

# Directors' Remuneration Report

## A policy to support Group strategy



### Membership and attendance

The Committee met for four scheduled meetings during the year with attendance disclosed below.

Committee members	Member since	Attendance
Claire Tiney (Chair)	3 August 2016	👤👤👤👤 4/4
Margaret Amos	10 March 2022	👤👤👤👤 4/4
Amanda Mellor	19 March 2018	👤👤👤👤 4/4
Nigel Lingwood	30 April 2020	👤👤👤👤 4/4
Jonathan Davis <sup>1</sup>	23 June 2023	👤 1/1
Paul Hollingworth <sup>2</sup>	23 June 2014	👤👤👤 3/3

1. Jonathan Davis joined the Board and the Remuneration Committee on 23 June 2023. There was only one Remuneration Committee meeting between that date and the year end, and so Jonathan attended the maximum number of meetings possible.

2. Paul Hollingworth retired from the Board and stepped down from the Committee on 23 June 2023. There were only three Remuneration Committee meetings between the start of the year and that date, and so Paul attended the maximum number of meetings possible.

### Dear shareholder,

On behalf of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the year ended 31 July 2023.

At the Annual General Meeting in December 2022, the Directors' Remuneration Report resolution received strong support from shareholders, with 98.3% of the votes cast being in favour of the resolution. Our current Remuneration Policy (current Policy) was approved at the 2020 AGM and also received very good support from shareholders, with over 95% of the votes cast being in favour of the resolution. In line with the three year lifecycle of the Policy, a new Policy is being put forward to a shareholder vote at the 2023 AGM, further detail of which is provided in this report. The Committee reviewed the Policy in the context of our remuneration principles, which are to:

- attract and retain the best talent;
- drive behaviours that support the Group's strategy and business objectives which are developed in the long-term interests of the Company and its shareholders;
- reward senior management appropriately for its personal and collective achievements;
- provide incentives that help to maintain commitment over the longer term and align the interests of senior management with those of shareholders; and
- ensure that a significant percentage of the overall remuneration package of the Executive Directors and senior management remains at risk, dependent on performance, and that their pay and benefits adequately take account of reward versus risk.

### Wider workforce considerations

The Committee is aware of the impact of inflation and the cost-of-living crisis on our employees, and the Group has taken a number of actions during the year to support the workforce, a selection of which is set out below:

- Salaries have increased at higher levels than in previous years. During the period there was a total base salary increase of c.8% in the UK, with an increase of 6.5% for indirect labour and 9.2% for direct labour. There has also been a significant increase in some functional roles that were benchmarked

against competitors, such as customer service, technical support, marketing and transactional finance, ranging from 10.5%-17.8%. In previous years we have also implemented out-of-cycle salary increases in certain business units, and will continue to do so as appropriate to remain an employer of choice in our markets.

- We operate a 'mind the gap' philosophy for lower paid employees. When the national minimum wage ('NMW') increases, as it did this year by c.10%, junior employees who are paid above the NMW also get an increase so the gap to the NMW stays the same. We also implemented pay increases six months earlier than we were required to do so on the NMW increase for certain business areas in the UK.
- The 'Employee Benefits' platform was enhanced in December 2022 which offers, amongst other things, attractive discounts at leading retailers including cash back options.
- Employees who are eligible to participate in the annual bonus scheme have benefitted from pay-outs due to Volution's strong performance in recent years and have done so again in respect of 2023. Employees have also been able to share in the success of the share price increase through the all-employee Sharesave scheme.

## Review of the Remuneration Policy

In accordance with the Directors' Remuneration Report regulations, Volution is required to submit a revised Directors' Remuneration Policy to shareholders for approval at the December 2023 AGM. In light of this, the Committee has undertaken a robust and comprehensive review of our Remuneration Policy and framework to ensure it remains appropriate and supports the delivery of our strategy, whilst rewarding Management fairly and in line with investor expectations. An extensive shareholder consultation was carried out with the majority of Volution's shareholder register to gather views and feedback, which have been carefully considered in developing and finalising the proposals on the new Policy.

In summary, the Committee is of the view that the current Policy has operated as intended and continues to support the strategic priorities of the business and creation of sustained long-term value for shareholders. Therefore, no major

change to the structure of remuneration is being proposed this time. Two changes are being proposed to align Volution with investor expectations and UK market practice, which the majority of shareholders were supportive of as part of the shareholder consultation exercise:

- **Pension contributions** – as part of the Policy review the Committee has undergone a comprehensive review of the pension arrangements across the Group. Following this review and further discussion, and in recognition of investor expectations and UK market practice on executive director pension levels, the Committee determined that it is appropriate to reduce the CEO pension to 5.5% of salary (from 8.5% of salary) as being more reflective of the pension rates available to the wider UK workforce. This represents a further reduction with the CEO's pension originally being reduced from 15% of salary. The CFO will remain on a pension equivalent to 5.5% of salary.
- **Variable pay cap** – under the current Policy, the annual bonus and LTIP are subject to a combined cap of 275% of salary. The Committee notes that having a combined cap is not common in the UK market and is therefore proposing to remove it in the new Policy to align with market practice. The individual caps on the annual bonus (150% of salary) and the LTIP (175% of salary) will remain unchanged, as will the maximum award opportunities for the period ending 31 July 2024. The Committee commits to consult with shareholders if it increases maximum incentive levels during the life of the Policy.

## Implementation in the year ending 31 July 2024 Salary

As part of the Policy review the Committee has reviewed the salary levels for the CEO and CFO to ensure that they remain reflective of their skills and experience, as well as being appropriate in the context of the increased size and complexity of the Group. Since listing in 2014, the Group has more than doubled in market capitalisation and is now an established FTSE 250 company after its promotion from the FTSE SmallCap in 2021. This alongside a consistent increase in dividend per share (from 3.3p in FY15 to 8.0p in FY23, corresponds with total shareholder returns over the period of over 200% versus a FTSE 250 index return of c.50% over the same period. The Group



**In line with the three year lifecycle of the Policy, a new Policy is being put forward to a shareholder vote at the 2023 AGM, further detail of which is provided in this report.**

has also achieved strong financial performance, including revenue growth of over 39% and adjusted EPS growth of 61.3% since 2019.

Volution substantially increased its international footprint in recent years and is now a more international business than at any point in the Group's history, with 60.4% of revenue coming from non-UK customers in the period. This makes Volution a more international and complex business than those FTSE 250 companies that are predominately UK focused. There have also been a number of acquisitions in recent years including: ERI Corporation, RTek, ClimaRad, Klimatfabriken, and Ventair. There have been two further acquisitions in the financial year ending 31 July 2023, I-Vent in Slovenia and Croatia and VMI in France, further increasing the international footprint and complexity of the Group. The Group has also acquired DVS (Proven Systems Ltd) in New Zealand which completed after the year end.

There has been significant progress made against the "product, planet and people" targets in light of the Group's commitment to sustainability – and Volution received the Green Economy Mark in 2021, being recognised by the London Stock Exchange as contributing to the global green economy. The commitment to sustainability is embedded in all aspects of the business.

Taking into account the above business context and the excellent track record and experience of the CEO (who has been CEO since 2012) and CFO (who joined in 2019), who have both been key drivers to Volution's success, and the increased scope and responsibilities of the roles, the Committee has identified that the salary levels (and total remuneration packages) have not kept pace with the increased size and complexity of the Group and the increased scope and responsibilities of the roles.

# Directors' Remuneration Report continued

## Implementation in the year ending 31 July 2024 continued

It is therefore proposing to increase the salary for the CEO to £555,000 (c.17.4% increase) and the salary for the CFO to £380,000 (c.15% increase) for the period ending 31 July 2024. The Committee notes that the total remuneration package after these salary increases is around the lower quartile against the FTSE 250.

As part of the shareholder consultation exercise the majority of shareholders who provided feedback recognised that salary levels had not kept pace with the increase in the size and complexity of the Group and were supportive of an adjustment being made. I would like to thank shareholders for their input and feedback on this topic.

It is currently intended that any salary increases next year will be no more than those for the wider workforce.

## Pension contributions

As set out earlier in this letter, the CEO's pension has been reduced to 5.5% of salary (from 8.5% of salary last year and an initial starting point of 15% of salary) as being more reflective of the pension rates available to the wider UK workforce. The change to the CEO pension became effective on 1 August 2023. The CFO will remain on a pension equivalent to 5.5% of salary.

## Variable remuneration

As set out above, there are no proposed changes to the maximum award opportunities for the period ending 31 July 2024, being 125% of salary for the annual bonus and 150% of salary and 125% of salary for the CEO and CFO respectively for the LTIP. The performance measures applicable to the annual bonus will remain unchanged and the Committee continues its policy of setting stretching annual bonus targets which take into account a number of internal and external factors. The weightings will be: adjusted EPS (50%); adjusted operating profit (35%); and working capital management (15%).

During the year, the Committee has also considered the inclusion of a return-based measure in the LTIP. A ROIC number has been calculated and included in the Finance Review on pages 28 to 33 for the first time, and a number of shareholders commented that a return-based measure could be considered for inclusion in the LTIP. Given that this is the first time we as a business have reported on it, the Committee has concluded that the period ending 31 July 2024 would be too soon to include it in the LTIP and set long-term targets. However, the

Committee recognises the importance of such a measure and intends to incorporate it as an LTIP measure for the LTIP awards for the period ending 31 July 2025, further detail of which will be provided in the Directors' Remuneration Report next year. The measures for the 2024 LTIP award will remain unchanged being earnings per share (60%); total shareholder return (20%); and ESG targets (20%). As part of the Policy review, the Committee also reviewed the peer group used to measure comparative total shareholder return and has updated it for 2024 awards onwards. The new peer group has been communicated to shareholders and their feedback has been taken into account to ensure it is more reflective of Volution's business as it is today. Detail on the new group can be found on page 160.

