FDM

Bringing people and technology together

Annual Report and Accounts 2022

FDM Group (Holdings) plc and its subsidiaries 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.

For more information
See page 4

Highlights

Financial

Revenue

£330.0m
+23%
2021: £267.4m

Adjusted operating profit[1]

£52.2m
+10%
2021: £47.3m

Profit before tax

£45.7m
+10%
2021: £41.4m

Adjusted profit before tax[1]

£52.0m
+11%
2021: £46.7m

Basic earnings per share

32.0 pence
+10%
2021: 29.1 pence

Adjusted basic earnings per share[1]

37.3 pence
+12%
2021: 33.2 pence

Cash flow generated from operations

£49.7m
-5%
2021: £52.1m

Cash conversion[2]

108.3%
-13%
2021: 124.1%

Adjusted cash conversion[1]

95.1%
-14%
2021: 110.3%

Cash position at period end

£45.5m
-14%
2021: £53.1m

Dividend per share[3]

36.0 pence
+9%
2021: 33.0 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

780
University events attended[4] in 2022
(2021: 825)

116,431
Completed applications received via our website
(2021: 59,705)

3,179
Training completions in 2022
(2021: 2,410)

-4.0%
UK mean gender pay gap of -4.0%
(2021: 0.5%)

4,905
Consultants assigned to clients at week 52[5]
(2021: 4,033)

97.5%
Consultant utilisation[6] rate of 97.5%
(2021: 97.3%)

74
New clients globally
(2021: 78)

0.48tCO_2e
Scope 1, 2 and 3 greenhouse gas emissions per employee
(2021: 0.49 tCO_2e)

1 Adjusted operating profit and adjusted profit before tax are calculated before Performance Share Plan expenses (including social security costs) of £6,356,000 (2021: £5,261,000). Adjusted basic earnings per share are 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 19 for further details of adjusted items.
2 Cash conversion is calculated by dividing cash flow generated from operations by operating profit.
3 A recommended final dividend of 19.0 pence per share, following an interim dividend of 17.0 pence per share declared in July 2022, giving a total dividend for the year of 36.0 pence per share (2021: 33.0 pence per share).
4 This is a mix of physical and virtual events attended.
5 Week 52 in 2022 commenced on 19 December 2022 (2021: week 52 commenced on 20 December 2021).
6 Utilisation is calculated as the ratio of cost of utilised Consultants to the total Consultant payroll cost.

We are FDM

FDM Group (Holdings) plc ("the Company" or "FDM") 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 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, Cybersecurity, 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/ or sales operations located in London, Leeds, Glasgow, Limerick, New York NY, Arlington VA, Charlotte NC, Austin TX, Tampa FL, Toronto, Montreal, Frankfurt, Kraków, Singapore, Hong Kong, Shanghai, Sydney and Melbourne. We also operate in Luxembourg, the Netherlands, Switzerland, Austria, Spain, South Africa, and New Zealand.

The physical and mental wellbeing of our people and stakeholders is central to who we are and what we do. As such, our outreach programmes for our Consultants and in-house staff have grown and broadened during 2022, becoming key to our support and care for all of our people globally.

FDM is a collective of around 7,000 people, with a multitude of differing backgrounds, life experiences and cultures. We are a strong advocate of diversity, equity and inclusion in the workplace and the strength of our brand arises from the talent within.

Together, we are FDM.

Our Values

Together we are stronger

FDM has always been people focussed. We celebrate diversity and encourage inclusivity. We thrive on teamwork and collaboration with our colleagues, clients and partners. We are a collective made up from a multitude of backgrounds, cultures, languages, nationalities and skills. This diversity makes us stronger and is a key contributor to our success.

We strive for success

We are entrepreneurial, ambitious, creative and brave. We thrive on pushing the boundaries to exceed clients' expectations. We seek to 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.

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.

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.

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 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 Consultant model:

- **Identify and recruit talented individuals** – we recruit high-calibre candidates from a wide social background and develop them into skilled Consultants. We currently have four pathways: Graduate, Ex-Forces, Returners and Apprentices.
- **Train individuals remotely and at our Academies** – we provide Consultants 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 capabilities to create leading-edge training content and delivery.
- **Grow our customer presence profitably** – we look to create new opportunities to deploy our Consultants amongst our existing client base and into other 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 Consultants 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 in which we operate. We are aware of our responsibility towards our clients and our suppliers, and are working to minimise our impact on the physical environment.

Statement from the Chair of the Board

I am pleased to present FDM's Annual Report for the financial year ended 31 December 2022.

Performance

FDM made sound progress in 2022, delivering a good performance in line with the Board's expectations. The Group continued its investment in programmes to support future growth and trained a record number of Consultants for our clients.

The Group delivered an adjusted profit before tax[1] of £52.0 million (2021: £46.7 million). The balance sheet remains robust with closing cash balances of £45.5 million (2021: £53.1 million) and no debt. The Group made dividend payments during the year of £38.2 million (2021: £46.8 million).

Governance

The aim of this report is to present a clear and balanced picture of the progress we have made during 2022, providing high levels of disclosure to enable all our stakeholders, including current and prospective shareholders, to understand our business and its prospects for growth. We are driven by a strong purpose, which leads us to look for profitable opportunities to help our clients fill their skills gaps, thereby launching more careers for our Consultants.

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 are guided by the 2018 UK Corporate Governance Code ("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. There is further information on page 56 about how the Directors have carried out their duties under Section 172 of the Companies Act 2006 to promote the long-term success of the Company for the benefit of its shareholders as a whole, while having regard to the interests of all stakeholders. I report on corporate governance in more detail on page 62 and our framework of risk management and governance will further evolve during the coming year in line with shareholder expectations and best practice requirements.

We maintain focus on reducing our impact on the environment whilst further developing the Group's response to climate-related risks and opportunities. Our Carbon Reduction Plan outlines our commitment to reduce our absolute Scope 1 and 2 greenhouse gas emissions by 50% by 2030 from a 2020 base year, and to reduce Scope 3 emissions by 62% per employee within the same timeframe. In line with best practice and our shareholders' expectations, we submitted our carbon reduction targets to the Science Based Targets initiative ("SBTi") for validation, and I am pleased to report that in June 2022 SBTi validated our targets as being in conformance with their criteria and recommendations, and in line with a trajectory to limit global temperature increases to no more than 1.5°C. We have further developed our governance of climate change matters, integrating them into our overall risk management. We have focussed on our strategy in managing climate-related issues and opportunities, and the metrics used to measure progress against our Carbon Reduction Plan. As a result, this year we have been able to present our climate-related financial disclosures in a way that is consistent with all of the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). Further information can be found on page 45.

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 improve our ranking in the Social Mobility Employer Index 2022, 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 36.

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 matters relevant to their day-to-day experience at FDM. There is more information about our engagement with our people on page 33.

Dividend

The Board continues to operate a progressive dividend policy, aimed at aligning the Group dividend growth 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, to fund organic growth across the business and to maintain the distributable reserves available to the Group. The Board will be recommending a final dividend of 19.0 pence per ordinary share in respect of the year to 31 December 2022 (2021: final dividend of 18.0 pence per ordinary share) for approval by shareholders at our AGM, which is scheduled to be held on 16 May 2023, taking the total ordinary dividend to 36.0 pence per share (2021: 33.0 pence per share).

The Board and its Committees

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

Outlook

The early months of 2023 have seen continued macro-economic uncertainty in many of the regions in which we operate. Against this background, I am pleased that we continue to see encouraging levels of client engagement and that we continue our client-led expansion with the recent openings of offices in Tampa, Florida and Melbourne, Australia.

In all of the geographies in which we operate there remain structural and systemic skills-shortages, which we are well placed to assist our clients in overcoming.

Our scalable and flexible business model and diversified portfolio of clients, sectors and operating regions mean that we are appropriately positioned to weather current global uncertainties and to continue to deliver long-term growth for all of our stakeholders.

David Lister
Chair of the Board
14 March 2023

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

Chief Executive's Review

The Group performed well in 2022, with strong levels of trading from all our principal regions and high levels of client demand. North America in particular delivered good growth, with pleasing contributions from both the US and Canada. We made good progress in APAC, where we are now gaining the critical mass to take advantage of our upfront investment over recent years.

Overview

2022 was a year of continued good progress for FDM. We ended the year with 4,905 Consultants placed with clients (2021: 4,033), recorded revenue of £330.0 million (2021: £267.4 million) and delivered an adjusted operating profit[1] of £52.2 million (2021: £47.3 million).

During the year we continued with our plan of accelerating and enhancing investment in recruitment of both Consultants and internal staff, and in our complementary development programmes. These initiatives reflect the high level of client demand during the year and will underpin the future growth of our business. 3,179 Consultants were trained during the year (2021: 2,410 training completions), the highest in the Group's history.

We maintain a strong focus on cash management and collection, ending the year with £45.5 million of cash (2021: £53.1 million) and no debt.

Our strategy

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

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.

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

Attract, train and develop high-calibre Consultants

Invest in leading-edge training capabilities

Grow and diversify our client base

Expand and consolidate our geographic presence through sustainable and efficient means

Chief Executive's Review continued

Strategic objectives

Attract, train and develop high-calibre Consultants

Recruitment was a key area of focus during the year as we responded to high levels of client demand across all our regions. The overall number of recruitment events decreased as we changed the mix of events to attend more face-to-face and fewer virtual events in 2022. Face-to-face events are more personal to potential candidates and more impactful. We generated a marked increase in the number of applications across all our operating locations, most notably in the UK, with applicants seeking the benefits of FDM's market-leading, flexible training. We believe our training and deployment offering differentiates us from our competitors and is more attractive than ever to candidates. We use recruitment and assessment processes which are designed to spot a candidate's full potential. This helps us to build an inclusive workforce and to increase social mobility by opening doors to careers in tech with our blue-chip clients for those who may not otherwise find it easy to access them.

Our new global applicant tracking system, Eploy, was rolled out in 2022, enabling us to process applications more efficiently while offering an improved user experience.

We delivered a record year of training completions. In total, there were 3,179 training completions in 2022, an increase of 32% on the previous year (2021: 2,410).

Our Group-wide spend on paid training this year exceeded £20 million (2021: £12.5 million), an investment that will help underpin our ambitious targets for 2023 and beyond. In response to the higher inflationary operating conditions, we increased salary packages for Consultants across all regions.

We continue to invest in our Ex-Forces and Returners programmes, which remain an important source of talent for the business, and increased our investment in our apprenticeships programme, to further diversify our talent pipeline.

Invest in leading-edge training capabilities

During the year we continued to advance our Academy Transformation Programme, as detailed in our Annual Report 2021, and enhanced our hybrid training model as we work to identify the best training delivery solution for the post pandemic world of work.

We are focussed on optimising both the appeal of our training programmes to candidates and of our Consultants to clients. For example, through our partnership with TechSkills, we have now achieved Tech Industry Gold standard accreditation for eight programmes, through which a total of 548 trainees attained their certification in 2022. Accreditation provides to candidates and clients external validation of FDM's programme content, delivery, approach and assessment.

During the year some of our trainers enhanced their qualifications by gaining industry certifications such as AWS Cloud Practitioner, Agile Scrum Master, SAFe Scrum, and certifications in Google Cloud. We also have trainer certifications with CompTIA CTT+ Certified Technical Trainer, Scrum.org PSM, IIBA ECBA&CBAP, and ITIL These certifications demonstrate that we can offer high quality training in the technologies which are of key importance to our clients.

Grow and diversify our client base

We continue to deliver the highest level of service to our clients and have worked closely with them to meet their requirements. We secured 74 new clients in the year (2021: 78), of which 38 were in the UK, 14 in North America, 14 in APAC and 8 in EMEA. Of these new clients, 59% were secured from outside the financial services sector, as we made good progress in the energy and utilities, insurance and commercial and professional services sectors. The number of new clients does not include those clients which re-engaged with us during 2022.

Expand and consolidate our geographic presence through sustainable and efficient means

Our North America operations increased headcount by 48% to 1,618 (2021: 1,095) with excellent growth delivered in both the US and Canada. The UK increased headcount by 8% to 1,958 (2021: 1,806) with a very strong performance in the first half of 2022 followed by a slower second half, reflecting political and economic uncertainties. APAC Consultant headcount increased to 1,011 compared to 880 in 2021, an increase of 15%. EMEA closed with 318 Consultants deployed, up 26% compared to 252 in 2021 with strong activity levels in our newest location, Poland.

We will continue to grow our international footprint in 2023 and to consolidate our operations in our existing territories.

Our service offerings

We continually enhance our service offerings in response to our clients' current and future requirements, developing a partner-led consultancy that provides clients with scalable and sustainable support. Extensive collaboration with clients has led to the co-creation of programmes to provide better solutions to complex challenges, such as a multi-year global internal audit programme for a banking client and a specialist test team supporting the rollout of a complex global platform for a media client. We have seen the first deployment of both "Robotic Process Automation As A Service" and "Business Analysis As A Service" specialist Data and Business Analysis teams to public sector customers undertaking significant transformation programmes. Each Consulting project is now underpinned by experienced Delivery Consultants who provide a management capability to reduce the burden on our clients. Having successfully deployed significant numbers of Consultants to work on KYC (Know Your Customer) projects with our clients in the banking sector, we have built on our experience to begin working with clients with similar requirements in the charity, insurance and consultancy sectors.

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

In 2022 we began strengthening our strategic alliances with some of the world's most innovative organisations to fuel the growth of our client services and ensure that we are at the forefront of technological advancements. This further adds to the support we now provide to clients, particularly with technologies that are increasingly in demand and with hard-to-source-skillsets.

Our strategic alliances ecosystem includes:

- **Microsoft** – Workforce Development & Learn Career Connected Partner
- **Salesforce** – Workforce Development & Trailhead Academy Authorised Learning Partner
- **ServiceNow** – Placement & Authorised Training Partner
- **AWS** – AWS Approved Training Partner & AWS reStart Collaboration
- **Appian** – Education Partner
- **nCino** – Workforce Development Partner

Chief Executive's Review continued

Our people – talented, ambitious, enthusiastic, diverse
FDM is a people business, and I am very proud of the passion and commitment demonstrated by our people across all of our operating regions. Our results reflect their dedication, hard work and commitment.

Our people strategy has been 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. Our people strategy aims to ensure we deliver the following measures: successful deployments; an inclusive culture; a proactive business whereby we are constantly reviewing the needs of our people and clients; quality and clarity of purpose, ensuring all our employees embody and promote our values; and recognised leadership.

We remain committed to embracing diversity, equity and inclusion in the workplace. I am pleased to report that in 2022 we established a new Consultant Experience team whose purpose is to deliver a desirable, inclusive and engaging experience to all our Consultants whilst focussing on career enhancement. This initiative will help ensure our Consultants continue to progress, develop and have a positive experience throughout their time at FDM.

The safety and well-being of all our people remains a key priority for the Board. The People Team continues to engage with staff to ensure that their wellbeing is monitored and safeguarded.

I would like to extend the Board's thanks to every FDM employee for the quality of their work during 2022 which has enabled us to continue to deliver for all our stakeholders.

Looking forward

We delivered a good performance in 2022, with strong growth in Consultant numbers and accelerated investment in recruitment, training and other programmes that will help to underpin the future of the Group. While we are mindful of the continuing macro-economic uncertainties, FDM is well positioned to make further progress in the current year and beyond.

Rod Flavell
Chief Executive Officer
14 March 2023

Awards

Awards received during the year included:

Social Mobility Employer Index – The Top 75

GradConnection's Top100 (Australia)

UK Social Mobility Awards: Recruitment Programme of the Year 2022 (Finalist/ Silver award)

GradConnection's Top100 (Hong Kong)

West Yorkshire Apprenticeship Awards: Diversity & Inclusion Award Winner 2022

Australian HR Awards Finalist

Australia's Top 100 Graduate Employer

Defence Employer Recognition Scheme – Gold Award

Military Times: Best for Vets Employers 2022 (USA)

Vets Indexes Recognized Employer (USA)

Nottingham Trent University: Industry Placement Provider of the Year Winner 2021/ 22

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

- Ongoing training and support provided to Consultants, who are employees from their first day in our Academy, to equip them with the skills most in demand from our clients

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 the employer/ employee relationship with Consultants
- 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

High quality:
- Graduates
- Ex-Forces
- Returners to work
- Apprentices

We train

We offer extensive and award-winning training to successful candidates

We deploy

We place Consultants with a diverse range of clients, in a wide range of disciplines and territories

Career development

Following completion of the initial commitment period, Consultants may 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 cost

4,905
Consultants assigned to clients at year end

For our shareholders

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

36.0pence
full year dividend for 2022

Recommended final dividend of 19.0 pence per share, following an interim dividend of 17.0 pence per share

For our employees

We provide ongoing professional development and support to our employees throughout their career at FDM

7,000+
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, commercial experience and other accreditations and qualifications

3,179
Training completions in 2022

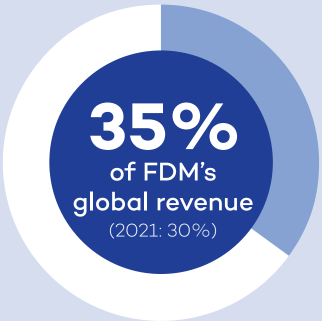
For the environment

We are committed to reducing our greenhouse gas emissions in line with our targets, relevant to our 2020 baseline:

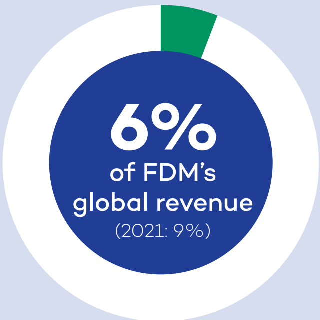
Scope 1 and 2 by
50%
by 2030

Scope 3 per employee by
62%
by 2030

Our Markets

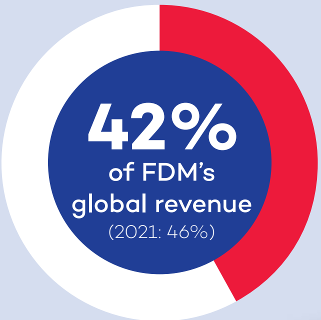


North America	2022	2021
Revenue	**£116.9m**	£81.4m
Adjusted operating profit[1]	**£15.4m**	£13.1m
Consultants deployed	**1,618**	1,095
Training completions	**1,319**	661

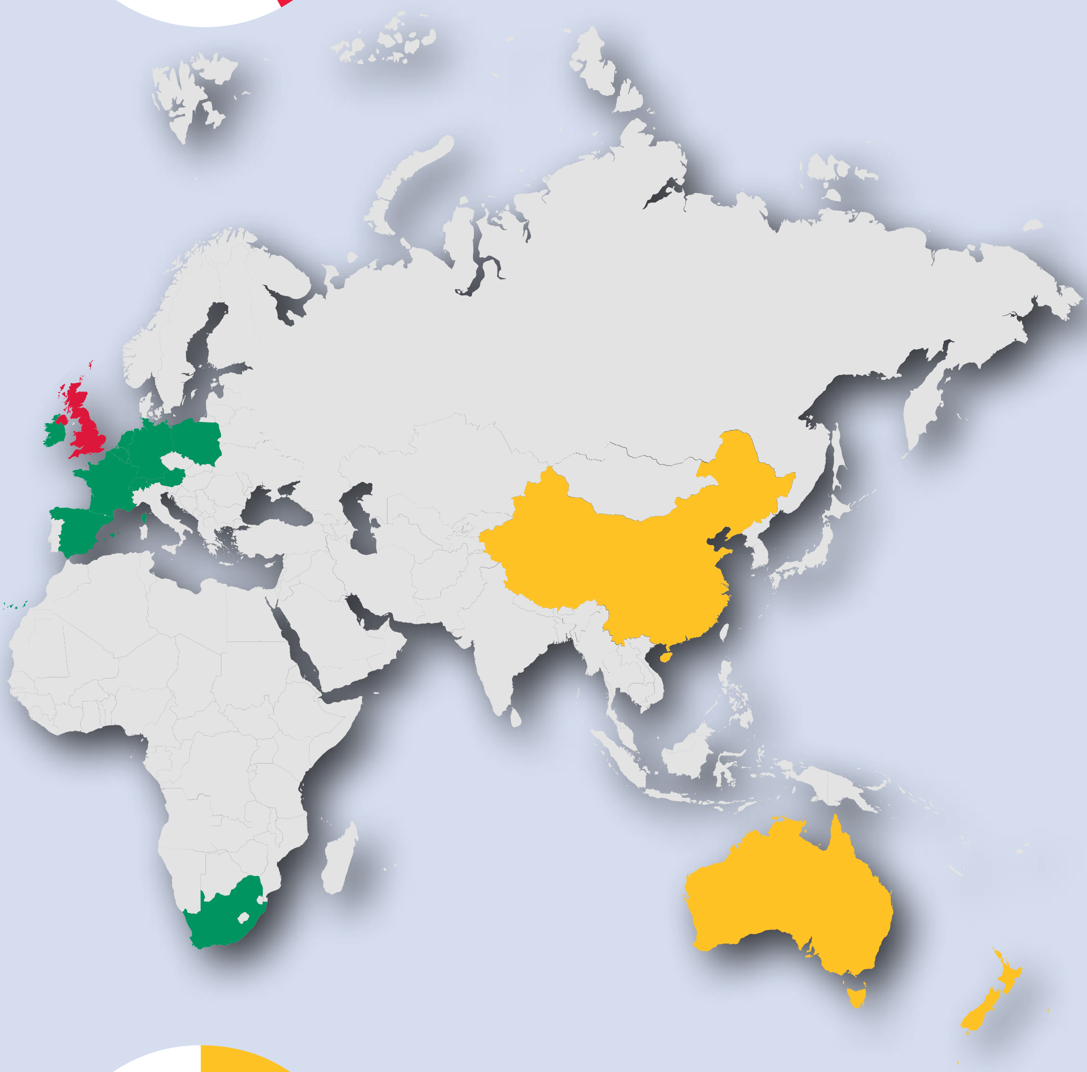


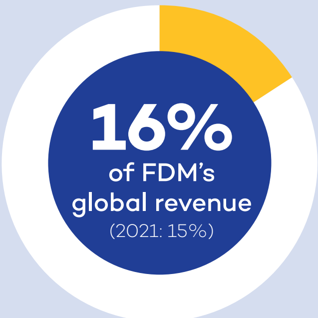
EMEA	2022	2021
Revenue	**£19.7m**	£25.0m
Adjusted operating profit[1]	**£2.3m**	£3.4m
Consultants deployed	**318**	252
Training completions	**223**	197

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



UK	2022	2021
Revenue	**£139.6m**	£121.8m
Adjusted operating profit[1]	**£30.3m**	£28.4m
Consultants deployed	**1,958**	1,806
Training completions	**1,063**	1,035





APAC	2022	2021
Revenue	**£53.8m**	£39.2m
Adjusted operating profit[1]	**£4.2m**	£2.4m
Consultants deployed	**1,011**	880
Training completions	**574**	517

Our Markets continued

UK

UK Consultant headcount at week 52 of 2022 was 1,958, an increase of 152 (8%) on the prior year (2021: 1,806). Revenue increased by 15% to £139.6 million (2021: £121.8 million); this increase was higher than the 8% increase in Consultant headcount at week 52 due to the phasing of headcount, more challenging market conditions later in the year following uncertainty arising from September's mini-budget and the subsequent changes in UK government, which impacted certain customers' decision-making. During the year we added 38 new clients compared with the 33 that we added in 2021.

The tenure profile of our Consultants has now rebalanced to more normal levels, with the proportion of Consultants who have completed their first two years with FDM having been unusually high through the pandemic. We ended the year with 46% (2021: 49%) within their first year, 36% (2021: 19%) within their second year and 18% (2021: 33%, 2020: 41%) having completed more than two years.

Adjusted operating profit increased 7% to £30.3 million (2021: £28.4 million). Training completions were broadly in line with the prior year as we trained 1,063 Consultants (2021: 1,035). In July 2021 we introduced paid training, paying trainees from their first day in training, in line with our operations elsewhere in the world. The full year cost of trainee wages pre-deployment was £7.2 million in 2022 (2021: £3.8 million).

North America

North America experienced strong growth in Consultant headcount closing the year on 1,618, an increase of 523 (48%) on the prior year (2021: 1,095). Revenue increased by 44% to £116.9 million (2021: £81.4 million). We saw strong Consultant growth in both Canada and the US, with the initiatives we introduced to help us meet growing demand proving successful.

Adjusted operating profit increased by 18% to £15.4 million (2021: £13.1 million), less than the increase in headcount and revenue, a reflection of our upfront investment in training and salaries to deliver the Consultant headcount growth. During the year we trained a record 1,319 Consultants, almost double the number we trained in 2021 (661).

EMEA

EMEA Consultant headcount at week 52 of 2022 was 318, an increase of 66 (26%) on the prior year (2021: 252). Revenue decreased by 21% to £19.7 million (2021: £25.0 million) and adjusted operating profit[1] decreased by 32% to £2.3 million (2021: £3.4 million). The reduction in revenue and operating profit reflects the phasing of Consultant headcount and the regional mix of Consultant placements. In 2021, headcount decreased towards the end of the year, whereas in 2022 headcount increased towards the end of the year. The mix of locations has changed; in 2022, we saw strong growth in Poland and South Africa, two markets with lower sell-rates; whilst in 2021 we completed a large project delivery in Luxembourg. Training completions were 223, an increase of 26 (13%) on prior year (2021: 197).

APAC

APAC Consultant headcount exceeded 1,000, closing the year on 1,011, an increase of 131 (15%) on the prior year (2021: 880). Revenue increased by 37% to £53.8 million (2021: £39.2 million) and adjusted operating profit[1] increased by 75% to £4.2 million (2021: £2.4 million) as the region benefited from strong headcount growth. During the year we hit milestones in two of the regions, with Australia surpassing 400 Consultants and Singapore surpassing 300 Consultants. Across the region, we continued to grow our client base, adding 14 new clients in the year (2021: 17). During the year we trained 574 Consultants, an increase of 57 (11%) on the prior year (2021: 517).

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

Key Performance Indicators

We monitor a range of Key Performance Indicators ("KPIs") to identify trends in our operating and trading performance. 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 14 to 15.

Financial KPIs

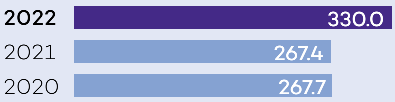
Revenue (£m)

+23%

Link to Business Model

Deploy

Performance



Description

Revenue grew year-on-year by 23% to £330m, in line with the growth in headcount.

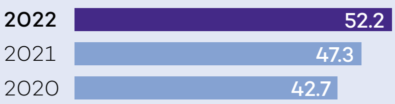
Adjusted operating profit[1] (£m)

+10%

Link to Business Model

Recruit Train Deploy

Performance



Description

Adjusted operating profit increased by 10%, reflecting the growth in Consultant headcount and revenue whilst absorbing increased costs associated with record levels of paid training, and investment in our Academy, Recruitment and Sales teams during the year.

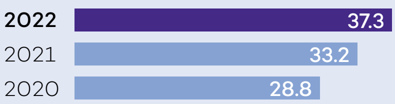
Adjusted basic earnings per share[1] (pence)

+12%

Link to Business Model

Recruit Train Deploy

Performance



Description

Adjusted basic earnings per share increased by 12% to 37.3 pence, reflecting the Group's higher adjusted operating profit for the year.

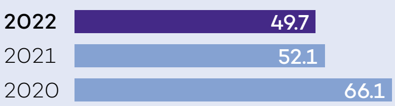
Cash flow generated from operations (£m)

-5%

Link to Business Model

Recruit Train Deploy

Performance



Description

Cash flow generated from operations has decreased by 5% reflecting a higher level of working capital at the year-end.

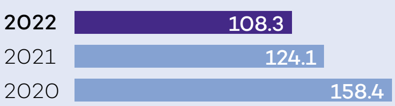
Cash conversion (%)

-13%

Link to Business Model

Recruit Train Deploy

Performance



Description

Cash conversion was 108%, within our normal parameters (in excess of 90%). The decrease from the prior year reflects changes in the year-end working capital position.

Non-financial KPIs

Consultants assigned to clients (week 52)

+22%

Link to Business Model

Deploy

Performance

2022	4,905
2021	4,033
2020	3,580

Description

The number of Consultants assigned to clients increased by 22%, reflecting the significant growth in client demand across all our regions.

