continued into 2021. The Committee was also able to support the Board in its assessment of the viability of the Company over the longer term.

In 2021, the Internal Audit plan included a detailed follow-up review of some findings identified in previous reviews of IT security, People Management and Compliance. The review found that improvements had been made in many areas, and others were in progress. In addition, the Internal Audit function undertook new reviews of our management of enterprise risks, and an assessment of financial controls which found that those controls have continued to work effectively throughout the period. Further details of the work undertaken by the Internal Audit team during 2021 are set out on page 89.

I visited FDM's Finance Team in June at our office in Brighton. I was reassured to receive comprehensive updates from the experienced and stable management team on their work and the controls in place to mitigate risk in this area of the business. I also received an update on preparatory work for our TCFD reporting this year.

Effective risk management is critical to the delivery of the Group's strategic objectives. The Board establishes the nature and extent of the risks which it is prepared to take in order to achieve its strategic aims, and is responsible for ensuring that the Group's internal control and risk management systems are effectively managed across our business. The Board has delegated to the Audit Committee responsibility for oversight of the measures we have in place, and reviewing the effectiveness of the risk management process remains one of the most important areas of focus for the Committee's work.



As in previous years, the Committee carried out a review of the Group's risk management process. Our overall conclusion is that the process continues to operate effectively across the Group. The Committee is reassured that our enhanced approach to reviewing potential risks, which includes discussions with a wider range of employees within the organisation, has shown that risk management is embedded in the culture of our business. This process is designed to provide us with earlier visibility of potential emerging risks, and has been successful in increasing the breadth of information available to us to update our assessment of risk. The Internal Auditors' review of this area concluded that our approach to risk management is robust and effective for a business of our size and complexity, and has also given us some helpful suggestions as to how we might develop our approach in this area. Further information about the principal risks to our business is set out on pages 32 to 39.

The risk of cyber-attacks and the threats to data security are ever increasing and the Committee continues to receive regular updates from the Chief Information Officer and his IT Security team.

The Committee continues to provide appropriate challenge to the decisions and approach taken by the management team in relation to the content and disclosures within the Group financial reports and, in particular, has challenged management to explain the rationale and basis for key judgements and estimates before accepting them. The Committee aims to ensure that the information which is provided about the key judgements and estimates made is clear and helpful, and assists investors in reaching a fair assessment of FDM's financial position. The Committee has also focussed on ensuring that disclosures are fair, balanced and understandable. The key management judgement areas and significant financial reporting items in respect of the financial year are disclosed in this report on page 88.

During the year we continued to monitor the potential regulatory developments which are emerging from the Competition and Markets Authority ("CMA"), Kingman and Brydon reviews. The Committee discussed at length the issues raised in the consultation document published by the BEIS Select Committee on the Future of Audit, and assisted the Board in putting forward a detailed response to the consultation. We have commenced our planning for some of the recommendations which are likely to emerge from the consultation. As the results of the consultation emerge, the Committee will ensure that we implement any changes which may be required in a way which adds value to the Committee's work and enhances assurance for our stakeholders.

**Role of the Committee**

The Committee is appointed by, and reports to, the Board. The Committee’s terms of reference were updated during the year to reflect the changes in the 2018 Code. The terms of reference are available in the Corporate Governance section of the Group’s website at [www.fdmgroup.com](http://www.fdmgroup.com).

The key responsibilities of the Committee are to:

- Monitor the application of financial reporting and internal control principles set out in the 2018 Code, and to maintain an appropriate relationship with the Company’s auditors;
- Monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company’s financial performance, including any significant financial reporting judgements contained in them;
- Provide advice to the Board on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company’s position and performance, business model and strategy;
- Review the Company’s internal financial controls and the Company’s internal control and risk management systems;
- Agree the scope of work for the Internal Auditors and review their reports and findings;
- Monitor and review the effectiveness of the Company’s internal audit function;
- Review the arrangements by which the Company’s staff may raise concerns in confidence about possible improprieties in matters of financial reporting or other matters, and ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action;
- Ensure compliance with laws, regulations, ethical and other issues;
- Make recommendations to the Board, and for approval by shareholders, on the appointment, reappointment and removal of the external auditors;
- Agree the scope of the external audit and review the reports and findings of the external auditors;
- Monitor the external auditors’ independence and objectivity and the effectiveness of the external audit process;
- Oversee the engagement of the external auditors to supply non-audit services; and
- Manage the external audit tender process.

**Priorities**

Last year, in addition to the business-as-usual work, the Committee set itself some key priorities for 2021 with which we have progressed, as outlined below:

2021 priorities	Progress
Monitor the impact of the ongoing changes to the UK’s relationship with the EU as legal and trading arrangements evolve.	Our business model has proved to be resilient against many of the threats and uncertainties which are commonly perceived to arise from Brexit. Some changes to employment and immigration rules in some of our European locations have required us to make some operational adjustments, but the impact has not been significant. We will continue to monitor this work in 2022 as the new framework settles into place and its impact on our clients’ businesses becomes clearer.
Review the Group’s cyber security arrangements.	During the year, the Committee received regular updates from the Chief Information Officer and the Information Security team on their work. The Committee has been encouraged by the evident technical knowledge of the IT teams and the steps they have taken to protect FDM. As required, changes have been made to increase resilience, including mitigations to key person risk and enhancements to succession planning in the IT security team. The Committee believes that, when businesses are subject to cybersecurity breaches notwithstanding the technological protections in place, the impact can evolve rapidly from an IT issue to an operational, commercial and reputational problem. The Committee therefore asked the Chief Information Officer to engage with an external expert with direct experience of dealing with these matters. The Executive Team is now reviewing the arrangements which are in place to deal effectively with the aftermath of such an event and the Committee will monitor the progress of the review.

2021 priorities	Progress
Monitor the impact of COVID-19 on the Group's business.	The Committee has invited the CEO and CFO to attend its meetings regularly during 2021 to enable close monitoring of the impact of the pandemic on the Group's trading and financial position. Management has continued to take a prudent financial approach, maintaining a robust balance sheet and strong cash management to maximise resilience, whilst also doing the right thing by trainees, Mounties and internal staff to ensure their wellbeing and the sustainability of the business.
Monitor Regulatory Change, focussing in particular on proposed changes to regulation of the statutory audit profession and of audit committees.	In 2020 the reports of the CMA study of the audit market and the Brydon review were published, and in 2021 the Business, Energy and Industrial Strategy Select Committee ("BEIS") inquiry into "The Future of Audit" published its consultation document. The Committee discussed the consultation document at length and drafted a detailed response which was reviewed by the Board and submitted to BEIS on behalf of FDM. The proposals are wide-reaching and have the potential to significantly change the Committee's role and ways of working, and the manner in which the Company's external auditors will approach their work. We will continue to monitor this area as BEIS responds to the consultation, and legislative proposals are brought forward by the UK Government.
Review the impact of digitalisation and new ways of working, including information security risk in the expanded work environment.	The CIO and his team provide regular updates to the Committee on matters relating to information security, including in the context of changes to working patterns which have arisen over the last two years. The Committee is satisfied that appropriate measures are in place to manage these risks. The Group's Academy Transformation team reported to the Board as a whole in September 2021 on its work, including plans to virtualise the Academy environment and the key part that technology will play in facilitating the implementation.
Climate change risk and environmental sustainability, and our reporting on it.	<p>The Committee has received updates during the year on our approach to SECR and the framework put forward by the TCFD. FDM has been working with an external sustainability consultancy to analyse its baseline carbon footprint and develop a plan to make meaningful reductions in our carbon emissions by 2030. Further information can be found on pages 50 and 56. The Committee continues to monitor the quality of the Group's reporting on these matters.</p> <p>In the final quarter of the year the Internal Audit team carried out a review of the design and effectiveness of the governance, risk-management and controls in place for FDM's ESG reporting, with a view to ensuring valid reporting of these matters against the underlying data held in FDM systems. The review found that FDM was ahead of some of its peers in the range of social metrics reported. It also identified some areas for minor improvement including (i) minimising the reliance on manual processes to reduce the risk of errors appearing in a few specific categories of environmental and social disclosures; and (ii) strengthening governance and strategy to ensure that reported topics and metrics matched the areas of most interest to readers of the report.</p>
Review disaster and crisis preparedness, operational resilience, and lessons learned from the response to COVID-19.	The Group's Business Continuity Plan has been updated to reflect the lessons learned from our response to COVID-19. The CIO and his team will continue to update the Committee on matters specific to the Business Continuity Plan.
Annual review of financial controls.	The Internal Audit team carried out its annual review of Financial Controls during the year and reported that the controls tested were operating effectively. Management has adopted recommendations to the processes which will enable the documentation of control descriptions to be clarified or improved.
Embed a culture of risk awareness into the development of new projects.	The Internal Audit team carried out a review of risk management processes across the organisation which made some recommendations for the enhancement of mechanisms to identify, capture and mitigate risks in internal projects. The project manager responsible for the implementation of current internal IT systems projects also reported to the Committee on the current status of those projects and the Committee was able to gain assurance on the management of risk in those projects.

## Audit Committee Report

In addition to continuing to focus on a number of the issues referred to above, in the coming year the Committee intends to focus on the following:

- The Group's financial controls framework
- The findings and recommendations of each of the Internal Audit reviews carried out during the year in accordance with the 2022 Internal Audit Plan
- Running a competitive tender process in respect of the external auditor appointment (see page 90 for further details)

### Composition of the Committee

During the year, the members of the Committee were Alan Kinnear (Chair of the Committee), Michelle Senecal de Fonseca and Peter Whiting.

The Board is satisfied that Alan Kinnear, a chartered accountant with significant financial and audit experience in a public company environment, has the recent and relevant financial and accounting experience required by the 2018 Code. Michelle Senecal de Fonseca and Peter Whiting also have experience in financial and reporting matters through their other business experience and current external roles. The Committee as a whole has a sufficiently wide range of business experience and expertise, including significant experience and competence in the sector within which FDM operates, such that the Committee is in a position to fulfil its role effectively.

In compliance with the 2018 Code, the Committee membership is limited to independent Non-Executive Directors of the Company.

Members' experience is documented in their biographies included on pages 63 to 65.

### The Committee's agenda

The Committee has a broad agenda of business which focusses on the Group's assurance, risk and audit processes through a series of scheduled meetings during the year. The agenda follows an annual plan which is set in advance in discussion with senior management, the financial reporting team, the external auditors, and the Internal Audit function. The annual plan incorporates items driven primarily by the financial calendar of the Group but also includes work on the Internal Audit programme and is adapted through the year to address any other relevant matters which may require the Committee's attention.

The Committee acts autonomously and sets its own agenda in addition to routine matters and those suggested by the main Board. In setting the agenda, the Committee keeps in mind the regulatory framework, the 2018 Code and the FRC's Guidance on Audit Committees.

The Committee met four times during the financial year with all members in attendance. During the year, the Chief Executive Officer, Chief Financial Officer, Chief Information Officer, Group Financial Controller, Head of Commercial Finance and Group Data Protection Officer attended certain meetings at the invitation of the Committee to ensure that the Committee remained fully informed of events and developments within the business. Presentations were received on legal, regulatory, IT security, business continuity and disaster recovery matters, contributing to the Committee's role in monitoring the management of risk.

The Group's external auditors, PwC, attended each of the four Committee meetings during 2021. On a number of occasions after the formal meetings during the year, PwC had the opportunity to hold an informal discussion with the Committee members without any of the executive management team being present. The Committee Chair also met with PwC on several occasions outside of the Committee.

The Internal Auditors, KPMG LLP ("KPMG"), attended all four meetings during the year to discuss plans for their programme of work and to present their findings. KPMG attend for the full duration of each meeting, as the Committee believes that the effectiveness of the Internal Audit function is enhanced by an understanding of other matters covered at the meetings, and of the external audit work being carried out by PwC. KPMG and PwC have direct access to the Committee Chair.

In addition to the meetings of the Committee, the Committee Chair and other Committee members met with other members of the Finance team, senior management and regional operating management during the year.



## Activity

### Principal activities during the year

The following principal activities have been carried out by the Committee during the financial year:

#### March 2021

- Reviewed the Internal Audit plan for 2021, making some adjustments to reflect the Committee's updated priorities
- Received a report from KPMG covering their review of People Management processes
- Received a presentation from PwC on their audit of the financial results for the year ended 31 December 2020, and reviewed the Auditors' Report to the Audit Committee
- Reviewed the latest updates to the Group Risk Register
- Reviewed and recommended to the Board the approval of the Preliminary Announcement and the 2020 Annual Report. This work included: ensuring that the report is fair, balanced and understandable; reviewing the significant judgements applied in the Annual Report; reviewing disclosures and the summary of significant accounting policies; considering the appropriateness of the going concern statement and the viability statement; reviewing the Directors' statement about the performance of their statutory duties under s.172 of the Companies Act; and approving the statement of principal risks to the business as set out in the Annual Report
- Approved the Committee's agenda for the remainder of 2021
- Considered the requirements of Committee members for additional training and development in areas relevant to the Committee's business

#### May 2021

- Approved the updated Internal Audit plan for the period 2021 to 2022
- Received a report from KPMG following the Internal Audit review of the Treasury function
- Received an update from the Group Financial Controller on the roll-out of the new timesheet and billing system
- Received an update from the Group Data Protection Officer on steps in place to monitor and mitigate IT Security and Data Protection risks
- Received an update on the reporting, accounting and governance changes applicable to the Group
- Considered the Group's response to the BEIS Consultation on "Restoring Trust in Audit & Corporate Governance"
- Reviewed the Audit Committee's Terms of Reference and identified areas for updating
- Reviewed the effectiveness of the Audit Committee
- Reviewed the effectiveness of the external auditors
- Considered the effectiveness of the Internal Audit function

#### July 2021

- Received a progress report from KPMG on the ongoing Internal Audit testing of financial controls
- Received an update from the CIO on IT Risk planning
- Received an update from the Group Financial Controller on updates to Systems and Controls
- Reviewed the Interim Report, including the going concern statement and key disclosures, and recommended its approval to the Board
- Reviewed and approved the statement of principal risks and uncertainties set out in the Interim Report
- Received a report on the review of, and updates to, the Group Risk Register
- Reviewed and approved the letter of engagement for the external auditors
- Reviewed PwC's report to the Committee (interim review for the six months to 30 June 2021)

#### November 2021

- Reviewed and approved PwC's year-end audit plan and fees for the audit of the 2021 financial results
- Received a report on the findings of the Internal Auditors following: i) their review of ERM Risk Management; and ii) their follow-up review of People Management, IT Security, and Compliance
- Undertook an initial scoping discussion for the 2022 Internal Audit Plan
- Received an update on reporting, accounting and corporate governance changes and the processes and key themes for inclusion in the Annual Report 2021
- Received a progress report on the implementation of the key IT Systems Projects and the management of risks within those projects
- Undertook a review of whistleblowing and anti-bribery policies and procedures

## Audit Committee Report

In addition to the work outlined above, as a standing item on the agenda of every meeting, the Committee reviews the level of fees incurred with PwC on non-audit work to ensure compliance with the Group's policy on non-audit fees. During 2021, the only non-audit work performed by PwC has been their review and report on the Group's half-year financial statements.

In May 2021, PwC delivered an informal session to update the Committee on key changes to corporate reporting and governance, including the UK regulatory environment, reporting practice amongst FTSE 250 companies, and the stakeholder agenda.

## Significant financial reporting items

The Committee scrutinises matters it considers important by virtue of their potential impact on the Group's results or the degree of estimation or judgement involved in their application to the Consolidated Financial Statements. To this end, the Committee receives regular reports from the Chief Financial Officer and the Group's external auditors, PwC. During the year the Committee challenged management in respect of their underlying rationale and basis for key judgements and estimates before accepting them. The Committee has considered all significant estimates and judgements identified in note 4 to the Consolidated Financial Statements, having received drafts of the Annual Report and Accounts in sufficient time ahead of signature to enable a thorough review, and allow for the opportunity to challenge and discuss the Report's content.

The main areas of focus are set out below:

Area of focus	Steps taken to address each area
<p><b>Revenue</b></p> <p>Revenue in respect of non-receipted timesheets is accrued at a percentage of the estimated contract value where timesheets have not been received at the cut-off date.</p>	<p>The introduction of the Group's automated time recording system has reduced the risk of revenue being misstated. The Committee discussed and reviewed revenue recognition in detail with management and PwC and remains satisfied that Group accounting policies with regard to revenue recognition have been adhered to and that estimates remain appropriate.</p>
<p><b>Share-based payments</b></p> <p>For a seventh consecutive year, the Company granted awards under the FDM Performance Share Plan (the "PSP"). Associated with accounting for the awards are estimates relating to the number of shares which will vest.</p>	<p>The Committee is informed of the key assumptions and estimates applied in calculating the share-based payment charge. The Committee is satisfied that the assumptions and estimates applied are appropriate.</p>
<p><b>Going concern and viability</b></p> <p>The Committee has considered the going concern basis assumed within the financial statements and viability period. The underlying assumptions, the reasonableness of those assumptions and the headroom available were considered as part of the Committee's review. The review also considered the impact of a range of sensitivities on the key assumptions.</p>	<p>The Committee received and reviewed a paper prepared by the Finance team supporting the adoption of the going concern basis and the appropriateness of the viability period. The Committee is satisfied with the judgements in these areas, including that the risk of climate change on the business is low, and that sufficient work was performed to enable the Committee to conclude on the adoption of the going concern basis. The Committee reviewed and concurred with the reasonableness of the viability period included within the viability statement on page 39.</p>
<p><b>Provisions</b></p> <p>The Committee has considered the requirements of IAS 37 'Provisions, contingent liabilities and contingent assets' in determining the appropriateness of the accounting for, and disclosure of, provisions, contingent assets and contingent liabilities within the Annual Report.</p>	<p>The Committee has discussed with PwC and management the accounting for, and disclosure of, provisions, contingent assets and contingent liabilities, including where it relates to open legal claims, and are satisfied that the application of IAS 37 is appropriate.</p>

### Fair, balanced and understandable

As requested by the Board, the Committee has considered whether, in its opinion, the Annual Report and Accounts 2021 is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. In forming its opinion, the Committee considered the information it had received and the discussions that have taken place with senior managers in the business.

All members of the Committee received a full draft of the Annual Report and Accounts two weeks prior to the meeting at which it was required to provide its final opinion. The Committee reviewed the report to ensure that: it provided a balanced reflection of the Group's performance; the presentation of adjusted measurements was relevant and understandable; all material matters were considered; and there was internal consistency and there were linkages throughout, including the presentation of the risks and significant judgements.

The Committee concluded that the Annual Report and Accounts 2021, taken as a whole, was fair, balanced, and understandable, and considers that it provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. The Committee made a recommendation to the Board to this effect. The Directors' statement of responsibilities on a fair, balanced and understandable annual report is given on page 119.

### Internal control and risk management

The Committee is responsible for monitoring and reviewing the effectiveness of the Group's internal control and risk management systems. This is achieved by the presentation and review of management reports relating to internal control and risk management systems as well as reports from Internal Audit throughout the year. Through monitoring the effectiveness of its internal controls and risk management, the Committee maintains a sound understanding of the Group's trading performance, its key judgemental areas and management's decision-making processes.

The key elements of the Group's internal control framework and procedures are set out on page 80.

### Internal Audit

The Committee oversees and monitors the work of the Internal Audit function, which is wholly outsourced to KPMG. The Committee considers that it remains appropriate to outsource the Internal Audit function for the following reasons: first, outsourcing ensures the process is independent and second, it guarantees that specialist input is available when required, taking into account the international nature of FDM's business and the need for technical specialism, particularly when reviewing non-financial areas of the business.

The Internal Audit Plan for 2021 was reviewed by the Audit Committee in March 2021 and approved in May 2021. The Plan is risk-based, prioritising reviews of the areas which are identified as principal risks in the Group Risk Register, and covering all key financial, operational and regulatory parts of the business. Specifically, in 2021, the Committee received reports on reviews of the following areas:

- Financial Controls;
- Enterprise Risk Management; and
- A detailed follow-up review of findings identified in previous reviews of the following areas: IT security, People Management and Compliance.

In March 2022, the Committee received a report on the Group's ESG reporting which included a review of the design and effectiveness of the governance, risk management and controls in place for ESG reporting in addition to validating the ESG reporting included in the 2020 Annual Report.

The findings from the reviews were presented to the Audit Committee during the period. No serious weaknesses were identified by the Internal Audit reviews and improvements were noted in all the areas covered by the follow-up reviews. Where further work is required, detailed action plans have been put in place which specify target dates for addressing those findings.

The effectiveness of the Internal Audit function's work is monitored on an ongoing basis using a number of inputs, including the reports received, the Audit Committee's engagement with the Group Financial Controller who is the Group's primary point of contact with the internal auditors, and an assessment during the year of the internal auditors' performance against the KPIs identified in the Internal Audit Plan. The Audit Committee considers that the Internal Audit process is an effective tool in the overall context of the Group's risk management systems.

The Audit Committee Chair also met with the Internal Audit team in advance of every meeting without management present.

### External auditor

PwC is the Group's current external auditor, having been appointed in 2013. The Group keeps this appointment under review and, in line with current legislation (see next paragraph below), has commenced a competitive tender process to appoint an external auditor beginning with the audit in respect of the financial year ending 31 December 2023. The Audit Committee believes that a competitive tender will assist the Committee in ensuring the continued high quality of the external audit and will ultimately be in the best interests of our shareholders. The tender process is underpinned by a tender framework document which has been approved by the Audit Committee and which includes the tender timetable, the shortlist of firms that are being invited to tender, the assessment criteria and the composition of the tender committee. The final selection decision will be made by the Audit Committee following the final presentations by the audit firms participating in the tender process. The process is due to be completed before the end of the year.

### The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 ("CMA Order").

The Company confirms that it has complied with the provisions of the CMA Order for the 2021 financial year. In accordance with the CMA Order, the Company is required to put the external audit contract out to tender not later than 2023. The Group has commenced a competitive tender process to appoint an external auditor beginning with the audit in respect of the financial year ending 31 December 2023. Further information about this process is set out in the paragraph above.

