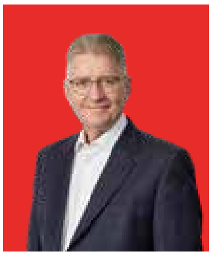
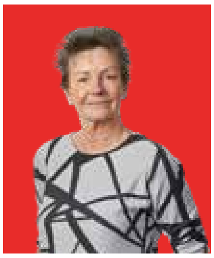
NOMINATIONS COMMITTEE REPORT

Chair **Members**

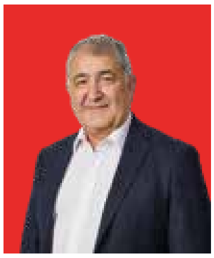

Derek Mapp


Frank Nelson


Martyn Coffey


Kate Allum


Alison Littley


Iraj Amiri

Dear Shareholder,

I am pleased to report to you on the main activities of the Committee and how it has performed its duties during 2022.

A key responsibility of the Committee is to ensure orderly Board succession and, this year, the Committee's main focus has been on executing succession plans for a number of Board changes as follows:

- The retirement in May 2022 of Bob Lawson, my predecessor as Chair.
- Sucheta Govil stepping down from the Board in July 2022.
- Martyn Coffey intending to step down from the Board at the 2023 AGM.
- The retirement of Mark Kelly, also at the 2023 AGM.

On behalf of the Board, may I take this opportunity to thank Bob, Sucheta, Martyn and Mark for their valuable contributions to the Group.

On the recommendation of the Committee, there have been several new appointments to the Board. In 2022, myself, Alison Littley, Kate Allum and Iraj Amiri were appointed to the Board as Non-executive Directors. Alison, Kate and Iraj bring valuable commercial insight and extensive board committee and ESG experience and have further strengthened the expertise of the Board in these areas. Darren Waters will join the Board in spring 2023, as Chief Executive Officer Designate, and will bring a wealth of commercial and operational experience to the Group, alongside good knowledge of the building products and fenestration sectors in the UK.

I am very pleased that we have been able to attract such high-calibre individuals into the Company.

The Committee also continues to consider succession planning for the Board in the medium-term, given the length and concurrency of service of other Non-executive Directors, and to oversee the continued development and evolution of the Executive Committee which, this year, has included the recruitment of a new Chief Operating Officer. The Committee's activities have considered diversity and ethnicity as important priorities, and we have made progress with both over the last twelve months.

Finally, I would like to thank my fellow Board and Committee members who have served throughout the year, for their valuable contribution and support.

Derek Mapp
Chair of the Nomination Committee

15 March 2023

Role and responsibilities:

The principal duties of the Nomination Committee are to:

- regularly review the structure, size and composition of the Board (including its skills, knowledge, experience, length of service and diversity) and make recommendations to the Board with regard to any changes;
- identify and nominate, for approval by the Board, candidates to fill Board vacancies;
- review the time commitments required from Non-executive Directors, along with the number of external directorships held, to ensure all duties are being fulfilled; and
- maintain an effective succession plan for the Board and senior management considering the challenges and opportunities facing the Company, along with the skills and expertise needed in the future, while promoting diversity of ethnicity, gender, background and skills.

Summary of activities during the year

The Nomination Committee met five times during the year and attendance at the meetings is shown on page 88.

The main activities of the Committee included:

- the search, selection and recruitment of Derek Mapp as Chair of the Board, following Bob Lawson's retirement, and of Alison Littley, Kate Allum and Iraj Amiri, as Non-executive Directors, recognising succession requirements and taking account of the required skill sets and experience for the Board's composition;
- the search, selection and recruitment of Darren Waters, as Chief Executive Officer Designate, in preparation for Mark Kelly's retirement;
- continued succession planning for the Board, given the length and concurrency of service of Martyn Coffey and Frank Nelson;
- overseeing the ongoing development of the Executive Committee;
- considering the results of the internal review of the Committee's effectiveness (see page 87 for further details);
- a review of Directors' time commitments and independence;
- consideration of the re-election of Directors at the Annual General Meeting; and
- approving updates to the Committee's terms of reference.

Nomination Committee members

During 2022, the Nomination Committee comprised:

Chair:
Derek Mapp (from 1 July 2022), Bob Lawson* (to 30 June 2022)

Committee members:
Frank Nelson (throughout 2022)
Martyn Coffey (throughout 2022)
Kate Allum (from 7 October 2022)
Alison Littley (from 7 October 2022)
Iraj Amiri (from 7 November 2022)
Sucheta Govil (to 31 July 2022)
Mark Kelly (to 6 October 2022)

* Where the Committee was dealing with matters relating to Bob Lawson's succession, Frank Nelson, the Senior Independent Non-executive Director, assumed role of Committee Chair.

The Code recommends that a majority of the Nomination Committee be Non-executive Directors, independent in character and judgement and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgement. The Board considers that the Company complies with the Code in this respect.

Only members of the Committee have the right to attend Committee meetings, but the Committee may invite others, including the Human Resources Director and external advisers, to attend all or part of any meeting if it thinks it is appropriate, necessary, or pursuant to the terms of any agreement with shareholders.

The Nomination Committee will meet as often as it deems necessary but, in accordance with its terms of reference, at least twice a year.

Diversity and inclusion

All Board and senior management appointments are made on merit, in line with the approach adopted throughout the Group's workforce. The Board recognises and embraces the benefits of diversity and, in particular, the value that different perspectives and experience bring to the quality of debate and decision making.

The Board recognises the Group operates in a historically male-dominated industry, but is committed to consider diversity as a key element in senior appointments. The relatively small size of the Board and the existing Directors' service contracts currently in place will inevitably limit the potential pace of change. Nevertheless, as vacancies arise, the Board will seek to move towards the FCA's targets of:

- at least 40% of the Board being women;
- at least one of the senior board positions (Chair, Chief Executive Officer, Senior Independent Director or Chief Financial Officer) being a woman; and
- at least one member of the Board being from an ethnic minority background.

However, the overriding policy in any new appointments will continue to one of selecting candidates with an appropriate mix of skills, capabilities and market knowledge, to ensure the continued success of the business.

Details of the Board and Executive Committee's gender/ethnicity is as follows:

Gender representation:

At 31 December 2022	Number of Board members	% of the Board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	% of executive management
Men	6	75%	4	5	83%
Women	2	25%	–	1	17%
Total	8	100%	4	6	100%

At 31 December 2021	Number of Board members	% of the Board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	% of executive management
Men	5	83%	4	4	80%
Women	1	17%	–	1	20%
Total	6	100%	4	5	100%

Ethnicity representation:

At 31 December 2022	Number of Board members	% of the Board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	% of executive management
White British or other White (including minority-white groups)	7	88%	4	6	100%
Other ethnic group, including Arab	1	12%	–	–	–
Total	8	100%	4	6	100%

At 31 December 2021	Number of Board members	% of the Board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	% of executive management
White British or other White (including minority-white groups)	5	83%	4	5	100%
Other ethnic group, including Arab	1	17%	–	–	–
Total	6	100%	4	5	100%

The above data was collected on the basis of self-reporting by the individuals concerned who were asked to select their gender/ethnicity from a list of options derived from the FCA's template.

No changes to the Board or Executive Committee have occurred since 31 December 2022 that would affect the above data.

The gender balance of those in the senior management and their direct reports is included within the Responsible Business section on page 58.

Succession planning

In 2022, the Committee continued its proactive work on succession planning for the Board, taking account of:

- the notifications received from Bob Lawson, the previous Chair, and, more recently, Sucheta Govil and Martyn Coffey, both Non-executive Directors, of their respective intentions to retire/step-down from the Board;
- the length of service of Frank Nelson, a Non-executive Director, whose Board membership will reach nine years during 2024; and
- general succession considerations regarding the Executive Directors.

As part of this process, a detailed review of the composition, skills and experience of the Board, and each of its Committees, was undertaken to develop desired role profiles and identify the preferred attributes to be sought in future appointments. In the light of strong recent growth, this review also identified the benefits of increasing the number of Non-executive Directors on the Board.

All appointments to the Board are subject to a formal, rigorous and transparent appointment process, and are made based on merit and objective criteria. After a selection process involving several firms, the Committee engaged Lygon Group as the search firm to support the recruitment of myself as Chair, and subsequently of Alison Littley, Kate Allum and Iraj Amiri, as new Non-executive Directors and Darren Waters, as Chief Executive Officer Designate. Lygon Group have no connection with the Company or any individual Director.

The process for these appointments is detailed below:

1	Candidate requirements	A detailed candidate profile setting out required capabilities and experience was agreed. After a selection process, Lygon Group was appointed to facilitate the process
2	Search	Lygon Group prepared an initial longlist of candidates and conducted the first round of interviews to assess the candidates' fit with the role and key competencies
3	Interviews	The Committee then considered a shortlist of candidates and interviews were held with all Board members
4	Board approval and announcement	The Committee made a recommendation to the Board for its consideration. Following Board approval, the appointments were announced to the market

As part of the development of the Executive Committee, the Nomination Committee has continued to consider succession planning for senior management, in order to maintain an appropriate balance of skills, experience and diversity within the Company in line with our strategic priorities. This ongoing planning process includes an analysis of any succession gaps or risks identified and includes contingency plans for the sudden or unexpected departure of Executive Directors or other senior managers.

The benefits of this proactive approach are illustrated by the ongoing evolution of the Executive Committee, ensuring the Company is well placed, with the best people and the right balance of skills to secure future success. In 2022, the successful recruitment of a new Chief Operating Officer supports our strategic priority to deliver sustained operational excellence and optimise returns on recent investments in operating capacity.

In summary, we are confident that the Board has a good understanding of succession planning across the Group and the range of measures being used to continue to develop and recruit talented senior employees.

Derek Mapp
Chair of the Nomination Committee

15 March 2023

Executive Committee

(in addition to Mark Kelly and Michael Scott)

Beth Boulton
Marketing Director

Beth joined Eurocell in November 2021. She previously worked for Magnet Kitchens where she was Head of Marketing and Digital. Prior to that role, Beth was Marketing Director at Utopia Bathrooms and has also held positions at Topps Tiles and Jewson.

