

# Directors' remuneration report



**'During a year of continuing challenge we have made great progress against key strategic objectives as well as delivering impressive financial results.'**

Vanda Murray OBE  
Chair of the Remuneration  
Committee

## Introduction from Vanda Murray

I am pleased to present the Directors' remuneration report for the year ended 31 December 2021.

### Context of remuneration

At the start of 2021, it was very unclear how business performance during the year would unfold – many parts of the world were still in effective lockdowns and some of Bunzl's key market sectors, including hospitality and non-food retail, remained very distressed. However, the leadership team continued to navigate the challenge as effectively as it had done in 2020, and whilst the large one-off Covid-19 related orders were generally not repeated in 2021, it became clear that there was ongoing demand for essential key products which continued throughout the year. The recovery of the hospitality industry in most markets has been less than smooth, but the net result was a significant outperformance versus both budget and prior year, driven by a particularly positive performance in North America, Latin America and Asia Pacific. The increases to both revenue and profit were supported by continued discipline around working capital and cash, resulting in strong delivery against all the financial targets in the annual bonus plan. In addition, the completion of 14 acquisitions over the course of the year left the Group in very strong shape at the end of 2021. This meant that we were able to continue our policy of not taking any government support and of paying dividends to shareholders. In addition, good progress was made against the key strategic imperatives of Sustainability, Digital and Talent; against such a challenging business backdrop it has been pleasing to see that clear and ambitious targets have been set, supported by detailed plans for delivery.

### Performance and reward for 2021

#### Annual bonus

Annual bonus payments are based on a combination of key financial measures comprising adjusted earnings per share, return on average operating capital and operating cash flow, with a minority (30% of the total opportunity) based on personal strategic objectives and, for the first time this year, specific Environmental, Social and Governance

('ESG') targets. In setting our incentive targets, we have regard to the performance potential of the different parts of the business and of the whole Group. The on-target performance level for the bonus for 2021 was set at, or close to, the budgeted level of performance. For 2021, the Committee made slight adjustments to the weighting of the financial metrics to allow the introduction of the ESG targets, and it set a range around the target to incentivise the delivery of a stretching performance. As stated above, exceptional financial performance resulted in the payment of maximum annual bonus for the financial measures. As well as navigating the headwinds of product deflation, product and operating cost inflation, lockdowns and inconsistent rates of recovery of the base business, both directors also delivered exceptional performance against the strategic and ESG objectives. This resulted in a payment of 93.3% of maximum for these elements for Frank van Zanten and 90.0% of maximum for these elements for Richard Howes. No discretion was applied by the Committee to adjust the bonus outcomes, as overall performance reflected payment, and, in line with the remuneration policy, 50% of the annual bonuses will be delivered in shares, subject to a three year deferral period.

#### Long Term Incentive Plans ('LTIP')

The Committee assessed the performance for the LTIP awards with performance conditions linked to performance periods that ended during, or at the end of, the 2021 financial year. The share options were subject to adjusted earnings per share ('eps') growth targets and the performance shares were subject to both eps growth and relative total shareholder return ('TSR') targets. The strong eps growth of 25.49% over the three year performance period (adjusted to ensure that the relevant eps figures were comparable) will result in 96.43% of executive share options vesting for the performance period ended 31 December 2021. In addition, eps growth of 40.9% over the three years to 31 December 2020 (adjusted to exclude two disposals of businesses during the period) and stronger relative TSR performance resulted in 87.9% and 74.3% of performance shares vesting for

performance periods that ended in April and October 2021, respectively. The Committee has not exercised discretion to amend the vesting outcomes for any of these share awards.

#### Director's remuneration policy

The 2021 directors' remuneration policy was approved at last year's AGM (by 95.7% of shareholders). The main change to the policy was the replacement of our share options (LTIP A) and performance shares (LTIP B) schemes with a single Restricted Share Award. Awards of shares were therefore granted to approximately 25 of the most senior leaders, with around a further 460 managers continuing to receive share options under the LTIP A in 2021. Another key change was the formalisation of post-cessation holding requirements. The Committee continues to feel that the Restricted Share Award plan is the most appropriate plan for Bunzl for the following key reasons:

- It is aligned with our strategy of balancing profitable organic growth, operating model improvements and growth through acquisition because it encourages leaders to take the right long-term decisions for the business rather than focusing on three year eps growth.
- It is significantly simpler than the previous plans which included both performance shares and share options.
- It creates closer alignment between shareholders and management because, while the shares are granted at a much lower level of quantum than previously, a significant proportion of their ultimate value is tied to the accrual of dividends and share price growth over the performance period.
- It helps the business to manage the impact of significant swings in performance against more volatile market conditions.
- It is common practice in North America and other jurisdictions in which we compete for senior talent.

As stated above, the first grants of Restricted Share Awards were made in April 2021 following the approval of the new policy by shareholders at the AGM. Frank van Zanten received shares equivalent to 125% of his salary, and Richard Howes to 100% of his salary, which was a reduction of approximately 50% from the total grants of shares

received under the previous plans. The vesting of the shares is subject to a performance 'underpin' which will be closely reviewed by the Committee before these shares vest in April 2024. The vested shares are then subject to a further two-year holding period.

#### Chief Executive Officer pay ratio

As required by the Regulations we have again disclosed in this year's Directors' remuneration report the ratio between the Chief Executive Officer's remuneration and the median, lower quartile and upper quartile of UK employees. The Committee considers the executive remuneration in the context of this and other internal and external reference points.

#### Implementing the policy for the 2022 financial year

##### Base salary

The base salaries for the executive directors, Frank van Zanten and Richard Howes, have been increased by 2.9% effective from 1 January 2022. This is broadly in line with that of the leadership populations across the business.

##### Annual Bonus

For the 2022 financial year, the maximum annual bonus opportunity will remain unchanged at 180% of base salary for the Chief Executive Officer and 160% for the Chief Financial Officer, with on-target bonus at 50% of the maximum.

The annual bonus performance measures continue to be a balanced scorecard of eps; return on average operating capital ('RAOC'); operating cash flow; and personal performance linked to certain specified strategic non-financial goals. The weighting of these metrics will remain the same as in 2021, and again, 10% of the opportunity for both directors will be dependent on the achievement of specific Environmental, Social and Governance ('ESG') objectives in addition to the 20% for the achievement of non-financial strategic objectives. This reflects how central the Sustainability agenda is to Bunzl's strategy, around the four key pillars of the transition to Alternative Products, Climate Change, Ethical Sourcing and Diversity. The objectives agreed for 2022 are a clear build on the strategy and targets agreed in 2021.

50% of any bonus awarded will be deferred into shares for a period of three years.

When setting the target levels, the Committee conducts an analysis of the challenges and growth opportunities across the Group and sets targets that are stretching without encouraging inappropriate levels of risk. The range itself varies each year taking into account the risks and opportunities facing the business. The principles followed are that target setting, year by year, results in stretching ambition, while ensuring that the scale of reward on offer is proportionate and always linked to performance.

#### LTIP

In March 2022, the Committee expects to make further grants of restricted shares under the 2021 approved policy to the executive directors and other participants. These will be at the same percentages of salary as in 2021, and will vest in March 2025, subject to continued employment and the assessment of the underpin. The Committee may scale back the awards (including to zero) if it is not satisfied that the underpin has been met.

#### Priorities for 2022

After two consecutive years of policy change the Committee now needs to ensure that the policy, in particular the new Restricted Share Award Plan, continues to drive the leadership behaviour required to support Bunzl's growth. While we are not anticipating any major changes in the short term, the Committee will continue to keep itself abreast of market context and of emerging trends in executive reward, as it plans for the future. It will also carefully monitor the reward context for the wider Bunzl organisation to satisfy itself that the structure for the executives continues to be aligned. As ever, the ongoing input and feedback from shareholders is very much appreciated.

## Conclusions

In many ways, 2021 was a continuation of 2020 as we saw ongoing demand for key Covid-19 related products and further periods of distress in key market sectors. As described earlier, it is a testament to the resilience of all our people and to the performance of the leadership team that another exceptional set of business results was delivered. This is reflected in the outturns of both the short and long term incentive plans.

In the following pages you will find details of:

- the 'At a Glance' guide to executive directors' remuneration for 2021;
- the annual report on remuneration for 2021; including our approach to the application of the remuneration policy in 2022; and
- The Directors' remuneration policy

I hope that you will find this report to be clear and helpful in understanding our remuneration policy and practices.

### Vanda Murray OBE

Chair of the Remuneration Committee  
28 February 2022

# Q&A

## with Vanda Murray OBE Chair of the Remuneration Committee

### How has the role of the Remuneration Committee evolved over the last few years?

I think the role of Remuneration Committees is much broader, and more strategic, than it used to be. In the past, the Committee spent a great deal of time involved in the mechanics of designing short and long term incentive schemes, and in calculating the outturns. Over the last few years, remcos have taken a much more central role in ensuring that the remuneration plans and, more particularly, the outturns, truly reflect progress against the strategic objectives of the business. This includes a much broader focus on environmental and employee-focused targets, for example. I have also observed that the Committee takes a much broader interest in the pay and reward arrangements for the wider workforce than it did in the past.

### What key recent developments have you seen in the Executive Pay landscape?

Quite rightly, there is now a demand from shareholders for much more transparency over the link between pay and performance. Committees now need to give real thought to the setting of meaningful and stretching objectives, whether these are financial or non-financial. The broader focus on ESG priorities is a key development, but this needs to be underpinned by really clear objectives linked to a broader strategy. The requirement for a comparison between executive reward and that of the wider workforce is another way of increasing transparency. Finally, the increasing ability of Committees to defer payment of awards, or even claw them back in exceptional circumstances, all helps to ensure that executives are held to account for the longer term performance of their businesses.

### How has the Bunzl Remuneration Committee responded to these developments?

The Bunzl Remuneration Committee has always kept abreast of any new or forthcoming developments to ensure that our plans remain fit for purpose. We do this as a matter of course every three years when our Policy is put to a shareholder vote, and additionally between policy updates where this is necessary. This was the case last year where we updated our Policy to include a new long term incentive plan. We felt strongly that the growing focus on simplicity and transparency meant that the time was right to move to Restricted Shares. At the same time, we made some other minor adjustments to ensure that our Policy remained in line with good practice.

### Do you feel that the current pay structure will be fit for purpose for the future?

It is impossible to predict too far into the future, but when we made the change last year, it was with a view that it would remain in place for some time. The Committee has been very clear that making changes too often, or reverting to previous arrangements, will not support our objective of simplicity or transparency. Of course, we will still keep abreast of future developments and be prepared to make adjustments where we need to.

### How does the Committee stay abreast of wider workforce pay issues?

When we are approving plans and outturns for the executives, the Committee members normally take note of relevant internal benchmarks as a guide to their decision making. This can be quite complex in a decentralised and global business such as Bunzl. Another recent development is that the non-executive directors on the Committee now conduct regular listening sessions with employee representatives around the Group, so we can hear any concerns about pay first hand from our employees. We can also take the opportunity to explain to them how our executive plans work.

## The responsibilities and operation of the Committee

### Committee membership role and remit

The Committee comprises all of the independent non-executive directors of the Company. While neither the Chairman nor the Chief Executive Officer are members of the Committee, they normally attend meetings by invitation. The Director of Group Human Resources, who acts as secretary to the Committee, also attends meetings. The Committee's terms of reference, which were reviewed by both the Committee and the Board in 2021, but remain unchanged, are available on the Company's website, [www.bunzl.com](http://www.bunzl.com).

No director plays any part in determining his or her remuneration. During the year ended 31 December 2021, both the Chief Executive Officer and the Chairman were consulted and invited to attend meetings of the Committee but were not present during any part of the meeting when their own remuneration was under consideration.

The independent non-executive directors who were members of the Committee during 2021 are listed on page 97.

The primary role of the Committee is to determine the framework and broad policy for the remuneration of the Chairman, the executive directors of the Board and the senior management group directly below Board level. The Committee proposes the directors' remuneration policy for shareholder approval at least every three years. It also governs the implementation of the policy, ensuring that the remuneration of the executive directors and senior management supports the sustainable performance of the business and that it is aligned with the Company's shareholders' interests. The Committee considers market practice, shareholders' views and the Group's broader remuneration arrangements when setting the Group's performance-related incentives and ensures compliance with UK corporate governance good practice.