Consultant utilisation rate (%)

97.5%

Link to Business Model

Deploy

Performance

2022	97.5
2021	97.3
2020	94.8

Description

Consultant utilisation rate of 97.5%, in line with the prior year (97.3%) and expectations, reflected a return to our typical pre-pandemic utilisation rate.

Training completions

+32%

Link to Business Model

Recruit **Train**

Performance

2022	3,179
2021	2,410
2020	1,341

Description

3,179 Consultants completed training in the year, the highest in FDM's history reflecting the ramp up in recruitment to meet significant client demand.

Scope 1, 2 and 3 greenhouse gas emissions per employee (tCO_2e)

-2%

Link to Business Model

Recruit **Train** **Deploy**

Performance

2022	0.48
2021	0.49
2020	0.69

Description

The Group is growing through sustainable and efficient means. We are engaging with our suppliers and where possible we are switching to sourcing our Scope 2 electricity to be supplied from renewable sources (see page 53).

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

Financial Review

The Group delivered a good performance in 2022.

Revenue increased to £330.0 million, up 23% (2021: £267.4 million), adjusted operating profit[1] increased by 10% to £52.2 million (2021: £47.3 million), with adjusted basic earnings per share[1] up 12%, to 37.3 pence (2021: 33.2 pence). We ended the year with a robust balance sheet, including cash balances of £45.5 million (2021: £53.1 million), having converted 108% 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.

Summary income statement

	Year ending 31 December 2022	Year ending 31 December 2021	% change
Revenue	**£330.0m**	£267.4m	+23%
Adjusted operating profit[1]	**£52.2m**	£47.3m	+10%
Operating profit	**£45.8m**	£42.0m	+9%
Adjusted profit before tax[1]	**£52.0m**	£46.7m	+11%
Profit before tax	**£45.7m**	£41.4m	+10%
Adjusted basic EPS[1]	**37.3p**	33.2p	+12%
Basic EPS	**32.0p**	29.1p	+10%

Overview

Revenue increased by £62.6 million to £330.0 million (2021: £267.4 million). On a constant-currency basis[2] revenue increased by 19%, or £52.3 million, with £7.7 million of the £10.3 million exchange differences relating to the North American operations. Consultants assigned to clients at week 52 of 2022 increased by 22%, totalling 4,905 (week 52 of 2021: 4,033). At week 52 of 2022 our Ex-Forces Programme accounted for 211 Consultants deployed worldwide (week 52 of 2021: 196). Our Returners Programme had 220 Consultants deployed at week 52 of 2022 (week 52 of 2021: 156). The Consultant utilisation rate settled at 97.5% (2021: 97.3%).

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

	Year ending 31 December 2022 Revenue £m	Year ending 31 December 2021 Revenue £m	2022 Consultants assigned to clients at week 52[3]	2021 Consultants assigned to clients at week 52[3]
UK	**139.6**	121.8	**1,958**	1,806
North America	**116.9**	81.4	**1,618**	1,095
EMEA	**19.7**	25.0	**318**	252
APAC	**53.8**	39.2	**1,011**	880
	330.0	267.4	**4,905**	4,033

1 Adjusted operating profit and adjusted profit before tax are calculated before Performance Share Plan expenses (including social security costs). Adjusted basic earnings per share are calculated before the impact of Performance Share Plan expenses (including social security costs and associated deferred tax).
2 The constant-currency basis is calculated by translating current year and prior year reported amounts into comparable amounts using the 2022 average exchange rate for each currency. The presentation of the constant-currency basis provides a better understanding of the Group's trading performance by removing the impact on revenue of movements in foreign exchange.
3 Week 52 in 2022 commenced on 19 December 2022 (2021: week 52 commenced on 20 December 2021).

Adjusted Group operating profit margin decreased to 15.8% (2021: 17.7%) with administrative expenses increasing to £109.8 million (2021: £84.7 million). The decrease in adjusted operating margin is due primarily to the costs associated with record levels of paid training in the period, investments in our Train the Trainer programme, our Sales Development Programme and upgrades to a number of our IT systems, and the impact of the first full year of paid training costs for the UK.

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 trading performance. The adjusted results are stated before Performance Share Plan expenses including associated taxes which totalled £6,356,000 (2021: £5,261,000). Details of the Performance Share Plan are set out in note 24 to the financial statements. The Directors believe that excluding these costs provides a more meaningful comparison of the trading performance. These expenses are based on estimates relating to a vesting which occurs up to three years in advance and the assumptions underpinning those estimates can change from year to year.

Net finance expense

The finance expense costs include lease liability interest of £0.2 million (2021: £0.6 million). The Group has no debt.

Taxation

The Group's total tax charge for the year was £10.8 million, equivalent to an effective tax rate of 23.5%, on profit before tax of £45.7 million (2021: effective tax rate of 23.2% based on a tax charge of £9.6 million and a profit before tax of £41.4 million). The effective tax rate in 2022 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 increase year-on-year primarily due to changes in these factors.

Earnings per share

Basic earnings per share increased in the year to 32.0 pence (2021: 29.1 pence), whilst adjusted basic earnings per share were 37.3 pence (2021: 33.2 pence). Diluted earnings per share were 31.8 pence (2021: 28.8 pence).

Dividend

During the year, the Group paid two dividends totalling £38.2 million, representing in aggregate 35.0 pence per share.

At the AGM held on 24 May 2022, a final dividend of 18.0 pence per share for 2021 was approved by shareholders and was paid on 10 June 2022. On 27 July 2022, an interim dividend of 17.0 pence per share for 2022 was declared and was paid on 30 September 2022.

The Board has recommended a final dividend of 19.0 pence per share, subject to shareholder approval at the 2023 AGM, taking the total dividend arising from the 2022 financial year to 36.0 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. As at 31 December 2022, the Company had distributable reserves of £59.4 million. This statement does not form part of the audited financial statements and the distributable reserves figure of £59.4 million is therefore not audited by PwC or otherwise.

Cash flow and Statement of Financial Position

The Group's cash balance decreased to £45.5 million (2021: £53.1 million). Cash conversion was 108.3% (2021: 124.1%) reflecting good working capital management and is in line with our normal parameters. Dividends paid in the year totalled £38.2 million (2021: £46.8 million, including the deferred 2019 Final Dividend of £16.3 million arising from the pandemic). Net capital expenditure was £1.2 million (2021: £0.4 million) and tax paid was £13.7 million (2021: £10.6 million).

Mike McLaren
Chief Financial Officer
14 March 2023

Risk Management

Effective risk management is critical to the delivery of the Group's strategic objectives and to secure the business for the long term.

Approach to risk

The Board has overall responsibility for ensuring risk is managed effectively across the Group, with a focus on evaluating the nature and extent of the significant risks 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.

Risk appetite

As above, "risk appetite" defines the level and type of risk the Group is able and willing to accept in order to achieve its strategic objectives. The Group's risk appetite influences operating decisions and is reflected in the way risk is managed. The Group Risk Appetite Statement is reviewed annually by the Audit Committee.

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. The register 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. The Risk Register also documents first, second and third lines of defence or 'sources of assurance'. 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 an 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, following a detailed review by the Audit Committee as part of their assessment of the effectiveness of the risk management process.

The risk management process is reviewed regularly by our Internal Audit function. The latest review concluded that our processes are suitable for a business of our size and complexity. All Internal Audit reviews are risk-based, and each review is designed to consider the key risks recorded in the Risk Register.

The current Risk Register includes 31 risks categorised as strategic, operational, compliance or financial risks, ten of which are considered to be the Group's principal risks. The Risk Register was formally updated in early 2023. In March 2023, 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

Our principal risks and uncertainties, as set out on pages 26 to 30, have been assessed in accordance with the methodology outlined above. We have made one key change to the presentation of our risks in this report. Previously we identified and reported two separate risks relating to balancing the supply and demand of our Consultant resource, one relating to the risk of having excess Consultant resource and the other relating to the risk of having insufficient Consultant resource. We have in place well established and consistent processes and controls around the management of the supply and demand of our Consultant resource. These controls and processes mitigate the risk associated with both excess and insufficient resource and as a result we feel it is more appropriate and relevant to classify balancing supply and demand of Consultant resource as one risk.

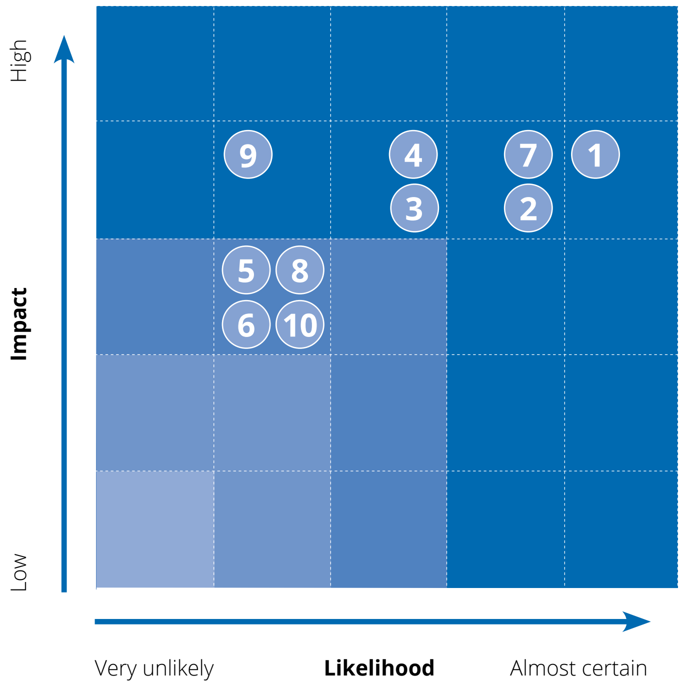
In reviewing the profile of our principal risks, we considered the following external factors:

- **Economic uncertainty:** The global economic outlook has deteriorated over recent times with the occurrence of high levels of inflation, rising energy costs and increases in interest rates in several of our operating regions. This has led to increased concerns that a global recession is likely, exacerbated by the Russian invasion of Ukraine, although the Group has no operational presence in Ukraine or in Russia, and no Consultants placed with clients in either of those countries. 'Changes in the macro-economic environment' is our highest rated risk. As a result, we have not amended the profile of this risk (risk 1 below). The Group benefits from a robust balance sheet and significant cash balances.
- **Talent:** Following a reduction in headcount growth as a result of the COVID-19 pandemic, 2022 saw an increase in competition for talent and potential candidates looking for increased flexibility when considering roles. Recently we have experienced notable increases in the number of applications. In addition, we can offer some flexibility to our candidates with the evolution of our hybrid training model and some of our clients offer flexible working arrangements. We have therefore not increased the risk profile of this risk (risk 5 below).
- **Cybersecurity:** The threat of a cyber-attack continues to increase, in terms of sophistication, frequency of attempts, scale and potential impact. We increased the risk profile of this risk in the prior year and believe that the current risk profile is appropriate as we continue to focus on strengthening our cybersecurity and information-safeguarding capabilities.

Principal risks continued

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 of Consultant resource
4	Recruitment and development of highly skilled Consultants
5	Talent development and succession planning
6	Development of new service offerings
7	Business interruption – caused by successful cyberattack
8	Business interruption – caused by natural disaster or other similar events
9	Reputation
10	International regulatory non-compliance



The alignment to our strategic objectives, as set out on page 10, indicates those aspects of the business strategy that would be impacted by each risk, were it to materialise.

Emerging risks

Our risks continue to evolve and an awareness of emerging risks and their potential implications is important in driving our strategic planning and decision-making. We have not identified any emerging risks not already covered in the principal risks section above, or other areas of focus considered below.

Other risk areas of focus

Climate change

During 2022, the Board engaged external consultancy CEN-ESG to assist in the identification and documentation of climate-related risks and opportunities. A management level Climate change Action Group ("CAG") has been established to assess and manage the Group's climate-related risks and opportunities on an ongoing basis. As detailed on pages 47 to 51, the Group's climate-change risk is considered to be low. As a result, climate change is not considered to be one of the Group's principal risks.

We are committed to reducing our carbon footprint in all appropriate areas whilst building carbon efficiencies into our ways of working, and to:

- reduce our absolute Scope 1 and 2 greenhouse gas emissions by 50% by 2030 from a 2020 base year; and
- reduce Scope 3 greenhouse gas emissions by 62% per employee within the same timeframe.

In June 2022, SBTi validated that these targets conform with the SBTi Criteria and Recommendations (version 4.2). The SBTi's Target Validation Team has determined that our targets are in line with seeking to keep a rise in global temperature to below 1.5°C.

We are aware that our clients in some sectors could be adversely affected by climate change and there is a risk that this affects our own business indirectly as clients' spending decisions are constrained by climate-change challenges. We look to mitigate this risk by diversifying the sectors and geographies in which we operate. We also believe that there is opportunity for the Group 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 that climate change brings. For example, some of our clients in the energy sector are deploying Consultants on projects to help them to move towards sourcing energy from renewable sources.

Risk Management continued

Strategic risks

Risk and impact	Mitigation	Movement in the year
1. Changes in the macro-economic environment A downturn globally or in the territories in which FDM operates, including from geopolitical uncertainties, could curtail demand and the ability of the Group to deploy its Consultant resource, resulting in an adverse impact on revenue, cost and operating profit; a shrinking customer base; and a negative impact on share price. **Risk owner: Chief Financial Officer** **Alignment to strategic objectives:**	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. An updated three-year plan was approved by the Board in July 2022. The flexible nature of the Group's business model enables it to manage resource availability allowing it to control its cost base in the medium term. Notwithstanding the impact of risk 2 below, the Group is focussed on diversifying its customer base both by sector and by geography. The Group's current financial position includes a robust balance sheet with no debt, and significant cash balances.	**⟷ No change** The global economic outlook has deteriorated with the high levels of inflation, rising energy costs and interest rate increases leading to concerns that a global recession may occur. The conflict in Ukraine continues to exacerbate the broader economic situation. As a result, the Board considers it appropriate to maintain a high rating for this risk. Whilst certain scenarios are outside the Group's control, the Board believes that FDM's business model is flexible, and the agile resource represented by our Consultants remains attractive to clients during times of economic, political and social uncertainty. There is therefore the potential for an increase in demand for our services during such times. Whilst the Board will continue to review the measures in place to identify and react to changes in macro-economic conditions, these factors, together with FDM's strong cash and financial position, give the Board confidence that FDM can continue to respond appropriately to ameliorate the effect of any adverse economic conditions that may arise.
2. Concentration exposure in the financial services sector The majority of the Group's revenue is generated from 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. **Risk owner: Chief Commercial Officer** **Alignment to strategic objectives:**	As above, the Group is focussed on growing its customer base both by sector and by geography as well as diversifying the services it offers to clients. Diversification into new client sectors forms an element of bonus targets for Directors and staff. Further details of Directors' bonus targets are in the Remuneration Report on pages 94 to 95.	**⟷ No change** Although the proportion of the Group's revenue generated from the financial services sector has remained broadly similar to the prior year, the percentage of new client wins outside of the financial services sector during the year was 59%. The Group continues to broaden the spread of its service offerings to financial services clients to cover operational, compliance and IT services, in addition to increasing its presence in other sectors.

FDM's four key strategic objectives

- Attract, train and develop high-calibre Consultants
- Invest in leading-edge training capabilities
- Grow and diversify our client base
- Expand our geographic presence through sustainable and efficient means

FDM's four key strategic objectives are explained in more detail on page 10.

Risk and impact	Mitigation	Movement in the year
3. Balancing supply and demand of Consultant resource An inability to appropriately manage the supply and demand of Consultant resource, resulting in either excess or insufficient Consultant resource would result in lost revenue, increased costs, eroded customer confidence and an adverse reputational impact. **Risk owner: Chief Commercial Officer** **Alignment to strategic objectives:** 	The flexibility of the Group's business model is a key mitigation to this risk. The Group is able to flex the number of Consultants it recruits relatively quickly depending on the Group's near-term resourcing requirements. Resource management meetings occur weekly to ensure supply and demand issues are identified and resolved, and investments in IT enable us to improve forward visibility of supply and demand. The recruitment team maintains strong links to universities and other recruitment channels. An effective social media recruitment strategy is in place to maximise applications when required. The business operates to maximise utilisation and optimise flow through of trainees within the Academies. The Ex-Forces, Returners and Apprentice programmes increase access to a diverse talent pool.	⟷ **New (merging of two risks from the prior year)** This is the first year we have reported this risk as a single risk. Previously we reported two separate risks, one relating to the risk of having excess Consultant resource and the other relating to the risk of having insufficient Consultant resource.
4. Recruitment and development of highly skilled Consultants A failure to provide high-quality Consultants to clients could result in a loss of customers and damage to the Group's reputation. **Risk owner: Chief Commercial Officer and Chief Operating Officer** **Alignment to strategic objectives:** 	The Group regularly reviews and benchmarks the remuneration packages and incentives it offers to candidates. Strong relationships exist in each of the recruitment channels used by the Group. Continuous development programmes are in place for Consultants to grow and enhance their skills. The accreditation of many of our training programmes provides increased assurance to potential candidates that the content that FDM delivers meets industry standards for job readiness. The Group actively promotes Women in IT initiatives to attract, develop and retain Consultant talent. The Group promotes its reputation in the marketplace as a leading employer.	⟷ **No change** A combination of the following factors indicates this risk is being managed effectively: • a record number of training completions occurred during 2022; • recruitment levels of Consultants are monitored and reviewed by the Board; • the level of global applications has increased recently; and • there is a broad base of talent from which to recruit through the Graduate, Ex-Forces, Apprentice and Returners programmes.

Risk Management continued

Operational risks

Risk and impact	Mitigation	Movement in the year
5. Talent development and succession planning The ability of the business to retain and develop key employees, thereby enabling the business to expand. **Risk owner: All members of the Executive Team** **Alignment to strategic objectives:**	The Group's Remuneration Policy states that the overall remuneration package should be sufficiently competitive to attract, retain and motivate Executive Directors. The remuneration packages of all employees are reviewed and benchmarked regularly to ensure they remain competitive. The annual development review includes the identification of training requirements, which are fulfilled within the following 12 months. The Nomination Committee considers succession matters as a regular agenda item.	⟷ **No change** Talent development and succession planning includes mentoring (some of which is provided by our Non-Executive Directors) and coaching for some key senior managers around the Group. The Group's remuneration packages remain competitive and, for senior employees, include long-term share options to encourage retention. The Group operates an attractive Buy As You Earn share plan, available to all employees, to reward and encourage talent retention.
6. Development of new service offerings An inability to develop new service offerings and sources of revenue could result in a loss of customers and market share. **Risk owner: Chief Commercial Officer** **Alignment to strategic objectives:**	FDM's flexible training model develops and maintains course material relevant to customers' evolving needs. FDM's training is designed to provide high-quality content either face-to-face or remotely. The Group has a range of touch points with customers and alumni, enabling us to keep up to date with developments in the marketplace and to identify customer needs.	⟷ **No change** The Group is responsive to its customers' needs which it identifies through regular contact and feedback. New offerings are considered and developed and are detailed on page 11. The Executive Directors are actively involved in key client relationships.

Risk and impact	Mitigation	Movement in the year
7. Business interruption – caused by cyberattack 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. **Risk owner: Chief Information Officer** **Alignment to strategic objectives:**	The Group's IT Security team has significant experience and industry certifications and includes a CISO industry-certified expert. Advance Threat Protection ("ATP") solutions are in place to protect against malware and cyberattacks, as well as a Global Standard for Technology Security. The Group's IT security policy complies with ISO 27001. Staff are regularly made aware of the risk of cyberattacks and the appropriate actions necessary to mitigate the risk. IT policy and security matters are regular Board and Audit Committee agenda items. 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.	**No change** Whilst it is recognised that the global threat of cyberattack is increasing, FDM continues to bolster its cybersecurity and information safeguarding capabilities.
8. Business interruption – caused by natural disaster or other similar events A 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. **Risk owner: Chief Operating Officer** **Alignment to strategic objectives:**	Although the occurrence of a 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 major issue.	**No change** The Group reviews its BCP regularly. The Group has demonstrated the resilience of its BCP plan through its ability to respond to COVID-19, in terms of enabling its entire workforce to work remotely effectively and efficiently. The status of this risk was reduced in 2021, and has not changed in 2022.

Risk Management continued

Operational risks continued

Risk and impact	Mitigation	Movement in the year
9. Reputation Reputation is key to the Group maintaining and growing its business. Substandard service or the actions of Consultants 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. Several of the Group's other principal risks could also involve an element of reputational risk if they were to materialise (for example, Risk 4 and Risk 7). Any impact could be far-reaching: failure to meet financial targets; litigation; loss of key clients; and loss of key staff. **Risk owner: Chief Operating Officer** **Alignment to strategic objectives:**	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. 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. The Group focusses on strong relationship management and communication with all stakeholders.	⟷ **No change** The Group continues to invest in staff development, quality systems and processes to mitigate the risk of operational failure. The Board regularly consults with its PR advisors. The Group has a dedicated Head of Investor Relations to assist in the management of the relationship with shareholders and stakeholders.

Compliance risk

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

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 Consultant model, and three years represents approximately the average life cycle of Consultants' 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 COVID-19 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 carried out a sensitivity analysis of certain of those assumptions as appropriate. The sensitivity analysis included consideration of the loss of revenue equivalent to 750 Consultants, 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 positive cash balance while maintaining forecast dividends during the viability period, without utilising any third-party debt.

In assessing its viability, the Board has considered the principal risks affecting the Group. Together with the risk of climate change, which was assessed as having a low net risk on the business, the Board evaluated 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 robust with cash balances of £45.5 million at the end of the year and no external debt.

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

People and communities

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, clients, investors, and the communities in which we operate. Throughout 2022, we continued to promote diversity, equity and inclusion in the workplace, with the aim of contributing to the success of our business and the achievements of our people.

Our values, outlined on page 4, encourage our employees to be themselves at work, and to play a part in creating and fostering an inclusive and open workplace where everyone can thrive. FDM promotes equal opportunity, diversity and inclusion in the workplace to enable equity. We know the positive impact that a diverse workforce has had on our business, and this is an important factor which makes our Consultant model so attractive to many of our clients.

Our people

FDM identifies, recruits and develops talented individuals. On the following pages we publish data on certain characteristics shared by our people. However, we understand that the reality is more complex, with intersectionality, overlap and differences within each group. We recognise that each employee has a unique identity, and that our people's experience can be more nuanced than it is possible to express in a matrix of data. We celebrate these differences. It is important that we create places where our employees feel safe, have the opportunity to thrive and are encouraged to be their authentic selves at work, as this promotes personal wellbeing, psychological safety and employee engagement.

Consultant Experience

In 2022, we brought together several teams whose focus has been on supporting our Consultants, to create a Consultant Experience department. The purpose of the department is to deliver a desirable, inclusive and engaging experience focused on career enhancement and community. A new career framework is being developed to show how tailored learning plans can align to overall career goals, which can be achieved through the opportunities FDM has to offer.

Consultants have support and career guidance available to them from Consultant Experience Partners while working on assignment with our clients. They act as career coaches for our Consultants to empower them to explore their career goals, understand how they can achieve them and define what success looks like. They also use their expertise to work with client line managers and Consultants to ensure a positive assignment.

Together with Sales Account Managers and the respective client line manager, the Consultant Success Team arranges formal touchpoints with Consultants to receive feedback and gauge sentiment. The team enables us to take a data-driven approach to continuously improve the Consultant experience. The touchpoints are an effective support mechanism, which, along with the social events that the team runs for Consultants, help build relationships.

Our Consultant Peer Support Programme introduces new Consultants to those already working on assignment, to help onboard and settle them into their new role. We hold regular face-to-face events at client sites and off-site events to strengthen connections between peers.

At the core of our Consultant Experience activities, we take a skills-based approach to careers and incorporate inclusive design to assess and ensure our practices are equitable. With the diverse backgrounds of our Consultants, focussing on skills over qualifications or job titles means people have the flexibility to work across disciplines, adapt to new roles and have equal opportunity to progress. We maintain the integrity of this approach by identifying areas that have the potential to be prone to bias, use data to produce actionable insight, adjust practices and continue to track Consultant journeys at key decision-making points in the employee life cycle.

We have a significant alumni network and whilst we have always remained connected with our alumni, the Consultant Experience department, in collaboration with the Sales team, will increase the engagement with those who have come through our various programmes over the years to continue to strengthen our alumni network. Through continuing to build and engage with our extensive alumni community, our aim is to continually grow an effective ecosystem to create learning and development, professional networking and increased career opportunities for our past, present and future Consultants.

Wellbeing Programme

Our global Employee Assistance Programme ('EAP') provides all employees with access to a 24/7 confidential helpline for support, guidance and resources, and structured counselling. We have also hosted drop-in sessions, informational talks and listening circles to help remove the stigma around mental ill health. Employees receive support from trained Mental Health First Aiders throughout the FDM community.

Employee engagement

Our Employee Networks provide an inclusive community, a sense of belonging and a place for discussion and learning. They were created by our people for our people, providing an opportunity for individuals to share their experiences and support each other. They also enable valuable and productive consultation with the business on process, policy and learning. During the year each Network has held various events and Yammer campaigns, including for example, LGBT History Month; Trans Day of Visibility; Deaf Awareness Week; Hispanic Heritage Month; and Neurodiversity Week.

We continue to monitor employee engagement through Group-wide surveys and listening sessions with Jacqueline de Rojas, our Non-Executive Director responsible for 'FDM Voices,' our programme to help ensure that voices of our employees are heard at Board Level. Her ongoing engagement with the Employee networks has sparked inclusive

Corporate Responsibility continued

Employee networks

Our Employee Networks are the voice of our employees and play a vital role in fostering an empathetic and inclusive culture.

L.E.A.D. NETWORK

Leading, educating and supporting diversity, this network provides a platform to connect and build a community for Black, Asian and Ethnic Minorities within FDM.

UNIQUE NETWORK

Supporting employees with visible and non-visible disabilities, Unique aims to create a place where people of different abilities feel welcome and included.

ELEVATE NETWORK

Aiming to unify, empower and celebrate gender diversity at FDM, the network provides employees with a voice through sharing experiences, challenges and ideas.

CARE NETWORK

This network provides a safe and respectful space for the increasing number of caregivers within FDM. Members raise awareness, understanding and offer practical help and support.

PRIDE NETWORK

Through education and representation, the network supports all LGBTQIA+ employees by creating a space that encourages authenticity within the workplace.

FAITH NETWORK

A platform that encourages employees of all beliefs and religions to support each other and share experiences.

nudges within the organisation. In 2022, working with Inpulse, we carried out a survey to give all our employees an opportunity to express their views on a range of subjects to enable us to identify areas for improvement. The survey covered themes such as: employee sentiment and advocacy; career and personal development; organisational and personal commitment; workload; line manager support; perception of alignment of values; and the subjects of diversity, equity and inclusion. The survey has provided some insights into our strengths as well as those that are important to our staff for us to target for improvement.

Our social collaboration platform Yammer enables our employees to keep up to date with news and upcoming events whilst communicating with fellow FDM employees across the globe. This internal communication tool allows us to stay connected with our Consultants when they are on a client assignment, helping to foster a sense of belonging with FDM.

Diversity, equity and inclusion

Our purpose is to help people forge long-term careers whilst driving diversity, equity and inclusion. We are proactive and enthusiastic promoters of diversity, social mobility and inclusion within our workplaces. FDM's inclusive Programmes aim to ensure that everyone begins their professional life on an equal footing. Our assessment processes are designed to spot a range of qualities including candidates' potential. We encourage applications from candidates with non-STEM backgrounds. In 2022, we enhanced the assessment process by introducing tools to assess behaviours and aptitudes of applicants. These tools provide us with guidance as to whether candidates have the behaviours required for success on our programme, their aptitude in processing information, responding in a logical manner, and the required numerical literacy to enable them to do well in our training. The guidance provided by these assessments helps us in the final strength-based interview stage of our selection process.

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.