Andy McDonnell
Commercial Managing Director

Andy joined Eurocell in May 2018, initially as Managing Director for the Building Plastics division, and more recently has stepped up to the role of Commercial Managing Director, with responsibility for the majority of commercial activities in both our major divisions. He previously held senior leadership positions in retail and trade at B&Q, TradePoint and Oak Furniture Land.

Bruce Stephen
Group Human Resources Director

Bruce joined Eurocell in July 2019. He previously worked for Greencore holding various roles including, most recently, Corporate Services Human Resources Director. Prior to Greencore, Bruce worked for Danone (Dairy) and Walkers Snacks (PepsiCo).

Colin Hales
Chief Operating Officer

Colin joined Eurocell in May 2022. He previously worked for Envases where he was Managing Director and has extensive experience across multi-site operations where he has led and managed functions incorporating manufacturing, distribution and supply chain planning. Previously, Colin held roles at Kingspan Insulation Boards and also at Kongsberg Automotive where, most recently, he was Vice President of Business Area Interior Systems.

Mike McKay
Group IT Director

Mike joined Eurocell in March 2020. He previously worked for Polypipe Group (now Genuit Group) where he was Group Information Services Director for 15 years. Immediately prior to this, Mike was Head of Information Services for William Grant & Sons and he has also held positions with Ascent Technology and APV Baker.

Paul Walker
Group Company Secretary

Paul joined Eurocell in August 2019 and was appointed Group Company Secretary in September 2019. He previously worked for DFS Furniture plc where he was Financial Controller and, most recently, Director of Central Finance and Group Company Secretary. He is a member of the Institute of Chartered Accountants in England and Wales.

Chair **Members**

Frank Nelson

Alison Littley

Iraj Amiri

Dear Shareholder,

I am pleased to report to you on the Audit and Risk Committee's objectives and activities during 2022.

This report explains how the Audit and Risk Committee has discharged its responsibilities during 2022.

From a risk management perspective, the cyber incident we experienced in July was significant. It resulted in some temporary disruption, but our core systems were restored quickly, with the business remaining operational throughout and trading normally from mid-August. Our business continuity plans responded well to a live event. In the immediate aftermath of the incident, the Committee reviewed the status of our cyber defences, and recommended additional investments in IT infrastructure to further enhance our resilience and security. This area will remain a very high priority for the Committee.

In reviewing the 2022 Annual Report, in addition to the review of the key areas of accounting estimates and judgements as noted on page 100, the Committee considered the accounting treatment of three key items: the cyber incident business interruption insurance claim income, the sale of Security Hardware and restructuring costs incurred in the year, and concluded that, in each case, it was appropriate.

The Internal Audit programme for 2022 included a review of our Whistleblowing policy, tax risks and ESG strategy. These reviews all demonstrated solid foundations upon which further developments and improvements can be based.

Collectively, this work has provided the necessary assurance to the Committee that internal controls and governance are both adequate and working effectively. A summary of our activities, including the key accounting estimates and judgements made, is set out in this report.

Looking forward, the Committee has now also reviewed and considered the impacts of the BEIS White Paper on Audit and Corporate Governance reforms and believes the Company is in a good position to meet the new requirements as/when they become applicable.

Finally, I would like to thank my fellow Committee members, and both the internal and external auditors, for their valuable contribution and support during year.

Frank Nelson
Chair of the Audit and Risk Committee

15 March 2023

Role and responsibilities:

The key responsibilities of the Committee are to:

- review the Annual Report, Half-Year Report and any other formal announcements relating to the Group's financial performance, giving due consideration to significant accounting issues and judgements contained therein, as well as compliance with accounting standards and other legal and regulatory requirements;
- review the Annual Report and Financial Statements to advise the Board on whether they give a fair, balanced and understandable explanation of the Group's business and performance over the relevant period;
- review the Group's financial reporting systems and procedures;
- review the Group's internal controls and risk management systems and advise the Board whether they are adequate, by considering reports on their effectiveness from the Chief Financial Officer and Chief Executive Officer, together with reports from the Group's outsourced internal auditors and from the external auditor;
- review and update the Group's risk register, as part of the assessment of emerging and principal risks;
- review the Group's procedures to ensure compliance with the provisions of the Bribery Act 2010 and the Group's Whistleblowing Policy;
- review the external auditors' independence and objectivity, audit and non-audit fees and make recommendations regarding audit tender and the appointment and remuneration of the auditors, together with the terms of their engagement;
- review the annual audit plan and monitor the effectiveness of the external audit process;
- monitor and review the effectiveness of the outsourced internal audit function, including a review of the internal audit plan, all internal audit reports, and management's responses to the findings and recommendations of the internal audit function;
- consider the adequacy of the Group's finance function;
- review the Group's Tax Strategy; and
- review the Committee terms of reference.

Summary of activities during the year

The Audit and Risk Committee met formally three times during the year and attendance at the meetings is shown on page 88.

The areas of particular focus for the Committee in 2022, and up to the date of this Annual Report, were as follows:

- Considered the operational and financial impact of the cyber incident in July/August on the Company's IT infrastructure, financial reporting and control, including assessment of existing cyber defences, oversight for further investments to improve resilience and security in this area and the associated business interruption insurance recoverability;
- Considered the appropriate accounting treatment, reporting and presentation of the:
  - cyber incident and the business interruption insurance claim (noted above);
  - sale of Security Hardware's trade and assets; and
  - restructuring costs incurred in the year;
- Reviewed documentation prepared to support the viability statement and going concern assumption set out on page 78;
- Reviewed the external auditors' plan for their audit for the year ended 31 December 2022;
- Reviewed reports from the external auditors setting out their findings as a result of their audits for the years ended 31 December 2021 and 2022, as well as their review of the 2022 Half-Year Report;
- Considered the impact of any new accounting standards and financial reporting requirements, including guidance issued by the Financial Reporting Council ('FRC');
- Considered reports by management related to the effectiveness of the Group's systems of risk management and internal control;
- Reviewed the Group's risk register, including principal and emerging risks;
- Considered reports prepared by the Group's outsourced internal audit function;
- Considered the results of the internal assessment of the Committee's effectiveness; and
- Approved updates to the Committee's terms of reference.

The Committee was also kept up to date with changes to accounting standards and developments in financial reporting, company law and other regulatory matters through presentations from the external auditors, Chief Financial Officer and the Company's finance function.

The role of the Audit and Risk Committee is to oversee financial reporting. The Committee reviews the ongoing effectiveness of the Group's internal controls and provides assurance on the Group's risk management processes. The Committee also assesses information received from the external and internal audit functions.

Following the 2022 year end, at the March 2023 meeting, the Committee reviewed and recommended for approval by the Board, the financial results for the year ended 31 December 2022, including a review of the full-year external audit.

As part of that review process, the members of the Committee reviewed the Annual Report, including the adequacy of the disclosure with respect to going concern and viability reporting. The Committee considered the appropriateness of preparing the accounts on a going concern basis, including consideration of forecast plans, and supporting assumptions, as well as sensitivity analysis and concluded that the Company's financial position was such that it continued to be appropriate for accounts to be prepared on a going concern basis.

This additional review by the Audit and Risk Committee, supplemented by advice received from external advisers during the drafting process, assisted the Board in determining that the report was fair, balanced and understandable at the time that it was approved.

Audit and Risk Committee members

During 2022, the Audit and Risk Committee comprised:

Chair:

Frank Nelson (throughout 2022)

Committee members:

Alison Littley (from 7 October 2022)
Iraj Amiri (from 7 November 2022)
Sucheta Govil (to 31 July 2022)
Martyn Coffey (to 6 October 2022)

The Governance Code recommends that all members of the Audit and Risk Committee are Non-executive Directors, independent in character and judgement and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgement and that one such member has recent and relevant financial experience.

The Board considers that the Company complies with the requirements of the Governance Code in this respect and that, by virtue of his extensive experience, details of which are set out on page 81, Frank Nelson, a Fellow of the Chartered Institute of Management Accountants, has recent and relevant financial experience. Furthermore, all Committee members have extensive relevant commercial and operational experience, including in building/construction and industrial organisations, which both benefit the Committee and collectively illustrate its competence relevant to the sector in which the Group operates.

Only members of the Committee have the right to attend Committee meetings, but both the internal and external auditors were invited to attend all meetings during the year, as a matter of course. Other individuals, such as the Chair of the Board, the Chief Executive Officer, the Chief Financial Officer and other members of the Board were invited to attend the Committee meetings as and when appropriate.

In addition, the external auditors met regularly with the Committee without executive management being present and met separately with each of the Audit and Risk Committee Chair and the Chief Financial Officer.

The Audit and Risk Committee will meet as often as it deems necessary but, in accordance with its terms of reference, at least three times a year.

Key accounting estimates and judgements

As described above, the Committee reviewed the key estimates and judgements used in the preparation of the Group's 2022 Financial Statements (including a review of PricewaterhouseCoopers LLP's report and a discussion of their observations and findings in this area) as follows:

Area	Estimate/judgement	Management's approach	Committee's review
Inventory valuation	Impact of raw material price inflation on stock valuation	Review of raw material price variances (vs historic standard cost) included in stock valuation Review of standard costs in early 2022 followed by a full re-costing exercise, due to be completed during H1 2023	Critically reviewed the carrying value of the Group's inventory, the approach taken by management and assessed the reasonableness of the underlying assumptions and financial forecasts used
	Provisions for slow-moving items and discontinued product lines	Review of raw material price variances (vs historic standard cost) included in stock valuation. Review of standard costs in early 2022 followed by a full re-costing exercise, due to be completed in H1 2023. Assessment of the appropriate level of provisioning against obsolescence, undertaken in the context of current trading and the forecast for the next financial year and beyond	
Accounts receivable recoverability	Provisions for bad and doubtful debts	Application of IFRS 9's expected credit loss approach to the impairment of receivables (which requires the use of forward-looking statistical modelling to determine the appropriate level of provision), plus overlays to take into account other material factors affecting recoverability, including credit insurance	Critically evaluated the methodology with respect to setting provisions for potential bad and doubtful debts, including management's assessment of macro uncertainty, as well as the absolute level of provisions held[1]

1 The Committee's review also considered the specific nature and characteristics of customers in the Group's two major divisions.

Risk management

The Group's risk management processes are set out in detail on pages 70 and 71.

