



## UPDATE STATEMENT IN RELATION TO RESOLUTION 2 AT AVEVA GROUP PLC 2019 AGM

### Background

At our 2019 AGM, we received shareholder support of 78.97% for Resolution 2, which was to approve the Directors' Remuneration Report (other than the part containing the Directors' Remuneration Policy) for the financial year ended on 31 March 2019 as set out on pages 60 to 63 and 72 to 79 of the Annual Report and Accounts 2019.

When disclosing our AGM results, we noted the following:

*“Since the completion of the combination with the Software business of Schneider Electric, the Company has created approximately £3 billion in shareholder value and has now entered the FTSE 100.*

*This has been achieved by steering substantial change and rapid development in the business over this period with the recruitment of a new CEO, the retention of key executives, the creation of a new, shared culture and the reshaping of the leadership team. This did necessitate the use of a retention bonus for our CFO and a buyout equity award to recruit our new CEO which some shareholders did not feel they could support and the Board and the Remuneration Committee notes that there was a level of opposition votes from shareholders on Resolution 2 of more than 20 percent.*

*As in 2018, the Board has engaged extensively with shareholders ahead of the Annual General Meeting on these legacy remuneration issues and increased disclosure and transparency of incentive scheme targets, obtaining some very helpful and constructive input. The Company recognises the push for more transparency regarding incentive scheme targets and will review this for future Remuneration reports, while balancing increased disclosure with the need to protect any commercially sensitive areas of strategic focus.”*

### Engagement and key activities since the July 2019 AGM

#### *Business context*

It continues to be a very busy year for us and we are still realising one of the largest business combinations that has occurred in the UK for many years. With such a large integration of the heritage AVEVA and SES businesses in progress and as a new member of the FTSE 100, it is a time of high transition for us. This involves the putting in place of many new systems and shareholders are aware that this includes a comprehensive review of executive remuneration arrangements, which will include engagement with key shareholders.

#### *Understanding the views of shareholders*

Shareholder engagement is a continuous process for AVEVA and it has taken place prior to and since the 2019 AGM. The Committee understands the main reasons for the AGM voting outcome and is in the process of actively addressing them, both now and ultimately in the 2019/20 Directors' Remuneration Report (“DRR”). The key concerns fell into two main categories:

- Legacy use of retention arrangements, which were related to the successful completion of a transformational merger that has driven exceptional returns for shareholders. This is now an historic item, which no longer needs to be addressed in future years, albeit the Committee is acutely aware of its investors' strong views in this area should similar circumstances arise again.

- Disclosure and increased transparency. We are committed to providing more detail on the strategic objectives and TSR comparators under both our short and long term incentives. This will be evidenced by enhanced disclosures in our next DRR.

*Further actions we have taken and our planned approach to our 2020 AGM*

- Following the 2019 AGM and a competitive tender, we have appointed Deloitte as our new advisors to the Remuneration Committee. We are currently undertaking an extensive remuneration review with them, which is ongoing.
- Our intention is to present a new policy to shareholders at the 2020 AGM, one year earlier than required, taking into account market practice and investor expectations for a FTSE 100 company.
- As such, once we have established some potential approaches to executive remuneration at AVEVA, we intend to undertake a significant shareholder consultation exercise during the first quarter of 2020, with a view to finalising our approach in good time for the 2019/20 DRR.

Jennifer Allerton

Remuneration Committee Chair

20 December 2019