A strong leadership team committed to driving our strategy for growth.

David McKeith
Acting Board Chair and Non-executive Director

A N R

Date of appointment

Appointed to the Board in July 2013. From January 2023, he has been Acting Board Chair pending the appointment of a new Chair and will not seek re-election at the 2023 AGM

Length of tenure

Nine years

Skills and experience

David was the senior partner of the Manchester and Liverpool offices of PricewaterhouseCoopers LLP and served on its UK supervisory board. He was a non-executive and audit committee chair of Sportech plc and the chair of the Halle Orchestra, Manchester, and is a trustee of Manchester Collective. David is a Fellow of the Institute of Chartered Accountants in England and Wales. His areas of expertise include accounting, taxation and professional services.

Thomas Willcocks
Chief Executive Officer

Date of appointment

Appointed as Chief Executive Officer from 1 April 2023

Length of tenure

One year

Skills and experience

Previous to this appointment, Thomas has operated as Group Business Director – UK, with operational responsibility for the Group's UK business segment. He joined Norcros South Africa as Tile Africa's Store Development Manager in 2006 and was promoted in 2007 to General Manager of Tile Africa before being appointed as Managing Director of Norcros South Africa in 2009. In this role, he has overseen the sustained and profitable growth of our South African business until taking up the Group role in 2021. Thomas previously worked for the Spar Group in South Africa and the UK. He grew up in Swaziland and was educated in South Africa where he graduated with a Bachelor of Commerce degree from the University of Natal.

James Eyre
Chief Financial Officer

Date of appointment

Appointed Chief Financial Officer in August 2021

Length of tenure

Two years

Skills and experience

James joined Norcros as Director of Corporate Development and Strategy in 2014 before being promoted to Chief Financial Officer in August 2021. He began his career at Arthur Andersen and subsequently has held a number of senior financial positions with Bank of Scotland, Rothschild & Co, Bank of Ireland and, immediately prior to joining Norcros, with AstraZeneca. James became a trustee of the David Lewis Centre in 2012 and stepped down from this role in 2016. He is a member of the Institute of Chartered Accountants in England and Wales. James has extensive experience in international M&A, business development and strategy.

Re-election of all Directors

With the exception of David McKeith, it is proposed that each Director will seek election or re-election at the 2023 AGM. David McKeith will not be seeking re-election at the 2023 AGM. As announced by the Company on 30 May 2023, Steve Good will be appointed a Director on 1 July 2023 and will become Board Chair Designate from that date. Steve Good will therefore be seeking election at the 2023 AGM. The Board is satisfied that the Directors, individually and collectively, have the balance of technical expertise, skills and experience to manage the Company's affairs and to further the Group's strategic objectives. In particular, each Director has experience of growing an international business, organically, as well as by acquisition. A detailed CV for each Director, including their particular areas of experience and expertise, is available on the Company's website, www.norcros.com.

Alison Littley
Non-executive Director

A N R

Date of appointment

Appointed to the Board in May 2019

Length of tenure

Four years

Skills and experience

Alison was appointed a Non-executive Director in May 2019 and appointed Chair of the Remuneration Committee in July 2019. She will assume the Senior Independent Director role in July 2023. Alison has substantial experience in multinational manufacturing and supply chain operations, and a strong international leadership background gained through a variety of senior management positions in Diageo plc and Mars Inc and an agency to HM Treasury where she was chief executive officer. She is currently a non-executive director at Eurocell plc, MusicMagpie plc and Xaar plc. Alison was formerly a non-executive director of James Hardie Industries Plc, Headlam Group plc, Geoffrey Osborne Group and Weightmans LLP.

Stefan Allanson
Non-executive Director

A N R

Date of appointment

Appointed to the Board in January 2023

Length of tenure

One year

Skills and experience

Stefan was appointed a Non-executive Director on 1 January 2023 and is Chair (Designate) of the Audit and Risk Committee. Stefan is chief financial officer of MJ Gleeson plc, the Main Market listed low cost housebuilder and land promoter, where he has held the role since 2015. Prior to Gleeson, Stefan held senior finance roles at Keepmoat Ltd, Tianhe Chemicals Ltd, The Vita Group Limited, The SkillsMarket Ltd and Honda Motor Company.

Richard Collins
Company Secretary

Date of appointment

Joined the Company in June 2013 as Company Secretary and Group Counsel

Length of tenure

Ten years

Skills and experience

Richard is a highly experienced lawyer and company secretary, and is a member of the Group's Senior Executive Committee. He qualified as a solicitor in 1988 and was previously company secretary and director of risk and compliance at Vertex Financial Services. Prior to that, Richard was company secretary and head of legal with Tribal Group plc, Blick plc and Aggregate Industries plc.

A Audit and Risk Committee N Nomination Committee R Remuneration Committee Chair of Committee

CORPORATE GOVERNANCE

Committed to ensuring high standards of corporate governance.

David McKeith
Acting Board Chair

Chair's introduction to governance

For the year under review the Company has complied with the 2018 UK Corporate Governance Code save for the matters referred to in this report. We have carried out a thorough evaluation of Board performance, which remains satisfactory. As is set out in the Board Chair's Statement on page 12, there were changes to the Board during the year; for the year under review its composition was as follows:

Breakdown of Executive and Non-executive Directors

Non-executive Chair	1
Non-executive Directors	2
Executive Directors	2

Note: Gary Kennedy was incapacitated due to ill health from 23 January 2023 and passed away on 13 February 2023. From 24 January 2023, David McKeith (a Non-executive Director) was Acting Board Chair.

Board of Directors

The Board is committed to ensuring that high standards of corporate governance are maintained by Norcros plc and is accountable to the Company's shareholders for good corporate governance. Its policy is to manage the affairs of the Company in accordance with the principles of the UK Corporate Governance Code referred to in the Listing Rules of the UK Listing Authority. For the year under review, the Company has complied with the UK Corporate Governance Code as revised in 2018 (the Code) in all respects save for the following matters concerning David McKeith arising from the illness and tragic death of Gary Kennedy:

- David has been Chair of the Audit and Risk Committee while also acting as Board Chair. He will cease to chair and be a member of the Audit and Risk Committee when Stefan Allanson becomes Chair of that Committee at the conclusion of the 2023 AGM; and
- David was appointed as a Director in July 2013. His directorship therefore exceeds 9 years. It was intended that he would step down from the Board after the 2022 AGM as soon as a new Chair of the Audit and Risk Committee had been appointed, but David stayed on as a Director for the reasons given above. David will not seek re-election at the 2023 AGM.

A copy of the Code is publicly available from www.frc.org.uk. The following sections of this statement describe the Board's approach to corporate governance and how the principles of the Code are applied. These sections refer to the year ended 31 March 2023, unless otherwise stated.

Board balance and independence

The Board normally comprises the Non-executive Chair, two Non-executive Directors and two Executive Directors, and all Directors are equally responsible for the proper stewardship and leadership of the Company. The Directors holding office at the date of this report and their biographical details are given on pages 82 and 83. It should be noted that from 24 January 2023, David McKeith was acting as Board Chair, which was a transitional arrangement whilst a Board Chair was being recruited. Stefan Allanson joined the Board on 1 January 2023 as a Non-executive Director and Chair (Designate) of the Audit and Risk Committee.

Taking into account the provisions of the Code, the Chair and all the Non-executive Directors are considered by the Board to be independent of the Company's Executive Management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement. The terms and conditions of appointment of the Board Chair and the Non-executive Directors are available for inspection at the registered office of the Company. The letters of appointment set out the expected time commitment. Other significant commitments of the Chair and Non-executive Directors are disclosed to the Board on a regular basis throughout the year. The Board was satisfied that the Chair's other significant commitments did not prevent him from devoting sufficient time to the Company throughout the year under review.

Governance structure

The Board
David McKeith (Acting Board Chair from 24 January 2023)
Gary Kennedy (Chair until 23 January 2023, passed away on 13 February 2023)

Audit and Risk Committee	Remuneration Committee	Nomination Committee
David McKeith (C) Stefan Allanson (Committee Chair (Designate) from 1 January 2023) Alison Littley	Alison Littley (C) David McKeith Gary Kennedy (served on Committee until 13 February 2023) Stefan Allanson (from 1 January 2023)	Gary Kennedy (C) (Chair until 23 January 2023, served on Committee until 13 February 2023) David McKeith (Acting Chair from 24 January 2023) Alison Littley Stefan Allanson (from 1 January 2023)

David McKeith is the Senior Independent Non-executive Director. He is available to shareholders if they have any issues or concerns which contact through the normal channels of Board Chair, Group Chief Executive or Chief Financial Officer has failed to address or resolve, or for which such contact is inappropriate. While acting as Board Chair, he has temporarily combined this role with being Senior Independent Non-executive Director. As was announced by the Company on 30 May 2023, in anticipation of David McKeith's retirement from the Board, Alison Littley will from 1 July 2023 assume the role of Senior Independent Non-executive Director.

The Board notes that David McKeith was appointed to the Board in July 2013 and that in accordance with the Code he ceased to be regarded as independent on the ninth anniversary of his appointment. Notwithstanding this, the Board regards Mr McKeith as independent in his approach and in the performance of his responsibilities. As the appointment of a new Board Chair has now been announced, David will not seek re-election at the 2023 AGM. In keeping with the Board's succession plan, Mr McKeith will step down from the Board at the Company's 2023 AGM following the appointment of Stefan Allanson on 1 January 2023 and Steve Good from 1 July 2023.

All Directors are supplied, in a timely manner, with all relevant documentation and financial information to assist them in the discharge of their duties by the making of well-informed decisions that are in the best interests of the Company as a whole. The Board regularly reviews the management and financial performance of the Company, as well as long-term strategic planning and risk assessment. Regular reports are given to the Board on matters such as pensions, health and safety, and litigation.