Ethnicity
% of those that chose to disclose identify as:

	UK Consultants 2022 %	UK Internal staff 2022 %
Arab or Arab British	2%	0%
Asian or Asian British	28%	16%
Black or Black British	13%	8%
Mixed or Mixed British	3%	4%
White or White British	46%	65%
Other	4%	4%
Prefer not to say	4%	3%
	100%	100%

Ethnicity
% of those that chose to disclose identify as:

	US Consultants 2022 %	US Internal staff 2022 %
Asian	25%	9%
Black	15%	15%
Hispanic or Latino	12%	12%
White	33%	54%
Two or more races	7%	7%
Other	0%	0%
Prefer not to say	8%	3%
	100%	100%

Sexual orientation Do you identify as LGBTQIA+?
% of those that chose to disclose:

	UK Consultants 2022 %	UK Internal staff 2022 %
Yes	5%	7%
No	86%	85%
Prefer not to say	9%	8%
	100%	100%

Religion
% of those that chose to disclose identify with:

	UK Consultants 2022 %	UK Internal staff 2022 %
Buddhism	1%	1%
Christianity – Evangelical/Protestant	8%	9%
Christianity – Roman Catholic	9%	9%
Christianity – Other	10%	13%
Hinduism	8%	4%
Islam	16%	9%
Judaism	0%	0%
Sikhism	2%	1%
Another religion	2%	3%
No religion	35%	42%
Prefer not to say	9%	9%
	100%	100%

Corporate Responsibility continued

People and communities continued

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 (94% response rate); US Consultants (100% response rate); UK internal staff (89% response rate); and US internal staff (98% response rate). We are working to obtain data for other groups around the business. By monitoring characteristics we can assess how the business and our recruitment policies are performing.

Supporting social mobility

We are proud to have been ranked 48th in the Social Mobility Foundation's Employer Index for 2022. The index recognises the UK employers who have taken the most action on social mobility in the workplace, to identify, access and progress talent from all backgrounds. We strive to support people from low opportunity communities, promoting equal opportunities for career success regardless of socio-economic demographic.

We have furthered our ongoing relationship with 'The Cornerstone' network through our involvement with 'Future Goals' Enterprise Adviser Programme. This is a network of business volunteers connected to secondary schools and colleges to prepare young people for the world of work. Our collaboration with 'The Cornerstone' will forge stronger links between employers and education, creating opportunities for FDM to access new talent and shape the Company's future workforce.

We will also be supporting the Apprenticeships and Technical Education Programme ('ATEP') by working closely with students from local secondary schools and colleges with the aim of increasing knowledge and giving experience of apprenticeship opportunities as well as the application process.

Apprenticeship Programme

Our apprentices have the opportunity to gain degree-level qualifications whilst developing the skills required to succeed in key IT roles. We take school leavers from a wide range of backgrounds through to achieving a university degree, all funded by FDM.

UK Apprenticeship Programme

In 2020, FDM added an Apprenticeship Programme to its business model operating from our Leeds centre. The programme aims to deliver a new, highly skilled technical talent pipeline while creating opportunities for a career in technology for anyone regardless of background. Driven by a desire to help increase access to, and participation in, Higher Education the programme aims to represent the diversity in society and include students from under-represented groups.

The three-year, fully-salaried programme at levels 4-6, combines on-the-job learning alongside a BSc degree in Digital and Technology Solutions via Sheffield Hallam University, with FDM paying the fees and accommodation. In the UK, the programme has grown to more than 30 apprentices and is expanding its geographical reach by partnering with university training providers beyond Yorkshire including London South Bank University and Queen Mary University with plans to expand further as clients start to partner with us.

By mirroring our existing programmes and partnering with clients to provide work placements, our objective is to expand talent pipelines of young people into business to bridge the digital skills gap; upskill individuals in new technologies who wouldn't have the opportunity to attend university in the traditional way and reinforce FDM's core values around diversity, equity and social inclusion.

67% of our UK apprentices are from an ethnic minority background and 36% are first in their family to go to university. The programme also aims to increase participation of females in technology and is partnering with all-female schools, such as Batley Girls High, to help students understand what a career in technology could look like and give them the confidence to apply.

Universities are selected to ensure that the curriculum fits with employer needs and taking account of location to appeal to local students in inner-city areas from the right demographic. Each apprentice receives an employer-appointed mentor and is given a minimum of one day per week of off-the-job training time for university study as well as exposure to specific employment experiences in order to cover the requirements of the degree curriculum and assessment.

In Australia in 2022, we worked with a leading professional services firm to launch its inaugural Technology Traineeship. This involved ten high school graduates from Sydney, joining a three-year Technology Traineeship programme to launch their careers in technology as an alternative career pathway to university. Our Technology Traineeship programme offers each trainee a mixture of FDM's bespoke best-in-class training, followed by rotations in key technology business units within a leading professional services firm. The trainees work on real live technology engagements, while gaining micro-credentials and New South Wales state certified training qualifications.

During the course of the Technology Traineeship, each trainee is supported with buddies and FDM's support network. The Technology Traineeship has proved very successful in 2022 and FDM is currently recruiting for a new cohort of high school graduates for its 2023 intake.

We aim to tackle inequality through partnering with schools in social mobility cold spots, encouraging enthusiastic pupils to pursue a career in tech.

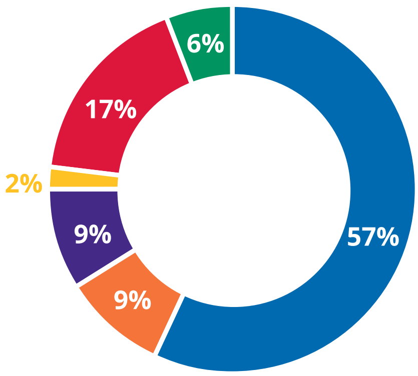
FDM Tech Talks

Over Summer 2022 we held a series of online tech skills workshops and career insights.

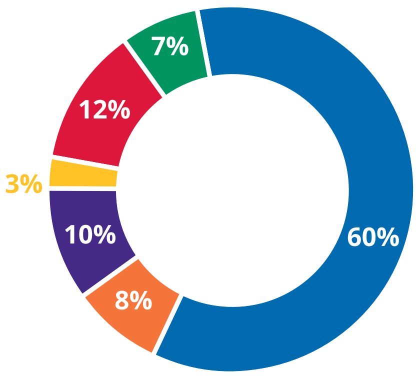
Our recruitment processes are reviewed regularly and designed to be as inclusive as possible. For example:

- 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 undergo training to raise awareness of the potential impact of unconscious bias and to mitigate this in the assessment process.

School type attended
UK Consultants 2022

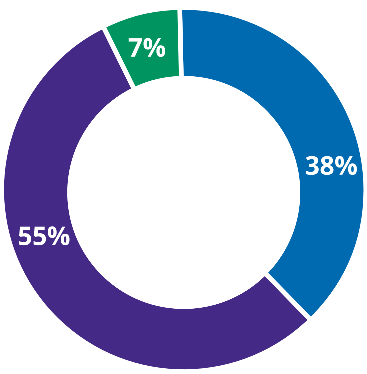


School type attended
UK internal staff 2022

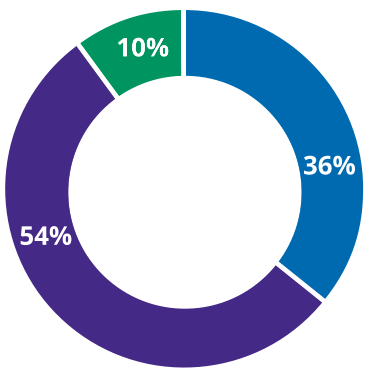


State: Non-Grammar   State: Grammar   Private   Other   Outside the UK   Prefer not to say

First in family to attend university
UK Consultants 2022



First in family to attend university
UK internal staff 2022



Yes   No   Prefer not to say

Corporate Responsibility continued

People and communities continued

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 years. These awards provide opportunities for candidates at all stages of their careers and celebrate the tech industry's most talented women.

We recognise the achievements of female FDM Consultants every week with Women in Tech Wednesdays. This is a testament to the number of talented Consultants that deliver positive outcomes for our clients. We also leverage our social channels to share their success, shining a spotlight on our people.

#SheLivesTech:

Inspiring the next generation of women in tech

We held a series of events as part of our She Lives Tech initiative to inspire the careers of our female FDM Consultants working in the tech sector. We are planning to expand this series in 2023.

In February 2023, FTSE Women Leaders ranked FDM 12th in their 'FTSE 250 Rankings 2022 Women on Boards and in Leadership' and we achieved the highest position amongst participants in the Industrial Goods and Services sector category for the level of gender diversity in our senior management team.

FTSE Women Leaders (previously the Hampton-Alexander Review) is the UK's independent, voluntary and business-led initiative supported by the UK government, aimed at increasing the representation of women on FTSE 350 Boards and in their Leadership teams. We are proud to be one of the 143 companies which the FTSE Women Leaders identified as having met the target to have women make up at least 33% of Board members. 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 2022.

As at 31 December 2022	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	19	20
All employees	4,990	2,233

Included in the above global statistics are the following legal gender metrics (as at 31 December 2022):
- UK Consultants: 29% female, 71% male
- UK internal employees: 44% female, 56% male

We recognise that the above gender information is binary and that our employees have their own gender identity. Our UK employees identify as follows (as at 31 December 2022):
- UK Consultants: 28% female; 69% male; below 0.5% identify as either non-binary or transgender or other; and 2.5% prefer not to say.
- UK internal staff: 43% female; 53.7% male; below 0.5% identify as non-binary; and 3% prefer not to say.

31% of our worldwide employees are female. Our UK mean gender pay gap reported in 2022 was -4.0% (2021: 0.5%), and our median gender pay gap for the same period was -4.3% (2021: -9.6%) 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 pay gap reported for full-time employees was +8.3% (Office for National Statistics - Annual Survey of Hours and Earnings 2022). We monitor these results and keep our policies under review.

Accreditation

Following on from our success in 2021, FDM's Tech Ops (Technical Operations) training programme was accredited in April 2022. This took the total to eight graduate training programmes accredited at Tech Industry Gold Foundation level.

At the operational level, all programmes have been rolled out across our UK and EMEA Academies. Our New York Academy ran an accredited Software Development programme for the first time, marking the entry of FDM accredited training into North America. In total 653 graduates completed accredited training in 2022 across the eight available programmes.

Tech Industry Gold Certified Practitioner Programme
We have assisted TechSkills in defining a separate credential to be awarded to FDM Consultants who have completed most or all of their initial two years assigned to clients, practising and applying what they have learned in their initial training in a reflective way on-site. This credential is known as "Certified Practitioner". Consultants do not receive their awards until the end of their initial two years with FDM, at which point there is a rigorous assessment process. A pilot programme with a small number of Consultants is in progress prior to rolling out this important credential at scale.

Flexible Training Programmes
We have developed with TechSkills a way to accredit Tech Industry Gold Flexible Training Programmes for training pathways that have wider-ranging learning outcomes than the first eight graduate programmes already accredited. Additional skills, over and above the core skills, may then be defined by FDM to meet specific employer requirements. This would ensure, for example, that trainees on high-volume bespoke programmes can receive Tech Industry Gold standard recognition for their achievements.

Returners Programme and Ex-Forces Advanced Course
Consultants from these programmes differ from our graduate intake in many ways, including:

- that they come from various mid-career positions;
- that at the other end, they go into a wide variety of roles, i.e. no single discipline on the Software Development Life cycle; and
- much of the training they receive is focussed around refreshing previous knowledge and skills, as well as building confidence to apply these and new knowledge and skills in a new working environment.

In 2023, we are expecting to have our Returners programme and Ex-Forces Advanced Course ("EFAC") accredited as Flexible Training Programmes, allowing us to award successful Consultants credentials that showcase their special achievements and capabilities, in light of their backgrounds and experience.

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 and to 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 2022 %	UK Internal staff 2022 %
Identify as having a disability	**6%**	**4%**
Identify as not having a disability	**91%**	**91%**
Prefer not to say	**3%**	**5%**
	100%	**100%**

Disability
% of those that chose to disclose:

	US Consultants 2022 %	US Internal staff 2022 %
Identify as having a disability	**1%**	**4%**
Identify as not having a disability	**91%**	**87%**
Prefer not to say	**8%**	**9%**
	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 enhance our accessibility to disabled employees and customers.

Corporate Responsibility continued

People and communities continued

Employee development

We provide our people with a range of opportunities for their development, including face-to-face and online training on diverse subjects. Ongoing learning and development for our Consultants is supported through access to e-learning platforms such as LinkedIn Learning, Intuition Knowhow, Skillsoft and our own bespoke Academy materials. Alongside the coaching, mentors also help Consultants to identify development areas and skills gaps so they can signpost individuals to resources or opportunities. An internal digital library was created in 2021 and has been further developed in 2022. This will be a critical tool to support the Consultant learning journey.

Via the Skillsoft platform we provide our employees with a range of compliance-related topics, with each employee receiving modules when they start and refresher modules annually. Alongside our compliance training we have also rolled out an Inclusivity Awareness Programme, covering Diversity, Equity and Inclusion topics. These topics such as unconscious bias and disability awareness provide our employees with an inclusive mindset to apply to recruitment or to their day-to-day work.

Our Pods continue to be run globally and provide trainees with hands-on, project-based experience of working in cross-functional groups using an Agile methodology. Pods produce Consultants who are able to get up to speed quickly and deliver what our clients need most effectively. With the support of the Academy, we have provided training to internal staff in Scrum and Agile methodologies, whilst also providing workshops to Consultants in skills such as coaching, leadership and time management. Several of our colleagues are currently undertaking study toward FDM-sponsored degree-equivalent or higher qualifications.

Our Consultant training is accredited to Gold Standard by TechSkills. This is the industry 'kitemark' for tech related education and training (see page 39).

Recognition

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 contribution of employees who have completed five, ten, twenty, and even thirty years with FDM.

In addition:

- During 2022 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.

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. 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 second award of matching shares was made in 2022, as a proportion of shares purchased under the plan during 2020.

Ex-Forces, Returners and Apprenticeship 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 2022.

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 appropriate for 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 Apprenticeship Programmes are detailed on page 36.

Corporate Responsibility continued

People and communities continued

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 in which we operate, prioritising programmes that 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.

University Partners

Our close relationship with our University Partners continues. Our Recruitment team attended 780 university events (2021: 825). The overall number of recruitment events decreased as we changed the mix of events to attend more face-to-face and fewer virtual events in 2022. Face-to-face events are more personal to potential candidates and more impactful.

FDM Attraction Events

Events continue to operate on a hybrid basis, which promotes opportunities for wider student and university outreach. In 2022, the number of in-office and on-campus fairs and events increased. Using both formats allows us to connect with students who are more comfortable engaging in person or virtually, and with or without their peers.

Events include technical content for those with a STEM background as well as those from other courses who would like to upskill; information about the diverse, equitable and inclusive culture at FDM; and employability skills to help students and graduates. Events are open to students from all universities and degree subjects.

We have provided digital bootcamps focussing on Excel, introductory sessions on Python, SQL, HTML and CSS, and sessions that 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. We believe our digital upskilling bootcamps provide unique interest for students in a sector where the market for job opportunities is buoyant.

In celebration of International Women's Day, we hosted a Digital Bootcamp for students from under-represented groups. We combined the session with a confidence building workshop and the opportunity for the students to showcase their learned skills to internal stakeholders. Additionally, we hosted 'IamRemarkable' sessions for two of our University Partners. 'IamRemarkable' is a Google initiative empowering women and other under-represented groups to celebrate their achievements in the workplace and beyond. Participating in this initiative allows us to continue our commitment to improving gender diversity in the IT industry.

University Partnership's 'Curriculum Projects'

In support of our UK University Partners, in 2022 we participated in six university curriculum and consultancy-based projects with 209 student participants. We designed, delivered, and supported the students with project briefs that contributed towards their university grade and/ or experience. These projects gave students from all degree backgrounds the opportunity to gain commercial insight, experience working on live business challenges and the opportunity to build relationships with industry professionals, whilst developing their soft skills.

Donation of IT hardware

During the year we donated over 100 computers, refurbished by our IT team, to schools in Lewisham and Bradford that had been identified through a personal reference.

RefuAid

In response to the humanitarian crisis arising as a result of the Russian invasion of Ukraine, FDM made a charitable donation of £125,000 to RefuAid, to provide English language tuition, employment and resettlement support for 50 Ukrainian refugees in the UK. RefuAid supports access to language tuition, education, finance and meaningful employment to people suffering from forced migration.

Walking With The Wounded

Spearheaded by the Ex-Forces team, our employees are involved with Walking With The Wounded, a UK charity that 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 2022, FDM was a lead partner of Walking With The Wounded's Cumbrian Challenge, with numerous FDM UK teams participating in the hike and raising funds.

Changing Faces

We are proud to partner with Changing Faces, a charity that aims to end appearance-related discrimination. Our partnership signifies a real commitment to better represent and support people with visible differences, so they feel seen, heard, and celebrated in the workplace and across wider society. Together, we will create a culture at FDM that values people for who they are, rather than judging them for how they look.

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 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 that prohibit discrimination and harassment in the workplace. We believe that our policies 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 present 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 undertake a process of due diligence on key suppliers to ensure that they meet our expectations in this area, enabling us to comply with 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 to reinforce 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.

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 Consultants on client projects, which enhances our understanding of the skills and qualities they are looking for. Clients have attended virtual demonstrations and feedback sessions for our agile Pod training tool. This interaction helps to ensure that the Consultants 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.

Corporate Responsibility continued

UN Sustainable Development Goals

The sustainability of our business can benefit all our stakeholders, as a result of the much broader impact 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 six goals that are most closely aligned to our business and strategy. We are committed to implementing our strategy in a way that will support the achievement of these goals.

United Nations Sustainable Development Goals		Our contribution	Examples
4 QUALITY EDUCATION	**Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all**	Our recruitment processes are designed to be as inclusive as possible.	Our training programmes are available to anyone who can show us that they have the aptitude and attitude to thrive.
5 GENDER EQUALITY	**Achieve gender equality and empower all women and girls**	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.
8 DECENT WORK AND ECONOMIC GROWTH	**Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all**	Our reputation is dependent on the people we employ. We treat our employees fairly and help them to launch rewarding careers in technology.	We provide our graduates, ex-Forces personnel, returners to work and apprentices with bespoke IT and business training, together with invaluable industry experience gained whilst deployed with our clients.
10 REDUCED INEQUALITIES	**To reduce inequalities within and among countries**	We take action to improve social mobility in the workplace to identify, access and progress talent from all backgrounds.	Our Apprenticeship programme takes school leavers from a wide range of backgrounds through to achieving a university degree, all funded by FDM.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**Ensure sustainable consumption and production patterns**	We are committed to reducing the impact of our operations on the environment by making our consumption of energy and materials more sustainable.	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. Where possible, our old IT hardware is donated to charities and schools who can continue to use it.
13 CLIMATE ACTION	**Take urgent action to combat climate change and its impact**	FDM has produced a Carbon Reduction Plan. The Group is committed to reducing its Scope 1, 2 and 3 greenhouse gas emissions (see page 55).	We are liaising with the landlords of our leased premises to switch the electricity supplied to our sites to 100% renewable sources.

Climate change

Implementation of the Task Force on Climate-related Financial Disclosures ("TCFD") framework

In 2022, we continued making progress with FDM's climate strategy. This report covers FDM's governance of climate change, its integration with overall risk management, strategy for managing climate-related issues and opportunities, and the metrics used to measure progress towards our targets in line with the Group's Carbon Reduction Plan. In recognition of Listing Rule 9.8.6R(8), the following pages set out our climate-related financial disclosures consistent with the Recommendations and Recommended Disclosures as outlined in "Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures", published in October 2021 by the Task Force on Climate-related Financial Disclosures ("TCFD").

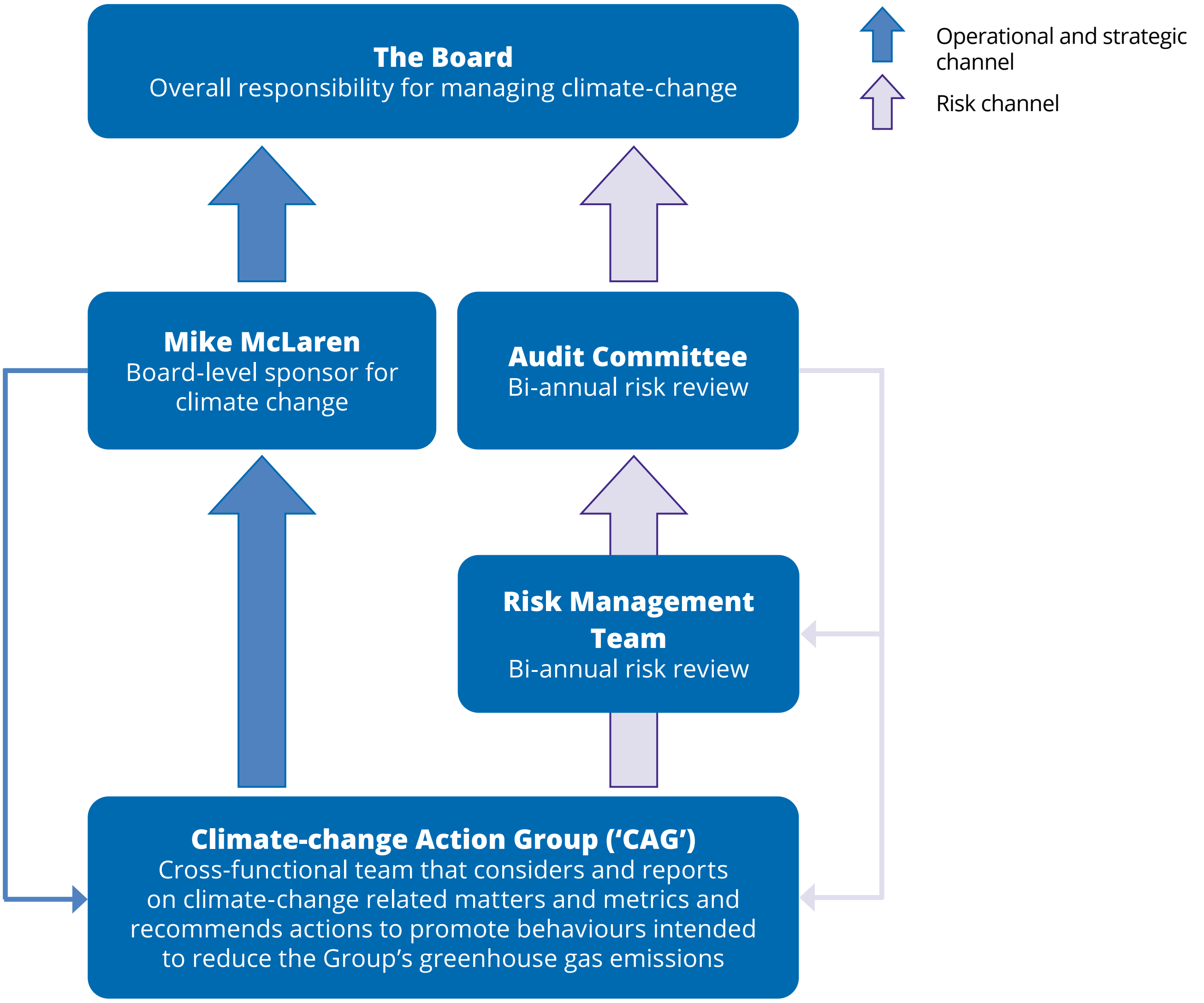
Recommendation	Recommended disclosures	Reference
Governance Disclose the organisation's governance around climate-related risks and opportunities	a) Describe the Board's oversight of climate-related risks and opportunities	Page 46
	b) Describe management's role in assessing and managing climate-related risks and opportunities	Page 47
Strategy 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	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Page 47
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	Page 48
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Page 49
Risk management Disclose how the organisation identifies, assesses, and manages climate-related risks	a) Describe the organisation's processes for identifying and assessing climate-related risks	Page 47
	b) Describe the organisation's processes for managing climate-related risks	Page 47
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Page 47
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Page 52
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks	Page 54
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Pages 49 and 55

Corporate Responsibility continued

Climate change continued

Governance

Board level
At FDM, the Board has responsibility for climate change management, including oversight of climate-related risks and opportunities, as with all matters of Group strategy. The Board is supported and informed on climate-related issues via two channels. This ensures that any potential impacts of climate change are incorporated into the reviews of Group strategy, business plans and risk management. An operational and strategic channel reports into the Board via the Board sponsor for climate change, Mike McLaren, CFO. This occurs through the Climate-change Action Group which reports to the CFO a minimum of every two months. The risk channel monitors and informs the Board of climate-related risks through the Audit Committee, supported by the Risk Management Team.



The level of climate-related expertise is considered to be sufficient given our assessment of climate-rated risk and opportunities and the likely impact on the Group's strategy. External advice is obtained where appropriate.

The Board approved FDM's Group Carbon Reduction Plan in 2021, which contains clear targets associated with emissions and a long-term commitment to net zero by 2050. Progress against climate targets is monitored and overseen by the Board, based on information (progress, KPIs and metrics) received from the operational and strategic channel. The Audit Committee meets twice a year to review all risks, with the Audit Committee referring key matters of risk to the Board, including climate-related issues.

Management level
Mike McLaren, CFO, has executive-level responsibility for climate change and leads the management-level Climate-change Action Group ('CAG'), a cross-functional team that assesses and manages climate-related risks and opportunities and resulting strategic impact, reporting into the Board. FDM's risk management framework also channels climate-related risk information from the Risk Management Team to the Audit Committee. Progress and measurement against the Group Carbon Reduction Plan are incentivised at the executive and certain senior management levels through metrics applied under the Directors' Remuneration Policy. In 2021, the Remuneration Committee adjusted the metrics for the annual bonus opportunity available to the Executive Directors to include an amount of 10% of salary for meeting set greenhouse gas emissions targets. The overall maximum bonus opportunity remained unchanged. The emissions target for performance in 2022 is based upon a percentage year-on-year reduction in a metric which combines FDM's Scope 1 and 2 greenhouse gas emissions and Scope 3 greenhouse gas emissions per employee.

Risk management
FDM's climate-related risk management is integrated into the Group's overall risk management framework. All climate-related risks are assessed in the same manner as other Group risks, so that their relative significance can be assessed. The Group's Risk Register categorises all existing and emerging risks, including climate-related risks, with the register covering the probability of the risk occurring and the degree of the potential impact. Potential risks are assessed whether they occur within the Group's own operations, or upstream and downstream of the Group and whether they first occur within the short- (0 to 2 years), medium- (2024 to 2030), or long term (beyond 2030). Risks that first occur in the short or medium term may persist into the long term. See pages 24 to 31 for further information.

Climate-related risks and opportunities relevant to FDM were identified with the help of an external consultancy, CEN-ESG. All risks are assessed on a 5x5 matrix incorporating an assessment of both impact and likelihood, which allows for the prioritisation of risks.

Risk impact (materiality) is defined by the following table:

Impact	Insignificant	Minor	Moderate	Major	Serious
Financial	Impact or lost opportunity of <£0.5m	Impact or lost opportunity of £0.5 - £2m	Impact or lost opportunity of £2m - £7.5m	Impact or lost opportunity of £7.5 - £30m	Impact or lost opportunity of > £30m

Risk likelihood is defined under five categories: Very unlikely, Unlikely, Possible, Likely, Almost certain.

Any mitigation factors for risks, including climate-related risks, are also included in the Group Risk Register and this combined exposure informs the decision for managing risks (e.g. further mitigation, accept, or control). Internally, the cost of mitigation is described, where possible, along with an explanation of how this is derived. Risks are subject to ongoing refinement and quantification over time, which enables us to build a complete picture and assists with incorporating the management of any climate-related risks into the ongoing strategy, budgets and financial statements. The Risk Management Team meets regularly and reports to the Audit Committee once every six months (see page 24).

Strategy
Climate change has had observable effects on the environment and we realise climate change may present both risks and opportunities to FDM. As a service business, FDM Group's overall net risk to climate change has been assessed as low. The gross risk, that before mitigation and controls, has been assessed as moderate and, in isolation, the impact of most climate-related risks before mitigation is limited. For example, in assessing all locations for physical climate change risks over a timeframe out to 2040, it was concluded that the risk was extremely limited. Our only physical risk exposure is from riverine flood risk. We consider this risk to be limited; all our locations are in large cities with modern flood defences. Further mitigating factors of flood risks include:

- High rise office locations in central business districts.
- All offices are leased, and most leases are short or medium term. If appropriate, we will consider flexible workspaces with even shorter leases, decreasing our asset risk exposure further.
- Consultants work from client sites or at home and not from our centres.
- Established work-from-home procedures mean limited loss of business productivity in the event of travel-related or site-related disruption.
- Insurance recovery in the event of natural disasters.

Corporate Responsibility continued

Climate change continued

Other physical climate-related risks (higher mean temperatures, rising sea levels, wildfires, severe weather) are also not seen as having any impact over the forecast period.

