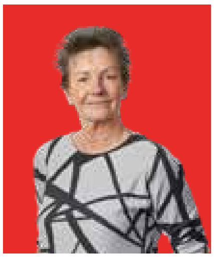
Chair | **Members**

Martyn Coffey

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

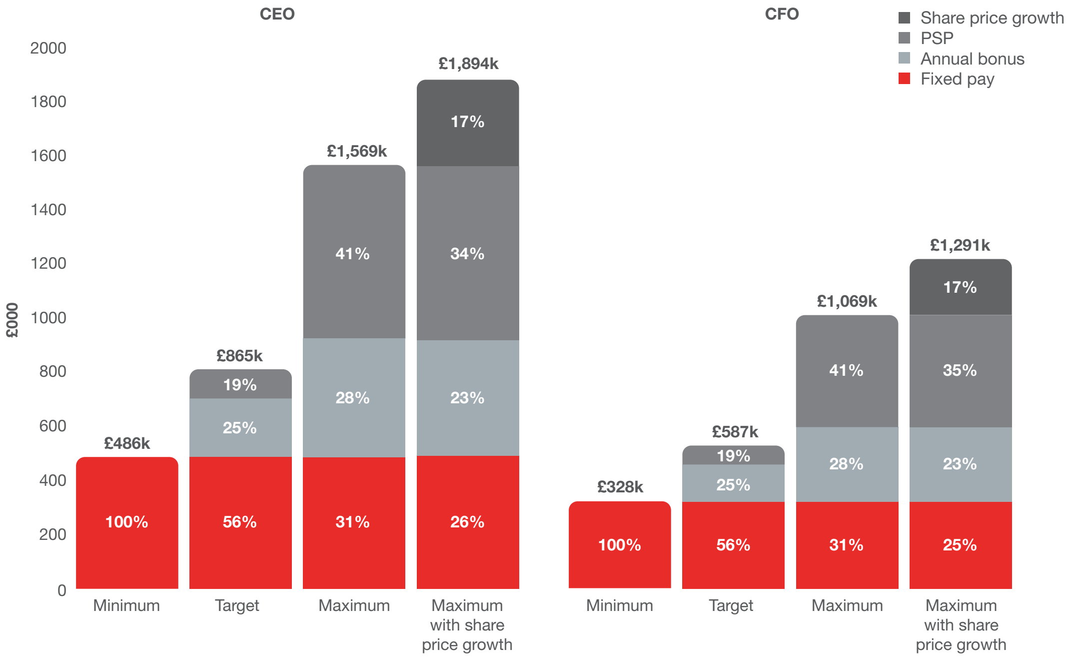
The 2021 Annual Report also set out formal details of our approach to:

- 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.
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.

	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

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.

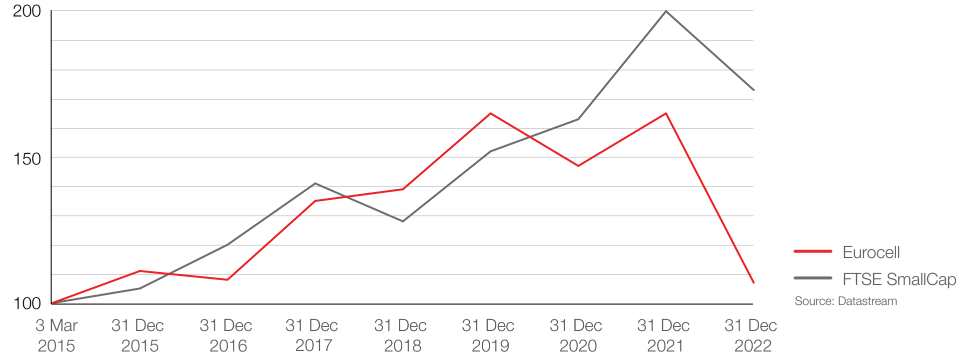
Payments for loss of office (audited)

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