Any concerns that a Director may have about how the Group is being run or about a course of action being proposed by the Board will, if they cannot be resolved once those concerns have been brought to the attention of the other Directors and the Board Chair, be recorded in the Board minutes. In the event of the resignation of a Non-executive Director, that Director is encouraged to send a written statement setting out the reasons for the resignation to the Chair who will then circulate it to the other members of the Board and the Company Secretary.

Board Chair and Chief Executive Officer

The positions of Chair and Chief Executive Officer are held by separate individuals and the Board has clearly defined their responsibilities. The Chair is primarily responsible for the effective working of the Board, ensuring that each Director, particularly the Non-executive Directors, is able to make an effective contribution. The Chief Executive Officer has responsibility for running the Group's businesses and for the implementation of the Board's strategy, policies and decisions.

Board, Committee and Director evaluation

The performance of the Board is appraised by the Chair. The Executive and Non-executive Directors are evaluated individually by the Chair. The Board, led by the Senior Independent Non-executive Director, appraises the Chair, and the Board evaluates the performance of its three Committees. Evaluation processes are conducted periodically and they are organised to fit in with Board priorities and succession planning activity. A formal evaluation took place in respect of the year under review in accordance with the requirements of the Code. This evaluation was conducted by means of detailed questionnaires, the results of which were then considered as appropriate, combined with meetings and discussions. The Chair is responsible for the review of each Director's development and ongoing training requirements to ensure that the performance of each Director continues to be effective. The overall results of the evaluation process were satisfactory, and the outcomes of it indicated the following areas of focus for the Board and its Committees going forward:

- succession planning;
- continuing development of remuneration policy; and
- promotion of diversity.

Advice for Directors

Procedures have been adopted for the Directors to obtain access through the Company Secretary to independent professional advice at the Company's expense, where that Director judges it necessary in order to discharge their responsibilities as a Director of the Company.

All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board policies and procedures are complied with. Both the appointment and removal of the Company Secretary are matters reserved for decision by the Board.

CORPORATE GOVERNANCE CONTINUED

Board procedures

The Board has a formal schedule of matters specifically reserved to it for decision which it reviews periodically. This ensures the Board makes all major strategy, policy and investment decisions affecting the Company. In addition, it is responsible for business planning and risk management policies and the development of policies for areas such as safety, health and environmental policies, Directors' and senior managers' remuneration and ethical issues. The Board provides direction to the management of the Company, and it is ultimately accountable for the performance of the Group.

The Board operates in such a way as to ensure that all decisions are made by the most appropriate people in a timely manner that will not unnecessarily delay progress. The Board has formally delegated specific responsibilities to Board Committees, namely the Nomination Committee, Audit and Risk Committee and Remuneration Committee. The Terms of Reference of those Committees are published on the Company's website at www.norcros.com.

The report of the Nomination Committee is on page 93, the report of the Audit and Risk Committee is on pages 88 to 92 and the report of the Remuneration Committee is on pages 94 to 113.

The Board will also appoint Committees to approve specific processes as deemed necessary, such as aspects of corporate transactions, or to authorise share option administrative actions.

The directors and management teams of each Group company are responsible for those business entities. They are tasked with the delivery of targets approved by the Board on budgets, strategy and policy.

Directors' roles

The Executive Directors work solely for the Group. However, in appropriate circumstances, Executive Directors are encouraged to take on one non-executive directorship in another non-competing company or organisation. The Chief Executive Officer and the Chief Financial Officer have no non-executive directorships.

The terms and conditions of appointment of the Non-executive Directors are available upon written request from the Company. All the Non-executive Directors confirm that they have sufficient time to meet the requirements of their role. They also confirm to disclose to the Company their other commitments and to give an indication of the time involved in each such commitment.

The annual evaluation process includes an assessment of whether the Non-executive Director is spending enough time to fulfil their duties. If a Non-executive Director is offered an appointment elsewhere, the Board Chair is informed before any such offer is accepted and the Chair will subsequently inform the Board.

The Board has suitable procedures in place for ensuring that its powers to authorise conflict situations are operated effectively. Such powers are operated in accordance with the Company's Articles of Association by means of each Director having a responsibility to notify the Board of any conflict situation and for the Board to deal with that situation as appropriate.

The Board ensures that all new Directors (including Non-executive Directors) will receive a full, formal and tailored induction on joining the Company. As part of that induction procedure, the Chair will ensure that major shareholders have the opportunity to meet a new Non-executive Director. The Chair also periodically assesses the training and development needs of all Directors and ensures that any suitable training and updates are provided to Directors.

Retirement by rotation

Each of the Directors is subject to election by shareholders at the first Annual General Meeting after their appointment. Thereafter, in accordance with the Company's Articles of Association, all of the Directors are subject to retirement by rotation such that one third of the Directors retire from the Board each year and each Director must seek re-election at intervals of no more than three years. However, the Board has decided that every Director should, where appropriate, offer themselves for re-election at each Annual General Meeting. Accordingly, each continuing Director will seek re-election at the next Annual General Meeting. Biographical details of all of the Directors are set out on pages 82 and 83, where there is also a statement on the Directors' suitability for re-election.

Financial reporting

When releasing the annual and interim financial statements the Directors aim to present a fair, balanced and understandable assessment of the Group's results and prospects. The Directors have a collective responsibility for the preparation of the Annual Report and Accounts which is more fully explained in the Statement of Directors' Responsibilities on page 117.

Attendance by individual Directors at meetings of the Board and its Committees

The attendance of Directors at the Board and principal Board Committee meetings during the year is detailed in the table below:

	Main Board 8 meetings	Audit and Risk Committee 3 meetings	Remuneration Committee 7 meetings	Nomination Committee 3 meetings
Gary Kennedy, Chair[1]	6/8	2/3	2/7	1/3
David McKeith[2]	8/8	3/3	7/7	3/3
Alison Littley	8/8	3/3	7/7	3/3
Stefan Allanson[3]	2/8	1/3	2/7	—
Nick Kelsall	8/8	—	—	—
James Eyre	8/8	—	—	—

1 Gary Kennedy was incapacitated due to ill health from 23 January 2023 and passed away on 13 February 2023. He attended all Board and Committee meetings that he was able to attend.

2 David McKeith acted as Board Chair from 24 January 2023.

3 Stefan Allanson was appointed on 1 January 2023. He attended all Board and Committee meetings held after this date.

Relations with shareholders

The Company recognises the importance of maintaining good communications with shareholders. The Company actively engages with shareholders on specific matters and takes a number of other steps to ensure that the Board and, in particular, the Non-executive Directors develop an understanding of the views of major shareholders about the Company. Directors have regular meetings with the Company's major shareholders and received regular feedback on the views of those shareholders through the Company's broker. Reports of these meetings, and any shareholder communications during the year, are given to the Board. In addition, the Company publishes any significant events affecting the Group and updates on current trading. The Board Chair and the Non-executive Directors are also offered the opportunity to attend meetings with major shareholders and the Non-executive Directors, and in particular the Senior Independent Director, would attend such meetings if requested to do so by any major shareholder.

The Board regularly receives copies of analysts' and brokers' briefings. The Annual and Interim Reports, together with all announcements issued to the London Stock Exchange, are published on the Company's website at www.norcros.com.

The Notice of the Annual General Meeting is sent to shareholders at least 20 working days before the meeting. It is the Company's practice to propose separate resolutions on each substantially separate issue.

For each resolution, proxy appointment forms should provide shareholders with the option to direct their proxy to vote either for or against the resolution or to withhold their vote. The Company ensures that all valid proxy appointments received for general meetings are properly recorded and counted. For each resolution the Company ensures that the following information is given at the meeting and made available as soon as reasonably practicable on a website which is maintained by or on behalf of the Company:

- the date of the meeting;
- the text of the resolution;
- the number of votes validly cast;
- the proportion of the Company's issued share capital represented by those votes;
- the number of votes cast in favour of the resolution;
- the number of votes against the resolution; and
- the number of shares in respect of which the vote was withheld.

The Board Chair seeks to arrange for the Chairs of the Audit and Risk, Remuneration and Nomination Committees (or a deputy if any of them is unavoidably absent) to be available at the Annual General Meeting to answer any questions relating to the work of these Committees.

Accountability and audit

The respective responsibilities of the Directors and auditor in connection with the financial statements are explained in the Statement of Directors' Responsibilities on page 117 and the Auditor's Report on pages 119 to 124. The Directors ensure the independence of the auditor by requesting annual confirmation of independence which includes the disclosure of all non-audit fees.

Risk management and internal control

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness (covering all material controls including financial, operational, risk management and compliance). This is undertaken via an annual programme to review the internal control environment at each business unit. Each review is carried out by the Group Head of Internal Audit and Risk Assurance, who is independent of that business unit. The results of these reviews are communicated to the Audit and Risk Committee.

The Board has carried out a robust assessment in order to identify and evaluate what it considers to be the principal risks faced by the Group and has also assessed the adequacy of the actions taken to manage these risks. This process has been in place for the period under review and up to the date of the approval of the Annual Report and Accounts. The principal risks are disclosed on pages 40 to 44.

The Group's insurance continues to be managed and co-ordinated centrally with the assistance of insurance brokers. This gives the Group full visibility of both claims history and the insurance industry's perception of the Group's overall risk via the respective insurance premiums. The Company examines the size and trend of these premiums and the extent to which it can mitigate the risk and reduce the overall risk burden in the business by considering the appropriate level of insurance deductible and the potential benefit of self-insurance in some areas.