The Group Carbon Reduction Plan and our long-term commitment to net zero by 2050 provides a strategically agreed carbon emissions management plan and ambition that limit our exposure to transition risks. Transition risks that were considered but deemed immaterial include:

i. Increased cost of capital as a result of linkage with sustainability criteria (Market)

   Rationale: The business operates with no debt, maintains a cash buffer, and is not expected to seek external equity capital.

ii. Transitioning to low emissions technology/early retirement of existing assets (Technology)
   Rationale: FDM Group has no material technology at risk of transitioning/writing off.

iii. Risk of non-compliance with environmental regulation (Policy and Legal)
   Rationale: Risk exposure is only assumed to be reputational (see below).

We have used scenario analysis to improve our understanding of the sensitivity of certain risks to different climate outcomes, which helps assess the resilience of our business to climate change. We selected three climate-related scenarios, looking out over a timeframe to 2050:

- *Net Zero Emissions by 2050 (NZE)**: a normative scenario which sets out a narrow but achievable pathway for the global energy sector to achieve net zero CO_2 emissions by 2050. It does not rely on emissions reductions from outside the energy sector to achieve its goals. This meets the TCFD requirement of using a "below 2°C" scenario and is included as it informs the decarbonisation pathways used by the SBTi.
- *Stated Policies (STEPS)**: the roll forward of already announced policy measures. This scenario outlines a combination of physical and transition risk impacts as temperatures rise by around 2.5°C by 2100 from pre-industrial levels, with a 50% probability. This scenario is included as it represents a mid-way pathway with a trajectory implied by today's policy settings.
- *RCP 8.5***: where global temperatures rise between 4.1-4.8°C by 2100. This scenario is included for its extreme physical climate risks as the global response to mitigating climate change is limited.

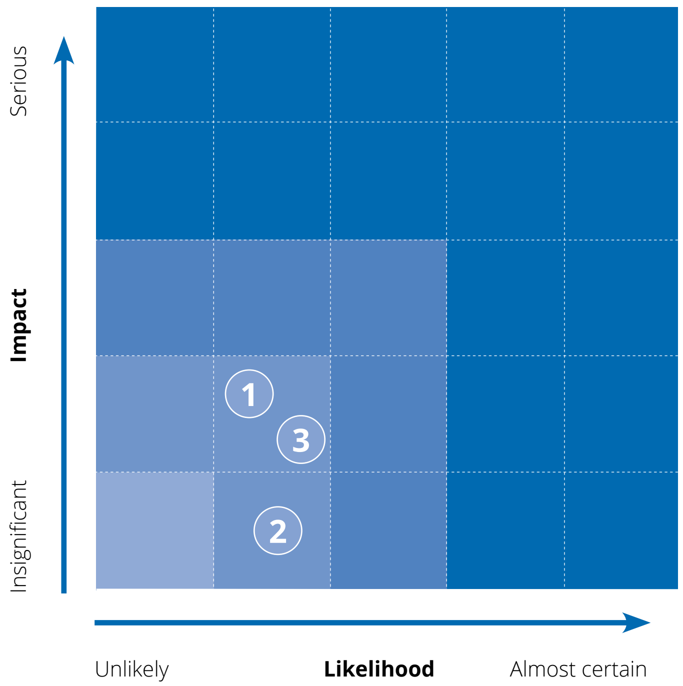
* IEA (2022), World Energy Outlook 2022, IEA, Paris.
** IPCC, 2014: Climate Change 2014: Synthesis Report. Contribution of Working Groups I, II and III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change.

Risks
Looking out over a timeframe to 2050, three key climate-related risks have been identified:

Risk	1. Risk to FDM of not meeting its Scope 1 and 2 net zero targets	2. Cost to FDM of carbon pricing in the value chain	3. Risk of failure to meet the expectations of customers and other stakeholders
Type	Transition (Market and reputation)	Transition (Current and emerging regulation)	Transition (Market and reputation)
Area	Own operations/ upstream	Own operations/ upstream	Upstream/ own operations
Primary potential financial impact	Lower profit margins through increased costs and lower revenue	Higher costs associated with energy and other inputs	Loss of revenue due to decreased customer demand
Time horizon	Medium term	Medium term	Medium term
Gross likelihood	Unlikely	Likely	Possible
Gross impact	Moderate	Minor	Major
Net likelihood (with mitigation)	Unlikely	Unlikely	Unlikely
Net impact (with mitigation)	Minor	Insignificant	Minor
Location or service most impacted	New York, Singapore, Hong Kong	Purchased goods and services	Global
Metrics used to monitor risk	Scope 1 and 2 greenhouse gas emissions	Scope 3 greenhouse gas emissions	Scores from external sustainability ratings (including CDP and EcoVadis)

The physical risk of climate change was assessed over a timeframe out to 2040 as extremely limited (see page 47) and has not been assessed further.

Climate change net risk heat map



1. **Risk to FDM of not meeting its Scope 1 and 2 net zero targets**
2. **Cost to FDM of carbon pricing in the value chain**
3. **Risk of failure to meet the expectations of customers and other stakeholders**

Corporate Responsibility continued

Climate change continued

1) Risk to FDM of not meeting its Scope 1 and 2 net zero targets
FDM Group has clear targets associated with climate change, but some aspects of the delivery against this plan are reliant on third parties. At present the largest source of operational emissions for the Group is within Scope 2 (electricity purchased), where the ability to decarbonise our electricity supply may be hindered by the pace of renewable energy adoption by the Group's landlords. Some of our centres (i.e. New York, Singapore and Hong Kong) are currently in locations with more limited options for renewable energy. The resulting impact of this has been evaluated through a combination of potential reputational damage and loss of customer revenue. Failure to meet the defined net zero targets may dissuade potential investors or result in greater costs due to the introduction of carbon pricing. The results of this could affect revenues alongside a difficulty in retaining business. This has been reflected in the choice of assigning a 'moderate' impact risk before mitigation. The following table estimates the residual emissions for FDM Group with no action taken, factoring in forecast global electricity grid decarbonisation. Results are shown under both STEPS and NZE scenarios projected out to 2050. The resulting emissions balance is that which requires direct action from FDM or indirect action from third parties.

		FDM market-based Scope 2 residual emissions tCO_2e			
		2022	**2030**	**2040**	**2050**
STEPS	No action (grid decarbonisation)	**112**	84	57	43
NZE	No action (grid decarbonisation)	**112**	46	0	0

* Based on a 50% reduction from a 2020 base year of which Scope 2 market-based emissions from purchased electricity were 312 tCO_2e.

The business negotiates with its landlords on an ongoing basis to move towards energy supply agreements that are fully renewable. In terms of management incentives to aid the transition to net zero, the business has linked a portion of the Executives' annual bonus (and that of certain senior managers) with progress against the Group's Carbon Reduction Plan.

2) Cost to FDM of carbon pricing in the value chain
The scope of carbon pricing (applied directly or indirectly) is expected to expand over the medium term, and the price of carbon is expected to rise in the drive to make businesses more responsible for their energy use and carbon emissions. Our analysis has shown the impact to be mostly 'insignificant'. Additional mitigations include the schemes being rolled out as part of our Carbon Reduction Plan, such as a nascent recycling scheme for IT equipment.

3) Risk of failure to meet the expectations of customers and other stakeholders
FDM Group has obligations to its stakeholders, such as investors, to communicate progress against sustainability goals as well as to meet customer expectations. For example, some of FDM's largest customers require suppliers to maintain SBTi approved targets, have a net zero plan in place, and complete CDP's Climate Change questionnaire. Failure to communicate progress effectively or meet stakeholder expectations may lead to reputational issues or lower revenue due to lost custom. We have categorised the net likelihood of this risk as 'unlikely', given the Group has net zero targets approved by SBTi and meets all necessary expectations from external stakeholders in terms of reporting. The business has taken a forward-looking approach to identifying future expectations to enable actions to be taken in order to address them. In addition to this, FDM has a diversified client list with plans to further diversify to prevent reliance on any single customer. We rather view our market position with respect to climate change performance and reporting as providing an opportunity, as outlined on the following page.

Opportunities

Looking out over a timeframe to 2050, four key climate-related opportunities have been identified:

Opportunity	1. Opportunities in climate-related consulting	2. Energy savings	3. Renewable energy	4. Increased competitive advantage in the market
Type	Products and services	Resource efficiency	Energy source	Resource efficiency
Primary potential financial impact	Increased sales	Decreased costs	Decreased costs	Decreased costs
Time horizon	Medium term	Medium term	Medium term	Medium term
Likelihood	Likely	Almost certain	Possible	Possible
Impact	Moderate	Minor	Minor	Minor
Location or service most impacted	Global	New York, Singapore, Hong Kong	New York, Singapore, Hong Kong	All services

1) Opportunities in climate-related consulting
Customers, especially within the Energy and Utilities sectors, require Consultants to assist with accelerating their green transition. Some customers are creating training content that enables staff to be pre-disposed to help in their green transition and raise ESG awareness. In addition, more opportunities are being created as large energy/ utility companies make acquisitions of smaller renewable businesses, requiring IT Consultants to facilitate the integration with the wider group's architecture. This would increase sales and diversify FDM's client base in this sector. Under the NZE scenario, companies will need to be more proactive with transitioning to net zero, resulting in increased business opportunity for FDM. A secondary impact as a result may be an improved reputation with regards to this type of work, leading to further sales opportunities. This is a new market which FDM can target, with very minimal shift in strategy required.

2) Energy savings
Decreasing energy consumption by reducing energy use and increasing efficiency may decrease outgoing costs and mitigate against the cost of future carbon pricing. This will have the emergent benefit of further mitigating the impact of Risk 1 outlined above, as the magnitude of this opportunity is the inverse of the cost of residual emissions from Scopes 1 and 2. As offices are leased, the strategy to realise this opportunity will partly involve engagement with landlords to introduce energy saving measures. Best practice in energy management with current offices will also factor in reducing consumption. Alternatively, the business may have the opportunity to move to more energy efficient locations at the time of lease renewal.

3) Renewable energy
Transitioning to renewable energy sources (self-generation or power purchase agreements) can help in reducing market-based emissions to zero. Based on this, the effect of carbon pricing on Scope 2 emissions would become nullified. As per Risk 1, the locations most impacted have been identified based on the currently limited renewable energy options. Negotiation of landlords' power purchase agreements for the supply of renewable energy would be required. Given the short-term lease agreements and energy requirements of a services-based business, investment in self-generation would be unfeasible.

4) Increased competitive advantage in the market
We believe there is an opportunity from the Group being well-placed in terms of its sustainability reporting and performance against expectations from external stakeholders. FDM Group is transparent in its non-financial disclosures, has net zero targets that are SBTi approved, and this is the second year of reporting against TCFD. Compared to the market, this positions the business well and if more potential clients become selective in their sustainability requirements, it could lead to more opportunities to capture market share against FDM Group's competitor. This will be achieved by continuing to support the Group's sustainability strategy, maintain engagement with customers to understand future expectations, and ensuring that targets are met.

Corporate Responsibility continued

Climate change continued

Metrics and targets

The Group Carbon Reduction Plan contains clear targets associated with climate change which are in line with the UK Government's commitment to net zero by 2050 and validated by the Science Based Targets Initiative (SBTi). These include the Group's target to reduce 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. We report on our Scope 1, 2 and 3 emissions, emissions intensity, and energy consumption from the next page. The calculation of FDM's carbon footprint is in line with the principles and requirements of the Greenhouse Gas Protocol. Further details can be found on page 54. We also monitor the amount and percentage of electricity consumed from renewable sources, this metric is included on page 54.

Whilst acknowledging the recommendation to integrate an internal carbon price, Risk 2 highlights that it is currently not financially material and therefore deemed unnecessary to implement. However, this may be used in assessing future large capital expenditure and investment activities.

Environmental performance

Operating in a sustainable manner

At FDM, we recognise the significance of climate change, and realise that our activities and operations have an associated environmental impact. As such, we take into consideration and aim to reduce the impact our business activities have on the environment and on climate change.

The risk of climate change on the Group is described on page 47. 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 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 2022

Directors' statement of SECR compliance

FDM Group continues to meet the greenhouse gas emissions reporting requirements of The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. We have prepared this report in accordance with the requirements for quoted companies under these regulations.

We report the Group's carbon footprint from our global operations to include Scope 1, Scope 2 and Scope 3 emissions. In this Annual Report, we have expanded our reporting from only limited Scope 3 categories to include our full Scope 3 emissions profile from the following categories:

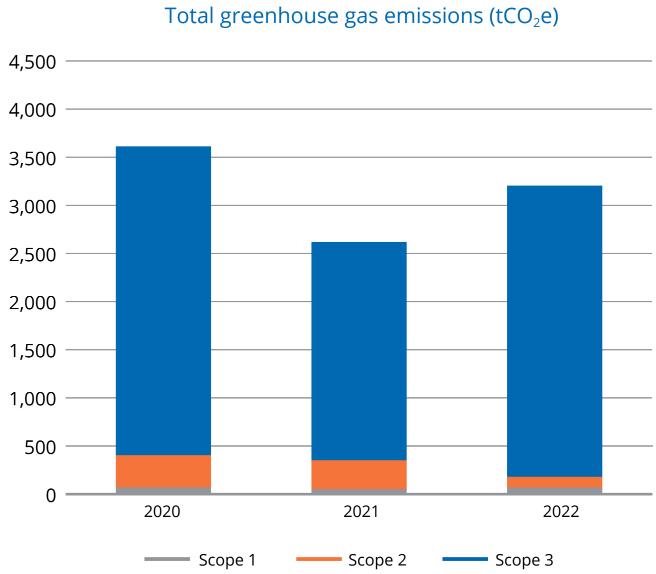
Scope 3 emissions by category, now reported	
1	Purchased goods and services
2	Capital goods
3	Fuel- and energy-related activities
5	Waste generated in operations
6	Business travel
7	Employee commuting

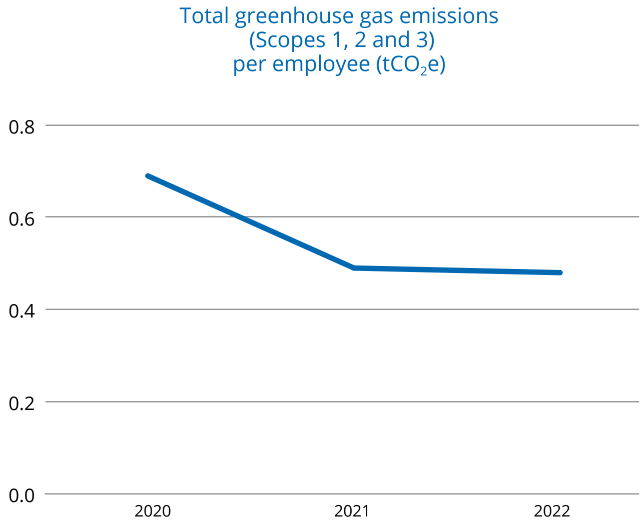
There are 15 categories of Scope 3 emissions, however, the following Scope 3 categories are immaterial or not applicable to the Group: Category 4 (Upstream transportation and distribution); Category 8 (Upstream leased assets); Category 9 (Downstream transportation and distribution); Category 10 (Processing of sold products); Category 11 (Use of sold products); Category 12 (End-of-life treatment of sold products); Category 13 (Downstream leased assets); Category 14 (Franchises); and Category 15 (Investments).

We also include metrics related to our Group Carbon Reduction Plan, which is outlined on page 55.

2022 performance: greenhouse gas emissions

Annual greenhouse gas emissions for 2020, 2021 and 2022





Our Scope 1 emissions remain low. They increased to 62 tCO_2e in 2022, as we consumed more natural gas in our leased UK centres, based on higher employee numbers and increased office use as we returned to our centres post-pandemic lockdowns. Our Scope 2 market-based emissions are 62% lower reflecting the downsizing in our NY centre and the effect of our London centre being supplied from renewable energy sources for the whole year (switched July 2021). Our total Scope 3 emissions in 2022 increased as trading activity in the Group grew, including increased business travel. The change in emissions from Purchased Goods and Services is broadly in line with changes in annual overhead spend.

Although the combined total Scope 1, Scope 2 and Scope 3 emissions increased by 23%, our total emissions per employee reduced to 0.48 tCO_2e, reflecting the significant growth in headcount.

Environmental initiatives introduced in 2022

In 2022, electricity supplied to our Frankfurt centre began to be sourced from 100% renewable energy sources.

In June 2022, the Science Based Targets initiative ("SBTi") validated our greenhouse gas emission targets (see page 55).

Ongoing environmental initiatives

We continue to virtualise our IT estate: Our energy requirement is lower because our cloud-based systems and data are hosted at efficient datacentres, run by Microsoft Azure, that flex 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 (2021: two), both used as pool cars for business usage only.

Corporate Responsibility continued

Environmental performance continued

Emissions

	Emissions source	2020 tCO_2e	2021 tCO_2e	2022 tCO_2e
Scope 1	Natural gas	56	44	**59**
	Company cars	7	2	**3**
Total Scope 1		**63**	**46**	**62**
Scope 2	Electricity	312	299	**112**
	Purchased Steam	23	–	**–**
Total Scope 2		**335**	**299**	**112**
Scope 3	Purchased goods and services	1,748	1,449	**1,705**
	Capital goods	85	39	**96**
	Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	97	128	**122**
	Waste generated in operations	14	7	**25**
	Flights	317	123	**521**
	Other business travel	65	70	**39**
	Employee commuting	882	453	**525**
Total Scope 3		**3,208**	**2,269**	**3,033**
Total emissions (Scope 1, 2 and 3) (Market based)		**3,606**	**2,614**	**3,207**
Total emissions (Scope 1, 2 and 3) (Location based)		3,668	2,666	**3,327**
Number of employees		5,231	5,364	**6,685**
Emissions (Scope 1, 2 and 3) per employee (tCO_2e)		**0.69**	**0.49**	**0.48**
£ million of revenue		267.7	267.4	**330.0**
Emissions (Scope 1, 2 and 3) per £ million of revenue (tCO_2e)		**13.5**	**9.8**	**9.7**

Energy usage[1]

	2020 kWh	2021 kWh	2022 kWh
Energy usage[2]	1,882,187	1,688,635	**1,457,533**
– from renewable sources	358,701	382,981	**622,634**
– from non-renewable sources	1,523,486	1,305,654	**834,899**

	2020	2021	2022
% of electricity consumed from renewable sources	28%	32%	**58%**

Emissions and energy usage by geography	2021 UK	2021 Global (excluding UK)	2022 UK	2022 Global (excluding UK)
Scope 1 and 2 emissions (tCO_2e) (Market-based)	83	262	**59**	**115**
Total energy usage[2] (kWh)	813,731	874,904	**969,244**	**488,289**

1 This work is partially based on CO_2 emission factors developed by DEFRA.
2 Energy reporting includes kWh associated with Scope 1 and Scope 2 emissions and fuel used in personal or hire cars on business use.

2022 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 CEN-ESG, a leading provider of sustainability advisory services, to ensure that we continue to follow best practice in the assessment and reporting of our environmental performance. Our engagement with CEN-ESG enables us to provide transparency to stakeholders and to further identify opportunities to improve our environmental performance.

The Group has defined its organisational boundary using an operational control approach with no material emissions from within the organisational boundary of the Group. The methodology used to calculate the greenhouse gas emissions is in accordance with the principles and requirements of the following:

- World Resources Institute (WRI) GHG Protocol: A Corporate Accounting and Reporting Standard (revised version); and
- DEFRA's Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting requirements (March 2019).

Emissions have been calculated using the appropriate conversion factors such as the 2022 issue of the UK government's Greenhouse Gas Conversion Factors for Company Reporting and spend-based factors from Environmentally-Extended Input-Output (EEIO) models. For a number of our top suppliers, we have used supplier specific emissions where the data is publicly available.

Group Carbon Reduction Plan

The Board approved the Group Carbon Reduction Plan in December 2021. FDM is fully committed to playing its part in addressing the climate crisis and 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. The Climate-change Action Group has been established to consider and report on climate change-related matters and metrics and to recommend actions and promote behaviours intended to reduce the Group's greenhouse gas emissions.

Our baseline and commitment targets include capturing emissions from more Scope 3 subcategories than we reported in previous Annual Reports. The broader data collection allows us to monitor our carbon footprint and includes emissions from our purchased goods and services, and from employee commuting.

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.

In June 2022, the Science Based Targets initiative ("SBTi") validated that these targets conform with the SBTi Criteria and Recommendations (version 4.2). The SBTi's Target Validation Team determined that our targets are in line with seeking to keep a rise in global temperature to below 1.5°C.

Corporate Responsibility continued

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 ("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 of the Companies Act in the decisions taken during the year ended 31 December 2022 (see page 63). There are examples throughout this Annual Report of how the Board takes into account the matters referred to above. The table below sets out the stakeholder groups which the Board has identified, and refers to examples in the report of the Board's engagement with those groups, and the outcome:

Stakeholder group	How we have engaged and the outcome
Our employees	Details of the Group's activities to engage with our employees and the outcome on pages 67 and 68.
Our University Partners	Universities can be seen as a key supplier. Information on our engagement with our University Partners can be found on page 42.
Our trainees	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. See page 10 for further information on how we invest in their training.
Our clients	We enhanced our service offerings in response to our clients' current and future requirements, see page 11.
Our shareholders	We discuss our programme of investor engagement and outcomes on page 67.
Our local communities	Further information on our activities with the communities in which we operate can be found on pages 42 and 43.
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. Our Group Carbon Reduction Plan and net zero emissions commitments are outlined on page 55.

Non-financial and sustainability information statement

We comply with the requirements of sections 414CA and 414CB of the Companies Act. The information provided below is to help our stakeholders understand our position on key non-financial matters, specifically activity relating to:

(a) environmental matters (including the impact of the Company's business on the environment);

(b) the Company's employees;

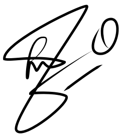
(c) social matters;

(d) respect for human rights; and

(e) anti-corruption and anti-bribery matters.

Reporting requirements	See pages
Environmental matters	47 to 55
Employees	33 to 43
Social matters	33 to 43
Respect for human rights	43
Anti-corruption and anti-bribery matters	82

The Strategic Report was approved by the Board on 14 March 2023 and signed on its behalf by:



Rod Flavell
Chief Executive Officer
14 March 2023

Board of Directors

(R) Remuneration Committee
(A) Audit Committee Member
(N) Nomination Committee Member
(C) Chair of 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)

Committee Membership

N

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' 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 2019, he was featured in the Management Today Agents of Change Power List for the second consecutive year. He was also featured in the Yahoo HERoes Top Advocate Executives of 2019 for his work promoting gender equality in the workplace.

External Appointments

Rod has no external appointments.

Committee Membership

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.

In 2022 Sheila was elected President of techUK, the trade association which brings together business, government and stakeholders to realise the potential of what digital technology can achieve. She 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 (President, originally appointed June 2016)

Committee Membership

Board of Directors continued

R Remuneration Committee
A Audit Committee Member
N Nomination Committee Member
C Chair of Committee

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.

Committee Membership

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 Chair 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)

Committee Membership

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. With more than thirty board-years of NED experience in the financial services and technology industries, including with TruFin plc, Keystone Law Group plc and Aptitude Software Group plc, Peter has developed a strong technology-led NED portfolio.

External Appointments
Kooth plc (Non-Executive Chair, appointed September 2020)

D4T4 Solutions plc (Non-Executive Director, Chair of Remuneration Committee, appointed July 2018)

Page 71 in the Nomination Committee Report includes a statement about Peter Whiting's tenure as a Director of the Company.

Committee Membership
R A N

Michelle Senecal de Fonseca

Non-Executive Director

Date of Appointment

Non-Executive Director January 2016

Experience

Michelle is an experienced senior executive specialising in technology and international communications. She was formerly the Global Vice President for Global Strategic Alliance Partnerships and Regional VP for Sales and Services at Citrix Systems. 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 organization. In 2020, Michelle joined the Strategic Advisory committee to TEDI-London, a new design-led engineering school in the UK.

External Appointments

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)

ASU Global Foundation UK Ltd (Director, appointed October 2021)

MOVE Capital (Investment Board member, appointed September 2017)

Committee Membership

R A N

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. She sits on the board of technology trade association techUK where she has used her platform as president to shape policy over the last seven years to enable the technology industry to thrive. Her commitment to diversity and building tech skills in the sector is her driver for co-chairing 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

Committee Membership

N

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 CEGA Holdings Limited.

External Appointments

Alan has no external appointments.

Committee Membership

R A

Corporate Governance Report

On behalf of the Board, I am pleased to present FDM's Annual Report for the financial year ended 31 December 2022.

Chair's Governance Overview

This report follows the principles of the 2018 Code and aims to provide readers with an understanding of how the Board has assessed the Group's progress, and how we ensure that we make informed decisions to secure sustainable growth for the long-term benefit of our shareholders and other key stakeholders. This part of the Board's role is particularly important during periods when the external economic and political environment in which we operate is as challenging and unpredictable as it has been over the past year. The Board is committed to maintaining high standards of corporate governance and control, supported by a robust framework which is summarised in this report. 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 74 and a formal statement from the Directors is included on page 110 to 111.

Further information on the Board's primary areas of focus in 2022 is set out on page 66. In response to feedback from our employees, we have made a number of important changes to our Consultant training model during the year to make FDM an even more attractive prospect for our graduate applicants. The success of these measures has been reflected in record numbers of individuals training in our academy and has contributed to the business passing the impressive milestone of 5,000 Consultants deployed with clients. Since my last report, the business has continued to develop its Academy of the future, using a virtualised environment to enhance the user experience, whilst further improving quality and our training capacity. Further developments and technological changes are planned during the year which will further professionalise the delivery of our training, supporting the cornerstones of our strategy (see page 10).

The Board continues to focus on the Group's environmental and social impact and during the year published its Environmental, Social and Governance policies. We increased our focus this year on the Group's response to climate-related risks and opportunities, and our approach is outlined on page 47. I am particularly pleased that during the year we implemented enhancements to our governance, analysis and reporting of climate change which bring us into alignment with all the recommendations of TCFD. We have also made good progress towards achieving the medium-term greenhouse gas emissions reduction targets which we set for ourselves at the end of 2021. Importantly, in June 2022 the Science Based Targets initiative validated that those targets are in conformance with their criteria and recommendations, and in line with a 1.5°C trajectory. We also made our first submission to CDP (formerly the Carbon Disclosure Project), and I am delighted to report that we achieved a B rating overall – see page 68 for further information.

Our aim is to continue improving our work in this area over the coming year.

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 2022.

Further information on the 2018 Code can be found at: 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 Consultant model. This is our purpose, and its key components are set out in more detail on page 5. 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 that will enable us to launch new careers for our talented Consultants around the world, while delivering high levels of client service. This aims to ensure 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 2022, on pages 10 to 11 of the Strategic Report.

The Group has established a set of core values that 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 that 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. In 2022 we considered in further detail the climate-related risks (and opportunities) that may impact the delivery of our strategy.

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 people, finance, and systems, 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 communities 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 Companies Act are set out in our s.172 Statement which can be found on page 56.

The Board has responsibility for managing the Group's strategy on climate change, including oversight of climate-related risks and opportunities. The Board is supported and informed on these matters via two channels: an operational and strategic channel reporting through the Board sponsor for climate change (CFO), and a risk channel, which monitors climate-related risks through the Audit Committee with input from the Risk Management Team.

Further information on the Group's climate change governance and governance can be found beginning on page 46. In line with Listing Rule 9.8.7R(8), the Group sets out its climate-related financial disclosures consistent with the Recommendations and Recommended disclosures of TCFD, including providing information on risks and opportunities arising from climate change and the transition to a low-carbon economy, and the use of scenario analysis to assist in understanding the impact of different potential climate outcomes on the impact of certain risks on the Group's business.

Corporate Governance Report continued

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, knowledge and experience, and retains the key elements of an entrepreneurial culture which 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 ensure long-term sustainable success. More information about these areas is set out in the "Composition, succession and evaluation" section on page 70 and in the Nomination Committee Report on pages 84 to 86.

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 72 and in the Audit Committee Report beginning on page 74.

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 is also responsible for determining 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 87, 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 appetite and the Board's strategy to deliver FDM's purpose.

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 informal gatherings after certain scheduled Board meetings which allow the Directors greater time to discuss key topics with additional internal and external participants. 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/. 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 Chair 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 2020 and 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. During 2022 the Board was largely able to meet in person, but the availability of, and familiarity with, this technology enables a greater degree of flexibility for hybrid Board meetings when necessary, if any Director is unable to be present in person. The Company's Articles of Association allow meetings of the Board to be held validly in this manner.