### The key responsibilities of the Committee include:

- ensuring that executive directors and senior executives are properly incentivised to attract, retain and fairly reward them for their individual contribution to the Company, having due regard to the policies and practices applied to the rest of the employees within the Group;
- determining the framework and broad policy for the remuneration of the Chairman and the executive directors of the Board;
- ensuring that remuneration is aligned with and supports the Company's strategy and performance, having due regard to the interests of the shareholders and to the financial and commercial health of the Company, while at the same time not encouraging undue risk taking;
- communicating and discussing any remuneration issues with the Company's stakeholders as and when appropriate;
- setting and reviewing the executive directors' remuneration and benefits including, but not limited to, base salary, bonus, long term incentive plans and retirement benefits;
- ensuring that all remuneration paid to the executive directors is in accordance with the Company's previously approved remuneration policy;
- ensuring all contractual terms on termination, and any payments made, are fair to the individual and the Company;
- monitoring the policies and practices applied in respect of the remuneration of senior executives directly below Board level and making recommendations as appropriate;
- overseeing the Company's long term incentive plans for all employees; and
- ensuring that provisions relating to disclosure of remuneration as set out in the relevant legislation, the Financial Conduct Authority's Listing Rules and the UK Corporate Governance Code (the 'Code') are fulfilled.

### Committee membership

	Date of appointment to the Committee
Vanda Murray	1 February 2015
Lloyd Pitchford	1 March 2017
Stephan Nanninga	1 May 2017
Vin Murria	1 June 2020
Maria Fernanda Mejía	23 December 2020

### Meetings

	Meetings eligible to attend	Meetings attended
Vanda Murray	3	3
Lloyd Pitchford	3	3
Stephan Nanninga	3	3
Vin Murria	3	3
Maria Fernanda Mejía*	3	3

\* Maria Fernanda Mejía stepped down from the board on 2 February 2022

### Compliance statement

This report has been prepared on behalf of, and has been approved by, the Board. It complies with the Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) (the 'Regulations'), the Code and the Financial Conduct Authority's Listing Rules and takes into account the accompanying Directors' Remuneration Reporting Guidance and the relevant policies of shareholder representative bodies.

In accordance with the Regulations, at the 2022 Annual General Meeting ('AGM') the Company will be asking shareholders to vote on an advisory vote on the Directors' remuneration report, excluding the Directors' remuneration policy, as set out on pages 130 to 140 which provides details of the remuneration earned by directors for performance in the year ended 31 December 2021. The directors' remuneration policy was approved by shareholders in a binding vote at the 2021 AGM.

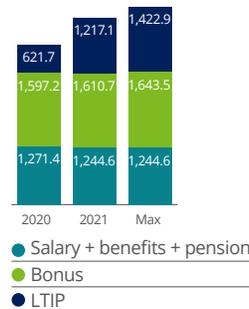
# 2021 remuneration at a glance

## Remuneration principles

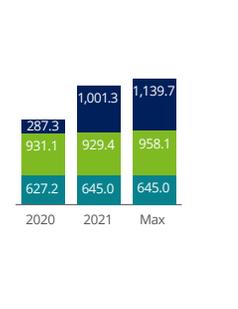
- Materially differentiate reward according to performance.
- Reward competitively to attract and retain the best talent.
- Breakdown of fixed and variable pay to be appropriate to each role.
- Framework to be transparent with clear line of sight from performance to individual outcomes.

## Summary of executive directors' remuneration for the year

**Chief Executive Officer**  
Frank van Zanten (£000)



**Chief Financial Officer**  
Richard Howes (£000)



**CEO CFO**



• External benchmark data for total remuneration of comparable FTSE 11-100 CEO & CFO roles

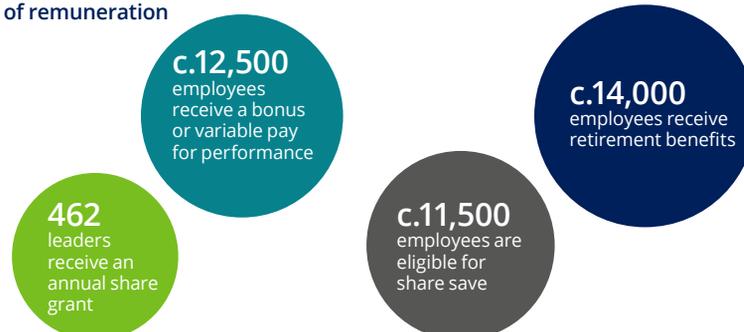
## Alignment of incentive outcomes in 2021

To motivate and reward the achievement of the Company's strategic and operational objectives.

### Alignment of performance and remuneration 2021

<b>Annual bonus</b> To motivate and reward the achievement of the Company's strategic and operational objectives	<b>Eps</b> Linked financial KPI: eps		35%	
	<b>RAOC</b> Linked financial KPI: RAOC and operating profit		10%	
	<b>Operating cash flow</b> Linked financial KPI: cash conversion		25%	
	<b>Non-financial strategic goals</b> Payable to the executive directors in relation to agreed non-financial strategic goals	Frank van Zanten	20%	
		Richard Howes	20%	
	<b>ESG goals</b>		10%	
<b>LTIP</b> To motivate and reward performance linked to long term success	<b>Eps</b> Linked financial KPI: eps	LTIP A	100%	
	<b>TSR</b> Linked financial KPI: dividend per share and share price		50%	
	<b>Total LTIP opportunity/result</b>		100%	

## Wider workforce elements of remuneration c 21,000 employees



## Annual report on directors' remuneration for 2021

This report sets out the elements of remuneration paid to, or earned by, the directors in respect of the financial year 2021.

### Single total figure of remuneration 2021 (audited information)

#### Executive directors

	Salary £000		Taxable benefits £000		Bonus £000		LTIP £000		Pension £000		Total £000		Sub- total of fixed pay £000	Sub- total of variable pay £000
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2021
Frank van Zanten	913.1	887.3	148.9	173.4	1,610.7	1,597.2	1,217.1	621.7	182.6	210.7	4,072.4	3,490.3	1,244.6	2,827.8
Richard Howes	598.8	582.0	16.3	16.1	929.4	931.1	1,001.3	287.3	29.9	29.1	2,575.7	1,845.6	645.0	1,930.7
<b>Total</b>	<b>1,511.9</b>	<b>1,469.3</b>	<b>165.2</b>	<b>189.5</b>	<b>2,540.1</b>	<b>2,528.3</b>	<b>2,218.4</b>	<b>909.0</b>	<b>212.5</b>	<b>239.8</b>	<b>6,648.1</b>	<b>5,335.9</b>	<b>1,889.6</b>	<b>4,758.5</b>

#### Notes

- a) The figures above represent remuneration earned as directors during the relevant financial year including the bonus of which the cash element, 50% of the bonus, is paid in the year following that in which it is earned. The other 50% of the bonus shown above is deferred and conditionally awarded as shares under the rules of the Deferred Annual Share Bonus Scheme ('DASBS'). Shares relating to the 2020 deferred bonus were awarded in 2021 as shown in the table on page 139 and the shares relating to the 2021 deferred bonus will be awarded in 2022.
- b) The annual bonus for 2021 was determined according to a formulaic calculation in respect of eps, RAOC and operating cash flow measures, while the Committee used its judgement to assess performance of individual objectives (20% of the bonus) and ESG objectives (10% of the bonus).
- c) Benefits provided for all executive directors are a car or car allowance and medical insurance coverage for them and their families. Frank van Zanten's benefits are lower in 2021 and include school fees, tax advice and international health insurance.
- d) The long term incentives are in the form of awards under the LTIP granted in April and October 2018 and February and September 2019. The performance metrics for LTIP A were eps growth and for LTIP B were eps growth and TSR, further details of which are on page 134. The share price used to calculate the value of LTIP A is the three-month average share price for the period ending 31 December 2021 (2,738p) and for LTIP B it is the closing mid market share price on dates of vesting, 2,409p and 2,399p on 9 April 2021 and 8 October 2021 respectively for Frank van Zanten and 2,434p on 12 April 2021 for Richard Howes. There are no dividend equivalents included in the LTIP figures. The portion of total LTIP figures (2021: £2,218,400 2020: £909,000) that are attributable to share price growth are £204,768 for Frank van Zanten and £0 for Richard Howes in 2020 and £454,065 for Frank van Zanten and £154,264 for Richard Howes in 2021.
- e) The figures shown in relation to 2020 for the LTIP have been restated from those figures shown in the 2020 Annual Report to reflect the difference between the relevant grant price and the estimated value (using a three month average to December 2020) and the actual value of the LTIP share option awards on the date of vesting on 1 March 2021 and 31 August 2021 at the closing mid-market share price of 2,255p and 2,636p respectively.

#### Non-executive directors

	Board fees £000		Committee Chair/SID fees £000		Taxable payments/ expenses £000		Total £000	
	2021	2020	2021	2020	2021	2020	2021	2020
Peter Ventress – Chairman	368.0	277.9	-	-	0.2	-	368.2	277.9
Vanda Murray	73.2	71.8	39.0	38.0	1.2	-	113.4	109.8
Lloyd Pitchford	73.2	71.8	20.0	20.0	-	-	93.2	91.8
Stephan Nanninga	73.2	71.8	-	-	-	3.7	73.2	75.5
Vin Murria	73.2	41.9	-	-	-	-	73.2	41.9
Maria Fernanda Mejía	73.2	1.9	-	-	-	-	73.2	1.9
<b>Total</b>	<b>734.0</b>	<b>537.1</b>	<b>59.0</b>	<b>58.0</b>	<b>1.4</b>	<b>3.7</b>	<b>794.4</b>	<b>598.8</b>

#### Notes

- a) Taxable payments/expenses for non-executive directors are costs incurred for travel and accommodation in order to attend Board meetings. These costs have been grossed up to include the tax payable.
- b) Peter Ventress was appointed Chairman on 15 April 2020 and prior to this date received fees for a non-executive director.
- c) Maria Fernanda Mejía stepped down from the Board on 2 February 2022.

### Payments for loss of office (audited information)

No payments were or are to be made to directors in respect of loss of office.

### Payments to past directors (audited information)

Eugenia Ulasewicz was reimbursed for two flights from the USA, for herself and her partner, to attend a Board event that had been rearranged due to the Covid-19 pandemic from 2020 to 2021. The total value of this benefit which includes tax payable was £30,819.

Brian May was granted performance shares and share options in 2018 and 2019 respectively as an executive director of Bunzl plc. During 2021 11,650 LTIP B performance shares vested at a value of £280,231 on the vesting dates. In 2022 22,009 LTIP A share options will vest and the estimated value on vesting, based on a three-month average share price to 31 December 2021, is £79,893. In addition, Brian May exercised 49,152 LTIP A share options in 2021, these had a value of £105,215 on the dates of vesting.

### Executive directors' annual salary

As disclosed last year, executive directors' salaries were reviewed with effect from 1 January 2021 in accordance with normal policy and were increased taking into account the average salary increases for employees across the Group.

	Salary from 1 January 2021	Salary from 1 January 2020	Increase in salary 2020 to 2021
Frank van Zanten	£913,078	£887,345	2.9%
Richard Howes	£598,827	£581,950	2.9%

Executive directors' salaries were also reviewed with effect from 1 January 2022 and the increases awarded are shown on page 138.

### Executive directors' external appointments

During 2021 Frank van Zanten served as a non-executive director of Ahold Delhaize NV. During the year, he retained fees of €116,875 from Ahold Delhaize NV.

### Non-executive directors' fees

The Chairman's fee is reviewed every two years with the most recent review having taken place with effect from 1 January 2020. The fees for the non-executive directors were reviewed with effect from 1 January 2021 in accordance with the normal fees policy.

	With effect from January 2021	Fees paid in 2020	Increase in fees 2020 to 2021
Chairman's fee	£368,000	£368,000	-
Non-executive director fee	£73,240	£71,800	2.0%
Supplements:			
Senior Independent Director	£19,000	£18,000	5.6%
Audit Committee Chair	£20,000	£20,000	-
Remuneration Committee Chair	£20,000	£20,000	-

The Chairman and non-executive directors' fees were reviewed again with effect from 1 January 2022 and the increases awarded are shown on page 138.

### Performance against annual bonus targets (audited information)

The annual bonus plan and DASBS currently operate as set out in the policy section on page 142. The bonus measures for 2021 were Group eps, RAOC, operating cash flow performance, personal performance on individual objectives and specific objectives related to 'ESG' matters.