### Auditors' independence and objectivity

Both the Committee and the Board keep the external auditors' independence under review. Since July 2016, the Committee has been monitoring the fees paid to the external auditors for non-audit work at each Committee meeting. Any non-audit work which will result in fees exceeding £5,000 must be approved in advance by the Committee Chair. More substantial work involving fees exceeding £50,000 requires the approval of the Committee as a whole. The Group receives a formal statement of independence and objectivity from PwC each year, and confirmation that PwC's partners and staff have complied with UK regulatory and professional requirements, including the Ethical Standard 2019 issued by the Financial Reporting Council. The Committee also obtains quotes in a competitive tender for all non-audit work performed, other than for the auditors' review of the half-year results.

Fees for non-audit work carried out by PwC as a percentage of audit fees for the year ended 31 December 2021 were 22% (2020: 22%) and related solely to PwC's review of our Interim Report. Further disclosure of the non-audit fees paid during the year ended 31 December 2021 can be found in note 8 to the Consolidated Financial Statements.

External audit partners are rotated every five years. The external audit partner in respect of the 2021 financial year has been Katharine Finn, who has now completed two years in the role.

The Group continues to engage KPMG, an independent accounting firm, to perform Internal Audit work to further ensure that the independence and objectivity of the external auditors is not compromised.

### Effectiveness of external auditors

During the year, the Committee reviewed the effectiveness and independence of the external auditors, using a questionnaire which was completed by key members of the Finance team and each member of the Committee. The questionnaire asked individuals to rate the performance of the PwC audit team in the following areas: knowledge and expertise; independence and objectivity; effectiveness of the planning process; ability to firmly challenge management; and quality of audit deliverables. The feedback from the questionnaire was then used as the basis for a more wide-ranging discussion at the meeting held in May 2021 (at which PwC were not present). The Committee reviewed the external auditors' discussions with, and reports to, the Committee over the year to examine the degree of objectivity exercised by the external auditors, the robustness of their challenge to management, their views on controls around the Group and their testing of areas which involved the exercise of judgement by the management team. Based on the feedback and their further discussions, the Committee concluded that:

- the overall audit approach, materiality threshold and areas of audit focus were appropriate to the business;
- the auditors had displayed the necessary level of challenge and objectivity to demonstrate an appropriate level of independence; and
- the audit team possessed the necessary quality, expertise and experience to provide an independent and objective audit.

The findings were fed back to PwC by the Chair of the Committee.

**Whistleblowing**

The Group has in place a whistleblowing policy which enables employees to report concerns on matters affecting the Group or their employment, without fear of recrimination.

Whistleblowing and other compliance matters were reviewed by KPMG during the year. One recommendation from this review, being the introduction of an external independent whistleblowing helpline, is being considered.

The Committee reviewed the Group's whistleblowing policy and procedures in October 2021 and is satisfied that they remain appropriate. There were no instances of whistleblowing during the year. The key aspects of the review were then discussed at the next meeting of the full Board.

**Anti-bribery and corruption policy**

The Group has a zero-tolerance policy to bribery and corruption. The Group's Anti-bribery and Corruption policy is issued to all employees, and training is provided to all current employees and new starters to ensure that they understand the Group's policy and the importance of compliance. The Committee reviewed the effectiveness of the policy in December 2021 and concluded that it remains an effective tool for managing the anti-bribery and corruption risks faced by the Group.

**Audit Committee effectiveness**

An evaluation of the effectiveness of the Committee in discharging its duties was conducted internally during May 2021. The evaluation process was facilitated by the Company Secretary and was based on the completion of questionnaires (which included questions to be scored and free text questions) by members of the Committee. The questionnaire was designed to address the key elements of Audit Committee effectiveness which are identified in the 2018 Code, the FRC's Guidance on Board Effectiveness published in July 2020, and the FRC's Guidance on Audit Committees published in April 2016. The results, once reviewed by the Company Secretary, were then discussed with the Committee Chair and tabled at a meeting of the Committee for discussion. The Committee regularly reviews its terms of reference and updates them as necessary to reflect current best practice and to ensure that its approach remains in line with those terms of reference and the Financial Reporting Council's Guidance for Audit Committees.

The effectiveness of the Audit Committee was also reviewed as part of the main Board Effectiveness Evaluation which was facilitated externally this year. Further information on that review can be found on pages 94 and 95.

Following these reviews, the Committee is satisfied that it continues to be effective in discharging its duties.

**Alan Kinnear**

Audit Committee Chair  
16 March 2022

# Nomination Committee Report

## Chair's introduction

I am pleased to present the report of the Nomination Committee for the year ended 31 December 2021.

The primary role of the Nomination Committee is to lead the process for appointments to the Board, to monitor its composition, diversity and performance, and to plan for orderly succession to the Board and the Group's senior management team.

During the year, following a recommendation by the Committee to the Board, Jacqueline de Rojas was appointed to the Committee and Rod Flavell stepped down from the Committee.

We also engaged Lien Consulting to carry out an external review of the effectiveness of the Board. I was encouraged by the results of that review, and further details are set out below. Of course, there are areas where we can enhance our effectiveness further and we will ensure that we address the recommendations of the review during the coming year.

Information on the activities of the Committee during the year is set out in this report.

## Committee composition

The Committee is appointed by, and reports to, the Board. Its members during the year were as follows:

David Lister (Committee Chair)  
Peter Whiting  
Michelle Senecal de Fonseca  
Jacqueline de Rojas (*appointed to the Committee on 1 March 2021*)  
Rod Flavell (*stepped down from the Committee on 27 April 2021*)

Provision 17 of the 2018 Code states that a majority of members of the Nomination Committee should be independent non-executive directors. There is a view (in line with provision 11 of the Code relating to main Board composition) that when considering the composition of the Committee, the Chair of the Committee should not be counted when establishing the proportion of independent Non-Executive Directors.

In addition, some investor feedback proposed the view that it is best practice for the CEO not to be a member of the Committee.

Having considered these factors and the views of shareholders, the Board appointed Jacqueline de Rojas (independent Non-Executive Director) as an additional member of the Nomination Committee with effect from 1 March 2021. Rod Flavell (CEO) stepped down as a member of the Nomination Committee with effect from 27 April 2021.



Following those changes, the Committee now comprises three independent Non-Executive Directors (Jacqueline de Rojas, Michelle Senecal de Fonseca and Peter Whiting), and the Committee Chair (David Lister, who is also Chair of the Board). I believe that the Committee remains effective in its role following these changes.

#### Role of the Nomination Committee

The role of the Committee is summarised below and detailed in full in its terms of reference, a copy of which is available on the Group's website ([www.fdmgroup.com](http://www.fdmgroup.com)).

The main responsibilities of the Committee are to:

- Review the structure, size and composition of the Board and its Committees including its balance of skills, knowledge, experience and diversity, and make recommendations to the Board with regard to any changes;
- Lead the process for identifying candidates to fill Board vacancies as and when they arise, and recommend new appointments to the Board for approval;
- Consider succession planning for Directors and other senior executives taking into account the challenges and opportunities facing the Company, and the skills and experience needed on the Board in the future;

- Keep under review the leadership needs of the Group, both executive and non-executive, with a view to ensuring that FDM can continue to compete effectively in the marketplace;
- Review the results of the Board performance evaluation process which impact on Board composition; and
- Ensure that Non-Executive Directors are allocating sufficient time to their work at FDM to allow them to fulfil their duties.

#### Succession planning

- The most important ongoing responsibility of the Committee is to oversee the Company's succession plans for members of the Board and the senior management team over the short, medium and longer term, to ensure that the Board maintains the appropriate balance of skills and experience to carry out its work in the most effective way. In particular, when the opportunity arises for refreshment of the Board, the Board bears in mind the need to ensure that its membership is diverse. The Board currently meets the targets set by the Hampton-Alexander Review and the Parker Review, and details of the Board's diversity policy are set out on page 78.

- The Board's primary aim is to make appointments based on objective criteria which ensure that the best individuals are appointed to each Board role. We believe that a Board made up of individuals with a diverse range of personal attributes, including skills, experience, educational and professional background, gender, race and age, will contribute to diversity in the Board's thinking and approach and, in turn, will enhance the quality of decision-making.
- During 2021, the Committee carried out a review of the remaining tenure of our existing Non-Executive Directors, noting that the 2018 Code recommends that Non-Executive Directors who have served on the Board for more than nine years from the date of their first appointment should no longer be considered independent. The Committee noted that the timing of appointments over the last seven years has meant that the need to identify replacements for retiring Non-Executive Directors is reasonably spaced out over the next four years, and has begun to plan the processes by which appointments will be made to replace retiring Non-Executive Directors over that period. Those processes will be driven primarily by an intention to ensure that the Board incorporates a wide range of experience and the necessary skills, enabling it to support as effectively as possible the

Group's plans for growth in the post-pandemic world. As the opportunity arises we will also keep in mind the Board's emphatic view that a diverse Board is an effective Board. By making the most of the Directors' differences of approach, and using the collective experiences, backgrounds, skill-sets and knowledge of our talented and diverse employees, we will be able to drive innovation, growth and success and achieve more for our stakeholders. Details of the tenure of our Directors can be found in the Board of Directors section of this report on pages 63 to 65.

- The Committee received a report from the CEO covering the implementation of the detailed succession planning processes for the Board and senior management teams which were developed by the People Team based on our strategic plans for growth and development of the Group and our expectations of the evolution of the markets in which we operate. This succession planning process is closely linked with our separate organisational design and talent management programme, which aims to build a strong talent pipeline for FDM's whole organisation. The programme has been successfully implemented in the Sales Team, and has established a clear and comprehensive career development structure in that part of the business. The implementation of the process identified some areas in which training could be improved to support development and career progression, following which our Sales Training Programme has been significantly and successfully enhanced.

- FDM operates a Group-wide formal mentoring programme. In the last two years, this has been expanded to involve the Non-Executive Directors providing mentoring to a selection of senior managers from all our territories. The programme has been successful and has been highly valued by those who have taken part. We intend to expand this senior management mentoring programme in the coming year, as well as relaunching the formal mentoring programme which is in place across the rest of the Group. The Committee will continue to monitor the progress of these projects carefully during 2022 and will review the strengths which are identified in the talent pipeline and actions which are needed to close any gaps that the process identifies throughout the pipeline. The Committee will also focus closely on the data arising from the programme which will help to assess diversity in the Group, career progression and attrition.

### 2021 Board effectiveness review

Our view is that Board evaluation is a valuable process that provides a regular mechanism by which the Board can challenge itself to identify where its performance can be improved to enhance the effective and efficient conduct of Board business, for the benefit of FDM and all its stakeholders.

The 2018 Code requires that FTSE 250 Companies should arrange for the evaluation of the Board to be externally facilitated at least every three years. Our last externally facilitated Board evaluation was in 2018. This year, we engaged Caroline Lien of Lien Consulting Limited to carry out the evaluation for us.

Lien Consulting Limited is a specialist consultancy and has no other connection with FDM.

The evaluation included the work of the Board and its Committees, and was carried out from September to November 2021, based on:

- Individual face to face interviews with each Board member;
- Interviews with a number of other stakeholders within FDM who work closely with the Board;
- Observation of a number of Board and Committee meetings; and
- A review of the report from the previous externally facilitated Board Evaluation carried out in 2018.

The results of the evaluation were presented to the Board in December 2021 and summarised in a written report. The evaluation report concluded that the Board is an effective governance and decision-making body, with clear and appropriate demarcation of executive and non-executive roles, and a long-term stewardship mindset with deep-rooted values that unite all Board members. There were no areas of concern in practice or performance against the 2018 Code. The evaluation report made some recommendations for the enhancement of the Board's effectiveness in supporting the Group's next phase of growth. Other key findings were as follows:

- The Board shows strong individual and collective leadership, and strong alignment of values to the Company's purpose;
- The Board has a clear understanding of shareholders' views from regular dialogues with them;



- The collective ability of the Board to problem-solve and agree direction is a particular strength, and the perspectives of Non-Executive Directors, gained from their other roles and experiences, are welcomed;
- Succession for Executive Directors is clear for short-term or emergency needs, whilst further development of medium- to longer-term succession plans is a work in progress;
- The programme of mentoring provided by non-executives to certain senior managers is highly valued and could be targeted more widely, with a view to formalising and extending the Board's role in talent development;
- Audit, risk and internal control demonstrates many areas of strength, with clear and consistent data-led reporting. Strong audit practices are in place which are effectively managed and overseen by the Audit Committee;
- The Board's approach to risk is maturing and the Board acknowledges that continuing development will be needed to enable the approach to risk to match the expanding global profile of the business across multiple jurisdictions and geographies; and
- The Remuneration Committee effectively oversees and ensures alignment between remuneration and purpose, strategy and values, making effective use of broader business metrics which reflect and drive strategic priorities.

The report made a number of recommendations in the following areas to enable the Board to help deliver the Group's growth and diversification plans over the next three to five years:

- Developing the global perspective and reach of the Board;
- Further exploration of future scenarios, including the external context, as to what threats and opportunities may lie ahead which could introduce risk for performance, including around competition, regulation, market changes and shareholder priorities;
- Formalising the role of the Board in talent development in the wider organisation;
- Exploring more explicitly the culture, tone and style of engagement which the Board wishes to adopt in its work, allowing all Directors the best opportunity to bring their individual styles to bear and build a shared approach and understanding;
- Formalising the approach whereby the Board's committees report back to the Board on their work; and
- Continuing to develop Board-level succession plans with appropriate timing, working collaboratively and fairly in the best interests of the Group.

The Company Secretary and I have prepared an action plan to address these recommendations and the Board intends to review progress against the recommendations on an ongoing basis. We consider ongoing assessment of effectiveness most likely to support a sustained focus on improvement.

Peter Whiting, as the Senior Independent Director, led a review of the Chairman of the Board's performance in discussion with the other Non-Executive Directors.

#### **Independence and effectiveness**

As recommended by the 2018 Code, all the current Directors will be standing for re-election at the AGM in 2022. Having reviewed the independence and contribution of the Directors, the Committee confirms that the performance of each of the Directors continues to be effective and each demonstrates commitment to their roles, including independence of judgement, commitment of time for the Board and (where relevant) Committee meetings and their other duties. Accordingly, the Committee has recommended to the Board that all current Directors of the Company be proposed for re-election at the forthcoming AGM.



**David Lister**

Chair of the Nomination Committee  
16 March 2022

# Remuneration Report

## Statement from the Chair of the Remuneration Committee

On behalf of the Board, I am pleased to present our Remuneration Report for the year ended 31 December 2021. This report is divided into two sections: the Annual Report on Remuneration which sets out the remuneration earned by Directors in 2021, followed by an extract of the Directors' Remuneration Policy approved by shareholders at the 2021 AGM; the full approved policy is available on our website. A summary of how the Remuneration Committee proposes to implement the new Policy in 2021 is set out in this statement.

### Our performance in 2021

Elsewhere in this Annual Report the Board reports on the progress which the Group has made during 2021, delivering a strong operational and financial performance. Record numbers of Mounties were trained during the year and the number of trainees in training at the year end was also higher than ever before. During the year the Group continued with its significant investment in Academy transformation and accreditation programmes to underpin the future growth of the business. This strong performance in the year is reflected in the extent to which bonuses were earned by the Executive Directors against the profit and Mountie revenue targets, further information in relation to which is set out below.

In 2022 we target a significant increase in the number of Mounties we train and deploy, along with a plan to accelerate our internal staff recruitment and our internal development programmes, with a particular focus on our Sales and Academy training teams. The Group is well placed to deliver a good performance in 2022 and long-term growth thereafter.

### Remuneration in 2021 and implementation of the approved Directors' Remuneration Policy in 2022

Our new Directors' Remuneration Policy was approved at the 2021 AGM, with over 96% of the votes cast in favour. A similarly high level of approval was also given to the 2020 Directors' Remuneration Report. The table below summarises the principal decisions in 2021 in relation to Directors' Remuneration, along with the proposed implementation in respect of 2022.



When taking decisions in relation to the Executive Directors' remuneration, we always have regard to the remuneration arrangements for the wider workforce. In the 2020 Directors' Remuneration Report, we reported that the Group had introduced salaries for UK trainees who had completed their training but were awaiting their first placement. In 2021, the Group went further, introducing salaries for UK trainees from the start of their training programme. At the April 2021 AGM shareholders approved our Buy-As-You-Earn plan, which is our broad-based employee share plan. This includes enhanced purchase and matching provisions to expand the scope and benefits of employee share ownership, which is fundamental to the Company's culture.

	Decisions in respect of 2021	Proposed implementation for 2022																								
<p><b>Salary and fees</b></p>	<p><i>Executive Director salaries</i></p> <p>We explained in the 2020 Directors' Remuneration Report that the salaries of the Executive Directors had not been fundamentally reviewed since the Company's IPO in June 2014, and that the review undertaken in 2020 had identified that there was a gap between the salaries and market competitive rates. We explained last year that the Committee's view was that the required uplift to restore the salaries to a market competitive level was too significant to achieve in a single year, so that we intended to phase the increase over two years. The first increase took effect from 1 April 2021. It is the view of the Committee that the continued performance of the Group justifies the making of the second increase, which will apply from 1 April 2022 as follows.</p> <table border="1" data-bbox="341 775 1437 1093"> <thead> <tr> <th></th> <th>Salary with effect from 1 April 2021</th> <th>Salary with effect from 1 April 2022</th> <th>% increase</th> </tr> </thead> <tbody> <tr> <td><b>Executive Director</b></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Rod Flavell (CEO)</td> <td>£460,000</td> <td>£500,000</td> <td>8.7%</td> </tr> <tr> <td>Mike McLaren (CFO)</td> <td>£325,000</td> <td>£342,000</td> <td>5.2%</td> </tr> <tr> <td>Andy Brown (CCO)</td> <td>£330,000</td> <td>£342,000</td> <td>3.6%</td> </tr> <tr> <td>Sheila Flavell (COO)</td> <td>£330,000</td> <td>£342,000</td> <td>3.6%</td> </tr> </tbody> </table> <p><i>Non-Executive Director fees</i></p> <p>In the 2020 Directors' Remuneration Report we explained the proposed review of Non-Executive Directors' fees (other than the Chairman's fee) did not take place in 2020 as the Board focussed on business and operational matters arising from the pandemic. The review concluded in 2021 and the fees were increased with effect from 1 April 2021. The fees applying from that date, along with our approach to the fees for the Non-Executive Directors in 2022 are set out on pages 104 and 105.</p> <p>The Chairman's fee (currently £165,000) was last considered in 2019. The Committee has increased the Chairman's fee to £170,000 with effect from 1 April 2022, an increase of c.3%, in line with the range of salary increases awarded to the wider workforce. The additional fee for Chairing the Nomination Committee (£5,000) has not changed.</p>		Salary with effect from 1 April 2021	Salary with effect from 1 April 2022	% increase	<b>Executive Director</b>				Rod Flavell (CEO)	£460,000	£500,000	8.7%	Mike McLaren (CFO)	£325,000	£342,000	5.2%	Andy Brown (CCO)	£330,000	£342,000	3.6%	Sheila Flavell (COO)	£330,000	£342,000	3.6%	
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<p><b>Bonus</b></p>	<p>Each Executive Director was eligible to earn a bonus in respect of 2021 up to 120% of salary. Bonuses were calculated by reference to the salary earned in the year, and not solely by reference to the rate of salary applying with effect from 1 April 2021. The bonus was subject to stretching performance measures based on:</p> <ul style="list-style-type: none"> <li>adjusted PBT – for up to 80% of salary</li> <li>Mountie revenue – for up to 20% of salary</li> <li>employee engagement and satisfaction – for up to 10% of salary</li> <li>client diversification – for up to 10% of salary</li> </ul> <p>Details of the performance against the measures is set out beginning on page 102. Each Executive Director earned a bonus of 112.5% of salary (93.75% of the maximum) by reference to the performance achieved. The Committee considers that the outturn is reflective of the overall performance of the Group in the year and is appropriate. The bonus will be paid part in cash and part in shares deferred for two years, as set out on page 103.</p>	<p>The maximum bonus that may be earned for 2022 will be 120% of salary. The bonus will be subject to performance measures weighted as follows.</p> <ul style="list-style-type: none"> <li>Adjusted Profit Before Tax: 40%</li> <li>Mountie Revenue: 40%</li> <li>Client diversification: 10%</li> <li>Employee engagement and satisfaction: 10%</li> <li>Social mobility: 10%</li> <li>Reduction in greenhouse gas emissions: 10%</li> </ul> <p>The targets are commercially sensitive and further information will be disclosed in the 2022 Directors' Remuneration Report.</p> <p>As for 2021, bonuses will be calculated by reference to the salary earned in the year, and not solely by reference to the rate of salary applying with effect from 1 April 2022.</p>																								

Decisions in respect of 2021	Proposed implementation for 2022																
<p><b>PSP</b></p> <p>The awards granted to the Executive Directors in 2019 under the Company's Performance Share Plan were subject to a performance condition based on the compound annual growth in the Company's Earnings Per Share over the performance period 2019 – 2021. The threshold level of performance was not achieved, and the awards lapsed; further information is given on page 103.</p> <p>PSP awards were granted in April 2021 with vesting subject to stretching adjusted EPS performance conditions. Details of the awards and performance measures are set out on page 104. Consistent with our usual approach, the awards were determined as a number of shares rather than a percentage of base salary. The Directors' Remuneration Policy permits awards of up to 150% of salary, but the actual awards as a percentage of salary were:</p> <table border="1" data-bbox="343 837 866 1019"> <tbody> <tr> <td>Rod Flavell</td> <td>69%</td> </tr> <tr> <td>Mike McLaren</td> <td>98%</td> </tr> <tr> <td>Andy Brown</td> <td>97%</td> </tr> <tr> <td>Sheila Flavell</td> <td>97%</td> </tr> </tbody> </table>	Rod Flavell	69%	Mike McLaren	98%	Andy Brown	97%	Sheila Flavell	97%	<p>PSP awards to be granted in respect of 2022 will be subject to performance conditions based on FDM's earnings per share assessed over a three-year performance period commencing with FDM's 2022 financial year as set out in the following table.</p> <table border="1" data-bbox="911 474 1445 763"> <thead> <tr> <th>Adjusted<sup>1</sup> EPS in the final financial year of the performance period</th> <th>Vesting</th> </tr> </thead> <tbody> <tr> <td>38.5 pence</td> <td>25%</td> </tr> <tr> <td>Between 38.5 pence and 41.7 pence</td> <td>Determined on a straight-line basis between 25% and 100%</td> </tr> <tr> <td>41.7 pence or greater</td> <td>100%</td> </tr> </tbody> </table> <p><sup>1</sup> The Committee has discretion to adjust EPS for the purposes of the PSP where it considers it appropriate to do so (for example, to reflect a material acquisition and/ or divestment of a Group business) and to assess performance on a fair and consistent basis from year to year. The extent to which the awards vest will be subject to the Committee's assessment of the overall financial performance of the Company during the performance period. Final levels of vesting may be reduced should the Committee feel that the calculated levels do not reflect the performance of the Company.</p> <p>In line with FDM's usual practice, it is proposed that each Executive Director will receive an award over the same number of shares. The number of shares will have a value not exceeding 100% of the lowest Executive Director's salary.</p>	Adjusted <sup>1</sup> EPS in the final financial year of the performance period	Vesting	38.5 pence	25%	Between 38.5 pence and 41.7 pence	Determined on a straight-line basis between 25% and 100%	41.7 pence or greater	100%
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Between 38.5 pence and 41.7 pence	Determined on a straight-line basis between 25% and 100%																
41.7 pence or greater	100%																

The Committee and Board remain committed to a responsible approach to executive pay and believe the Policy operated as intended during 2021. We recognise the importance of engagement with shareholders in relation to executive remuneration and I would be pleased to answer any questions you may have on our approach, including at the 2022 AGM where I will be available to discuss this report with shareholders. We hope that we continue to receive your support at the AGM.