## Performance in the year ended 31 July 2023 and remuneration outcomes

During the year ended 31 July 2023 the business performed very well. The strong set of results reflects the resilience of the business through the pandemic and against other macro-economic factors, with the Group's revenue increasing by 6.6% compared to last year to £328.0 million (2022: £307.7 million). Adjusted operating profit was £69.9 million (2022: £64.9 million), representing 21.3% of revenue and a £5.0 million improvement compared to the prior year. Reported profit before tax increased by 3.4% to £48.8 million (2022: £47.2 million). Our adjusted earnings per share was 25.8 pence, representing a 7.5% increase over the adjusted earnings per share for the prior year of 24.0 pence. The compound annual growth rate of adjusted earnings per share since IPO in 2014 was 12.7%.

Adjusted operating profit, adjusted EPS and working capital management were the key measures used by the Committee to assess performance and, accordingly, were the performance measures used for the bonus. Performance against these measures resulted in the Committee awarding an annual bonus of 88% of salary to Ronnie George and 88% of salary to Andy O'Brien (70% of the maximum). We have provided full retrospective disclosure of the bonus targets as well as the actual performance against them. In accordance with the Policy, one-third of the total annual bonus payment will be deferred into awards over the Company's shares which will vest after three years. Further details can be found on page 154. The LTIP awards granted in the 2020/21 financial year (in October 2020) had a performance period ending on 31 July 2023 and are subject to a two-year holding

period. Due to strong EPS growth and total shareholder return performance over the period (with a total shareholder return over the performance period of c.140% being top of the peer group), the October 2020 LTIP awards will vest at 100% of maximum. Further details can be found on page 154.

When determining variable pay outcomes, the Committee also took account of the shareholder experience, the employee experience and the wider stakeholder experience alongside all of the performance context provided above. Overall, the Committee considered that remuneration outcomes were appropriate and as such determined that no discretion would be applied.

## Shareholder consultation

We are committed to maintaining an open and transparent dialogue with our shareholders on executive pay. As set out earlier in this letter, the Committee has undertaken a substantial shareholder consultation exercise on the proposed new Policy and the remuneration decisions for the financial year ending 31 July 2024. This included two phases of consultation and over 75% of the total shareholder base was consulted with overall. The feedback on the remuneration decisions received from shareholders has been positive and I would like to thank all shareholders who provided feedback on the proposals.

## Annual General Meeting 2023

As well as the Annual Report on Remuneration and Remuneration Policy, revised Deferred Share Bonus Plan Rules and LTIP Rules are also being put forward for a shareholder vote. Whilst both plans will reach the end of their ten-year life, they remain broadly fit-for-purpose. As such it is proposed that they are renewed for a further ten years at the 2023 AGM subject to minor changes to ensure continued alignment with Volution's policies and evolving market and best practice. On behalf of the Board I would like to thank shareholders for their continued support and do hope that you will support the resolution requesting approval of the Annual Report on Remuneration and the resolution to approve the new Remuneration Policy at this year's Annual General Meeting on 13 December 2023.



**Claire Tiney**  
Chair of the Remuneration Committee

## At a Glance: Implementation of the new Remuneration Policy for 2024 and key decisions in 2023

The table below summarises how key elements of the Remuneration Policy will be implemented in the period ending 31 July 2024 and key decisions taken by the Committee for the year ended 31 July 2023.

Element	Chief Executive Officer Ronnie George	Group Finance Director Andy O'Brien
<b>Base salary (from 1 August 2023)</b>	£555,000	£380,000
<b>Pension</b>	5.5%	5.5%
<b>Annual bonus opportunity 2024</b>	Maximum: 125%	Maximum: 125%
<b>Annual bonus measures</b>	<ul style="list-style-type: none"> <li>The majority of the bonus will be based on financial measures and the remainder (if any) will be based on non-financial measures.</li> <li>For the period ending 31 July 2024, the financial measures include: Adjusted EPS (50%); Adjusted operating profit (35%); and Working capital management (15%).</li> <li>Full disclosure of performance targets will be disclosed retrospectively.</li> </ul>	
<b>Annual bonus deferral</b>	<ul style="list-style-type: none"> <li>One-third of the annual bonus will be deferred into shares for a period of three years.</li> </ul>	
<b>Long term incentive plan (LTIP) opportunity 2024</b>	Maximum: 150%	Maximum: 125%
<b>LTIP measures</b>	<ul style="list-style-type: none"> <li>LTIP awards will be based on the EPS growth (60%); Relative TSR (20%); and ESG (20%).</li> <li>Performance will be measured over a three-year period.</li> <li>Targets are disclosed prospectively later in this report.</li> </ul>	
<b>LTIP holding requirement</b>	<ul style="list-style-type: none"> <li>LTIP awards are subject to a two year holding period.</li> </ul>	
<b>Shareholding guideline</b>	<ul style="list-style-type: none"> <li>200% of salary in-employment shareholding guideline.</li> <li>Post-cessation shareholding requirements apply at the same level as the in-employment guideline (or actual shareholding, if lower) for two years after departure.</li> </ul>	
<b>Malus and clawback</b>	<ul style="list-style-type: none"> <li>Malus and/or clawback provisions apply up to the third anniversary of payment of the cash bonus, and the earlier of the sixth anniversary of grant and the third anniversary of satisfying awards for DSBP and LTIP awards.</li> <li>The malus and clawback provisions are set out in the Remuneration Policy later on in this report.</li> </ul>	
<b>31 July 2023 year-end outcomes:</b>		
<b>Bonus outcome</b>	<ul style="list-style-type: none"> <li>70% of maximum pay-out.</li> </ul>	
<b>2020-23 LTIP outcome</b>	<ul style="list-style-type: none"> <li>100% of maximum vesting.</li> </ul>	

# Directors’ Remuneration Report continued

## Directors’ Remuneration Policy Report

This section of the Directors’ Remuneration Report sets out the Remuneration Policy (the Policy) for Executive and Non-Executive Directors. As required, it complies with Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). It is intended that the Policy will be put before shareholders for approval by way of a binding vote at the Company’s AGM in December 2023. If approved by shareholders, the Policy will have effect immediately thereafter. Until such approval, the Company’s existing Remuneration Policy will continue to apply. When determining the Policy the following principles were kept in mind:

- clarity – all remuneration aspects are clearly and openly communicated to employees, shareholders and other stakeholders through comprehensive Directors’ Remuneration Report disclosures and shareholder consultation materials;
- simplicity – the remuneration package is simple and clear, consisting of three main elements of pay: i) fixed pay (salary, benefits and pension); ii) annual bonus; and iii) LTIP;
- risk – the Committee has discretion to adjust variable pay outcomes away from the formulaic outturn. Malus and clawback provisions are also in place for all variable pay elements;
- predictability – the potential range of payouts is set out in the relevant Remuneration Policy;
- proportionality – there is a clear link between pay for performance and link to business strategy, with stretching targets applied to the annual bonus and LTIP; and
- alignment to culture – the variable incentive schemes, including quantum, time horizons, form of award and performance measures, are all designed with the Company’s people, culture, purpose, values and strategy in mind.

### Remuneration Policy table

Operation	Maximum opportunity	Performance metrics
<b>Base salary</b>		
<b>Purpose and link to strategy:</b> Core element of remuneration set at a level to attract, retain and reward Executive Directors of the required calibre to successfully deliver Company strategy.		
<p>Normally reviewed annually.</p> <p>In determining base salaries, the Committee considers:</p> <ul style="list-style-type: none"> <li>• Company performance and external market conditions;</li> <li>• pay and conditions elsewhere in the Group;</li> <li>• role, experience and personal performance; and</li> <li>• salary levels at companies of a similar size and complexity.</li> </ul> <p>There is no automatic entitlement to an increase each year.</p> <p>An exceptional review may take place to reflect a change in the scale or scope of a Director’s role, for example (but not limited to) a major acquisition.</p>	<p>The current salaries for the Executive Directors are set out in the Annual Report on Remuneration.</p> <p>While the Committee does not consider it appropriate to set a maximum salary, annual increases will generally be no more than those of the wider workforce (in percentage of salary terms). Increases beyond those awarded to the wider workforce may be awarded in certain circumstances such as (but not limited to) progression in the role, where there is a change in responsibility or experience, or a significant increase in the scale of the role and/or size, value and/or complexity of the Group.</p>	<p>Company and individual performance are factors considered when reviewing salaries.</p>
<b>Pension</b>		
<b>Purpose and link to strategy:</b> The Company aims to provide an appropriate means of saving for retirement.		
<p>Executive Directors may receive an employer’s pension contribution to a personal or Group pension scheme and/or any other arrangement the Committee considers has the same economic benefit (including a cash allowance).</p>	<p>The maximum pension contribution or allowance for Executive Directors will take into account what is available to UK employees or to participants in the pension plan in the relevant country. The Executive Directors pension contribution or allowance is currently 5.5% of salary.</p>	<p>N/A</p>