The maximum bonus achievable was 180% of salary for Frank van Zanten and 160% for Richard Howes. The results for 2021 against the targets set were as follows and the Committee did not exercise any discretion over these formulaic outturns:

### Group performance

Weighting	Scorecard performance metric	Threshold	Target	Stretch	Actual outturn calculated at constant exchange rates	% of maximum
35%	eps (p)	129.5	139.2	148.9	169.5	
	% of target	93%	100%	107%	121.8%	100%
	% payable – Frank van Zanten	15.8%	31.5%	63%		
	% payable – Richard Howes	14%	28%	56%		
10%	RAOC %	32.3%	34.3%	36.3%	43.4%	
	% of target	94%	100%	106%	126.5%	100%
	% payable – Frank van Zanten	4.5%	9%	18%		
	% payable – Richard Howes	4%	8%	16%		
25%	Operating cash flow (£m)	557.4	586.7	616.0	778.5	
	% of target	95%	100%	105%	132.7%	100%
	% payable – Frank van Zanten	11.3%	22.5%	45%		
	% payable – Richard Howes	10%	20%	40%		
20%	Individual objectives	see details below				
10%	ESG objectives	see details below				

#### Notes

a) The actual outturn calculated at constant exchange rates is the actual result of the relevant measures retranslated at the exchange rates used in setting the target for that measure.

b) % payable represents the percentage of base salary payable.

**Non-financial strategic goals**

Following a review of performance against specific personal objectives for 2021, the Committee determined the bonus percentages payable to the executive directors in relation to the non-financial strategic goals. Performance was considered in the context of the market environment and leadership displayed by the executive directors in successfully navigating through the continuing impact of the Covid-19 pandemic. The specific objectives, and the related evaluation of performance, are shown in the table below.

**Frank van Zanten – Chief Executive Officer**

Non-financial objectives	Evaluation
<ul style="list-style-type: none"> <li>Effective positioning of the business post Covid-19, including capturing the opportunities (for instance in the areas of sanitisation and cleaning and hygiene trends) and implementing operating platform improvements, including streamlining warehouse footprints and implementing technology tools that drive further efficiencies.</li> </ul>	<ul style="list-style-type: none"> <li>After the volatility of 2020, 2021 balanced the capture of ongoing Covid-19 opportunities with supporting the base business to return back to almost pre-pandemic levels. There was a significant increase in collaboration across the Group to manage challenges such as product deflation and sharing best practices on specific new opportunity areas such as vaccination supplies. Against this challenging backdrop, ongoing operating platform improvements have been implemented, including significant consolidation activity in Asia Pacific, the UK and North America.</li> </ul>
<ul style="list-style-type: none"> <li>Further develop talent by supporting high potentials as part of their development plans with leadership training programmes and other support. Ensuring that high calibre external talent is recruited where appropriate to build a stronger succession pipeline across the group.</li> </ul>	<ul style="list-style-type: none"> <li>The development of High Potential Talent has been a top priority across the Group in 2021, with all areas operating to a consistent model for identifying leadership potential.</li> <li>A fully integrated programme of Leadership Development Programmes is now in place, including the Group Senior Leaders' Development Programme.</li> <li>Regions have recruited into leadership roles from the external market to expand the talent pipeline. The diversity objectives are being carefully monitored by measuring number of females and persons of colour considered in recruitment processes.</li> </ul>
<ul style="list-style-type: none"> <li>Implement recommendations from the external board evaluation including training and further induction of the newer board members.</li> </ul>	<ul style="list-style-type: none"> <li>An action plan was agreed with the Chairman and proposed to the Board. In the context of limited opportunity to travel, Knowledge Sharing sessions were held by each region to prepare the Board for the October 2021 Strategic Plan meeting.</li> <li>Visits were organised for newer board members in the UK and North America.</li> </ul>
<ul style="list-style-type: none"> <li>Continued development of digital tools and capabilities including increasing the average percentage of digital transactions with the key customers and suppliers (digital sales orders and purchasing invoices processed automatically).</li> </ul>	<ul style="list-style-type: none"> <li>Global focus on growing digital orders with 2021 showing good progress. Excluding acquisitions, digital orders have increased to 67% in 2021.</li> <li>The automatic receipt of supplier invoices has increased to 54% by the end of October 2021. This is expected to improve further in future with the roll out of digital tools.</li> </ul>
<b>% of base salary awarded</b>	<b>34%</b>
<b>% of maximum</b>	<b>95%</b>

**Frank van Zanten – Chief Executive Officer**

ESG objectives	Evaluation
<ul style="list-style-type: none"> <li>Development of strong content and communications materials (using video and other vehicles) to further and better engage with investors and further improve our ESG perception.</li> </ul>	<ul style="list-style-type: none"> <li>The Capital Markets Day in October 2021 provided an opportunity to re-set the positioning of Bunzl with a key focus on the Sustainability strategy and the broader ESG agenda. As part of this, a series of new, easy to re-use materials and videos have been developed to position Bunzl as a pro-active leader and a business that benefits from the increasing focus on Sustainability. The relaunch of the Corporate website has been another key vehicle for re-communicating the key messages.</li> </ul>
<ul style="list-style-type: none"> <li>Define clear longer term climate change goals during 2021.</li> </ul>	<ul style="list-style-type: none"> <li>In March 2021, Bunzl became one of the first FTSE 100 companies to voluntarily report on the Task Force for Climate Related Financial Disclosure (TCFD) and published a detailed paper on relevant climate risks and opportunities.</li> <li>In the first half of 2021, as part of work to agree new sustainability commitments, new long-term carbon reduction targets were set for scope 1 and 2 emissions, aligned to climate science and Science Based Targets initiative (SBTi) guidance. These are:                         <ul style="list-style-type: none"> <li>– 25% improvement in carbon efficiency by 2025</li> <li>– 50% improvement in carbon efficiency by 2030</li> </ul> </li> <li>Bunzl joined the UN's "Race to Zero" campaign in September 2021. Longer-term targets include 100% renewable energy procurement across the group by 2030 and Net Zero (across scope 1, 2 and 3) by 2050 at the latest. All new targets have been agreed by the leadership team and detailed carbon reduction roadmaps have been developed by regions.</li> </ul>

**Frank van Zanten – Chief Executive Officer continued**

ESG objectives	Evaluation
<ul style="list-style-type: none"> <li>Define sustainability commitments around the 4 key focus areas that can be achieved in the Group. These commitments will include diversity and inclusion, and will reflect the different legislative contexts around the world.</li> </ul>	<ul style="list-style-type: none"> <li>Clear commitments were launched around all four key pillars of the Sustainability strategy, using the “Today, Tomorrow and Beyond” framework, and these are outlined in detail in the Strategic and Sustainability sections of the Annual Report. For example, on Tailored Solutions: <ul style="list-style-type: none"> <li>Today: We will support our customers to remove, replace and reduce single use plastics.</li> <li>Tomorrow: We will significantly increase the amount of recyclable, compostable or reusable packaging supplied to our customers to help them meet their targets.</li> <li>Beyond: Every single packaging product and disposable in our range will be offered with an alternative that is recyclable, reusable, compostable or renewable.</li> </ul> </li> <li>On Diversity, Equity and Inclusion, our stated commitments are as follows: <ul style="list-style-type: none"> <li>Encouraging more women into leadership roles through focused and targeted activities.</li> <li>Focusing on building a truly inclusive culture.</li> </ul> </li> <li>To support these, we have been explicit about the (measurable) initiatives required to make real progress, and there has been significant momentum behind these in 2021.</li> </ul>
<b>% of base salary awarded</b>	<b>16%</b>
<b>% of maximum</b>	<b>90%</b>

**Richard Howes – Chief Financial Officer**

Non-financial objectives	Evaluation
<ul style="list-style-type: none"> <li>Deliver a successful Capital Markets Day during 2021 including a successful messaging of our accelerated Sustainability strategy.</li> </ul>	<ul style="list-style-type: none"> <li>The Capital Markets Day in October 2021 was deemed to be a very successful event which led to clear Share Price outperformance and a very strong positioning of Bunzl in terms of the core business model, the Sustainability strategy and future growth.</li> </ul>
<ul style="list-style-type: none"> <li>Achieve the GDPR / information security milestones for 2021.</li> </ul>	<ul style="list-style-type: none"> <li>Focus on Information Security has increased significantly across the Group. In 2021, a practical operating plan was developed and a robust governance process established for the delivery of specific security actions.</li> <li>Substantial progress has been made in the area of data privacy, and this has been established as a key focus for both the UK and Continental Europe businesses. Specialist resource has been recruited and a rigorous reporting mechanism has been established.</li> </ul>
<ul style="list-style-type: none"> <li>Coordinate and undertake a review of the profitability of our largest customers and come up with recommendations to improve where possible.</li> </ul>	<ul style="list-style-type: none"> <li>Significant progress has been made in understanding the profitability of key customers as the basis for constructive dialogue and partnership with customers moving forward.</li> </ul>
<b>% of base salary awarded</b>	<b>29%</b>
<b>% of maximum</b>	<b>90%</b>

**Richard Howes – Chief Financial Officer**

ESG objectives	Evaluation
<ul style="list-style-type: none"> <li>Set stretching and achievable TCFD targets with a clear action plan.</li> </ul>	<ul style="list-style-type: none"> <li>A clear Carbon roadmap has been developed in partnership with the regional leadership teams, and has been communicated externally. The roadmap includes concrete plans for 2022-2025 with clear emission reductions in commercial vehicles (company cars and vans), electricity (renewable electricity, LED, facility consolidation, on-site solar) and natural gas.</li> </ul>
<ul style="list-style-type: none"> <li>Establish a high quality data collection process to support our Sustainability agenda and commitments.</li> </ul>	<ul style="list-style-type: none"> <li>This was a very challenging undertaking given the decentralised structure of the Group and the fragmented nature of the data. Multiple data capture systems were identified, data mapped against 2019 packaging data using common templates to ensure consistency.</li> <li>A top-down review was carried out and reconciliation conducted as appropriate.</li> </ul>
<ul style="list-style-type: none"> <li>Relaunch the corporate website, including highlighting the significant progress made in the ESG area.</li> </ul>	<ul style="list-style-type: none"> <li>The new Corporate website was launched on time in December 2021 and is a significant step up in quality and functionality, mirroring the success of the Capital Markets Day. Usage statistics have been monitored carefully and this will continue in 2022. Highlights include a significant uptake in users per day and longer dwell time than with the previous website.</li> </ul>
<b>% of base salary awarded</b>	<b>14%</b>
<b>% of maximum</b>	<b>90%</b>

When assessing performance and outcomes the Committee was mindful of the Company's broader achievements and stakeholder experience. The outcomes are considered appropriate in light of the Company's exceptional financial and operational performance delivered in the most challenging of conditions. Accordingly the total payments under the annual bonus plans were:

	Total bonus payment (cash and deferred shares) as a % of salary				
	2021 %	2020 %	2019 %	2018 %	2017 %
Frank van Zanten	176.4	180.0	107.1	126.7	109.2
Richard Howes	155.2	160.0	-	-	-

The monetary values of the bonus payments for 2021 and 2020 are included in the table on page 130. The deferred shares portion of the bonus is required to be held under the DASBS rules for a period of three years and is subject to continued employment.

**LTIP grants/awards with performance periods ending in 2021 (audited information)**

**Executive share options – LTIP Part A**

In 2019 Executive share option awards were granted in two tranches, the first vested on 28 February 2022 and the second are due to vest on 11 September 2022. The Committee assessed the performance of the Company against the relevant performance condition and no discretion was exercised to override the formulaic outcomes including as a result of the share price movement over the performance period:

**LTIP Part A – 28 February 2019 and 11 September 2019 grants**

Performance measure	Vesting schedule	Threshold target (5% p.a. compounded)	Maximum target (8% p.a. compounded)	Actual eps growth	% vesting (max 100%)
Eps growth (over three year period to 31 December 2021)	25% vesting for threshold performance 100% vesting for maximum performance	15.8%	26.0%	25.49%*	96.43%
% payable at target		25%	100%		

	Date of grant	Exercise price	Number of awards granted	Vesting outcome	Estimated value of award vesting
Frank van Zanten	28 February 2019	2,375	36,273	96.43%	£126,974
	11 September 2019	2,107	40,887	96.43%	£248,793
Richard Howes	28 February 2019		-	-	-
	11 September 2019		-	-	-

Note

The estimated values of grants vesting are based on the difference between the exercise price and the average of the Company's closing mid-market share price for the three month period ended 31 December 2021 (2,738p) and are the same as the figures included in the single total figure of remuneration table on page 130.