**Peter Whiting**

Chair of the Remuneration Committee  
16 March 2022

### Alignment of the Directors' Remuneration Policy with the Corporate Governance Code

<p><b>Clarity:</b> remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce</p> <p><b>Simplicity:</b> remuneration structures should avoid complexity and their rationale and operation should be easy to understand</p>	<p>Our remuneration arrangements are clear and simple, and we fully disclose performance outturns and associated vestings in the Directors' Remuneration Report. We follow a standard UK listed company approach to Directors' remuneration with established incentive schemes that operate on a clear and consistent basis. We operate our share plans on a wide basis to broaden the scope and benefits of employee share ownership, which is fundamental to the Company's culture.</p>
<p><b>Risk:</b> remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated</p>	<p>Malus and clawback provisions apply to all Executive Director variable remuneration, and reflect the Code. The Committee has discretion to override formulaic vesting outturns in order that any risks associated with targets can be mitigated. Bonus deferral, the holding period for PSP awards and the in-employment and post-employment shareholding requirements mean that Executive Directors' interests are further aligned with the longer-term interests of shareholders.</p>
<p><b>Predictability:</b> the range of possible values of rewards to individual Directors and other limits or discretions should be identified and explained</p>	<p>Variable remuneration opportunities are clearly expressed as a percentage of base salary. When approval was sought for the Directors' Remuneration Policy, the 2020 Directors' Remuneration Report clearly set out the amounts that could be earned under the Directors' Remuneration Policy by the Executive Directors in 2021. Discretions reserved to the Committee are set out in the Directors' Remuneration Policy.</p>
<p><b>Proportionality:</b> the link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance</p>	<p>Variable remuneration for Executive Directors is subject to the achievement of performance targets. The Committee has discretion to override formulaic outturns to ensure that poor performance is not rewarded, and delivery of a significant proportion of the variable remuneration in shares means that the overall reward is strongly aligned with the interests of shareholders. The application of strategic measures to part of the annual bonus means that overall reward is linked to the delivery of key strategic measures, in addition to financial performance.</p>
<p><b>Alignment to culture:</b> incentive schemes should drive behaviours consistent with the Company's purpose, values and strategy</p>	<p>A high proportion of the workforce participates in an annual bonus award. The Committee aims to choose bonus metrics for the Executive Directors which are capable of being cascaded down to managers in the organisation. This means that the wider workforce remuneration is also aligned with overall performance with a consistent approach to performance assessment across the leadership team, and that members of the wider workforce are also able to benefit from their contribution to the overall success of the Group.</p> <p>Employee share ownership is fundamental to the Company's culture and this is reflected in the level of direct share ownership and the broad extension of our Performance Share Plan and Buy-As-You-Earn plan through the Group's workforce. Starting in respect of bonuses earned for 2021, some senior managers will now have a proportion of their bonuses deferred into shares, further aligning their interests with the longer-term interests of shareholders.</p>

## Remuneration Report

### **Stakeholder engagement**

The Remuneration Committee recognises the importance of engagement with our stakeholders in relation to executive remuneration.

We have an established investor relations function, the work of which is discussed in the Corporate Governance Report. Last year's Corporate Governance Report summarised the additional engagement that took place with investors in advance of the approval of the Directors' Remuneration Policy at the 2021 AGM, which continued into early 2021. Although that process was not relevant during the remainder of 2021, in more usual meetings with investors, executive remuneration is always a topic available for discussion. Feedback from investors is taken into account in finalising our approach to executive remuneration. In addition, the Remuneration Committee Chair engaged with a range of the Company's largest institutional shareholders in late 2021 in relation to the salary increases which will apply from 1 April 2022, as referred to above.

As in previous years, the Remuneration Committee did not formally consult with employees in relation to executive remuneration and remuneration was not raised as a priority by employees with whom the Board engaged throughout the year. However, as noted above, bonus metrics are chosen which are capable of being cascaded down to managers in the organisation, and bonus deferral has been introduced for some senior managers. Engagement with the relevant populations takes place to explain how Executive Director remuneration and wider workforce remuneration is aligned in this regard, and how these arrangements align remuneration with the interests of shareholders and the overall strategy.

## Annual Report on Remuneration

### Audited Section

Audited section of this report comprises only the following sections:

- Single figure table
- Annual bonus for 2021
- Long-term incentives vesting in respect of 2021
- Payments to former Directors
- Payments for loss of office
- Directors' shareholding and share interests
- Performance Share Plan awards granted in 2021

### Single figure table

The table below details the total remuneration receivable by each Director for the financial years ended 31 December 2021 and 31 December 2020. Where necessary, further explanation of the values provided is included in the notes to the table or the additional information that follows it in relation to the 2021 annual bonus and the long-term incentives vesting in respect of 2021.

The figures in the single figure table are derived from the following:

<b>Salary and fees</b>	The total salaries and fees paid in respect of the year.
<b>Benefits</b>	Value of benefits received in the year, comprising private medical insurance and car allowance.
<b>Annual bonus</b>	The value of the bonuses earned in respect of the year. For 2021, bonuses were calculated by reference to the salary earned in the year, and not solely by reference to the rate of salary applying with effect from 1 April 2021.
<b>Long-term incentives</b>	The value of the Executive Directors' long-term incentives vesting by reference to performance in the relevant year.
<b>Pension</b>	The cash value of a salary supplement paid to the Executive Director in lieu of company pension contributions to the Company's defined contribution scheme. No Director participates in a defined benefit pension arrangement in respect of their service with FDM.

		Salary and fees £000	Benefits £000	Annual bonus £000	Long-term incentives £000	Pension £000	Total £000	Total fixed £000	Total variable £000
<b>Executive Directors</b>									
Rod Flavell	<b>2021</b>	<b>446.1</b>	<b>19.6</b>	<b>501.8</b>	–	<b>15.0</b>	<b>982.5</b>	<b>480.7</b>	<b>501.8</b>
	2020	404.3	20.5	315.3	–	10.4	750.5	435.2	315.3
Sheila Flavell	<b>2021</b>	<b>322.6</b>	<b>13.5</b>	<b>362.9</b>	–	<b>10.9</b>	<b>709.9</b>	<b>347.0</b>	<b>362.9</b>
	2020	300.3	13.5	234.2	–	7.8	555.8	321.6	234.2
Mike McLaren	<b>2021</b>	<b>315.9</b>	<b>14.8</b>	<b>355.4</b>	–	<b>10.7</b>	<b>696.8</b>	<b>341.4</b>	<b>355.4</b>
	2020	288.7	15.0	225.2	–	7.5	536.4	311.2	225.2
Andy Brown	<b>2021</b>	<b>322.6</b>	<b>13.6</b>	<b>362.9</b>	–	<b>10.9</b>	<b>710.0</b>	<b>347.1</b>	<b>362.9</b>
	2020	300.3	13.7	234.2	–	7.8	556.0	321.8	234.2
<b>Non-Executive Directors</b>									
David Lister	<b>2021</b>	<b>170.0</b>	–	–	–	–	<b>170.0</b>	<b>170.0</b>	–
	2020	170.0	–	–	–	–	170.0	170.0	–
Peter Whiting	<b>2021</b>	<b>76.8</b>	–	–	–	–	<b>76.8</b>	<b>76.8</b>	–
	2020	70.0	–	–	–	–	70.0	70.0	–
Alan Kinnear <sup>1</sup>	<b>2021</b>	<b>65.2</b>	–	–	–	–	<b>65.2</b>	<b>65.2</b>	–
	2020	56.7	–	–	–	–	56.7	56.7	–
Michelle Senecal de Fonseca	<b>2021</b>	<b>53.8</b>	–	–	–	–	<b>53.8</b>	<b>53.8</b>	–
	2020	50.0	–	–	–	–	50.0	50.0	–
Jacqueline de Rojas	<b>2021</b>	<b>57.5</b>	–	–	–	–	<b>57.5</b>	<b>57.5</b>	–
	2020	50.0	–	–	–	–	50.0	50.0	–

<sup>1</sup> Alan Kinnear was appointed to the Board with effect from 1 January 2020 and was appointed Chair of the Audit Committee with effect from 29 April 2020.

## Remuneration Report

### Annual bonus for 2021

As described in the Committee Chair's statement on page 97, each Executive Director earned a bonus of 112.5% of salary for 2021, out of a maximum of 120% of salary. Details of the performance against the applicable targets is set out below.

While the Remuneration Policy permits a payment of 20% of the maximum payable upon achieving a threshold level of performance, the Committee decided not to set such a target.

	Weighting	Threshold (20% of maximum payable)	Target (50% of maximum payable)	Stretch (100% of maximum payable)	Actual performance	Bonus earned (percentage of maximum payable)
Adjusted profit before tax	66.7% (80% of salary)	n/a	£45.0m	£46.5m	£46.7m	100%
Moutie revenue	16.7% (20% of salary)	n/a	£260.4m	£263.4m	£267.0m	100%
Employee engagement and satisfaction	8.3% (10% of salary)	Performance for these two elements was assessed by reference to the achievements delivered in the year relative to the measures, as described below.				50%
Client base diversification	8.3% (10% of salary)					75%

### Strategic measures

The achievements in respect of the strategic measures are described below.

Strategic measure	Achievements				
Employee engagement and satisfaction	<p>Achievement in respect of this measure was based on responses from staff to questions asked of internal staff and consultants about recommending FDM as a place to work and providing opportunity for learning and career development. Each of the four results accounted for 2.5% of the 10% weighting achievable for this measure.</p> <p>The targets for each question were based on an average of the scores achieved across the responses in the survey.</p> <p>Achievement against these targets was that the target level of responses were met or achieved for two of the questions; a more granular description of the outturn is not given as the Committee considers the details to be commercially sensitive. This resulted in a bonus achievement of 50% of maximum (5% of salary).</p>				
Client base diversification – this measure was split into two separate elements	<p><i>Element A – Strategic Sectors (75% weighting)</i></p> <p>Achievement in respect of this measure was based on the number of Mouties placed in various new and emerging sectors, with both a base target and a stretch target set. The target numbers and sector details are not disclosed as they are commercially sensitive and would give competitors insight into our strategy and plans.</p> <p>This measure was subject to a further underpin such that the number of Mouties in these sectors at year end must be 120 or higher, with at least two of the following three requirements also being satisfied: (1) at least 30 Mouties in Telecoms at year end; (2) at least 50 Mouties in Life Sciences at year end; (3) at least 40 Mouties in Retail at year end.</p> <p>Achievement against these targets was that the stretch target and underpin were each achieved; a more granular description of the outturn is not given as the Committee considers the details to be commercially sensitive. This resulted in a bonus achievement of 100% of maximum (7.5% of salary).</p> <p><i>Element B – Year-end Mouties deployed in Government (25% weighting)</i></p> <p>Achievement in respect of this measure was based on the number of Mouties in government departments (in any territory) at the end of the year by reference to the following performance targets:</p> <table border="1"> <tbody> <tr> <td><b>Base Target</b></td> <td>At year end, 340 Mouties deployed in government departments.</td> </tr> <tr> <td><b>Stretch Target</b></td> <td>At year end, 370 Mouties deployed in government departments.</td> </tr> </tbody> </table> <p>The base target was not achieved; a more granular description of the outturn is not given as the Committee considers the details to be commercially sensitive. Therefore, no bonus was earned in respect of this element.</p>	<b>Base Target</b>	At year end, 340 Mouties deployed in government departments.	<b>Stretch Target</b>	At year end, 370 Mouties deployed in government departments.
<b>Base Target</b>	At year end, 340 Mouties deployed in government departments.				
<b>Stretch Target</b>	At year end, 370 Mouties deployed in government departments.				



Accordingly, each Executive Director earned a bonus equal to 112.5% of their salary in respect of 2021, which will be paid in cash and deferred shares as set out below.

Executive Director	Bonus earned	Bonus paid in cash	Bonus to be deferred into shares (after tax)
Rod Flavell	£501,820	£418,183	£83,637
Sheila Flavell	£362,897	£302,414	£60,483
Mike McLaren	£355,430	£296,192	£59,238
Andy Brown	£362,897	£302,414	£60,483

The deferred share awards will vest after two years are not subject to any further performance condition and are subject to the terms of the Directors' Remuneration Policy in relation to continued employment.

#### Long-term incentive awards vesting in respect of 2021

Each Executive Director was granted an award under the Company's Performance Share Plan on 17 April 2019 over 29,000 shares. Each award was subject to a performance condition based on the compound annual growth in the Company's Earnings Per Share over the performance period 2019 – 2021 in accordance with the following table. The threshold level of performance was not achieved, and the awards lapsed.

Compound annual growth in EPS	Percentage of the award that will vest	Performance outcome (compound annual growth in adjusted EPS)	Vesting outcome
8% p.a.	25%		
Greater than 8% p.a. but less than 13% p.a.	Determined on a straight-line basis between 25% and 100%	-2.9%	0%
13% p.a. or greater	100%		

#### Payment to former Directors

During the year, no payments were made to any former Director of the Company.

#### Payment for loss of office

During the year, no payments were made in respect of loss of office.

#### Directors' shareholding and share interests

The Company's formal shareholding guideline for Executive Directors is that each Executive Director should hold shares with a value equal to at least 200% of salary. The current Executive Directors have shareholdings with values significantly in excess of this guideline, reflecting the Company's historic culture of share ownership and entrepreneurialism. The interests as at 31 December 2021 were as follows:

	Ordinary shares as at 31 December 2021 Number <sup>1</sup>	Ordinary shares value as at 31 December 2021 £000 <sup>2</sup>	Value (x base salary <sup>3</sup> )
<b>Executive Directors</b>			
Rod Flavell	7,324,818	93,172	202.5
Sheila Flavell	7,320,956	93,123	282.2
Mike McLaren	469,813	5,976	18.4
Andy Brown	4,014,451	51,064	154.7
<b>Non-Executive Directors</b>			
David Lister	-	-	-
Peter Whiting	10,453	133	1.7
Michelle Senecal de Fonseca	5,523	70	1.3
Alan Kinnear	-	-	-
Jacqueline de Rojas	-	-	-

<sup>1</sup> Including the interests of persons closely associated with the Director, other than in the case of Rod Flavell and Sheila Flavell whose interests are reported separately, and interests in shares acquired pursuant to bonus deferral arrangements.

<sup>2</sup> Calculated based on the closing share price of 1,272 pence on 31 December 2021.

<sup>3</sup> Calculated on base salary and fees at 31 December 2021.

## Remuneration Report

There have been no changes in the Directors' holdings in the share capital of the Company between 31 December 2021 and the date the financial statements were approved.

Each Executive Director also holds awards under the Company's PSP as set out below. Each Executive Director holds the same awards.

Date of award	Number at 1 January 2021	Granted in 2021	Lapsed in 2021	Exercised in 2021	Number at 31 December 2021	Status
1 June 2018	18,500	-	18,500	-	-	Lapsed <sup>1</sup>
17 April 2019	29,000	-	-	-	29,000	Lapsed <sup>2</sup>
30 December 2020	29,000	-	-	-	29,000	Unvested and subject to performance condition
21 April 2021 <sup>3</sup>	-	30,000	-	-	30,000	Unvested and subject to performance condition

1 The awards granted in 2018 lapsed on 9 March 2021.

2 The awards granted in 2019 lapsed on 16 March 2022.

3 The details of the awards granted in 2021 are set out below.

### Performance Share Plan awards granted in 2021

Each Executive Director was granted an award under the Company's PSP on 21 April 2021 as set out below.

Award	Number of shares	Exercise price per share	Face value of award
PSP award	30,000	£0.01	£319,599

The face value of the award is calculated by multiplying the number of shares subject to the PSP award (30,000) by £10.6533 being the average share price over the three business days preceding the grant of the awards. The awards are subject to a two-year post-vesting holding period. Each award was granted in the form of an option with a per share exercise price of £0.01.

The awards will vest based on adjusted<sup>1</sup> EPS in the final financial year of the three-year performance period ending 31 December 2023, in line with the following schedule:

Adjusted <sup>1</sup> EPS in the final financial year of the performance period	Percentage of the award that will vest
35.7 pence	25%
Greater than 35.7 pence but less than 38.3 pence	Determined on a straight-line basis between 25% and 100%
38.3 pence or more than 38.3 pence	100%

1 The Committee has discretion to adjust EPS for the purposes of the PSP where it considers it appropriate to do so (for example, to reflect a material acquisition and/or divestment of a Group business) and to assess performance on a fair and consistent basis from year to year. The extent to which the awards vest will be subject to the Committee's assessment of the overall financial performance of the Company during the performance period. Final levels of vesting may be reduced should the Committee feel that the calculated levels do not reflect the performance of the Company.

### Approach to Directors' remuneration for 2022

#### Base salary and fees

With effect from 1 April 2022, Executive Director salaries will be increased as described in the Chair of the Committee's statement on pages 96 and 97.

The Committee has reviewed the Chairman's fee, which was last reviewed in 2019, and the fee for chairing the Nomination Committee. The Chairman's fee has been increased with effect from 1 April 2022 by c. 3%, which is in line with the range of salary increases awarded to the wider workforce, as shown in the table below. The fee for chairing the Nomination Committee has not been changed.

As we reported in the 2020 Directors' Remuneration Report, the proposed review of Non-Executive Directors' fees (other than the Chairman's fee) did not take place in 2020 as the Board focussed on business and operational matters arising from the pandemic. The review concluded in 2021 and the fees were increased with effect from 1 April 2021, as set out below. Some of the Non-Executive Directors' fees will similarly be increased with effect from 1 April 2022, as also set out below. The percentage increases which have been applied with effect from 1 April 2022 are in line with the range of salary increases awarded to the wider workforce.

Role	Fee applying on 1 January 2021	Fee with effect from 1 April 2021	Fee with effect from 1 April 2022
Chairman's fee	£165,000		£170,000
Additional fee for chairing the Nomination Committee	£5,000		£5,000
Basic Non-Executive Director fee	£50,000	£55,000	£57,000
Additional fee for chairing the Audit Committee or Remuneration Committee	£10,000	£12,000	£12,500
Additional fee for holding the position of Senior Independent Director	£10,000	£12,000	£12,500
Additional fee for holding the position of Non-Executive Director responsible for ensuring that the voices of employees are heard at board level	N/A	£5,000	£5,000

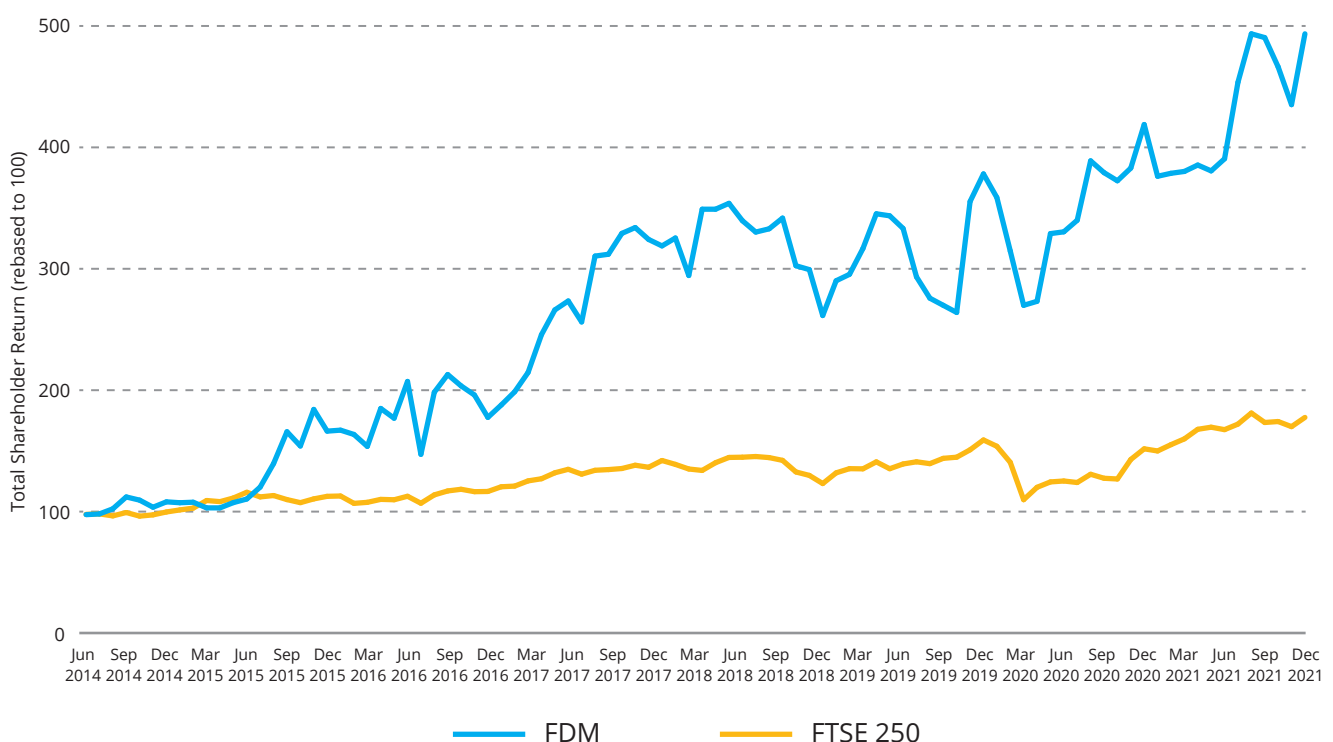
#### Annual bonus and long-term incentives for 2022

The maximum annual bonus opportunity for all Executive Directors for 2022 is 120% of salary, as set out in the statement from the Chair of the Committee on page 97. Information in relation to the performance measures, weightings and approach to deferral is also set out in that statement.