Operation	Maximum opportunity	Performance metrics
<b>Annual Bonus Plan (ABP)</b>		
<b>Purpose and link to strategy:</b> To incentivise Executive Directors to achieve specific, pre-determined goals. Rewards achievement of objectives linked to the Company's strategy.		
<p>Annual bonus payment is determined by the Committee after the financial year end, based on performance against targets set by the Committee for the year or part of the year.</p> <p>Normally, one-third of any annual bonus payment earned by the Executive Directors will be deferred into awards over the Company's shares under the Company's Deferred Share Bonus Plan (DSBP) which normally vest after three years.</p> <p>Malus and clawback provisions apply, as set out in the notes to this table.</p>	<p>150% of base salary</p> <p>Bonus opportunities in respect of the year under review (and for the following year) are disclosed in the Annual Report on Remuneration.</p>	<p>Performance measures are determined with reference to the Company's key strategic business objectives.</p> <p>No less than 50% of the bonus will be dependent on financial measures and the remainder (if any) will be based on non-financial or individual measures that are aligned to the strategic priorities of the business.</p> <p>At threshold performance up to 25% of the maximum pays out. Below this level of performance, no bonus pays out.</p> <p>On-target bonus is set at 50% of the maximum opportunity.</p> <p>The Committee retains the discretion to vary the level of bonus paid away from the formulaic outcome to reflect overall Company and individual performance and any other circumstances as determined by the Committee.</p>
<b>Long Term Incentive Plan (LTIP)</b>		
<b>Purpose and link to strategy:</b> To incentivise the delivery of key strategic objectives over the longer term and align the interests of Executive Directors with those of our shareholders.		
<p>Vesting of the awards is dependent on the achievement of performance targets set by the Committee, normally measured over a period of at least three years. Shares will then normally be subject to an additional two-year holding period (which can be structured on a gross or net of tax basis). During this holding period, no further performance measures will apply.</p> <p>Malus and clawback provisions apply, as set out in the notes to this table.</p>	<p>175% of base salary</p> <p>The face value of awards in respect of the year under review (and for the following year) are disclosed in the Annual Report on Remuneration.</p>	<p>Awards vest based on challenging financial, non-financial or share price targets.</p> <p>At least 50% will be based on financial and/or share price-based measures.</p> <p>No more than 25% vests at threshold with 100% of awards vesting at maximum performance.</p> <p>The Committee retains the discretion to vary the level of LTIP vesting away from the formulaic outcome to reflect overall Company and individual performance and any other circumstances as determined by the Committee.</p>



# Directors' Remuneration Report continued

## Directors' Remuneration Policy Report continued

### Remuneration Policy table continued

Operation	Maximum opportunity	Performance metrics
<b>Other benefits</b>		

**Purpose and link to strategy:** To provide a market-competitive package of benefits consistent with the role to attract, retain and reward Executive Directors of the required calibre to successfully deliver Company strategy.

<p>Various cash/non-cash benefits are provided to Executive Directors which may include (but are not limited to) a company car (or cash equivalent), life assurance, expatriate benefits, private medical insurance (for the Executive Director and their immediate family) and relocation benefits and any tax liability that may be due on these benefits.</p>	<p>Although the Committee does not consider it appropriate to set a maximum benefits level, it is set at an appropriate level for the specific nature of the role and the individual's personal circumstances.</p>	<p>N/A</p>
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The Committee may introduce other benefits if it is considered appropriate to do so.

Reimbursement of all costs associated with reasonable expenses incurred for the proper performance of the role including tax thereon where a business expense is deemed taxable by HMRC.

Executive Directors are also eligible to participate in any all-employee share plans (e.g. the Sharesave Scheme) on the same basis as other eligible employees.

<b>Share ownership guidelines</b>		
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**Purpose and link to strategy:** To provide close alignment between the longer-term interests of Executive Directors and shareholders.

<p>Executive Directors are expected to achieve and retain a holding of the Company's shares worth 200% of their base salary.</p>	<p>There is no maximum, but minimum levels have been set at 200% of base salary for the current Executive Directors.</p>	<p>N/A</p>
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<p>Executive Directors will normally be expected to remain aligned with the interests of shareholders for an extended period after leaving the Company. Executive Directors will typically be expected to retain a shareholding at the level of the in-employment shareholding guideline for two years (or the actual shareholding on stepping down, if lower), unless the Committee determines otherwise in exceptional circumstances. Further detail is set out in the Annual Report on Remuneration.</p>	<p>It is expected that Executive Directors will normally retain at least 50% of any shares delivered under the DSBP and LTIP, after the deduction of applicable taxes, until the guideline is met.</p>
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The Committee has discretion to disapply or reduce the share ownership guidelines in extenuating circumstances, for example in compassionate circumstances.

Operation	Maximum opportunity	Performance metrics
<b>Chair and Non-Executive Director fees</b>		
<b>Purpose and link to strategy:</b> To enable the Company to attract and retain Non-Executive Directors of the required calibre by offering market-competitive fees.		
<p>The Chair is paid an all-inclusive fee for all Board responsibilities.</p> <p>Non-Executive Directors receive a basic Board fee.</p> <p>Neither the Chair nor Non-Executive Directors are eligible to participate in any of the Company's incentive arrangements or receive any pension provision.</p> <p>Additional fees may be payable for additional Board responsibilities such as chair of the Board role or membership of a Committee or performing the Senior Independent Director role or for an increased time commitment.</p> <p>The Committee reviews the fees paid to the Chair and the Board reviews the fees paid to the Non-Executive Directors annually, with reference to the time commitment of the role and market levels in companies of comparable size and complexity.</p> <p>Travel expenses, hotel costs and other benefits related to the performance of the role, including any tax due, are also paid where necessary.</p>	<p>Fees are set within the aggregate limits set out in the Company's Articles of Association from time to time.</p> <p>Non-Executive Directors and the Chair may receive fee increases to ensure they continue to appropriately recognise the responsibilities and time commitment of the role and fee levels in companies of a similar size and complexity. Any increase in fees would normally be no more than the wider workforce salary increase (in percentage terms). Increases beyond those awarded to the wider workforce may be awarded, including on an on-going, temporary or ad hoc basis, in certain circumstances such as where there is a significant increase in the time commitment or responsibilities of the role.</p>	N/A

### Summary of the decision-making process and changes made to the Policy

In determining the new Remuneration Policy, the Committee followed a robust process which included discussions on the content of the Policy at four Remuneration Committee meetings. The Committee considered input from Management and our independent advisors, ensuring that any conflicts of interest were suitably managed, and sought the views of Volution's major shareholders.

The Committee is of the view that the current remuneration framework has worked as intended, with strong alignment between pay and performance, and remains aligned to Volution's remuneration philosophy and business strategy, as well as best practice. As such, there are no substantive changes to the Policy. The CEO's pension contribution has been reduced, the combined annual bonus and LTIP cap has been removed to align with market practice and other minor changes have been made to the Policy to clarify its intentions.

### Choice of performance measures and approach to setting targets

The performance metrics and targets that will be set for the Executive Directors for the ABP and LTIP will be carefully selected to align closely with the Company's strategic plan and key performance indicators.

Awards under the ABP will be determined by reference to financial measures as regards at least 50% of the award, with any balance (if any) responsibilities and based on non-financial measures appropriate to an individual's role.

The long-term performance metrics relating to the LTIP awards will be set at the time of each grant but will normally include at least 50% based on financial and/or share price performance in line with the Company's key strategic objectives.

Challenging targets for both plans will be set each year based on a number of internal and external reference points.

The Committee will review the choice of performance measures and the appropriateness of the performance targets prior to each grant under the LTIP and will normally consult with major shareholders in the event of any significant proposed change.



## Directors' Remuneration Report continued

### Directors' Remuneration Policy Report continued

#### Legacy arrangements

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Policy set out above where the terms of the payment were agreed:

- (i) before the Policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder-approved Directors' Remuneration Policy in force at the time they were agreed; or
- (ii) at a time when the relevant individual was not a Director of the Company (or other person to whom the Policy applies) and, in the opinion of the Committee, the payment was not in consideration of the individual becoming a Director of the Company (or other such person).

For these purposes "payments" includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are "agreed" at the time the award is granted.

#### Common award terms

The Committee will operate the LTIP and DSBP in accordance with the respective rules, the Policy set out above and the Listing Rules where relevant. Awards under the LTIP and DSBP may:

- be granted as conditional share awards or nil-cost options or in such other form that the Committee determines has the same economic effect;
- have any performance conditions applicable to them amended or substituted by the Committee if an event occurs, or other exceptional circumstances arise, which causes the Committee to determine an amended or substituted performance condition would be more appropriate;
- incorporate the right to receive additional shares with a value equal to the value of dividends which would have been paid on the shares under an award that vests up to the time of vesting (or, where the award is subject to a holding period, release) or such later date as the Committee may determine. This amount may be calculated assuming that the dividends have been reinvested in the Company's shares on a cumulative basis;
- be settled in cash at the Committee's discretion in exceptional circumstances; and
- be adjusted in the event of any variation of the Company's share capital or any demerger, delisting, special dividend or other event that may affect the Company's share price.

Performance conditions applying to the annual bonus may be amended in the same way as performance conditions for LTIP awards.

Any use of the above discretions would, where relevant, be explained in the Annual Report on Remuneration and may, as appropriate, be the subject of consultation with the Company's major shareholders.

#### Malus and clawback

Malus and clawback provisions (as relevant) may be operated at the discretion of the Committee in respect of any awards granted under the ABP, DSBP and LTIP in certain circumstances including, but not limited to, a material misstatement of the Company's financial results, a material failure of risk management by any member of the Group or a relevant business unit, material reputational damage to any member of the Group or relevant business unit, corporate failure, an error in assessing a performance condition applicable to the award or in the information or assumptions on which the award was based, or if the participant is summarily dismissed or in any other circumstances that the Committee considers to be similar in their nature or effect. Clawback may be applied at the discretion of the Committee up to the third anniversary of payment of the cash bonus, and the earlier of the sixth anniversary of grant and the third anniversary of satisfying awards for DSBP and LTIP awards.