The Group maintains a risk register that identifies key and emerging risks, the probability of those risks occurring and the impact they would have on the Group if unmitigated. Against each gross risk, the controls that exist to manage and, where possible, minimise or eliminate those risks are also listed, and an assessment of net risk is provided. The risk register also identifies any further actions required such that net residual risk is consistent with the risk appetite set by the Board. The register is regularly updated to reflect changes in circumstances.

The Group's Risk Management Committee is chaired by the Chief Financial Officer. This Committee reviews significant risks and the status of related mitigating actions each quarter.

The Audit and Risk Committee reviews the risk register twice per year to ensure the timely identification and robust management of inherent and emerging risks is taking place. To the extent that any failings or weaknesses are identified during the review process, appropriate measures are taken to remedy these.

Information relating to the management of risks and any changes to the assessment of key risks is reported by the Audit and Risk Committee to the Board.

Internal controls

The Board is responsible for the overall system of internal controls for the Group and for reviewing its effectiveness. In accordance with FRC guidance, it carries out such a review at least annually, covering all material controls including financial, operational and compliance controls and risk management systems.

In particular, the Board discharges its duties in this area by:

- holding regular Board meetings to consider the matters reserved for its consideration;
- receiving regular management reports which provide an assessment of key risks and controls;
- scheduling annual Board reviews of strategy including reviews of the material risks and uncertainties facing the business;
- ensuring there is a clear organisational structure with defined responsibilities and levels of authority which are regularly reviewed;

- ensuring there is a strong tone from the top, with regards to compliance and controls, which is cascaded through the organisation;
- ensuring there are documented policies and procedures in place; and
- scheduling regular Board reviews of performance against financial budgets and forecasts.

In reviewing the effectiveness of the system of internal controls, the Audit and Risk Committee:

- reviews the risk register compiled and maintained by senior managers within the Group at least bi-annually and question and challenge where necessary;
- regularly reviews the systems of financial and accounting controls;
- regularly reviews the internal audits performed and the progress against previously raised recommendations; and
- reports to the Board on the risk and control culture within the Group.

The Group has several operating policies and controls in place covering a range of issues including financial reporting, capital expenditure, business continuity and information technology, including cyber security, and appropriate employee policies. These policies are designed to ensure the accuracy and reliability of financial reporting and govern the preparation of financial statements.

In respect of the Group's financial reporting, the Finance function is responsible for preparing the Group financial statements using a well-established process and for ensuring that accounting policies are in accordance with International Financial Reporting Standards.

Consolidated accounts are prepared directly within the Group's SAP system. All business units report on SAP, with no adjustments processed outside of the system, other than the accounting entries to reflect IFRS16 (Leases), which are produced by a specialist lease accounting software package. Full balance sheet reconciliations are prepared every month and independently reviewed by senior finance staff. The Chief Financial Officer reviews consolidated and business unit financial statements with the Chief Executive every month. All financial information published by the Group is subject to the approval of the Audit and Risk Committee.

During 2022, the Group's finance and administrative teams returned to office working. However, the enhanced controls that were implemented as a result of home working during the COVID-19 pandemic have remained in place and in certain places enhanced. For example the supplier payments process is now substantially automated, significantly reducing the risks associated with manual processing.

Following the cyber incident, the Group's IT team have remained ever more vigilant to the risks in this area. As described above, we have further strengthened our defences. We have also rolled-out additional and more regular cyber training to staff. In addition, following the migration of our subsidiary, Vista Panels, all Group companies are now operating on our SAP system, further improving the financial control environment.

Other than as described above, there have been no changes in the Company's internal control systems during the financial year under review that have materially affected, or are reasonably likely to materially affect, the Company's control over financial reporting.

In addition, management have reviewed and considered the impacts of the BEIS White Paper on Audit and Corporate Governance reforms and have provided recommendations to the Committee on the potential changes required for compliance. The business is in a good position to meet the new requirements as and when they become applicable.

The Board, with advice from the Audit and Risk Committee, is satisfied that an effective system of internal controls and risk management is in place which enables the Company to identify, evaluate and manage key and emerging risks and which accords with the guidance published by the FRC.

These processes have been in place since the start of the financial year and up to the date of approval of the accounts. Further details of specific material risks and uncertainties facing the business can be found on pages 70 to 77.

Internal audit

KPMG LLP provide an outsourced Internal Audit function which complements the internal finance-based checks performed on the branch network operations.

The Committee, working in conjunction with KPMG LLP, approved a full programme for 2022 which was compiled based on the following specific categories:

- Risk: internal audit reviews specifically linked to Eurocell's key financial and operational risks;
- Routine: internal audit reviews covering financial, regulatory, compliance and IT operations which require cyclical assurance coverage; and
- Request: internal audit reviews that have been specifically included at the request of either management or the Audit Committee.

A summary of the 2022 programme is as follows:

Internal audit programme	Summary of findings
Whistleblowing & Code of Conduct	• Sound framework is in place including relevant policies regarding Whistleblowing, Conflicts of Interest, Financial Crime and Gifts and Entertainment • Improvement opportunities, include: – strengthening the 'tone from the top' messaging; – enhancing some of the detail within the Whistleblowing policy; and – further development of training, awareness raising, reporting and lessons learned.
Tax risk	• Creation of a tax risk register has helped drive more effective and transparent tax risk controls across the business • Improvement opportunities, include: – further development of the tax risk process by enhancing process and role documentation, and increasing the formality around key elements – further formalisation of the tax risk governance arrangements.
ESG	• A sound ESG strategy and plan is in place to embed the key objectives in the business, with KPIs which are well-aligned to the UN's Sustainability Development Goals • Improvement opportunities, include: – further development of the framework, systems, controls, processes and data governance to enhance the KPI reporting – refinement of objectives/goals and KPI improvement targets in-line with sector best practice.

The Committee also formally reviews the Group's progress in implementing the improvement recommendations raised through the internal audit process in conjunction with the Executive Committee members, and overall progress remains satisfactory.

Whistleblowing, bribery and business ethics

The Group is committed to the highest standards of openness, honesty, integrity and accountability.

The Group has a Whistleblowing Policy, which was updated and relaunched last year, with a focus on improving awareness and understanding.

This policy makes employees and third parties aware that they should report any serious concerns or suspicions about any wrongdoing or malpractice on the part of any employee of the Group, without fear of criticism, discrimination or reprisal, as well as the procedure for raising such concerns. Examples include fraud, breakdown in internal controls, misleading customers, bribery, modern slavery, dishonesty, corruption and breaches of data protection or health and safety.

During the year, there were no reports received through the whistleblowing process (2021: 5), and therefore no significant trends were identified.

The Committee also takes responsibility for reviewing the policies and procedures adopted by the Group to prevent bribery. The Group is committed to a zero-tolerance position with regard to bribery. The Committee is satisfied that the Group's procedures with respect to these matters are adequate.

The Group also maintains a suite of other policies which support our commitment to strong business ethics and for which we take a strict approach to non-compliance. This includes policies related to:

- Financial crime;
- Conflicts of interest;
- Gifts and hospitality; and
- Share dealing.

In accordance with the obligations under the Reporting on Payment Practices and Performance Regulations 2017, the Company has submitted its bi-annual reports in line with the legislation during the year.

The Group's Modern Slavery Statement, which sets out details of the policies in relation to slavery and human trafficking, as well as its due diligence processes with its partners, has been published on the Group's website (**www.eurocell.co.uk**).

The Group has also updated its Tax Strategy Statement, again published on our website, in compliance with the Finance Act 2016, which sets out details of the Group's attitude to tax planning and tax risk.

External audit and auditors' independence

The Audit and Risk Committee has primary responsibility for making a recommendation to the Board on the appointment, reappointment, removal and remuneration of the external auditors. It keeps under review the scope and results of the audit, its cost-effectiveness and the independence and objectivity of the auditors.

The external auditors are required periodically to assess whether, in their professional opinion, they are independent and those views are shared with the Audit and Risk Committee.

The Committee has authority to take independent advice as it deems appropriate in order to resolve issues on auditor independence. No such advice has been required to date. There are no contractual obligations in place that restrict the choice of statutory auditors.

The Group's current auditors, PricewaterhouseCoopers LLP were appointed at the Audit and Risk Committee meeting on 29 April 2015, following the Company's IPO in March 2015. As a result, PricewaterhouseCoopers LLP may remain as external auditors without re-tender for ten years from that date, until the completion of the 2024 annual audit. The Committee considers the need to tender the audit on an annual basis and a detailed review will be undertaken, in due course, in light of the approaching deadline noted above.

In accordance with best ethical standards, PricewaterhouseCoopers LLP has processes in place designed to maintain independence, including the rotation of the audit engagement partner at least every five years. As a result of these processes, the current audit engagement partner assumed full responsibility since the 2020 audit.

The Committee has also adopted policies to safeguard the independence of its external auditors which are underpinned by principles that ensure that the external auditors do not:

- audit their own work;
- make management decisions for the Group;
- create a conflict of interest; or
- find themselves in the role of advocate for the Group.

Any work awarded to the external auditors with a value of more than £5,000 in aggregate in any financial year, other than an audit, requires the specific approval of the Committee. Where the Committee perceives that the independence of the auditors could be compromised, the work will not be awarded to the auditors.

Details of amounts paid to PricewaterhouseCoopers LLP for audit and audit-related assurance services in 2022 are set out on page 147. The audit-related assurance services provided during the year were in relation to the Half-Year Report (£38,500) and the sustainability measure which was introduced into the Company's banking facility (£26,400).

Prior to recommending the appointment of PricewaterhouseCoopers LLP at the forthcoming AGM to the Board, the Committee reviewed the audit process, the performance of the auditors and their ongoing independence, taking into consideration:

- an assessment of the lead audit partner and the audit team, including their responses to questions from the Committee;
- a review of the audit approach, scope, determination of significant risk areas and materiality;
- the execution of the audit, including the increased use of technology, and the audit findings reported;
- input from, and interaction with, management and communication with, and support to, the Committee; and
- the quality of any recommendation points; and a review of independence, objectivity, scepticism and their ability to challenge.

Based on this review, the Committee concluded that the external audit process had been run efficiently and that PricewaterhouseCoopers LLP has been effective in their role as external auditors.