	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 2022	**9**	**5**	**4**	**3**
David Lister	**9/9**	**n/a**[1]	**n/a**[1]	**3/3**
Rod Flavell	**9/9**	**n/a**[1,2]	**n/a**[1]	**n/a**[1,3]
Sheila Flavell	**9/9**	**n/a**[1]	**n/a**[1]	**n/a**[1]
Mike McLaren	**9/9**	**n/a**[1,2]	**n/a**[1]	**n/a**[1]
Andy Brown	**9/9**	**n/a**[1]	**n/a**[1]	**n/a**[1]
Peter Whiting	**9/9**	**5/5**	**4/4**	**3/3**
Alan Kinnear	**9/9**	**5/5**	**4/4**	**n/a**[1]
Michelle Senecal de Fonseca	**9/9**	**5/5**	**4/4**	**3/3**
Jacqueline de Rojas	**9/9**	**n/a**[1]	**n/a**[1]	**3/3**

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 attended four meetings and Mike McLaren attended five meetings of the Committee during the year.
3 At the invitation of the Nomination Committee (but not as a member) Rod Flavell attended three meetings of the Committee 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.

Corporate Governance Report continued

The key areas of focus by the Board in 2022

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:

- We further enhanced the remuneration packages of our Consultants in several of our territories. Previously, Consultants were remunerated by way of a base salary, and an additional daily bonus which was paid when Consultants were deployed with a client. In the US, UK and Canada we have now added the daily bonus into the base salary, which means that Consultants are paid the same amount whether they are deployed with a client or are between placements. This has boosted our recruitment programme in those territories, assisting us to attract, train and develop high-calibre Consultants, 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, including reducing the expectation that Consultants will be geographically flexible in the UK and Ireland, and removing the expectation that UK Consultants will contribute to the cost of the training which FDM has provided to them if they leave FDM before completing their two-year employment commitment to us.
- The Board has approved the implementation of a Consultant Experience transformation programme, driven by a dedicated experienced team. The programme aims to:
  - provide additional clarity for Consultants on their career options, where appropriate enabling some of them to see FDM as a longer-term career option;
  - enhance engagement with Consultants, enabling them to feel more supported by the business, and provide an increased sense of community through the development of various networks; and
  - identify Consultant skills gaps and provide access to enhanced resources, ongoing training throughout clients placements and career development coaching.

We expect that this programme will bring significant benefits to our Consultants, clients and our business, increasing the average tenure of Consultants, developing alumni of FDM's programme to become advocates of our business, aligning Consultant career development with our clients' goals, and increasing overall Consultant and client satisfaction.

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

Strategy	• Reviewed the Group's budget and three-year plan (2023-2025) • Received regular updates on the evolution of the Group's training model • Received regular updates on the Group's project to obtain TechSkills accreditation for the Group's training courses • Received strategic updates from the Group's senior management teams
Operational	• 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) • Received business updates from the Group's senior management teams • Reviewed information on recruitment and Academy utilisation • Reviewed our Consultant remuneration model
Financial	• Reviewed monthly business performance against strategic goals • Reviewed trading updates • Reviewed and updated the Treasury policy and Treasury risk appetite statement • Reviewed and approved preliminary, full-year, and half-year results • Reviewed and approved Group budget, three-year plan and reforecasts • On the recommendation of the Audit Committee, approved the appointment of PwC to continue as external auditors beginning with the financial year ending 31 December 2023 • Approved a final dividend in respect of the 2021 financial year • Approved an interim dividend in respect of the period ending 30 June 2022
Risk	• Undertook bi-annual reviews of the Risk Register and risk management process, including reviews of the potential risks posed by climate change to the Group's business • Reviewed the Group's cybersecurity arrangements and controls
Governance	• Reviewed data on the Group's Scope 1, Scope 2 and full Scope 3 carbon emissions and received an update on progress against the Group's carbon reduction plan • Reviewed an analysis of the potential impact on the business of different climate scenarios, and considered the risks and opportunities arising for the Group's business from the transition to a low-carbon economy • Carried out a review of the effectiveness of the Board and its Committees • Reviewed the Group's Gender Pay Gap data • Provided an update on Modern Slavery Act compliance • Approved updated terms of reference for the Board's Committees • Assessed and approved the viability statement • Conducted a going concern review
Employees	• Received updates on employee engagement

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, our Consultant 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.

While we are always happy to host visits in person from current and prospective shareholders at our offices around the world, offering the opportunity for investors to tour our facilities 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 this to drive our business towards our strategic objectives. The recent improvement in technologies facilitating virtual meetings also enables more regular and efficient engagement with shareholders.

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 is sought on particular proposals.

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 2.00 pm on Tuesday 16 May 2023.

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**) is the primary source of information on the Group.

Engagement with employees

The Executive Directors and senior management team 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 management team meets 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 is President of techUK. In this role she engages extensively with the UK Government to assist them in developing policy to allow the technology industry to thrive. She has advised government committees on issues including bridging the digital skills gap and enhancing diversity in the workplace.

Jacqueline de Rojas is a member of the board of techUK. 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. We carry out regular surveys of our Consultants and internal staff to gather their views on a range of matters. Our new Consultant Experience programme is driving more frequent engagement with our Consultants. The priorities identified from our engagement with employees have directly influenced a number of areas considered by the Board this year. In particular:

- As a result of feedback received from candidates during our recruitment process, and from some of our clients, the Board has introduced a number of enhancements to our model for trainees and Consultants, including reducing the expectation that Consultants will be geographically flexible in the UK and Ireland, and removing the expectation that UK Consultants will contribute to the cost of the training which FDM has provided to them if they leave FDM before completing their two-year employment commitment to us. In addition, the Consultant daily bonus has been added to the base salary, providing additional certainty and security for Consultants when they are between placements (see page [69]).
- The current uncertainty in the global economic environment has contributed to significant increases in the cost of living in many of the territories where we operate. In recognition of this we increased our Consultants' remuneration packages in all of our regions during 2022 (having already made some increases in 2021).

Corporate Governance Report continued

Further information about our employee engagement can be found in our Corporate Responsibility report from pages 32 to 43.

The results of our programmes will continue to inform our engagement with staff. This will assist us in promoting a diverse, inclusive and fulfilling culture in which our people can thrive, optimising our Consultants' 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.

Engagement with clients

Together with members of the Sales team, 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 can be found on page 42.

Environmental responsibility

During the year we established an internal working group to identify opportunities to reduce the Group's carbon footprint and promote their implementation. The group monitors greenhouse gas emissions against the targets set by the business and reports to the Board on the emerging trends. The Group is engaging with FDM's key suppliers to reduce the Scope 3 emissions from our purchased goods and services and has worked with landlords of our premises to increase the use of energy from renewable sources.

In July 2022 the business completed its first climate change submission to CDP. CDP is a global environmental disclosure and ratings platform which is recognised as one of the leaders in the market and is used by many of our customers and shareholders to help them make decisions about supply chains and investments. We had been encouraged by some of our larger shareholders and customers to make an annual submission to CDP, to enable them to review FDM's efforts to measure and manage our risks and opportunities on climate change. CDP awarded FDM with a 'B' rating in 2022. Further information on the steps we are taking can be found on pages 45 to 55.

2. Division of responsibilities

Chair of the Board, Chief Executive and Senior Independent Director

The roles of the Chair 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 Chair, David Lister leads the Board and is responsible for ensuring that it performs its role effectively. The Chair 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 Chair 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 that 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 65. 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 Chair 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 Chair 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 Chair'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.

Support available to the Board
All Board Directors have access to the Company Secretary, who advises them on Board and governance matters. During the year, 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 Chair 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 Chair 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. Their appointments as Directors would end if they were not re-elected by the shareholders at the Company's AGM. 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 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 59 to 61.

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.

In approving any external appointments, the Board considers 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 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 2022 are shown in the single figure table presented on page 93 of the Remuneration Report.

Corporate Governance Report continued

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 Chair). Further biographical details about each Director, including information on their prior experience, are set out on pages 59 to 61.

As required by Provision 11 of the 2018 Code, at least half the Board (excluding the Chair) is made up of 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 2022, we reported a median gender pay-gap of -4.3% (2021: -9.6%), and our mean gender pay-gap was -4% (2021: 0.5%).

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 FTSE Women Leaders Review (formerly the Hampton-Alexander Review) and the Parker Review, at year end, 33% of our Board Directors were 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 Consultants 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 page 70. The appointment and removal of the Company Secretary is a matter reserved for the decision of the Board.

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, identifying and resolving 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 Chair, in conjunction with the Company Secretary, ensures that Directors are provided with updates on changes to 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 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 January 2023 an internal evaluation of the effectiveness of the Board and its Committees during the 2022 financial year was carried out as recommended by the 2018 Code. This year the evaluation was facilitated internally by the Company Secretary, in consultation with the Chair and the Board Committee Chairs. The most recent external evaluation was conducted by Lien Consulting Limited during 2020/21. Further information about the evaluation can be found in the Nomination Committee Report on page 85. Overall, the evaluation concluded that the Board and its Committees functioned well, were well chaired and the position was positive. Members of the Committees had the appropriate skills, experience and a particular interest in the work of the Committee to debate issues and provide challenge to management. All of the individual Directors demonstrated the expected level of commitment to the role and contributed effectively during board discussions.

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

Re-election of Directors at the 2023 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 2023 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 2023 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 2022 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.

The Board notes that, by the time of the 2024 AGM, Peter Whiting (Senior Independent Director and Chair of Remuneration Committee) will have served on the board for more than nine years from the date of his first appointment, and accordingly will not seek re-election in 2024. The Nomination Committee has commenced the search for an additional independent Non-Executive Director, who is expected to be appointed to the Board before Peter Whiting steps down. Further information is included in the Nomination Committee report on page 85.

Corporate Governance Report continued

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 81. A statement of the Directors' responsibilities in relation to the financial statements is set out on pages 110 to 111.

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 82 and 83.

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 24 to 30.

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 2022 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 81.

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 covering ethics and conflicts of interest, an Anti-Fraud policy, an Anti-Slavery and Human Trafficking policy, an Anti-Bribery and Corruption policy, policies covering Environmental, Social and Governance matters, a Vetting policy and a Procurement 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 5). 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 and details of the remuneration of each Director.

The Corporate Governance Report was approved by the Board on 14 March 2023 and signed on its behalf by:

David Lister
Chair
14 March 2023

Audit Committee Report

On behalf of the Board, I am pleased to present the Audit Committee Report for the year ended 31 December 2022.

Chair's introduction

On behalf of the Board, I am pleased to introduce the Audit Committee Report for the year ended 31 December 2022. This report, which has been prepared in accordance with the 2018 Code, provides insight into the activities the Committee has undertaken during the year. The Committee continues to have a key governance role for the Group and oversees, on behalf of the Board and shareholders, important matters relating to financial reporting, internal controls, the assurance framework, and risk management. We reviewed our terms of reference during the year to ensure that they remain aligned with the requirements of the 2018 Code. No updates were required at that stage, but we will keep the terms of reference under close review during the coming year as regulatory requirements for non-financial reporting increase, and especially in light of the refinements the UK Government intends to make to the UK's audit and corporate governance framework following the 2021 BEIS consultation on "Restoring Trust in Audit and Corporate Governance" ("BEIS Consultation").

Although many of our territories were free of any significant COVID-19 restrictions for much of the year, some locations in APAC remained subject to restrictions into the second half of the year, causing continuing challenges for businesses (including some of our clients). Other threats to geo-political and macro-economic security emerged during the period, introducing inflationary pressures and heightening the risk of recession occurring in some territories, most notably in the UK, over the next twelve months. The Committee's role in careful monitoring of the financial performance of the Group therefore remains as important as ever.

During the year we obtained assurance from management that the Group's key financial controls continued to operate as designed. 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 these macro-economic challenges. The Committee was also able to support the Board in its assessment of the viability of the Company over the longer term.

In 2022, the Internal Audit plan included a detailed follow-up review of some findings identified in previous reviews. The review found that improvements had been made in many areas, with other improvements in progress. In addition, the Internal Auditors commenced new assessments of financial controls, policies and procedures relating to Consultant working hours, and the Group's use of social media.

In December the members of the Audit Committee visited FDM's Finance Team at our office in Brighton. We received comprehensive updates and assurance from our experienced finance management team on their work and the controls in place to mitigate risk in this area of the business. We also received an update on the Group's climate change management programme, and a presentation from the in-house legal team about its key areas of focus.

Effective risk management is critical to the delivery of the Group's strategic objectives. The Board establishes the nature and extent of the risks 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 operate effectively 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. The risk management process this year has included additional focus on climate-related risks and opportunities as part of our work on TCFD reporting. We have worked with our external advisors to put in place enhanced governance structures around our efforts to reduce our carbon footprint, and our reporting of Environmental, Social and Governance matters.

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 approach to reviewing potential risks, which includes discussions with a wider range of employees within the organisation, has shown that risk management is well embedded in the culture of our business. This process is designed to provide us with earlier visibility of emerging risks, and has been successful in increasing the breadth of information available to us to update our assessment of risk. We keep the process and risk-management culture under review to identify any areas where further improvements can be achieved. Further information about the principal risks to our business is set out on pages 26 to 31.

The risk of cyberattacks and the threats to data security are ever increasing and the Committee continues to receive regular updates from the Chief Information Officer and the IT Security team. The Committee also received progress reports on the Group's key IT development and implementation projects.

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 challenges management to explain the rationale and basis for key judgements and estimates before accepting them. The Committee aims to ensure that the information 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 pages 80 to 81.

During the year we continued to monitor the potential regulatory developments emerging from the UK Government's response to the BEIS Consultation. Although not mandatory for FDM Group, we are developing an Audit and Assurance Policy which will be helpful to the Committee in codifying the different strands of work involved in assuring the integrity of FDM's reporting – including, but not limited to, the financial statements – and the handling of risk. The Committee will ensure that we implement any other changes which may be required in a way which adds value to the Committee's work and enhances assurance for our stakeholders.

During the year, the FRC wrote to us requesting additional information on the Group's 2021 Annual Report. Details of the principal areas where the FRC requested additional information and clarification are set out on pages 79 to 80. The Committee reviewed the queries and worked with management to analyse the underlying facts and judgments, and to prepare responses to the FRC's questions. The FRC was satisfied with the response provided and closed its enquiries.

Finally, the Committee undertook a full tender process during the year to select a firm to carry out the external audit beginning with the year ended 31 December 2023.

PwC were appointed as the Group's auditor during 2013 and performed their first audit for the year ended 31 December 2013. Under The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 ("CMA Order"), the Group was required to carry out a competitive tender process prior to the audit for the year ended 31 December 2023. PwC emerged from the process as the preferred firm and will be reappointed to carry out the audit of the 2023 financial year. We look forward to continuing to work with them. Further details of the tender process can be found on page 82.

Role of the Committee

The Committee is appointed by, and reports to, the Board. The Committee's terms of reference were reviewed during the year to ensure that they continue to reflect the Committee's approach and the requirements of the 2018 Code. No amendments were required following that review, but the Committee will keep the terms of reference under close review during the coming year as regulatory requirements for non-financial reporting increase, and especially in light of the refinements which the UK Government intends to make to the UK's audit and corporate governance framework following the BEIS Consultation. The terms of reference are available in the Corporate Governance section of the Group's website at **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;

Audit Committee Report continued

- 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 2022, progress against which is outlined below:

2022 priorities	Progress
Following up the findings and recommendations of the Internal Audit reviews carried out during 2021 in accordance with the 2021 Internal Audit Plan.	The Committee requested the Internal Auditors to carry out a follow-up review to check on progress with the implementation of recommendations made following Internal Audit reviews carried out between 2019 and early 2022. Further information on this follow-up review is on pages 81 and 82.
Running a competitive tender process in respect of the appointment of the external auditor (see page 82 for further details).	In line with the requirements of the CMA Order, the Committee keeps the appointment of the external auditor under review. The Committee conducted a competitive tender process to appoint an external auditor beginning with the audit in respect of the financial year ending 31 December 2023. PwC, who were first appointed as the Group's external auditors in 2013, emerged as the preferred audit firm and were reappointed. Further information on the process is on page 82.
Review the Group's cybersecurity 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 their continued vigilance in protecting FDM. Changes have been made to IT systems to increase resilience to cybersecurity incidents. Mitigations have been implemented to manage key person risk, and succession plans for the IT security team have been updated. The IT Security Team has enhanced its work to increase awareness in the organisation of the risk of phishing attacks and other similar activity. The Committee continues to monitor closely the management of these issues.
Monitor the impact of COVID-19 and other current macro-economic pressures on the Group's business.	The Committee invited the CEO and CFO to attend its meetings regularly during 2022 to enable close monitoring of the impact of these factors 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, Consultants 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.	The Committee has reviewed the UK Government's response to the BEIS Consultation, and is considering the intended refinements to the UK's audit and corporate governance framework. Under current proposals, the requirements for an Audit and Assurance Policy and a disclosure on the steps the Board has taken to prevent and detect material fraud will not be mandatory for FDM. However, the Committee is developing an Audit and Assurance Policy to assist in drawing together the different sources from which management and the Committee obtain assurance on the integrity of FDM's reporting – including, but not limited to, the financial statements – and the handling of risk. This year, the external auditors will be required to apply 'The International Standard on Auditing (UK) 240 (Revised May 2021)'. This sets out the external auditor's responsibility for obtaining reasonable assurance that the financial statements taken as a whole, are free from material statement, whether caused by fraud or error. In order to assist with this, management documented its assessment of the risk of fraud, which was reviewed by the Committee and the auditors. The Committee has also requested that the internal auditors carry out a detailed internal audit review of FDM's fraud risk management process in 2023.

2022 priorities	Progress
Climate change risk and environmental sustainability, and our reporting on it.	The Committee has received updates during the year on our approach to SECR and the framework put forward by the TCFD. Building on last year's work on TCFD, we have enhanced our TCFD disclosure this year to include additional analysis of risks and opportunities arising from climate change, and a climate change scenario analysis. This disclosure can be found on page 45, we are fully consistent with the TCFD recommendations. FDM has been working with an external sustainability consultancy to continue analysing its carbon emissions, which will now be measured half-yearly, enabling us to see more clearly the trends in our progress against our carbon reduction targets from the 2020 baseline. The Committee continues to monitor the quality of the Group's reporting on these matters. During the year, the Internal Audit team carried out a follow-up review which included checking on progress with some recommendations made by them in early 2022 after a review of the design and effectiveness of the governance, risk-management and controls in place for FDM's ESG reporting. The follow-up review found that good progress had been made on strengthening governance, including the development of a non-financial reporting framework, and strategy with a view to ensuring valid reporting of these matters against the underlying data held in FDM systems. Steps have also been taken to reduce the reliance on manual processes to reduce the risk of errors appearing in a few specific categories of environmental and social disclosures. Further planned systems changes will help with this over the coming year.
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.	In 2021 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 has reported regularly to the Committee throughout 2022 on the current status of those projects and the Committee was able to gain assurance on the management of risk in those projects and the implementation of the recommendations made by the Internal Audit team.

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 2023 Internal Audit Plan
- A further assessment of the risk of fraud in the Group
- Monitoring any proposals made by the UK Government following the BEIS Consultation and implementing any resulting changes in approach, policies, procedures and reporting

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 59 to 61.

Audit Committee Report continued

As reported elsewhere in this Annual Report, Peter Whiting does not intend to stand for re-election to the Board at the AGM to be held in 2024, because he will, by then, have served on the Board for more than nine years from the date of his first appointment. The Board expects to appoint another independent Non-Executive Director, who will be appointed as a member of the Audit Committee, before Peter Whiting steps down, to ensure that the composition of the Committee remains in compliance with Provision 24 of the 2018 Code.

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 five times during the financial year with all members in attendance. This included one special meeting to receive the presentations of the audit firms participating in the competitive tender for external audit services (see page 82). During the year, the Chief Executive Officer, Chief Financial Officer, Chief Information Officer, Group Financial Controller, Head of Commercial Finance, Commercial Systems Manager 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 and climate change matters, IT security and systems projects, contributing to the Committee's role in monitoring the management of risk.

The Group's external auditors, PwC, attended four of the five Committee meetings during 2022 (including the special meeting at which they made their presentation in the tender for external audit services). 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 of the ordinary 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. This included a visit by the members of the Committee to the Group's office in Brighton to meet with senior members of the Finance and Legal teams. This enabled them to discuss in further detail, outside the formal setting of a Committee meeting, the finance team's work and the controls in place to mitigate risk in this area of the business. The Legal team provided a helpful insight into their work, which is an important element in the Group's management of risk.

Activity

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

March 2022

- Reviewed the initial draft Internal Audit plan for 2022, making some adjustments to reflect the Committee's updated priorities
- Received a report from KPMG covering their review of ESG reporting
- Received a presentation from PwC on their audit of the financial statements for the year ended 31 December 2021, 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 2021 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 2022
- Considered the requirements of Committee members for additional training and development in areas relevant to the Committee's business

May 2022
- Approved the updated 2022 Internal Audit plan
- Received an update from KPMG on progress with the ongoing Internal Audit testing of Financial Controls
- Considered progress on the competitive tender process for the appointment of the external auditor
- Received an update on current systems projects, including the new Applicant Tracking system, CRM system, Academy Management system, HR Information system and the implementation of expenses functionality within the Group's time recording system
- Received a presentation from the Chief Information Officer and Group Head of Information Security on cybersecurity and IT business continuity
- Received an update on the reporting, accounting and governance changes applicable to the Group
- 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
- Considered developments arising from the UK Government's response to the BEIS Consultation

June 2022
- Received presentations from the firms tendering for the Group's external audit work
- Concluded the audit tender process and resolved to recommend to the Board the appointment of PwC to continue as external auditors beginning with the financial year ending 31 December 2023

July 2022
- Received a report from KPMG on their review of Financial Controls
- Received a report on the review of, and updates to, the Group Risk Register
- Reviewed PwC's report to the Committee (interim review for the six months to 30 June 2022)
- Reviewed and approved the statement of principal risks and uncertainties set out in the Interim Report
- Reviewed the Interim Report, including the going concern statement and key disclosures, and recommended its approval to the Board
- Received an update from the external auditors on their understanding of the latest themes emerging from the BEIS Consultation
- Reviewed and approved the letter of engagement for the external auditors and their proposed fees for the interim review and the full year audit for the 2022 financial year
- Reviewed the letter received from the FRC, discussed the issues raised and considered the Committee's response (see below for further details)

October 2022
- Reviewed and approved PwC's plan for the audit of the 2022 financial results
- Received a report on the findings of the Internal Auditors following their follow-up review of Treasury, IT, Procurement, Compliance and ESG reporting
- Reviewed proposed terms of reference for the upcoming Internal Audit review of policy and procedures relating to Consultant working hours
- Received an update on reporting, accounting and corporate governance changes and the processes and key themes for inclusion in the Annual Report 2022
- Reviewed steps taken by the Directors during the year to comply with s.172 of the Companies Act 2006, and matters proposed for disclosure in the s.172 Statement to be included in the Annual Report 2022
- Received a progress report on the implementation of the key IT systems projects and the management of risks within those projects
- Received an update on the Group's ESG and climate change activities and the proposed approach to reporting on these matters
- Reviewed and approved the Group's new Economic Social and Governance Policies
- Discussed the structure and content of the proposed new Audit & Assurance Policy
- Reviewed a paper from management assessing fraud risk in the business and reviewed and approved the Group's new Fraud Policy
- Undertook a review of whistleblowing and anti-bribery policies and procedures

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 2022, the only non-audit work performed by PwC has been their review and report on the Group's half-year financial statements.

During the year, the FRC wrote to the Chair of the Committee requesting additional information on the Group's 2021 Annual Report. The principal areas where the FRC requested additional information and further clarification were:
- Nature and classification of amounts owed by subsidiary undertakings in the Parent Company accounts and classification of associated cash flows.
- Clarification of the nature of the accruals and deferred income balance.

Audit Committee Report continued

The Committee worked with management to review the underlying facts and judgements behind these items, and to prepare responses to the FRC's questions within the required timescale. The FRC was satisfied with the responses provided and closed its enquires. The FRC made other recommendations to assist the Group in making continuous improvements in the quality of its future corporate reporting. The Committee found these recommendations helpful and, after further consideration, the management team has implemented a number of changes to the presentation of this Annual Report, including enhancing disclosures relating to: accruals; share-based payments; Alternative Performance Measures; related party transactions; and operating segments, to address the FRC's observations.

Scope and limitations of FRC review

The FRC's review was based on the Group's 2021 Annual Report and did not benefit from detailed knowledge of the Group's business or an understanding of the underlying transactions entered into. It was, however, conducted by staff of the FRC who have an understanding of the relevant legal and accounting framework. The review provides no assurance that the Group's Report and Accounts are correct in all material respects; the FRC's role is not to verify the information provided but to consider compliance with reporting requirements. The review was provided on the basis that the FRC (which includes the FRC's officers, employees and agents) accepts no liability for reliance on it by the Company or any third party, including but not limited to investors and shareholders.

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
Revenue 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. Volume rebates are accrued in the period in which the revenue is recognised, with the value of the rebate offset against revenue. The rebates 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.	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. To the extent volume rebates are material, the Committee would discuss with management and the auditors the basis of the calculations supporting the volume discount accrual and the disclosures contained in the Annual Report. The value of volume rebates at 31 December 2022 is disclosed on page 145.
Share-based payments For an eighth consecutive year, the Company granted awards under the FDM Performance Share Plan. Associated with accounting for the awards are estimates relating to the number of shares which will vest.	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.
Going concern and viability 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.	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 31.

Area of focus	Steps taken to address each area
Climate risk and reporting To be consistent with the TCFD's recommendations, FDM is required to: • Demonstrate that climate change is incorporated into FDM's risk management processes and business strategy. • Consider the risks and opportunities arising from climate change, in line with the categories outlined in the TCFD guidance.	FDM has worked with external sustainability advisors to identify opportunities for the Group to work towards TCFD best practice. Based upon their recommendations, management has established a Climate-change Action Group with formal governance structures and internal reporting processes. With the external advisors, management has considered all risk and opportunity categories outlined in the TCFD guidance. Further information can be found on page 45. The likely impacts from climate changes are not currently considered to be material enough to require revisions to the Group's current capital expenditure envelope or meaningful for additional strategic consideration. FDM's risk management framework channels climate risk information from the bi-annual risk reviews to the Audit Committee and on to the Board.

Fair, balanced and understandable

As requested by the Board, the Committee has considered whether, in its opinion, the Annual Report and Accounts 2022 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 2022, 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 111.

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 72.

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 2022 was reviewed by the Audit Committee in March 2022 and approved in May 2022. 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 2022, the Committee received reports on reviews of the following areas:

- 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;
- Financial Controls; and
- a follow-up review into previous high and medium-rated recommendations.

The findings from the reviews were presented to the Audit Committee during the period. The Group's financial controls were found to be operating effectively, and no serious weaknesses were identified by the Internal Audit reviews in any of the other areas. KPMG noted that improvements had been made 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.

Audit Committee Report continued

During the year the Internal Auditors also commenced reviews of the following areas, and will report to the Audit Committee on their findings in the first quarter of 2023:

- policies and procedures relating to Consultant working hours and time recording; and
- the Group's use of social media.

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 Audit Tendering

PwC was selected to continue as external auditor for the year ended 31 December 2023 following a robust external audit tender process. The process was based on a clear election and assessment criteria, in compliance with the CMA Order.

The external audit tender process was overseen by the Committee, which approved the tender process to be undertaken. A series of reports and updates were provided to the Committee in preparation and to monitor progress. The firms requested to tender were chosen having given proper regard to the complexity of the Group, and the Group's desire to be in a position to select from highly capable and experienced audit firms with strong track records and technical expertise. The tender was open to audit firms outside the Big Four accounting firms.