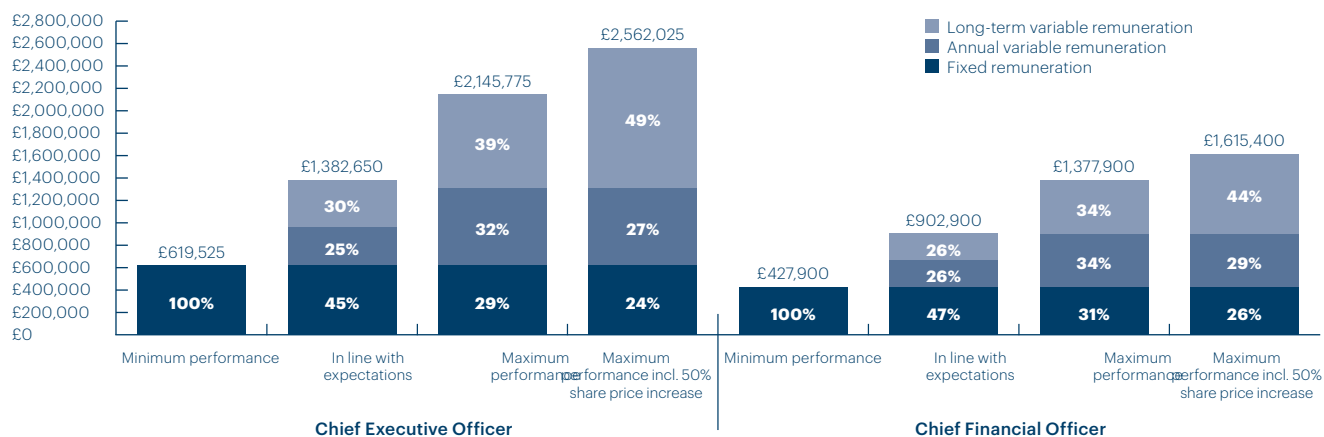
#### Minor changes

The Committee may make minor amendments to the Policy set out in this report (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for the amendment.

## Illustrations of the application of the Remuneration Policy

The Company's remuneration arrangements have been designed to ensure that a significant proportion of pay is dependent on the delivery of stretching short-term and long-term performance targets.

The charts below provide illustrative values of the remuneration package for Executive Directors under four assumed performance scenarios. The charts are for illustrative purposes only and actual outcomes may differ from that shown.



The assumptions used for these charts are as follows:

Levels of performance		Assumptions
<b>Fixed pay</b>	All scenarios	<ul style="list-style-type: none"> <li>Total fixed pay comprises base salary, benefits and pension</li> <li>Base salary – effective as at 1 August 2023</li> <li>Benefits – as set out in the single figure table for the 2022/23 year</li> <li>5.5% of base salary pension contributions</li> </ul>
<b>Variable pay</b>	Below threshold performance	<ul style="list-style-type: none"> <li>No payout under the ABP</li> <li>No vesting under the LTIP</li> </ul>
	In line with expectations	<ul style="list-style-type: none"> <li>50% of the maximum potential payout under the ABP</li> <li>50% vesting under the LTIP, assuming awards equivalent to 150% and 125% of base salary are granted to the CEO and the CFO, respectively</li> </ul>
	Maximum performance	<ul style="list-style-type: none"> <li>100% of the maximum potential payout under the ABP (i.e. 125% of base salary)</li> <li>100% vesting under the LTIP, assuming awards equivalent to 150% and 125% of base salary are granted to the CEO and the CFO, respectively</li> </ul>
	Maximum performance – 50% share price growth assumption	<ul style="list-style-type: none"> <li>The same as the maximum performance row above but incorporating a 50% share price growth assumption for the LTIP over the three-year performance period</li> </ul>

## External appointments of Executive Directors

The Board allows Executive Directors to accept one external commercial non-executive director appointment provided the commitment is compatible with their duties as an Executive Director. The Executive Director concerned may retain fees paid for these services which will be subject to approval by the Board.

## Directors' Remuneration Report continued

### Directors' Remuneration Policy Report continued

#### Approach to recruitment

The Committee will aim to set a new Executive Directors' remuneration package in line with the Policy approved by shareholders.

In arriving at a total package and in considering value for each element of the package, the Committee will take into account the skills and experience of a candidate and the market rate for a candidate of that experience, as well as the importance of securing the preferred candidate.

The maximum level of variable remuneration (excluding any buy-outs) in respect of an appointment will be in line with the maximum levels as set out in the Policy table. The Committee retains discretion to flex the balance of the annual bonus and LTIP and the measures used to assess performance.

The Committee may make additional cash and/or share-based awards as it deems appropriate and if the circumstances so demand may replace remuneration arrangements forfeited by an Executive Director on leaving a previous employer. This may include the use of the relevant provisions in the Financial Conduct Authority's Listing Rules allowing for exceptional awards to be made without shareholder approval.

Awards to replace forfeited remuneration would, where possible, take into account of the delivery mechanism (cash or shares) of forfeited awards, time horizons, value and whether or not they were subject to performance conditions.

Other payments may be made in relation to relocation expenses, legal fees and other support as appropriate.

In the case of an internal appointment, any element of remuneration in respect of the prior role would be allowed to continue according to its original terms, or adjusted if appropriate to take into account the appointment.

For the appointment of a new Chair or Non-Executive Director, the fee would be set in accordance with the approved Policy. The length of service and notice periods will be set at the discretion of the Committee taking into account market practice, corporate governance considerations and the particular candidate at that time.

The Committee retains discretion to make appropriate remuneration decisions and include other elements to meet the individual circumstances of recruitment when:

- an interim appointment is made to fill an Executive Director role on a short-term basis; and
- exceptional circumstances require that the Chair or a Non-Executive Director takes on an executive function on a short-term basis.

#### Service agreements and letters of appointment

Each of the Executive Directors' service agreements is for a rolling term and may be terminated by the Company or the Executive Director by giving not less than (in the case of the CEO) twelve months' prior written notice and (in the case of the CFO) nine months' prior written notice.

The Chair and each of the Non-Executive Directors of the Company do not have service contracts. Each of these Directors has a letter of appointment which has a three-year term which is renewable and is terminable by the Company or the individual on one month's written notice.

The terms of the Non-Executive Directors' positions are subject to their election by the Company's shareholders at the 2023 AGM. No contractual payments would become due on termination.

The Executive Directors' service agreements and Non-Executive Directors' letters of appointment are available for inspection at the Company's registered office and will be available at the 2023 AGM.

#### Policy on Directors leaving the Group

The Committee must satisfy any contractual obligations agreed with the Executive Director. This is dependent on the contractual obligations not being in contradiction with the Policy set out in this report.

If an Executive Director's employment is terminated, in the absence of a breach of service agreement by the Director, the Company may, although it is not obliged to, terminate the Director's employment immediately by payment of an amount equal to base salary and benefits (including pension scheme contribution) in lieu of the whole or the remaining part of the notice period. Payments in lieu of notice will ordinarily be paid in monthly instalments over the length of the notice period. Payments will be subject to mitigation in the event alternative employment is taken up during the notice period.

Discretionary bonus payments will not form part of any payments made in lieu of notice. Annual bonus may be payable for "good leavers" at the Committee's discretion and, unless the Committee determines otherwise, will normally be subject to the original performance conditions, deferral requirements, time pro-rating and paid at the normal payment date.

Any share-based entitlements granted to an Executive Director under the Company's share plans will be determined based on the relevant plan rules.

The default treatment under the LTIP is that any outstanding awards lapse when the individual leaves the Group. However, in certain prescribed circumstances, such as death, ill health, injury or disability, transfer of the employing entity outside of the Group or in other circumstances at the discretion of the Committee (except where the Director is summarily dismissed), "good leaver" status may be applied.

For good leavers, LTIP awards will normally continue until the normal vesting date, or when awards are subject to a holding period, to the end of the holding period, although the Committee may allow awards to vest (and be released from any holding periods) as soon as reasonably practicable after leaving in the case of death or such other circumstances the Committee considers appropriate. Awards will normally be subject to the original performance conditions, time horizons, and will be pro-rated for time, unless the Committee determines otherwise.

If a participant of the DSBP leaves the Group for any reason, the default position under the plan rules is that the award will vest in full on the normal vesting date, unless the Committee determines otherwise.

In the event that a buy-out award is made on recruitment, the leaver provisions would be determined at the time of the award.

The Committee reserves the right to make any other payments in connection with a Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of a Director's office or employment or for any fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with his cessation of office or employment.

### Takeover or other corporate event

In the event of a change of control, outstanding DSBP awards will normally vest in full as soon as practicable after the date of the event.

For outstanding LTIP awards, generally the performance period and holding period applicable to them will end on the date of the event. The Committee will determine the level of vesting of unvested awards taking into account the extent to which performance conditions have been achieved at this point. Unless the Committee determines otherwise, unvested awards will generally vest on a time pro-rata basis taking into account the period of time between grant and the relevant event as a proportion of the vesting period.

Alternatively, the Committee may permit a participant to exchange his awards for equivalent awards which relate to shares in a different company. If the change of control is an internal re-organisation of the Group, or if the Committee so decides, participants will be required to exchange their awards (rather than awards vesting).