Viability

In accordance with the Code, the Board has assessed the prospects of the Company, using a three-year assessment timescale, and concluded that there is a reasonable expectation that the Company will be able to meet its liabilities and continue in operation. The full Viability Statement is contained on page 45.

Operational structure, review and compliance

In addition to the Chief Financial Officer, the Group has Senior Financial Managers at its Head Office. The current Group Head of Internal Audit and Risk Assurance was appointed in March 2020 and he is responsible for the Internal Audit and Risk Assurance function for the Group. Further information on the work of this function is in the Audit and Risk Committee Report on pages 88 to 92.

The key elements of the controls framework within which the Group operates are:

- an organisational structure with clearly defined lines of responsibility, delegation of authority and reporting requirements;
- an embedded culture of openness of communication between operational management and the Company's Executive Management on matters relating to risk and control;
- defined expenditure authorisation levels; and
- a comprehensive system of financial reporting. An annual budget for each business unit is prepared in detail and approved by the Group Executive Management. The Board approves the overall Group's budget and plans. Monthly actual results are reported against budget and the prior year and the forecast for the year is revised where necessary. Any significant changes and adverse variances are reviewed by the Board and remedial action is taken where appropriate. There is weekly cash and treasury reporting to the Chief Financial Officer and periodic reporting to the Board on the Group's tax and treasury position.

The system of internal control is designed to manage rather than eliminate the risk of failing to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. It is tested and developed as appropriate by the Group Head of Internal Audit and Risk Assurance working in conjunction with the Audit and Risk Committee.

The control framework as outlined above gives reasonable assurance that the structure of controls in operation is appropriate to the Group's situation and that risk is kept to acceptable levels throughout the Group.

Takeover directive

Share capital structures are included in the Directors' Report on pages 114 to 116.

Approved by the Board of Directors on 14 June 2023 and signed on its behalf by:

David McKeith
Acting Board Chair
14 June 2023

Monitoring the Company's reporting and risk management.

David McKeith
Chair of the Audit and Risk Committee

During the year, the Committee continued to focus on oversight and monitoring of key risks and risk management policies and procedures.

Role of the Audit and Risk Committee

The main responsibilities of the Audit and Risk Committee are:

- reviewing the Company's financial reporting;
- monitoring the Company's risk management and internal control procedures;
- overseeing the appointment and work of the external auditor;
- overseeing the work of the Internal Audit and Risk Assurance function; and
- advising the Board on whether the Annual Report and Accounts are fair, balanced and understandable.

Members

During the year to 31 March 2023, the Committee has consisted of David McKeith and Alison Littley, with Stefan Allanson joining the Board as Chair (Designate) of the Audit and Risk Committee on 1 January 2023 and he will become Chair of the Committee at the conclusion of the 2023 AGM. On 24 January 2023, David McKeith assumed the role of Acting Board Chair. Biographies of all members of the Committee appear on pages 82 and 83.

The Chair of the Committee, David McKeith, is considered to have recent and relevant financial experience as he is a fellow of the Institute of Chartered Accountants in England and Wales and a former senior partner of PricewaterhouseCoopers LLP. He also acted as chair of the audit committee for Sportech plc, where he was a non-executive director until he resigned from that position in August 2016.

The Board is satisfied that the Committee has the appropriate level of expertise to fulfil its Terms of Reference. The Committee reviewed its own Terms of Reference, performance and constitution during the year.

Responsibilities

The Committee's Terms of Reference are in compliance with the UK Corporate Governance Code 2018 and provide full details of its role and responsibilities. A copy can be obtained from the Company's website, www.norcros.com.

The Committee is a sub-committee of the Board whose main responsibilities include:

- monitoring the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, and reviewing significant financial reporting judgements contained in them;
- providing advice (where requested by the Board) on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- reviewing the Company's internal financial controls and internal control and risk management systems;
- monitoring and reviewing the effectiveness of the Company's Internal Audit and Risk Assurance function;
- at the appropriate time, conducting the tender process and making recommendations to the Board about the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditor's independence and objectivity;
- reviewing the effectiveness of the external audit process, taking into consideration relevant UK professional and regulatory requirements;
- developing and implementing policy on the engagement of the external auditor to supply non-audit services, ensuring there is prior approval of non-audit services, considering the impact this may have on independence, taking into account the relevant regulations and ethical guidance in this regard, and reporting to the Board on any improvement or action required; and
- reporting to the Board on how it has discharged its responsibilities.

Significant financial reporting matters in the 2023 Annual Report

The significant financial reporting matters that the Committee considered in the year are detailed below:

Going Concern and Viability Statement

The Group has prepared a Going Concern and Viability Statement reflecting the potential impact of principal risks and uncertainties, including a situation similar in nature to the COVID-19 pandemic, on liquidity and solvency. This has been performed by modelling a reasonable worst-case scenario and then applying a reverse stress test on the Group's current forecasts. Further details are included on page 45 and on page 130.

The Committee, alongside the Board, has reviewed and considered the detailed forecast scenarios and agrees with management's conclusions.

Defined benefit pension scheme liabilities

The Group's UK defined benefit pension scheme is significant both in terms of its context in the overall Balance Sheet and the results of the Group. The Group's UK defined benefit pension scheme (as calculated under IAS 19R) shows a surplus of £14.9m at 31 March 2023 from a surplus position of £19.6m at 31 March 2022.

The valuation of the present value of scheme liabilities involves significant judgement and expertise particularly in respect of the assumptions used. In order to value the liabilities, management has engaged an independent firm of qualified actuaries, Isio (formerly KPMG Pensions). The Committee reviewed the outputs from this work and benchmarked the assumptions, particularly the net discount rate, with those applied by other companies with defined benefit pension schemes with similar characteristics and having the same measurement date. The Committee concurred with the assumptions put forward by management to value the liabilities.

The Committee considered the approach and judgement taken by management in determining the value of the surplus and concurred with management's view.

Acquisition accounting

As part of its consideration of how the Group has accounted for the acquisition of Grant Westfield, the Committee reviewed management's assessment of Grant Westfield's intangible assets. The Committee has experience of reviewing intangible assets following the acquisitions of Vado in 2013, Croydex in 2015, Abode in 2016, Merlyn in 2017 and House of Plumbing in 2019. The Committee reviewed a paper prepared by management and challenged the assumptions used, the nature of the assets identified and the proposed useful lives of each asset, and agreed to recognise intangible assets in respect of Grant Westfield's customer relationships and brand valued at £35.5m.

In conducting these reviews, the Committee considered the work and recommendations of the Company's finance function and received reports from the Company's external auditor on its findings.

Restructuring at Norcros Adhesives and impairment at Johnson Tiles UK

The Group recognised a restructuring provision in relation to the closure of Norcros Adhesives of £4.8m reflecting the impairment of assets and costs associated with closure. The Group also recognised a non-cash impairment of the carrying value of assets at Johnson Tiles UK of £5.0m following a review of future cash flows based on uncertain demand.

The Committee considered the approach and judgements taken by management in determining the value of the provisions and concurred with management's view.

Fair, balanced and understandable

The Committee formally reviews the Company's annual and interim financial statements and associated announcements, and considers significant accounting principles, policies and practices and their appropriateness, financial reporting issues and significant judgements made, including those summarised above.

The Committee also advises the Board on whether it considers that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the necessary information for shareholders to assess the Company's financial position and performance, strategy and business model.

The Committee concluded that these disclosures, and the processes and controls underlying their production, meet the latest legal and regulatory requirements for a listed company and that the 31 March 2023 Annual Report and Accounts are fair, balanced and understandable.

Meetings of the Committee

The Committee met formally three times during the year ended 31 March 2023. By invitation, the Board Chair, Chief Executive Officer, Chief Financial Officer, Company Secretary, Group Head of Internal Audit and Risk Assurance and Group Financial Controller also attended each of these meetings together with the engagement partner and other members of the audit team from the external auditor.

The Committee may invite other individuals either from within the Company or external technical advisers to attend meetings to provide information or advice as it sees fit.

At each meeting the Committee had the opportunity to discuss matters with the external and internal auditor without management being present. The Chair of the Committee also has regular discussions with the external audit partner outside of the formal Committee process, and he met with the Group Head of Internal Audit and Risk Assurance without management being present.

At each of its meetings the Committee reviews any financial communications issued to the market.

AUDIT AND RISK COMMITTEE REPORT CONTINUED

Principal activities of the Audit and Risk Committee during the year

A wide variety of issues were addressed in the year; they are summarised in the table below:

Area	Activities
Financial reporting	Review of the Company's trading updates and other financial communications
	Review of the Company's interim results for the six months ended 30 September 2022
	Review of the Company's Annual Report and Accounts for the year ended 31 March 2023, including consideration of:
	• significant financial reporting matters;
	• whether the Annual Report and Accounts are fair, balanced and understandable; and
	• the requirements of the going concern assessment and Viability Statement
	Review of changes to corporate reporting requirements
	Review of the restructuring provision at Norcros Adhesives
	Review of the impairment of assets at Johnson Tiles UK
	Review of the acquisition accounting for Grant Westfield
External audit	Review of the external auditor's proposed audit work plan for the year ended 31 March 2023, including its assessment of the principal financial reporting risks
	Review of the external auditor's terms of engagement and proposed fees
	Assessment of the external auditor's independence, objectivity, qualifications and expertise, including a review of its internal quality control checks
	Review of the findings from the external audit for the year ended 31 March 2023
Internal audit	Review of the internal audit work programme for 2022/23
	Approval of the annual internal audit programme for 2023/24
	Review of current internal audit resource levels
	Assessment of the work carried out to test and review internal controls and cyber security, together with the status of recommendations made and actions agreed
	Review of findings and agreed actions arising from internal audit assignments
Compliance	Review of the whistleblowing log
	Review of the fraud and attempted fraud log
	Review of the data protection log including data incidents, data subject access requests, etc.
Risk management	Review of the Group's reported principal risks and uncertainties including consideration of any new or emerging risks and uncertainties identified and amendment of current principal risks as required
	Review of the actions taken by the Group to manage its principal risks particularly those arising from cyber security and ESG risks such as climate change
Governance	Conducted an appraisal of the performance of the Committee
	Review of the Group's policy in respect of the employment of former employees of the external auditor
	Review of the Group's policy in respect of the engagement of the external auditor for non-audit services and non-audit services provided by the external auditor during the year
	Review of the Committee's Terms of Reference and constitution in line with current best practice

Internal audit framework

The Group has a dedicated Group-wide Internal Audit and Risk Assurance function that is led by an experienced Group Head of Internal Audit and Risk Assurance. This role is supported by a small dedicated internal audit team based in South Africa focused on the particular risks faced by the Group's retail and manufacturing operations in South Africa. Internal audit resources are kept under constant review to ensure an appropriate level of independent assurance is obtained by the Committee.