The Committee proposes to grant awards under the PSP in respect of 2022, as discussed in the statement from the Committee Chair.

#### Performance graph and historical Chief Executive Officer remuneration outcomes

The graph below shows the Company's Total Shareholder Return ("TSR") performance since the date of listing compared to the FTSE 250 Index; the FTSE 250 Index was chosen as the Company was a constituent of that index during the year.



## Remuneration Report

The table below details the total remuneration, annual bonus and LTIP vesting (as a percentage of the maximum opportunity) for the Chief Executive Officer (“CEO”) for the last ten years. Note that for 2014 this is the remuneration received for the whole of 2014 and so is not directly comparable to the TSR performance chart above, which is for the period from 20 June 2014.

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Total remuneration (£000)</b>	639.2	686.2	547.7	658.5	668.1	764.5	1,134.1	995.0	802.0	750.5	982.5
Annual bonus as a % of maximum opportunity	100%	100%	68%	55%	82%	100%	80%	58%	50%	65%	94%
Long-term incentives as a % of maximum opportunity	n/a	n/a	n/a	n/a	n/a	n/a	100%	100%	100%	0%	0%

### Change in Directors' remuneration in relation to the wider workforce

The table below shows the percentage change in each Director's salary/ fees, benefits and annual bonus between the financial years 2019 – 2020 and 2020 – 2021. The applicable regulations require us to show the average change in the same elements of remuneration for the employees of FDM Group (Holdings) plc on a full-time equivalent (“FTE”) basis. FDM Group (Holdings) plc has no employees other than the Directors. Accordingly, in order to provide a meaningful comparison, we have shown the change based on a wider workforce comparator group which, consistent with previous years, includes all UK employees other than Mounties.

		Wider workforce	Rod Flavell	Sheila Flavell	Mike McLaren	Andy Brown	David Lister	Peter Whiting	Alan Kinnear <sup>1</sup>	Michelle Senecal de Fonseca	Jacqueline de Rojas
Salary/ fees	<b>2020 – 2021</b>	<b>9.0%</b>	<b>10.3%</b>	<b>7.4%</b>	<b>9.4%</b>	<b>7.4%</b>	<b>0%</b>	<b>9.7%</b>	<b>15.0%</b>	<b>7.6%</b>	<b>15.0%</b>
	2019 – 2020	7.5%	0%	0%	0%	0%	14.2%	0%	n/a	0%	0%
Taxable benefits	<b>2020 – 2021</b>	<b>-6.8%</b>	<b>12.0%</b>	<b>14.6%</b>	<b>13.3%</b>	<b>14.0%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
	2019 – 2020	3.5%	-0.5%	-1.5%	-1.3%	-2.1%	n/a	n/a	n/a	n/a	n/a
Annual bonus	<b>2020 – 2021</b>	<b>57.8%</b>	<b>59.2%</b>	<b>55.0%</b>	<b>57.8%</b>	<b>55.0%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
	2019 – 2020	-6.8%	56.6%	56.6%	56.6%	56.6%	n/a	n/a	n/a	n/a	n/a

<sup>1</sup> Alan Kinnear was appointed to the Board with effect from 1 January 2020 and, accordingly, there is no change shown in relation to his fees for the period 2019 – 2020.

### CEO pay ratio

The following table sets out the ratio of the CEO's total remuneration in respect of the 2021 financial year (taken from the single figure table on page 101) to the 25th percentile, 50th percentile (i.e. the median) and the 75th percentile FTE of the Company's UK employees. In line with the applicable regulations, the corresponding ratios for 2018, 2019 and 2020 are also included. For consistency with the “change in CEO remuneration in relation to the wider workforce” disclosure, the table below also provides the same ratio in respect of the Company's UK FTE employees excluding Mounties. This reflects the fact that Mounties' remuneration is not subject to the same annual review process as the rest of the UK workforce.

Year	Method	25th percentile pay ratio		Median pay ratio		75th percentile pay ratio	
		Including Mounties	Excluding Mounties	Including Mounties	Excluding Mounties	Including Mounties	Excluding Mounties
2018	Option A	43:1	36:1	40:1	23:1	31:1	14:1
2019	Option A	32:1	27:1	29:1	19:1	21:1	13:1
2020	Option A	28:1	29:1	22:1	19:1	17:1	14:1
2021	Option A	42:1	35:1	34:1	23:1	25:1	17:1

The Company adopted "Option A" in the regulations for the purposes of calculating the pay ratios as it considers this to be the most accurate method. Remuneration for other employees for the purposes of the calculations was as at 31 December in each year. In calculating the ratio for all UK employees in the above table, the Company has determined the total FTE remuneration for all its UK employees for the financial year and has then ranked those employees based on their total FTE remuneration from low to high. The employees whose remuneration places them at the 25th, 50th (median) and 75th percentile points in this ranking have then been identified. Mounties were then excluded, and the process was repeated to calculate the ratio for all UK employees excluding Mounties.

In line with the applicable regulations, we have set out below for the same employee percentiles (and for the CEO) their total remuneration in respect of 2018, 2019, 2020 and 2021 and the salary component of that remuneration.

Year	CEO total remuneration (salary component of total remuneration)	25th percentile employee total remuneration (salary component of total remuneration)		Median employee total remuneration (salary component of total remuneration)		75th percentile employee total remuneration (salary component of total remuneration)	
		Including Mounties	Excluding Mounties	Including Mounties	Excluding Mounties	Including Mounties	Excluding Mounties
2018	£995,000 (£395,100)	£23,015 (£19,500)	£27,627 (£25,838)	£24,722 (£19,500)	£43,596 (£41,349)	£32,157 (£23,902)	£72,100 (£48,500)
2019	£801,968 (£404,250)	£24,911 (£20,000)	£29,682 (£24,982)	£27,339 (£20,000)	£42,150 (£36,000)	£37,305 (£20,000)	£63,498 (£55,000)
2020	£750,509 (£404,250)	£27,210 (£24,750)	£26,037 (£25,638)	£34,775 (£20,000)	£39,089 (£25,000)	£44,483 (£49,115)	£53,280 (£53,280)
2021	£982,538 (£446,062)	£23,607 (£20,000)	£28,100 (£25,500)	£28,765 (£20,000)	£42,970 (£35,870)	£39,779 (£20,000)	£57,500 (£50,000)

A significant proportion of the Executive Directors' remuneration is performance related. The ratios will therefore vary depending upon the extent to which performance conditions are satisfied and the Executive Directors' performance-related remuneration is earned. The changes in the ratios between 2020 and 2021 are principally attributable to the significant impact on the Executive Directors' 2020 bonuses of the COVID-19 pandemic as described in the 2020 Directors' Remuneration Report, as compared to the bonuses earned in respect of 2021 as a result of the strong performance against the targets set for the year. In addition, the rapid ramping up of recruitment in 2021 to meet increased demand has caused a significant increase in first year Mounties whose remuneration is lower than the remuneration of second year Mounties. That increase in the number of first year Mounties changes the identity and remuneration data of the individuals at certain percentile points, with a corresponding change in the ratios. The Committee considers that the median ratio for 2021 is consistent with the pay, reward and progression policies for employees as a whole.

### Spend on pay

The following table sets out the percentage change in dividends paid and the overall expenditure on pay (as a whole across the organisation).

	Year ended 31 December 2021 £000	Year ended 31 December 2020 £000	Percentage change
<b>Total dividends paid<sup>1</sup></b>	32,674	34,230	-4.5%
<b>Overall expenditure on pay to employees</b>	203,815	195,055	+4.5%

<sup>1</sup> The dividends for the year ended 31 December 2020 consist of the first interim dividend in respect of 2020 of 18.5 pence per share paid on 4 September 2020 and the second interim dividend in respect of 2020 of 13.0 pence per share which was paid on 26 February 2021. As such this latter payment is not included in the dividends paid for the year ended 31 December 2021.

## Remuneration Report

### Shareholder approval of our Directors' Remuneration Policy and Directors' Remuneration Report

The Company's Directors' Remuneration Policy and the Company's 2020 Directors' Remuneration Report were approved at the AGM held on 28 April 2021. The results of the votes are set out below:

Resolution	Votes for	% of votes for	Votes against	% of votes against	Votes withheld
Approve the Directors' Remuneration Policy	90,648,379	96.49%	3,298,797	3.51%	2,678,296
Approve the Directors' Remuneration Report	87,882,825	92.90%	6,713,905	7.10%	2,028,742

### Membership of and Advisors to the Remuneration Committee

During the financial year the Committee's membership was Peter Whiting (Chair), Michelle Senecal de Fonseca, and Alan Kinnear. The attendance of members at Remuneration Committee meetings is set out on page 70.

During the financial year, the Committee received independent advice from Deloitte LLP ("Deloitte"), which was appointed by the Committee, in relation to the Committee's consideration of matters relating to Directors' remuneration. Deloitte was appointed in 2014 following a formal tender process. Fees for advice provided to the Remuneration Committee during the year were £17,675. Fees were charged on a time and disbursements basis.

Deloitte is a member of the Remuneration Consultants Group and voluntarily operates under its code of conduct in its dealing with the Remuneration Committee.

Deloitte also provides advice to the Company on the operation of its employee share plans and employee benefit trust. The Committee took this work into account as part of its ongoing review of the appointment of Deloitte and, due to the nature and extent of the work performed, concluded that it did not impair Deloitte's ability to advise the Committee objectively and free from influence. Accordingly, it is the view of the Committee that the advice it receives from Deloitte is objective and independent.

The Chairman, Chief Executive Officer and other members of the executive management attend the Committee by invitation to provide input, but no Executive Director or other member of management is present when his or her own remuneration is discussed. Details of individual attendances by Directors at the Remuneration Committee meetings during 2021 are set out on page 70.

## Directors' Remuneration Policy

The Company's Directors' Remuneration Policy was approved by shareholders at the AGM held on 28 April 2021. Since we are not seeking approval for a revised policy at the 2022 AGM, we have set out below just the "policy tables", but with certain date specific references updated. The full policy as approved at the 2021 AGM is available on the Company's website at [www.fdmgroup.com](http://www.fdmgroup.com).

### Executive Directors

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
<b>Base salary</b>			
Core element of fixed remuneration to reflect the individual's role and experience as part of a broadly market competitive total remuneration package, to enable the Group to recruit and maintain the required skills and expertise to enable it to achieve its strategy.	<p>Salary levels are determined taking into account a range of factors, which may include (but are not limited to):</p> <ul style="list-style-type: none"> <li>Underlying Group performance;</li> <li>The size and scope of the Executive Director's role and responsibilities;</li> <li>The Executive Director's skill, experience and performance;</li> <li>Salary levels for equivalent roles at other listed companies of a similar size and/ or complexity to the Group; and</li> <li>Pay and conditions elsewhere in the Group.</li> </ul>	<p>Whilst there is no maximum salary level, salary increases will normally be within the range of increases awarded to the wider workforce in percentage of salary terms.</p> <p>Salary increases above this level may be awarded in appropriate circumstances including but not limited to:</p> <ul style="list-style-type: none"> <li>Where an Executive Director has been promoted or has had a change in scope or responsibility;</li> <li>To reflect an individual's development or performance in role (e.g. a newly appointed Executive Director being moved to align with the market over time); or</li> <li>Where there has been a change in the size and/ or complexity of the business.</li> </ul> <p>Such increases may be implemented over such time period as the Committee deems appropriate.</p>	Not applicable.
<b>Benefits</b>			
To provide benefits as part of a broadly market competitive total remuneration.	<p>Executive Directors receive benefits set at an appropriate level taking into account total remuneration, market practice, the benefits provided to other employees in the Group and individual circumstances. Benefits provided currently include car allowances and private health insurance.</p> <p>Other benefits may be provided based on individual circumstances. These may include, for example, relocation expenses and expatriate allowances.</p>	Whilst the Committee has not set an absolute maximum on the level of benefits Executive Directors may receive, the value of benefits is set at a level which the Committee considers to be appropriately positioned taking into account relevant market levels based on the nature and location of the role, the level of benefits provided for other employees in the Group and individual circumstances.	Not applicable.
<b>Retirement benefits</b>			
To provide an appropriate level of retirement benefit (or cash allowance equivalent) as part of a broadly market competitive total remuneration package.	<p>Executive Directors are eligible to participate in the Company's defined contribution scheme.</p> <p>In appropriate circumstances, such as where contributions exceed the annual or lifetime allowance, Executive Directors may take a taxable cash supplement instead of contributions to a pension plan.</p>	Company pension contribution (or cash allowance equivalent) not exceeding the contribution available to the majority of the workforce (currently 4%).	Not applicable.

## Remuneration Report

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
<b>Annual bonus</b>			
<p>Rewards Executive Directors for achieving financial, strategic and/ or individual targets in the relevant year, to provide an incentive for achieving the Group's strategy.</p>	<p>Performance measures and targets are reviewed annually and pay-out levels are determined by the Committee after the year end based on performance against the targets. The Committee has discretion to amend the pay-out including in circumstances where any formulaic outcome does not reflect the Committee's assessment of overall performance or is not considered appropriate in the context of circumstances that were unexpected or unforeseen at the start of the relevant year.</p> <p>Ordinarily, up to 33% of the bonus earned will be deferred into an award of shares, which shall be released following the end of a two-year deferral period. The Committee may require, or permit the deferral of higher levels of bonus. The Committee may pay the whole of any bonus earned in cash where the deferred amount would otherwise be below £10,000.</p> <p>Deferred bonus awards may take the form of a nil or nominal cost option to acquire the relevant shares following release, or as a requirement to invest the after-tax portion of the bonus into shares which must be retained until release.</p> <p>The Committee may award dividend equivalents on deferred amounts to reflect dividends that would have been paid on the deferred award shares over the period to their release; these dividend equivalents may be paid in cash or shares and may assume the reinvestment of dividends into Company shares on such basis as the Committee determines.</p> <p><b>Recovery</b> Recovery provisions apply as summarised below the table.</p>	<p>Maximum bonus opportunity for Executive Directors is 150% of base salary.</p>	<p>Performance measures and targets are set annually reflecting the Company's strategy and aligned with key financial, strategic and/ or individual targets.</p> <p>Subject to the Committee's discretion to override formulaic outturns, pay-out of up to 20% of maximum for threshold performance (the minimum level of performance resulting in any payment), 50% of maximum for on-target performance and full pay-out for stretch performance. There is ordinarily straight-line vesting between each of the points.</p> <p>At least 50% of the bonus will be assessed against key financial performance measures which may include revenue, pre-tax profit or other key financial performance metrics of the Company. Any balance of the bonus may be assessed against non-financial strategic measures and/ or individual performance.</p>
<b>Buy As You Earn ("BAYE") Plan</b>			
<p>To create staff alignment with the Group and encourage share ownership.</p>	<p>Participants may acquire up to £12,000 of shares each year from their after-tax remuneration ("Purchased Shares"). Provided the Purchased Shares are retained in the plan and subject, ordinarily, to continued employment, additional "Matching Shares" are awarded on the basis of a 1 for 3 match following the end of each of the first, third and fifth years following the year in respect of which the purchased shares were acquired. For example, if 900 shares are purchased by a participant in respect of 2021, they will receive an additional 300 Matching Shares following the end of each of 2022, 2024 and 2026 (giving a total of 900 Matching Shares against the 900 shares purchased in 2021).</p> <p><b>Recovery</b> Recovery provisions apply to Matching Shares as summarised below the table.</p>	<p>Maximum value of Purchased Shares that may be acquired in respect of any year is £12,000.</p> <p>The maximum ratio of Matching Shares to Purchased Shares is as described in the "Operation" column.</p>	<p>Not subject to performance measures in line with typical market practice.</p>



Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
<b>Performance Share Plan (“PSP”)</b>			
<p>To incentivise Executive Directors over the longer term, and to deliver performance-related pay, with a clear line of sight for Executives and direct alignment with shareholders’ interests.</p>	<p>Awards under the PSP will typically be granted as a conditional award or the grant of a nil or nominal cost option, in either case vesting subject to the achievement of specified performance conditions, over a period of at least three years.</p> <p>The Committee has discretion to reduce the formulaic vesting outturn including in circumstances where the formulaic outcome does not reflect the Committee’s assessment of overall performance or is not considered appropriate in the context of circumstances that were unexpected or unforeseen at the date of grant.</p> <p>Awards are granted subject to a holding period of two years beginning on the vesting date either on the basis that they will not ordinarily be released (so that the participant is entitled to acquire the shares) until the end of that period or on the basis that the participant is entitled to acquire shares following the assessment of the applicable performance condition but that (other than as regards sales to cover tax liabilities) the award is not released (so that the participant is able to dispose of those shares) until the end of the holding period.</p> <p>The Committee may at its discretion structure awards as Approved Performance Share Plan (“APSP”) awards comprising both an HMRC tax-favoured option granted under the Company Share Option Plan (“CSOP”) and a PSP award. APSP awards enable an Executive Director and the Company to benefit from HMRC tax-favoured option treatment in respect of part of the award without increasing the pre-tax value delivered to participants. APSP awards would be structured as either: (1) a tax-favoured option and a PSP award, with the vesting of the PSP award scaled back to take account of any gain made on exercise of the tax-favoured option; or (2) a tax favoured option, PSP award over a reduced number of shares and separate PSP award which is to fund the exercise price of the tax-favoured option. Other than to enable the grant of APSP awards, the Company will not grant awards to Executive Directors under the CSOP.</p> <p><b>Recovery</b> Recovery provisions apply as summarised below the table.</p>	<p>The usual maximum award level under the PSP in respect of any financial year for Executive Directors is awards over shares with a value of 150% of salary.</p> <p>The Committee has discretion to grant awards under the PSP in respect of any financial year for Executive Directors up to a maximum of 200% of salary.</p> <p>The Committee may at its discretion structure awards as APSP awards as described in the “Operation” column. Reflecting the interaction between the tax-favoured option and the PSP award, the shares subject to the tax-favoured option are not taken into account when assessing these limits in order to avoid double counting.</p>	<p>Performance will be assessed against challenging performance targets.</p> <p>Performance will be based typically on financial measures including, but not limited to, EPS growth.</p> <p>Awards (other than, in accordance with the requirements of the applicable tax legislation, any tax-favoured option granted as part of an APSP award) will also be subject to a financial underpin such that PSP awards will only vest if the Committee is satisfied with the overall performance of the Company.</p> <p>Performance measures (and their weighting where there is more than one measure) are reviewed annually to maintain appropriateness and relevance.</p> <p>For threshold performance up to 25% of the award will vest, rising to 100% of the award vesting for maximum performance, typically with straight-line vesting in between. Below threshold performance, the award will not vest.</p> <p>Where a tax-favoured option is granted as part of an APSP award, the same performance conditions will apply to the tax-favoured option as apply to the PSP award.</p>

## Remuneration Report

### Information supporting the policy table

#### Explanation of performance measures chosen

Performance measures for the annual bonus and PSP awards which reflect the Company's strategy are selected. Stretching performance targets are set each year by the Committee taking into account a number of different factors.

The annual bonus can be assessed against financial, strategic and/ or individual targets determined by the Committee with at least 50% subject to key financial targets. The Committee considers financial measures like profit before tax and revenue to be important performance metrics because they encourage behaviours that facilitate profitable growth and the successful future strategic development of the business. Strategic measures will be aligned to the Company's strategy in order that Executive Directors are appropriately rewarded for taking decisions which reflect the overall direction of the Group.

Long-term performance measures are chosen by the Committee to provide a robust and transparent basis on which to measure the Company's performance over the longer term and to provide alignment with the business strategy. They are selected to be aligned with the interests of shareholders and to drive business performance. Currently EPS performance is considered to be a key measure of success as it encapsulates the outcomes of many of the strategic drivers of the business, and helps align management incentives with growth in shareholder value.

The Committee retains the discretion to adjust or set different performance measures or targets where it considers it appropriate to do so (for example, to reflect a change in strategy, a material acquisition and/ or a divestment of a Group business or a change in prevailing market conditions) and to assess performance on a fair and consistent basis from year to year.

#### Operation of the Company's share plans

The PSP, BAYE and deferred bonus plan will be operated by the Committee in accordance with their rules, including the ability to adjust the number of shares subject to awards in the event of a variation of share capital, demerger, delisting, special dividend, rights issue or other event which may, in the opinion of the Committee, affect the current or future value of shares.

At the discretion of the Committee, awards under the PSP, BAYE and deferred bonus plan may be settled in cash (or granted as a cash award over a notional number of shares). However, the Committee would only settle or grant an Executive Director's award in cash where the particular circumstances made that appropriate – for example in the event of a regulatory restriction on the delivery of shares, or in respect of the tax arising on the vesting or release of the award.

#### Shareholding guidelines

To align the interests of Executive Directors with those of shareholders, the Committee has adopted shareholding guidelines which apply in employment and after cessation of employment.

##### *In employment*

Executive Directors are required to retain half of any shares acquired under the PSP and any deferred bonus award (after sales to cover tax) until such time as their holding has a value equal to 200% of salary.

Shares subject to PSP awards which have vested but not been released, shares subject to released PSP awards which have not been exercised, and shares subject to deferred bonus awards count towards the guideline on a net of assumed tax basis.