If other corporate events occur, such as a winding-up of the Company, demerger, delisting, special dividend or other event which, in the opinion of the Committee, may affect the current or future value of the Company's shares, the Committee may determine that awards will vest on the same basis as set out above for a takeover.

### Differences in the Policy for Executive Directors compared to other employees

The Committee has regard to pay structures across the wider Group when setting the Policy for Executive Directors. The Committee considers the general basic salary increase for the broader workforce when determining the annual salary review for the Executive Directors.

Overall, the Policy for the Executive Directors is more heavily weighted towards performance-related pay than for other employees. The time horizons of awards for Executive Directors are also longer with the annual bonus deferral and LTIP holding period.

The level of performance-related pay varies within the Group by grade of employee and is calculated by reference to the specific responsibilities of each role as appropriate.

All employees are able to participate in all-employee share plans on the same basis as the Executive Directors.

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

Although pay and employment conditions elsewhere in the Group are taken into account to ensure the relationship between the pay of Executive Directors and employees remains appropriate, the Committee does not consult with employees directly when formulating the Policy. However, the chair of the Remuneration Committee attends the Volusion Employee Forum where employee representatives present views from the employees they are representing and there is the opportunity for interaction. At one of these sessions Claire Tiney provided an update on approach to executive pay and the work of the Remuneration Committee.

### Consideration of shareholder views

We take an active interest in shareholder views on our Executive Remuneration Policy. The Committee is also committed to maintaining an ongoing dialogue with major shareholders and shareholder representative bodies whenever material changes are under consideration. In total the Committee Chair met with shareholders representing over 75% of the shareholder register and the proxy voting agencies when formulating this Policy. In direct response to the feedback received consideration will be given to incorporating a return-based measure (e.g. ROIC) into incentives in a future year, and the comparator group used for TSR purposes has been amended.

# Directors' Remuneration Report continued

## Annual Report on Remuneration

This section provides details of how the Remuneration Policy (the Policy) was implemented during the year and how the Remuneration Committee (the Committee) intends to apply the Policy during the financial year ending 31 July 2024. Certain sections of this report are audited and indicated as such where applicable. The Annual Report on Remuneration will be subject to an advisory shareholder vote at the 2023 AGM.

### Role of the Committee

The role of the Committee is to recommend to the Board a strategy and framework for remuneration for Executive Directors and the Senior Management Team in order to attract and retain leaders who are focused and incentivised to deliver the Company's strategic business priorities, within a remuneration framework which is aligned with the interests of our shareholders and thus designed to promote the long-term success of the Company.

The Committee has clearly defined terms of reference which are available on the Company's website, [www.volutiongroupplc.com](http://www.volutiongroupplc.com). The Committee's main responsibilities are to:

- establish and maintain formal and transparent procedures for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors, and to monitor and report on them;
- determine the remuneration, including pension arrangements, of the Executive Directors, taking into account pay and policies across the wider workforce;
- monitor and make recommendations in respect of remuneration for the tier of senior management one level below that of the Board;
- approve annual and long-term incentive arrangements together with their targets and levels of awards;
- determine the level of fees for the Chair of the Board; and
- select and appoint the external advisers to the Committee.

### Membership

The Committee currently comprises four independent Non-Executive Directors, Claire Tiney (Chair), Margaret Amos, Jonathan Davis, and Amanda Mellor, and the Non-Executive Chair, Nigel Lingwood.

The Chair of the Board is also a member of the Committee because the Board considers it essential that the Chair is involved in setting Remuneration Policy (although he is not party to any discussion directly relating to his own remuneration).

Claire Tiney is the chair of the Committee and has chaired the Committee since 30 April 2020. Claire has been a member of the Committee since 1 August 2016 and has extensive experience of chairing listed company remuneration committees.

Paul Hollingworth stepped down from the Committee on 23 June 2023 when he retired from the Board. Jonathan Davis joined the Committee on 23 June 2023.

During the year the Committee also consulted with the Chief Executive Officer, the Chief Financial Officer and the Company Secretary, but not on matters relating to their own remuneration.

### Attendance

The Committee met four times during the year and has had two meetings to date in 2023/24. Committee member attendance can be found in the table on page 140.

### Committee activity and key decisions during the year ended 31 July 2023

Matters considered and decisions reached by the Committee during the year included:

- implemented the Policy approved by shareholder at the 2020 AGM;
- reviewed the Directors' Remuneration Policy and consulted with shareholders on the proposals;
- fully considered feedback received from shareholders in refining and finalising the proposals, and approved the 2023 Directors' Remuneration Policy to be put forward to shareholders at the 2023 AGM;
- reviewed approach to wider workforce remuneration in the context of continuing cost-of-living crisis;
- considered and approved the Directors' Remuneration Report 2021/22;

- reviewed outcomes for Executive Director and Senior Management Team bonuses for 2021/22;
- reviewed performance measurement outcomes and vesting of LTIP awards granted in October 2019;
- reviewed and approved the parameters of the ABP, including performance measures and targets for 2022/23 for the Executive Directors and Senior Management Team;
- considered and approved the LTIP awards to the Executive Directors and Senior Management Team for 2022/23;
- reviewed market trends and developments in executive remuneration in advance of considering Executive Director and Senior Management Team remuneration proposals for 2023/24;
- reviewed and approved the Executive Director and Senior Management Team salaries for 2023/24; and
- evaluated the performance of the Committee in conjunction with an external facilitator.

## Committee performance evaluation

During the year, the Board conducted an internally facilitated evaluation of the performance of the Board, its Committees, the Directors and the Chair. Further details can be found in the Governance Report on pages 118 and 119. I am pleased to confirm that this process concluded that the Committee had fulfilled its role effectively and did not identify any significant development points requiring action.

## Advice to the Committee

The Committee keeps itself fully informed on developments and best practice in the field of remuneration and it seeks advice from external advisers when appropriate.

The Committee appoints its own independent remuneration advisers and at the time of listing appointed Deloitte LLP to that role. Deloitte LLP has served as adviser to the Committee since listing and throughout the year. Total fees for advice provided to the Committee during the year by Deloitte LLP were £46,300 and were charged based on the time spent and seniority of the staff involved in providing the advice. During the year Deloitte LLP also provided the Company with other reward and share plan related advice.

Deloitte LLP is a member of the Remuneration Consultants Group and as such voluntarily operates under the code of conduct in relation to executive remuneration consulting in the United Kingdom. The Committee requests Deloitte LLP to attend meetings periodically during the year. The Committee was satisfied that the advice received from Deloitte during the year was objective and independent.

## Single total figure of remuneration (audited)

The audited table below sets out the total remuneration for the Directors in the years ended 31 July 2023 and 31 July 2022.

	Salary and fees		Benefits <sup>1</sup>		Pension <sup>2</sup>		Annual bonus <sup>3</sup>		Long-term incentives <sup>4</sup>		Total		Total fixed remuneration		Total variable remuneration	
	2023 £000	2022 £000	2023 £000	2022 £000	2023 £000	2022 £000	2023 £000	2022 £000	2023 £000	2022 £000	2023 £000	2022 £000	2023 £000	2022 £000	2023 £000	2022 £000
<b>Chair</b>																
Nigel Lingwood <sup>5</sup>	73	60	—	—	—	—	—	—	—	—	73	60	73	60	—	—
Paul Hollingworth <sup>6</sup>	141	150	—	—	—	—	—	—	—	—	141	150	141	150	—	—
<b>Executive Directors</b>																
Ronnie George	474	440	34	24	48	55	416	363	1,374	1,345	2,346	2,227	556	519	1,790	1,708
Andy O'Brien	331	308	27	17	11	17	291	254	801	784	1,461	1,380	369	342	1,092	1,038
<b>Non-Executive Directors</b>																
Margaret Amos	53	20	—	—	—	—	—	—	—	—	53	20	53	20	—	—
Jonathan Davis <sup>7</sup>	7	—	—	—	—	—	—	—	—	—	7	—	7	—	—	—
Amanda Mellor	63	55	—	—	—	—	—	—	—	—	63	55	63	55	—	—
Claire Tiney	63	60	—	—	—	—	—	—	—	—	63	60	63	60	—	—

### Notes

- Benefits: this includes an annual car allowance, life assurance equivalent to four times annual salary and private medical insurance.
- Pension: a cash payment in lieu of employer's pension contribution, equivalent to 8.5% of base salary, was paid to Ronnie George and 5.5% was paid to Andy O'Brien.
- Annual bonus: detail on the 2023 bonus performance targets and actual performance is provided on page 154.
- Long-term incentives: this column relates to the value of long-term awards whose performance period ends in the year under review. The awards granted on 14 October 2020 had a performance period that ended on 31 July 2023, and this has been included in the table above. This award will vest on 14 October 2023 and, therefore, the value included in the table above represents an estimated value using the average share price of £4.03 over the three months to 31 July 2023. The value of the award attributable to share price growth is £2.12 per share. Details of the performance measures and achievement against the targets set can be found on page 154. In line with the remuneration reporting requirements, the awards which vested on 15 October 2022 have been restated to reflect the actual share price (£3.15) on the date of vesting.
- Nigel Lingwood stepped into the role of the Chair of the Board on 23 June 2023.
- Paul Hollingworth retired from the Board on 23 June 2023.
- Jonathan Davis was appointed as a Non-Executive Director on 23 June 2023.