The Group operates a rolling twelve-month audit plan prepared by the Group Head of Internal Audit and Risk Assurance. The plan is risk based using assessments carried out by the Group, includes senior management input, and is reviewed and approved by the Committee. At each meeting, the Committee considers the results of the audits undertaken during the preceding period and the adequacy of management's response to matters raised. Additionally, the related mitigations against issues and actions raised from these audits are systematically followed up in subsequent Committee meetings until they are adequately resolved.

The Group control and risk self-assessment questionnaires, which are completed annually by each business unit, are reviewed by the Group Head of Internal Audit and Risk Assurance and the Group Financial Controller. This includes a management representation requiring each division to confirm that it has applied and followed all required policies and procedures in the year. Key control issues that arise from this review are raised with the Committee, with the results of this assessment also feeding into the audit plan and individual audit engagements.

Group Internal Audit and Risk Assurance activities during the year

The Group Internal Audit and Risk Assurance team provided assurance across a wide range of risks during the year, in line with the standards set out in the approved audit charter. The annual audit plan, which is approved by the Committee, included business reviews of operational units, assessing the effectiveness of key internal controls in place over selected systems and processes, which this year included Group Occupational Health & Safety Management and Group Payroll systems at all locations. In South Africa (SA), the primary focus was on the controls in place at retail outlets with completion of a cycle of operational reviews across all stores. The plan also included operational reviews of three distribution centres and it covered SA Head Office financial and other risk-based reviews in line with the Group audits noted above. Actions agreed during previous audit visits were reviewed to confirm management's progress.

Other key activities of the function during the year included oversight of the Group's online awareness training programme, which covers an expansive range of topics including anti-bribery and corruption, information security, data protection, cyber security and modern slavery, along with a range of health and safety and soft skills training courses. The team also liaises closely with our insurers on a range of risk management projects including cyber security and incident response, business continuity and disaster recovery planning, and company vehicle driver licence checking and driver behavioural training.

Internal Audit also facilitates the annual control and risk self-assessment process covering financial and information security controls and, through audit reviews, it provides independent assurance that the controls declared by management are in place and operating effectively.

Summaries of all findings and actions, and updates on all audit work and other key activities, are provided at each Audit and Risk Committee meeting.

Risk management framework

Our risk management framework is highlighted on page 39 of our Strategic Report. The Audit and Risk Committee's role in the risk management framework can be summarised as:

1. review of current and future (emerging) risk through the discussion of risk and mitigating actions with divisional management in annual strategic reviews;
2. annual review of the risk management reporting process and associated outputs to ensure they are robust and effective and include strategic and operational risks that could threaten the business model and future strategy; and
3. review of the Annual Report to ensure that it is a fair reflection of risk assessments undertaken.

Internal control and risk management review

The Board has overall responsibility for the Group's system of internal control and risk management and for reviewing its effectiveness. The internal control systems are designed to meet the needs of the Group and to manage rather than eliminate the risk of failure to achieve business objectives. Such systems can only provide reasonable and not absolute assurance against material misstatement or loss.

The Committee undertakes a review, at least annually, of the effectiveness of the Company's system of internal controls and risk management and the Board will take into account the Committee's Report, conclusions and recommendations in this regard. The Board confirms that it has reviewed the effectiveness of the internal control system, including financial, operational and compliance controls and risk management in accordance with the UK Corporate Governance Code, for the period from 1 April 2022 to the date of approval of the Annual Report and Accounts for the year ended 31 March 2023.

Fraud and whistleblowing

The Group maintains a whistleblowing policy and engages two independent confidential whistleblowing service providers, one covering South Africa specifically and the other covering all other locations. Reports on the use of these services, any significant concerns that have been raised, details of investigations carried out and any actions arising as a result are reported to the Committee at each meeting.

The Committee also receives papers on incidents of fraud or attempted fraud and reviews them at each meeting. At least annually, the Committee conducts an assessment of the adequacy of the Group's procedures in respect of compliance, whistleblowing and fraud.

External auditor

The Committee has primary responsibility for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor. The Committee keeps under review the scope and results of the audit and its effectiveness, as well as the independence and objectivity of the auditor.

The Committee is aware of the need to safeguard the auditor's objectivity and independence and the issue is discussed by the Committee and periodically with the audit engagement partner from BDO LLP. In accordance with Auditing Practices Board requirements, external auditor independence is maintained by the rotation of the engagement partner every five years. The current audit engagement partner, Gary Harding, was appointed following the change of auditor in 2020.

Policies on the award of non-audit work to the external auditor and the employment of ex-employees of the external auditor are in place and reviewed annually. Additionally, the approval of the Chair of the Committee is required prior to awarding high value non-audit work to the external auditor, and the non-audit work planned and performed is monitored by the Committee at each meeting. BDO LLP assisted the Group with a response to a letter from the Financial Reporting Council. The Financial Reporting Council performed a limited scope review of the 2022 Annual Report and Accounts to consider compliance with reporting requirements. The Financial Reporting Council's role was not to verify the information provided and the review does not provide any assurance that the 2022 Annual Report and Accounts is correct in all material respects. The assistance provided by BDO is a permissible non-audit service.

The external audit starts with the design of a work plan that addresses the key risks of the audit which were confirmed at the March 2023 meeting of the Committee. The Committee also agreed the terms of engagement and the fees payable for the engagement. At each meeting the Committee had the opportunity to discuss matters with the external auditor without management being present. The Chair of the Committee also has regular discussions with the external audit partner outside the formal Committee process.

For the year ended 31 March 2023, the Committee was satisfied with the independence, objectivity and effectiveness of the relationship with BDO LLP as external auditor.

External audit tender and appointment of auditor

The external auditor, BDO LLP, was appointed at the 2020 AGM in July 2020 following a competitive tender process.

On behalf of the Audit and Risk Committee.

David McKeith
Chair of the Audit and Risk Committee
14 June 2023

Evaluating the Board and succession planning for a sustainable future.

David McKeith
Acting Chair of the Nomination Committee

Role of the Nomination Committee

The main responsibilities of the Nomination Committee are:

- evaluating the balance of skills, knowledge, independence, diversity and experience of the Board;
- succession planning for the Board and at senior management level;
- determining the scope of the role of a new Director and the skills and time commitment required and making recommendations to the Board about filling Board vacancies; and
- appointing additional Directors.

The Terms of Reference of the Committee are available for inspection upon written request to the Company and on its website at www.norcros.com.

The Nomination Committee and the Board seek to maintain an appropriate balance between the Executive and Non-executive Directors. The Nomination Committee is chaired by the Chair of the Board and consists of all the Non-executive Directors. The Board Chair will not chair the Committee when it deals with the appointment of a successor to that role.

During the year under review, the Nomination Committee led the process to find a new Non-executive Director and a new Chair. The Committee also dealt with the succession of the Chief Executive Officer given the retirement of Nick Kelsall from this role on 31 March 2023. A thorough selection process was undertaken, considering both internal and external candidates, leading to the appointment of Thomas Willcocks as CEO effective 1 April 2023.

The Nomination Committee also evaluates the balance of skills, knowledge, diversity and experience of the Board. If a new appointment to the Board is required, the Committee will use the appropriate selection process and will determine the scope of the role of a new Director and the skills and time commitment required and make recommendations to the Board about filling Board vacancies and appointing additional Directors.

In selecting candidates due regard will be given to the balance of the Board, and to the benefits of different backgrounds and experience, and to diversity on the Board including gender. Appointments will be made in accordance with the Group's diversity and inclusion policy, on the basis of merit and the most appropriate experience against objective criteria in the best interests of shareholders. The Board endeavours to ensure that these principles are applied throughout the Group.

In the year under review the Committee has, in addition to its routine responsibilities, continued to focus on succession planning issues, and it is satisfied that there are in place appropriate plans for succession planning for Board members and senior management across the Group.

David McKeith
Acting Chair of the Nomination Committee
14 June 2023

REMUNERATION COMMITTEE ANNUAL STATEMENT 2023

Fairly rewarding contribution to the success of the Group.

Alison Littley
Chair of the Remuneration Committee

Role of the Remuneration Committee

The main responsibilities of the Remuneration Committee are:

- determining the remuneration policy and keeping it under review, including consulting with, and obtaining approval from, shareholders as appropriate;
- implementing the approved remuneration policy as regards Executive Director remuneration, benefits and incentives, including the setting of targets and determination of payouts of all incentive arrangements;
- ensuring alignment of the remuneration structure for senior executives to the Executive Directors' remuneration policy, including approval of changes to packages;
- keeping under review the Executive Directors' remuneration policy (and the approach to implementation) in the context of pay policies and practices across the wider workforce, and the Group's culture; and
- preparing the Annual Report on Remuneration, to be approved by the members of the Company at the Annual General Meeting.