##### *After cessation of employment*

Shares are subject to this requirement only if they are acquired from share plan awards (PSP, BAYE Matching Shares and deferred bonuses) granted after 1 January 2021. The Executive Director must retain: (a) until the audit sign-off of the financial statements for the year in which they leave the business, such of those shares as are subject to this requirement as have a value equal to the in-employment guideline; and (b) until the audit sign-off of the financial statements for the following year, such of those shares as have a value equal to 50% of the in-employment guideline, or in either case and if fewer, all of those shares. The vesting of relevant share awards granted from 1 January 2021 onwards will be conditional upon the Executive Director agreeing to the shares being held in a nominee arrangement to enable the effective monitoring and implementation of this policy.

## Recovery

### Annual bonus

For up to three years following the payment of the non-deferred part of an annual bonus award, the Committee may require the repayment of some or the entire cash award paid (or may cancel or reduce any deferred share award or require the forfeiture of shares acquired pursuant to a deferred share award) in the event of fraud, dishonesty leading to a material misstatement of financial results, serious reputational damage, or material corporate failure.

### PSP and BAYE

At the discretion of the Committee, unvested PSP awards and unvested BAYE matching awards may be reduced, cancelled or have further conditions imposed in certain circumstances including (but not limited to):

- A material misstatement of the Company's audited financial results;
- A material failure of risk management by the Company or any subsidiary company within the Group;
- A material miscalculation of any performance measure;
- Serious reputational damage; or
- Material corporate failure.

For up to three years following the vesting of an award, the Committee may require the repayment (which may be effected by the cancellation or forfeiture of a vested but unreleased PSP award) of some or the entire award in the event of fraud, dishonesty leading to a material misstatement of financial results, serious reputational damage, or material corporate failure.

## Non-Executive Directors

Purpose and link to strategy	Operation	Other items
To enable the Company to attract and retain Non-Executive Directors of the required calibre by offering market competitive rates	<p>The Chairman is paid a basic Chairman fee and additional fees for chairmanship of any Board committees.</p> <p>Non-Executive Directors receive a basic fee and additional fees for chairmanship of any Board committees or for other responsibilities or time commitments.</p> <p>The Chairman's fee is determined by the Remuneration Committee and the fees of the other Non-Executive Directors are determined by the Board.</p> <p>Fees are based on the time commitment and contribution expected for the role and the level of fees paid to Non-Executive Directors serving on the board of similar-sized UK listed companies.</p> <p>Overall fees paid to Non-Executive Directors will remain within the limit set by the Company's Articles of Association from time to time.</p>	<p>Non-Executive Directors may be eligible to be reimbursed travel and subsistence costs incurred in the performance of their duties and to receive other benefits relevant to the performance of their roles.</p> <p>The Non-Executive Directors do not participate in the Company's annual bonus, share plans or pension schemes or other benefit in kind arrangements.</p>

## Remuneration Report

### Service contracts

FDM's policy is that Executive Directors' service agreements should have a notice period of up to 12 months, and each Executive Director has a service contract which may be terminated by the Company or Director by giving twelve months' notice. Each Non-Executive Director has a letter of appointment with the Company which may be terminated by the Company or Director by giving three months' notice. Details of the Directors' service contracts (or letter of appointment in the case of a Non-Executive Director), notice periods and, where applicable, expiry dates are set out below:

Name	Commencement	Expiry	Notice period
Rod Flavell	16 June 2014	-	12 months
Sheila Flavell	16 June 2014	-	12 months
Mike McLaren	16 June 2014	-	12 months
Andy Brown	16 June 2014	-	12 months
Peter Whiting	16 June 2014	-	3 months
Michelle Senecal de Fonseca	15 January 2016	-	3 months
David Lister	9 March 2016	-	3 months
Jacqueline de Rojas	1 October 2019	-	3 months
Alan Kinnear	1 January 2020	-	3 months

### Approval

This Report was approved by the Board on 16 March 2022 and signed on its behalf by:



### Peter Whiting

Chair of the Remuneration Committee  
16 March 2022

# Directors' Report

The Directors present the Directors' Report and audited Consolidated Financial Statements of FDM Group (Holdings) plc for the year ended 31 December 2021.

## Principal activities, business review and future developments

The Group is a global professional services provider with a focus on Information Technology. The Group's principal business activities involve recruiting, training and deploying its own permanent IT and business consultants to clients, either on site or remotely. The Strategic Report on pages 1 to 59 provides a review of the Group's performance during the financial year as well as its future prospects.

## Results and dividends

The Group reported a profit after tax for the year of £31.8 million (2020: £30.8 million). Results for the year are set out in the Consolidated Income Statement on page 130.

The Directors propose a final dividend of 18 pence per share for the year to 31 December 2021. Subject to shareholder approval, this dividend will be paid on 10 June 2022 to shareholders on the register on 20 May 2022. An interim dividend of 15.0 pence per share was declared by the Directors on 27 July 2021 and was paid on 3 September 2021 to shareholders on the register on 6 August 2021.

## Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements unless otherwise stated, were:

David Lister	Non-Executive Chairman
Roderick Flavell	Chief Executive Officer
Sheila Flavell	Chief Operating Officer
Michael McLaren	Chief Financial Officer
Andrew Brown	Chief Commercial Officer
Peter Whiting	Non-Executive Director
Michelle Senecal de Fonseca	Non-Executive Director
Jacqueline de Rojas	Non-Executive Director
Alan Kinnear	Non-Executive Director

The biographies of the currently serving Directors are provided on pages 63 to 65.

## Director share interests

Details of the interests of Directors in the shares of the Company are provided on page 103.

## Director long-term incentive schemes

For the purposes of the UK Listing Authority Listing Rules section 9.8.4C R, details of the Group's long-term incentive schemes are disclosed in the Remuneration Report starting on page 96. All other information required to be disclosed by Listing Rule section 9.8.4 R is not applicable for the year under review.

## Directors' Report

### Directors' indemnity and liability insurance

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

### Risk management objectives and policies

The Group through its operations is exposed to a number of risks. Details of the Group's financial risk management objectives and policies are set out in note 28 to the Consolidated Financial Statements. The principal risks that the Group faces are set out on pages 32 to 39 of the Strategic Report.

### Controls in place over consolidation of financial results

The Group's Consolidated Financial Statements are prepared by the Group's Finance team. The team is based in one central location, where all the individual entity general ledgers are also maintained. The consolidation process involves preparation and separate reviews of the results by qualified and experienced finance staff.

### Corporate governance

For details of the Corporate Governance Report see page 66. The Corporate Responsibility report, on pages 40 to 59, includes information about the Group's employment policies and greenhouse gas emissions. The Corporate Responsibility report also includes information on the steps taken by the Group to ensure that slavery and human trafficking are not taking place within the Group's business, in line with the Modern Slavery Act 2015.

### Branches outside the UK

The Group operates branches in France, Denmark and Spain.

### Substantial shareholders

As at 31 December 2021 and as at 7 March 2022, the Company had been advised, in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, of the following notifiable interests (whether directly or indirectly held) in 3% or more of its voting rights:

Substantial shareholder	Direct/ indirect interest	As at 31 December 2021		As at 7 March 2022	
		Number of shares	% of issued share capital	Number of shares	% of issued share capital
Baillie Gifford & Co	Indirect	17,857,892	16.4%	17,857,892	16.4%
Rod Flavell	Direct	7,324,818	6.7%	7,324,818	6.7%
Sheila Flavell	Direct	7,320,956	6.7%	7,320,956	6.7%
Standard Life Investments	Indirect	5,445,960	5.0%	5,445,960	5.0%
Artemis Investment Management	Indirect	5,491,747	5.0%	5,491,747	5.0%
Majedie Asset Management	Indirect	5,435,803	5.0%	5,435,803	5.0%
Ameriprise Financial, Inc. and its group	Direct and indirect	5,314,856	4.9%	5,314,856	4.9%
Invesco Ltd	Indirect	5,394,203	4.9%	5,394,203	4.9%
BlackRock	Indirect	5,210,213	4.8%	5,210,213	4.8%
Andy Brown	Direct	4,014,451	3.7%	4,014,451	3.7%
Kayne Anderson Rudnick Investment Management, LLC	Direct	3,314,175	3.0%	3,314,175	3.0%

**Political donations**

The Group made no political donations in the year (2020: £nil).

**Going concern**

The Group's business activities, together with the factors that are likely to affect its future development, performance and position are summarised in the Strategic Report. The principal risks, uncertainties and risk management processes are also described in the Strategic Report.

The Group's continued and forecast global growth, positive operating cash flow and liquidity position, together with its distinctive business model and infrastructure, enable the Group to manage its business risks successfully. The Group's forecasts and projections show that it will continue to operate with adequate cash resources.

The Directors therefore have a reasonable expectation that the Company and the Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis for preparing the financial statements.

**UK Streamlined Energy and Carbon Reporting ("SECR")**

In accordance with SECR requirements, a summary of UK and worldwide energy consumption and emissions for 2021 and 2020 is presented on page 55. Details of the Group's compliance with legislation relating to greenhouse gas emissions reporting are set out on page 54 and in the Corporate Responsibility report.

**Employee engagement**

How the Directors have engaged with employees and have regard to their interests are detailed on page 74.

We use a number of methods to consult our employees regularly so that their views can be taken into account in making decisions that are likely to affect their interests, and we encourage our staff to become involved in FDM Group's performance through our discretionary Performance Share Plan and our all-employee Buy As You Earn Share plan. Further information on these initiatives to engage with our employees is set out on page 45 of the Corporate Responsibility report.

**Engagement with other stakeholders**

Information on the Directors' engagement with other stakeholders can be found on pages 73 to 75.

**Employee information**

Information on the Group's employee policies is included on pages 46 and 48 in the Corporate Responsibility report. Information on the Group's policies in respect of persons that become disabled during their employment, and the training, career development and promotion of disabled persons, is set out on page 46 in the Corporate Responsibility report.

**Capital structure**

The Group's capital structure is detailed in note 22 to the Consolidated Financial Statements. The number of ordinary shares in issue was unchanged during the year.

**Investment in own shares**

During the AGM held on 28 April 2021, the shareholders approved that up to 10% of the Company's shares could be purchased by the Company and held as own shares, renewing the authority agreed on 25 April 2020. The authority expires at the conclusion of the Company's next Annual General Meeting after the passing of this resolution or, if earlier, at 23:59 on 27 July 2022.

During 2020, the FDM Group Employee Benefit Trust was established to purchase shares sold by option holders upon exercise of options under the FDM Performance Share Plan. The Group accounts for its own shares held by the Trustee of the FDM Group Employee Benefit Trust as a deduction from shareholders' funds.

## Directors' Report

### **Change of control**

The Group has agreements in place with certain of its banking customers that give the bank the right to terminate the contract on a change of control following a takeover bid for the Group.

The Group has no agreements with employees or Directors that provide for compensation for loss of office or employment that occurs resulting from a takeover bid.

The Group knows of no agreements under which holders of securities in the Company may restrict votes or transfers in the Company's shares.

### **Post balance sheet events**

There are no post balance sheet events.

### **Related party transactions**

The Group's related party transactions are detailed in note 27 to the Consolidated Financial Statements.

### **Independent auditors**

In accordance with Section 487 of the Companies Act, a resolution for the reappointment of PricewaterhouseCoopers LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

### **Statement of Directors' responsibilities in respect of the financial statements**

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Company financial statements in accordance with UK-adopted international accounting standards. Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

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



**Directors' confirmations**

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Directors' Report confirm that, to the best of their knowledge:

- The Group and Company financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group and profit of the Company; and
- The Strategic Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' Report is approved:

- So far as the Director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- They have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

The Directors' Report has been approved by the Board of Directors of FDM Group (Holdings) plc on 16 March 2022 and signed on its behalf by:

**Rod Flavell**

Chief Executive Officer  
16 March 2022

**Mike McLaren**

Chief Financial Officer  
16 March 2022

# Financial Statements

## Financial Statements

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# Independent auditors' report to the members of FDM Group (Holdings) plc

## Report on the audit of the financial statements

### Opinion

In our opinion, FDM Group (Holdings) plc's group financial statements and parent company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's profit and the group's and parent company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2021 (the "Annual Report"), which comprise: the Consolidated and Parent Company Statements of Financial Position as at 31 December 2021; the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Cash Flows, and the Consolidated and Parent Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 8 of the accounting policies, we have provided no non-audit services to the parent company or its controlled undertakings in the period under audit.

## Our audit approach

### Context

The impact of climate change has been an area of focus for the group, as further explained in the Strategic Report. The group is mindful of its impact on the environment and focussed on ways to reduce climate related impacts as they continue to work through their “Carbon reduction plan”.

As set out further in the Strategic Report, the group is committed to carbon emissions targets consistent with reductions required to keep global warming down to 1.5°C.

The group is in the process of calculating and formalising precise targets, through approval by the Science Based Targets Initiative, with 2020 to be adopted as the baseline. As part of our audit we have made enquiries of management to understand the process they have adopted to assess the extent of the potential impact of climate change risk on the group’s financial statements. Management consider that the impact of climate change does not give rise to a material financial statement impact.

We have used our knowledge of the group and sustainability experts to evaluate the group’s risk assessment process in respect of climate change. We assessed there was no significant impact to our audit nor our Key Audit Matters. We discussed with management and the Audit Committee that the estimated financial reporting impacts of climate change will need to be frequently reassessed, as well as the ways in which disclosures in respect of climate change should evolve as the group continues to develop its response to the impact of these risks. We also considered the consistency of the disclosures in relation to climate change made in the other information within the Annual Report with both the financial statements and the knowledge we obtained from our audit.

### Overview

#### *Audit scope*

- The group financial statements are a consolidation of 19 reporting units
- We performed full scope audits of the UK, USA and Canadian reporting units
- We also audited property leases and the associated property, plant and equipment, in the Australian reporting unit
- Our full scope audits covered 76% of revenue and 78% of absolute profit before tax

#### *Key audit matters*

- Share option plan expenses (group and parent)

#### *Materiality*

- Overall group materiality: £2,070,000 (2020: £2,050,000) based on 5% of profit before tax.
- Overall parent company materiality: £620,000 (2020: £675,000) based on 1% of total assets.
- Performance materiality: £1,550,000 (2020: £1,500,000) (group) and £465,000 (2020: £506,000) (parent company).

### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

## Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The impact of COVID-19, which was a key audit matter last year, is no longer included because in the auditors' professional judgement, this was no longer of most significance in the audit of the financial statements in the current period. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<p><b>Share option plan expenses (group and parent)</b>                      Refer to, notes 3.3 (n), 4, and 25 to the Consolidated Financial statements for the directors' disclosures of the related accounting policies, judgements and estimates, and page 88 ('Significant financial reporting items') within the Audit Committee Report. During 2015, the group implemented a share option plan for management and senior employees.</p> <p>We focussed on this area because the assumptions used in calculating the charge recognised in the income statement are judgemental and complex, including an estimate of the number of leavers from the scheme in each period as well as an estimate of the future growth in adjusted earnings per share of the group (refer to pages 103 and 104 ('Annual Report on Remuneration') for details on the share option plan).</p>	<p>We gained an understanding from management of the key assumptions underpinning the share option valuation model. We evaluated the assumption made by management for forecast growth in adjusted earnings per share by comparing it to recent historical performance as well as reviewing budgets and forecasts approved by the Board of Directors and found it to be appropriate.</p> <p>We evaluated management's assumption for the number of leavers from the scheme by comparing it to historical leavers from the scheme and found it to be appropriate.</p> <p>We evaluated management's assumption of the performance conditions based on compound earnings per share ("EPS") growth, assessing the assumed future compound EPS growth against board approved budgets and management's history of forecasting.</p> <p>We evaluated the sensitivity analysis performed by management to assess the potential impact of changes in key assumptions, noting that a significant change in the assumptions would be needed to cause a material error in the share option plan expense.</p> <p>We concluded that stress testing these assumptions did not have a material impact on the income statement charge.</p> <p>We checked the mathematical integrity of the model and found it to be accurate.</p> <p>We tested a sample of options granted to deeds of grant and leavers from the scheme to resignation letters, we noted no material exceptions in our testing.</p> <p>We also considered the disclosures made in note 25 to the financial statements and determined that they are consistent with the requirements of relevant accounting standards. Based on the results of our work we found that the share option payment expense falls within a reasonable range of estimates.</p>

## How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the parent company, the accounting processes and controls, and the industry in which they operate.

The group is structured by division, with significant reporting units in the UK, USA, and Canada, and further smaller reporting units in locations across Europe, Asia, Oceania and South Africa. The group financial statements are a consolidation of 19 reporting units, comprising the group's operating businesses and centralised functions.

The accounting and financial management for all reporting units is controlled from the UK, so we as the engagement team have performed all audit work.

We determined the type of work that needed to be performed at the reporting units to be able to conclude that sufficient appropriate audit evidence had been obtained as a basis for our opinion on the group financial statements as a whole. Accordingly, we determined that audits of the complete financial information were required for three reporting units, comprising the UK, USA and Canadian trading reporting units. We also included in our audit scope the property leases and associated Property, Plant and Equipment in the Australian reporting unit, which we performed in the UK, where the accounting is administered.

As a result, full scope audit procedures were conducted on reporting units representing 76% of revenue and 78% of absolute profit before tax.

In addition, we performed a full scope audit of the FDM Group (Holdings) plc entity.

## Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – parent company
<b>Overall materiality</b>	£2,070,000 (2020: £2,050,000).	£620,000 (2020: £675,000).
<b>How we determined it</b>	Approximately 5% of profit before tax	Approximately 1% of total assets
<b>Rationale for benchmark applied</b>	Based on the benchmarks used in the annual report, profit before tax is the primary measure used by the shareholders in assessing the performance of the group, and is a generally accepted auditing benchmark.	We believe that total assets is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £1,532,000 and £1,950,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2020: 75%) of overall materiality, amounting to £1,550,000 (2020: £1,500,000) for the group financial statements and £465,000 (2020: £506,000) for the parent company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £103,000 (group audit) (2020: £102,500) and £31,000 (parent company audit) (2020: £33,750) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

## Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- agreeing the underlying cash flow projections to board approved forecasts, assessing how these forecasts are compiled, and assessing the accuracy of management's forecasts;
- evaluating the key assumptions applied within management's forecasts;
- considering liquidity and available financial resources;
- assessing whether the stress testing performed by management appropriately considered the principal risks facing the business; and
- evaluating the feasibility of management's mitigating actions in the stress testing scenarios.

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the parent company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.



## Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

## Directors' Remuneration

In our opinion, the part of the Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

## Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and parent company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and parent company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the parent company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and parent company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and parent company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the parent company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to local employment laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006, tax regulation and the Listing rules. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, internal audit and the company's legal advisors, including consideration of known or suspected instances of non-compliance with laws and regulation, and fraud;
- Review of any employment disputes or litigation to ensure there were no broader non-compliance issues with employment laws and regulations;
- Review of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates; and
- Review of internal audit reports in so far that they related to the financial statements.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## Use of this report

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the parent company financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns.


We have no exceptions to report arising from this responsibility.

## Appointment

Following the recommendation of the Audit Committee, we were appointed by the directors on 25 March 2013 to audit the financial statements for the year ended 31 December 2013 and subsequent financial periods. The period of total uninterrupted engagement is 9 years, covering the years ended 31 December 2013 to 31 December 2021.

## Other matter

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.



### Katharine Finn (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
16 March 2022

# Consolidated Income Statement

for the year ended 31 December 2021

	Note	2021 £000	2020 £000
<b>Revenue</b>	7	<b>267,356</b>	267,737
Cost of sales		(140,641)	(138,957)
<b>Gross profit</b>		<b>126,715</b>	128,780
Administrative expenses		(84,700)	(87,040)
<b>Operating profit</b>	8	<b>42,015</b>	41,740
Finance income	11	<b>58</b>	99
Finance expense	11	(650)	(815)
<b>Net finance expense</b>		<b>(592)</b>	(716)
<b>Profit before income tax</b>		<b>41,423</b>	41,024
Taxation	12	(9,594)	(10,249)
<b>Profit for the year</b>		<b>31,829</b>	30,775

		2021 pence	2020 pence
<b>Earnings per ordinary share</b>			
Basic	13	<b>29.1</b>	28.2
Diluted	13	<b>28.8</b>	28.1

The results for the year shown above arise from continuing operations.

The notes on pages 135 to 157 are an integral part of these Consolidated Financial Statements.

# Consolidated Statement of Comprehensive Income

for the year ended 31 December 2021

	2021 £000	2020 £000
<b>Profit for the year</b>	<b>31,829</b>	30,775
<b>Other comprehensive expense</b>		
<b>Items that may be subsequently reclassified to profit or loss</b>		
Exchange differences on retranslation of foreign operations (net of tax)	(47)	(635)
<b>Total other comprehensive expense</b>	<b>(47)</b>	(635)
<b>Total comprehensive income for the year</b>	<b>31,782</b>	30,140

The notes on pages 135 to 157 are an integral part of these Consolidated Financial Statements.

# Consolidated Statement of Financial Position

as at 31 December 2021

	Note	2021 £000	2020 £000
<b>Non-current assets</b>			
Right-of-use assets	14	11,631	14,774
Property, plant and equipment	15	4,069	5,554
Intangible assets	16	19,597	19,885
Deferred income tax assets	18	2,484	2,123
		<b>37,781</b>	42,336
<b>Current assets</b>			
Trade and other receivables	19	35,841	31,048
Cash and cash equivalents	20	53,120	64,725
		<b>88,961</b>	95,773
<b>Total assets</b>		<b>126,742</b>	138,109
<b>Current liabilities</b>			
Trade and other payables	21	31,235	28,563
Lease liabilities	14	5,413	5,502
Current income tax liabilities		2,147	2,094
		<b>38,795</b>	36,159
<b>Non-current liabilities</b>			
Lease liabilities	14	9,817	13,986
<b>Total liabilities</b>		<b>48,612</b>	50,145
<b>Net assets</b>		<b>78,130</b>	87,964
<b>Equity attributable to owners of the parent</b>			
Share capital	22	1,092	1,092
Share premium		9,705	9,705
All Other reserves	24	5,126	(57)
Retained earnings		62,207	77,224
<b>Total equity</b>		<b>78,130</b>	87,964

The notes on pages 135 to 157 are an integral part of these Consolidated Financial Statements.