# Directors' Remuneration Report continued

## Annual Report on Remuneration continued

### Annual Bonus Plan (ABP) (audited)

The operation of the ABP during the year ended 31 July 2023 was consistent with the framework set out in the 2020 Policy. The maximum annual bonus potential for the Executive Directors during the year was 125% of base salary, and bonus for on-target performance was 50% of the maximum opportunity. In line with last year's report, we have provided full retrospective disclosure of the targets and performance against those targets which are set out in the table below. The performance measures and weightings for the year ended 31 July 2023 were the same as for the year ended 31 July 2022. The targets were set taking into account the business plan, market conditions and analysts' forecasts at the time. As set out in the Policy, one-third of the annual bonus payment earned by the Executive Directors will be deferred into awards over the Company's shares for three years.

As set out in the Committee Chair's letter, the Committee considered a number of different matters when determining the outcome including wider Company performance, employee experience, shareholder experience and wider stakeholder experience and determined that the remuneration outcomes were appropriate and as such no discretion would be applied.

Measure	Strategic objective	Weighting	Threshold	Target	Maximum	Actual performance	% of measure achieved	Payment (% of base salary)
Adjusted operating profit <sup>1</sup>	To increase profit	36%	£65.0m	£68.1m	£72.4m	£69.9m	70%	31%
Adjusted EPS <sup>1</sup>	Creation of shareholder value	52%	24.0p	25.2p	26.8p	25.8p	69%	45%
Working capital management <sup>2</sup>	Delivering efficiency of working capital and cash generation	12%	18.9%	18.4%	17.9%	18.2%	78%	12%
<b>Total</b>								<b>88%</b>
<b>Total as a % of maximum</b>								<b>70%</b>

- Notes**
- Adjusted operating profit up to target level is purely organic. Between target and maximum, unbudgeted acquisitions will be taken into account. Adjusted EPS includes unbudgeted acquisitions.
  - Working capital targets for the average of the five quarters, quarters ending 31 July 2022, 31 October 2022, 31 January 2023, 30 April 2023 and 31 July 2023. Working capital management (inventories, right of return assets, trade and other receivables, trade and other payables, refund liabilities and provisions) as a percentage of revenue.

### Long Term Incentive Plan vesting – October 2020 awards

The LTIP values included in the single total figure of remuneration table for 2023 relate to the LTIP award granted on 14 October 2020. Awards with a face value of 150% of salary were granted to Ronnie George and 125% to Andy O'Brien, and, following a three-year performance period ending on 31 July 2023, are due to vest on 14 October 2023. As set out at the time of the award, the Committee approved retaining the percentage growth targets as per prior years, but committed to reviewing the vesting level in the context of wider performance. As set out earlier in this report, given the TSR performance over the performance period of c.140% is top of the peer group and the strong EPS performance over the period, as well as the wider shareholder and stakeholder experience, the Committee is comfortable with 100% vesting. In accordance with the Policy, this LTIP award is subject to an additional two-year holding period following vesting. Therefore, this award will not be available to exercise until 14 October 2025. Performance against the performance targets is set out below:

	Weighting (% of total award)	Below threshold (0% vesting)	Threshold (25% vesting) <sup>1</sup>	Maximum (100% vesting) <sup>1</sup>	Actual performance outcome	Vesting (% of maximum)
EPS growth	75%	Below 6% p.a. (equivalent to 2021/22 EPS of less than 14.4 pence)	6% p.a. (equivalent to 2021/22 EPS of 14.4 pence)	12% p.a. (equivalent to 2021/22 EPS of 17.0 pence)	28.7% p.a. (actual 2022/23 EPS of 25.8 pence)	75%
TSR vs Direct Peer Group Index <sup>2</sup>	25%	Below median	Median	Upper quartile	Upper quartile (1st)	25%
<b>Total vesting (% of maximum)</b>						<b>100%</b>

- Notes**
- Awards vest on a straight line basis between these points.
  - Direct Peer Group Index is comprised of 16 companies: Breedon Group, Epwin Group, Eurocell, Forterra, Headlam Group, Ibstock, Luceco, Marshalls, Michelmersh Brick, Norcros, Polypipe (now Genuit Group), Safestyle, SIG, Topps Tiles, Tyman and Watkin Jones.

## Share awards granted during the year (audited)

### Long Term Incentive Plan (LTIP)

#### 2022/23 awards

On 12 October 2022 the Committee made awards under the LTIP in accordance with the Policy. The LTIP awards were made in the form of nil-cost options which will vest following the Committee's determination of the extent to which performance conditions, measured over three financial years to 31 July 2024, have been met. Awards to the Executive Directors are subject to a two-year holding period. Further context as well as the targets below were disclosed in the Directors' Remuneration Report last year.

Performance measure	Weighting (% of total award)	Below threshold (0% vesting)	Threshold (25% vesting) <sup>1</sup>	Maximum (100% vesting) <sup>1</sup>
EPS growth	60%	Below 6% p.a.	6% p.a.	12% p.a.
TSR vs Direct Peer Group Index <sup>2</sup>	20%	Below median	Median	Upper quartile
ESG (Low-carbon sales as a % of total revenue)	10%	Below 67.8%	67.8%	70.0%
ESG (% of recycled plastics that are used in our manufactured products)	10%	Below 83.4%	83.4%	90.0%

#### Notes

- Awards will vest on a straight line basis between these points.
- Direct Peer Group Index is comprised of 16 companies: Breedon Group, Epwin Group, Eurocell, Forterra, Genuit Group, Headlam Group, Ibstock, Luceco, Marshalls, Michelmersh Brick, Norcross, Safestyle, SIG, Topps Tiles, Tyman and Watkin Jones.

In addition to the performance conditions set out above, for awards to vest, the Committee must be satisfied with the overall financial performance of the Company over the performance period.

The LTIP awards made on 12 October 2022 were as follows:

Executive Director	Number of shares	Base price	Face value <sup>1</sup>	Face value % of base salary	Release date <sup>2</sup>	Expiry date
Ronnie George	229,582	£3.0878	£708,903	150%	12 October 2027	13 October 2032
Andy O'Brien	133,881	£3.0878	£413,398	125%	12 October 2027	13 October 2032

#### Notes

- The price used to calculate the number of LTIP awards was the average of the mid-market closing price of a Volution Group plc share on the three consecutive business days immediately preceding the date of grant.
- The LTIP awards were granted with a three-year performance period and an additional two-year holding period.

### Deferred Share Bonus Plan (DSBP)

#### 2022/23 awards

As set out in the Policy, under which the 2022/23 annual bonus was awarded, one-third of any bonus payment earned by the Executive Directors will be deferred into awards over the Company's shares.

On 12 October 2022, Ronnie George and Andy O'Brien received an award of shares under the Deferred Share Bonus Plan relating to the 2021/22 annual bonus, as follows:

Executive Director	Number of shares	Base price	Face value <sup>1</sup>	Release date
Ronnie George	39,168	£3.0878	£120,943	12 October 2025
Andy O'Brien	27,409	£3.0878	£84,634	12 October 2025

#### Note

- The price used to calculate the number of DSBP awards was the average of the mid-market closing price of a Volution Group plc share on the three consecutive business days immediately preceding the date of grant.

# Directors' Remuneration Report continued

## Annual Report on Remuneration continued

### Equity incentives (audited)

Details of the awards granted, outstanding and vested during the year to the Executive Directors under the LTIP and DSBP are as follows:

Name/plan	Date of award	Number of share awards at 1 August 2021	Shares awarded during the year	Shares lapsed during the year	Shares vested during the year	Number of share awards at 31 July 2022	Face value at date of grant £ <sup>1</sup>	Vesting date <sup>2</sup>	Expiry date
<b>Ronnie George</b>									
LTIP 2019/20	15/10/2019	356,846	—	—	368,532	—	—	15/10/2022	16/10/2029
LTIP 2020/21	14/10/2020	327,672	—	—	—	<b>327,672</b>	628,050	14/10/2023	15/10/2030
LTIP 2021/22	13/10/2021	141,310	—	—	—	<b>141,310</b>	659,453	13/10/2024	14/10/2031
LTIP 2022/23	12/10/2022	—	229,582	—	—	<b>229,582</b>	708,903	12/10/2025	13/10/2032
DSBP 2019/20	15/10/2019	43,271	—	—	44,518	—	—	15/10/2022	N/A
DSBP 2020/21	—	—	—	—	—	—	—	—	—
DSBP 2021/22	13/10/2021	37,383	—	—	—	<b>37,383</b>	174,458	13/10/2024	N/A
DSBP 2022/23	12/10/2022	—	39,168	—	—	<b>39,168</b>	120,943	12/10/2025	N/A
<b>Andy O'Brien</b>									
LTIP 2019/20	15/10/2019	208,096	—	—	214,910	—	—	15/10/2022	16/10/2029
LTIP 2020/21	14/10/2020	191,083	—	—	—	<b>191,083</b>	366,250	14/10/2023	15/10/2030
LTIP 2021/22	13/10/2021	82,405	—	—	—	<b>82,405</b>	384,563	13/10/2024	14/10/2031
LTIP 2022/23	12/10/2022	—	133,881	—	—	<b>133,881</b>	413,398	12/10/2025	13/10/2032
DSBP 2020/21	—	—	—	—	—	—	—	—	—
DSBP 2021/22	13/10/2021	26,160	—	—	—	<b>26,160</b>	122,083	13/10/2024	N/A
DSBP 2022/23	12/10/2022	—	27,409	—	—	<b>27,409</b>	84,634	12/10/2025	N/A

#### Notes

- The price used to calculate the number of LTIP and DSBP awards was the average of the mid-market closing price of a Volution Group plc share on the three consecutive business days immediately preceding the date of grant, being £1.76 for the LTIP 2019/20 and DSBP 2019/20, £1.9167 for the LTIP 2020/21, £4.67 for the LTIP 2021/22 and DSBP 2021/22, and £3.0878 for the LTIP 2022/23 and DSBP 2022/23.
- LTIP awards granted from 2016/17 were granted with a three-year performance period and an additional two-year holding period

### Employee Benefit Trust

The Volution Employee Benefit Trust (EBT) currently holds 2,471,100 shares in the Company. It is the Company's intention to use shares currently held in the EBT to satisfy all awards made so far under the Long Term Incentive Plan, Deferred Share Bonus Plan and Sharesave Plan. Dividends arising on the shares held in the EBT are waived on the recommendation of the Company.