Dear shareholders,

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

Throughout the year the Committee has continued to strive to balance the perspectives of the Company's stakeholders with its obligations, as steward of the Group, to ensure remuneration is:

- fit for purpose;
- competitive without being excessive;
- able to incentivise and fairly reward delivery of our short and longer-term ambitions; and
- cascaded appropriately throughout the Group.

I hope this report clearly explains how we have sought to achieve this aim for the year in review and the current financial year.

Directors' remuneration policy

A key focus for the Committee during the year has been to review the Directors' remuneration policy. The current policy was approved by 96% of shareholders at the 2020 AGM, and expires later this year. Ahead of seeking approval of a new policy at the 2023 AGM, the Committee reviewed the existing framework to ensure it remains credible and effective, is closely aligned with strategy and the Group's culture and appropriately reflects market and governance best practice. We concluded that the current policy remains broadly fit for purpose for Norcros. Therefore, in early 2023, the Committee consulted extensively with principal shareholders on proposals to submit for approval at the 2023 AGM a largely unchanged policy, save for two changes intended to future-proof the policy which will not be used in the year ending 31 March 2024, these being:

- increasing the Approved Performance Share Plan (APSP) award limit, from 100% to 150% of salary for the CEO, and to 125% of salary for the CFO. This proposal is designed to ensure there is appropriate flexibility to upweight the emphasis in the package on long-term performance, and/or take account of potential increases in the scale and scope of the business, over the term of the policy. To the extent that the additional headroom is utilised, the Committee will at that time consider whether it would be appropriate to make a commensurate increase to the level of the shareholding requirement; and
- ensuring flexibility to incorporate additional measures to the APSP, including non-financial measures, e.g. linked to other strategic priorities such as ESG. This flexibility will be capped at 25% of the APSP opportunity. At the same time, it is also proposed that similar flexibility provided for by the current policy in relation to the annual bonus be increased from 20% to 25% of the opportunity.

The Committee welcomed all feedback received through this engagement process, the broadly supportive nature of which informed our decision to put forward for shareholder approval unchanged proposals for the policy. If approved, the proposed policy will take effect from the date of the 2023 AGM, for a period of up to three years.

The performance context for remuneration in the year

As reported earlier in this Annual Report, performance highlights include:

- resilience of the Group's business model in challenging market conditions;
- strong execution of strategy;
- full year revenue of £441.0m (2022: £396.3m), 11.3% higher than prior year on a reported basis and 1.5% higher on a constant currency like for like basis after adjusting for Grant Westfield;
- record underlying operating profit of £47.3m, 13.2% higher than prior year (2022: £41.8m); and
- the completion in the year of the acquisition of Grant Westfield and its successful integration into the Group.

This performance is testament to the Group's proven business model and leading customer service proposition, in addition to the proactive management and the leadership of our CEO and CFO, the commitment of all of our people and the effective succession management for our executive positions.

Remuneration for the year in review

Annual bonus

Due to the continued robust performance summarised above, the operating profit targets set for the annual bonus were achieved as to 32.3%, resulting in the bonus payments detailed on page 107. In keeping with our normal practice, the Committee reviewed the formulaic outcome in the context of alignment with the Group's underlying performance, as well as the experience of other stakeholder groups, noting in particular recent feedback from shareholders. The Committee's assessment of this outcome is explained in detail below:

Aspect reviewed	Evaluation by the Committee
The challenge of stretching targets set at the start of the year	The targets were set at the start of the financial year (at a time of ongoing uncertainty) to span an appropriate range of possible performance outcomes identified in the budgeting process. The Committee reviewed the actual outturn in the context of the assumptions underlying the budgeting process at the time, concluding that they and therefore the targets built from them, remained representative of trading conditions experienced over the course of the year in review
The Group's longer-term performance trajectory	Notwithstanding the formulaic outcome, the Committee evaluated performance in the context of this being a record profit performance for the Group, and concluded that the formulaic payout was warranted
Shareholder experience	We continued to deliver against our stated and progressive dividend policy, and our strategy for continued growth
Employee experience	We continue to prioritise the safety, health and wellbeing of all our people. During the year in review, the Group focused available wage inflation budgets on our lower paid colleagues to support employees through the current inflationary environment and associated cost of living pressures
Customer experience	We maintained the highest standards of service to our customers, particularly given the global challenges to supply chains

In the context outlined, the Committee is satisfied that the bonus targets were challenging and that the outcomes reflect the exceptional leadership and hard work of the Executive Directors and the wider workforce to produce these excellent results, notwithstanding continued supply chain challenges and pressure from cost inflation.

2020 APSP

2020 APSP awards were made in November 2020, at a time of heightened macroeconomic uncertainty caused by the COVID-19 pandemic. To help mitigate the impact of this uncertainty on its ability to set robust, challenging and motivational cumulative EPS targets, the Committee resolved to calibrate the targets attaching to the 2020 APSP on the basis of 2023 financial year performance only and to set a wider performance range than has been typical practice at Norcros but lower the payment at threshold from 25% to 0% of maximum. The EPS performance condition for the 2020 APSP awards was achieved as to 98.9%. The Committee has considered this formulaic outcome in the context of the factors referred to above, and concluded that this outcome is justified. Accordingly, the formulaic vesting outcome of the 2020 APSP options was approved. Whilst 2020 APSP awards do not vest until November, the Committee is presently satisfied that no windfall gains have arisen on these awards. The award date for this cycle was delayed until later in the year (at which time the share price had recovered partially from its March 2020 low) and the share price, which continues to be impacted by external market conditions, remains below the grant date share price. The Committee's view on any windfall gains will be reviewed again at the time of vesting.

2022 APSP

Awards for the year in review were made in July 2022 and suitably challenging EPS targets set (see page 108 for further details).

Nick Kelsall's retirement

As announced on 30 January 2023, Nick Kelsall retired as CEO and a Board Director on 31 March 2023. Full details of his remuneration in relation to the year in review are set out in the Annual Report on Remuneration. He remains an employee of the Group until 30 January 2024, during which time he continues to receive salary and contractual benefits. He is not eligible for a bonus for the year ending 31 March 2024 and will not receive an APSP award in 2023. Nick retains interests in the Deferred Bonus Plan (DBP), which shall vest at the normal time subject to the rules of the Plan. The Committee resolved to treat Nick as a good leaver, recognising his 30 years' service and valued contribution to the Group, in respect of unvested awards under the APSP. Awards will be pro-rated for time and shall vest on the respective normal vesting date subject to the achievement of the relevant performance condition. He is also subject to the post-employment shareholding requirement as per our policy.

REMUNERATION COMMITTEE ANNUAL STATEMENT 2023 CONTINUED

Remuneration for the year to 31 March 2024

The workforce context

The Committee's decision making in relation to Executive Director remuneration continues to be heavily informed by the Group's workforce remuneration practices and the decisions taken by management in this regard. This year, the Committee has been particularly mindful of the impact on the workforce of the inflationary environment and associated cost of living pressures. In this context, the Committee supported the decision by management to budget for a material cost of living increase, of c.6% on average across the Group, and to taper this through the organisation with the highest percentage increases being awarded to our lowest paid colleagues. This approach is considered to be fair and appropriately reflect the prevailing inflationary environment, and its asymmetric impact on different organisational levels of the Group.

The Executive Directors

Thomas Willcocks was appointed CEO effective 1 April 2023, and his salary set by the Committee at £420,000 from this date. The Committee will keep this under review in the context of Thomas' development and performance in the role, and will increase this over time, by more than the workforce average if necessary, to an appropriately competitive level commensurate with Thomas' performance and contribution. In keeping with our normal practice, any salary increase will be explained in the relevant Annual Report on Remuneration.

As disclosed in last year's report, the Committee resolved to increase James Eyre's base salary to £320,000 in two stages. The first of these stages, to £290,000, was implemented with effect from 1 April 2022. In determining to implement the second increase with effect from 1 April 2023, the Committee took into account a range of factors, including James Eyre's continued strong performance and contribution to the Group – particularly his invaluable support to Nick Kelsall and Thomas Willcocks through the CEO transition – as well as the inflationary environment (which was unforeseen at the time of agreeing the two-stage increase). In this context, the Committee concluded that it was appropriate to implement the second increase as originally intended, noting that this salary level is now positioned to be appropriately competitive for similar roles of comparable scope, scale and complexity.

Both Executive Directors receive a pension contribution, or allowance in lieu, of 8% of salary, in line with the employer contribution available for the wider UK workforce. Other benefits consist of car allowance, aligned at £15,000 for all Executive Directors for the year ending 31 March 2024, and private medical insurance.

No changes are proposed to the annual bonus in 2024.

No changes are proposed to the APSP opportunities (100% of salary) in 2024. The APSP will continue to be based 100% on three-year cumulative EPS, with final vesting also subject to an assessment of the quality of earnings by reference to the Group's ROCE performance. This additional, discretionary underpin reflects shareholder feedback received during engagement on the proposed policy, for some linkage in the APSP to returns alongside EPS to help ensure that growth does not come at the expense of longer-term returns. The Board of Directors supports this principle and, in this context, introducing return on capital to the APSP was considered by the Committee during its review of the policy. In deciding to propose an unchanged scorecard for the 2023 APSP, which is cascaded into the Group on consistent terms to reinforce collective behaviours that support longer-term success, the Committee was mindful of the need to ensure that incentives balance alignment with strategy and reinforcing performance that is within the control of all participants. Capital allocation decisions, M&A in particular, are taken by the Board as a whole and are outside the control of the significant majority of participants. Therefore, the Committee concluded that linking APSP outcomes formulaically to return on capital at this time could impact a scheme that is simple, well understood and motivational.