The financial statements on pages 130 to 157 were approved by the Board of Directors on 16 March 2022 and were signed on its behalf by:



**Rod Flavell**  
Chief Executive Officer  
16 March 2022



**Mike McLaren**  
Chief Financial Officer  
16 March 2022

# Consolidated Statement of Cash Flows

for the year ended 31 December 2021

	Note	2021 £000	2020 £000
<b>Cash flows from operating activities</b>			
Group profit before tax for the year		41,423	41,024
<i>Adjustments for:</i>			
Depreciation and amortisation	8	6,160	6,501
Loss on disposal of non-current assets		2	19
Finance income	11	(58)	(99)
Finance expense	11	650	815
Share-based payment charge (including associated social security costs)		5,622	2,187
(Increase)/ decrease in trade and other receivables		(5,123)	9,802
Increase in trade and other payables		3,471	5,885
<b>Cash flows generated from operations</b>		<b>52,147</b>	66,134
Interest received		58	99
Income tax paid		(10,606)	(11,464)
<b>Net cash inflow from operating activities</b>		<b>41,599</b>	54,769
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(368)	(536)
Acquisition of intangible assets		-	(79)
<b>Net cash used in investing activities</b>		<b>(368)</b>	(615)
<b>Cash flows from financing activities</b>			
Proceeds from sale of shares from EBT		450	349
Principal elements of lease payments	14	(5,294)	(5,294)
Interest elements of lease payments	14	(564)	(746)
Proceeds from sale of own shares		50	405
Finance costs paid		(85)	(68)
Dividends paid	23	(46,820)	(20,085)
<b>Net cash used in financing activities</b>		<b>(52,263)</b>	(25,439)
Exchange losses on cash and cash equivalents		(573)	(969)
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(11,605)</b>	27,746
Cash and cash equivalents at beginning of year		64,725	36,979
<b>Cash and cash equivalents at end of year</b>	20	<b>53,120</b>	64,725

The notes on pages 135 to 157 are an integral part of these Consolidated Financial Statements.

# Consolidated Statement of Changes in Equity

for the year ended 31 December 2021

	Share capital £000	Share premium £000	All Other reserves (Note 24) £000	Retained earnings £000	Total equity £000
Balance at 1 January 2021	1,092	9,705	(57)	77,224	87,964
Profit for the year	-	-	-	31,829	31,829
Other comprehensive expense for the year	-	-	(47)	-	(47)
Total comprehensive income for the year	-	-	(47)	31,829	31,782
Share-based payments (note 25)	-	-	5,320	-	5,320
Transfer to retained earnings	-	-	(1,530)	1,530	-
Own shares sold	-	-	1,440	(938)	502
Recharge of net settled share options	-	-	-	(618)	(618)
Dividends (note 23)	-	-	-	(46,820)	(46,820)
Total transactions with owners, recognised directly in equity	-	-	5,230	(46,846)	(41,616)
<b>Balance at 31 December 2021</b>	<b>1,092</b>	<b>9,705</b>	<b>5,126</b>	<b>62,207</b>	<b>78,130</b>

	Share capital £000	Share premium £000	All Other reserves (Note 24) £000	Retained earnings £000	Total equity £000
Balance at 1 January 2020	1,092	9,687	(3,241)	67,526	75,064
Profit for the year	-	-	-	30,775	30,775
Other comprehensive expense for the year	-	-	(635)	-	(635)
Total comprehensive income for the year	-	-	(635)	30,775	30,140
Share-based payments (note 25)	-	-	2,092	-	2,092
Transfer to retained earnings	-	-	(2,642)	2,642	-
New share issue (note 22)	-	18	-	-	18
Own shares bought back (note 26)	-	-	(25)	-	(25)
Own shares sold	-	-	4,394	(3,634)	760
Dividends (note 23)	-	-	-	(20,085)	(20,085)
Total transactions with owners, recognised directly in equity	-	18	3,819	(21,077)	(17,240)
<b>Balance at 31 December 2020</b>	<b>1,092</b>	<b>9,705</b>	<b>(57)</b>	<b>77,224</b>	<b>87,964</b>

The notes on pages 135 to 157 are an integral part of these Consolidated Financial Statements.



# Notes to the Consolidated Financial Statements

## 1 General information

The Group is an international professional services provider focussing principally on IT, specialising in the recruitment, training and deployment of its own permanent IT and business consultants.

The Company is limited by shares, incorporated and domiciled in the UK and registered as a public limited company in England and Wales with a Premium Listing on the London Stock Exchange. The Company's registered office is 3rd Floor, Cottons Centre, Cottons Lane, London, SE1 2QG and its registered number is 07078823.

The Consolidated Financial Statements consolidate those of the Company and its subsidiaries. Subsidiaries and their countries of incorporation are presented in note 3 to the Parent Company Financial Statements.

The Consolidated Financial Statements present the results for the year ended 31 December 2021. The Consolidated Financial Statements were approved by Rod Flavell and Mike McLaren on behalf of the Board of Directors on 16 March 2022.

## 2 Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are summarised in the Strategic Report. The principal risks and uncertainties, our assessment of the impact of climate change, and risk management processes are also described in the Strategic Report.

The Group's continued and forecast global growth, positive operating cash flow and liquidity position, together with its distinctive business model and infrastructure, enable the Group to manage its business risks. The Group's forecasts and projections show that it will continue to operate with adequate cash resources.

The Directors therefore have a reasonable expectation that the Company and the Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis for preparing the financial statements.

## 3 Accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 3.1 Basis of preparation

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The Group transitioned to UK-adopted International Accounting Standards in its financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

The financial statements of the Group have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The Consolidated Financial Statements have been prepared on a historical cost basis. The Consolidated Financial Statements are presented in Pounds Sterling and all values are rounded to the nearest thousand (£000), except where otherwise indicated.

### 3.2 Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of the Group and its subsidiaries for the year ending 31 December 2021.

### 3 Accounting policies continued

#### *Subsidiaries*

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Details of the subsidiaries owned by the Group are presented in note 3 to the Parent Company Financial Statements. There are no minority interests in the subsidiaries of the Company.

### 3.3 Summary of significant accounting policies

#### **a) Business combinations and goodwill**

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred, and the equity interests issued by the Group to the former owners of the acquiree. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating unit that is expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to that unit.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

#### **b) Revenue recognition**

Revenue is recognised under IFRS 15 and is measured at the fair value of the consideration received or receivable and excluding sales taxes.

#### *Rendering of services*

Revenue from the provision of consultants to third-party customers is recognised as follows:

- The revenue is recognised in the period in which the consultants perform the work at the contracted rates for each consultant. Revenue is based on timesheets from our consultants which are authorised by the Group's customers detailing the hours and service provided;
- Revenue in respect of outstanding timesheets is accrued based upon estimates at the contract value; and
- Volume rebates are accrued in the period in which the revenue is recognised, with the value of the rebate offset against revenue. They are calculated with regard to specific threshold levels of revenue recognised for certain customers in a contractual period. To the extent the volume rebates are material, amounts are disclosed along with any significant judgements made in their estimation.

Sales invoices are issued following fulfilment of FDM's performance obligation, confirmed by receipt of approved timesheets. Invoices are due for payment in line with agreed credit terms.

#### **c) Foreign currency translation**

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the company operates (its functional currency). Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss.

For the purpose of the Consolidated Financial Statements, the results and financial position of each entity are expressed in Pounds Sterling (£), which is the functional currency of the Parent Company and the presentation currency for the Consolidated Financial Statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rate prevailing at the time of the transaction. At the end of each reporting period, monetary items and goodwill denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined.

For the purpose of presenting Consolidated Financial Statements, the assets and liabilities of the Group's foreign operations are expressed in the Group's presentation currency using exchange rates prevailing at the end of the reporting period. Income and expense related items are translated at the average exchange rates for the period. Exchange differences arising are classified as other comprehensive income and transferred to the Group's translation reserve.

## d) Taxes

### *Current income tax*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### *Deferred tax*

Deferred tax is provided in full, using the liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## e) Property, plant and equipment

Property, plant and equipment are stated at cost net of accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Plant and equipment	4 years
Fixtures and fittings	4 years
Leasehold improvements	Length of lease

The assets' residual values, useful lives and methods of depreciation are reviewed each financial year end and adjusted if appropriate.

## f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The costs of intangible assets acquired in a business combination are their fair values as at the date of acquisition.

### *Software and software licences*

Software licence costs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software controlled by the Group are recognised as intangible assets and amortised over the useful economic life of the software. Directly attributable costs that are capitalised include invoiced supplier costs and employee costs.

### 3 Accounting policies continued

#### *Goodwill*

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses, and is revalued based on the prevailing foreign exchange rates at the end of the reporting period. For the purposes of impairment testing, goodwill is allocated to the Group's cash-generating units.

Goodwill is reviewed at least annually or more regularly when there is an indication of impairment. Impairment of goodwill is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying value of the cash-generating unit to which the goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

#### **g) Trade receivables**

Trade receivables are recognised initially at fair value. They are subsequently measured at amortised cost using an expected credit loss model in line with IFRS 9 which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. Shared credit risk characteristics include current and forward-looking information on macroeconomic factors affecting the sector in which the debtor operates.

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

#### **h) Cash and cash equivalents**

Cash and cash equivalents comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

#### **i) Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within thirty days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### **j) Financial instruments**

##### *Non-derivative financial instruments*

The Group's non-derivative financial instruments comprise trade receivables, trade payables, cash and cash equivalents.

The Group does not have any borrowings.

#### **k) Pensions and other post-employment benefits**

The Group operates a number of defined contribution pension schemes. The assets of each scheme are held separately from those of the Group in an independently administered fund. The amount charged to the income statement represents the contributions payable to the schemes in respect of the accounting period.

#### **l) Provisions**

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected, risk adjusted, future cash flows at a pre-tax risk-free rate. Provisions are measured at management's best estimate of the expenditure required to settle the Group's liability. These estimates are reviewed each year and updated as necessary.

FDM is a people business and, in the ordinary course, we receive legal claims from time to time, most commonly employment-related. Our in-house legal team deals promptly with these claims where appropriate, but we engage specialist external lawyers when it is required for us to access additional expertise or resource and we think it prudent to do so. We are confident in our employment practices and it is our policy to defend these claims and our business model robustly. We will also take a commercial approach and from time to time may choose to settle claims if we consider it pragmatic and in the Group's best interests to do so, particularly having regard to the time and effort management need to dedicate to a given claim. The Directors evaluate the possibility of an outflow of resources to determine if it is either remote, possible or probable. In each circumstance either adequate provisions are established or appropriate disclosures are made in accordance with the provisions of IAS 37.

### **m) Equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds. The share premium reflects the extra paid for new shares above their nominal value.

Other reserves represent the cost of equity on settled share-based payments until such share options are exercised or lapse. Own shares reserve represents those Company shares held by the Trustee of the FDM Group Employee Benefit Trust and are a deduction from shareholders' funds (see note 26).

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The capital redemption reserve arose from the purchase by the Company in 2015 of 5,200,392 deferred shares, which had a nominal value of £0.01 each.

### **n) Share-based payments**

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

#### *Equity-settled transactions*

The cost of equity-settled transactions is recognised, together with a corresponding increase in other reserves in equity, over the period in which the performance and/ or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised between the beginning and end of that period and is recognised in employee benefits expense. The equity-settled transactions are fair valued at the grant date and the expense recognised over the duration of the vesting period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/ or service conditions are satisfied.

When the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

When an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Included within the results for the year ending 31 December 2021 is a charge relating to the Directors' bonus earned during 2021, the balance will be settled via issue of shares equal to the amount which would have been payable to them.

### **o) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting to the Board of Directors. The Executive Directors have been identified as the chief operating decision maker.

### **p) Dividends**

Dividends are recognised as a liability in the period in which they are approved such that the Company is obligated to pay the dividend.

### 3 Accounting policies continued

#### q) Employee Benefit Trust

FDM Group (Holdings) plc has an established Employee Benefit Trust ("EBT") to which it is the sponsoring entity. Notwithstanding the legal duties of the Trustee, the Company considers that it has "de facto" control. The EBT is included in the Parent Company Financial Statements and the Consolidated Financial Statements.

No gain or loss is recognised in profit or loss or other comprehensive income on the purchase, sale or cancellation of the Company's own equity held by the EBT. For further information, see note 26.

#### r) Leases

Under IFRS 16 'Leases', a liability and an asset are recognised at the inception of the lease, the lease liability being the present value of future lease payments. A right-of-use asset is recognised as the same amount adjusted for any initial direct costs, lease incentives received, or lease payments made at or before the commencement date, as applicable.

The charge to the Income Statement comprises i) an interest expense on the lease liability (included within finance expense) and ii) a depreciation expense on the right-of-use asset (included within operating costs). The right-of-use asset is depreciated straight-line over the term of the lease.

The liabilities are measured at the present value of the remaining lease payments, discounted using the lessee company's estimated incremental borrowing rate at the date of lease inception. Lease payments are presented as cash flows from financing activities, split between principal and interest elements, on the Statement of Cash Flows.

For short-term leases and leases of low-value assets, the Group has chosen to recognise the associated lease payments as an expense on a straight-line basis over the lease term.

#### s) Government grants

Government grants are recognised at fair value when there is reasonable assurance that conditions attached to the grant will be complied with and the grant will be received. Income is offset against the expenses the grant is intended to support. The grant is recognised as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis. During 2021 government grants of £0.6 million were received as part of governments' responses to the pandemic in some operating regions (2020: £2.8 million).

### 4 Significant accounting estimate

The preparation of the Group's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting year. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset and liability affected in future periods. The following is considered to be the Group's significant estimate:

#### Share-based payment charge

A share-based payment charge is recognised in respect of share awards based on the Directors' best estimate of the number of shares that will vest based on the performance conditions of the awards, which comprise adjusted EPS growth and the number of employees that will leave before vesting. In estimating the number of shares likely to vest, the Directors have based their assessment of the adjusted EPS growth in the forecasts contained within the Group's three-year plan, adjusted for the impact of potential scenarios that could potentially impact EPS growth. The charge is calculated based on the fair value on the grant date using the Black-Scholes model and is expensed over the vesting period. The key assumptions in respect of the share-based payment charges are set out in note 25.

No individual judgements have been made that have a significant impact on the financial statements (2020: none).

## 5 New standards and interpretations

The International Accounting Standards Board (“IASB”) and IFRS IC have issued the following new standards and amendments which were effective during the year and were adopted by the Group in preparing the financial statements.

The adoption of these amendments has not had a material impact on the Group’s financial statements in the year:

Effective in 2021	Effective for accounting periods beginning on or after	Endorsed by the UK Endorsement Board (UKEB)
<b>Amendments</b>		
Revised Conceptual Framework for Financial Reporting	1 January 2021	Yes
COVID-19-related Rent Concessions – Amendments to IFRS 16	1 June 2021	Yes
Amendments to IAS 1 ‘Presentation of Financial Statements’ and IAS 8 ‘Accounting policies’ on Definition of Material	1 January 2021	Yes
Amendment to IFRS 3 ‘Business Combinations’ on Definition of a Business	1 January 2021	Yes
Amendment to IFRS 9 ‘Financial Instruments’, IAS 39 ‘Financial Instruments recognition and measurement’ and IFRS 7 ‘Financial Instruments disclosures’ on Interest rate benchmark reform	1 January 2021	Yes
Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 7, IFRS 4 and IFRS 16	1 January 2021	Yes
<b>Interpretations</b>		
Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)	1 April 2021	Yes

The following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2021, and were not adopted in the Group’s financial statements for the year and are not expected to have a material impact on the Group when adopted:

Effective after 31 December 2021	Effective for accounting periods beginning on or after	Endorsed by the UK Endorsement Board (UKEB)
<b>New standards</b>		
IFRS 17, ‘Insurance contracts’	1 January 2023	No
<b>Amendments</b>		
Annual Improvements to IFRS Standards 2018–2020	1 January 2022	No
Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37	1 January 2022	No
Amendments to Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	1 January 2022	No
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022	No
Deferred Tax related to Assets and Liabilities arising from a Single transaction – Amendments to IAS 12	1 January 2023	No
Definition of Accounting Estimates – (Amendments to IAS 8)	1 January 2023	No
Disclosure of Accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023	No
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	Deferred until not earlier than 1 January 2024	No

## 6 Settlement of legal claim

On 25 February 2021, the Group paid £3.0 million in full satisfaction of the agreed settlement in respect of the long-standing legal claim. The claim was provided in full as at 31 December 2020.

## 7 Segmental reporting

Management has determined the operating segments based on the operating reports reviewed by the Board of Directors that are used to assess both performance and strategic decisions. Management has identified that the Executive Directors are the chief operating decision maker in accordance with the requirements of IFRS 8 ‘Operating segments’.

**7 Segmental reporting** continued

As of 31 December 2021, the Board of Directors consider that the Group is organised on a worldwide basis into four core geographical operating segments:

- (1) UK;
- (2) North America;
- (3) Europe, Middle East and Africa, excluding UK ("EMEA"); and
- (4) Asia Pacific ("APAC").

Each geographical segment is engaged in providing services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

All segment revenue, profit before taxation, assets and liabilities are attributable to the principal activity of the Group, being a global professional services provider with a focus on IT.

**For the year ended 31 December 2021**

	UK <sup>1</sup> £000	North America £000	EMEA <sup>1</sup> £000	APAC £000	Total £000
Revenue	121,846	81,387	24,963	39,160	267,356
Depreciation and amortisation	2,489	1,714	241	1,716	6,160
<b>Segment operating profit</b>	<b>24,570</b>	<b>12,215</b>	<b>3,237</b>	<b>1,993</b>	<b>42,015</b>
Finance income <sup>2</sup>	159	174	–	4	337
Finance costs <sup>2</sup>	(231)	(60)	(88)	(550)	(929)
<b>Profit before income tax</b>	<b>24,498</b>	<b>12,329</b>	<b>3,149</b>	<b>1,447</b>	<b>41,423</b>
<b>As at 31 December 2021</b>					
<b>Total assets</b>	<b>75,995</b>	<b>21,038</b>	<b>11,937</b>	<b>17,772</b>	<b>126,742</b>
<b>Total liabilities</b>	<b>(13,053)</b>	<b>(8,669)</b>	<b>(6,193)</b>	<b>(20,697)</b>	<b>(48,612)</b>

- <sup>1</sup> Reflecting internal management and reporting changes, the results for FDM Group Ireland Limited are now included within the EMEA segment. The results were previously included within segment 'UK & Ireland' which is now presented as 'UK'. All results, including prior year comparatives, have been updated to reflect this change.
- <sup>2</sup> Finance income and finance costs include intercompany interest which is eliminated upon consolidation.

Included in total assets above are non-current assets (excluding deferred tax) as follows:

	UK <sup>1</sup> £000	North America £000	EMEA <sup>1</sup> £000	APAC £000	Total £000
31 December 2021	<b>24,839</b>	<b>2,144</b>	<b>1,030</b>	<b>7,284</b>	<b>35,297</b>

**For the year ended 31 December 2020**

	UK <sup>1</sup> Restated £000	North America £000	EMEA <sup>1</sup> Restated £000	APAC £000	Total £000
Revenue	116,744	97,082	23,928	29,983	267,737
Depreciation and amortisation	(2,648)	(1,873)	(239)	(1,741)	(6,501)
<b>Segment operating profit</b>	<b>23,465</b>	<b>12,279</b>	<b>4,474</b>	<b>1,522</b>	<b>41,740</b>
Finance income <sup>2</sup>	168	193	3	3	367
Finance costs <sup>2</sup>	(314)	(103)	(71)	(595)	(1,083)
<b>Profit before income tax</b>	<b>23,319</b>	<b>12,369</b>	<b>4,406</b>	<b>930</b>	<b>41,024</b>
<b>As at 31 December 2020</b>					
<b>Total assets</b>	<b>82,517</b>	<b>24,431</b>	<b>11,494</b>	<b>19,667</b>	<b>138,109</b>
<b>Total liabilities</b>	<b>(9,163)</b>	<b>(12,861)</b>	<b>(5,806)</b>	<b>(22,315)</b>	<b>(50,145)</b>

- <sup>1</sup> Reflecting internal management and reporting changes, the results for FDM Group Ireland Limited are now included within the EMEA segment. The results were previously included within segment 'UK & Ireland' which is now presented as 'UK'. All results, including prior year comparatives, have been updated to reflect this change.
- <sup>2</sup> Finance income and finance costs include intercompany interest which is eliminated upon consolidation.



Included in total assets above are non-current assets (excluding deferred tax) as follows:

	UK <sup>1</sup> Restated £000	North America £000	EMEA <sup>1</sup> Restated £000	APAC £000	Total £000
31 December 2020	27,405	2,812	888	9,108	40,213

### Information about major customer

2021 revenue from customer A is attributed across all four operating segments. Customer A represents 10% or more of the Group's 2021 and 2020 revenues.

	2021 £000	2020 £000
Revenue from customer A	35,942	31,488

### 8 Operating profit

Operating profit for the year has been arrived at after charging/ (crediting):

	2021 £000	2020 £000
Net foreign exchange differences	39	(59)
Depreciation of right-of-use assets	4,294	4,551
Depreciation of property, plant and equipment and amortisation of software and software licences	1,866	1,950
Expense relating to short-term leases	78	177

### Auditors' remuneration

During the year the Group (including its overseas subsidiaries) obtained the following services from the Group's auditors:

	2021 £000	2020 £000
Fees payable to the Group's auditors for the audit of the Parent Company and Consolidated Financial Statements	85	70
Fees payable to the Group's auditors for other services:		
– The audit of the Group's subsidiaries	140	114
– Audit-related assurance services	50	41
	275	225

### 9 Staff numbers and costs

The monthly average number of persons employed by the Group (including Executive Directors) during the year, analysed by category, was as follows:

	2021 Number	2020 Number
Consultants	4,730	4,626
Administration	634	605
	5,364	5,231

The aggregate payroll costs of these persons were as follows:

	2021 £000	2020 £000
Wages and salaries	176,300	173,073
Social security costs	17,379	16,250
Other pension costs	4,875	4,744
Share-based payments	5,261	988
	203,815	195,055

### Retirement benefits

The Group operates a number of defined contribution pension plans. The pension charge for the year represents contributions payable by the Group to the schemes. The pension contributions payable at 31 December 2021 were £432,000 (2020: £427,000). There were no prepaid contributions at the end of the financial year (2020: £nil).