- **Late 2021** – the Audit Committee Chair and Group Financial Controller had informal discussions with representatives of various audit firms to identify suitable firms who were interested in taking part.
- **January 2022** – a Framework Document outlining the proposed competitive tender process and selection criteria was prepared and submitted to the Audit Committee for approval.
- **March 2022** – FDM Group issued to audit firms an invitation to tender which:
  - outlined the scope of the services being tendered;
  - outlined the tender process and timetable;
  - provided information on FDM Group and outlined that additional information would be available via a data room;
  - outlined the selection criteria that would be used to assess the participating firms; and
  - requested confirmation of the audit firms' willingness to participate in the tender process.
- **April 2022** – a virtual data room was opened to the participating audit firms.
- **May 2022** – scoping meetings took place between the tendering audit firms and the Chair of the Audit Committee, Chief Executive Officer, Chief Financial Officer, Company Secretary & Head of Investor Relations, Group Financial Controller and Head of Commercial Finance. These meetings enabled the tendering firms to gather information on the Group and key members of the management team to assist them in developing their proposals.
- **Early June 2022** – written proposal documents were submitted by each of the tendering firms and reviewed by the Committee.
- **Late June 2022** – the participating firms delivered presentations to the Committee and question and answer sessions were held with them. The Committee recommended the appointment of PwC to continue as External Auditor, a recommendation which the Board approved. The decision on the audit appointment was communicated to the firms with feedback on their proposals.

The Audit Committee is of the view that the competitive tender process ensures the continued high quality of the external audit in the best interests of the Group and its shareholders.

External auditor

PwC is the Group's current external auditor, having been appointed in 2013. The Group keeps this appointment under review and, as stated in the previous paragraph, performed a competitive tender process to appoint an external auditor beginning with the audit in respect of the financial year ending 31 December 2023. PwC was successful in this process and will be re-appointed by the Board as external auditor.

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 2022 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. As outlined above, the Group carried out a competitive tender process to appoint an external auditor beginning with the audit in respect of the financial year ending 31 December 2023.

Auditors' independence and objectivity

Both the Committee and the Board keep the external auditor's independence under review. Since July 2016, the Committee has been monitoring the fees paid to the external auditor 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 auditor's 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 2022 were 22% (2021: 22%) and related solely to PwC's review of our Interim Report. See note 7 to the Consolidated Financial Statements.

External audit partners are rotated every five years. The external audit partner in respect of the 2022 financial year has been Katharine Finn, who has now completed three 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 are 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 2022 (at which PwC were not present). The Committee reviewed the external auditor's 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.

The Committee reviewed the Group's whistleblowing policy and procedures in October 2022 and is satisfied that they remain appropriate. There were no instances of whistleblowing during the year. The key aspects of the review were 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 October 2022 and concluded that it remains an effective tool for managing the anti-bribery and corruption risks faced by the Group.

Fraud policy
The Group is committed to acting with integrity and honesty and takes all reasonable steps to mitigate the risk of fraud arising within the organisation. The reputation of FDM's business is based on the trust which our clients, shareholders, employees, and the general public have in the integrity of our business.

During 2022 the Committee approved a new Fraud Policy which outlines the steps which the Group takes to reduce the opportunity for fraud by putting and maintaining in place appropriate technical and organisational security measures and controls, and by such other methods as we consider necessary. The Group's policy is to take prompt action in the case of any suspected fraudulent activity from any client, employee, or supplier.

Audit Committee effectiveness
An evaluation of the effectiveness of the Committee in discharging its duties was conducted internally during May 2022. 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 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 internally this year. Further information on that review can be found on page 71.

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

Alan Kinnear
Audit Committee Chair
14 March 2023

Nomination Committee Report

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

Chair's introduction

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.

The Board undertook a review of its effectiveness during 2022 and concluded that it continues to operate effectively. Of course, there are areas where can enhance our effectiveness further and we will ensure that we address the key themes arising from that 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

In line with provision 17 of the 2018 Code, a majority of members of the Nomination Committee are independent Non-Executive Directors.

As reported elsewhere in this Annual Report, Peter Whiting does not intend to stand for re-election to the Board at the AGM to be held in 2024, because he will, by then, have served on the Board for more than nine years from the date of his first appointment. The Board expects to appoint another independent Non-Executive Director before Peter Whiting steps down and will review the composition of the Nomination Committee at that point.

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**).

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 FTSE Women Leaders Review (formerly the Hampton-Alexander Review) and the Parker Review, and details of the Board's diversity policy are set out on page 70.
- The Board's primary aim is to make appointments based on objective criteria that 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 the year 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 three 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. 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 59 to 61.
- In June 2023, Peter Whiting (Senior Independent Director and Chair of Remuneration Committee) will have served on the Board for nine years. Peter will stand for re-election to the Board at this year's AGM (which is due to be held on 16 May 2023). However, our intention is that Peter will not stand for re-election at the subsequent AGM to be held in 2024. The Nomination Committee has considered the qualities, experience, skills and personal attributes required in the individual(s) who will replace Peter Whiting as Senior Independent Director and Chair of the Remuneration Committee, and will be working over the coming months to appoint an additional Non-Executive Director to the Board who has the necessary experience to take on the role of Chair of the Remuneration Committee. It is the Committee's current intention that the new Non-Executive Director will join the Board initially as a member of the Remuneration Committee and, during the remaining months of Peter's tenure, will work to gain familiarity with the work and approach of our Remuneration Committee before taking on the role of Chair of the Remuneration Committee when Peter steps down from the Board. Having appointed the new Non-Executive Director, the Committee will also determine which of the Non-Executive Directors is best placed to take on the role of Senior Independent Director. The new appointment will also provide the Board with an opportunity to review the composition of the Board's committees.
- 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 identified in the talent pipeline and actions needed to close any gaps. The Committee will focus closely on the data arising from the programme which will help to assess diversity in the Group, career progression and attrition.

2022 Board effectiveness review

Our view is that the Board evaluation is a valuable process that provides a regular mechanism by which the Board can challenge itself to identify any areas 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 350 Companies should arrange for the evaluation of the Board to be externally facilitated at least every three years, and our last external evaluation was carried out by Caroline Lien of Lien Consulting Limited in 2021.

Our evaluation of the Board and its Committee was conducted internally this year. The evaluation of the main Board was facilitated by the Chair of the Board with support from the Company Secretary and was based on a set of formal questions designed to assess the performance of the Board, including the Chair and individual Directors, against the priorities identified during last year's evaluation, and a selection of other areas of particular priority to the Board. The questions were provided to all Board members in advance and then formed the basis of a formal but open and wide-ranging round-table discussion.

Nomination Committee Report continued

The results of the evaluation discussions were collated and reviewed by the Chair and the Company Secretary and an action plan was subsequently presented to the Board with which to address areas where it was considered that the Board's effectiveness could be improved, as well as recognising the strengths of the Board. The review found that some good progress had been made against the areas which last year's evaluation had identified for further work. A summary of the key action points arising from the 2022 evaluation is as follows:

- The Board's usual practice in recent years has been to receive regular management presentations from senior management teams (below executive level) in different areas of the business. The Board recognised that, during the COVID-19 pandemic, the frequency of these presentations had reduced. These events are a valuable way to assist the Board in gaining an increased understanding of progress in the business at a more detailed level, and an appreciation of successes and challenges arising in the Group's key departments. They also provide key members of the senior management teams with the opportunity to gain experience of presenting to the Board and to understand the Board's work which, in turn, is good for the development of talent and for succession planning generally within the business. The Board agreed to re-establish these regular updates, and intends during 2023 to hold a strategy day at one of the Group's offices outside London to focus on a number of these key business areas in greater depth. The agenda will be built around a series of presentations from these management teams.
- The Board agreed to relaunch the programme under which Executive and Non-Executive Directors provide formal mentorship to senior managers around the Group. This programme has operated successfully in the past and was highly valued by those taking part, and the Board considers that there is an opportunity to broaden the scope of the programme to include individuals who have not previously participated.

The Board intends to review progress against the action plan on an ongoing basis through 2023.

Each of the Board's principal Committees evaluated its own effectiveness using a similar process, either by the completion of questionnaires (using both scoring and free-text questions) by Committee members, or the circulation of a list of key questions and topics used as the basis of a formal discussion, according to the preference of each Committee Chair. The results of each Committee's evaluation were then presented to the Board.

Peter Whiting, as the Senior Independent Director, led a review of the Chair 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 2023. 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. As noted above, Peter Whiting does not intend to stand for re-election at the AGM to be held in 2024.

David Lister
Chair of the Nomination Committee
14 March 2023

Remuneration Report

On behalf of the Board, I am pleased to present our Remuneration Report for the year ended 31 December 2022.

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 2022. In addition to this Statement from the Chair of the Remuneration Committee, this report contains two further sections: the Annual Report on Remuneration which sets out the remuneration earned by Directors in 2022, 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 Policy in 2023 is set out in this statement.

Our performance in 2022
Elsewhere in this Annual Report the Board reports on the progress which the Group has made during 2022, delivering a strong operational and financial performance.

The Group continued to invest in the recruitment of both Consultants and internal staff, and in our complementary development programmes for our Sales and Academy teams, enabling the business to respond to high client demand during the year and strengthening the infrastructure of the business to support future growth. The number of Consultants trained during the year is the highest in the Group's history, and the continued development of our accreditation programmes and certifications will help to ensure that Consultants have the best possible preparation for their careers in technology, bringing job-ready skills which are most valued by employers in tech. The strong performance of the business during the year is reflected in the extent to which bonuses were earned by the Executive Directors against the profit and Consultant revenue targets; further information in relation to this is set out below.

The Remuneration Committee aims to set bonus metrics for the Executive Directors which are aligned to the culture of the Group, and are capable of being cascaded down to managers throughout the organisation. Non-financial metrics forming part of the Executive Directors' bonus were applied to elements of the bonuses for some senior managers in 2022. This will apply to a broader group of senior managers in 2023. The Committee has encouraged further progress with the Group's social and environmental agenda this year, which is reflected in the Social Mobility, Employee Satisfaction and Carbon Reduction targets which now form part of the significant non-financial element of the Executive Directors' bonus opportunity. The Group has made advances in these areas, in particular in reducing carbon emissions in line with the Group's medium-term Carbon Reduction Plan, which was validated by SBTi during the year.

Remuneration in 2022 and implementation of the approved Directors' Remuneration Policy in 2023
Our Directors' Remuneration Policy was approved at the 2021 AGM, with over 96% of the votes cast in favour. As in previous years, a similarly high level of shareholder support was given to the Directors' Remuneration Report at the 2022 AGM. The table below summarises the principal decisions in 2022 in relation to Directors' Remuneration, along with the proposed implementation in respect of 2023.

When taking decisions in relation to the Executive Directors' remuneration, we always have regard to the remuneration arrangements for the wider workforce. In the 2021 Directors' Remuneration Report, we reported that the Group had introduced salaries for UK trainees from the start of their training programme. In 2022, the Group introduced other enhancements for trainees and Consultants (both financial and non-financial), including reducing the expectation that Consultants will be geographically flexible in the UK and Ireland, and removing the expectation that UK Consultants will contribute to the cost of the training which FDM has provided to them if they leave FDM before completing their two-year employment commitment to us. In response to the increases in the cost of living for our employees during the year, we also increased salary packages for Consultants across all regions.

Remuneration Report continued

<table>
<tr><th></th><th>Decisions in respect of 2022</th><th>Proposed implementation for 2023</th></tr>
<tr><td>Salary and fees</td><td colspan="2">Executive Director salaries
As I explained in my statement in the 2021 Directors' Remuneration Report, the Committee confirmed that the continued performance of the Group justified the implementation of the second stage of our phased increase to Executive Directors' salaries. These increases reflected that prior to 2020, the salaries of the Executive Directors had not been fundamentally reviewed since the Company's IPO in June 2014 and that there was a gap between the salaries and market competitive rates. The second increase, which applied from 1 April 2022, was set out in last year's report. For 2023, the Executive Directors' salaries will be increased with effect from 1 April 2023 in line with our usual timing for salary increases across the business. The increases for the Executive Directors have not yet been determined, but will be within or below the range of increases awarded to the wider workforce, and will be confirmed in next year's report.

Board Chair and Non-Executive Director fees
The Chair's fee was increased by c.3%, in line with the range of salary increases awarded to the wider workforce, with effect from 1 April 2022, as reported last year, with no change made to the additional fee for Chairing the Nomination Committee. Information in relation to the Committee's approach to the review of the Chair's fee in 2023 is set out on page 98.

The approach to Non-Executive Directors' fees is not a matter for the Remuneration Committee. In the 2021 Directors' Remuneration Report, we set out the Board's approach with effect from 1 April 2022, which is summarised on pages 102 to 107 of this report The Board's approach to the fees of the Non-Executive Directors for 2023 is set out on page 98.</td></tr>
<tr><td>Bonus</td><td>Each Executive Director was eligible to earn a bonus in respect of 2022 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 at the end of the 2022 financial year. The bonus was subject to stretching performance measures based on:
• Adjusted Profit Before Tax: up to 40% of salary
• Consultant Revenue: up to 40% of salary
• Employee Engagement and Satisfaction: up to 10% of salary
• Client Diversification: up to 10% of salary
• Social Mobility: up to 10% of salary
• Reduction in Greenhouse Gas Emissions: up to 10% of salary

Details of the performance against the measures is set out beginning on page 94. Each Executive Director earned a bonus of 105.95% of salary (88% 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 96.</td><td>The maximum bonus that may be earned for 2023 will remain 120% of salary. The bonus will be subject to performance measures weighted as follows.
• Adjusted Profit Before Tax: up to 40% of salary
• Consultant Revenue: up to 40% of salary
• Employee Engagement and Satisfaction: up to 10% of salary
• Client Diversification: up to 10% of salary
• Social Mobility: up to 10% of salary
• Reduction in Greenhouse Gas Emissions: up to 10% of salary

The targets are commercially sensitive and further information will be disclosed in the 2023 Directors' Remuneration Report.

As for 2022, bonuses will be calculated by reference to the salary earned in the year, and not solely by reference to the rate of salary applying at the end of the financial year.</td></tr>
</table>

PSP

Decisions in respect of 2022

PSP awards vesting by reference to performance over the period 2020 – 2022

The awards granted to the Executive Directors in 2020 under the Company's Performance Share Plan were subject to a performance condition based on Earnings Per Share over the performance period 2020 - 2022. As we explained in the 2020 Directors' Remuneration Report, given the impact of the pandemic, targets were set on a final year basis rather than a growth basis The awards vested at 100% of the maximum, reflecting the strong performance of the Company as summarised below; further information is given on page 96. Although the awards vested in March 2023, they remain subject to a two year holding period and so will not be released to the Executive Directors so that they can acquire the shares until Spring 2025.

2022 EPS targets	Vesting	2022 EPS outturn
33.7 pence	25%	
Greater than 33.7 pence but less than 35.0 pence	Determined on a straight-line basis between 25% and 100%	37.3 pence
35.0 pence	100%	

Consistent with the approach in respect of previous years, the Committee has, in its discretion, assessed performance based upon adjusted EPS (as defined in note 12 in the Consolidated Financial Statements).

In addition to the EPS targets, the extent to which each award vested was subject to the Committee's assessment of the overall financial performance of the Company during the performance period. The Committee considered this performance and concluded that vesting at 100% was reflective of the overall financial performance of the Company such that vesting at that level should be approved. The Committee considered in particular whether there was any risk of a "windfall gain" in relation to the vesting of these awards. However, since the share price at vesting was lower than the price when those awards were granted, and having regard to the fact that FDM does not determine the number of shares subject to PSP awards by reference to a percentage or multiple of salary, the Committee was clear that this risk does not arise.

Proposed implementation for 2023

PSP awards to be granted in respect of 2023 will be subject to performance conditions based on FDM's earnings per share assessed over a three-year performance period commencing with FDM's 2023 financial year. Details of the performance conditions and targets will be announced at the time the awards are granted, in addition to being included in the 2023 Directors' Remuneration Report.

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.

Remuneration Report continued

<table>
<tr><th></th><th>Decisions in respect of 2022</th><th>Proposed implementation for 2023</th></tr>
<tr><td>PSP
continued</td><td>PSP awards granted in 2022
PSP awards were granted in March 2022 with vesting subject to stretching adjusted EPS performance conditions. Details of the awards and performance measures are set out on page 97. 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 as set out below:
<table>
<tr><td>Rod Flavell</td><td>64%</td></tr>
<tr><td>Mike McLaren</td><td>91%</td></tr>
<tr><td>Andy Brown</td><td>89%</td></tr>
<tr><td>Sheila Flavell</td><td>89%</td></tr>
</table></td><td></td></tr>
</table>

The Committee and Board remain committed to a responsible approach to executive pay and believe the Policy operated as intended during 2022. 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 2023 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
14 March 2023

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

Clarity: remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce **Simplicity:** remuneration structures should avoid complexity and their rationale and operation should be easy to understand	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.
Risk: 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	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.
Predictability: the range of possible values of rewards to individual Directors and other limits or discretions should be identified and explained	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.
Proportionality: 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	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.
Alignment to culture: incentive schemes should drive behaviours consistent with the Company's purpose, values and strategy	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 throughout the organisation. Accordingly, some of the non-financial metrics forming part of the Executive Directors' bonus were applied to elements of the bonuses for some senior managers in 2022. This approach will be expanded amongst the senior management team in 2023. 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. 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. For the first time in 2022, we operated bonus deferral (in respect of part of the bonuses earned for 2021) for some below-Board senior managers, further aligning their interests with the longer-term interests of shareholders. The group of senior managers to whom this bonus deferral applies will be expanded for 2023.

Remuneration Report continued

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. Additional engagement takes place with investors in advance during years when a new remuneration policy is to be put to shareholders for approval, or when the Committee is seeking feedback on any other more significant matters concerning executive remuneration. Although there was no such requirement in 2022, our programme of shareholder engagement included discussion of executive remuneration with the Chair of the Committee, and executive remuneration is always a topic available for discussion in any of these meetings. Feedback from investors is taken into account in finalising our approach to executive remuneration. During 2023, we will consult with shareholders on our approach to the Directors' Remuneration Policy, which will be subject to shareholder approval at the 2024 AGM in line with the usual three year timetable.

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, elements of the Executive Directors' bonus metrics are being cascaded down to managers in the organisation, and bonus deferral has been introduced for an increasing number of senior managers. Engagement with the relevant populations takes place to explain how Executive Director remuneration and wider workforce remuneration are 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

The Audited section of this report comprises only the following sections:

- Single figure table
- Annual bonus for 2022
- Long-term incentives vesting in respect of 2022
- Payments to former Directors
- Payments for loss of office
- Directors' shareholding and share interests
- Performance Share Plan awards and deferred bonus shares awarded in 2022

Single figure table

The table below details the total remuneration receivable by each Director for the financial years ended 31 December 2022 and 31 December 2021. 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 2022 annual bonus and the long-term incentives vesting in respect of 2022.

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

Salary and fees	The total salaries and fees paid in respect of the year.
Benefits	The value of benefits received in the year, comprising private medical insurance and car allowance.
Annual bonus	The value of the bonuses earned in respect of the year. For 2022, bonuses were calculated by reference to the salary earned in the year, and not solely by reference to the rate of salary applying at the end of the financial year.
Long-term incentives	The value of the Executive Directors' long-term incentives vesting by reference to performance in the relevant year.
Pension	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[1] £000	Total £000	Total fixed £000	Total variable £000
Executive Directors									
Rod Flavell	**2022**	**490.0**	**19.6**	**519.2**	**243.0**	**23.1**	**1,294.9**	**532.7**	**762.2**
	2021	446.1	19.6	501.8	–	15.0	982.5	480.7	501.8
Sheila Flavell	**2022**	**339.0**	**13.7**	**359.2**	**243.0**	**16.3**	**971.2**	**369.0**	**602.2**
	2021	322.6	13.5	362.9	–	10.9	709.9	347.0	362.9
Mike McLaren	**2022**	**337.8**	**14.7**	**357.8**	**243.0**	**16.1**	**969.4**	**368.6**	**600.8**
	2021	315.9	14.8	355.4	–	10.7	696.8	341.4	355.4
Andy Brown	**2022**	**339.0**	**13.8**	**359.2**	**243.0**	**16.3**	**971.3**	**369.1**	**602.2**
	2021	322.6	13.6	362.9	–	10.9	710.0	347.1	362.9
Non-Executive Directors									
David Lister	**2022**	**173.8**	**–**	**–**	**–**	**–**	**173.8**	**173.8**	**–**
	2021	170.0	–	–	–	–	170.0	170.0	–
Peter Whiting	**2022**	**81.3**	**–**	**–**	**–**	**–**	**81.3**	**81.3**	**–**
	2021	76.8	–	–	–	–	76.8	76.8	–
Alan Kinnear	**2022**	**68.9**	**–**	**–**	**–**	**–**	**68.9**	**68.9**	**–**
	2021	65.2	–	–	–	–	65.2	65.2	–
Michelle Senecal de Fonseca	**2022**	**56.5**	**–**	**–**	**–**	**–**	**56.5**	**56.5**	**–**
	2021	53.8	–	–	–	–	53.8	53.8	–
Jacqueline de Rojas	**2022**	**61.5**	**–**	**–**	**–**	**–**	**61.5**	**61.5**	**–**
	2021	57.5	–	–	–	–	57.5	57.5	–

1 The payment made to each Executive Director in 2022 in lieu of company pension contributions to the Company's defined contribution scheme includes a one-off amount paid to correct an underpayment in respect of previous years. The proportion of the total for each Executive Director which relates to 2022 is as follows: Rod Flavell £16,708; Sheila Flavell £11,560; Andy Brown £11,560; Mike McLaren, £11,517.

Remuneration Report continued

Annual Report on Remuneration continued

Annual bonus for 2022

As described in the Committee Chair's statement on page 88 each Executive Director earned a bonus of 105.95% of salary for 2022, 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	33.33% (40% of salary)	n/a	£50.2m	£51.7m	£52.0m	100.0%
Consultant revenue	33.33% (40% of salary)	n/a	£292.7m	£295.7m	£330.0m	100.0%
Employee engagement and satisfaction	8.33% (10% of salary)	Performance for these elements was assessed by reference to the achievements delivered in the year relative to the measures, as described below.				75.0%
Client base diversification	8.33% (10% of salary)					14.5%
Social mobility	8.33% (10% of salary)					70.0%
Reduction in greenhouse gas emissions	8.33% (10% of salary)					100.0%

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

Strategic measure	Achievements
Employee engagement and satisfaction	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. The targets for each question were based on an average of the scores achieved across the responses in the survey. Achievement against these targets was that the target level of responses were met or achieved for three of the four 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 75% of maximum (7.5% of salary).
Client base diversification – this measure was split into two separate elements	**Element A –Specific Emerging Strategic Sectors (75% weighting)** Achievement in respect of this measure was based on the number of Consultants placed in various emerging sectors, with both a base target and a stretch target set. The target numbers and sector details will not be disclosed as they are commercially sensitive and would give competitors insight into our strategy and plans. The base target was not achieved, therefore no bonus was earned in respect of this element. A more granular description of the outturn is not given as the Committee considers the details to be commercially sensitive. **Element B – General Client Diversification (25% weighting)** Achievement in respect of this measure was based on the number of Consultants placed in sectors outside the Group's core financial services client base, 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. The number of Consultants placed with clients outside the financial services sector was between the base target and the stretch target; a more granular description of the outturn is not given as the Committee considers the details to be commercially sensitive. A bonus of 1.45% of salary was payable for Element B (out of a maximum 2.5% of salary available for Element B) The overall bonus achievement for the Client-base Diversification metric was 14.5% of maximum (1.45% of salary).
Social mobility	Achievement in respect of this measure was based on increasing the headcount in the Group's global apprenticeship programme (which includes apprentices in the UK, Technology Trainees in Australia and community college applicants in the US), with both a base target and a stretch target set, as follows: Base Target — At year end, 50 Apprentices employed Stretch Target — At year end, 65 Apprentices employed 5% of the total 10% available was payable on achieving the base target, and the other 5% was payable on achieving the stretch target. The amount payable was calculated on a straight-line basis for performance between base and stretch. The actual number of Apprentices employed at the end of the year was 56. This resulted in a bonus achievement of 70% of maximum (7.0% of salary).
Reduction in greenhouse gas emissions	Achievement in respect of this measure was based on the product of i) the Group's Scope 1 and Scope 2 emissions; and ii) the Group's Scope 3 emissions per employee (the "Emissions Product"). Both a base target and a stretch target were set, as follows. Base Target — Reduce the 2021 Emissions Product by 15.7% or more Stretch Target — Reduce the 2021 Emissions Product by 21.1% or more 5% of the total 10% available was payable on achieving the base target, and the other 5% was payable on achieving the stretch target. The amount payable was calculated on a straight-line basis for performance between base and stretch. Performance against this measure was that the Emissions Product had reduced by 46%. This resulted in a bonus achievement of 100% of maximum (10% of salary).

Remuneration Report continued

Annual Report on Remuneration continued

Accordingly, each Executive Director earned a bonus equal to 105.95% of their salary in respect of 2022, 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	£519,155	£432,629	£86,526
Sheila Flavell	£359,171	£299,309	£59,862
Mike McLaren	£357,846	£298,205	£59,641
Andy Brown	£359,171	£299,309	£59,862

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 2022

Each Executive Director was granted an award under the Company's Performance Share Plan on 30 December 2020 over 29,000 shares. The grant of the awards in 2020 was moved towards the end of the year given the economic uncertainty arising from the COVID-19 pandemic. The Committee's usual practice, resumed in 2021, is to grant awards earlier in the year. Each award was subject to a performance condition based on the adjusted EPS in the final financial year of the performance period (2022) in accordance with the following table.

Adjusted EPS[1] in 2022	Percentage of the award that will vest	Performance outcome (2022 adjusted EPS)	Vesting outcome
33.7 pence	25%		
Greater than 33.7 pence but less than 35.0 pence	Determined on a straight-line basis between 25% and 100%	37.3 pence	100%
35.0 pence or more than 35.0 pence	100%		

1 The Committee has discretion to assess the performance outcome based on adjusted EPS (as defined in note 12 in the Consolidated Financial Statements).

The extent to which the awards vested was subject to the Committee's assessment of the overall financial performance of the Company during the performance period. Taking into account the EPS performance and the overall financial performance of the Company over the three-year period, the Committee confirmed that the vesting by reference to the principal EPS performance condition was appropriate. The vested awards remain subject to a two-year holding period and will not be released, so that the shares can be acquired, until the end of that period, over which they will accrue "dividend equivalents".

In the single figure table on page 93, the value for the PSPs is calculated by multiplying the number of shares in respect of which each award vested (29,000) by £8.38 (being the mid-market closing share price of £8.39 on 13 March 2023, the day before the vesting date, less the exercise price of £0.01 per share).

The price at vesting is lower than the value of a share the grant of the awards was approved (£9.943), and accordingly none of the value is attributable to the growth in the value of share between the date of grant and the date of vesting.

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 2022 were as follows:

	Ordinary shares as at 31 December 2022 Number[1]	Ordinary shares value as at 31 December 2022 £000[2]	Value (multiple of base salary[3])
Executive Directors			
Rod Flavell	7,344,743	55,012	110.0
Sheila Flavell	7,339,620	54,974	160.7
Mike McLaren	488,752	3,661	10.7
Andy Brown	4,033,115	30,208	88.3
Non-Executive Directors			
David Lister	–	–	–
Peter Whiting	10,453	78	1.0
Michelle Senecal de Fonseca	5,523	41	0.7
Alan Kinnear	–	–	–
Jacqueline de Rojas	–	–	–

1 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, interests in shares acquired pursuant to bonus deferral arrangements, and the net of assumed tax number of shares subject to any PSP awards which are in a holding period, including the 2020 PSP awards which vested by reference to performance in the period ended 31 December 2022.
2 Calculated based on the closing share price of 749 pence on 31 December 2022.
3 Calculated on base salary and fees at 31 December 2022.

There have been no changes in the Directors' holdings in the share capital of the Company between 31 December 2022 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 2022	Granted in 2022	Lapsed in 2022	Exercised in 2022	Number at 31 December 2022	Status
17 April 2019	29,000	–	29,000	–	–	Lapsed[4]
30 December 2020	29,000	–	–	–	29,000	Vested[5]
21 April 2021	30,000	–	–	–	30,000	Unvested and subject to performance condition
22 March 2022[6]	–	30,000	–	–	30,000	Unvested and subject to performance condition

4 The awards granted in 2019 lapsed on 16 March 2022.
5 The awards granted in 2020 vested on 14 March 2023 as described on the prior page.
6 The details of the awards granted in 2022 are set out below.

Performance Share Plan awards granted in 2022

Each Executive Director was granted an award under the Company's PSP on 22 March 2022 as set out below.

Award	Number of shares	Exercise price per share	Face value of award
PSP award	30,000	£0.01	£295,098

The face value of the award is calculated by multiplying the number of shares subject to the PSP award (30,000) by £9.8366 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.