The Committee will keep under review its approach to implementation of the policy in the context of wider business performance and the stakeholder experience. We also remain committed to setting stretching targets for the incentives, taking into account the award opportunity when doing so to help ensure that pay outcomes are commensurate with performance outturns.

The Board Chair

The Committee is also responsible for setting the remuneration of the Board Chair. In doing so, it adopts a consistent set of principles to those for executive and workforce remuneration. For the year from 1 April 2023 the Committee has resolved to increase the Board Chair's fee from £145,000 p.a. to £149,350 p.a.

Concluding remarks

On behalf of the Committee, we hope that we can count on your support for the resolutions to approve this Directors' Remuneration Report and the revised remuneration policy at the 2023 AGM, where I will be available to answer any questions in relation to this report.

Alison Littley
Chair of the Remuneration Committee
14 June 2023

Remuneration disclosure

This Directors' Remuneration Report has been prepared in accordance with the provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. The report meets the requirements of the UK Listing Authority's Listing Rules and the Disclosure Guidance and Transparency Rules. In this report, we describe how the principles of good governance relating to Directors' remuneration, as set out in the UK Corporate Governance Code (the Code), are applied in practice. The Remuneration Committee confirms that throughout the financial year the Group has complied with these governance rules and best practice provisions set out in the Code except as regards the alignment of Executive Director pension contributions with those for the workforce as a whole. As described elsewhere in this report, Nick Kelsall volunteered a reduction to his pension contribution to bring this in line with the UK workforce average from 1 January 2023.

Directors' remuneration policy

This section of the report sets out the remuneration policy for Executive Directors and Non-executive Directors, which will be put to a binding shareholder vote at the 2023 AGM. If this resolution is carried, the policy will come into effect on that date and will remain effective for up to a three-year period ending on the date of the 2026 AGM. The policy set out in this report is unchanged from that approved by shareholders in 2020, other than the updates that are set out below in *italicised* text and explained in further detail in the Annual Statement.

Executive Director remuneration policy table

This policy has been designed to support the principal objective of enabling the Group to attract, motivate and retain the people it needs to maximise the value of the business.

Assessment of proposed policy against the 2018 UK Corporate Governance Code (the Code)

The Committee believes that the proposed policy complies with the six pillars set out in paragraph 40 of the Code.

Clarity: The Committee believes that the disclosure of the remuneration arrangements is transparent with clear rationale provided on its maintenance and any changes to policy. The Committee remains committed to consulting with shareholders on the policy and its implementation.

Simplicity: The policy and the Committee's approach to implementation are simple and well understood. The performance measures used in the incentive plans are well aligned to the Group's strategy.

Risk: The Committee has ensured that remuneration arrangements do not encourage and reward excessive risk taking by setting targets to be stretching and achievable, with discretion to adjust formulaic bonus and APSP outcomes retained by the Committee to ensure pay outcomes remain aligned with performance outturns.

Predictability and proportionality: The link of the performance measures to strategy and the setting of targets balances predictability and proportionality by ensuring outcomes do not reward poor performance.

Culture: The policy is consistent with the Group's culture as well as strategy, therefore driving behaviours that promote the long-term success of the Company for the benefit of all stakeholders.

Component and objective	Operation	Opportunity	Performance measures
Base salary To enable the Group to attract, motivate and retain the people it needs to maximise the value of the business	Generally reviewed each year, with increases effective 1 April with reference to salary levels at other FTSE companies of broadly similar size or sector to Norcros. The Committee also considers the salary increases applying across the rest of the UK business when determining increases for Executive Directors. Base salary increases are applied in line with the outcome of the annual review.	Salaries in respect of the year under review (and for the following year) are disclosed in the Annual Report on Remuneration. Salary increases for Executive Directors will normally not exceed those of the wider workforce over the period this policy will apply. Where increases are awarded in excess of the wider employee population, for example if there is a material change in the responsibility, size or complexity of the role, the Committee will provide the rationale in the relevant year's Annual Report on Remuneration.	n/a

Executive Director remuneration policy table continued

Component and objective	Operation	Opportunity	Performance measures
Pension To provide a level of retirement benefit that is competitive in the relevant market	Executive Directors receive pension contributions (either as a direct payment or a cash allowance). Base salary is the only element of remuneration that is pensionable.	*Executive Directors receive a Company contribution in line with the employer contribution available for the wider workforce in the relevant market.*	n/a
Benefits Provision of benefits in line with the market	Executive Directors are provided with a company car (or a cash allowance in lieu thereof) and medical insurance. Other benefits may be introduced from time to time to ensure the benefits package is appropriately competitive and reflects the needs and circumstances of the Group and individual Executive Director.	Benefits may vary by role, and the level is determined each year to be appropriate for the role and circumstances of each individual Executive Director. It is not anticipated that the cost of benefits (as set out in the Annual Report on Remuneration) would increase materially over the period for which this policy will apply. The Committee retains the discretion to approve a higher cost in exceptional circumstances (e.g. relocation expenses or an expatriation allowance on recruitment, etc.) or in circumstances where factors outside the Company's control have changed materially (e.g. market increases in insurance costs).	n/a
Annual bonus and Deferred Bonus Plan (DBP) To focus Executive Directors on achieving demanding annual targets relating to Group performance and encourage retention	Performance targets are set at the start of the year and aligned with the annual budget agreed by the Board. At the end of the year, the Committee determines the extent to which these targets have been achieved. 50% of the total bonus payment is paid in cash, and 50% is converted into nil-cost options over Norcros shares under the Deferred Bonus Plan (DBP). These options are exercisable after three years, subject to continued employment and malus (in whole or in part) during the deferral period in the event of a material misstatement in accounting records, gross misconduct, calculation error or corporate failure. Cash bonuses may be subject to clawback over the deferral period in similar circumstances as identified above. A payment equivalent to the dividends that would have accrued on deferred bonus awards that vest will be made to participants on vesting.	Maximum opportunity: 100% of base salary. Target opportunity: 50% of base salary. For threshold performance, the bonus payout is up to 25% of maximum.	The bonus will be based primarily on the achievement of financial performance targets but may, from time to time, include non-financial performance measures (the weighting of which, if any, will be *capped at 25%* of the total opportunity). Details of the measures on which the bonus will be based shall be disclosed in the relevant Annual Report on Remuneration. The Committee has discretion to adjust the formulaic bonus outcomes (including down to zero) within the limits of the scheme to ensure alignment of pay with performance. Further details, including targets attached to the bonus for the year under review, are provided in the Annual Report on Remuneration.

Component and objective	Operation	Opportunity	Performance measures
Approved Performance Share Plan (APSP) To incentivise Executive Directors to deliver long-term performance that is aligned with shareholders' interests	APSP awards comprise annual conditional awards of nil-cost options following the announcement of the Group's final results. Awards normally vest after three years, subject to the achievement of a performance condition and continued employment with the Group until the vesting date. To the extent an award vests, Executive Directors will be required to hold net vested shares for an additional holding period of two years. A payment equivalent to the dividends that would have accrued on APSP awards that vest will be made to participants on vesting. APSP awards are also subject to malus over the vesting period and clawback over the holding period (in both cases in whole or in part) in the event of a material misstatement in accounting records, gross misconduct, calculation error or corporate failure.	*Maximum opportunities:* *CEO – 150% of base salary.* *CFO – 125% of base salary.* Threshold performance results in 25% vesting. Details of actual APSP awards in respect of each year will be disclosed in the Annual Report on Remuneration.	*Vesting of APSP awards is dependent upon Group performance over a three-year period. Any non-financial measures will have a maximum aggregate weighting of 25% of the opportunity.* Details of the measures attaching to each award cycle will be disclosed in the relevant Annual Report on Remuneration. At the start of each cycle, the Committee will determine the targets that will apply to an award. If the performance targets are not met at the end of the performance period, awards will lapse. The Committee has discretion to adjust the formulaic APSP outcomes within the limits of the scheme if certain relevant events take place (e.g. a capital restructuring, a material acquisition/divestment, etc.) with any such adjustment to result in the revised targets being no more or less challenging to achieve. The Committee will consult major shareholders on changes to the APSP, although *it retains discretion to make changes to the performance measures attaching to future cycles* without reverting to a full shareholder vote. Further details, including the targets attached to the APSP in respect of each year, are disclosed in the Annual Report on Remuneration.
SAYE To encourage the ownership of Norcros plc shares	An HMRC-approved scheme where employees (including Executive Directors) may save up to the individual monthly limit set by HMRC from time to time over three years. Options are granted at a discount of up to 20%.	Savings capped at the individual monthly limit set by HMRC (or other such lower limit as the Committee may determine) from time to time.	n/a

Executive Director remuneration policy table continued

Component and objective	Operation	Opportunity	Performance measures
Shareholding requirements To align Executive Director and shareholder interests and reinforce long-term decision making, including for a period following cessation of employment	Executive Directors are required to retain at least 50% of any DBP or APSP awards that vest (net of tax) until they have built up a personal holding of Norcros plc shares worth a defined multiple of their salaries (of at least 100% of salary). Details of the in-post shareholding requirements that apply to the Executive Directors are set out in the Annual Report on Remuneration. Executive Directors will additionally be required normally to maintain a holding in Norcros plc shares for a period of two years after they cease to be a Director of the Group. For the first year this shareholding guideline will be equal to the lower of a Director's actual shareholding at the time of their departure and the shareholding requirement in effect at the date of their departure, and for the second year 50% of that figure. The specific application of this shareholding guideline will be at the Committee's discretion. Only shares that are held beneficially by an Executive Director or their spouse or partner, or nil-cost options granted under the DBP count in the assessment of whether an Executive Director has met the required ownership level.	n/a	n/a

Notes to the policy table

Payments from previous awards

For the avoidance of doubt the Group will honour any commitment entered into, and Executive Directors will be eligible to receive payment from any award made, prior to the approval and implementation of the remuneration policy detailed in this report. Details of these awards are, and will be, disclosed in the Annual Report on Remuneration.