The Committee is satisfied that the independence of the external auditors is not impaired and the level of fees paid for non-audit services, details of which are set out in Note 5 to the Financial Statements, does not jeopardise their independence. In conclusion, the Committee has assessed the performance and independence of the external auditors and recommended to the Board the reappointment of PricewaterhouseCoopers LLP as auditors until the AGM in 2024.

Frank Nelson
Chair of the Audit and Risk Committee

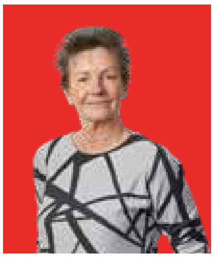
15 March 2023

Chair

Martyn Coffey

Members

Frank Nelson



Kate Allum

Dear Shareholder,

I am pleased to report to you on the main activities of the Committee and how it has performed its duties during 2022.

As described elsewhere in this Annual Report, in 2022 the business responded well to some major challenges to deliver solid financial results for the year. Despite demand moderating from the unprecedented levels experienced in the prior year, continued cost inflation and the impact of a cyber incident, the Group reported progress in both sales and profits against a very strong 2021. In addition, decisive action was taken to prepare the business for 2023, with a restructuring programme completed in Q4, and in December, to further streamline our operations, we sold the trade and assets of our window hardware subsidiary, Security Hardware.

It is in this context that the Committee has assessed 2022 variable compensation outcomes, and approved new basic salary levels, awards and targets.

As noted in the Governance report on page 93, I intend to step-down from the Board, and its Committees, at the 2023 AGM in May at which point Kate Allum, who joined the Committee in October 2022, will assume the role of Committee chair. Kate brings considerable experience in remuneration matters and has served on a remuneration committee for at least 12 months at her other Non-executive appointments (see page 81).

At the 2022 AGM, shareholders approved the Directors' Remuneration Policy, as well as the advisory shareholder vote on the Annual Report on Remuneration, with both resolutions receiving 100% votes in favour. I would like to thank shareholders for their continued strong level of support.

Finally, I would like to thank my fellow committee members for their valuable contributions during the year.

Martyn Coffey
Chair of the Remuneration Committee

15 March 2023

Role and responsibilities:

The Committee's principal responsibilities are to:

- recommend to the Board the remuneration strategy and framework for the Chair, Executive Directors and senior managers;
- determine, within that framework, the individual remuneration arrangements for the Executive Directors and senior managers; and
- oversee any major changes in employee benefit structures throughout the Group.

Summary of activities during the year

The Remuneration Committee met formally three times during the year and attendance at the meetings is shown on page 88.

The main Committee activities during the year (full details of which are set out in the relevant sections of this report) included:

- agreeing the performance against the targets and pay-out for the 2021 annual bonus awards;
- finalising the Directors' Remuneration Policy for shareholder approval;
- agreeing Executive Director and senior management base salaries from 1 April 2022;
- setting the performance targets for the 2022 annual bonus;
- agreeing the award levels and appropriate targets for the 2022 Performance Share Plan ('PSP') awards;
- agreeing the remuneration package for Darren Waters, the Chief Executive Officer designate, who will join the Company in spring 2023;
- overseeing the operation of the Group's Save as You Earn scheme; and
- reviewing the Committee terms of reference.

Outcome for 2022

Annual Bonus Plan

On a continuing basis, sales for the year were £381 million, up 12% compared to 2021, and adjusted profit before tax was up 4% at £28.7 million (2021: £27.7 million).

Cash generated from operations for the year was £38.7 million, which included the significant adverse impact of major cost inflation on working capital of approximately £8 million. Cash generated from operations was £33.1 million in 2021.

Security Hardware, which as described above was sold in December 2022, has been classified as a discontinued operation, excluded from the results of continuing operations and presented in the income statement as a single loss after tax from discontinued operations for the year of £2.3 million. This includes a pre-tax trading loss of £1.3 million, which has been deducted from adjusted profit before tax for the purposes of the Annual Bonus Plan achievement calculations (resulting in a lower achieved profit of £27.4 million), to provide comparability with the basis on which the original targets for the year were set. Adjusted cash generated from operations has been calculated on a consistent basis.

As a result of this performance, an overall pay-out of 23% of salary is being awarded to the Executive Directors in respect of 2022, further details of which can be found on pages 113 and 114 of this report.

PSP awards granted in 2020

On a continuing basis, adjusted basic earnings per share for the year was 21.4 pence (2021: 19.4 pence).

Return on capital employed (ROCE) at 31 December 2022 was 20.6%.

For the purposes of the PSP achievement calculations, an adjustment has been made to deduct from adjusted basic earnings per share the impact of the post-tax trading loss of Security Hardware of £1.1 million (resulting in a lower achieved earnings per share of 20.4 pence). A similar adjustment has been made to the ROCE calculation.

As a result of this performance, 63% of the PSP awards originally granted in 2020 are expected to vest in 2023, further details of which can be found on page 114 of this report.

As in previous years, annual PSP awards were made during the year, with targets based on earnings per share and return on capital employed, and further details can be found on page 115.

Implementation of the Remuneration Policy for 2023

The Remuneration Committee intends to operate the Remuneration Policy for 2023 on a consistent basis with 2022, details of which are included within Part B: The Annual Report on Remuneration on page 119, with no changes to the structure of the annual bonus and long-term incentives.

The Committee will continue to ensure that salary levels are positioned to reflect performance, experience and responsibility and therefore may be increased at a rate above the rate of increase for the wider workforce, where it is considered appropriate.

The Committee believes its approach takes due account of market and best practice and, importantly, also reflects and supports Eurocell's strategy and promotes the Company's long-term success.

Remuneration Policy links to strategy

The Group's strategy has seven key priorities, as set out on pages 20 and 21, established to deliver sustainable growth in shareholder value by increasing sales and profits at above market level growth rates through leadership in products, operations, sales, marketing and distribution.

Reflecting the strategic emphasis on profitability, short-term performance is incentivised with an annual bonus scheme which is based on the key Company financial objectives of profit before tax and operating cash flow. Together, these performance conditions ensure that the Executive Directors are focused on driving increased profitable growth but not at the expense of its quality and sustainability.

The importance of health and safety in operations is also reflected by the associated underpin that can reduce the bonus pay-out, demonstrating the Group's commitment to employee wellbeing and the need to ensure that growth and profitability are not achieved in a way that is detrimental to the employees nor in a way that promotes short-term, high-risk behaviour.

Long-term performance is incentivised with a performance share plan ('PSP'), which is based on the achievement of demanding earnings per share and return on capital employed targets. These performance conditions ensure that the Executive Directors are focused on driving increased profitable growth, as noted above, as well as ensuring that capital is appropriately invested to provide sustainable returns to shareholders over the longer-term.

Explanatory foreword

This report contains the material required to be set out as the Directors' Remuneration Report for the purposes of Part 4 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

Notwithstanding the fact that:

(i) we will not be seeking shareholder approval for any changes to our Remuneration Policy at the 2023 AGM; and
(ii) the relevant Regulations do not require us to reproduce our Remuneration Policy in this report;

The report is split into two parts as follows:

Part A: The Directors' Remuneration Policy – which sets out for ease of reference, a summary of our Directors' Remuneration Policy for which shareholder approval was given at the 2022 AGM. The full Directors' Remuneration Policy was disclosed in the 2021 Annual Report and is available on the Company's website.

Part B: The Annual Report on Remuneration – which sets out payments and awards made to the Directors and details the link between Company performance and remuneration for 2022 and how the policy will be operated for 2023, in respect of which we will be holding an advisory vote at the forthcoming AGM.

The auditors have reported on certain parts of the Annual Report on Remuneration and stated whether, in their opinion, those parts have been properly prepared in accordance with the Companies Act 2006. Those parts which have been subject to audit are clearly indicated.

Part A: Directors' Remuneration Policy

Policy scope

The Policy applies to the Chair of the Board, Executive Directors and Non-executive Directors.

Policy duration

The Directors' Remuneration Policy was put to a binding shareholder vote at the 2022 AGM and applies from the date of approval for a maximum of three years.

Executive Directors

The following table summarises the key aspects of the Directors' Remuneration Policy:

Element and purpose	Policy and operation	Maximum	Performance measures
Base salary This is the core element of pay and reflects the individual's role and position within the Group with some adjustment to reflect their capability and contribution.	Base salaries will be reviewed each year by the Committee. The Committee does not strictly follow data, but uses the median position (as against appropriate size and/or sector peers) as a reference point in considering, in its judgement, the appropriate level of salary having regard to other relevant factors including corporate and individual performance and any changes in an individual's role and responsibilities. Base salary is normally paid monthly in cash.	It is anticipated that salary increases will generally be in line with those awarded to salaried employees. However, in certain circumstances (including, but not limited to, changes in role and responsibilities, market levels, individual and Company performance), the Committee may make larger salary increases to ensure they are market competitive. The rationale for any such increase will be disclosed in the relevant Annual Report on Remuneration.	n/a
Benefits To provide benefits valued by recipients.	The Executive Directors can receive a car allowance or Company car (and fuel), private family medical cover, permanent health insurance and life assurance. The Committee reserves discretion to introduce new benefits where it concludes that it is appropriate to do so, having regard to the particular circumstances and to market practice. Where appropriate, the Company will meet certain costs relating to Executive Director relocations.	It is not possible to prescribe the likely change in the cost of insured benefits or the cost of some of the other reported benefits year-to-year, but the provision of benefits will operate within an annual limit of £100,000 (plus a further 100% of base salary in the case of relocations). The Committee will monitor the costs of benefits in practice and will ensure that the overall costs do not increase by more than the Committee considers appropriate in the circumstances.	n/a
Pension To provide retirement benefits.	Executive Directors can receive pension contributions to personal pension arrangements or, if a Director is impacted by annual or lifetime limits on contribution levels to qualifying pension plans, the balance can be paid as a cash supplement.	The maximum employer's contribution (or cash supplement) is 10% of base salary. Pension contributions for new Executive Director appointments will be aligned with the pension benefits available to the wider workforce. From 1 January 2023, the contribution levels for the Chief Executive Officer designate and the Chief Financial Officer are aligned to the wider workforce, currently 5%.	n/a