\* The eps growth for the three years to 31 December 2021 has been calculated by (i) restating the eps for the year ended 31 December 2021 on a proforma basis under IAS 17 in order to allow a direct comparison with the eps for the year ended 31 December 2019; and (ii) adjusting the eps growth to exclude two businesses, one in France and one in the UK, that were disposed of during the period of calculation. The Committee approved the adjustment relating to the disposals on the basis that the directors and the other share option recipients should not be penalised for the decision to dispose of non-core businesses.

**Performance shares – LTIP Part B**

Awards of performance shares were made to Frank van Zanten on 9 April 2018 and 8 October 2018 under the 2014 LTIP and vested during 2021. The Committee assessed the performance of the Company against the relevant performance conditions and no discretion was exercised to override the formulaic outcomes including as a result of the share price movement over the vesting period:

**LTIP Part B – 9 April and 8 October 2018 awards**

Performance measure	Vesting schedule	Threshold target (6% p.a. compounded)	Maximum target (12% p.a. compounded)	Actual eps growth	% vesting (50% of award)
Eps growth (over three year period to 31 December 2020)	25% vesting for threshold performance 100% vesting for maximum performance	19.1%	40.5%	40.91%*	100%
% payable		12.5%	50%		

Performance measure	Performance period	Vesting schedule	Threshold target (median)	Maximum target (upper quartile)	Actual TSR	% vesting (50% of award)
TSR relative to comparator group of bespoke peer companies	1 April 2018 to 31 March 2021	25% vesting for threshold performance,	8.7%	45.3%	23.6%	
			15.5 out of 30	8.0 out of 30	10.43 out of 30	75.71%
	1 October 2018 to 30 September 2021	100% vesting for maximum performance	4.6%	53.9%	19.0%	
			17.5 out of 34	9 out of 34	14.82 out of 34	48.68%
% payable			12.5%	50%		

	Date of grant	Number of shares granted	Vesting outcome – eps	Vesting outcome – TSR	Value of award vesting
Frank van Zanten	9 April 2018	22,510	100%	75.7%	£476,404
	8 October 2018	20,464	100%	48.7%	£364,936
Richard Howes	11 September 2019	46,824	100%	75.7%	£1,001,275

Note

a) Included in the single total figure of remuneration on page 130 is the value of these vested awards for Frank van Zanten at the closing mid-market share price on the dates of vesting, 9 April 2021 and 8 October 2021, which were 2,409p and 2,399p respectively and for Richard Howes at the closing mid-market share price on 12 April 2021 (being the first dealing day following the vesting on 10 April 2021) which was 2,434p.

b) As detailed on page 109 of the 2019 Annual Report and Accounts, Richard Howes received an award on 11 September 2019 to compensate him for unvested awards under his previous employer's long term incentive scheme.

\* The eps growth for the three years to 31 December 2020 has been calculated by (i) restating the eps for the year ended 31 December 2020 on a proforma basis under IAS 17 in order to allow a direct comparison with the eps for the year ended 31 December 2017; and (ii) adjusting the eps growth to exclude two businesses, one in France and one in the UK, that were disposed of during the period of calculation. The Committee approved the adjustment relating to the disposals on the basis that the directors and the other share option recipients should not be penalised for the decision to dispose of non-core businesses.

**Total pension entitlements (audited information)**

	Value of cash allowance including any company Defined Contribution in 2021	Total pension 2021
Frank van Zanten	£182,616	£182,616
Richard Howes	£29,941	£29,941

## Note

Chief Executive Officer Frank van Zanten received a pension allowance of 20% of base salary in 2021. In 2022 this has been reduced to 14% and will continue to reduce as outlined in the policy table. As Chief Financial Officer, Richard Howes receives a pension allowance of 5% of base salary.

**LTIP grant policy**

Conditional awards of executive share options and performance shares have historically been granted twice a year to executive directors and other senior executives. Executive share option awards have normally been granted in February or March and August or September dependent on the date of announcement of the Company's results. For the first time in 2021 a single Restricted Share Award was made on 21 April 2021 under the LTIP Part B in accordance with the policy as approved at the 2021 AGM.

**LTIP interests awarded during the financial year (audited information)**

	Plan	Date of grant	Basis of award	Face value £000	Number of shares	Performance period end date
Frank van Zanten	RSA	21 April 2021	125% of salary	£1,141.3	45,859	21 April 2024
Richard Howes	RSA	21 April 2021	100% of salary	£598.8	24,060	21 April 2024

## Notes

a) The face value of the awards is calculated using the average of the closing mid-market share price on the five days prior to the grant of the award. The RSA options were awarded under the LTIP Part B on 21 April 2021 at a value of 2,488.8p per share.

b) The RSA is subject to an underpin, as detailed in the policy table. On the vesting date if the underpin is met 100% of the award will vest. Alternatively, if significant elements of the underpin are not met the award may be scaled back or lapse in exceptional circumstances.

**Performance underpins****Restricted Share Award–LTIP 21 April 2021**

The extent to which the Restricted Share Award awarded under the LTIP to the Company's executive directors, Executive Committee members and selected key employees in 2021 may vest is subject to a performance 'underpin' which will be closely reviewed by the Committee before these awards vest in 2024. Further details of the performance 'underpin' are on page 143 in the Remuneration policy. Vested awards are then subject to a further two-year holding period.

**Shareholder dilution**

In accordance with The Investment Association Principles of Remuneration, the Company can satisfy awards to employees under all its share plans with new issue shares or shares issued from treasury up to a maximum of 10% of its issued share capital (adjusted for share issuance and cancellation) in a rolling 10 year period. Within this 10% limit, the Company can only issue (as newly issued shares or from treasury), 5% of its issued share capital (adjusted for share issuance and cancellation) to satisfy awards under executive (discretionary) plans.

As well as the LTIP, the Company operates various all employee share schemes as described on page 144. Newly issued shares are currently used to satisfy the exercise of options under the Sharesave Scheme and the International and Irish Sharesave Plans. Awards under the LTIP of executive options and performance shares are principally satisfied by shares delivered from the Employee Benefit Trust which buys shares on the market, unless security laws in relevant jurisdictions prevent this.

Limit on awards	Cumulative options and performance shares granted as a percentage of issued share capital as at 31 December 2021
10% in any rolling 10 year period	1.1%
5% in any rolling 10 year period (executive (discretionary) plans)	0.2%

**Statement of directors' shareholding and share interests (audited information)**

As at 31 December 2021, each of the executive directors and their connected persons have a shareholding as follows:

	Requirement for share ownership as a percentage of salary (31 December 2021)	Actual share ownership as a percentage of salary at 31 December 2021 at the closing mid-market price (2,885p)
Frank van Zanten	300%	617%
Richard Howes	200%	224%

## Note

The shareholding requirement for the Chief Executive Officer, Frank van Zanten increased to 300% of salary under the remuneration policy approved at the 2020 AGM. Shares contributing to the share ownership % include deferred shares held under the DASBS (net of tax) but not any unvested or vested but unexercised LTIP awards.

**Interests in shares and share options (audited disclosure)**

The interests of the directors, and their connected persons, in the Company's ordinary shares and share options at 31 December 2021 were:

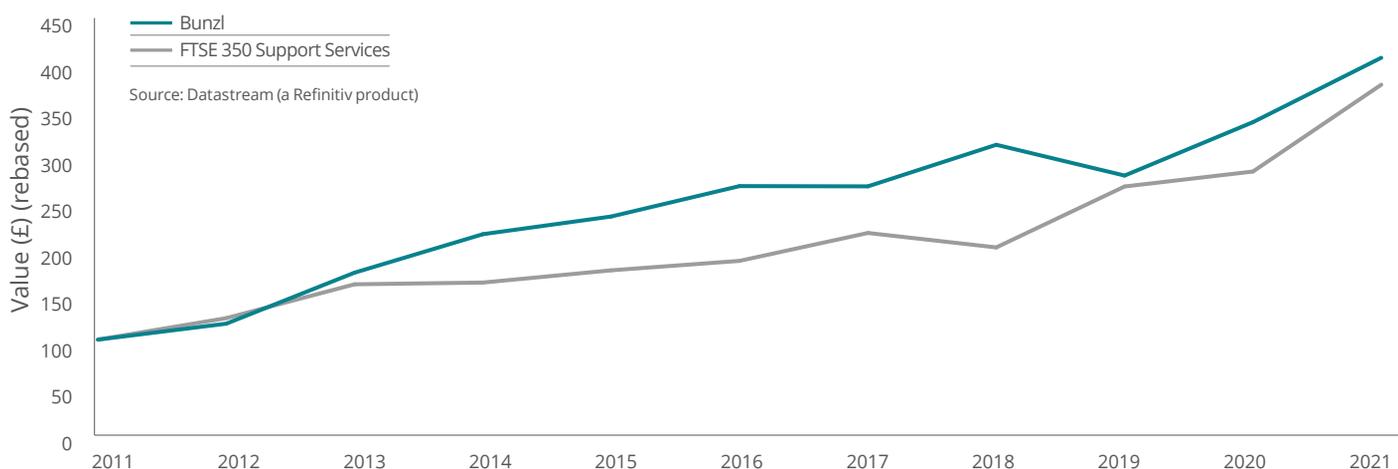
	Shares (LTIP B and RSA)				Options (LTIP Part A and Sharesave)			Total interests held
	Owned outright	Unvested (DASBS)	Unvested and subject to performance conditions (LTIP Part B)	Unvested and subject to underpin (RSA)	Unvested and subject to performance conditions	Unvested subject to continued employment	Vested but not exercised	
Frank van Zanten	153,116	83,665	119,202	45,859	162,481	1,463	155,374	721,160
Richard Howes	30,117	31,149	95,478	24,060	55,956	1,010		237,770
Peter Ventress	2,608							2,608
Vin Murria	-							
Vanda Murray	3,000							3,000
Lloyd Pitchford	4,000							4,000
Stephan Nanninga	-							
Maria Fernanda Mejía	-							

Notes

- a) No changes to the directors' ordinary share interests shown in this remuneration report have taken place between 31 December 2021 and 28 February 2022.
- b) LTIP A share options are structured as market value options and LTIP B performance shares are structured as nil-cost options.

**Performance graph and table**

Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 requires that the Company must provide a graph comparing the TSR performance of a hypothetical holding of shares in the Company with a broad equity market index over a 10 year period. The Company's TSR performance against the FTSE 350 Support Services Sector, considered to be the most appropriate comparator group, over a 10 year period commencing on 4 January 2011 is shown below.



**Chief Executive Officer's single figure history**

The table below summarises the Chief Executive Officer's single total figure of remuneration, annual bonus and long term incentive payout as a percentage of maximum opportunity for 2021 and the previous nine years.

	2012	2013	2014	2015	2016 MR	2016 FvZ	2017	2018	2019	2020	2021
Single total figure of remuneration £000	3,502.9	4,387.6	4,766.8	3,937.9	2,353.3	1,492.0	2,812.0	2,828.8	2,769.4	3,490.3	4,072.4
Annual bonus payment as a percentage of maximum	67%	91%	85%	64%	0%	67%	73%	70%	60%	100%	98%
Long term incentive vesting as a percentage of maximum											
LTIP Part A (options)	100%	100%	100%	100%	100%	0%	100%	100%	100%	100%	96.4%
LTIP Part B (performance shares)	45%	62%	89%	69%	82%	0%	69%	54%	63%	45%	81%

Notes

- a) The data for 2016 includes the amounts relating to Michael Roney ('MR') from 1 January 2016 to 19 April 2016 and also includes the LTIP awards made to him that vested in the period from 20 April to 31 December 2016. There was no bonus award for Michael Roney in relation to 2016.
- b) The data for 2016 also includes the amounts relating to Frank van Zanten ('FvZ') from 20 April to 31 December 2016 including the bonus award for that period and the international relocation package with accommodation benefit support, but excludes the LTIP awards made to him in his previous role that vested during the period from 20 April to 31 December 2016.
- c) All years prior to 2016 relate to Michael Roney.
- d) The single total figure of remuneration in relation to 2020 has been restated from the figure shown in the 2020 Annual Report to reflect the difference between the grant price and the estimated value of vesting using the three month average share price to 31 December 2020 and the value of the relevant LTIP awards on the actual date of vesting as detailed in Note e) to the table of the single total figure of remuneration 2021 on page 130.

### Percentage change in each director's remuneration

The table below sets out the change between 2020 and 2021 and 2019 and 2020 in the salary, benefits, and bonus of all directors and employees of the legal entity which employs the Chief Executive Officer, Bunzl plc. Where it is not possible to compare employees from Bunzl plc between years due to employees joining or leaving the Company or moving role, these employees have been removed from the data to prevent distortion.