Performance measure selection and approach to target setting

The measures used in the annual bonus will be selected by the Committee to directly reinforce our medium-term growth-orientated strategy (see page 20 and 21 for further details of the strategy; details of the measures selected for use in the bonus for the year in review and for the coming year are set out in the Annual Report on Remuneration). For the APSP, the Committee shall select measures that are transparent, objective and effective measures of performance that are in the long-term interests of all of our shareholders (further details of the APSP measures are set out in the Annual Report on Remuneration).

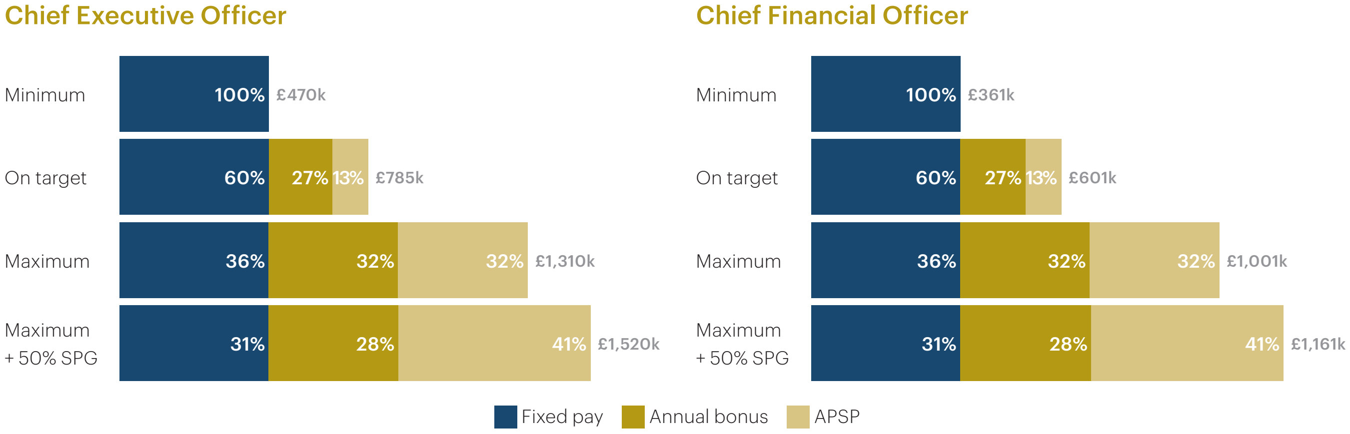
Targets applying to the annual bonus and APSP are reviewed annually, based on a number of internal and external reference points. Annual bonus targets are aligned with the annual budget agreed by the Board. Annual bonus targets are considered to be commercially sensitive but will be disclosed retrospectively in the following year's Annual Report on Remuneration. APSP targets reflect industry context, expectations of what will constitute appropriately challenging performance levels and factors specific to the Group. The Committee will determine the APSP targets at the time awards are made and these targets (along with other relevant details of the grant) will ordinarily be disclosed in the following year's Annual Report on Remuneration.

Differences from remuneration policy for other employees

The remuneration policy for other employees is based on broadly consistent principles as described above. Annual salary reviews across the Group take into account Group performance, local pay and market conditions, and salary levels for similar roles in comparable companies.

Executives and senior managers are eligible to participate in annual bonus schemes. Opportunities and performance measures vary by organisational level, geographical region and an individual's role. Other members of the Group senior leadership team participate in the APSP on similar terms as the Executive Directors, although award sizes may vary by organisational level. All UK and Republic of Ireland employees are eligible to participate in the Group's SAYE scheme on identical terms.

Performance scenario charts



The charts above provide estimates of the potential future reward opportunity for Executive Directors, and the potential mix between the different elements of remuneration under four different performance scenarios: "Minimum", "On target", "Maximum" and "Maximum + 50% share price growth (SPG)". This information is for the current financial year, as explained below.

The potential opportunities illustrated above are based on the proposed policy applied to base salaries at 1 April 2023. For the annual bonus, the amounts illustrated are those potentially receivable in respect of performance for the year to 31 March 2024. It should be noted that any bonus deferred into the DBP and APSP awards does not normally vest until the third anniversary of the date of grant. This is intended to illustrate the relationship between executive pay and performance. The values of the DBP and APSP assume no increase in the underlying value of the shares (except the APSP value under the "Maximum + 50% SPG" scenario) and actual pay delivered will further be influenced by changes in factors such as the Group's share price and the value of dividends paid.

Valuation assumptions

The "Minimum" scenario reflects base salary, pension and benefits (i.e. fixed remuneration), being the only elements of the Executive Directors' remuneration package not linked to performance.

The "On target" scenario reflects fixed remuneration as above, plus target bonus payout (50% of salary) and APSP threshold vesting at 25% of the maximum award level.

The "Maximum" scenario reflects fixed remuneration, plus full payout under all incentives (100% of salary under each of the annual bonus and APSP).

The "Maximum + 50% SPG" scenario reflects fixed remuneration, plus full payout under all incentives (100% of salary under each of the annual bonus and APSP). The value of the APSP additionally reflects 50% SPG.

Approach to Executive Director recruitment and remuneration

External appointment

In cases of hiring or appointing a new Executive Director from outside the Group, the Remuneration Committee may make use of all existing components of remuneration, as follows:

Component	Policy
Base salary	The base salaries of new appointees will be determined by reference to relevant market data, experience and skills of the individual, internal relativities and the current salary of the incumbent in the role. Where a new appointee has an initial base salary set below market, the Committee may make phased increases over a period of three years, subject to the individual's development and performance in the role.
Benefits	As set out in the policy table, benefits may include (but are not limited to) the provision of a company car or car allowance, medical insurance, and any necessary expatriation allowances or expenses relating to an executive's relocation.
Pension	New appointees will receive pension contributions into a defined contribution pension arrangement or an equivalent cash supplement, or a combination of both. Company contributions to pension will be in line with that available for the wider workforce in the relevant market.
SAYE	New appointees will be eligible to participate on identical terms to all other employees.
Annual bonus	The bonus structure described in the policy table will apply to new appointees. The maximum opportunity will be 100% of salary, pro-rated in the year of joining to reflect the proportion of that year employed. Performance measures may include strategic and operational objectives tailored to the individual in the financial year of joining. 50% of any bonus earned will be deferred into the DBP on the same terms as other Executive Directors.
APSP	New appointees will be granted annual awards under the APSP on the same terms as other Executive Directors (including in relation to award opportunities), as described in the policy table.

Approach to Executive Director recruitment and remuneration continued

External appointment continued

In determining the appropriate remuneration structure and level for the appointee, the Remuneration Committee will take into consideration all relevant factors to ensure that arrangements are in the best interests of our shareholders. It is not the intention of the Committee that a cash payment such as a "golden hello" would be offered. However, the Committee may make an award in respect of a new appointment to "buy out" incentive arrangements forfeited on leaving a previous employer, over and above the approach and award limits outlined in the table above. Any such award will be made under existing incentive structures, where appropriate, and will be subject to the normal performance conditions of those incentives. The Committee may also consider it appropriate to make "buy out" awards under a different structure, using the relevant Listing Rule where necessary, to replicate the structure of forfeited awards. Any "buy out" award (however this is delivered) would have a fair value no higher than that of the awards forfeited, taking into account relevant factors including performance conditions, the likelihood of those conditions being met and the proportion of the vesting period remaining. Details of any such award will be disclosed in the first Annual Report on Remuneration following its grant.

Internal promotion to the Board

In cases of appointing a new Executive Director by way of internal promotion, the policy will be consistent with that for external appointees detailed in the table above (i.e. excluding the flexibility to make "buy out" awards). Where an individual has contractual commitments made prior to their promotion to the Board, and it is agreed that a commitment is to continue, the Group will continue to honour these arrangements even if there are instances where they would not otherwise be consistent with the prevailing Executive Director remuneration policy at the time of promotion.

Service contracts and policy for payment for loss of office

Executive Directors have signed rolling contracts, terminable on twelve months' notice by either the Group or the Director. The Group entered into a contract with Thomas Willcocks on 1 April 2023, and with James Eyre on 1 August 2021. Copies of these contracts are available to view at the Group's registered office.

The Committee's policy for Directors' termination payments is to provide only what would normally be due to Directors had they remained in employment in respect of the relevant notice period, and not to go beyond their normal contractual entitlements. Any incentive arrangements will be dealt with subject to the relevant rules, with any discretion exercised by the Committee on a case by case basis taking into account the circumstances of the termination. Termination payments will also take into account any statutory entitlement at the appropriate level, to be considered by the Committee on the same basis. The Committee will monitor and where appropriate enforce the Directors' duty to mitigate loss. When the Committee believes that it is essential to protect the Group's interests, additional arrangements may be entered into (for example post-termination protections above and beyond those in the contract of employment) on appropriate terms.