Remuneration Report continued

Annual Report on Remuneration continued

The awards will vest based on adjusted[1] EPS in the final financial year of the three-year performance period ending 31 December 2024, in line with the following schedule:

Adjusted[1] EPS in the final financial year of the performance period	Percentage of the award that will vest
38.5 pence	25%
Greater than 38.5 pence but less than 41.7 pence	Determined on a straight-line basis between 25% and 100%
41.7 pence or more than 41.7 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 2023

Base salary and fees

With effect from 1 April 2023, Executive Director salaries will be increased as described in the Chair of the Committee's statement on page 88.

The Board Chair's fee and the fees of the Non-Executive Directors are currently under review (by the Committee in the case of the Board Chair and by the Board in the case of the Non-Executive Directors) having regard to the time commitments required for the roles and the competitive positioning of those fees. Any changes have yet to be determined, but are proposed to take effect from 1 April 2023 and will be reported on in the 2023 Directors' Remuneration Report.

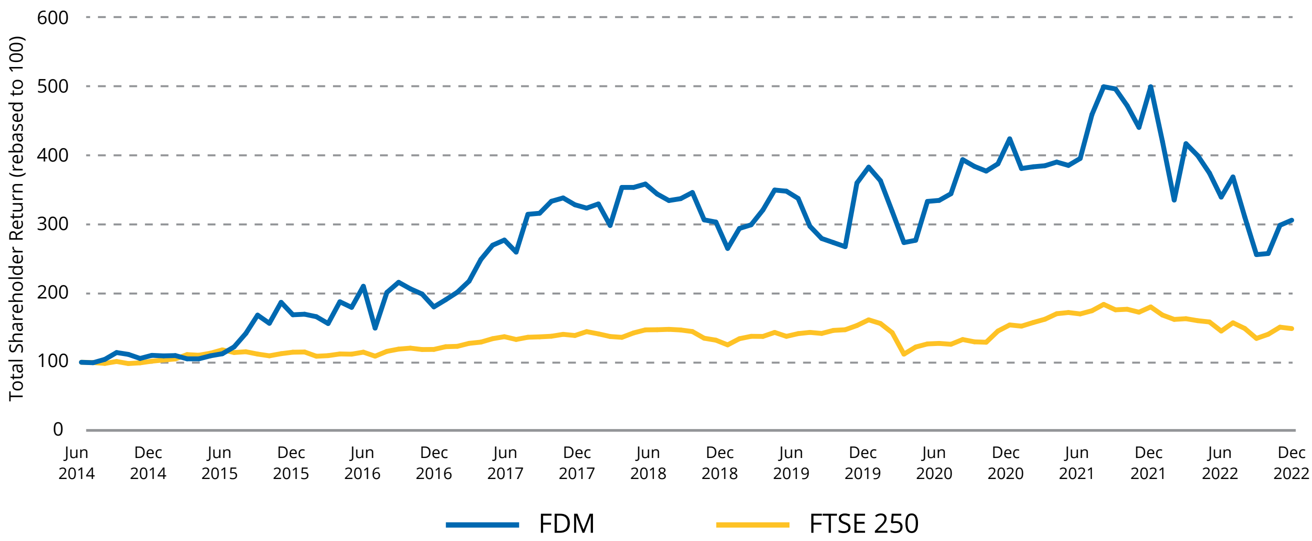
Annual bonus and long-term incentives for 2023

The maximum annual bonus opportunity for all Executive Directors for 2023 is 120% of salary, as set out in the statement from the Chair of the Committee on page 88. 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.



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.

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total remuneration (£000)	547.7	658.5	668.1	764.5	1,134.1	995.0	802.0	750.5	982.5	1,294.9
Annual bonus as a % of maximum opportunity	68%	55%	82%	100%	80%	58%	50%	65%	94%	88%
Long-term incentives as a % of maximum opportunity	n/a	n/a	n/a	n/a	100%	100%	100%	0%	0%	100%

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, 2020–2021 and 2021–2022. 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 Consultants.

		Wider workforce	Rod Flavell	Sheila Flavell	Mike McLaren	Andy Brown	David Lister	Peter Whiting	Alan Kinnear[1]	Michelle Senecal de Fonseca	Jacqueline de Rojas
Salary/ fees	2021 – 2022	11.5%	9.8%	5.1%	6.9%	5.1%	2.2%	5.9%	5.7%	5.0%	7.0%
	2020 – 2021	9.0%	10.3%	7.4%	9.4%	7.4%	0%	9.7%	15.0%	7.6%	15.0%
	2019 – 2020	7.5%	0%	0%	0%	0%	14.2%	0%	n/a	0%	0%
Annual bonus	2021 – 2022	4.2%	3.5%	-1.0%	0.7%	-1.0%	n/a	n/a	n/a	n/a	n/a
	2020 – 2021	57.8%	59.2%	55.0%	57.8%	55.0%	n/a	n/a	n/a	n/a	n/a
	2019 – 2020	-6.8%	56.6%	56.6%	56.6%	56.6%	n/a	n/a	n/a	n/a	n/a
Taxable benefits	2021 – 2022	12.1%	0.0%	1.5%	-0.7%	1.5%	n/a	n/a	n/a	n/a	n/a
	2020 – 2021	-6.8%	-4.4%	0.0%	-1.3%	-0.7%	n/a	n/a	n/a	n/a	n/a
	2019 – 2020	3.5%	-0.5%	-1.5%	-1.3%	-2.1%	n/a	n/a	n/a	n/a	n/a

1 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.

Remuneration Report continued

Annual Report on Remuneration continued

CEO pay ratio

The following table sets out the ratio of the CEO's total remuneration in respect of the 2022 financial year (taken from the single figure table on page 93) 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, 2020 and 2021 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 Consultants. This reflects the fact that Consultants' remuneration is not subject to the same annual review process as the rest of the UK workforce.

		25th percentile pay ratio		Median pay ratio		75th percentile pay ratio	
Year	Method	Including Consultants	Excluding Consultants	Including Consultants	Excluding Consultants	Including Consultants	Excluding Consultants
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
2022	Option A	54:1	46:1	49:1	33:1	34:1	20:1

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. Consultants were then excluded, and the process was repeated to calculate the ratio for all UK employees excluding Consultants.

In line with the applicable regulations, we have set out below for the same employee percentiles (and for the CEO) their total remuneration for each relevant year and the salary component of that remuneration.

	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)	
Year		Including Consultants	Excluding Consultants	Including Consultants	Excluding Consultants	Including Consultants	Excluding Consultants
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)
2022	£1,294,894 (£490,000)	£23,902 (£23,417)	£28,173 (£26,173)	£26,626 (£25,636)	£39,643 (£31,333)	£37,641 (£26,250)	£63,448 (£48,006)

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 2021 and 2022 are principally attributable to the second phase of the CEO's planned salary increases taking effect in April 2022 and the vesting of the 2020 PSP awards (which are included in the 2022 single total figure of remuneration notwithstanding that they are not released for a further two years) compared to the position in 2020 and 2021 when the 2018 and 2019 PSP awards (respectively) did not vest. The Committee considers that the median ratio for 2022 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 2022 £000	Year ended 31 December 2021 £000	Percentage change
Total dividends paid[1]	**38,153**	32,674	+17%
Overall expenditure on pay to employees	**257,202**	203,815	+26%

1 The dividends for the year ended 31 December 2021 are calculated on the same basis as in the 2021 Directors' Remuneration Report and, accordingly, exclude the second interim dividend in respect of 2020 of 13.0 pence per share which was paid on 26 February 2021 at a total cost of £14.1m.

Shareholder approval of our Directors' Remuneration Policy and Directors' Remuneration Report
The Company's Directors' Remuneration Policy and the Company's 2021 Directors' Remuneration Report were approved at the AGM held on 28 April 2021 and 24 May 2022 respectively. 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	86,234,517	96.64%	3,002,766	3.36%	524,008

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 65.

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 £5,225. 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 dealings 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 Board Chair, 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 2022 are set out on page 65.

Remuneration Report continued

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 2023 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**.

Executive Directors

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Base salary			
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.	Salary levels are determined taking into account a range of factors, which may include (but are not limited to): • Underlying Group performance; • The size and scope of the Executive Director's role and responsibilities; • The Executive Director's skill, experience and performance; • Salary levels for equivalent roles at other listed companies of a similar size and/ or complexity to the Group; and • Pay and conditions elsewhere in the Group.	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. Salary increases above this level may be awarded in appropriate circumstances including but not limited to: • Where an Executive Director has been promoted or has had a change in scope or responsibility; • 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 • Where there has been a change in the size and/ or complexity of the business. Such increases may be implemented over such time period as the Committee deems appropriate.	Not applicable.
Benefits			
To provide benefits as part of a broadly market competitive total remuneration.	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. Other benefits may be provided based on individual circumstances. These may include, for example, relocation expenses and expatriate allowances.	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.
Retirement benefits			
To provide an appropriate level of retirement benefit (or cash allowance equivalent) as part of a broadly market competitive total remuneration package.	Executive Directors are eligible to participate in the Company's defined contribution scheme. 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.	Company pension contribution (or cash allowance equivalent) not exceeding the contribution available to the majority of the workforce (currently 4%).	Not applicable.

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Annual bonus			
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.	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. 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. 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. 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. **Recovery** Recovery provisions apply as summarised below the table.	Maximum bonus opportunity for Executive Directors is 150% of base salary.	Performance measures and targets are set annually reflecting the Company's strategy and aligned with key financial, strategic and/ or individual targets. 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. 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.
Buy As You Earn ("BAYE") Plan			
To create staff alignment with the Group and encourage share ownership.	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 2022, 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 2022). **Recovery** Recovery provisions apply to Matching Shares as summarised below the table.	Maximum value of Purchased Shares that may be acquired in respect of any year is £12,000. The maximum ratio of Matching Shares to Purchased Shares is as described in the "Operation" column.	Not subject to performance measures in line with typical market practice.

Remuneration Report continued

Directors' Remuneration Policy continued

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Performance Share Plan ("PSP")			
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.	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. 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. 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. 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. **Recovery** Recovery provisions apply as summarised below the table.	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. 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. 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.	Performance will be assessed against challenging performance targets. Performance will be based typically on financial measures including, but not limited to, EPS growth. 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. Performance measures (and their weighting where there is more than one measure) are reviewed annually to maintain appropriateness and relevance. 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. Where a tax-favoured option is granted as part of an APSP award, the same performance conditions apply to the tax-favoured option as apply to the PSP award.

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 2022. 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 2022 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.

Remuneration Report continued

Directors' Remuneration Policy continued

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 affected 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.	The Chair is paid a basic Chair fee and additional fees for chairing of any Board committees. Non-Executive Directors receive a basic fee and additional fees for chairing any Board committees or for other responsibilities or time commitments. The Chair's fee is determined by the Remuneration Committee and the fees of the other Non-Executive Directors are determined by the Board. 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. Overall fees paid to Non-Executive Directors will remain within the limit set by the Company's Articles of Association from time to time.	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. The Non-Executive Directors do not participate in the Company's annual bonus, share plans or pension schemes or other benefit in kind arrangements.

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 14 March 2023 and signed on its behalf by:

Peter Whiting
Chair of the Remuneration Committee
14 March 2023

Strategic Report
Governance
Financial Statements

Directors' Report

The Directors present the Directors' Report and audited Consolidated Financial Statements of FDM Group (Holdings) plc, registered number 07078823, for the year ended 31 December 2022.

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 58 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 £34.9 million (2021: £31.8 million). Results for the year are set out in the Consolidated Income Statement on page 121.

The Directors propose a final dividend of 19.0 pence per share for the year to 31 December 2022. Subject to shareholder approval, this dividend will be paid on 30 June 2023 to shareholders on the register on 9 June 2023. An interim dividend of 17.0 pence per share was declared by the Directors on 27 July 2022 and was paid on 30 September 2022 to shareholders on the register on 26 August 2022.

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 Chair
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 59 to 61.

Director share interests

Details of the interests of Directors in the shares of the Company are provided on page 109.

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 87. All other information required to be disclosed by Listing Rule section 9.8.4 R is not applicable for the year under review.

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 27 to the Consolidated Financial Statements. The principal risks that the Group faces are set out on pages 24 to 31 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 62. The Corporate Responsibility report, on pages 32 to 58, 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 2022 and as at 6 March 2023, the Company had been advised, in accordance with the Disclosure Guidance 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:

		As at 31 December 2022		As at 6 March 2023	
Substantial shareholder	**Direct/ indirect interest**	**Number of shares**	**% of issued share capital**	**Number of shares**	**% of issued share capital**
Baillie Gifford & Co	Indirect	**14,164,314**	**13.0%**	14,164,314	13.0%
Rod Flavell	Direct	**7,329,373**	**6.7%**	7,329,373	6.7%
Sheila Flavell	Direct	**7,324,250**	**6.7%**	7,324,250	6.7%
abrdn Standard Life Investments	Indirect	**5,497,037**	**5.0%**	5,497,037	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	**5,497,082**	**5.0%**	5,497,082	5.0%
BlackRock	Indirect	**5,210,213**	**4.8%**	5,210,213	4.8%
Andy Brown	Direct	**4,017,745**	**3.7%**	4,017,745	3.7%

Political donations

The Group made no political donations in the year (2021: £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 at least 12 months. 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 2022 and 2021 is presented on page 54. Details of the Group's compliance with legislation relating to greenhouse gas emissions reporting are set out on page 52 and in the Corporate Responsibility report.

Employee engagement

How the Directors have engaged with employees and have regard to their interests is detailed on pages 67 and 68.

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 40 of the Corporate Responsibility report.

Engagement with other stakeholders

Information on the Directors' engagement with other stakeholders can be found on pages 67 to 68.

Directors' Report continued

Employee information

Information on the Group's employee policies is included on page 43 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 39 in the Corporate Responsibility report.

Capital structure

The Group's capital structure is detailed in note 21 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 24 May 2022, 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 28 April 2021. The authority expires at the conclusion of the Company's next Annual General Meeting after the passing of this resolution or, if earlier, 23 August 2023.

During 2018, 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.

Change of control

The Group has agreements in place with certain of its banking customers that give those customers 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 26 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 financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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 for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, 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 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 also 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.

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 FDM Group (Holdings) plc Annual Report, 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 Directors' Report confirm that, to the best of their knowledge:

- the Group 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;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the Strategic Report 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's 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's 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 14 March 2023 and signed on its behalf by:

Rod Flavell
Chief Executive Officer
14 March 2023

Mike McLaren
Chief Financial Officer
14 March 2023

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 2022 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements 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 2022 (the "Annual Report"), which comprise: the Consolidated Statement of Financial Position and the Parent Company Statement of Financial Position as at 31 December 2022; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and the Parent Company Statement 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 7, we have provided no non-audit services to the parent company or its controlled undertakings in the period under audit.

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

Our audit approach

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 78% of revenue and 84% of absolute profit before tax

Key audit matters

- Share option plan expenses (group and parent)

Materiality

- Overall group materiality: £2,280,000 (2021: £2,070,000) based on approximately 5% of profit before tax.
- Overall parent company materiality: £700,000 (2021: £620,000) based on approximately 1% of total assets.
- Performance materiality: £1,700,000 (2021: £1,550,000) (group) and £525,000 (2021: £465,000) (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 key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Share option plan expenses (group and parent) Refer to notes 3.3 (m), 4, and 24 to the Financial statements for the directors' disclosures of the related accounting policies, judgements and estimates, and page 80 ('Significant financial reporting items') within the Audit Committee Report. During 2015, the group implemented a share option plan for management and senior employees. 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 97 and 98 ('Annual Report on Remuneration') for details on the share option plan).	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. 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. 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, and found them to be appropriate. 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. We concluded that stress testing these assumptions did not have a material impact on the income statement charge. We checked the mathematical integrity of the model and found it to be accurate. 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. We also considered the disclosures made in note 24 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.

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 78% of revenue and 84% of absolute profit before tax.

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

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

The impact of climate risk on our audit
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.

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
Overall materiality	£2,280,000 (2021: £2,070,000).	£700,000 (2021: £620,000).
How we determined it	Approximately 5% of profit before tax	Approximately 1% of total assets
Rationale for benchmark applied	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 £1,700,000 and £2,160,000. 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% (2021: 75%) of overall materiality, amounting to £1,700,000 (2021: £1,550,000) for the group financial statements and £525,000 (2021: £465,000) 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 £114,000 (group audit) (2021: £103,000) and £35,000 (parent company audit) (2021: £31,000) 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. 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 2022 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.

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

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 and parent company 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;
- Evaluating and testing journal entries which may be indicative of fraud, for example journal entries posted with unusual account combinations;
- 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. This description forms part of our auditors' report.

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

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.

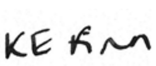
We have no exceptions to report arising from this responsibility.

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 10 years, covering the years ended 31 December 2013 to 31 December 2022.

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
14 March 2023

Consolidated Income Statement

for the year ended 31 December 2022

	Note	2022 £000	2021 £000
Revenue	6	**329,972**	267,356
Cost of sales		**(174,353)**	(140,641)
Gross profit		**155,619**	126,715
Administrative expenses		**(109,772)**	(84,700)
Operating profit	7	**45,847**	42,015
Finance income	10	**418**	58
Finance expense	10	**(604)**	(650)
Net finance expense		**(186)**	(592)
Profit before income tax		**45,661**	41,423
Taxation	11	**(10,753)**	(9,594)
Profit for the year		**34,908**	31,829

		2022 pence	2021 pence
Earnings per ordinary share			
Basic	12	**32.0**	29.1
Diluted	12	**31.8**	28.8

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

The notes on pages 126 to 151 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2022

	2022 £000	2021 £000
Profit for the year	**34,908**	31,829
Other comprehensive income/ (expense)		
Items that may be subsequently reclassified to profit or loss		
Exchange differences on retranslation of foreign operations (net of tax)	**2,148**	(47)
Total other comprehensive income/ (expense)	**2,148**	(47)
Total comprehensive income for the year	**37,056**	31,782

The notes on pages 126 to 151 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Financial Position

as at 31 December 2022

	Note	2022 £000	2021 £000
Non-current assets			
Right-of-use assets	13	**10,073**	11,631
Property, plant and equipment	14	**3,666**	4,069
Intangible assets	15	**19,729**	19,597
Deferred income tax assets	17	**2,316**	2,484
		35,784	37,781
Current assets			
Trade and other receivables	18	**48,923**	35,841
Cash and cash equivalents	19	**45,523**	53,120
		94,446	88,961
Total assets		**130,230**	126,742
Current liabilities			
Trade and other payables	20	**32,962**	31,235
Lease liabilities	13	**4,643**	5,413
Current income tax liabilities		**1,172**	2,147
		38,777	38,795
Non-current liabilities			
Lease liabilities	13	**8,250**	9,817
Total liabilities		**47,027**	48,612
Net assets		**83,203**	78,130
Equity attributable to owners of the parent			
Share capital	21	**1,092**	1,092
Share premium		**9,705**	9,705
All Other reserves	23	**13,525**	5,126
Retained earnings		**58,881**	62,207
Total equity		**83,203**	78,130

The notes on pages 126 to 151 are an integral part of these Consolidated Financial Statements.

The financial statements on pages 121 to 151 were approved by the Board of Directors on 14 March 2023 and were signed on its behalf by:

Rod Flavell
Chief Executive Officer
14 March 2023

Mike McLaren
Chief Financial Officer
14 March 2023

Consolidated Statement of Cash Flows

for the year ended 31 December 2022

	Note	2022 £000	2021 £000
Cash flows from operating activities			
Group profit before tax for the year		**45,661**	41,423
Adjustments for:			
Depreciation and amortisation	7	**6,423**	6,160
Loss on disposal of non-current assets		**130**	2
Finance income	10	**(418)**	(58)
Finance expense	10	**604**	650
Share-based payment charge (including associated social security costs)		**6,727**	5,622
Increase in trade and other receivables		**(11,334)**	(5,123)
Increase in trade and other payables		**1,872**	3,471
Cash flows generated from operations		**49,665**	52,147
Interest received		**418**	58
Income tax paid		**(13,665)**	(10,606)
Net cash inflow from operating activities		**36,418**	41,599
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(1,204)**	(368)
Net cash used in investing activities		**(1,204)**	(368)
Cash flows from financing activities			
Proceeds from sale of shares from EBT		**484**	450
Principal elements of lease payments	13	**(5,470)**	(5,294)
Interest elements of lease payments	13	**(472)**	(564)
Proceeds from sale of own shares		**24**	50
Finance costs paid		**(132)**	(85)
Dividends paid	22	**(38,153)**	(46,820)
Net cash used in financing activities		**(43,719)**	(52,263)
Exchange gains/ (losses) on cash and cash equivalents		**908**	(573)
Net decrease in cash and cash equivalents		**(7,597)**	(11,605)
Cash and cash equivalents at beginning of year		**53,120**	64,725
Cash and cash equivalents at end of year	19	**45,523**	53,120

The notes on pages 126 to 151 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

	Share capital £000	Share premium £000	All Other reserves (Note 23) £000	Retained earnings £000	Total equity £000
Balance at 1 January 2022	**1,092**	**9,705**	**5,126**	**62,207**	**78,130**
Profit for the year	**–**	**–**	**–**	**34,908**	**34,908**
Other comprehensive income for the year	**–**	**–**	**2,148**	**–**	**2,148**
Total comprehensive income for the year	**–**	**–**	**2,148**	**34,908**	**37,056**
Share-based payments (note 24)	**–**	**–**	**5,844**	**–**	**5,844**
Transfer to retained earnings	**–**	**–**	**(454)**	**454**	**–**
Own shares sold	**–**	**–**	**861**	**(353)**	**508**
Recharge of net settled share options	**–**	**–**	**–**	**(182)**	**(182)**
Dividends (note 22)	**–**	**–**	**–**	**(38,153)**	**(38,153)**
Total transactions with owners, recognised directly in equity	**–**	**–**	**6,251**	**(38,234)**	**(31,983)**
Balance at 31 December 2022	**1,092**	**9,705**	**13,525**	**58,881**	**83,203**

	Share capital £000	Share premium £000	All Other reserves (Note 23) £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 24)	–	–	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 22)	–	–	–	(46,820)	(46,820)
Total transactions with owners, recognised directly in equity	–	–	5,230	(46,846)	(41,616)
Balance at 31 December 2021	1,092	9,705	5,126	62,207	78,130

The notes on pages 126 to 151 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 4 to the Parent Company Financial Statements.

The Consolidated Financial Statements present the results for the year ended 31 December 2022. The Consolidated Financial Statements were approved by Rod Flavell and Mike McLaren on behalf of the Board of Directors on 14 March 2023.

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 at least twelve months. 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

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 2022.

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 4 to the Parent Company Financial Statements. There are no minority interests in the subsidiaries of the Company.

3 Accounting policies continued

3.3 Summary of significant accounting policies

a) 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;
- If advance payments are made by customers, these are deferred and the income recognised in the period in which the Consultants perform the work;
- 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.

b) 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.

c) 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.

Notes to the Consolidated Financial Statements continued

3 Accounting policies continued

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.

d) 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.

e) 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 and 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.

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.

f) 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.

g) 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.

h) 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 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

i) Financial instruments

Non-derivative financial instruments

The Group's non-derivative financial instruments comprise trade receivables, trade payables, and cash and cash equivalents.

The Group does not have any debt.

j) 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.

k) 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.

l) 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 25).

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.

m) Share-based payments

Employees 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.

Notes to the Consolidated Financial Statements continued

3 Accounting policies continued

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 2022 is a charge relating to a portion of the Directors' bonus earned during 2022, the balance will be settled via issue of shares equal to the amount which would have been payable to them.

n) 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.

o) 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.

p) 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 25.

q) 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.

r) 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.

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 24.

No individual judgements have been made that have a significant impact on the financial statements (2021: 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 2022	Effective for accounting periods beginning on or after	Endorsed by the UK Endorsement Board (UKEB)
Amendments		
Annual Improvements to IFRS Standards 2018–2021	1 January 2022	Yes
Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37	1 January 2022	Yes
Amendments to Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	1 January 2022	Yes
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022	Yes

The following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2022, 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 2022	Effective for accounting periods beginning on or after	Endorsed by the UK Endorsement Board (UKEB)
IFRS 17, 'Insurance contracts'	1 January 2023	Yes
Amendments		
Deferred Tax related to Assets and Liabilities arising from a Single transaction – Amendments to IAS 12 Transaction (Amendments to IAS 12)	1 January 2023	Yes
Definition of Accounting Estimates – (Amendments to IAS 8)	1 January 2023	Yes
Disclosure of Accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023	Yes
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	Deferred until not earlier than 1 January 2024	No

Notes to the Consolidated Financial Statements continued

6 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'.

As of 31 December 2022, 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 2022

	UK £000	North America £000	EMEA £000	APAC £000	Total £000
Revenue	139,560	116,937	19,665	53,810	329,972
Depreciation and amortisation	2,599	1,698	291	1,835	6,423
Segment operating profit	25,856	14,111	2,039	3,841	45,847
Finance income[1]	515	152	2	5	674
Finance costs[1]	(196)	(59)	(86)	(519)	(860)
Profit before income tax	26,175	14,204	1,955	3,327	45,661
As at 31 December 2022					
Total assets	69,706	26,915	11,983	21,626	130,230
Total liabilities	(8,602)	(9,775)	(4,906)	(23,744)	(47,027)

1 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 £000	North America £000	EMEA £000	APAC £000	Total £000
31 December 2022	23,124	1,654	1,112	7,578	33,468

The following foreign entities, which are 100% owned subsidiaries, are material by their size at 31 December 2022:

Entity Name **Country of registration**	**FDM Group Inc.** **USA** **£000**	**FDM Group Canada Inc.** **Canada** **£000**	**FDM Group Australia Pty Ltd** **Australia** **£000**
Revenue	**63,512**	**53,425**	**23,552**
Non-current assets (excluding deferred tax)	**890**	**764**	**5,532**

For the year ended 31 December 2021

	UK **£000**	**North America** **£000**	**EMEA** **£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
Segment operating profit	24,570	12,215	3,237	1,993	42,015
Finance income[1]	159	174	–	4	337
Finance costs[1]	(231)	(60)	(88)	(550)	(929)
Profit before income tax	24,498	12,329	3,149	1,447	41,423
As at 31 December 2021					
Total assets	75,995	21,038	11,937	17,772	126,742
Total liabilities	(13,053)	(8,669)	(6,193)	(20,697)	(48,612)

1 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 **£000**	**North America** **£000**	**EMEA** **£000**	**APAC** **£000**	**Total** **£000**
31 December 2021	24,839	2,144	1,030	7,284	35,297

The following foreign entities, which are 100% owned subsidiaries, are material by their size at 31 December 2021 :

Entity Name **Country of registration**	**FDM Group Inc.** **USA** **£000**	**FDM Group Canada Inc.** **Canada** **£000**	**FDM Group Australia Pty Ltd** **Australia** **£000**
Revenue	45,551	35,876	14,815
Non-current assets (excluding deferred tax)	927	1,217	6,213

Information about major customers

Customers A and B represent 10% or more of the Group's 2022 and 2021 revenues. Revenue from customer A is attributed across all four operating segments, revenue from customer B is attributed to North America.

	2022 **£000**	**2021** **£000**
Revenue from customer A	**40,297**	35,942
Revenue from customer B	**37,227**	16,010

Notes to the Consolidated Financial Statements continued

7 Operating profit

Operating profit for the year has been arrived at after (crediting)/charging:

	2022 £000	2021 £000
Net foreign exchange differences	**(415)**	39
Loss on disposal of property, plant and equipment	**95**	–
Depreciation of right-of-use assets	**4,533**	4,294
Depreciation of property, plant and equipment and amortisation of software and software licences	**1,890**	1,866
Expense relating to short-term leases	**13**	78

Auditors' remuneration

During the year the Group (including its overseas subsidiaries) obtained the following services from the Group's auditors:

	2022 £000	2021 £000
Fees payable to the Group's auditors for the audit of the Parent Company and Consolidated Financial Statements	**95**	85
Fees payable to the Group's auditors for other services:		
– The audit of the Group's subsidiaries	**160**	140
– Audit-related assurance services- Interim review	**55**	50
	310	275

8 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:

	2022 Number	2021 Number
Consultants and trainees	**5,916**	4,730
Administration	**769**	634
	6,685	5,364

The aggregate payroll costs of these persons were as follows:

	2022 £000	2021 £000
Wages and salaries	**222,862**	176,300
Social security costs	**20,836**	17,379
Other pension costs	**7,148**	4,875
Share-based payments	**6,356**	5,261
	257,202	203,815

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 2022 were £710,000 (2021: £432,000). There were no prepaid contributions at the end of the financial year (2021: £nil).

