

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 the financial year ended 31 March 2024.

Stakeholders

Employees – Without our skilled and dedicated employees we could not fulfil our purpose of keeping the UK and Ireland's communications assets and data connected and protected. We engage with our staff by regularly updating them on the Company's performance and issues affecting them via our intranet, e-mail, Employee Voice, "Exec Connect" events as well as Roadshows. Employee Voice meetings are attended by members of the Telent executive team and employee representatives, with meetings taking place quarterly and allow colleagues to share ideas, suggestions and provide feedback. 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. We have also launched 9 colleague-led Community Groups around the business to support colleagues to connect on a number of topics including living with a disability, menopause support and young professionals.

All employees that perform well or suggest innovative ideas can share in the Company's success via our Thanks Award scheme. Employees also have the opportunity to nominate their colleagues for the Annual Telent Awards which has become one of the highlights of our colleagues calendar.

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 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 Be Inclusive, Take Responsibility, Collaborate and Customer Focus. 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 continuous 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 dedicated team of STEM ambassadors deliver a programme of events to inspire local people to consider a career with us, visiting numerous local schools and career fairs during the year. We remain committed to charity fundraising, and we hold regular events in support of MIND (our charity partner chosen by our staff) as well as supporting local initiatives such as the Chorley Youth Zone and Future Youth Zone in Barking & Dagenham. We also consult with local communities where required by legislation.

We continue to be committed to minimising impact on the environment and to providing sustainable and effective green solutions to customers to help them meet their carbon neutral targets. In June 2023, we launched a new and improved Sustainability Strategy. The aim is to enable Telent to deliver sustainable solutions for customers whilst preparing for climate change, minimising impact on the environment and acting in a socially responsible way.

We also launched a Green Solutions Working Group during the year. The mission of the group is to identify and develop more efficient products, services, and solutions to lower carbon emissions for Telent and its customers and meet net zero targets

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.

Lloyds Bank Plc – The Company is an obligor under Telent Limited's, the parent of the Telent Group, Revolving Credit Facility. This facility includes various obligations and restrictions on Telent, requiring close co-operation between the Company and Lloyds.

Issues and Factors

The Group maintains a risk register which has been modelled on best practice and requirements of ISO 27001 & ISO 31000 and captures emerging and established risks and is reviewed periodically. Risks are 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 of Principal Decisions

ITCS function – Following the appointment of Luan Hughes as Chief Information Officer last year, a series of follow on actions were approved by the Board including establishing an Architecture Review Board to gain visibility of IT investment decisions, prevent duplication and ensure appropriate prioritisation of resources. This continues to support Telent's drive for efficiency as part of its strategy to achieve sustainable and profitable growth.

HR system – The new people system was launched during the year which ensures that the businesses ongoing talent acquisition and retention is underpinned by a best in class system. We now have the capability to manage performance, make agile organisation changes and also deliver e-learning directly to colleagues via one platform.

Facilities – The refurbishment of the Warwick Head Office building was carried out during the year and re-opened to colleagues. This was key to ensuring the site better suited the Agile Working nature of our business and also contributed to a reduction in our carbon emissions.

Statement of corporate governance arrangements

The Wates Principles for Large Private Companies have been adopted by the board, and how each Principle has been applied within its corporate governance arrangements is explained below.

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 Be Inclusive, Take Responsibility, Collaborate and Customer Focused, which are promoted throughout the organisation, such as inclusion within our staff performance reviews and have been developed using the engagement survey and long term aspirations as an organisation

The Board reviews HR key performance indicators on a monthly basis in order to monitor culture, and engages with staff directly through roadshows, Employee Voice, "Exec Connect" events and the periodic employee survey.

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 11 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 10 executive directors - a Chief Executive Officer, Finance Director, Group Engineering Director, Strategy Director, Legal & Commercial Director, HR Director and Chief Information officer as well as 3 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. The board is periodically briefed on their directors' duties and any developments or guidance issued in connection with them.

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. Directors are given periodic 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 conduct 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 aims to review the Company's risk register as a whole at least annually in addition to regular oversight from the Operations Committees.

Principle 5 - Remuneration

Our board are subject to long term share based 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.