## 10 Directors' remuneration

Details of the Directors' (who also represent the key management personnel of the Group) remuneration in respect of the year ended 31 December 2021 and 2020 is set out below:

	2021 £000	2020 £000
Short-term employee benefits	3,475	2,788
Post-employment benefits	47	33
Share-based payments	711	57
	<b>4,233</b>	2,878

Included within Short-term employee benefits in 2021 is £264,000 relating to annual bonus which was deferred into shares for two years (2020: £1,015,000). For further information on this and Directors' remuneration, see the audited sections of the Remuneration Report as defined on page 101.

## 11 Finance income and expense

	2021 £000	2020 £000
Bank interest	58	99
<b>Finance income</b>	<b>58</b>	99

	2021 £000	2020 £000
Interest on lease liabilities	(564)	(746)
Finance fees and charges	(86)	(69)
<b>Finance expense</b>	<b>(650)</b>	(815)

## 12 Taxation

The major components of income tax expense for the years ended 31 December 2021 and 2020 are:

	2021 £000	2020 £000
<b>Current income tax:</b>		
Current income tax charge	9,904	11,536
Adjustments in respect of prior periods	(418)	(577)
<b>Total current income tax</b>	<b>9,486</b>	10,959
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences (note 18)	108	(710)
<b>Total deferred tax</b>	<b>108</b>	(710)
<b>Total tax expense reported in the income statement</b>	<b>9,594</b>	10,249

The standard rate of corporation tax in the UK is 19% (2020: 19%). Accordingly, the profits for 2020 and 2021 are taxed at 19%. The tax charge for the year is higher (2020: higher) than the standard rate of corporation tax in the UK. The differences are set out below:

	2021 £000	2020 £000
Profit before income tax	41,423	41,024
Profit before income tax multiplied by UK standard rate of corporation tax of 19% (2020: 19%)	7,870	7,795
Effect of different tax rates on overseas earnings	1,695	2,051
Effect of expenses not deductible for tax purposes	143	128
Adjustments in respect of prior periods	(418)	(577)
Effect of unused tax losses not recognised for deferred tax assets	304	852
<b>Total tax charge</b>	<b>9,594</b>	10,249

### Factors affecting future tax charges

Deferred tax assets and liabilities are measured at the rate that is expected to apply to the period when the asset is realised or the liability is settled, based on the rates that have been enacted or substantively enacted at the reporting date. Therefore, at each year end, deferred tax assets and liabilities have been calculated based on the rates that have been substantively enacted by the reporting date.

The Finance Act 2021 confirmed an increase of UK corporation tax rate from 19% to 25% with effect from 1 April 2023 and this was substantively enacted by the statement of financial position date and therefore included in these financial statements.

### 13 Earnings per ordinary share

Basic earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares in issue during the year.

		2021	2020
Profit for the year	£000	<b>31,829</b>	30,775
Average number of ordinary shares in issue (thousands)		<b>109,192</b>	109,191
Basic earnings per share	Pence	<b>29.1</b>	28.2

Adjusted basic earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the Parent Company, excluding Performance Share Plan expense (including social security costs and associated deferred tax), by the weighted average number of ordinary shares in issue during the year.

		2021	2020
Profit for the year (basic earnings)	£000	<b>31,829</b>	30,775
Share-based payment expense (including social security costs) (note 25)	£000	<b>5,261</b>	988
Tax effect of share-based payment expense	£000	<b>(837)</b>	(341)
Adjusted profit for the year	£000	<b>36,253</b>	31,422
Average number of ordinary shares in issue (thousands)		<b>109,192</b>	109,191
Adjusted basic earnings per share	Pence	<b>33.2</b>	28.8

### Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one type of dilutive potential ordinary shares in the form of share options; the number of shares in issue has been adjusted to include the number of shares that would have been issued assuming the exercise of the share options.

		2021	2020
Profit for the year (basic earnings)	£000	<b>31,829</b>	30,775
Average number of ordinary shares in issue (thousands)		<b>109,192</b>	109,191
Adjustment for share options (thousands)		<b>1,386</b>	207
Diluted number of ordinary shares in issue (thousands)		<b>110,578</b>	109,398
Diluted earnings per share	Pence	<b>28.8</b>	28.1

**14 Leases****(i) Right-of-use assets**

Properties	2021 £000	2020 £000
<b>Cost</b>		
At 1 January	36,651	35,839
Additions	1,465	1,894
Disposals	(762)	(1,208)
Effect of movements in foreign exchange	(348)	126
At 31 December	37,006	36,651
<b>Accumulated depreciation</b>		
At 1 January	21,877	18,007
Depreciation charge for the year	4,294	4,551
Disposals	(752)	(491)
Effect of movements in foreign exchange	(44)	(190)
At 31 December	25,375	21,877
<b>Net book value at 31 December</b>	<b>11,631</b>	<b>14,774</b>

**(ii) Lease liabilities**

	2021 £000	2020 £000
Current lease liabilities	5,413	5,502
Non-current lease liabilities	9,817	13,986
	15,230	19,488

Movement in lease liabilities in the year	2021 £000	2020 £000
At 1 January	19,488	23,162
New leases	1,465	1,894
Interest expense	564	746
Cash payments	(5,858)	(6,040)
Termination of leases	(12)	(717)
Effect of movements in foreign exchange	(417)	443
At 31 December	15,230	19,488

Contractual maturities of lease liabilities:

	At net present value		Not discounted	
	2021 £000	2020 £000	2021 £000	2020 £000
Less than one year	5,413	5,502	5,505	5,516
Between 1 and 2 years	3,268	4,485	3,444	4,794
Between 2 and 5 years	4,564	6,344	5,101	7,057
Over 5 years	1,985	3,157	2,514	3,938
Total lease liabilities	15,230	19,488	16,564	21,305

The total cash outflow for leases was £5,858,000 (2020: £6,040,000), see also the Consolidated Statement of Cash Flows on page 133.

Where there is reasonable certainty that an option to extend a lease will be exercised, lease liabilities have been recognised accordingly. During 2021, we exited one lease early: The termination of this lease has been recognised above as a lease termination of £12,000 (2020: £717,000) and a disposal of the right-of-use asset, net book value of £10,000 (2020: £717,000), which is disclosed in note 14 (i).

### iii) Amounts recognised in the Income Statement

The Income Statement shows the following amounts relating to leases:

	2021 £000	2020 £000
Depreciation of right-of-use assets – properties	4,294	4,551
Profit on disposal of right-of-use asset	2	3
Interest expense (included in finance cost)	564	746
Expense relating to short-term leases	78	177

## 15 Property, plant and equipment

2021	Leasehold improvements £000	Fixtures and fittings £000	Plant and equipment £000	Total £000
<b>Cost</b>				
At 1 January 2021	8,355	1,706	4,101	14,162
Additions	–	6	362	368
Disposals	–	–	(292)	(292)
Effect of movements in foreign exchange	(89)	(6)	(10)	(105)
At 31 December 2021	8,266	1,706	4,161	14,133
<b>Accumulated depreciation</b>				
At 1 January 2021	4,312	1,489	2,807	8,608
Depreciation charge for the year	996	117	649	1,762
Disposals	–	–	(288)	(288)
Effect of movements in foreign exchange	(11)	(2)	(5)	(18)
At 31 December 2021	5,297	1,604	3,163	10,064
<b>Net book value at 31 December 2021</b>	<b>2,969</b>	<b>102</b>	<b>998</b>	<b>4,069</b>

2020	Leasehold improvements £000	Fixtures and fittings £000	Plant and equipment £000	Total £000
<b>Cost</b>				
At 1 January 2020	8,207	1,704	4,222	14,133
Additions	70	20	445	535
Disposals	–	(15)	(552)	(567)
Effect of movements in foreign exchange	78	(3)	(14)	61
At 31 December 2020	8,355	1,706	4,101	14,162
<b>Accumulated depreciation</b>				
At 1 January 2020	3,332	1,365	2,647	7,344
Depreciation charge for the year	996	146	711	1,853
Disposals	–	(13)	(535)	(548)
Effect of movements in foreign exchange	(16)	(9)	(16)	(41)
At 31 December 2020	4,312	1,489	2,807	8,608
<b>Net book value at 31 December 2020</b>	<b>4,043</b>	<b>217</b>	<b>1,294</b>	<b>5,554</b>

## 16 Intangible assets

2021	Software and software licences £000	Goodwill £000	Total £000
<b>Cost</b>			
At 1 January 2021	698	19,557	20,255
Additions	-	-	-
Effect of movements in foreign exchange	(1)	(183)	(184)
At 31 December 2021	697	19,374	20,071
<b>Accumulated amortisation</b>			
At 1 January 2021	370	-	370
Amortisation for the year	104	-	104
Effect of movements in foreign exchange	-	-	-
At 31 December 2021	474	-	474
<b>Net book value at 31 December 2021</b>	<b>223</b>	<b>19,374</b>	<b>19,597</b>

2020	Software and software licences £000	Goodwill £000	Total £000
<b>Cost</b>			
At 1 January 2020	836	19,450	20,286
Additions	79	-	79
Disposals	(217)	-	(217)
Effect of movements in foreign exchange	-	107	107
At 31 December 2020	698	19,557	20,255
<b>Accumulated amortisation</b>			
At 1 January 2020	487	-	487
Amortisation for the year	97	-	97
Disposals	(214)	-	(214)
Effect of movements in foreign exchange	-	-	-
At 31 December 2020	370	-	370
<b>Net book value at 31 December 2020</b>	<b>328</b>	<b>19,557</b>	<b>19,885</b>

The amortisation charge is recognised in administrative expenses in the income statement. The amortisation period of the software and software licences is four years. Goodwill is not amortised but is subject to an annual impairment test.

The goodwill has been allocated to cash generating units ("CGUs") summarised as follows:

	UK £000	North America £000	EMEA £000	APAC £000	Total £000
Cost and NBV at 31 December 2021	14,843	1,651	2,880	-	19,374
Cost and NBV at 31 December 2020	14,843	1,633	3,081	-	19,557

## 17 Impairment testing of goodwill

An overview of impairment reviews performed by CGUs is set out below. The recoverable amount of each CGU has been determined on value in use calculations using cash flow projections from financial budgets and forecasts approved by the Board covering a three-year period from the date of the relevant impairment review. In setting those budgets and forecasts the Board also considered the risks to the business (including the risk of climate change which was considered low). The key assumptions in the projections, for all CGUs, were as follows:

- Revenue and gross margin were based on expected levels of activity under existing major contractual arrangements together with growth based upon medium-term historical growth rates and having regard to expected economic and market conditions for other customers;
- Administrative expenses were forecast to move in line with expected levels of activity in the CGU; and
- The growth rate used to extrapolate the cash flows beyond the three-year forecast period was 2% up to a period of 15 years in total.

The pre-tax discount rates used in the calculations were as follows:

	2021 %	2020 %
UK	11.98	10.37
North America	13.92	14.53
EMEA	9.91	9.74

The review found that the present value of future cash flows was significantly higher than the value of goodwill. As a result of the review the Directors did not identify any impairment for the goodwill in each CGU. In considering sensitivities, no reasonable change in any of the above key assumptions would cause the recoverable amount to fall below the carrying value of the CGUs.

## 18 Deferred income tax assets

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2021 £000	2020 £000
<b>Non-current:</b>		
Non-current temporary differences	2,484	2,123
<b>Deferred tax asset</b>	<b>2,484</b>	<b>2,123</b>

The Directors consider the deferred tax asset is recoverable within two to five years. Deferred tax assets have been recognised in respect of timing differences associated with share-based payment expenses where it is considered probable that these assets will be recovered.

Movement in deferred tax during 2021:	1 January 2021 £000	Recognised in income statement £000	Recognised in other reserves £000	Transferred to retained earnings £000	Exchange difference £000	31 December 2021 £000
Share-based payments	986	541	496	(20)	9	2,012
Right-of-use assets	206	(71)	-	-	-	135
Property, plant and equipment	(61)	127	-	-	-	66
Other	992	(705)	-	-	(16)	271
	2,123	(108)	496	(20)	(7)	2,484

Movement in deferred tax during 2020:	1 January 2020 £000	Recognised in income statement £000	Recognised in other reserves £000	Transferred to retained earnings £000	Exchange difference £000	31 December 2020 £000
Share-based payments	1,309	26	25	(273)	(101)	986
Right-of-use assets	307	(101)	-	-	-	206
Property, plant and equipment	(167)	105	-	-	1	(61)
Other	283	680	-	-	29	992
	1,732	710	25	(273)	(71)	2,123

The Group has unused tax losses for which no deferred tax asset has been recognised (2020: £nil) with a potential tax benefit of £2,306,000 (2020: £2,116,000), no asset has been recognised as the losses have been generated in regions where the Group does not expect to generate profits in the short term. The losses can be carried forward indefinitely.

## 19 Trade and other receivables

Due to their short-term nature, the Directors consider that the carrying amount of trade receivables approximates to their fair value. The standard credit terms are 30 days.

	2021 £000	2020 £000
Trade receivables	26,727	24,118
Other receivables	3,464	1,477
Prepayments and accrued income	5,650	5,453
	<b>35,841</b>	31,048

Included within prepayments and accrued income is £2,883,000 of accrued income (2020: £2,441,000).

The expected loss rate and the aged gross trade receivables and aged loss allowance as at 31 December are as follows:

31 December 2021	Expected loss rate	Gross trade receivable £000	Loss allowance £000
Not overdue	3%	22,925	616
Not more than three months past due	3%	4,542	133
More than three months but not more than six months past due	0%	9	-
More than six months but not more than one year past due	0%	-	-
Older than one year past due	0%	-	-
		<b>27,476</b>	<b>749</b>

31 December 2020	Expected loss rate	Gross trade receivable £000	Loss allowance £000
Not overdue	4%	19,554	811
Not more than three months past due	4%	5,448	217
More than three months but not more than six months past due	-	107	-
More than six months but not more than one year past due	3%	38	1
Older than one year past due	-	-	-
		25,147	1,029

The movement in the allowance for expected credit loss is as below:

	2021 £000	2020 £000
At 1 January	1,029	202
Increase recognised during the year	-	827
Unused amount reversed	(280)	-
Amount written off in the year	-	-
<b>At 31 December</b>	<b>749</b>	1,029

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. Shared credit risk characteristics include current and forward-looking information on macroeconomic factors affecting the sector in which the debtor operates and those affecting the ability of the customer to settle the receivables. The Group has identified relevant factors including the GDP and the unemployment rate of the countries in which it trades, and accordingly adjusts the loss rates based on expected changes in these factors. The impact of the COVID-19 pandemic and associated lockdowns has resulted in the Group assessing and decreasing its loss allowance in 2021, following an increase in 2020 associated with the impact of the global pandemic.



## 20 Cash and cash equivalents

	2021 £000	2020 £000
Cash at bank and in hand	53,120	64,725

The Group has issued guarantees in favour of the Swiss Office of Labour and Economy for CHF150,000.

The credit quality of financial assets can be assessed by reference to external credit ratings issued by credit ratings agencies registered in the EU. Cash at bank is held with banks with the following ratings:

Cash at bank by credit rating	2021 £000	2020 £000
A	37,949	49,631
BB	15,042	15,019
BBB	129	75
	53,120	64,725

## 21 Trade and other payables

Due to their short-term nature, the Directors consider that the carrying amount of trade payables approximates to their fair value.

	2021 £000	2020 £000
Trade payables	1,113	1,153
Other payables	1,725	2,029
Other taxes and social security	8,444	6,502
Accruals and deferred income	19,953	18,879
	31,235	28,563

## 22 Share capital

### Authorised, called-up, allotted and fully-paid share capital

	2021 Number of shares	2021 £000	2020 Number of shares	2020 £000
<i>Ordinary shares of £0.01 each</i>				
At 1 January	109,191,669	1,092	109,186,739	1,092
New issues	-	-	4,930	-
At 31 December	109,191,669	1,092	109,191,669	1,092

### Ordinary shares

All ordinary shares rank equally for all dividends and distributions that may be declared on such shares. At general meetings of the Company, each shareholder who is present (in person, by proxy or by representative) is entitled to one vote on a show of hands and, on a poll, to one vote per share.

There were no changes in the authorised, called-up, allotted and fully-paid share capital during the year. During 2020, 4,930 shares were issued and the difference between market value and par value at issue resulted in an amount of £18,000 being recognised in share premium with £49.30 recognised as an increase in issued share capital.

## 23 Dividends

	2021 £000	2020 £000
<b>Dividends paid</b>		
Paid to shareholders	<b>46,820</b>	20,085

### 2021

An interim dividend of 15.0 pence per ordinary share was declared by the Directors on 27 July 2021 and was paid on 3 September 2021 to holders of record on 6 August 2021.

The Board is proposing a final dividend of 18 pence per share in respect of the year to 31 December 2021, for approval by shareholders at the AGM on 24 May 2022, the total amount payable will be £19,655,000. Subject to shareholder approval the dividend will be paid on 10 June 2022 to shareholders of record on 20 May 2022.

This brings the Company's total dividend for the year to 33.0 pence per share (2020: 46.5 pence per share).

The Board has resumed its progressive dividend policy; the Group will retain sufficient capital to fund ongoing operating requirements, maintain an appropriate level of dividend cover and sufficient funds to invest in the Group's longer-term growth.

### 2020

An interim dividend of 18.5 pence per ordinary share was declared by the Directors on 28 July 2020 and was paid on 4 September 2020 to holders of record on 7 August 2020.

The Board declared a second interim dividend of 13.0 pence per ordinary share on 27 January 2021, the amount payable was £14,146,000, which was paid to shareholders on 26 February 2021 to holders of record on 5 February 2021.

The Board paid a final dividend of 15.0 pence per share on 4 June 2021, the total amount payable was £16,322,000.

## 24 All Other Reserves

	Capital redemption reserve £000	Own shares reserve £000	Translation reserve £000	Other reserves £000	Total of All Other reserves £000
Balance at 1 January 2021	52	(3,795)	290	3,396	(57)
Other comprehensive expense for the year	-	-	(47)	-	(47)
Total comprehensive expense for the year	-	-	(47)	-	(47)
Share-based payments (note 25)	-	-	-	5,320	5,320
Transfer to retained earnings	-	-	-	(1,530)	(1,530)
Own shares sold	-	1,440	-	-	1,440
Total transactions with owners, recognised directly in equity	-	1,440	-	3,790	5,230
<b>Balance at 31 December 2021</b>	<b>52</b>	<b>(2,355)</b>	<b>243</b>	<b>7,186</b>	<b>5,126</b>

	Capital redemption reserve £000	Own shares reserve £000	Translation reserve £000	Other reserves £000	Total of All Other reserves £000
Balance at 1 January 2020	52	(8,164)	925	3,946	(3,241)
Other comprehensive expense for the year	-	-	(635)	-	(635)
Total comprehensive expense for the year	-	-	(635)	-	(635)
Share-based payments (note 25)	-	-	-	2,092	2,092
Transfer to retained earnings	-	-	-	(2,642)	(2,642)
Own shares sold	-	4,394	-	-	4,394
Own shares bought back (note 26)	-	(25)	-	-	(25)
Total transactions with owners, recognised directly in equity	-	4,369	-	(550)	3,819
<b>Balance at 31 December 2020</b>	<b>52</b>	<b>(3,795)</b>	<b>290</b>	<b>3,396</b>	<b>(57)</b>

## 25 Share-based payments

Recognised in Income Statement	2021 £000	2020 £000
Expenses arising from equity-settled share-based payment transaction	4,472	888
Social security accrued thereon	789	100
Expenses arising from bonus deferred as shares	347	1,230
Expenses arising from equity-settled share-based payment transaction	<b>5,608</b>	2,218

Recognised in Equity	2021 £000	2020 £000
Expenses arising from equity-settled share-based payment transaction	4,819	2,118
Deferred tax recognised in other reserves arising from equity-settled share-based payment transaction (note 18)	496	25
Transfer to retained earnings – Deferred tax	(20)	(273)
Transfer to retained earnings – Recharge	(1,500)	(2,369)
Transfer to retained earnings – Lapsed options	(10)	-
Currency difference on retranslation	5	(51)
	<b>3,790</b>	(550)

During 2021, the share options issued in 2018 lapsed. During 2021 33,155 options were exercised, and 3,003 linked shares lapsed (linked shares which were not required to fund the price at date of exercise). The share options exercised were satisfied primarily via sale of shares from the FDM Group Employee Benefit Trust, with 33,155 shares released. For detail of the shares held in the FDM Group Employee Benefit Trust see note 26. A transfer of £1,500,000 was made from 'Other reserves' to 'Retained earnings' in respect of the exercise of share options during the period (2020: transfer of £2,369,000).

As disclosed in the Directors' Remuneration Report, the Company granted awards on 21 April 2021, in the form of nominal cost options over ordinary shares in the Company under the PSP. As with the awards made in 2015 to 2020, the vesting of the awards is subject to the achievement of a three-year performance condition relating to earnings per share.

Options are exercisable no later than the tenth anniversary of the date of grant.

**25 Share-based payments** continued

The table below summarises the outstanding share options:

	2021		2020	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Outstanding at 1 January	2,156,467	82p	1,807,777	131p
Granted during the year	948,125	1p	892,500	1p
Forfeited during the year	(266,875)	5p	(131,453)	130p
Exercised during the year	(33,155)	151p	(412,357)	104p
Lapsed during the year	(592,990)	261p	-	-
Outstanding at 31 December	2,211,572	8p	2,156,467	82p
Exercisable at the end of the year	476,280	314p	86,189	242p
Weighted average remaining contractual life (years)	8.32	n/a	1.27	n/a

The weighted average share price at the date of exercise of options exercised during the year ended 31 December 2021 was 1165 pence (2020: 996 pence).

The fair values of the PSP Share options made were determined using the Black-Scholes valuation model. The significant inputs to the model were as follows:

Date of grant	21 April 2021	30 December 2020	17 April 2019
Share price at date of grant	1038p	1116p	937p
Exercise price	1p	1p	1p
Dividend yield	3.0%	2.7%	3.3%
Expected volatility	30%	30%	28%
Risk free interest rate	0%	0%	0.88%
Expected life	4 years	4 years	4 years
Fair value at date of grant	921p	999p	820p

The expected volatility applied in the Black-Scholes models reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

**Buy As You Earn**

The Group operates a Buy As You Earn Plan, participants may acquire up to £12,000 of shares each year from their after tax remuneration ("Purchased Shares"). Provided the Purchased Shares are retained in the plan and subject, ordinarily, to continued employment, additional "Matching Shares" are awarded on the basis of a 1 for 3 match following the end of each of the first, third and fifth years following the year in respect of which the purchased shares were acquired. The fair values of grants under the Buy As You Earn Plan were determined using the Black-Scholes valuation model.