	Salary/Fees		Benefits		Bonus	
	2020	2021	2020	2021	2020	2021
Chief Executive Officer – Frank van Zanten	3.0%	2.9%	(42%)	(14.1%)	73%	0.8%
Chief Financial Officer – Richard Howes	3.0%	2.9%	n/a	1.2%	n/a	(0.2%)
Chairman – Peter Ventress	3.1%	0.0%	n/a	100%	n/a	n/a
Non-executive director – Vanda Murray	0.9%	2.2%	(100%)	100%	n/a	n/a
Non-executive director – Lloyd Pitchford	1.1%	1.6%	(100%)	0.0%	n/a	n/a
Non-executive director – Stephan Nanninga	n/a	2.0%	(64%)	(100%)	n/a	n/a
Non-executive director – Vin Murria	n/a	2.0%	n/a	0.0%	n/a	n/a
Non-executive director – Maria Fernanda Mejía	n/a	2.0%	n/a	0.0%	n/a	n/a
Average of employees in Bunzl plc	3.2%	3.1%	(25%)	33.2%	162%	(15.9%)

#### Notes

- a) Benefits are annualised.  
b) Bunzl plc employees exclude any increases due to a change of role that occurred during either year.  
c) Benefits for the non-executive directors are costs incurred for travel and accommodation in order to attend Board meetings in London and therefore have increased in 2021 compared to 2020 due to less Covid-19 travel restrictions.  
d) The increase for benefits in 2021 for the employees in Bunzl plc is due to a higher premium for health insurance and a greater number of employees having health insurance as a benefit.

### Chief Executive Officer pay ratio

The table below sets out the comparisons between the 25th, median, and 75th percentile employees in the UK, with reference to 31 December 2021, and the Chief Executive Officer's salary and total remuneration as detailed in the single figure table. To calculate these ratios, the Company has used Option A and determined full time equivalent total remuneration as this is the most statistically robust method. This includes scaling up salary for part time employees. Each employee's pay and benefits are calculated using each element of employee remuneration consistent with the Chief Executive Officer and no element of pay has been omitted.

Adjustments have been made to include the bonuses paid to employees in 2021, compared to the Chief Executive Officer's bonus due to be paid in 2022, in respect to performance in 2021. Ratios compared to salary remain consistent to the previous two years reported. The total remuneration ratio has increased due to the strong performance of the Group impacting the Chief Executive Officer's variable pay as well as an increase in the share price reflected in the value of the Chief Executive Officer's LTIPs.

	CEO single figure	Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
Salary	£913,078	2021	Option A	43:1	37:1	27:1
Total remuneration	£4,072,387	2021	Option A	181:1	153:1	103:1
Salary	£887,345	2020	Option A	44:1	38:1	27:1
Total remuneration	£3,490,306	2020	Option A	161:1	137:1	90:1
Salary	£861,500	2019	Option A	44:1	38:1	27:1
Total remuneration	£2,769,400	2019	Option A	133:1	111:1	75:1

	Salary	Total remuneration
Chief Executive Officer	£913,078	£4,072,387
25th percentile employee	£21,200	£22,549
Median employee	£24,442	£26,627
75th percentile employee	£34,000	£39,592

#### Note

The single total figure of remuneration in relation to 2020 has been restated from the figure shown in the 2020 Annual Report to reflect the difference between the grant price and the estimated value of vesting of the relevant LTIP awards on the actual date of vesting as detailed in Note e) to the table of the single total figure of remuneration 2021 on page 130.

### Relative importance of spend on pay

The table below shows a comparison between the overall expenditure on pay and dividends paid to shareholders as well as the adjusted earnings per share for 2020 and 2021 (as stated in Note 24, Note 20 and Note 3 to the consolidated financial statements on pages 199, 194 and 171 respectively).

£m	2021	2020	Percentage change
Overall expenditure on pay	844.0	844.3	–
Dividends paid in the year	180.4	171.5	5.2%
Adjusted earnings per share (p)	162.5	164.9	(1.5)%

#### Notes

- a) Overall expenditure on pay excludes employer's social security costs.  
b) The percentage change in overall expenditure on pay includes the impact of changes in exchange rates from 2020 to 2021, details of which are referred to in the Chief Executive Officer's review on page 13 and in the Financial review on page 75.  
c) Adjusted earnings per share is used as a comparator as it is a key financial indicator.

## Remuneration arrangements for 2022

### Salary

The salary increases for the executive directors for 2022, which are in line with increases that have been implemented for the broader leadership team, are as follows:

	Salary from 1 January 2022	Salary from 1 January 2021	Increase in salary 2021 to 2022
Frank van Zanten	£939,600	£913,078	2.9%
Richard Howes	£616,193	£598,827	2.9%

### 2022 bonus measures

The structure for Frank van Zanten and Richard Howes' annual bonus for 2022 is a balanced scorecard of performance measures, based on eps, RAOC, operating cash flow and specified strategic goals. The weighting of these measures remains 70% financial measures and 30% non-financial measures (20% strategic goals and 10% ESG goals). The relevant performance points are: threshold; target; and maximum amount (the level at which the bonus for that measure is capped). These performance points are determined at the start of the year. No elements of the bonus are guaranteed. As in previous years, financial performance measures, including profit targets, are commercially sensitive and therefore are not disclosed until the following year.

### Performance measures and pricing basis for long term incentives to be awarded in 2022

Grants of restricted share awards to be made to executive directors and senior executives will not be subject to performance measures but vesting will be subject to the achievement of an underpin as set out in the policy table. The Committee conducts an annual review of the underpin to ensure there is no reason why the shares should not vest in full at the end of three years. In 2022 Frank van Zanten will be granted a restricted share award to the value of 125% of his salary and Richard Howes will be granted a restricted share award to the value of 100% of his salary. In respect of determining the number of awards to be granted in 2022, the 60-day average share price preceding the grant date will be used for such purposes.

The performance of the RSA is measured with reference to an underpin as stated in the policy table on page 143. In assessing the underpin, in normal circumstances the Committee may consider the Group's overall performance, including financial and non-financial performance over the course of the vesting period and any material risk/regulatory failures identified. Financial performance may include elements like revenue, profitability, cash generation, and return on capital. Non-financial performance relates to strategic priority areas focused on delivering long term success of the Company and implementing the Group's long term strategy. These include, for instance, making operating model improvements, own brand development, acquisition growth, building on our competitive advantage, digital and technology improvements, focus on ESG, including sustainability, employee satisfaction and managing risk in the business.

### Chairman's and non-executive directors' fees for 2022

The Chairman's fee is reviewed every two years and the non-executive directors' fees are reviewed annually with the most recent reviews for both taking effect from 1 January 2022. The current fee structure for the Chairman and the non-executive directors is shown below:

	With effect from 1 January 2022	Fees paid in 2021	Increase in fees 2021 to 2022
Chairman's fee	£386,000	£368,000	4.9%
Non-executive director fee	£75,000	£73,240	2.4%
Supplements:			
Senior Independent Director	£20,000	£19,000	5.3%
Audit Committee Chair	£21,000	£20,000	5.0%
Remuneration Committee Chair	£21,000	£20,000	5.0%

### Additional information on directors' interests (audited information)

Details of the executive directors' interests in outstanding share awards under the DASBS, LTIP and all employee share plans are set out below.

#### Deferred share awards as at 31 December 2021

The awards granted to each director of the Company and any director with an interest in the Company under the DASBS are set out in the table below. Further information relating to the deferred bonus is provided on page 142.

	Awards (shares) held at 1 January 2021	Shares awarded during 2021	Shares vested during 2021	Total number of awards (shares) at 31 December 2021	Normal vesting date	Share price at grant p	Market price at vesting p	Monetary value of vested awards £000
Frank van Zanten	22,789		24,329	-	01.03.21	1,955	2,255	549
	22,328			22,328	01.03.22	2,373		
	24,670			24,670	02.03.23	1,870		
	-	36,667		36,667	08.03.24	2,178		
Richard Howes	9,774			9,774	02.03.23	1,870		
	-	21,375		21,375	08.03.24	2,178		

#### Notes

- a) The deferred element of the 2021 annual bonus plan as shown on page 133 is not included in the table above as the appropriate number of shares have not yet been awarded. No shares lapsed during the year.
- b) The deferred shares vested during 2021 include the dividend equivalents.
- c) The deferred shares awarded during 2021 relate to 50% of the bonus for 2020 and are structured as nil-cost options, with the number of shares being determined by reference to the mid market closing share price on the day preceding the grant date.
- d) Frank van Zanten exercised 24,329 deferred shares granted in 2018 on 4 March 2021 with total gain of £541,642.

#### LTIP

The tables below show the number of executive share options and performance shares held by the executive directors under the LTIP during 2021 with shaded details indicating options or shares that have vested.

#### Executive share options – LTIP Part A

	Options held at 1 January 2021	Grant date	Exercise price p	Options exercisable between	Options held at 31 December 2021
Frank van Zanten	42,636	02.09.16	2,336	02.09.19-01.09.26	42,636
	34,946	02.03.17	2,335	02.03.20-01.03.27	34,946
	42,782	01.03.18	1,955	01.03.21-29.02.28	42,782
	35,010	31.08.18	2,389	31.08.21-30.08.28	35,010
	36,273	28.02.19	2,375	28.02.22-27.02.29	36,273
	40,887	11.09.19	2,107	11.09.22-10.09.29	40,887
	48,225	10.03.20	1,840	10.03.23-09.03.30	48,225
	37,096	09.09.20	2,392	09.09.23-08.09.30	37,096
<b>Total</b>	<b>317,855</b>				<b>317,855</b>
Richard Howes	31,627	10.03.20	1,840	10.03.23-09.03.30	31,627
	24,329	09.09.20	2,392	09.09.23-08.09.30	24,329
<b>Total</b>	<b>55,956</b>				<b>55,956</b>

#### Notes

- a) The mid-market price of a share on 31 December 2021 was 2,885p and the range during 2021 was 2,150p to 2,968p.
- b) Executive share options are structured as market value options.

#### Performance shares – LTIP Part B

	Awards (shares) held at 1 January 2021	Conditional shares awarded during 2021	Award date	Market price per share at award p	Lapsed awards (shares) during 2021	Exercised awards (shares) during 2021	Market price per share at exercise p	Value at exercise £000	Awards (shares) held at 31 December 2021
Frank van Zanten	22,510		09.04.18	2,090	2,734	19,776	2,384	471	-
	20,464		08.10.18	2,299	5,252	15,212	2,398	365	-
	22,072		08.04.19	2,537	-	-	-	-	22,072
	27,817		07.10.19	2,013	-	-	-	-	27,817
	42,936		06.04.20	1,550	-	-	-	-	42,936
	26,377		05.10.20	2,523	-	-	-	-	26,377
<b>Total</b>	<b>162,176</b>	<b>0</b>			<b>7,986</b>	<b>34,988</b>			<b>119,202</b>
Richard Howes	46,824		11.09.19	2,059	5,687	41,137	2,456	1,010	-
	59,112		11.09.19	2,059	-	-	-	-	59,112
	22,527		06.04.20	1,550	-	-	-	-	22,527
	13,839		05.10.20	2,523	-	-	-	-	13,839
<b>Total</b>	<b>142,302</b>	<b>0</b>			<b>5,687</b>	<b>41,137</b>			<b>95,478</b>

#### Note

Performance shares are structured as nil-cost options.

### Restricted Share Awards

	Awards (shares) held at 1 January 2021	Conditional shares awarded during 2021	Award date	Market price per share at award p	Lapsed awards (shares) during 2021	Exercised awards (shares) during 2021	Market price per share at exercise p	Value at exercise £000	Awards (shares) held at 31 December 2021
Frank van Zanten	-	45,859	21.04.21	2,488.8	-	-	-	-	45,859
<b>Total</b>	<b>0</b>	<b>45,859</b>			<b>0</b>	<b>0</b>			<b>45,859</b>
Richard Howes	-	24,060	21.04.21	2,488.8	-	-	-	-	24,060
<b>Total</b>	<b>0</b>	<b>24,060</b>			<b>0</b>	<b>0</b>			<b>24,060</b>

Note  
Restricted share awards are structured as nil-cost options.

### All employees share scheme

The table below shows the number of share options granted to the executive directors under the Sharesave Schemes. Details of the Sharesave Schemes are set out on page 144.