Element and purpose	Policy and operation	Maximum	Performance measures
Annual Bonus Plan To motivate executives and incentivise delivery of performance over a one-year operating cycle, focusing on the short-to-medium-term elements of our strategic aims.	Annual Bonus Plan levels and the appropriateness of measures are reviewed annually at the commencement of each financial year to ensure they continue to support our strategy. Once set, performance measures and targets will generally remain unchanged for the year, except to reflect events such as corporate acquisitions or other significant events where the Committee considers it to be necessary in its opinion to make appropriate adjustments. Any annual bonus award above 75% of salary will be compulsorily deferred into Eurocell shares, under the Company's Deferred Share Plan ('DSP'), for three years from grant. The number of shares subject to vested DSP awards may be increased to reflect the value of dividends that would have been paid in respect of any ex-dividend dates falling between the grant of awards and the expiry of the vesting period. Malus and clawback provisions apply to the Annual Bonus Plan and DSP, as explained in more detail below.	The maximum level of Annual Bonus Plan outcomes is 100% of base salary per annum for the duration of this policy.	The performance measures applied may be financial or non-financial and corporate, divisional or individual and in such proportions as the Committee considers appropriate. Attaining the threshold level of performance for any measure will not produce a pay-out of more than 20% of the maximum portion of overall annual bonus attributable to that measure. However, the Annual Bonus Plan remains a discretionary arrangement and the Committee retains a standard power to apply its judgement to adjust the outcome of the Annual Bonus Plan for any performance measure (from zero to any cap) should it consider that to be appropriate.
Long-term incentives To motivate and incentivise delivery of sustained performance over the long term, and to promote alignment with shareholders' interests, the Company operates PSP.	Awards under the PSP take the form of nil-cost options which vest to the extent performance conditions are satisfied over a period of at least three years. The number of shares subject to vested PSP awards may be increased to reflect the value of dividends that would have been paid in respect of any ex-dividend dates falling between the grant of awards and the expiry of the vesting period (or at the end of any holding period in respect of unexercised awards). A two-year post-vesting holding period applies to PSP awards granted to Executive Directors after the 2019 AGM. Malus and clawback provisions apply to PSP awards, as explained in more detail below.	The PSP allows for awards over shares with a maximum value of 150% of base salary per financial year. The Committee expressly reserves discretion to make such awards as it considers appropriate within these limits.	The Committee may set such performance conditions on PSP awards as it considers appropriate (whether financial or non-financial and whether corporate, divisional or individual). Performance periods may be over such periods as the Committee selects at grant, which will not normally be less than (but may be longer than) three years. No more than 25% of awards vest for attaining the threshold level of performance conditions. The Committee also has standard power to apply its judgement to adjust the outcome of the PSP for any performance measure (from zero to any cap) should it consider that to be appropriate.

Element and purpose	Policy and operation	Maximum	Performance measures
Share ownership guidelines To further align the interests of Executive Directors with those of shareholders.	Executive Directors are required to retain at least 50% of the net of tax shares which vest under the PSP and DSP awards until the guideline is met. Any PSP performance vested shares subject to a holding period and any shares awarded in connection with annual bonus deferral will be credited for the purpose of the guidelines (discounted for anticipated tax liabilities). From the 2022 AGM, Executive Directors are required to maintain a shareholding in the Company for a one-year period after stepping down from that position, being 100% of salary or the Executive Directors' actual relevant shareholding at leaving this position, if lower. The Executive Directors' actual relevant shareholding will include shares vesting under any of the Company's discretionary share incentive arrangements (including any deferred bonus shares) from awards granted after the date the Policy was adopted but excludes shares acquired through purchase and the release of shares under share incentive plans where the grant occurred prior to the adoption of the Policy.	200% of base salary for all Executive Directors.	n/a
All-employee share plans To encourage share ownership by employees, thereby allowing them to share in the long-term success of the Group and align their interests with those of the shareholders.	These are all-employee share plans established under HMRC tax-advantaged regimes and follow the usual form for such plans. Executive Directors will be able to participate in all-employee share plans on the same terms as other Group employees.	The maximum participation levels for all-employee share plans will be the limits for such plans set by HMRC from time to time.	Consistent with normal practice, such awards will not be subject to performance conditions.
Chair/Non-executive Director fees To enable the Company to recruit and retain Chairs and Non-executive Directors of the highest calibre, at the appropriate cost.	The fees paid to the Chair and Non-executive Directors aim to be competitive with other fully listed companies of equivalent size and complexity. The fees payable to the Non-executive Directors are determined by the Board, with the Chair's fees determined by the Remuneration Committee. Fees are paid monthly in cash. The Chair and Non-executive Directors will not participate in any cash or share incentive arrangements. The Company reserves the right to provide benefits (including travel and office support) to the Chair and Non-executive Directors where appropriate. Should any assessment to tax be made on such reimbursement, the Company reserves the ability to settle such liability on behalf of the Non-executive Director.	The aggregate fees (and any benefits) of the Chair and Non-executive Directors will not exceed the limit from time to time prescribed within the Company's Articles of Association. If the Chair and/or Non-executive Directors devote special attention to the business of the Company, or otherwise perform services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, they may be paid such additional remuneration as the Directors or any Committee authorised by the Directors may determine.	n/a

Other elements of our policy include:

Recruitment remuneration policy

The Company's recruitment remuneration policy aims to give the Committee sufficient flexibility to secure the appointment and promotion of high-calibre executives to strengthen the management team and secure the skill sets to deliver our strategic aims.

In terms of the principles for setting a package for a new Executive Director, the starting point for the Committee will be to apply the general Policy for Executive Directors as set out above and structure a package in accordance with that policy. Any caps contained within the policy for fixed pay do not apply to new recruits, although the Committee would not envisage exceeding these caps in practice.

The Annual Bonus Plan, DSP and PSP will operate (including the maximum award levels) as detailed in the general Policy in relation to any newly appointed Executive Director. For an internal appointment, any variable pay element awarded in respect of the prior role may either continue on its original terms or be adjusted to reflect the new appointment as appropriate.

For external and internal appointments, the Committee may agree that the Company will meet certain relocation expenses as it considers appropriate.

For external candidates, it may be necessary to make additional awards in connection with the recruitment to buy-out awards forfeited by the individual on leaving a previous employer.

For the avoidance of doubt, buy-out awards are not subject to a formal cap. Any recruitment-related awards which are not buy-outs will be subject to the limits for Annual Bonus Plan and PSP as stated in the general policy. Details of any recruitment-related awards will be appropriately disclosed.

For any buy-outs the Company will not pay more than is, in the view of the Committee, necessary and will in all cases seek, in the first instance, to deliver any such awards under the terms of the existing Annual Bonus Plan, DSP or PSP. It may, however, be necessary in some cases to make buy-out awards on terms that are more bespoke than the existing Annual Bonus Plan, DSP or PSP.

All buy-outs, whether under the Annual Bonus Plan, DSP, PSP or otherwise, will take due account of the service obligations and performance requirements for any remuneration relinquished by the individual when leaving a previous employer. The Committee will seek (where it is practicable to do so) to make buy-outs subject to what are, in its opinion, comparable requirements in respect of service and performance. However, the Committee may choose to relax this requirement in certain cases (such as where the service and/or performance requirements are materially completed, or where such factors are, in the view of the Committee, reflected in some other way, such as a significant discount to the face value of the awards forfeited) and where the Committee considers it to be in the interests of shareholders.

A new Chair/Non-executive Director would be recruited on the terms explained above in respect of the main policy for such Directors.

Service contracts

Executive Directors

The Committee's policy is that each Executive Director's service agreement should be of indefinite duration, subject to termination upon no more than twelve months' notice by either party. The service agreements of both Executive Directors comply with that policy. Contracts contain provisions allowing the Company to make payments in lieu of notice (albeit not including bonus or benefits) but do not contain change of control provisions.

The Committee reserves flexibility to alter these principles, if necessary, to secure the recruitment of an appropriate candidate including, if appropriate, a longer initial notice period (of up to two years) reducing over time.

The date of each current Executive Director's contract is:

Mark Kelly	29 March 2016
Michael Scott	1 September 2016

Chair/Non-executive Directors

The Chair and each Non-executive Director is engaged for an initial period of three years. These appointments can be renewed following the initial three-year term. These engagements can be terminated by either party on twelve months' notice.

Neither the Chair nor any Non-executive Directors can participate in the Company's incentive plans, are not entitled to any pension benefits and are not entitled to any payment in compensation for early termination of their appointment beyond the twelve months' notice referred to above.

Name	Date of original appointment	Date of latest appointment	Term
Derek Mapp	16 May 2022	16 May 2022	3 years
Frank Nelson	4 February 2015	2 February 2021	3 years
Martyn Coffey	4 February 2015	2 February 2021	3 years
Kate Allum	1 July 2022	1 July 2022	3 years
Alison Littley	1 July 2022	1 July 2022	3 years
Iraj Amiri	7 November 2022	7 November 2022	3 years

The Directors' service agreements and letters of appointment are available for shareholders to view from the Group Company Secretary on request.

Termination/change of control policy summary

It is appropriate for the Committee to consider treatments on a termination having regard to all of the relevant facts and circumstances available at that time. This policy applies both to any negotiations linked to notice periods on a termination and any treatments that the Committee may choose to apply under the discretions available to it under the terms of the Annual Bonus Plan, DSP and PSP. The potential treatments on termination under these plans are summarised in the table below:

Incentives	If a leaver is deemed to be a 'good leaver'; for example, leaving through injury, ill-health, disability, retirement, redundancy, sale of business or otherwise at the discretion of the Committee	If a leaver is not a 'good leaver'	Change in control
Annual bonus	Committee has discretion to determine an annual bonus which may be limited to the period actually worked.	Annual bonus not generally paid.	Committee has discretion to determine annual bonus.
DSP	Awards normally vest either on cessation or the normal vesting date. The Committee can pro-rate awards if considered appropriate.	All awards will normally lapse.	Awards vest on a pro rata basis, unless the Committee determines not to pro-rate.
PSP	Will receive a pro-rated award subject to the application of the performance conditions at the end of the normal performance period. Committee retains standard discretions to either vary/disapply time pro-rating or to accelerate vesting to the earlier date of cessation (determining the performance conditions at that time).	All awards will normally lapse.	Will receive a pro-rated award subject to the application of the performance conditions at the date of the event, unless the Committee determines not to pro-rate.