## 26 Investment in own shares

During the AGM held on 28 April 2021, the shareholders approved that up to a maximum of 10% of the Company's shares could be purchased by the Company and held as own shares, renewing the authority agreed on 25 April 2020. The authority expires at the conclusion of the Company's next Annual General Meeting after the passing of this resolution or, if earlier, at 23:59 on 27 July 2022.

Established in 2018, the FDM Group Employee Benefit Trust was used to purchase shares sold by option holders upon exercise of options under the FDM Performance Share Plan and sell shares to the members of the FDM Group Buy As You Earn Plan. The Group accounts for the Company's shares held by the Trustee of the FDM Group Employee Benefit Trust as a deduction from shareholders' funds.

The administrative costs of running the Trust have been consolidated in the results of FDM Group (Holdings) plc.

	31 December 2021	31 December 2020
Number of shares in the Company owned by the EBT	<b>239,505</b>	385,777
Nominal value of shares held	<b>£2,395</b>	£3,858
Cost price of shares held	<b>£2,355,512</b>	£3,794,551
Prevailing valuation per share	<b>£12.72</b>	£11.24
Total market value of shares	<b>£3,046,504</b>	£4,336,133
Minimum number of shares in the Company owned by EBT during the year	<b>239,505</b>	385,777
Maximum number of shares in the Company owned by EBT during the year	<b>385,777</b>	830,224

## 27 Related parties

A number of the Directors' family members are employed by the Group. The employment relationships are at market rate and are carried out on an arm's length basis.

The full registered addresses of all subsidiaries of the Parent Company are disclosed on page 162.

## 28 Financial risk management

The Group manages its capital to ensure the Company and all its subsidiaries will be able to continue as a going concern whilst maximising the return to shareholders.

The use of financial instruments is managed under policies and procedures approved by the Board. These are designed to reduce the financial risks faced by the Group and Company, which primarily relate to credit, interest, liquidity, capital management and foreign currency risks, which arise in the normal course of the Group's business.

There are no adjustments between the amounts presented in the Statement of Financial Position and the fair values of the assets and liabilities.

### Credit risk

Credit risk is managed on a Group basis and arises from cash and cash equivalents and trade receivables. The Group provides credit to customers in the normal course of business and the amount that appears in the Consolidated Statement of Financial Position is net of an allowance for expected credit losses of £749,000 (2020: £1,029,000).

All material trade receivable balances relate to sales transactions with the Group's blue-chip customer base. At the reporting date, although the Group had significant balances with key customers, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Credit risk is managed through agreed procedures which include managing and analysing the credit risk for new customers and managing existing customers. For new customers we obtain and review credit ratings and set credit limits based upon our past experience.

£581,000 of trade receivables at 31 December 2021 (2020: £477,000) is owed from new customers (less than six months).

### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates is limited as the Group had no borrowings therefore it has limited exposure to interest rate risk. The Group manages its interest rate risk through regular reviews of its exposure to changes in interest rates.

## 28 Financial risk management continued

### Liquidity risk

The Group manages liquidity risk by maintaining adequate cash reserves and continuously monitoring forecast and actual cash flows and where appropriate matches the maturity of financial assets and liabilities.

The Group has no borrowings from third parties at the year end and therefore liquidity risk is not considered a significant risk at this time due to the Group's cash balances.

### Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor market, creditor, customer and employee confidence and to sustain future investment and development of the business. The capital structure of the Group consists of equity attributable to the equity holders of the Group comprising issued share capital, other reserves and retained earnings.

The Board monitors the capital structure on a regular basis and determines the level of annual dividend. The Group is not exposed to any externally imposed capital requirements.

### Fair values

There is no significant difference between the carrying amounts shown in the Consolidated Statement of Financial Position and the fair values of the Group and Company's financial instruments. For current trade and other receivables or payables with a remaining life of less than one year, the amortised cost is deemed to reflect the fair value. There are no assets or liabilities measured at fair value through profit and loss, no derivatives used for hedging, or other financial liabilities at amortised cost.

### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The currencies giving rise to this risk are primarily the US Dollar, Canadian Dollar, Hong Kong Dollar and Euro. The Group has both cash inflows and outflows in these currencies that create a natural hedge.

#### Cash and cash equivalents

The Group's cash and cash equivalents are denominated in the following currencies:

	2021 £000	2020 £000
Pounds Sterling	36,184	43,759
Euro	6,556	6,424
US Dollar	2,620	5,270
Canadian Dollar	2,255	1,748
Australian Dollar	1,345	1,129
Chinese Renminbi	1,265	896
Hong Kong Dollar	979	2,409
Singapore Dollar	750	1,312
Swiss Franc	493	819
Polish Zloty	323	-
South African Rand	271	959
New Zealand Dollar	79	-
	<b>53,120</b>	<b>64,725</b>

*Trade receivables*

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2021 £000	2020 £000
Pounds Sterling	14,132	13,105
US Dollar	4,126	4,293
Euro	2,017	1,977
Canadian Dollar	1,733	1,996
Hong Kong Dollar	1,401	1,117
Australian Dollar	1,391	1,055
Singapore Dollar	1,364	841
Chinese Renminbi	766	548
Swiss Franc	254	193
Polish Zloty	238	-
South African Rand	54	22
	<b>27,476</b>	<b>25,147</b>

*Trade and other payables*

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	2021 £000	2020 £000
Pounds Sterling	18,403	13,834
Euro	3,050	2,442
US Dollar	3,008	5,926
Canadian Dollar	2,886	3,025
Australian Dollar	2,093	1,735
Singapore Dollar	754	583
Hong Kong Dollar	401	635
Swiss Franc	226	209
Polish Zloty	170	-
Chinese Renminbi	167	116
South African Rand	54	58
New Zealand Dollar	23	-
	<b>31,235</b>	<b>28,563</b>

# Parent Company Statement of Financial Position

as at 31 December 2021

	Note	2021 £000	2020 £000
<b>Non-current assets</b>			
Investments	3	6,588	3,277
		<b>6,588</b>	3,277
<b>Current assets</b>			
Trade and other receivables	4	55,437	64,105
Cash and cash equivalents	5	53	182
<b>Total current assets</b>		<b>55,490</b>	64,287
<b>Total assets</b>		<b>62,078</b>	67,564
<b>Current liabilities</b>			
Trade and other payables	6	47	56
<b>Total liabilities</b>		<b>47</b>	56
<b>Net assets</b>		<b>62,031</b>	67,508
<b>Equity attributable to equity holders of the parent</b>			
Share capital	7	1,092	1,092
Share premium		9,705	9,705
Capital redemption reserve		52	52
Own shares reserve		(2,355)	(3,795)
Other reserves		6,588	3,277
Retained earnings		46,949	57,177
<b>Total equity</b>		<b>62,031</b>	67,508

The Parent Company made a profit for the year of £36,643,000 (2020: profit of £33,701,000). In accordance with section 408 of the Companies Act 2006, the Parent Company's individual profit and loss account is not included in these financial statements.

The notes on pages 161 to 164 are an integral part of the Parent Company Financial Statements (Registered Company 07078823).

These financial statements on pages 158 to 164 were approved by the Board of Directors and were signed on its behalf by:



**Rod Flavell**  
Chief Executive Officer  
16 March 2022



**Mike McLaren**  
Chief Financial Officer  
16 March 2022



# Parent Company Statement of Cash Flows

for the year ended 31 December 2021

	Note	2021 £000	2020 £000
<b>Cash flows from operating activities</b>			
Company profit before tax for the year		36,661	33,701
<i>Adjustments for:</i>			
Dividends received		(37,000)	(34,000)
Decrease/ (increase) in trade and other receivables		8,056	(14,730)
(Decrease)/ increase in trade and other payables		(8)	1
<b>Cash flows generated from/ (used in) operations</b>		<b>7,709</b>	<b>(15,028)</b>
Income tax paid		(18)	-
<b>Net cash inflow/ (outflow) from operating activities</b>		<b>7,691</b>	<b>(15,028)</b>
<b>Cash flows from investing activities</b>			
Dividends received	10	37,000	34,000
Recharge for share-based payment		1,500	506
<b>Net cash generated from investing activities</b>		<b>38,500</b>	<b>34,506</b>
<b>Cash flows from financing activities</b>			
Proceeds from sale of shares from EBT		450	349
Proceeds from sale of own shares		50	405
Dividends paid	10	(46,820)	(20,085)
<b>Net cash used in financing activities</b>		<b>(46,320)</b>	<b>(19,331)</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(129)</b>	<b>147</b>
Cash and cash equivalents at beginning of year		182	35
<b>Cash and cash equivalents at end of year</b>	5	<b>53</b>	<b>182</b>

The notes on pages 161 to 164 are an integral part of the Parent Company Financial Statements.

# Parent Company Statement of Changes in Equity

for the year ended 31 December 2021

	Share capital £000	Share premium £000	Capital redemption reserve £000	Own shares reserve £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1 January 2021	1,092	9,705	52	(3,795)	3,277	57,177	67,508
Profit for the year	-	-	-	-	-	36,648	36,648
Total comprehensive income for the year	-	-	-	-	-	36,648	36,648
Share-based payments (note 3)	-	-	-	-	4,811	-	4,811
Transfer to retained earnings	-	-	-	-	(1,500)	1,500	-
Recharge of net settled share options	-	-	-	-	-	(618)	(618)
Own shares sold	-	-	-	1,440	-	(938)	502
Dividends paid	-	-	-	-	-	(46,820)	(46,820)
Total transaction with owners, recognised directly in equity	-	-	-	1,440	3,311	(46,876)	(42,125)
<b>Balance at 31 December 2021</b>	<b>1,092</b>	<b>9,705</b>	<b>52</b>	<b>(2,355)</b>	<b>6,588</b>	<b>46,949</b>	<b>62,031</b>

	Share capital £000	Share premium £000	Capital redemption reserve £000	Own shares reserve £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1 January 2020	1,092	9,687	52	(8,164)	3,567	44,826	51,060
Profit for the year	-	-	-	-	-	33,701	33,701
Total comprehensive income for the year	-	-	-	-	-	33,701	33,701
Share-based payments (note 3)	-	-	-	-	2,079	-	2,079
Transfer to retained earnings	-	-	-	-	(2,369)	2,369	-
New share issue	-	18	-	-	-	-	18
Own shares bought back	-	-	-	(25)	-	-	(25)
Own shares sold	-	-	-	4,394	-	(3,634)	760
Dividends paid	-	-	-	-	-	(20,085)	(20,085)
Total transaction with owners, recognised directly in equity	-	18	-	4,369	(290)	(21,350)	(17,253)
<b>Balance at 31 December 2020</b>	<b>1,092</b>	<b>9,705</b>	<b>52</b>	<b>(3,795)</b>	<b>3,277</b>	<b>57,177</b>	<b>67,508</b>

The notes on pages 161 to 164 are an integral part of the Parent Company Financial Statements.

# Notes to the Parent Company Financial Statements

## 1 Going concern

The Directors have a reasonable expectation that with the continued support of other Group companies, the Company will have adequate resources to continue in operational existence as a holding company for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis for preparing the financial statements.

## 2 Accounting policies

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The Group transitioned to UK-adopted International Accounting Standards in its financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

The financial statements of the Company have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The Company has taken the exemption under section 408 of the Companies Act 2006 not to present the parent company income statement. The profit for the year was £36,648,000 (2020: profit of £33,701,000).

The financial information has been prepared on a historical cost basis.

The accounting policies of the Company are the same as those of the Group and have been applied consistently. These are set out in note 3 in the Notes to the Consolidated Financial Statements, except that the Company has no policy in respect of consolidation. Investments are carried at historical cost.

Details of the Company's significant accounting estimates, being the share-based payments, are consistent with those disclosed in note 4 to the Consolidated Financial Statements on page 140.

No individual judgements have been made that have a significant impact on the financial statements (2020: none).

## 3 Investments

	2021 £000	2020 £000
At 1 January	3,277	3,567
Additions	4,811	2,079
Recharge of IFRS 2 investment	(1,500)	(2,369)
At 31 December	6,588	3,277

The value investments represents the accounting in respect of the costs associated with the PSP, as the awards relate to employees of its subsidiary undertakings and the investment in subsidiaries. For further details of the PSP see note 25 to the Consolidated Financial Statements.

The total cost of investments in subsidiaries, is £2 (2020: £2). Astra 5.0 Limited acts as an intermediate holding company and provides human resources and marketing services to the Group. The remaining subsidiaries carry out the principal activity of the Group.

## Notes to the Parent Company Financial Statements

### 3 Investments continued

The Company holds the following investments in its subsidiaries:

Company	Country of incorporation	Class of share held	Direct/indirect	Ownership
Astra 5.0 Limited	Great Britain	Ordinary	Direct	100%
FDM Group Limited	Great Britain	Ordinary	Indirect	100%
FDM Astra Ireland Limited	Ireland	Ordinary	Indirect	100%
FDM Group Inc.	USA	Ordinary	Indirect	100%
FDM Group Canada Inc.	Canada	Ordinary	Indirect	100%
FDM Group NV	Belgium	Ordinary	Indirect	100%
FDM Group GmbH	Germany	Ordinary	Indirect	100%
FDM Switzerland GmbH	Switzerland	Ordinary	Indirect	100%
FDM Luxembourg S.A.	Luxembourg	Ordinary	Indirect	100%
FDM South Africa (PTY) Limited	South Africa	Ordinary	Indirect	100%
FDM Singapore Consulting PTE Limited	Singapore	Ordinary	Indirect	100%
FDM Technology (Shanghai) Co. Limited	China	Ordinary	Indirect	100%
FDM Group HK Limited	Hong Kong	Ordinary	Indirect	100%
FDM Group Australia Pty Ltd	Australia	Ordinary	Indirect	100%
FDM Group Austria GmbH	Austria	Ordinary	Indirect	100%
FDM Group BV	The Netherlands	Ordinary	Indirect	100%
FDM Grupa Polska	Poland	Ordinary	Indirect	100%
FDM Group New Zealand Limited	New Zealand	Ordinary	Indirect	100%

The registered address for each subsidiary of the Company as at 31 December 2021 is listed below. The principal place of business of each company is considered the same as the registered office.

Company	Registered address
Astra 5.0 Limited	3rd Floor, Cottons Centre, Cottons Lane, London SE1 2QG, UK
FDM Group Limited	3rd Floor, Cottons Centre, Cottons Lane, London SE1 2QG, UK
FDM Astra Ireland Limited	25–28 North Wall Quay, Dublin 1, Ireland
FDM Group Inc.	14 Wall Street, New York, NY 10005, USA
FDM Group Canada Inc.	1 Place Ville Marie, 37th Floor, Montreal, QC H3B 3P4, Canada
FDM Group NV	Rue Medori 99, B-1020 Brussels, Belgium
FDM Group GmbH	6th Floor, MainzerLandstrasse 41, 60329 Frankfurt am Main, Germany
FDM Switzerland GmbH	Lavaterstrasse 40, Zurich, CH 8002, Switzerland
FDM Luxembourg S.A.	Office No. 17, 12c Rue Guillaume Kroll, L-1882, Luxembourg
FDM South Africa (PTY) Limited	9 Kinross Street, Germiston South, 1401 South Africa
FDM Singapore Consulting PTE Limited	77 Robinson Road, #13-00 Robinson 77, Singapore 068896
FDM Technology (Shanghai) Co. Limited	22/F Jing'an Kerry Centre Office Tower 3, 1228 Middle Yan An Road, Jing An, Shanghai, 200040, China
FDM Group HK Limited	6/F, The Annex, Central Plaza, 18 Harbour Road, Hong Kong
FDM Group Australia Pty Ltd	Level 21, Tower Three, International Towers, 300 Barangaroo Avenue, NSW 2000, Sydney, Australia
FDM Group Austria GmbH	Handelskai 92/Gate 2/7A, 1200 Wien, Austria
FDM Group BV	Westerdoksdiijk 423, 1013 BX, Amsterdam, Nederland
FDM Grupa Polska	ul. Grzybowska nr 2 lok. 29, Warsaw, 00-131, Poland
FDM Group New Zealand Limited	Grant Thornton New Zealand Ltd, L4, 152 Fanshawe Street, Auckland, 1010, NZ

### 4 Trade and other receivables

	2021 £000	2020 £000
Amounts owed by subsidiary undertakings	55,423	64,095
Other receivables	2	2
Prepayments and accrued income	12	8
	<b>55,437</b>	64,105

All trade and other receivables are receivable in Pounds Sterling and are fully performing. Amounts owed by subsidiary undertakings are unsecured, non-interest bearing and repayable on demand.

## 5 Cash and cash equivalents

	2021 £000	2020 £000
Cash at bank and in hand	53	182

The Company's cash is held with a financial institution with a credit rating of A at the date of signing the financial statements.

## 6 Trade and other payables

	2021 £000	2020 £000
Trade payables	2	15
Other payables	4	3
Accruals and deferred income	40	38
Payables due to subsidiaries/ parent	1	-
	47	56

## 7 Share capital

### Authorised, called up, allotted and fully paid share capital

	2021 Number of shares	2021 £000	2020 Number of shares	2020 £000
<i>Ordinary shares of £0.01 each</i>				
At 1 January	109,191,669	1,092	109,186,739	1,092
New issues	-	-	4,930	-
At 31 December	109,191,669	1,092	109,191,669	1,092

### Ordinary shares

All ordinary shares rank equally for all dividends and distributions that may be declared on such shares. At general meetings of the Company, each shareholder who is present (in person, by proxy or by representative) is entitled to one vote on a show of hands and, on a poll, to one vote per share.

There were no changes in authorised, called up, allotted and fully paid share capital during the year. During 2020, 4,930 shares were issued, the difference between market value and par value at issue resulted in an amount of £18,000 being recognised in share premium with £49.30 being recognised as an increase in issued share capital.

## 8 Related parties

The Company holds inter-company balances with certain of its subsidiary undertakings. The transactions that have taken place are in relation to inter-company loan repayments/ additions and dividends which are listed below:

	Dividends from related parties 2021 £000	Amounts owed by/ (to) related parties 2021 £000	Dividends from related parties 2020 £000	Amounts owed by related parties 2020 £000
Astra 5.0 Limited	37,000	4,454	34,000	4,454
FDM Group Limited	-	50,937	-	59,620
FDM Group Inc.	-	6	-	21
FDM Group HK Limited	-	12	-	-
FDM Group Australia Pty Ltd	-	11	-	-
FDM Group GmbH	-	2	-	-
FDM Singapore Consulting PTE Limited	-	1	-	-
FDM Group Canada Inc.	-	(1)	-	-
	37,000	55,422	34,000	64,095

## 9 Financial risk management

The financial risks and uncertainties the Company faces are the same as those of the Group. These are set out on pages 155 to 157.

## 10 Dividends

	2021 £000	2020 £000
<b>Dividends received</b>		
Received from subsidiaries	37,000	34,000
<b>Dividends paid</b>		
Paid to shareholders	46,820	20,085

### 2021

An interim dividend of 15.0 pence per ordinary share was declared by the Directors on 27 July 2021 and was paid on 3 September 2021 to holders of record on 6 August 2021.

The Board is proposing a final dividend of 18.0 pence per share in respect of the year to 31 December 2021, for approval by shareholders at the AGM to be held on 24 May 2022. The total amount payable will be £19,655,000. Subject to shareholder approval the dividend will be paid on 10 June 2022 to shareholders of record on 20 May 2022.

This brings the Company's total dividend for the year to 33.0 pence per share (2020: 46.5 pence per share).

The Board has resumed its progressive dividend policy; the Group will retain sufficient capital to fund ongoing operating requirements, maintain an appropriate level of dividend cover and sufficient funds to invest in the Group's longer-term growth.

### 2020

An interim dividend of 18.5 pence per ordinary share was declared by the Directors on 28 July 2020 and was paid on 4 September 2020 to holders of record on 7 August 2020.

The Board declared a second interim dividend of 13.0 pence per ordinary share on 27 January 2021. The amount payable was £14,146,000, which was paid to shareholders on 26 February 2021 to holders of record on 5 February 2021.

The Board paid a final dividend of 15.0 pence per share on 4 June 2021, the total amount payable was £16,322,000.

## 11 Directors' remuneration

Directors' remuneration was paid by FDM Group Limited in both the current and prior year and no recharge was made to the Company. For further details see note 10 to the Consolidated Financial Statements on page 144.

## 12 Auditors' remuneration

Auditors' remuneration of £8,500 was charged in relation to 2021 (2020: £7,000), the fees were paid by FDM Group Limited in both the current and prior year and no recharge was made to the Company.

## 13 Employees

The Company had no employees during the current or prior year.

# Shareholder Information

<b>Directors</b>	David Lister Rod Flavell Sheila Flavell Mike McLaren Andy Brown Peter Whiting Michelle Senecal de Fonseca Jacqueline de Rojas Alan Kinnear	Non-Executive Chairman Chief Executive Officer Chief Operating Officer Chief Financial Officer Chief Commercial Officer Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director	
<b>Company Secretary</b>	Mark Heather		
<b>Registered office</b>	3rd Floor Cottons Centre Cottons Lane London SE1 2QG		
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH		
<b>Bankers</b>	HSBC Bank plc 8 Canada Square London E14 5HQ		
<b>Registrars</b>	Link Group 10th Floor Central Square 29 Wellington Street Leeds LS1 4DL		
<b>Stockbrokers (joint)</b>	Investec Bank plc 30 Gresham Street London EC2V 7QP	HSBC Bank plc 8 Canada Square London E14 5HQ	Shore Capital Cassini House St James's Street London SW1A 1LD
<b>Legal advisors</b>	Taylor Wessing LLP 5 New Street Square London EC4A 3TW		

# Notes





UK

USA

Canada

Germany

Switzerland

Ireland

Austria

Spain

Luxembourg

The Netherlands

Poland

South Africa

Hong Kong

Singapore

China

Australia

New Zealand

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