

SECTION 172(1) STATEMENT

The Directors have identified the following issues, factors and stakeholders as relevant in complying with their duties under section 172(1) Companies Act 2006 and sets out below how these have been considered and impacted their principal decisions during this financial year.

Stakeholders

Employees – We could not fulfil our purpose of keeping the UK and Ireland’s communications assets and data connected and protected without our skilled and dedicated employees. We engage with our staff by regularly updating them on the Company’s performance and issues affecting them via our intranet, e-mail, Employee Forum and Roadshows. Our Employee Forum is attended by at least one director of the Company, with three meetings taking place in the year and actions taken resulting in various changes being made around the business. There are various other mechanisms for staff engagement across the business, including our Driver Safety Operating Group and local Environmental Health & Safety forums, with the outputs of these mechanisms being reported to senior management. Actions based on the results from the Company’s periodic Employee Survey were implemented this year. All staff that perform well or suggest innovative ideas can share in the Company’s success via our Thanks Award scheme.

Suppliers and subcontractors – Our supply chain is also essential in providing the products and resource that we need to fulfil our purpose. We hold regular meetings with our suppliers based on the level of spend and risk, and we run a supplier assurance programme. We hold certain key vendor partnerships as set out at www.telent.com/partners, with our staff attending their vendor conferences as well as our divisional Managing Directors meeting quarterly with their executives. The Company’s procurement strategy is based on our supplier roadmaps together with our strategic aims and the macro and micro industry climates.

Customers – Our Company values are to provide our customers with service, commitment and value. Many of our projects stem from a bidding process designed by the customer, based on their own requirements, therefore regular engagement with customers is essential. We develop joint account plans and continual service improvement plans based on customer needs, as well as attending networking events, industry forums and project board meetings.

Communities – We are conscious of the impact of our business on the communities we serve. Our STEM ambassadors deliver a programme of events to inspire local people to consider a career with us, and our Gender Pay Gap reporting informs our continuing efforts. We are committed to charity fundraising, and we hold regular events in support of the Alzheimer’s Society (our charity partner chosen by our staff) as well as supporting local initiatives such as the Chorley Youth Zone. We also consult with local communities where required by legislation.

Government and public authorities – As many of the services that we deliver are to public authorities or otherwise publicly funded, we have periodic engagement with public sector stakeholders to allow us to better prepare to provide relevant services, impacting our decisions such as resourcing and forecasting. We also have frequent engagement with public authorities in relation to the streetworks we undertake. To the extent that our work is subject to a specific underlying regulatory regime, we

will co-operate with the requirements of that regulator, taking a proactive approach wherever possible.

Issues and Factors

The Company maintains a risk register which captures emerging and established risks and is reviewed biannually by the board. 24 risks are currently identified with treatment actions identified and tracked to completion where appropriate. Some of these risks are summarised in the Risks and Uncertainties section of this report.

Impact on Principal Decisions

Major Bids – Preparations for bids have been driven by the needs of customers, with close collaboration between our skilled engineers and our supply chain to develop appropriate solutions. The Company's bid strategy takes into consideration the issues and factors set out in the Risks and Uncertainties section of this report.

Resourcing – Skilled resource is needed for the Company to operate, with our activities influenced by customer demand in the markets in which we operate and the underlying political landscape. The interests of existing staff have been considered by developing, promoting or re-deploying them wherever possible. Some restructuring activity took place as the mix of services delivered changed. Political uncertainty about the award of infrastructure projects, and revised IR35 legislation, has impacted some of the Company's longer term resourcing decisions.

Investment –The Company has invested in several software and hardware upgrades. In some cases this was due to customer demand for innovation, and in other cases it was due to other issues and factors such as enhancing business continuity, security and efficiency. Software upgrades have been piloted with small staff groups to ensure an easy transition. As part of the Company's overall business continuity planning, this investment helped to ensure that the it was able to continue to deliver its services without interruption during the Covid-19 pandemic.