On death, the Annual Bonus Plan, DSP and PSP awards typically vest in full (with pro-rating also potentially applying).

The Company has the power to enter into settlement agreements with Directors and to pay compensation to settle potential legal claims. In addition, and consistent with market practice, in the event of the termination of an Executive Director, the Company may make a contribution towards that individual's legal fees and fees for outplacement services as part of a negotiated settlement. Any such fees will be disclosed as part of the detail of termination arrangements. For the avoidance of doubt, the policy does not include an explicit cap on the cost of termination payments.

Other policy matters

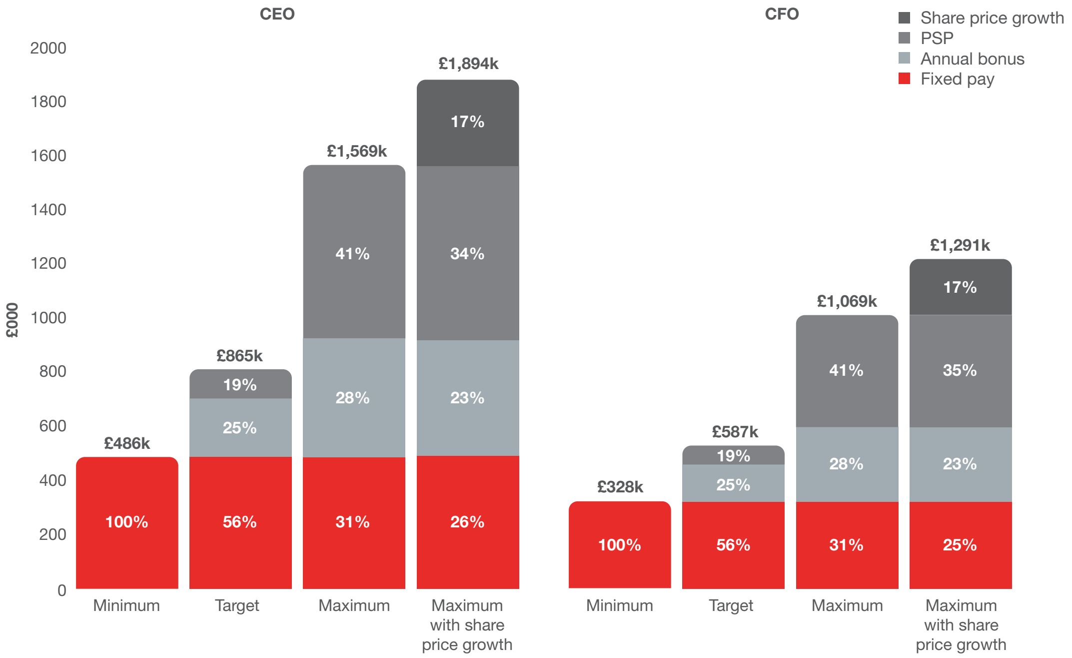
The 2021 Annual Report also set out formal details of our approach to:

- Performance targets;
- Malus and clawback;
- Stating maximum amounts for the Remuneration Policy;
- Travel and hospitality;
- Differences between the policy on remuneration for Directors and remuneration of other employees;
- Committee discretions;

- External appointments;
- Statement of consideration of employment conditions elsewhere in the Group; and
- Statement of consideration of shareholder views.

Illustrations of application of Remuneration Policy

The charts above aim to show how the Remuneration Policy for Executive Directors will be applied in 2023 using the assumptions in the table below.



Minimum

- Consists of base salary, benefits and pension.
- Base salary is the salary to be paid with effect from 1 April 2023.
- Estimated value of a full year's benefits, including car (and fuel) or car allowance, private family medical cover, permanent health insurance and travel insurance.
- Pension measured as the cash allowance in lieu of Company contributions at 10% of salary for Mark Kelly and 5% of salary for Michael Scott.

	Base salary	Benefits	Pension	Total fixed
Mark Kelly	£433,336	£9,403	£43,334	£486,073
Michael Scott	£296,233	£17,078	£14,812	£328,123

Target

- Annual bonus: consists of an assumed payment of 50% of maximum opportunity.
- Long-term incentives: consists of the threshold level of vesting (25% vesting) under the PSP.

Maximum

Based on the maximum remuneration receivable (excluding share price appreciation and dividends):
- Annual bonus: consists of maximum bonus of 100% of base salary.
- Long-term incentives: consists of the maximum level of vesting under the PSP.

Maximum with share price growth

- As per the maximum but with a 50% share price growth assumption for the PSP awards.

Part B: The Annual Report on Remuneration

The Committee (unaudited)

Remuneration Committee members

During 2022, the Remuneration Committee comprised:

Chair:
Martyn Coffey

Committee members:
Frank Nelson
Derek Mapp (from 16 May 2022 to 6 October 2022)
Kate Allum (from 7 October 2022)
Sucheta Govil (to 31 July 2022)

As noted in the Governance report on page 96, the current Committee Chair, Martyn Coffey, intends to step-down from the Board at the 2023 AGM in May at which point Kate Allum will assume the role of Committee Chair. Kate has served on a remuneration committee for at least 12 months at her other Non-executive appointments (see page 81).

The Chief Executive Officer and Chief Financial Officer are invited to attend meetings of the Committee, except when their own remuneration is being discussed, and other Executive and Non-executive Directors attend meetings as required.

The Committee has formal terms of reference which can be viewed on the Company's website (www.investors.eurocell.co.uk).

During the year, the Committee considered its obligations under the Code and concluded that:

- the Directors' Remuneration Policy supports the Company's strategy (including in the performance measures chosen); and
- remuneration for our Directors remains appropriate.

In addition, the Committee has ensured that the Directors' Remuneration Policy and practices are consistent with the six factors set out in Provision 40 of the Corporate Governance Code:

Clarity – Our Directors' Remuneration Policy is well understood by our senior executive team and has been clearly articulated to our shareholders and representative bodies (both on an ongoing basis and during a consultation when changes are being proposed).

Simplicity – The Committee is mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. Therefore, a key objective of the Committee is to ensure that our Directors' Remuneration Policy and practices are straightforward to communicate and operate.

Risk – Our Directors' Remuneration Policy has been designed to ensure that inappropriate risk-taking is discouraged and will not be rewarded via (i) the balanced use of both annual incentives and long-term incentives which employ a blend of targets, (ii) the significant role played by shares in our incentive plans (together with bonus deferral and shareholding guidelines) and (iii) malus/clawback provisions within all our incentive plans.

Predictability – Our incentive plans are subject to individual caps, with our share plans also subject to standard dilution limits. The use of shares within our incentive plans results in the actual pay received being highly aligned to the experience of our shareholders.

Proportionality – There is a clear link between individual awards, delivery of strategy and our long-term performance. In addition, the significant role played by variable pay, together with the composition of the Executive Directors' service contracts, ensures that poor performance is not rewarded.

Alignment to culture – Our executive pay policies are fully aligned to the Company's culture through the use of metrics in both the annual bonus and PSP that measure how we perform against key aspects of our strategy, which has the objective of delivering sustainable growth in revenue, profit and cash flow.

FIT Remuneration Consultants LLP ('FIT'), signatories to the Remuneration Consultants Group's Code of Conduct, are appointed by the Committee and provide advice to the Committee on all matters relating to remuneration, including best practice. FIT provided no other services to the Group and, accordingly, the Committee was satisfied that the advice provided by FIT was objective and independent. FIT's fees in respect of 2022 were £13,810 (excluding VAT). FIT's fees were charged on the basis of the firm's standard terms of business for advice provided.

Audited information

Single total figure table (audited)

The remuneration for the Chair, Executive and Non-executive Directors of the Company who performed qualifying services during the relevant financial year is detailed below. The Chair and Non-executive Directors received no remuneration other than their annual fee.

For the year ended 31 December 2022:

Name	Salary/ fees £000	Taxable benefits[1] £000	Pension £000	Other[2] £000	Total fixed remuneration £000	Bonus[3] £000	Long-term incentives[4] £000	Total variable remuneration £000	Total remuneration £000
Mark Kelly	426	9	47	-	482	99	276	375	857
Michael Scott	272	17	30	-	319	63	176	239	558
Derek Mapp[5]	94	–	–	–	94	–	–	–	94
Frank Nelson	60	–	–	–	60	–	–	–	60
Martyn Coffey	53	–	–	–	53	–	–	–	53
Kate Allum[6]	24	–	–	–	24	–	–	–	24
Alison Littley[6]	24	–	–	–	24	–	–	–	24
Iraj Amiri[7]	7	–	–	–	7	–	–	–	7
Robert Lawson[8]	65	–	–	–	65	–	–	–	65
Sucheta Govil[9]	26	–	–	–	26	–	–	–	26

For the year ended 31 December 2021:

Name	Salary/ fees £000	Taxable benefits[1] £000	Pension £000	Other[2] £000	Total fixed remuneration £000	Bonus[3] £000	Long-term incentives[4] £000	Total variable remuneration £000	Total remuneration £000
Mark Kelly	401	8	60	7	476	403	–	403	879
Michael Scott	256	17	38	5	316	258	–	258	574
Robert Lawson	120	–	–	–	120	–	–	–	120
Frank Nelson	48	–	–	–	48	–	–	–	48
Martyn Coffey	45	–	–	–	45	–	–	–	45
Sucheta Govil	40	–	–	–	40	–	–	–	40

Notes:
1 Taxable benefits comprise Company car (and fuel) or car allowance, private family medical cover, permanent health insurance and travel insurance.
2 Other comprises the buy-out of unused holiday entitlement.
3 Bonuses are calculated on the salary in operation at the end of the financial year.
4 Value of long-term incentives vesting in 2023 is based on an estimated market value using the average share price during the last three months of 2022.
5 Derek Mapp was appointed to the Board on 16 May 2022 and became Non-executive Chair from 1 July 2022.
6 Kate Allum and Alison Littley were appointed to the Board on 1 July 2022.
7 Iraj Amiri was appointed to the Board on 7 November 2022.
8 Robert Lawson stepped-down from the Board on 1 July 2022.
9 Sucheta Govil stepped-down from the Board on 31 July 2022.

The aggregate emoluments (being salary/fees, bonuses, benefits and pension allowances) of all Directors for 2022 was £1,768,000 (2021: £1,706,000).