### Sharesave Schemes

	Options at 1 January 2021	Grant date	Exercise price p	Options exercisable between	Options at 31 December 2021
Frank van Zanten	964	29.03.16	1,556	01.05.21-31.10.21	0
	959	27.03.18	1,564	01.05.23-31.10.23	959
	-	31.03.21	1,781	01.05.24-31.10.24	504
Richard Howes	-	31.03.21	1,781	01.05.24-31.10.24	1,010

### Advisers to the Remuneration Committee

In carrying out their responsibilities, the Committee seeks external remuneration advice as necessary. During the year the Committee received advice from Willis Towers Watson ('WTW') and FIT Remuneration Consultants LLP ('FIT'). WTW provided external survey data on directors' remuneration and benefit levels.

The fees payable to each adviser, based on hourly rates, were: £17,520 (WTW), and £94,223 (FIT) respectively for such work undertaken in 2021. Advisers are appointed by the Committee and reviewed periodically. A tender exercise was conducted in 2020 and FIT were selected to provide independent advice to the Remuneration Committee on senior executive pay matters. The Committee conducts regular reviews of the effectiveness of the advisers and is satisfied that they remain objective and independent.

### Statement of voting at the 2021 AGM for the remuneration report and the remuneration policy

The remuneration report and remuneration policy received the following shareholder votes at the 2021 AGM, held on 20th April. This being the year they were last voted on by shareholders:

	Votes cast	Votes for	% of shares voted	Votes against	% of shares voted	Votes withheld
Remuneration report	273,780,764	262,042,684	95.71%	11,738,080	4.29%	3,879,257
Remuneration policy	273,777,510	258,507,726	94.42%	15,269,784	5.58%	3,880,511

Notes  
a) The votes 'For' include votes given at the Company Chairman's discretion.  
b) A vote 'Withheld' is not a vote in law and is not counted in the calculation of the votes 'For' or 'Against' the resolution. Votes 'For' and 'Against' are expressed as a percentage of the votes cast.

## Directors' remuneration policy

Following its approval in 2021 the overall approach to remuneration remains consistent and is designed to ensure that the policy continues to support the performance of the business and addresses the requirements of the UK Corporate Governance Code ('the Code').

### Objectives of the policy

The proposed directors' remuneration policy, effective from the date of the 2021 AGM, continues to meet the following objectives:

- **Clarity:** maintain transparency, clear alignment with shareholder value and promotion of longer term, sustained performance. For example, the restricted share plan encourages a focus on the longer term success of the business;
- **Predictability:** continue to ensure that targets are stretching (but realistic), the quantum of reward reflects both Company and individual performance and there are appropriate award caps and Committee discretions in place. For example, the underpin is broad and encourages the Committee to focus on 'in the round' performance;
- **Support for the Company's business strategy:** for example, aligning the executive directors' and management's incentives with the Company's growth objectives;
- **Simplicity:** ensure that the remuneration structures avoid unnecessary complexity. For example, the restricted share plan has only a single annual grant of shares;
- **Risk is appropriately managed:** variable pay should drive performance within the Company's risk appetite and encourage a prudent and balanced approach to the business;
- **Alignment to culture:** the remuneration principles encourage the behaviour from the executive directors that the Committee expects to see throughout the business; and
- **Proportionality:** the link between individual awards, the delivery of strategy and long term performance of the Group is clear.

In setting the remuneration policy for the executive directors, the Committee also takes into consideration a number of different factors:

- the Committee applies the principles set out in the Code and also takes into account best practice guidance issued by the major UK institutional investor bodies, the Financial Conduct Authority (including the provisions of any applicable remuneration codes) and other relevant organisations;
- the Committee has overall responsibility for the remuneration policies and structures for employees of the Group as a whole and it reviews remuneration policy on a Group wide basis. When the Committee determines and reviews the remuneration policy for the executive directors it considers and compares it against the pay, policy and employment conditions of the rest of the Group to ensure that there is alignment between the two; and
- the Committee considers the external market in which the Group operates and uses comparator remuneration data from time to time to inform its decisions. However, the Committee recognises that such data should be used as a guide only (data can be volatile and may not be directly relevant) and that there is often a need to phase-in changes over a period of time.

The Committee's overall policy, having had due regard to the factors above, continues to be for a proportion of total remuneration to be based on variable pay. This is achieved by setting base pay and benefits by reference to mid-market levels, with annual bonus linked to the achievement of demanding performance targets and long term incentives which are designed to align the interests of the directors with those of shareholders and the long term sustainable success of the business.

**Remuneration policy for executive directors**

The following table summarises each element of the remuneration policy for the executive directors, explaining how each element operates and links to the corporate strategy. It remains unchanged from that published in last year's report.

<b>Base salary</b>	
Purpose	<ul style="list-style-type: none"> <li>Recognise knowledge, skills and experience as well as reflect the scope and size of the role.</li> <li>Reward individual performance without encouraging undue risk.</li> </ul>
Operation	<ul style="list-style-type: none"> <li>Paid in 12 equal monthly instalments during the year.</li> <li>Normally reviewed annually in December (with any changes usually effective from January). An out-of-cycle review may be conducted if the Committee determines that it is appropriate.</li> <li>Takes into consideration a number of factors including (but not limited to) individual and Group performance, the size and scope of the individual's responsibilities, salary increases across the Group, typical salary levels for comparable roles using appropriate comparator groups, for example similarly sized companies with a large international presence.</li> <li>Pensionable.</li> </ul>
Maximum potential value	<ul style="list-style-type: none"> <li>While there is no maximum salary level, salary increases are normally considered in relation to the salary increases of other employees in the Group and performance of the individual. Higher salary increases may be made under certain circumstances, such as when there has been a change in role or responsibility, a major market movement or when a director has been appointed to the Board at a lower than typical salary initially. The annual salaries for the executive directors for 2021 and 2022 are set out on pages 131 and 138 respectively.</li> </ul>
Performance metrics	<ul style="list-style-type: none"> <li>While there are no performance conditions attached to the payment of base salary, individual performance in the role, as well as the performance of the Group and achievements related to environmental, social and governance issues, are all taken into consideration.</li> </ul>
<b>Annual bonus</b>	
Purpose	<ul style="list-style-type: none"> <li>Incentivise the attainment of annual corporate targets.</li> <li>Retain and reward high performing employees.</li> <li>Align with shareholders' and wider stakeholders' interests.</li> </ul>
Operation	<ul style="list-style-type: none"> <li>Bonus awards are based on performance targets and objectives set by the Committee for the financial year.</li> <li>At the end of the performance period, the Committee assesses the extent to which the performance measures have been achieved. The level of bonus for each measure is determined by reference to the actual performance against the relevant performance targets.</li> <li>Up to half the bonus is paid in cash and the remainder in shares (with the shares normally deferred for three years under the Deferred Annual Share Bonus Scheme ('DASBS')) in respect of which dividend equivalents may apply to the extent that such deferred awards vest. If a director resigns during the period of deferral any outstanding DASBS awards would normally lapse.</li> <li>Malus and clawback provisions apply to the cash element of the bonus and awards made under DASBS to allow the recoupment of bonus for three years from the end of the relevant performance year. They would be enforced in the event of material misstatement, significant failure of risk control, serious misconduct, corporate failure (entailing the appointment of an administrator or liquidator) or serious reputational damage, when it is clear that the issue has been caused by a management failure to which the relevant individual has made a direct and material contribution.</li> <li>Bonus awards are non-pensionable and are payable at the Committee's discretion.</li> </ul>
Maximum potential value	<ul style="list-style-type: none"> <li>The annual bonus policy maximum is 180% of base salary.</li> <li>The annual target bonus opportunity is normally set at 50% of the maximum.</li> <li>The level of annual bonus for threshold performance is up to 25% of the maximum.</li> </ul>
Performance metrics	<p>Metrics will be set each year by the Committee taking into account the Company's key strategic objectives for the year. For example, bonus metrics may include:</p> <ul style="list-style-type: none"> <li>Financial measures chosen to align bonus outcomes with the underlying financial performance of the business, such as profit, return on average operating capital ('RAOC') and cash flow;</li> <li>Non-financial measures are linked to the achievement of personal goals or certain specified strategic goals, including environmental, social and governance matters;</li> <li>The performance metrics and targets are reviewed each year to ensure that they remain appropriate. The Committee retains the discretion to set alternative metrics as appropriate; and</li> <li>The specific targets will be disclosed on a retrospective basis following the end of the financial year unless they are deemed to be commercially sensitive.</li> </ul> <p>The Committee sets targets that are appropriately stretching in the context of the business outlook and taking into account internal and external factors. Targets are set to ensure that there is appropriate alignment between stakeholder outcomes and to ensure that they do not drive inappropriate behaviours or unacceptable levels of risk taking.</p>

<b>Long term incentives</b>	
Purpose	<ul style="list-style-type: none"> <li>• Incentivise long term decision making as the basis for sustainable growth.</li> <li>• Align with shareholders' interests.</li> <li>• Recruit and retain senior employees across the Group.</li> </ul>
Operation	<p>Executive directors receive restricted share awards as the long term variable element of remuneration:</p> <ul style="list-style-type: none"> <li>• Restricted share awards are discretionary and will normally vest subject to continued employment after no less than three years;</li> <li>• A holding period will apply which means that restricted shares may not ordinarily be sold until at least five years after the grant date (other than to pay relevant taxes due on vested awards);</li> <li>• Malus and clawback provisions apply under which part or the full amount of a vested award may be recovered, by a reduction in the amount of any future bonus, subsisting award, the vesting of any subsisting award or future share awards and/or a requirement to make a cash payment for a period of three years from the relevant performance period. They would be enforced in the event of material misstatement, significant failure of risk control, serious misconduct, corporate failure (entailing the appointment of an administrator or liquidator) or serious reputational damage, when it is clear that the issue has been caused by a management failure to which the relevant individual has made a direct and material contribution;</li> <li>• Dividend equivalents shall accrue in respect of restricted share awards to the extent that they vest, including in relation to any holding periods; and</li> <li>• All awards are subject to the discretions contained in the relevant plan rules.</li> </ul>
Maximum potential value	<ul style="list-style-type: none"> <li>• The individual restricted share limit per financial year is 125% of base salary.</li> <li>• The Chief Executive Officer may receive restricted shares per financial year with a face value of up to 125% of salary.</li> <li>• The Chief Financial Officer may receive restricted shares per financial year with a face value of up to 100% of salary.</li> </ul>
Performance metrics	<ul style="list-style-type: none"> <li>• Restricted share awards are not subject to performance measures but vesting is subject to the achievement of an underpin normally reviewed over the three financial years commencing with the financial year in which awards are granted.</li> <li>• In assessing the underpin, in normal circumstances the Committee may consider the Group's overall performance, including financial and non-financial performance over the course of the vesting period and any material risk/regulatory failures identified. Financial performance may include elements like revenue, profitability, cash generation, and return on capital. Non-financial performance relates to strategic priority areas focused on delivering long term success of the Company and implementing the Group's long term strategy. These include, for instance, making operating model improvements, own brand development, acquisition growth, building on our competitive advantage, digital and technology improvements, focus on ESG, including sustainability, employee satisfaction and managing risk in the business.</li> <li>• When considering these factors, the Committee will assess performance in the round, with the expectation of full vesting unless there has been identified material underperformance over the period. The Committee may scale back the awards (including to zero) if it is not satisfied the underpin has been met.</li> </ul>

#### **Long term incentives – previous policy applied for awards up to and including October 2020**

Purpose	<ul style="list-style-type: none"> <li>• Subject to the approval of the remuneration policy, awards issued under the previous policy with respect to long term incentives will continue to vest until October 2023 and therefore the policy described below will continue to apply, including the performance metrics described</li> </ul>
Operation	<ul style="list-style-type: none"> <li>• Discretionary biannual grants of executive share option awards and performance share awards which vest subject to performance conditions measured over three years and subject to continuous service. Subject to the approval of the new policy, no further grants will be awarded to the executive directors</li> <li>• A malus and clawback facility is in operation under which part or the full amount of a vested award may be recovered, by a reduction in the amount of any future bonus, subsisting award, the vesting of any subsisting award or future share awards and/or a requirement to make a cash payment, for a period of three years from the relevant performance year, to the extent that the value of a vested award is subsequently found to have been overstated as a result of a material misstatement of performance or there has been a significant failure of risk control or serious misconduct</li> <li>• Two year post-vesting holding requirement for shares that vest, net of sales to settle tax or other withholding due on vesting or exercise of awards</li> <li>• If any executive resigns during the period before vesting, awards would normally lapse</li> <li>• All awards are subject to the discretions contained in the relevant plan rules</li> </ul>
Maximum potential value	<p><b>Executive share options</b></p> <ul style="list-style-type: none"> <li>• Maximum annual award of 225% of base salary</li> <li>• Annual grant levels for executive directors will not normally exceed 200% of base salary</li> <li>• For 2020, grants did not exceed 200% of base salary for the incumbent executive directors</li> </ul> <p><b>Performance shares</b></p> <ul style="list-style-type: none"> <li>• Maximum annual award of 175% of base salary</li> <li>• For 2020, awards did not exceed 150% of base salary for the Chief Executive Officer and 120% for the Chief Financial Officer</li> </ul>

