

Update statement on voting outcomes at 2018 AGM

Introduction

In line with Provision 4 of the 2018 UK Corporate Governance Code (“the 2018 Code”), Tarsus Group plc (“Tarsus”) has released this statement to provide an update on the views received from shareholders and actions taken following the AGM held on 21 June 2018.

At the AGM, 20% or more of votes were cast against two resolutions:

- Resolution 2: To approve the 2017 Remuneration Report – 34.17% votes against
- Resolution 8: To re-elect Robert Ware as a Director – 26.75% votes against

More than 20% of votes were also cast against the equivalent resolutions at the AGM held in June 2017.

2017 Remuneration Report

The Board has considered carefully the feedback it has received from certain shareholders on their reasons for voting against this resolution. The main message was that there was a view that the Remuneration Report did not include sufficient information on the personal and strategic objectives which applied to 50% of the Executive Directors’ bonuses for 2017. Another concern expressed was that the Report did not include a discussion of the reasons for the level of votes against the Remuneration Report resolution at the 2017 AGM.

The Remuneration Committee is currently undertaking a major exercise to review the Directors’ Remuneration Policy ahead of being required to seek shareholder approval for a revised Policy at the AGM to be held in 2019. As part of this exercise, the Committee is also reviewing the disclosures to be included in the next Remuneration Report, and has taken into account the shareholder views as set out above.

The Committee will be consulting major shareholders on its proposals in January 2019, and will welcome feedback on the specific changes. Following the consultation, the Committee will meet to agree the final terms of the new Remuneration Policy as well as the content of the 2018 Remuneration Report. Shareholders will be formally asked to approve both the Policy and the Report by way of separate resolutions at the 2019 AGM.

Re-election of Robert Ware

The Board has also reviewed the feedback received from certain shareholders on their reasons for voting against the re-election of Robert Ware to the Board. The Board understands that, in most cases, this was due to a view that Robert could not be considered an independent Non-Executive Director due to his length of service on the Board. For these shareholders, this was a particular issue of concern given Robert’s membership of the Audit and Remuneration Committees.

The Board respects the views of its shareholders on this issue but remains unanimous in its opinion that, notwithstanding his length of service, Robert Ware is fully independent in judgement and character. The Board undertook a rigorous review of his independence before

recommending his reappointment as an independent Non-Executive Director ahead of the 2018 AGM. This review confirmed that Robert has no business or other relationship with Tarsus or with the Executive Directors that could materially interfere with the exercise of his independent judgement. His commitment to the Board remains undiminished and his performance effective. His considerable experience as a senior executive and a director is an asset to the Board's deliberations and his length of service is viewed as a strength rather than as a drawback. The Board's evaluation of its own performance has confirmed that these views are shared by all members of the Board. As a result, the Board continues to believe that it is appropriate to classify Robert Ware as an independent Non-Executive Director. The membership of the Board is kept under regular review and the importance of Board refreshment is recognised. This was evidenced earlier this year by the appointment of Keith Mansfield as a new Non-Executive Director to replace Tim Haywood.

The Chairman of the Board would be happy to meet with any shareholder who has ongoing concerns with the Board's position on the matter of Robert Ware's independence or its composition more generally.

2018 Annual Report

In line with the 2018 Code, a final summary of the above matters will be included in the 2018 Annual Report and/or the explanatory notes to the notice of the 2019 AGM.

Approved by Tarsus Group plc

20 December 2018