Further information on the 2022 annual bonus (audited)

In 2022, the annual bonus metrics were a blend of targets relating to profit before tax (70% of the bonus opportunity) and cash flow (30% of the bonus opportunity). In addition, a health and safety adjustment underpin is applied which, if not achieved, could reduce the bonus pay-out.

Security Hardware, which was sold in December 2022, has been classified as a discontinued operation, excluded from the results of continuing operations and presented in the income statement as a single loss after tax from discontinued operations for the year of £2.3 million. This includes a pre tax trading loss of £1.3 million, which has been deducted from adjusted profit before tax for the purposes of the Annual Bonus Plan achievement calculations (resulting in a lower achieved profit of £27.4 million), to provide comparability with the basis on which the targets for the year were set.

As a result, the profit before tax and cash flow bonus targets and achievements were as follows:

£m	Threshold	Target	Maximum	Actual	Achievement (% of max)
Adjusted profit before tax	27.1	28.5	30.6	27.4[1]	33%
Adjusted cash generated from operations	43.7	46.0	49.5	40.3[2]	0%

1 Adjusted profit before tax from continuing operations of £28.7 million, less Security Hardware pre-tax trading loss of £1.3 million (included separately within loss after tax from discontinued operations – see Note 12 to the Consolidated Financial Statements).

2 Cash generated from operations of £38.7 million (which includes the Security Hardware pre-tax trading loss), plus cash paid in respect of non-underlying items of £1.6 million (see Note 7 to the Consolidated Financial Statements).

In order to reflect the level of stretch within the targets, the Committee determined that a pay-out of 75% of base salary would be appropriate for an on-target performance for 2022.

Performance against the profit before tax element of the bonus resulted in an achievement of 33% of that element. Performance against the cash flow element of the bonus resulted in an achievement of 0% of that element. After the appropriate weightings are applied, this provides an overall pay-out of 23% of salary being awarded to the Executive Directors in respect of 2022, which is to be paid in cash.

The health and safety underpin was also considered satisfied and no discretion has been applied to the formulaic outcome by the Committee.

PSP awards vesting in respect of 2022 (audited)

The PSP values included under long-term incentives in the single figure table above relate to awards granted in 2020 which vest in 2023, dependent on EPS and ROCE performance measured over the three-year period ended 31 December 2022, as described in the tables below.

For the purposes of the PSP achievement calculation, a similar adjustment has been made to deduct from adjusted basic earnings per share the impact of the post-tax trading loss of Security Hardware of £1.1 million (resulting in a lower achieved earnings per share of 20.4 pence).

Under the EPS performance target (two-thirds of awards) which uses a sliding scale, 25% of this part of an award vests where adjusted earnings per share of 19.3p is achieved for the year ended 31 December 2022, increasing pro rata to full vesting where adjusted earnings per share of 20.9p is achieved.

Performance target	Threshold	Maximum	Actual	Achievement (% of max)
Adjusted basic EPS[1]	19.3p	20.9p	20.4p[1]	77%

1 Adjusted basic earnings per share from continuing operations of 21.4 pence, less impact of Security Hardware post tax trading loss of £1.1 million (or 1.0 pence per share, included separately within loss after tax from discontinued operations – see note 12 to the Consolidated Financial Statements).

Under the Group ROCE target (one-third of awards), which uses a sliding scale, 25% of this part of an award vests where Group ROCE of 20% is achieved for the year ended 31 December 2022, increasing pro rata to full vesting where Group ROCE of 25% is achieved.

Performance target	Threshold	Maximum	Actual	Vesting %
Group ROCE[2]	20%	25%	20.6%	34%

2 Adjusted operating profit for the year ended 31 December 2022 less Security Hardware pre-tax losses, divided by average totals of opening and closing assets less trade and other payables, all measured on a pre-IFRS 16 basis.

Performance against the adjusted earnings per share element of the PSP results in an expected vesting of 77% of that element. Performance against the Group ROCE element of the PSP results in an expected vesting of 34% of that element. After the appropriate weightings are applied, this results in an expected vesting of 63% of the PSP granted in 2020.

As a result, 192,926 PSP share awards for Mark Kelly and 123,258 PSP share awards for Michael Scott are expected to vest in 2023 (excluding dividend equivalent shares). For the purposes of the single figure table above, these awards have been valued based on an estimated market value using the average share price during the last three months of 2022, being 143.06 pence per share. The grant share price for the award was 191.0 pence per share and accordingly the relevant figures are not reflective of an increase in share price. No discretion to the formulaic outcome has been applied by the Committee.

Statement of Directors' shareholding and share interests (audited)

The table below details for each Director, the total number of Directors' interests in shares at 31 December 2022:

Director	Beneficially owned 31 December 2021	Beneficially owned 31 December 2022[1]	Vested but unexercised awards	Unvested DSP	Unvested PSP[2]	Unvested SAYE	Shareholding guideline (% of salary)[3]	Shareholding guideline met?[3]
Mark Kelly	195,346	234,020	–	44,749	831,449	10,465	200	No
Michael Scott	59,971	72,862	–	28,589	531,202	10,465	200	No
Derek Mapp	–	91,000	–	–	–	–	–	n/a
Frank Nelson	49,090	–	–	–	–	–	–	n/a
Martyn Coffey	16,428	–	–	–	–	–	–	n/a
Kate Allum	–	–	–	–	–	–	–	n/a
Alison Littley	–	–	–	–	–	–	–	n/a
Iraj Amiri	–	–	–	–	–	–	–	n/a
Robert Lawson	101,311	–	–	–	–	–	–	n/a
Sucheta Govil	5,714	–	–	–	–	–	–	n/a

1 The beneficial shareholdings set out above include those held by Directors and their respective connected persons as at 31 December 2022 or at the date of stepping down from the Board if earlier.
2 Performance-based share awards.
3 Shareholding guidelines for Executive Directors are 200% of salary. Executive Directors will be required to retain at least 50% of the net of tax shares which vest under the PSP and DSP until the guideline is met.

PSP awards granted in 2022 (audited)

The following awards were made under the PSP in 2022:

Director	Date of grant	Basis of award (% salary)	Share price[1]	Number of shares	Face value of award	Vesting period
Mark Kelly	13 April 2022	150%	225.3p	288,505	£650,002	April 2025 to April 2026
Michael Scott	13 April 2022	150%	225.3p	184,322	£415,277	April 2025 to April 2026

1 Rounded to one decimal place for the purposes of presentation in this report.

The performance conditions applying to the awards made in April 2022 relate to: (i) adjusted Earnings per Share for two-thirds of the award; and (ii) Group Return on Capital Employed for one-third of the award.

More specifically:

Adjusted basic EPS[1] for the year ended 31 December 2024	Portion of award vesting
Above 22.8p	100%
Between 21.2p and 22.8p	Pro rata on straight-line between 25% and 100%
21.2p	25%
Below 21.2p	0%

Group ROCE[2] for the year ended 31 December 2024	Portion of award vesting
Above 26%	100%
Between 21% and 26%	Pro rata on straight-line between 25% and 100%
21%	25%
Below 21%	0%

1 Defined as adjusted basic earnings per share as shown in the consolidated audited accounts of the Company, excluding non-underlying items, for the third financial year of the performance period.
2 Defined as Group adjusted operating profit divided by average totals of opening and closing assets less trade and other payables (all on a pre-IFRS 16 basis), for the third financial year of the performance period.

DSP awards granted in 2022 (audited)

The following awards were made under the DSP in 2022 in respect to the 2021 annual bonus. As required under our Director's Remuneration Policy annual bonus awards above 75% of salary was deferred into shares to the third anniversary of the normal bonus payment date under the DSP.

Director	Date of grant	Basis of award (% salary)	Share price[1]	Number of shares	Face value of award	Vesting period
Mark Kelly	13 April 2022	25%	225.2p	44,749	£100,775	April 2025 to April 2026
Michael Scott	13 April 2022	25%	225.2p	28,589	£64,382	April 2025 to April 2026

1 Rounded to one decimal place for the purposes of presentation in this report.

Outstanding share plan awards (audited)

Details of all outstanding share awards made to Executive Directors are set out below:

				Number of shares						
Executive	Award type	Exercise price (p)	Grant date	Interest at 1 January 2022	Awards granted in the year	Awards lapsed in the year	Awards exercised in the year	Interest at 31 December 2022	Exercise period	Notes
Mark Kelly	PSP	0	24/04/19	170,247	–	(170,247)	–	–	Apr 22 – Apr 23	1
	PSP	0	17/11/20	308,582	–	–	–	308,582	Nov 23 – Nov 24	2
	PSP	0	22/04/21	234,362	–	–	–	234,362	Apr 24 – Apr 25	3
	PSP	0	13/04/22	–	288,505	–	–	288,505	Apr 25 – Apr 26	4
	DSP	0	13/04/22	–	44,749	–	–	44,749	Apr 25 – Apr 26	5
	SAYE	172.0	09/04/20	10,465	–	–	–	10,465	Jun 23 – Nov 23	6
Michael Scott	PSP	0	24/04/19	108,768	–	(108,768)	–	–	Apr 22 – Apr 23	1
	PSP	0	17/11/20	197,149	–	–	–	197,149	Nov 23 – Nov 24	2
	PSP	0	22/04/21	149,731	–	–	–	149,731	Apr 24 – Apr 25	3
	PSP	0	13/04/22	–	184,322	–	–	184,322	Apr 25 – Apr 26	4
	DSP	0	13/04/22	–	28,589	–	–	28,589	Apr 25 – Apr 26	5
	SAYE	172.0	09/04/20	10,465	–	–	–	10,465	Jun 23 – Nov 23	6

All figures above exclude dividend equivalent shares, where applicable.

Notes:
1 See 'PSP Awards Vesting in Respect of 2021' section in the 2021 Directors' Remuneration Report.
2 See 'PSP Awards Vesting in Respect of 2022' section above.
3 As disclosed in the 2021 Directors' Remuneration Report.
4 See 'PSP Awards Granted in 2022' section above.
5 See 'DSP Awards Granted in 2022' section above.
6 Awards granted under the Eurocell plc Save As You Earn Scheme in 2020. Awards are based on a three-year savings contract with an exercise price of 172.0p.

During the year ended 31 December 2022, the highest mid-market price of the Company's shares was 266.0p and the lowest mid-market price was 132.5p. At 31 December 2022 the share price was 147.5p.