### Funding of future awards under the share incentive plans

It is the Company's current intention to satisfy any future requirements of its share incentive plans in a method best suited to the interests of the Company, either by acquiring shares in the market, utilising shares held as treasury shares or issuing new shares. Where the awards are satisfied by newly issued shares or treasury shares, the Company will comply with the dilution limits as set out in the relevant plan rules.

## Statement of Directors' shareholdings and share interests (audited)

We believe that Executive Directors should have shareholdings in the Company to ensure that they are as closely aligned as possible with shareholder interests. As such, during the year the Company had share ownership guidelines in place which stated that Executive Directors were expected to achieve and retain a holding of the Company's shares equal to 200% of their base salary.

It should be noted, as shown below, that Ronnie George has a shareholding well in excess of 200% of base salary. Andy O'Brien will build up his shareholding over time to reach the required 200% of base salary. Andy O'Brien's current shareholding is significantly higher than 46% of salary when LTIP awards not subject to further performance conditions and DSBP shares are included (on a net of tax basis).

A formal post-employment shareholding guideline is also in place requiring Executive Directors to hold a shareholding equal to their in-employment shareholding, or their actual shareholding on leaving if lower, for two years after departure. This post-employment shareholding requirement applies to shares acquired from incentive plans from DSBP and LTIP awards granted after 1 August 2020.

The Chair and the Non-Executive Directors are also encouraged to hold shares in the Company in order to align their interests with those of shareholders. Directors' interests in ordinary shares held as at 31 July 2023 (together with the interests held by Persons Closely Associated with them) are set out below.

There were no changes in the Directors' shareholdings between 31 July 2023 and the date of this report.

	Shares held beneficially at 1 August 2022 <sup>1</sup>	Shares held beneficially at 31 July 2023 <sup>1</sup>	Beneficial shareholding at 31 July 2023 (% of salary)	Target shareholding achieved <sup>2</sup>	LTIP awards (unvested awards subject to performance) <sup>3</sup>	LTIP awards vested but not exercised	DSBP awards (unvested awards, not subject to performance)
<b>Chair</b>							
Paul Hollingworth <sup>4</sup>	52,471	<b>52,471</b>	<b>N/A</b>	N/A	—	—	—
Nigel Lingwood <sup>5</sup>	5,000	<b>5,000</b>	<b>N/A</b>	N/A	—	—	—
<b>Executive Directors</b>							
Ronnie George	2,647,133	<b>2,670,116</b>	<b>2,263%</b>	Yes	698,564	1,160,849	76,551
Andy O'Brien	37,886	<b>37,886</b>	<b>46%</b>	No	407,369	214,910	53,569
<b>Non-Executive Directors</b>							
Margaret Amos	—	—	<b>N/A</b>	N/A	—	—	—
Jonathan Davis <sup>6</sup>	—	—	<b>N/A</b>	N/A	—	—	—
Amanda Mellor	—	—	<b>N/A</b>	N/A	—	—	—
Claire Tiney	2,869	<b>2,869</b>	<b>N/A</b>	N/A	—	—	—

### Notes

- Includes any shares held by Persons Closely Associated.
- The target shareholding achieved has been calculated based on shares held beneficially as at 31 July 2023 using the share price on that date of £4.016 per share.
- LTIP awards in this column consist of all awards granted as at the date of this report which are structured as nil-cost options. All awards are subject to performance conditions, with performance measured over three financial years.
- Paul Hollingworth retired from the Board on 23 June 2023 and information is accurate as at that date.
- Nigel Lingwood was appointed Chair of the Board on 23 June 2023.
- Jonathan Davis was appointed a Non-Executive Director with effect from 23 June 2023.

## Payments to past Directors and payments for loss of office

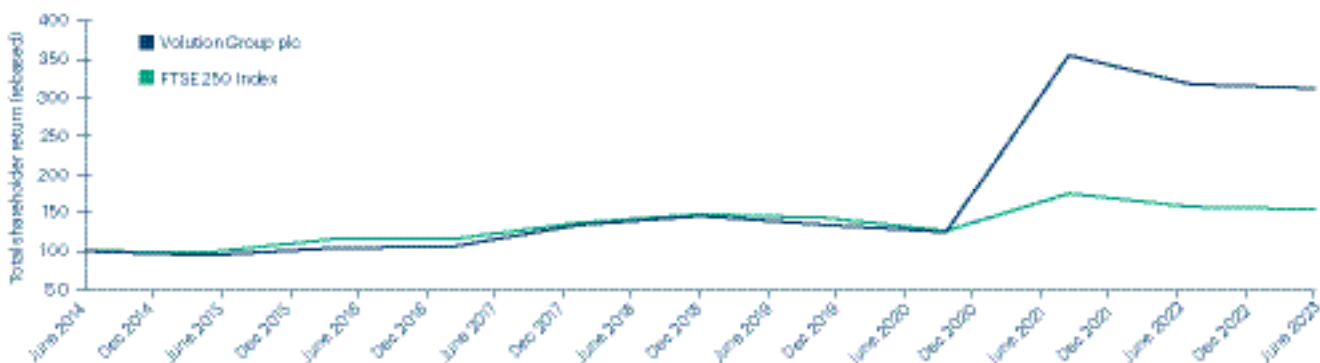
There were no payments to past Directors or payments for loss of office in the year.

# Directors' Remuneration Report continued

## Annual Report on Remuneration continued

### Performance graph and Chief Executive Officer remuneration table (audited)

The chart below compares the total shareholder return performance of the Company against the performance of the FTSE 250, of which Volusion has been a constituent since May 2021. The base point in the chart for the Company equates to the listing offer price of 150 pence per share.



The table below summarises the Chief Executive Officer's single figure for total remuneration, annual bonus payments and LTIP vesting levels as a percentage of maximum opportunity.

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Chief Executive Officer's single total figure of remuneration (£000)	<b>2,346</b>	2,227	2,535	757	910	909	1,191	638	643	1,061
Annual bonus payout (as a % of maximum opportunity)	<b>70%</b>	66%	100%	0% <sup>1</sup>	44.7%	44.3%	87.8%	64%	65%	100%
LTIP vesting (as a % of maximum opportunity)	<b>100%</b>	100%	89%	25%	40.5%	61.7%	72.1%	N/A	N/A	N/A

#### Note

1. As noted in the Directors' Remuneration Report 2020, the working capital management target was largely met and resulted in 11% being eligible for payment to each Executive Director. However, given the adverse impact on the business, shareholders and employees from the Covid-19 pandemic during the financial year ended 31 July 2020, the Executive Directors waived the right to receive the 11% bonus entitlement under the ABP.

### Percentage change in remuneration of the Board Directors compared to employees (audited)

The table below sets out the percentage change in salary, taxable benefits and annual bonus set out in the single figure of remuneration tables (on page 153) paid to each Director in respect of the year ended 31 July 2022 and the year ended 31 July 2023, compared to that of the average change for employees.

Element of pay	Average % change 2022 to 2023			Average % change 2021 to 2022			Average % change 2020 to 2021			Average % change 2019 to 2020		
	Salary/ fees <sup>2</sup>	Taxable benefits <sup>3</sup>	Annual bonus	Salary/ fees <sup>2</sup>	Taxable benefits <sup>3</sup>	Annual bonus	Salary/ fees <sup>2</sup>	Taxable benefits <sup>3</sup>	Annual bonus	Salary/ fees <sup>2</sup>	Taxable benefits <sup>3</sup>	Annual bonus
<b>Executive Directors</b>												
Ronnie George	<b>7.5%</b>	<b>41.7%</b>	<b>14.6%</b>	5.0%	9.1%	(30.6)%	6.0%	0%	100%	(4.4)%	0%	(100)%
Andy O'Brien	<b>7.5%</b>	<b>58.8%</b>	<b>14.6%</b>	5.0%	13.3%	(30.6)%	3.8%	0%	100%	100%	100%	(100)%
<b>Non-Executive Directors</b>												
Paul Hollingworth	<b>(6.0)%</b>	<b>N/A</b>	<b>N/A</b>	5.0%	N/A	N/A	57.1%	N/A	N/A	56.9%	N/A	N/A
Margaret Amos	<b>165%</b>	<b>N/A</b>	<b>N/A</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Nigel Lingwood	<b>21.7%</b>	<b>N/A</b>	<b>N/A</b>	3.4%	N/A	N/A	383.3%	N/A	N/A	100%	N/A	N/A
Amanda Mellor	<b>14.5%</b>	<b>N/A</b>	<b>N/A</b>	14.6%	N/A	N/A	9.1%	N/A	N/A	(8.3)%	N/A	N/A
Jonathan Davis	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Claire Tiney	<b>5.0%</b>	<b>N/A</b>	<b>N/A</b>	3.4%	N/A	N/A	26.1%	N/A	N/A	(4.2)%	N/A	N/A
<b>Employee average<sup>1</sup></b>	<b>6.4%</b>	<b>19.9%</b>	<b>8.1%</b>	8.1%	15.0%	(12.0)%	5.4%	379.7%	100%	2.8%	0.0%	(100)%

#### Notes

- Average employee pay includes full and part-time employee data. This figure is calculated in line with the statutory requirements and based on employees of the parent company and excludes the Executive and Non-Executive Directors. Prior year figures have also been updated to be in line with the statutory requirements.
- During the financial year ended 31 July 2023:
  - Paul Hollingworth retired from the board on 23 June 2023
  - Nigel Lingwood succeeded Paul Hollingworth as Chair with effect from 23 June 2023
  - Amanda Mellor's fee for the role of Senior Independent Directors increased with effect from 1 August 2022
  - Margaret Amos was appointed a Non-Executive Director with effect from 10 March 2022
  - Jonathan Davis was appointed a Non-Executive Director with effect from 23 June 2023
- Benefits include car allowance, health cover and life assurance but exclude employer pension contributions.