**Long term incentives – previous policy applied for awards up to and including October 2020 continued**

Performance metrics	<ul style="list-style-type: none"> <li>Performance and service conditions must be met over a three year performance period. Metrics and targets are set each year by the Committee. The current metrics are as follows:</li> </ul> <p><b>Executive share options</b></p> <ul style="list-style-type: none"> <li>The eps performance measure relates to the absolute growth in the Company's eps against the targets set for the performance period</li> <li>The vesting is scaled as follows:                             <ul style="list-style-type: none"> <li>no vesting for performance below the threshold target</li> <li>25% of an award will vest for achieving the threshold target</li> <li>100% of an award will vest for achieving or exceeding the maximum target</li> <li>for performance between these targets, the level of vesting will vary on a straight line sliding scale</li> </ul> </li> <li>The Committee annually reviews the performance conditions outlined above and, in line with the rules of the LTIP, reserves the right to set different targets for forthcoming annual grants provided it is deemed that the relevant performance conditions remain appropriately challenging in the prevailing economic environment</li> </ul> <p><b>Performance shares</b></p> <ul style="list-style-type: none"> <li>The TSR performance measure (50% of the total award) compares a combination of both the Company's share price and dividend performance during the performance period against a comparator group of the constituents of the FTSE 11–100. It aligns the rewards received by executives with the returns received by shareholders</li> <li>The other 50% of the award is subject to an eps performance measure which relates to the absolute growth in the Company's eps against the targets set for the performance period</li> <li>The vesting for both performance measures is scaled as follows:                             <ul style="list-style-type: none"> <li>no vesting for performance below median performance (TSR) or below the threshold target (eps)</li> <li>25% of an award will vest for achieving median performance (TSR) or the threshold target (eps)</li> <li>100% of an award will vest for achieving or exceeding upper quartile performance (TSR) or the maximum target (eps)</li> <li>for performance between these targets, the level of vesting will vary on a straight line sliding scale</li> </ul> </li> <li>The Committee annually reviews the performance conditions outlined above and, in line with the rules of the LTIP, reserves the right to set different targets for forthcoming annual grants provided it is deemed that the relevant performance conditions remain appropriately challenging in the prevailing economic environment</li> </ul>
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**All employee share plans**

Purpose	<ul style="list-style-type: none"> <li>Encourage employees, including the executive directors, to build a shareholding through the operation of all employee share plans such as the HM Revenue &amp; Customs ('HMRC') tax advantaged Sharesave Scheme and the Internal Revenue Service ('IRS') approved Employee Stock Purchase Plan (US) ('ESPP') in the US.</li> </ul>
Operation	<ul style="list-style-type: none"> <li>Executive directors may participate in all employee schemes on the same basis as other eligible employees.</li> <li>The Sharesave Scheme has standard terms under which participants can normally enter into a savings contract, over a period of either three or five years, in return for which they are granted options to acquire shares at a discount of up to 20% of the market price prevailing on the day immediately preceding the date of invitation to apply for the option. Options are normally exercisable either three or five years after they have been granted.</li> <li>New plan rules were approved by shareholders at the 2021 AGM.</li> </ul>
Maximum potential value	<ul style="list-style-type: none"> <li>In the UK, the Sharesave Scheme is linked to a contract for monthly savings within the HMRC limits over a period of either three or five years (currently £500 per month).</li> </ul>
Performance metrics	<ul style="list-style-type: none"> <li>Service conditions apply.</li> </ul>

**Retirement benefits**

Purpose	<ul style="list-style-type: none"> <li>Provision of retirement benefits.</li> <li>Retain executive directors.</li> </ul>
Operation	<ul style="list-style-type: none"> <li>All defined benefit pension plans in the Group have been closed to new entrants since 2003 with any new recruits being offered defined contribution retirement arrangements and/or a pension allowance.</li> <li>Legacy arrangements exist for the Chief Executive Officer as detailed below.</li> <li>Pension contributions and allowances are normally paid monthly.</li> </ul>
Maximum potential value	<ul style="list-style-type: none"> <li>Company pension contributions to defined contribution retirement arrangements or cash allowances are capped at 5% of base salary for new executive directors and the current Chief Financial Officer.</li> <li>The current Chief Executive Officer's pension contribution has been reduced from 23.75% of base salary to 20% of base salary with effect from 1 January 2021 and will reduce to 14% from 1 January 2022 and to 5% from 1 January 2023.</li> </ul>
Performance metrics	<ul style="list-style-type: none"> <li>Not applicable.</li> </ul>

### Other benefits

Purpose	<ul style="list-style-type: none"> <li>Provision of competitive benefits which helps to recruit and retain executive directors.</li> </ul>
Operation	<ul style="list-style-type: none"> <li>Benefits may include a car allowance or a car which may be fully expensed, various insurances such as life, disability and medical and, in some jurisdictions, club expenses and other benefits provided from time to time.</li> <li>Some benefits may only be provided in the case of relocation, such as removal expenses, and in the case of an international relocation might also include fees for accommodation, children's schooling, home leave, tax equalisation and professional advice etc.</li> </ul>
Maximum potential value	<ul style="list-style-type: none"> <li>The value of benefits is based on the cost to the Company and varies according to individual circumstances. For example, the cost of medical insurance varies according to family circumstances and the jurisdiction in which the family is based.</li> </ul>
Performance metrics	<ul style="list-style-type: none"> <li>Not applicable.</li> </ul>

### Shareholding requirement

Purpose	<ul style="list-style-type: none"> <li>Strengthen the alignment between the interests of the executive directors and those of shareholders.</li> </ul>
Operation	<ul style="list-style-type: none"> <li>In employment guideline: executive directors will normally be expected to retain shares, net of sales to settle tax, through the exercise of awards under the DASBS and the LTIP until they attain the required holding. Three years is the typical expectation for executives who are promoted from within the Company to achieve the required shareholding. It is recognised that a longer time period may be required for externally recruited executives to achieve the expected shareholding. Unvested deferred shares held under the DASBS will count towards the guideline (net of the expected sales for tax that would apply on vesting).</li> <li>Post-cessation guideline: from the approval of this policy, upon cessation of employment, executive directors should maintain a shareholding for two years thereafter at a level equal to the lower of the in-employment guideline and the number of shares vested as at cessation (net of tax) under restricted share awards granted after the approval of this policy.</li> </ul>
Maximum potential value	<ul style="list-style-type: none"> <li>The Chief Executive Officer's in-employment shareholding requirement is 300% of base salary. The in-employment requirement for other executive directors is 200% of base salary.</li> </ul>
Performance metrics	<ul style="list-style-type: none"> <li>Not applicable.</li> </ul>

### Fees policy for Chairman and non-executive directors (the 'NEDs')

The following table summarises the fees policy for the Chairman and the NEDs.

#### Fees

Purpose	<ul style="list-style-type: none"> <li>Provision of a competitive fee to attract NEDs who have a broad range of experience and skills to oversee the implementation of the Company's strategy.</li> </ul>
Operation	<ul style="list-style-type: none"> <li>Determined in light of market practice and with reference to time commitment and responsibilities associated with the roles.</li> <li>Annual fees are paid in 12 equal monthly instalments during the year.</li> <li>The Senior Independent Director and Chairman of the Audit and Remuneration Committees are paid an extra fee to reflect their additional responsibilities.</li> <li>The NEDs and the Chairman are not eligible to receive benefits and do not participate in pension or incentive plans. Expenses incurred in respect of their duties as directors of the Company are reimbursed.</li> <li>The NEDs' fees are reviewed annually in January each year and the Chairman's fee is reviewed biennially, the latest review being with effect from January 2022.</li> <li>The Board as a whole considers the policy and structure for the NEDs' fees on the recommendation of the Chairman and the Chief Executive Officer. The NEDs do not participate in discussions on their specific levels of remuneration; the Chairman's fees are set by the Committee.</li> </ul>
Maximum potential value	<ul style="list-style-type: none"> <li>Determined within the overall aggregate annual limit of £1,500,000 authorised by shareholders with reference to the Company's Articles of Association approved at the 2021 AGM.</li> </ul>
Performance metrics	<ul style="list-style-type: none"> <li>Not eligible to participate in any performance related elements of remuneration.</li> </ul>
Taxable benefits and expenses	<ul style="list-style-type: none"> <li>Taxable expenses incurred in the course of carrying out NED duties are reimbursed and grossed up to include tax payable.</li> </ul>

**Selection of performance measures and targets**

The Committee determines the performance measures applying to the annual bonus based on the strategic priorities of the Group at the time. The measures and their weightings may change from year to year. The bonus measures in place for the first financial year under the policy include the use of eps, RAOC and operating cash flow measures. Each of these are aligned with the Group's key performance indicators ('KPIs'). The management of capital employed together with profitability and cash flow ensures the focus on cash generation, enabling the Group to pay dividends and to support the growth strategy by making acquisitions and reinvesting in the underlying business. Strategic non-financial goals reward individual contribution to the success of the Group and allow a focus each year on important operational goals and strategic milestones. This combination of performance measures provides a balance relevant to the Group's business and market conditions as well as providing a common goal for the executive directors, senior managers and shareholders. They have been chosen as, although growing the profitability of the business is a key objective, equally important is the focus on cash and effective investment in capital.

**Statement of consideration of shareholder views**

The Committee considers shareholder feedback received in relation to the AGM each year and guidance from shareholder representatives more generally. In addition, the Committee consults proactively with its major shareholders prior to making significant changes to its policy.

**Discretions retained by the Committee in operating the incentive plans**

The Committee operates the Group's various incentive plans according to their respective rules and in accordance with HMRC and IRS rules where relevant. To ensure the efficient administration of these plans, the Committee may apply certain operational discretions. These include the following:

- selecting the participants in the plans;
- determining the timing of grants and/or payments;
- determining the quantum of grants and/or payments (within the limits set out in the policy table above);
- determining the extent of vesting based on the assessment of performance, including the vesting of restricted share awards;
- determining 'good leaver' status and the extent of vesting in the case of the share based plans;
- determining the extent of vesting of awards under share based plans in the event of a change of control;
- making the appropriate adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events, variation of capital and special dividends);
- determining the appropriate choice of measures, weightings and targets for the annual bonus plan from year to year, including discretion to amend the bonus outcome, as appropriate; and
- varying the performance conditions applying to share based awards if an event occurs which causes the Committee to consider that it would be appropriate to amend the performance conditions, provided the Committee considers the varied conditions are fair and reasonable and not materially less challenging than the original conditions would have been but for the event in question.

**Legacy arrangements**

The directors' remuneration policy approved by shareholders at the 2021 AGM gave authority to the Company to honour any commitments entered into with current or former directors (that have been disclosed to shareholders in previous remuneration reports) or internally promoted future directors (in each case, such as the payment of a pension or the unwind of legacy share plans). Details of any payments to former directors will be set out in the relevant remuneration report as they arise.

**Executive directors' external appointments**

With the specific approval of the Board in each case, executive directors may accept external appointments as non-executive directors of other companies and retain any related fees paid to them.

## Recruitment of executive directors – approach to remuneration

### Executive directors

For the ongoing stability and growth of the Group, it is important to secure, as necessary, the appointment of high calibre executives to the Board by either external recruitment or internal promotion. The overarching principles applied by the Committee in developing the remuneration package will be to set an appropriate base salary together with retirement and other benefits and short and long term incentives taking into consideration the skills and experience of the individual, the complexity and breadth of the role, the particular needs and situation of the Group, internal relativities, the marketplace in which the executive will operate and an individual's current remuneration package and location. In addition, the Committee recognises that it may need to meet certain relocation expenses or expatriate benefits as appropriate.