The aggregate gains by all Directors during 2022 was £nil (2021: £268,282), as no share awards vested in the year.

Payments to past Directors (audited)

No payments to past Directors were made during the year.

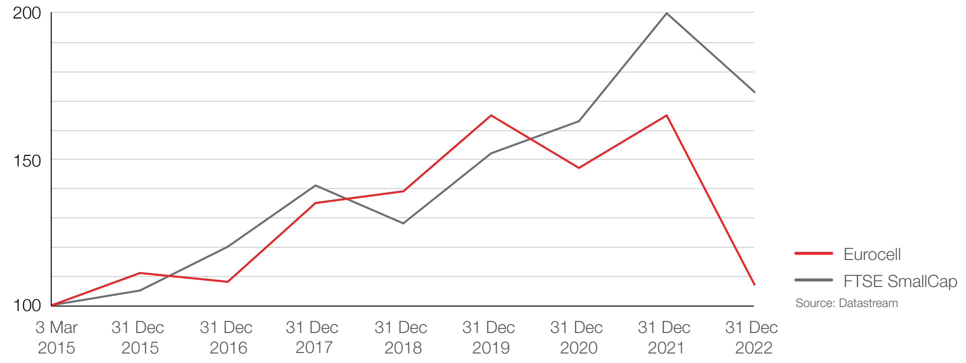
Payments for loss of office (audited)

No payments for loss of office were made during the year.

Performance graph and CEO remuneration table (unaudited)

The following graph shows the Total Shareholder Return ('TSR') performance of an investment of £100 in Eurocell plc's shares from its listing in March 2015 to 31 December 2022, compared with a £100 investment in the FTSE SmallCap Index over the same period. The FTSE SmallCap Index was chosen as a comparator because it represents a broad equity market index of similar-sized companies.

Total Shareholder Return Index (unaudited)



The table below details certain elements of the CEO's remuneration over the same period as presented in the TSR Index graph:

Year	CEO	Single figure of total remuneration	Annual bonus pay-out against maximum %	Long-term incentive vesting rates against maximum	Year-on-year change in CEO remuneration %	Year-on-year change in employee remuneration %
2022	Mark Kelly	£857,090	23%	63%	(3)%	(1)%
2021	Mark Kelly	£879,271	100%	0%	89%	10%
2020	Mark Kelly	£465,945	0%	0%	(31)%	2%
2019	Mark Kelly	£673,262	49%	0%	47%	2%
2018	Mark Kelly	£459,294	0%	0%	(50)%	2%
2017	Mark Kelly	£916,442	40%	n/a	8%	2%
2016	Mark Kelly Patrick Bateman	£560,558 £284,457	80% 33%	n/a n/a	33%	2%
2015	Patrick Bateman	£637,098	87%	n/a	n/a	n/a

As the Company listed in March 2015, part of the 2015 remuneration relates to when Eurocell was a privately owned Company.

Note:
Based on all Group employees in order to provide a more meaningful comparison (Eurocell plc employees comprise the Executive and Non-executive Directors only).

Annual change in remuneration of each Director compared to employees (unaudited)

The table below presents the year-on-year percentage change in remuneration for each Director and for all Group employees:

	% change from 2021 to 2022			% change from 2020 to 2021		
	Salary/fee increase/(decrease) %	Annual bonus increase/decrease %	Taxable benefits increase %	Salary/fee increase/decrease[1] %	Annual bonus increase/decrease %	Taxable benefits (decrease)/increase %
Mark Kelly	6%	(75)%	14%	5%	n/a[2]	(73)%
Michael Scott	6%	(76)%	25%	5%	n/a[2]	2%
Derek Mapp	n/a[3]	n/a	n/a	n/a	n/a	n/a
Frank Nelson	25%	n/a	n/a	3%	n/a	n/a
Martyn Coffey	18%	n/a	n/a	3%	n/a	n/a
Kate Allum	n/a[3]	n/a	n/a	n/a	n/a	n/a
Alison Littley	n/a[3]	n/a	n/a	n/a	n/a	n/a
Iraj Amiri	n/a[3]	n/a	n/a	n/a	n/a	n/a
Robert Lawson	(46)%[4]	n/a	n/a	3%	n/a	n/a
Sucheta Govil	(35)%[5]	n/a	n/a	3%	n/a	n/a
All employees	4%	(76)%	2%	6%	232%	0%

1 All the Directors took a 20% reduction in salary/fees, for two months, during the first lockdown period in 2020.
2 Percentage increase is not available due to 2020 bonuses being £nil.
3 Directors appointed to the Board during 2022.
4 Robert Lawson stepped-down from the Board on 1 July 2022.
5 Sucheta Govil stepped-down from the Board on 31 July 2022.

CEO to employee pay ratio (unaudited)

The table below shows the CEO to employee pay ratio.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2022	Option B	37 : 1	31 : 1	24 : 1
2021	Option B	42 : 1	33 : 1	27 : 1
2020	Option B	23 : 1	19 : 1	15 : 1
2019	Option B	34 : 1	27 : 1	21 : 1

Notes to the CEO to employee pay ratio:
1 Option B (based on the gender pay gap reporting disclosures) was preferred as this data was already prepared on a Group basis.
2 In line with the gender pay gap reporting regulations, pay for the 25th percentile, median and 75th percentile employees was calculated with reference to 5 April for each financial year.
3 The ratios shown are representative of the FTE 25th percentile, median and 75th percentile pay for employees within the Group at the gender pay gap reference date of 5 April 2022.
4 FTE equivalent pay has been calculated using the gender pay gap reporting methodology.
5 The Chief Executive Officer's salary, benefits, pension, bonus and long-term incentives from the single total figure have been used.

The total pay and benefits and the salary component of total pay and benefits for the employee at each of the 25th percentile, the median and the 75th percentile are shown below:

	Salary £000			Total pay and benefits £000		
	25th percentile	Median	75th percentile	25th percentile	Median	75th percentile
2022	23	27	33	23	28	35

Based on the salary profile of the Group's UK employees, the median pay ratio is consistent with the pay, reward and progression policies of the Group as a whole.

Relative importance of spend on pay (unaudited)

The table below details the change in total employee pay between 2021 and 2022 as detailed in Note 8 of the Financial Statements, compared with distributions to shareholders by way of dividend, share buybacks or any other significant distributions or payments.

	% change	2022 £m	2021 £m
Total gross employee pay	5%	**84.9**	81.0
Dividends/share buybacks	208%	**11.1**	3.6

The average number of employees during the year was 2,250 (2021: 2,120).

Statement of voting at the Annual General Meeting (unaudited)

The following table shows the results of the binding Remuneration Policy vote and the advisory Directors' Remuneration Report vote at the 12 May 2022 AGM.

	(Binding Vote – 12 May 2022) Approval of the Directors' Remuneration Policy		(Advisory Vote – 12 May 2022) Annual Report on Remuneration	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For (including discretionary)	97,411,403	100%	95,245,725	100%
Against	–	0%	–	0%
Votes withheld	–	–	2,165,678	–

Implementation of policy for 2023 (unaudited)

Base salaries

In light of Mark Kelly's approaching retirement at the 2023 AGM in May, his base salary will remain at £433,336 p.a. until that date. Darren Waters, the Chief Executive Officer designate will join the Company in spring 2023 with a base salary of £410,000 p.a. Michael Scott's current base salary of £276,853 p.a. has been subject to a detailed market benchmarking exercise and, as a result, will be increased to £296,233 p.a. with effect from 1 April 2023.

The Committee notes that the resulting base salaries still remain below the median level seen in similar sized FTSE SmallCap companies.

Pensions

A defined contribution/salary supplement of 5% of salary, which is aligned to the wider workforce, will be offered to Michael Scott and Darren Waters (see above). In light of Mark Kelly's approaching retirement, his pension salary supplement will remain at 10% of salary until his retirement at the 2023 AGM in May.

Benefits

Details of the benefits received by Executive Directors are set out in Note 1 to the Single Total Figure Table on page 113. There is no intention to introduce additional benefits in 2023.

Annual bonus

The annual bonus opportunity for 2023 will be structured in a similar manner to 2022. The maximum bonus will be 100% of salary and will be payable based on performance against a blend of adjusted profit before tax (70% of the bonus opportunity) and operating cash flow (30% of the bonus opportunity) targets.

These targets will be set in light of internal and external forecasts and will require outperformance to generate higher levels of pay-out. In addition, a health and safety adjustment underpin will apply which, if not achieved, could reduce the bonus pay-out. Any bonus earned above 75% of salary will be deferred into shares for three years.

Given the competitive nature of the Company's sector, the specific performance targets for 2023 are considered to be commercially sensitive and, accordingly, are not disclosed at this time, although the targets will be disclosed in next year's report in relation to the 2023 bonus outturn.

Long-term incentives

PSP awards are expected to be made in April 2023 to Michael Scott and Darren Waters at 150% of salary. In light of Mark Kelly's approaching retirement at the 2023 AGM, no awards will be made to him.

Performance targets will be based on earnings per share (two-thirds of the award) and return on capital employed improvement (one-third) in the third year of the performance period. Full details of these targets will be disclosed in next year's report, with these targets no less challenging in relative terms than the targets applied to the 2022 PSP awards.

Recruitment bonus

As part of his recruitment package to provide compensation for share awards granted by his former employer that will be forfeited on leaving, Darren Waters, on joining the Company, will be awarded £550,000 worth of shares under the DSP (in compliance with the Directors' Remuneration Policy and based on the share price as at the date of grant of the award), which will vest upon the expiry of a two-year deferral period subject to continued employment (with standard 'good leaver' provisions).

Chair and Non-executive Directors' fees

The fee for the Chair is £150,000 p.a. and the base fees for Non-executive Directors will be increased from £48,000 to £50,000 p.a. with effect from 1 April 2023.

Additional fees for the Chair of the Audit and Risk Committee, Chair of the Remuneration Committee and Chair of the Social Values and ESG Committee will be increased from £8,000 to £10,000 p.a. and the additional fee for the Senior Independent Director will be increased from £8,000 to £10,000 p.a. all with effect from 1 April 2023.

By Order of the Board

Martyn Coffey
Chair of the Remuneration Committee

15 March 2023