### Chief Executive Officer pay ratio (audited)

The table below sets out the ratio at the 25th, median and 75th percentile of the total remuneration received by the Chief Executive Officer (using the amount set out in the single total figure table shown in this report on page 153), compared to the total remuneration received by our UK employees for whom total remuneration has been calculated on the same basis.

For the financial year ended 31 July 2023, Volution delivered very strong revenue and profit growth and the CEO's single figure total is heavily influenced by incentive outturns and share price appreciation over the three-year performance period. These factors all contributed to the CEO pay ratio shown below.

CEO pay ratio	31 July 2023	31 July 2022	31 July 2021	31 July 2020
Method	<b>Option A</b>	Option A	Option A	Option A
75th percentile pay ratio	<b>46:1</b>	70:1	75:1	18:1
Median pay ratio	<b>86:1</b>	99:1	104:1	27:1
25th percentile pay ratio	<b>98:1</b>	109:1	123:1	34:1

The salary and total pay for the individuals identified at the 25th percentile, median and 75th percentile as at 31 July 2023 are set out below:

Employees	25th percentile	Median	75th percentile
Salary	<b>22,311</b>	<b>25,408</b>	<b>32,000</b>
Total pay and benefits	<b>23,870</b>	<b>27,185</b>	<b>50,552</b>

The employees used for the purposes of the table above were identified as based in the UK as at 31 July 2023. Option A was chosen as it is considered to be the most accurate way of identifying the relevant employees required by The Companies (Miscellaneous Reporting) Regulations 2018. Employees have been included on a FTE basis where appropriate. No other adjustments were necessary and no elements of employee remuneration have been excluded from the pay ratio calculation.

The Board has confirmed that the ratio is consistent with the Company's wider policies on employee pay, reward and progression.

### Relative importance of the spend on pay (audited)

The following table shows the total expenditure on pay for all of the Company's employees compared to distributions to shareholders by way of dividend and share buyback. In order to provide context for these figures, adjusted operating profit is also shown.

	2023 £m	2022 £m	% change
Employee remuneration costs	<b>76.1</b>	70.8	7.4%
Distributions to shareholders	<b>14.8</b>	13.3	11.7%
Adjusted operating profit	<b>69.9</b>	64.9	7.6%



# Directors' Remuneration Report continued

## Statement of implementation of Remuneration Policy for the financial year ending 31 July 2024

### Executive Director base salaries

As set out in the Committee Chair's letter, taking into account the increased size and complexity of the Group, the performance of the Group, and the performance of the Executive Directors, the Committee determined that an increase in base salary of 17.3% and 15% would be awarded to the Chief Executive Officer and the Chief Financial Officer respectively. The increase took effect from 1 August 2023, increasing the base salary of the Chief Executive Officer to £555,000 per annum and the Chief Financial Officer to £380,000 per annum. Further details regarding the Committee discussions may be found in the Committee Chair's letter on pages 140 to 142.

### Pension and other benefits

Following the Policy review and further discussions, the Committee determined that it is appropriate to reduce the CEO pension to 5.5% of salary (from 8.5% of salary) as being more reflective of the pension rates available to the wider UK workforce. This has reduced to 5.5% of salary from an initial starting point of 15% of salary. The CFO will remain on a pension equivalent to 5.5% of salary.

Other benefits received comprise an annual car allowance paid in cash, life assurance equivalent to four times annual salary and private medical insurance.

### Annual Bonus Plan (ABP)

The maximum annual bonus opportunity for both the Chief Executive Officer and Chief Financial Officer will be 125% of salary, unchanged from the level set in 2022/23. One-third of the total bonus payable will be deferred into shares for three years.

The performance measures applicable to the ABP will remain unchanged and the Committee continues its policy of setting stretching annual bonus targets which take into account a number of internal and external factors. The target weightings will be: adjusted EPS (50%); adjusted operating profit (35%); and working capital management (15%).

The targets set for the year ending 31 July 2024 will be disclosed in the next Annual Report on Remuneration, unless they remain commercially sensitive.

### Long Term Incentive Plan (LTIP)

During 2023/24, the Committee intends to grant LTIP awards with a maximum opportunity of 150% of salary and 125% of salary for the Chief Executive Officer and Chief Financial Officer, respectively. These levels are unchanged from 2022/23.

The Committee will continue its policy of setting stretching LTIP targets which take into account a number of internal and external factors. Volition is committed to its purpose of providing "healthy air, sustainably" and to the importance of environmental, social and governance (ESG) measures in meeting its purpose and ESG measures are once again included. The measures will be: earnings per share (60%); total shareholder return (20%); and ESG targets (20%).

EPS growth per annum of 6% (threshold) will result in 25% vesting and 12% (maximum) will result in 100% vesting. TSR measurement against the Direct Peer Group Index at median (threshold) will result in 25% vesting and at upper quartile will result in 100% vesting. As discussed in the Committee Chair's letter, a review of the comparator group was carried out during the financial year and a refreshed group in recognition of the company's growth in the last few years will be used for the October 2023 LTIP grant, as listed below:

<b>Ariston</b>	<b>Eurocell</b>	<b>Lindab</b>	<b>SIG</b>
<b>Belimo</b>	<b>Forterra</b>	<b>Luceco</b>	<b>SystemAir</b>
<b>Breedon Group</b>	<b>Genuit Group</b>	<b>Marshalls</b>	<b>Tyman</b>
<b>Epwin Group</b>	<b>Ibstock</b>	<b>Norcros</b>	<b>Zehnder</b>

For the ESG measures, low-carbon sales as a % of total revenue will continue to be measured with targets set at stretching levels taking into account of where we are today and our externally communicated ambitions. The Committee has introduced a new measure based on Carbon Intensity to replace % of recycled plastics that are used in our manufactured products. Carbon Intensity is a measure the Board wants management to focus on over the next three-year LTIP cycle and it would have been difficult to continue to set stretching targets under the previous measure due to the progress we have already made to date. These ESG measures will ensure management is incentivised to attain the sustainability targets set out on page 161.

A two-year holding period will apply to the Executive Directors following the end of the three-year vesting period.

Measure	Threshold (25% vesting)	Maximum (100% vesting)
EPS growth (60% weighting)	6% p.a.	12% p.a.
Relative TSR (20% weighting)	Median	Upper quartile
ESG (20% weighting)		
Low-carbon sales as a % of total revenue (10%)	70%	75%
Carbon intensity (10%)	8.9m tonnes of CO2 for every £1m of revenue	8.1m tonnes of CO2 for every £1m of revenue

### Non-Executive Director fees

Fees of Non-Executive Directors are determined by the Board in their absence. The fees of the Chair (whose fees are determined by the Committee in his absence) and the Non-Executive Directors' fees were reviewed during the year and will be increased for the year ending 31 July 2024 in line with the wider workforce in the UK. The Chair's fee remains below the FTSE 250 lower quartile.

The fees with effect from 1 August 2023 are summarised in the table below:

	From 1 August 2023	From 1 August 2022	% change
Chair fee covering all Board duties	£164,216	£157,900	4%
Non-Executive Director basic fee	£54,860	£52,750	4%
Supplementary fees to Non-Executive Directors covering additional Board duties:			0%
– Senior Independent Director	£10,000	£10,000	0%
– Audit Committee chair	£10,000	£10,000	0%
– Remuneration Committee chair	£10,000	£10,000	0%

### Statement on shareholder voting

The Company is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes in respect of the approval of the Directors' Remuneration Report and the Remuneration Policy. In the event of a substantial vote against a resolution in relation to Directors' remuneration, the Company would seek to understand the reasons for any such vote and would set out in the following Annual Report and Accounts any actions in response to it.

The following table sets out the voting by shareholders at the Annual General Meeting in December 2022 in respect of our Annual Report on Remuneration and the Annual General Meeting in December 2020 in respect of the current Remuneration Policy.

Resolution	Votes cast for	% of votes cast	Votes cast against	% of votes cast	Votes withheld
Remuneration Policy (AGM 2020)	153,487,928	95.68%	6,932,898	4.32%	11,914
Remuneration Report (AGM 2022)	168,128,881	98.27%	2,963,830	1.73%	1,217,679

### Approval

This Directors' Remuneration Report was approved by the Board of Directors on 4 October 2023 and signed on its behalf by the chair of the Remuneration Committee.

**Claire Tiney**  
Chair of the Remuneration Committee  
4 October 2023