Statement of corporate governance arrangements

The Directors have adopted the Wates Principles for Large Private Companies, and the commentary below explains how each Principle has been applied within its corporate governance arrangements.

Principle 1 – Purpose and Leadership

The Company's purpose is to keep the UK and Ireland's communications assets and data connected and protected. Our purpose is reflected in our Company values of service, commitment and value, which are promoted throughout the organisation, such as inclusion within our staff performance reviews.

The board reviews HR key performance indicators on a monthly basis in order to monitor culture, and engages with staff directly through Roadshows, the Employee Forum and the periodic Employee Survey. This year we received an Investors in People silver accreditation, which indicates that we have

actively applied their principles consistently throughout our organisation from a senior level. The board has established Operations Committees, which are responsible for ensuring that the Company's operational performance, budget and strategic activity align with its overall purpose and strategic direction.

Purpose 2 – Board Composition

A total of 9 directors are appointed to the board. We have been advised following an independent review that this board size is in line with sector best practice, and we believe that it is appropriate for the scale and complexity of the Company.

Our board includes 8 executive directors - a Chief Executive Officer, Finance Director, Chief Operating Officer and HR Director, as well as 4 Managing Directors. Each Managing Director is aligned to a business unit that is resourced to meet the needs of a particular market segment. Executive director biographies can be found at www.telent.com/about/management-team. In addition, Heather Green is a non-executive director of the Company, and she brings extensive experience in investor relations and financial controller roles for both Alstom and Marconi.

Each of our directors is required to carry out an annual organisational capability review and receives their own personal annual performance review. Every year the board is briefed on their directors duties by the Company Secretary. During this financial year, the board has enhanced its business continuity planning.

Principle 3 - Responsibilities

The board has adopted formal terms of reference, which state that its duties are implementing the strategic direction of the Company set by telent Limited and in doing so setting the Company's values and standards and ensuring compliance with UK and global relevant legal and regulatory requirements. The board has designated a schedule of matters specifically reserved to it for decision and has also delegated its authority to its Operations Committees and individual directors as appropriate.

The board is accountable to the board of telent Limited, which has reserved various matters and oversees performance of the telent Group as a whole. The board of telent Limited includes non-executive directors that provide independent challenge.

Heather Green acts as the Chairman of the Company. As the Chief Financial Officer of telent Limited, she has no executive role in the operating business of the Company, and therefore can support effective decision making and independent challenge. Every year, directors are given training to remind them of the nature and extent of their directors' duties.

The board meets on average 12 times per year and receives monthly briefings on health & safety, financial and HR performance, as well as a rotating agenda of other strategic topics. The Operations Committees support operational delivery by reviewing, and constructively challenging where necessary, monthly performance of the business units and central functions against the Company's strategic direction, as well as annual proposals for operating and capital expenditure budgets and strategic activity.

Principle 4 – Opportunity and Risk

Opportunities are regularly identified from bidding activity and continual improvement initiatives, and the actions taken are overseen by the board's Operations Committees. The Operations Committees also conducts an annual strategy review, with the Company's strategic direction ultimately being approved by the board of telent Limited.

Risks are identified and managed using a variety of internal control mechanisms, spanning from local project risk registers to corporate ISO management systems. Every year, all senior managers are asked to provide a Letter of Assurance in respect of compliance with these controls. The board reviews the Company's risk register as a whole biannually in addition to regular oversight from the Operations Committees.

Principle 5 - Remuneration

Our board are subject to long term pay incentives. Their remuneration is reviewed on an annual basis against industry benchmark data, reflecting the same approach applied to all employees of the Company. This remuneration is approved by the board of telent Limited, providing the opportunity for independent challenge by its non-executive directors.

Principle 6 – Stakeholders

Our board understands the importance of regular engagement with our key stakeholders to meet our strategic aims. For more information, please see our s172(1) statement above.