Any fixed or variable pay awards for new executive directors will not exceed the maximum limits set out in the policy table above. However, in addition, for external appointments the Committee may consider offering additional cash and/or share based elements to replace deferred remuneration forfeited by the individual on leaving their existing employment when it considers these to be in the best interests of the Company and its shareholders. Such elements, as appropriate, may be made under section 9.4.2 of the Listing Rules and would normally take account of the nature, time horizons and performance requirements attached to the awards forfeited.

Depending on the timing of the appointment, the Committee may deem it appropriate to set different annual bonus performance conditions for the first performance year of appointment. A long term incentive award can be made shortly following an appointment (or as soon as is practical if the Company is in a close period).

### Non-executive directors

On appointment of a new Chairman of the Board or non-executive director, the fees will be set taking into account the experience and calibre of the individual and the prevailing rates of the other non-executive directors at the time.

### Executive directors' service contracts

The service contracts for Frank van Zanten and Richard Howes provide for an equal notice period from the Company and the executive of a maximum 12 months' notice and any contracts for newly appointed executive directors will provide for equal notice in the future. The date of each service contract is noted in the table below:

	Date of service contract
Frank van Zanten	13 January 2016
Richard Howes	10 May 2019

### Non-executive directors' terms of appointment

The non-executive directors do not have service contracts with the Company but instead have letters of appointment. The date of appointment and the most recent re-appointment and the length of service for each non-executive director are shown in the table below:

	Date of appointment	Date of last re-appointment at AGM	Length of service as at 2022 AGM
Peter Ventress	1 June 2019	21 April 2021	2 years 10 months
Eugenia Ulasewicz	1 April 2011		n/a
Vanda Murray	1 February 2015	21 April 2021	7 years 2 months
Lloyd Pitchford	1 March 2017	21 April 2021	5 years 1 month
Stephan Nanninga	1 May 2017	21 April 2021	4 years 11 months
Vin Murria	1 June 2020	21 April 2021	1 year 10 months
Maria Fernanda Mejía	23 December 2020	21 April 2021	1 year 3 months

#### Notes

- a) On termination, at any time, a non-executive director is entitled to any accrued but unpaid director's fees but not to any other compensation.  
 b) Maria Fernanda Mejía stepped down from the Board on 2 February 2022.

**Policy on payment for departure from office**

On termination of an executive director's service contract, the Committee will take into account the departing director's duty to mitigate his loss when determining the amount of compensation. The Committee's policy in respect of the treatment of executive directors leaving the Group is described below and is designed to support a smooth transition from the Company taking into account the interests of shareholders:

<b>Component of pay</b>	<b>Voluntary resignation or termination for cause</b>	<b>Departure as a 'good leaver' or in other specific circumstances including on agreed terms</b>
Base salary, pension and benefits	Paid for the proportion of the notice period worked and any untaken holidays pro-rated to the leaving date	Paid up to the date of departure or death, including any untaken holidays pro-rated to such date. In the case of ill health, a payment in lieu of notice may be made and, according to the circumstances, may be subject to mitigation. In such circumstances some benefits, such as company car or medical insurance may be retained until the end of the notice period.
Annual bonus cash	Cessation of employment during a bonus year will normally result in no cash bonus being paid	Cessation of employment during a bonus year or after the year end but prior to the normal bonus payment date will result in cash and deferred bonus being paid and pro-rated for the relevant portion of the financial year worked and performance achieved.
Annual bonus deferred shares	Unvested deferred shares will lapse	In the case of the death of an executive, all deferred shares will be transferred to the estate as soon as possible after death. In all other cases, subject to the discretion of the Committee, unvested deferred shares will be transferred to the individual on a date determined by the Committee.
Executive share options	Unvested executive share options will lapse	Tax advantaged options will vest in full on the cessation of employment and be exercisable for the following 12 months after which any unexercised options will lapse.  Subject to the discretion of the Committee, unvested non-tax advantaged share options will normally be retained by the individual for the remainder of the vesting period and remain subject to the relevant performance conditions. Holding period terms will ordinarily continue to run until (or be set to expire no later than) the second anniversary of departure, commensurate with the post-cessation shareholding requirement. However, in the case of the death of an executive, the Committee will determine the extent to which the unvested options may be exercised within 12 months of the date of death.
Performance shares	Unvested performance shares will lapse	Subject to the discretion of the Committee, unvested performance share awards will normally be retained by the individual for the remainder of the vesting period, remain subject to the performance conditions and will ordinarily be subject to time pro-ration. Holding period terms will ordinarily continue to run until (or be set to expire on no later than) the second anniversary of departure from employment, commensurate with the post-cessation shareholding requirement. However, in the case of the death of an executive, the Committee will determine the extent to which the unvested restricted shares may be exercised within 12 months of the date of death.
Restricted shares	Unvested restricted share awards will lapse	Subject to the discretion of the Committee, unvested restricted share awards will normally be retained by the individual for the remainder of the vesting period, remain subject to the underpin conditions and will ordinarily be subject to time pro-ration. Holding period terms will ordinarily continue to run until (or be set to expire on or no later than) the second anniversary of departure from employment, commensurate with the post-cessation shareholding requirement. However, in the case of the death of an executive, the Committee will determine the extent to which the unvested shares may be exercised within 12 months of the date of death.
Options under Sharesave	As per HMRC regulations	As per HMRC regulations.
Other	None	Disbursements, such as legal costs and outplacement fees may be paid.

Note

The Committee will have the authority to settle any legal claims against the Company, e.g. for unfair dismissal etc, that might arise on termination.

**Differences in remuneration policy for executive directors and employees in general**

The main difference in remuneration policy between the executive directors and employees in general is the split of fixed and performance related pay, such as bonus and long term incentives. Overall the percentage of performance related pay, in particular longer term incentive pay, is greater for the executive directors. This reflects that executive directors have more freedom to act and the consequences of their decisions are likely to have a broader and more far reaching time span of effect than those decisions made by employees with more limited responsibility. As a consequence only executive directors, Executive Committee members and other key employees (currently around 25 people) are granted restricted share awards. Approximately 460 senior managers are granted executive share option awards on an annual basis, which helps to provide a common focus for management in the Company's decentralised organisation structure. In most cases, the annual bonuses are related to the performance of individual operating units.

Bonus arrangements vary throughout the Group and are related to the specific role and the country in which the employee operates. The majority of bonus plans have quantitative targets, but the performance measures and targets vary according to each specific role. Sales representatives often have annual bonus payments which may be commission based.

When there is a critical mass of employees within a country to make it cost-effective to do so, to encourage wider employee share ownership, an all employee share plan may be offered. Currently plans are offered to all employees based in Australia, Canada, Germany, Ireland, the Netherlands, the US and the UK. In France, employees take part in profit sharing arrangements in accordance with local regulations.

Retirement and other benefits offered to employees across the Group differ according to the country in which the job is based and the function and seniority of the relevant role.

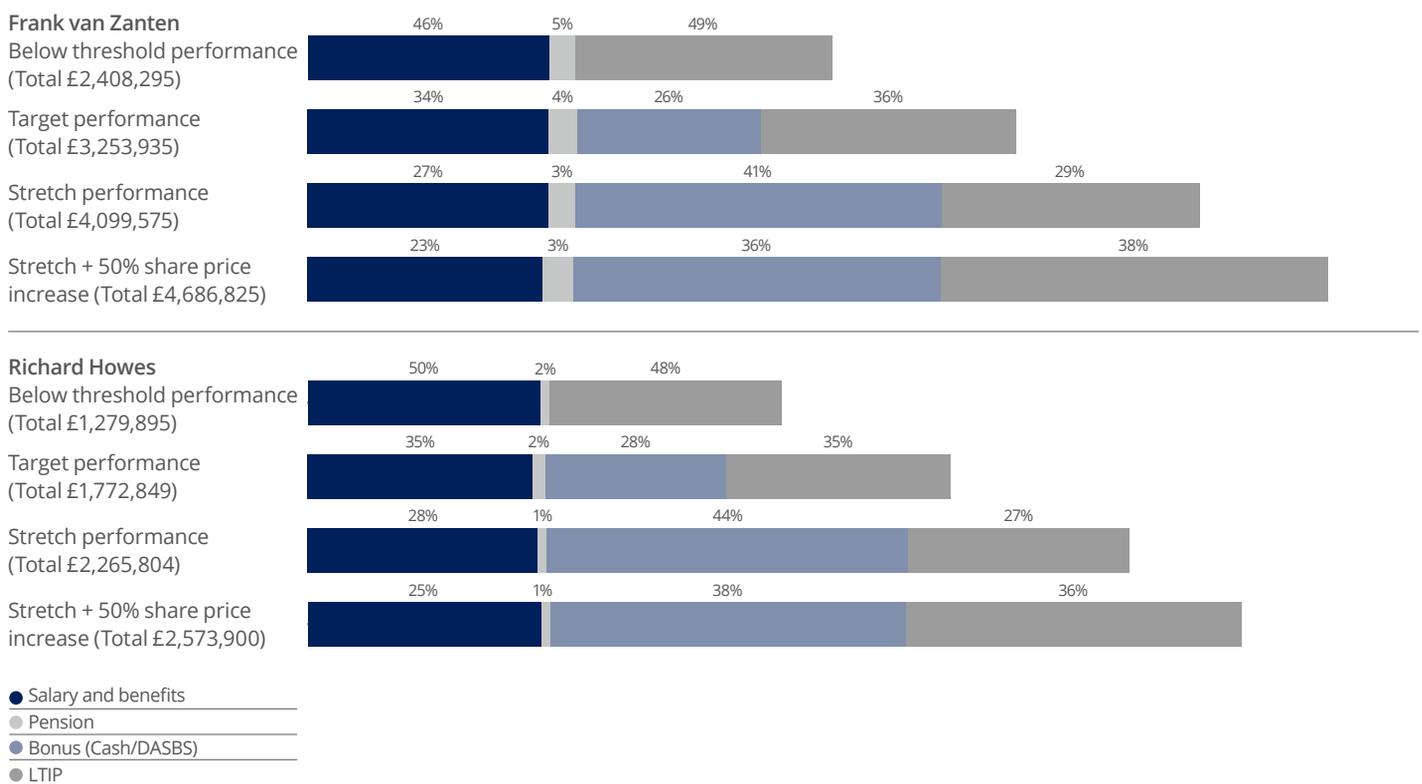
**Statement of consideration of employment conditions elsewhere in the Group**

The Committee is provided annually with information on the salaries and proposed increases for the Executive Committee members and other senior direct reports of the Chief Executive Officer, as well as data on the average salary increases for leadership teams in each region within the Group. In addition, the Committee reviews and agrees all grants of executive share options, performance share awards and restricted share awards.

The Committee considers the general basic salary increase within the geographical regions for the broader employee population when determining the annual salary increases for the executive directors and is cognisant of the Group's overall employment arrangements when reviewing and implementing the executive directors' remuneration policy. Members of the Committee held feedback sessions with employees in all regions and part of the discussion sought the employee's view on the executive remuneration approach and application. In addition, the Company monitors employees' views through regular employee surveys.

**Remuneration scenarios**

The remuneration package comprises both core fixed elements (base salary, pension and other benefits) and performance based variable elements (cash bonus, the DASBS and the LTIP). The structure of the remuneration packages for on-target and stretch performance for each of the two executive directors for 2022, in line with the remuneration policy, is illustrated in the bar charts below.



- Notes
- a) Salary represents annual salary for 2022. Benefits such as a car or car allowance and private medical insurance have been included based on 2021 figures. In the case of Frank van Zanten benefits also include school fees and international health insurance.
  - b) Stretch performance plus 50% share price increase shows the effect of a 50% growth in the Company share price on the value of the restricted share awards.
  - c) Pension represents the value of the annual pension allowance for 2022 for Frank van Zanten and Richard Howes.
  - d) Below threshold performance comprises salary, benefits, pension with no bonus award and for restricted share awards an assumption that 100% will vest.
  - e) Target performance comprises annual bonus awarded at target level (i.e. for 2022 at 90% of salary for Frank van Zanten and 80% of salary for Richard Howes comprised of half cash and half deferred shares under the DASBS) and for restricted share awards an assumption that 100% will vest.
  - f) Stretch performance comprises annual bonus awarded at stretch level (i.e. for 2022 at 180% of salary for Frank van Zanten and 160% of salary for Richard Howes comprised of half cash and half deferred shares under the DASBS) and for restricted share awards an assumption that 100% will vest.

**Vanda Murray OBE**  
 Chair of the Remuneration Committee  
 28 February 2022