9 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 2022 and 2021 is set out below:

	2022 £000	2021 £000
Short-term employee benefits	**3,612**	3,475
Post-employment benefits	**72**	47
Share-based payments	**977**	711
	4,661	4,233

Included within Short-term employee benefits in 2022 is £266,000 relating to annual bonus which was deferred into shares for two years (2021: £264,000). For further information on this and Directors' remuneration, see the audited sections of the Remuneration Report as defined on page 93.

10 Finance income and expense

	2022 £000	2021 £000
Bank interest	**418**	58
Finance income	**418**	58

	2022 £000	2021 £000
Interest on lease liabilities	**(472)**	(564)
Finance fees and charges	**(132)**	(86)
Finance expense	**(604)**	(650)

Notes to the Consolidated Financial Statements continued

11 Taxation

The major components of income tax expense for the years ended 31 December 2022 and 2021 are:

	2022 £000	2021 £000
Current income tax:		
Current income tax charge	**11,699**	9,904
Adjustments in respect of prior periods	**(592)**	(418)
Total current income tax	**11,107**	9,486
Deferred tax:		
Relating to origination and reversal of temporary differences (note 17)	**(354)**	108
Total deferred tax	**(354)**	108
Total tax expense reported in the income statement	**10,753**	9,594

The standard rate of corporation tax in the UK is 19% (2021: 19%). Accordingly, the profits for 2021 and 2022 are taxed at 19%. The tax charge for the year is higher (2021: higher) than the standard rate of corporation tax in the UK. The differences are set out below:

	2022 £000	2021 £000
Profit before income tax	**45,661**	41,423
Profit before income tax multiplied by UK standard rate of corporation tax of 19% (2021: 19%)	**8,676**	7,870
Effect of different tax rates on overseas earnings	**2,090**	1,695
Effect of expenses not deductible for tax purposes	**579**	143
Adjustments in respect of prior periods	**(592)**	(418)
Effect of unused tax losses not recognised for deferred tax assets	**–**	304
Total tax charge	**10,753**	9,594

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.

12 Earnings per ordinary share

Basic earnings per share are 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.

		2022	2021
Profit for the year	£000	**34,908**	31,829
Average number of ordinary shares in issue (thousands)		**109,192**	109,192
Basic earnings per share	Pence	**32.0**	29.1

Adjusted basic earnings per share are 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.

		2022	2021
Profit for the year (basic earnings)	£000	**34,908**	31,829
Share-based payment expense (including social security costs) (note 24)	£000	**6,356**	5,261
Tax effect of share-based payment expense	£000	**(522)**	(837)
Adjusted profit for the year	£000	**40,742**	36,253
Average number of ordinary shares in issue (thousands)		**109,192**	109,192
Adjusted basic earnings per share	Pence	**37.3**	33.2

Diluted earnings per share

Diluted earnings per share are 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.

		2022	2021
Profit for the year (basic earnings)	£000	**34,908**	31,829
Average number of ordinary shares in issue (thousands)		**109,192**	109,192
Adjustment for share options (thousands)		**594**	1,386
Diluted number of ordinary shares in issue (thousands)		**109,786**	110,578
Diluted earnings per share	Pence	**31.8**	28.8

Notes to the Consolidated Financial Statements continued

13 Right-of-use assets and lease liabilities

i) Right-of-use assets

Properties	2022 £000	2021 £000
Cost		
At 1 January	**37,006**	36,651
Additions	**2,697**	1,465
Disposals	**(4,217)**	(762)
Effect of movements in foreign exchange	**1,725**	(348)
At 31 December	**37,211**	37,006
Accumulated depreciation		
At 1 January	**25,375**	21,877
Depreciation charge for the year	**4,533**	4,294
Disposals	**(3,971)**	(752)
Effect of movements in foreign exchange	**1,201**	(44)
At 31 December	**27,138**	25,375
Net book value at 31 December	**10,073**	11,631

ii) Lease liabilities

	2022 £000	2021 £000
Current lease liabilities	**4,643**	5,413
Non-current lease liabilities	**8,250**	9,817
	12,893	15,230

Movement in lease liabilities in the year	2022 £000	2021 £000
At 1 January	**15,230**	19,488
New leases	**2,697**	1,465
Interest expense	**472**	564
Cash payments	**(5,942)**	(5,858)
Termination of leases	**(211)**	(12)
Effect of movements in foreign exchange	**647**	(417)
At 31 December	**12,893**	15,230

Contractual maturities of lease liabilities:

	At net present value		Not discounted	
	2022 £000	2021 £000	2022 £000	2021 £000
Less than one year	**4,643**	5,413	**4,738**	5,505
Between 1 and 2 years	**2,964**	3,268	**3,147**	3,444
Between 2 and 5 years	**4,198**	4,564	**4,737**	5,101
Over 5 years	**1,088**	1,985	**1,398**	2,514
Total lease liabilities	**12,893**	15,230	**14,020**	16,564

The total cash outflow for leases was £5,942,000 (2021: £5,858,000), see also the Consolidated Statement of Cash Flows on page 124.

Extension and termination options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. All extension and termination options held are exercisable only by the Group and not by the respective lessor. Where there is reasonable certainty that an option to extend a lease will be exercised, lease liabilities have been recognised accordingly. During 2022, three leases were exited early (2021: one lease). The impact of termination of these lease liabilities was £211,000 (2021: £12,000) and the disposal of the right-of-use assets, by net book value, was £246,000 (2021: £10,000), as disclosed in note 13(i).

iii) Amounts recognised in the Income Statement
The Income Statement shows the following amounts relating to leases:

	2022 £000	2021 £000
Depreciation of right-of-use assets – properties	**4,533**	4,294
Loss/ (profit) on disposal of right-of-use asset	**35**	(2)
Interest expense (included in finance cost)	**472**	564
Expense relating to short-term leases	**13**	78

Notes to the Consolidated Financial Statements continued

14 Property, plant and equipment

2022	Leasehold improvements £000	Fixtures and fittings £000	Plant and equipment £000	Total £000
Cost				
At 1 January 2022	**8,266**	**1,706**	**4,161**	**14,133**
Additions	**2**	**7**	**1,195**	**1,204**
Disposals	**–**	**(150)**	**(1,162)**	**(1,312)**
Effect of movements in foreign exchange	**315**	**77**	**178**	**570**
At 31 December 2022	**8,583**	**1,640**	**4,372**	**14,595**
Accumulated depreciation				
At 1 January 2022	**5,297**	**1,604**	**3,163**	**10,064**
Depreciation charge for the year	**888**	**86**	**693**	**1,667**
Disposals	**–**	**(149)**	**(1,068)**	**(1,217)**
Effect of movements in foreign exchange	**210**	**73**	**132**	**415**
At 31 December 2022	**6,395**	**1,614**	**2,920**	**10,929**
Net book value at 31 December 2022	**2,188**	**26**	**1,452**	**3,666**

2021	Leasehold improvements £000	Fixtures and fittings £000	Plant and equipment £000	Total £000
Cost				
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
Accumulated depreciation				
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
Net book value at 31 December 2021	2,969	102	998	4,069

15 Intangible assets

2022	Software and software licences £000	Goodwill £000	Total £000
Cost			
At 1 January 2022	**697**	**19,374**	**20,071**
Additions	**–**	**–**	**–**
Effect of movements in foreign exchange	**10**	**355**	**365**
At 31 December 2022	**707**	**19,729**	**20,436**
Accumulated amortisation			
At 1 January 2022	**474**	**–**	**474**
Amortisation for the year	**223**	**–**	**223**
Effect of movements in foreign exchange	**10**	**–**	**10**
At 31 December 2022	**707**	**–**	**707**
Net book value at 31 December 2022	**–**	**19,729**	**19,729**

2021	Software and software licences £000	Goodwill £000	Total £000
Cost			
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
Accumulated amortisation			
At 1 January 2021	370	–	370
Amortisation for the year	104	–	104
Effect of movements in foreign exchange	–	–	–
At 31 December 2021	474	–	474
Net book value at 31 December 2021	**223**	**19,374**	**19,597**

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 2022	**14,843**	**1,848**	**3,038**	**–**	**19,729**
Cost and NBV at 31 December 2021	14,843	1,651	2,880	–	19,374

Notes to the Consolidated Financial Statements continued

16 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 (nominal) discount rates used in the calculations were as follows:

	2022 %	2021 %
UK	**19.47**	11.98
North America	**18.75**	13.92
EMEA	**13.43**	9.91

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.

17 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:

	2022 £000	2021 £000
Non-current:		
Non-current temporary differences	**2,316**	2,484
Deferred tax asset	**2,316**	2,484

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 2022:	1 January 2022 £000	Recognised in income statement £000	Recognised in other reserves £000	Transferred to retained earnings £000	Exchange difference £000	31 December 2022 £000
Share-based payments	**2,012**	**517**	**(594)**	**(8)**	**44**	**1,971**
Right-of-use assets	**135**	**(7)**	**–**	**–**	**1**	**129**
Property, plant and equipment	**66**	**(102)**	**–**	**–**	**7**	**(29)**
Other	**271**	**(54)**	**–**	**–**	**28**	**245**
	2,484	**354**	**(594)**	**(8)**	**80**	**2,316**

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

The Group has unused tax losses for which no deferred tax asset has been recognised totalling £5,458,000 (2021: £7,931,000) with a potential tax benefit of £1,637,000 (2021: £2,306,000), 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.

18 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.

	2022 £000	2021 £000
Trade receivables	**34,892**	26,727
Prepayments and accrued income	**9,389**	5,650
Tax receivables	**3,450**	1,997
Other receivables	**1,192**	1,467
	48,923	35,841

Included within prepayments and accrued income is £3,862,000 of accrued income (2021: £2,883,000).

Notes to the Consolidated Financial Statements continued

18 Trade and other receivables continued

The expected loss rate and the aged gross trade receivables and aged loss allowance as at 31 December are as follows:

31 December 2022	Expected loss rate	Gross trade receivable £000	Loss allowance £000
Not overdue	**1%**	**31,760**	**447**
Not more than three months past due	**1%**	**3,630**	**51**
More than three months but not more than six months past due	**0%**	**–**	**–**
		35,390	**498**

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	–
		27,476	749

The movement in the allowance for expected credit loss is as below:

	2022 £000	2021 £000
At 1 January	**749**	1,029
Unused amount reversed	**(251)**	(280)
At 31 December	**498**	749

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 macro-economic 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 Group assessed and decreased its loss allowance in 2022 and 2021, following an increase in 2020 that was associated with the impact of the global pandemic and associated lockdowns.

19 Cash and cash equivalents

	2022 £000	2021 £000
Cash at bank and in hand	**45,523**	53,120

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	2022 £000	2021 £000
A	**45,360**	37,949
BB	**23**	15,042
BBB	**140**	129
	45,523	53,120

20 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.

	2022 £000	2021 £000
Trade payables	**2,184**	1,113
Other payables	**1,856**	1,725
Other taxes and social security	**9,309**	8,444
Accruals	**19,613**	19,953
	32,962	31,235

Included within accruals are volume rebates of £3,183,000 (2021: £3,305,000) and payroll accruals of £4,734,000 (2021: £4,661,000). No significant judgements were made in the estimation of the volume rebate accrual. Any volume rebates, where the rebate period is non-coterminous with the financial period, are accrued based on forecast revenue for the remainder of the rebate period. No individual client rebates were material in value in 2022 or 2021.

21 Share capital

Authorised, called-up, allotted and fully-paid share capital

	2022 Number of shares	2022 £000	2021 Number of shares	2021 £000
Ordinary shares of £0.01 each				
At 1 January and 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.

Notes to the Consolidated Financial Statements continued

22 Dividends

	2022 £000	2021 £000
Dividends paid		
Paid to shareholders	**38,153**	46,820

2022
An interim dividend of 17.0 pence per ordinary share was declared by the Directors on 27 July 2022 and was paid on 30 September 2022 to holders of record on 26 August 2022; the amount payable was £18,533,000.

The Board is proposing a final dividend of 19.0 pence per share in respect of the year to 31 December 2022, for approval by shareholders at the AGM on 16 May 2023; the amount payable will be £20,720,000. Subject to shareholder approval the dividend will be paid on 30 June 2023 to shareholders of record on 9 June 2023.

This brings the Company's total dividend for the year to 36.0 pence per share (2021: 33.0 pence per share).

The Board continues to operate 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.

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 amount payable was £16,327,000.

The Board paid a final dividend of 18.0 pence per share on 10 June 2022, to shareholders of record on 20 May 2022; the amount payable was £19,620,000.

23 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 2022	**52**	**(2,355)**	**243**	**7,186**	**5,126**
Other comprehensive income for the year	**–**	**–**	**2,148**	**–**	**2,148**
Total comprehensive income for the year	**–**	**–**	**2,148**	**–**	**2,148**
Share-based payments (note 24)	**–**	**–**	**–**	**5,844**	**5,844**
Transfer to retained earnings	**–**	**–**	**–**	**(454)**	**(454)**
Own shares sold	**–**	**861**	**–**	**–**	**861**
Total transactions with owners, recognised directly in equity	**–**	**861**	**–**	**5,390**	**6,251**
Balance at 31 December 2022	**52**	**(1,494)**	**2,391**	**12,576**	**13,525**

	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 24)	–	–	–	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
Balance at 31 December 2021	52	(2,355)	243	7,186	5,126

24 Share-based payments

Recognised in Income Statement	2022 £000	2021 £000
Expenses arising from equity-settled share-based payment transaction	**6,196**	4,472
Social security accrued thereon	**160**	789
Expenses arising from bonus deferred as shares	**371**	347
Expenses arising from equity-settled share-based payment transaction	**6,727**	5,608

Recognised in Equity	2022 £000	2021 £000
Expenses arising from equity-settled share-based payment transaction	**6,567**	4,819
Deferred tax recognised in other reserves arising from equity-settled share-based payment transaction (note 17)	**(594)**	496
Transfer to retained earnings – Deferred tax	**(8)**	(20)
Transfer to retained earnings – Recharge	**(446)**	(1,500)
Transfer to retained earnings – Lapsed options	**–**	(10)
Currency difference on retranslation	**(129)**	5
	5,390	3,790

Expenses arising from equity-settled share-based payment transactions in 2022 are higher than in 2021 following the award of 923,500 options on 23 March 2022. During 2022, the share options issued in 2019 lapsed, 7,311 options were exercised, and 2,309 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 8,686 shares released. For detail of the shares held in the FDM Group Employee Benefit Trust see note 25. A transfer of £446,000 was made from 'Other reserves' to 'Retained earnings' in respect of the exercise of share options during the period (2021: transfer of £1,500,000).

As disclosed in the Directors' Remuneration Report, the Company granted awards on 23 March 2022, in the form of nominal cost options over ordinary shares in the Company under the PSP. As with the awards made in 2015 to 2021, 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.

Notes to the Consolidated Financial Statements continued

24 Share-based payments continued

The table below summarises the outstanding share options:

	2022		2021	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Outstanding at 1 January	**2,211,572**	**8p**	2,156,467	82p
Granted during the year	**923,500**	**1p**	948,125	1p
Forfeited during the year	**(188,000)**	**1p**	(266,875)	5p
Exercised during the year	**(7,311)**	**340p**	(33,155)	151p
Lapsed during the year	**(544,601)**	**1p**	(592,990)	261p
Outstanding at 31 December	**2,395,160**	**6p**	2,211,572	8p
Exercisable at the end of the year	**37,660**	**302p**	47,280	314p
Weighted average remaining contractual life (years)	**8.24**	**n/a**	8.32	n/a

The weighted average share price at the date of exercise of options exercised during the year ended 31 December 2022 was 893 pence (2021: 1165 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	23 March 2022	21 April 2021	30 December 2020	17 April 2019
Share price at date of grant	**1000p**	1038p	1116p	937p
Exercise price	**1p**	1p	1p	1p
Dividend yield	**3.2%**	3.0%	2.7%	3.3%
Expected volatility	**30%**	30%	30%	28%
Risk free interest rate	**1.684%**	0%	0%	0.88%
Expected life	**4 years**	4 years	4 years	4 years
Fair value at date of grant	**880p**	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.

25 Investment in own shares

During the AGM held on 24 May 2022, 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 28 April 2021. 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 23 August 2023.

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 2022	31 December 2021
Number of shares in the Company owned by the EBT	**151,894**	239,505
Nominal value of shares held	**£1,519**	£2,395
Cost price of shares held	**£1,493,907**	£2,355,512
Prevailing valuation per share	**£7.49**	£12.72
Total market value of shares	**£1,137,686**	£3,046,504
Minimum number of shares in the Company owned by EBT during the year	**151,894**	239,505
Maximum number of shares in the Company owned by EBT during the year	**239,505**	385,777

26 Related parties

Eight family members of Directors are employed by the Group, each at market rate on an arm's length basis. The total remuneration relating to these staff in aggregate, including the fair value of share options issued, was £1,569,000 in 2022 (2021: seven individuals, aggregate remuneration of £1,281,000).

The full registered addresses of all subsidiaries of the Parent Company are disclosed on page 156.

27 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 £498,000 (2021: £749,000).

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.

£1,235,000 of trade receivables at 31 December 2022 (2021: £581,000) 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 debt 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.

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 debt 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.

Notes to the Consolidated Financial Statements continued

27 Financial risk management continued

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:

	2022 £000	2021 £000
Pounds Sterling	**27,100**	36,184
Euro	**6,233**	6,556
US Dollar	**1,940**	2,620
Canadian Dollar	**3,580**	2,255
Australian Dollar	**1,983**	1,345
Chinese Renminbi	**2,025**	1,265
Hong Kong Dollar	**459**	979
Singapore Dollar	**771**	750
Swiss Franc	**325**	493
Polish Zloty	**725**	323
South African Rand	**247**	271
New Zealand Dollar	**135**	79
	45,523	53,120

Trade receivables

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2022 £000	2021 £000
Pounds Sterling	**15,932**	14,132
US Dollar	**7,560**	4,126
Euro	**1,979**	2,017
Canadian Dollar	**2,717**	1,733
Hong Kong Dollar	**1,763**	1,401
Australian Dollar	**1,972**	1,391
Singapore Dollar	**2,566**	1,364
Chinese Renminbi	**441**	766
Swiss Franc	**141**	254
Polish Zloty	**277**	238
South African Rand	**42**	54
	35,390	27,476

Trade and other payables

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	2022 £000	2021 £000
Pounds Sterling	**17,690**	18,403
Euro	**2,626**	3,050
US Dollar	**2,436**	3,008
Canadian Dollar	**5,247**	2,886
Australian Dollar	**2,491**	2,093
Singapore Dollar	**1,366**	754
Hong Kong Dollar	**450**	401
Swiss Franc	**42**	226
Polish Zloty	**353**	170
Chinese Renminbi	**158**	167
South African Rand	**54**	54
New Zealand Dollar	**49**	23
	32,962	31,235

Parent Company Statement of Financial Position

as at 31 December 2022

	Note	2022 £000	2021 £000
Fixed assets			
Investments	4	**12,572**	6,588
		12,572	6,588
Current assets			
Trade and other receivables	5	**57,709**	55,437
Cash and cash equivalents	6	**33**	53
Creditors			
Trade and other payables	7	**(56)**	(47)
Net assets		**70,258**	62,031
Equity			
Called up share capital	8	**1,092**	1,092
Share premium account		**9,705**	9,705
Capital redemption reserve		**52**	52
Own shares reserve	9	**(1,494)**	(2,355)
Other reserves		**12,572**	6,588
Retained earnings		**48,331**	46,949
Total equity		**70,258**	62,031

The Parent Company made a profit for the year of £39,624,000 (2021: profit of £36,648,000). 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 154 to 158 are an integral part of the Parent Company Financial Statements (Registered Company 07078823).

These financial statements on pages 152 to 158 were approved by the Board of Directors on 14 March 2023 and were signed on its behalf by:

Rod Flavell
Chief Executive Officer
14 March 2023

Mike McLaren
Chief Financial Officer
14 March 2023

Parent Company Statement of Changes in Equity

for the year ended 31 December 2022

	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 2022	**1,092**	**9,705**	**52**	**(2,355)**	**6,588**	**46,949**	**62,031**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**39,624**	**39,624**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**39,624**	**39,624**
Share-based payments (note 4)	**–**	**–**	**–**	**–**	**6,430**	**–**	**6,430**
Transfer to retained earnings (note 4)	**–**	**–**	**–**	**–**	**(446)**	**446**	**–**
Recharge of net settled share options	**–**	**–**	**–**	**–**	**–**	**(182)**	**(182)**
Own shares sold	**–**	**–**	**–**	**861**	**–**	**(353)**	**508**
Dividends paid (note 11)	**–**	**–**	**–**	**–**	**–**	**(38,153)**	**(38,153)**
Total transaction with owners, recognised directly in equity	**–**	**–**	**–**	**861**	**5,984**	**(38,242)**	**(31,397)**
Balance at 31 December 2022	**1,092**	**9,705**	**52**	**(1,494)**	**12,572**	**48,331**	**70,258**

	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 4)	–	–	–	–	4,811	–	4,811
Transfer to retained earnings (note 4)	–	–	–	–	(1,500)	1,500	–
Recharge of net settled share options	–	–	–	–	–	(618)	(618)
Own shares sold	–	–	–	1,440	–	(938)	502
Dividends paid (note 11)	–	–	–	–	–	(46,820)	(46,820)
Total transaction with owners, recognised directly in equity	–	–	–	1,440	3,311	(46,876)	(42,125)
Balance at 31 December 2021	1,092	9,705	52	(2,355)	6,588	46,949	62,031

The notes on pages 154 to 158 are an integral part of the Parent Company Financial Statements.

Notes to the Parent Company Financial Statements

1 General information

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.

2 Going concern

The Directors have a reasonable expectation that with the continued support of its Subsidiaries, the Company will have adequate resources to continue in operational existence as a holding company for at least 12 months. Accordingly, the Directors continue to adopt the going concern basis for preparing the financial statements.

3 Accounting policies

The separate financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 'Reduced disclosure framework' (FRS 101) and the requirements of the Companies Act 2006 as applicable to companies using FRS101.

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 £39,624,000 (2021: profit of £36,648,000).

The financial information has been prepared on a historical cost basis and is presented in Pounds Sterling and all values are rounded to the nearest thousand (£000), except where otherwise indicated.

The following exemptions available under FRS 101 have been applied:

- The following paragraphs of IAS 1 'Presentation of financial statements'
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38 B-D (additional comparative information);
  - 40 A-D (requirements for a third statement of financial position);
  - 111 (cash flow statement information); and
  - 134-136 (Capital management disclosures)
- IAS 7 'Statement of cashflows';
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective); and
- The requirements in IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

As permitted by section 408(3) of the Companies Act 2006, the income statement of the Company is not presented in this Annual Report.

These separate financial statements are not intended to give a true and fair view of the profit or loss or cash flows of the Company. The Company has not published its individual cash flow statement as its liquidity, solvency and financial adaptability are dependent on the Group rather than its own cash flows.

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 the adoption of FRS101 as outlined above and that the Company has no policy in respect of consolidation. Investments in subsidiaries are carried at historical cost, share options transactions flow through parent company investments as required under IFRS2.

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 131.

No individual judgements have been made that have a significant impact on the financial statements (2021: none).

4 Investments

	2022 £000	2021 £000
At 1 January	**6,588**	3,277
Additions	**6,430**	4,811
Recharge of IFRS 2 investment	**(446)**	(1,500)
At 31 December	**12,572**	6,588

The investments balance represents costs associated with the investment in subsidiary undertakings and with the PSP.

Share-based payment
The Group operates an equity-settled share-based payment plan for the employees of subsidiaries using the Company's equity instruments. The fair value of the compensation given in respect of the share-based payment plan is recognised as a capital contribution to the Company's subsidiaries over the vesting period. The capital contribution is reduced by any payments received from subsidiaries in respect of these share-based payments. The Company currently uses a number of equity-settled share plans to grant options and shares to the Directors and employees of its subsidiaries. At 31 December 2022, the Company had 2,395,160 share options outstanding (2021: 2,211,572 shares outstanding). During the year ended 31 December 2022, the total capital contribution arising from share-based payments was £6,430,000 (2021: £4,811,000), with payments of £446,000 (2021: £1,500,000) received from subsidiaries. Full details of share-based payments and share plans are disclosed in note 24 to the Consolidated Financial Statements.

Investment in subsidiary undertakings
The total cost of investments in subsidiaries is £2 (2021: £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.

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%

Notes to the Parent Company Financial Statements continued

4 Investments continued

The registered address for each subsidiary of the Company as at 31 December 2022 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	3 Dublin Landings, North Wall Quay, Dublin 1, Ireland
FDM Group Inc.	199 Water Street, 34th Floor, New York, NY, 10038, 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	C33, 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	Westerdoksdijk 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, New Zealand

5 Trade and other receivables

	2022 £000	2021 £000
Amounts owed by subsidiary undertakings	**57,549**	55,423
Other receivables	**147**	2
Prepayments and accrued income	**13**	12
	57,709	55,437

All trade and other receivables are receivable in Pounds Sterling and are fully performing. The amounts owed by subsidiary undertakings are unsecured, non-interest bearing and repayable on demand. There is a regular flow of funds between FDM Group (Holdings) plc and FDM Group Limited, primarily to facilitate the payment of dividends by FDM Group (Holdings) plc to its shareholders.

6 Cash and cash equivalents

	2022 £000	2021 £000
Cash at bank and in hand	**33**	53

The Company's cash is held with a financial institution with a credit rating of A at the date of signing the financial statements.

7 Trade and other payables

	2022 £000	2021 £000
Trade payables	**2**	2
Other payables	**4**	4
Accruals	**49**	40
Payables due to subsidiaries	**1**	1
	56	47

8 Share capital

Authorised, called up, allotted and fully paid share capital

	2022 Number of shares	2022 £000	2021 Number of shares	2021 £000
Ordinary shares of £0.01 each				
At 1 January and 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.

9 Own shares reserve

During the AGM held on 24 May 2022, 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 28 April 2021. 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 23 August 2023.

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 2022	31 December 2021
Number of shares in the Company owned by the EBT	**151,894**	239,505
Nominal value of shares held	**£1,519**	£2,395
Cost price of shares held	**£1,493,907**	£2,355,512
Prevailing valuation per share	**£7.49**	£12.72
Total market value of shares	**£1,137,686**	£3,046,504
Minimum number of shares in the Company owned by EBT during the year	**151,894**	239,505
Maximum number of shares in the Company owned by EBT during the year	**239,505**	385,777

10 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 149 to 151.

Notes to the Parent Company Financial Statements continued

11 Dividends

	2022 £000	2021 £000
Dividends received		
Received from subsidiaries	**40,000**	37,000
Dividends paid		
Paid to shareholders	**38,153**	46,820

2022
An interim dividend of 17.0 pence per ordinary share was declared by the Directors on 27 July 2022 and was paid on 30 September 2022 to holders of record on 26 August 2022; the amount payable was £18,533,000.

The Board is proposing a final dividend of 19.0 pence per share in respect of the year to 31 December 2022, for approval by shareholders at the AGM to be held on 16 May 2023; the amount payable will be £20,720,000. Subject to shareholder approval the dividend will be paid on 30 June 2023 to shareholders of record on 9 June 2023.

This brings the Company's total dividend for the year to 36 pence per share (2021: 33.0 pence per share).

The Board continues to operate a 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.

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 amount payable was £16,327,000.

The Board paid a final dividend of 18.0 pence per share on 10 June 2022 to shareholders on record on 20 May 2022; the amount payable was £19,620,000.

12 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 9 to the Consolidated Financial Statements on page 135.

13 Auditors' remuneration

Auditors' remuneration of £10,000 was charged in relation to 2022 (2021: £8,500), the fees were paid by FDM Group Limited in both the current and prior year and no recharge was made to the Company.

14 Employees

The Company had no employees during the current or prior year.

Shareholder Information

Directors

David Lister	Non-Executive Chair
Rod Flavell	Chief Executive Officer
Sheila Flavell	Chief Operating Officer
Mike McLaren	Chief Financial Officer
Andy 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

Company Secretary

Mark Heather

Registered office

3rd Floor
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Independent Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Bankers

HSBC Bank plc
8 Canada Square
London
E14 5HQ

Registrars

Link Group
10th Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL

Stockbrokers (joint)

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

Legal advisors

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