Under the service contracts for each Executive Director, the Company has the discretion to terminate the employment lawfully without any notice by paying to the Director a sum equal to, but no more than, the salary and other contractual benefits of the Director. The payment would be in respect of that part of the period of notice which the Director has not worked, less any appropriate tax and other statutory deductions. The Director would be entitled to any holiday pay which may otherwise have accrued in what would have been the notice period. The Company may pay any sums due under these pay in lieu of notice provisions as one lump sum or in instalments of what would have been the notice period. If the Company elects to pay in instalments, the Director is under an express contractual duty to mitigate their losses and to disclose any third party income they have received or are due to receive. The Company reserves the right to reduce the amount of the instalments by the amount of such income. The Committee would expect to include similar pay in lieu of notice provisions in any future Executive Directors' service contract.

Also under their service contracts, if the Director's employment is terminated for whatever reason, they agree that they are not entitled to any damages or compensation to recompense them for the loss or diminution in value of any actual or prospective rights, benefits or expectations under or in relation to the APSP, the DBP, the SAYE plan or the annual discretionary bonus scheme. This is without prejudice to any of the rights, benefits or entitlements which may have accrued to the Director under such arrangements at the termination of employment.

The table below summarises how awards under the annual bonus, DBP and APSP are typically treated in specific circumstances, with the final treatment remaining subject to the Committee's discretion:

Reason for cessation	Calculation of vesting/payment	Timing of payment/vesting
Annual bonus		
Voluntary resignation or summary dismissal	No bonus paid.	n/a
All other circumstances	Bonuses are paid only to the extent that the associated objectives, as set at the beginning of the plan year, are met. Any such bonus would normally be paid on a pro-rata basis, taking account of the period actually worked.	At the normal payment date unless the Committee, in its absolute discretion, determines that awards should be paid out on cessation of employment.

Reason for cessation	Calculation of vesting/payment	Timing of payment/vesting
DBP		
Summary dismissal	Awards lapse.	n/a
Injury, illness, disability, death, retirement with the agreement of the Group, redundancy or employing company leaving the Group	Unvested awards vest.	At the normal vesting date unless the Committee, in its absolute discretion, determines that awards should vest on cessation of employment.
Voluntary resignation or other reason not stated above	Unvested awards lapse unless the Committee, in its absolute discretion, determines that an award should vest.	If the Committee determines that an award should vest, then awards will vest on their normal vesting date, unless the Committee, in its absolute discretion, determines that awards should vest on cessation of employment.
Change of control	Unvested awards will be pro-rated for the portion of the vesting period elapsed on change of control, unless the Committee, in its absolute discretion, determines otherwise. Awards may alternatively be exchanged for new equivalent awards in the acquirer, where appropriate.	On change of control.
APSP		
Summary dismissal	Awards lapse.	n/a
Voluntary resignation, injury, retirement with the agreement of the Group, redundancy or other reason that the Committee determines in its absolute discretion	Unapproved option awards lapse unless the Committee, in its absolute discretion, determines otherwise. Awards that do not lapse will continue to be eligible to vest on the normal vesting date, subject to being pro-rated for time to the date of cessation of employment and performance over the complete performance period. The Committee may, in its absolute discretion, determine that awards shall vest on cessation in exceptional circumstances, subject to being pro-rated for time and performance to the date of cessation of employment. Approved option awards lapse, except in the case of retirement with the agreement of the employer, when awards will vest, subject to pro-rating as stated above. Any awards in a holding period will normally remain subject to the holding requirement until the period ends.	At the normal vesting date unless the Committee, in its absolute discretion, determines otherwise.
Death	Unapproved option awards vest in full but may be subject to the application of the performance conditions attached to them. Approved option awards are pro-rated for time and performance to that date.	Immediately.
Change of control	Unapproved option awards vest in full, but may be subject to the application of the performance conditions attached to them. Approved option awards are pro-rated for time and performance to that date. Any awards in a holding period will normally be released. Awards vest, subject to being pro-rated for time and performance to the date of cessation of employment, unless the Committee determines otherwise. Awards may alternatively be exchanged for new equivalent awards in the acquirer, where appropriate.	On change of control.

External appointments

Executive Directors are permitted to take up non-executive positions on the boards of other companies, subject to the prior approval of the Board. The Executive Directors may retain any fees payable in relation to such appointment. Details of external appointments and the associated fees received are included in the Annual Report on Remuneration.

Consideration of employment conditions elsewhere in the Group

The Group seeks to promote and maintain good relations with employees and (where relevant) their representative bodies as part of its broader employee engagement strategy. The Committee is mindful of salary increases applying across the rest of the business in relevant markets when considering salaries for Executive Directors but does not currently consult with employees specifically on executive remuneration policy and framework. However, as part of its broader remit, the Committee has detailed oversight of, and is invited to input on, workforce remuneration policies and practices to help ensure these are underpinned by, and implemented to reinforce, a consistent set of values and principles.

Consideration of shareholder views

The Committee considers shareholder views received during the year and at the Annual General Meeting each year, as well as guidance from shareholder representative bodies more broadly, in shaping remuneration policy. The vast majority of shareholders continue to express support for remuneration arrangements at Norcros. In developing the proposed policy set out in this report, we consulted with shareholders representing a total of c.80% of our issued share capital, as well as shareholder representative bodies. We are pleased to report that many investors who provided feedback indicated support for the proposed approach. The Committee keeps the remuneration policy under regular review, to ensure it continues to reinforce the Group's long-term strategy and aligns Executive Directors with shareholders' interests. We will continue to consult shareholders before making any significant changes to our remuneration policy.

Non-executive Director remuneration policy

Non-executive Directors (including the Board Chair) have letters of appointment which specify an initial term of at least three years, although these contracts may be terminated at one month's notice by either the Company or Director. In line with the UK Corporate Governance Code guidelines, all Directors are subject to re-election annually at the AGM.

Details of terms and notice periods for Non-executive Directors are summarised below:

Non-executive Director	Date of appointment	Notice period
David McKeith	24 July 2013	1 month
Alison Littley	1 May 2019	1 month
Stefan Allanson	1 January 2023	1 month

It is the policy of the Board of Directors that Non-executive Directors are not eligible to participate in any of the Group's bonus, long-term incentive or pension schemes. Details of the policy on fees paid to our Non-executive Directors are set out in the table below:

Component and objective	Operation	Opportunity	Performance measures
Fees To attract and retain Non-executive Directors of the highest calibre with broad commercial experience relevant to the Group	The fee paid to the Chair is determined by the Committee excluding the Chair. The fees paid to the other Non-executive Directors are determined by the Chair and the Executive Directors. Fee levels are reviewed periodically, with any adjustments effective 1 April. Fees are reviewed by taking into account external advice on best practice and fee levels at other FTSE companies of broadly similar size and sector to Norcros. Time commitment and responsibility are also taken into account when reviewing fees.	Aggregate fees are limited to £350,000 p.a. by the Group's Articles of Association. Fee increases will be applied taking into account the outcome of the review. The fees paid to Non-executive Directors in respect of the year under review (and for the following year) are disclosed in the Annual Report on Remuneration.	n/a

Approach to Non-executive Director recruitment remuneration

In recruiting a new Non-executive Director, the Remuneration Committee will use the policy as set out in the table above. A base fee in line with the prevailing fee schedule would be payable for serving as a Director of the Board, with additional fees payable for acting as Chair of the Audit and Risk or Remuneration Committees, or as a Senior Independent Director.

ANNUAL REPORT ON REMUNERATION

The following section provides details of how our 2020 policy was implemented during the year ended 31 March 2023 and how the proposed 2023 policy will be implemented in the year ending 31 March 2024.

Remuneration Committee membership in the year ended 31 March 2023

The Remuneration Committee is responsible for recommending to the Board the remuneration policy for Executive Directors and the members of the Group's senior management, and for setting the remuneration packages for the Board Chair and each Executive Director. The Committee's responsibilities are set out in its Terms of Reference, which can be found on the Company's website at www.norcros.com.

During the year under review, the following Directors were members of the Remuneration Committee:

- Alison Littley (Committee Chair);
- David McKeith;
- Gary Kennedy (from appointment on 8 December 2021 to 13 February 2023); and
- Stefan Allanson (from 1 January 2023).

All members of the Committee are independent. They serve on the Committee for a minimum three-year term and a maximum of nine years, provided the Director remains independent. As part of an effectiveness review for the entire Board, an evaluation of the Remuneration Committee was undertaken in the year to 31 March 2023. We are pleased to report this review concluded that the Committee continues to operate effectively.

In addition, the Chief Executive Officer was invited to attend Committee meetings as appropriate to advise on specific questions raised by the Committee and on matters relating to the performance and remuneration of senior managers, other than in relation to his own remuneration. The Group Counsel and Company Secretary acts as secretary to the Committee. No individual was present while decisions were made regarding their own remuneration.

The Committee met seven times during the year. Attendance by individual members at meetings is detailed on page 86.

Main activities of the Committee during the year ended 31 March 2023

The main activities carried out by the Committee during the year under review were:

- reviewing and setting salary levels for Executive Directors and senior management;
- approving the remuneration terms for Nick Kelsall on his retirement as CEO;
- approving the remuneration package for Thomas Willcocks on his appointment as CEO (effective 1 April 2023);
- reviewing the Directors' remuneration policy (ahead of this being put to a binding shareholder vote at the 2023 AGM);
- determining the annual bonus outcome for the year ended 31 March 2022;
- setting operating profit targets for the annual bonus for the year ended 31 March 2023;
- calibrating EPS targets for, and granting of, 2022 APSP awards;
- reviewing developments in remuneration governance;
- reviewing and setting the fees payable to the Non-executive Board Chair; and
- reviewing the pay policies and practices for the wider workforce.

Advisers

During the year under review, the Committee sought independent advice from Ellason LLP. Ellason is a member and signatory of the Code of Conduct for Remuneration Consultants, details of which can be found at www.remunerationconsultantsgroup.com. In the year to 31 March 2023, Ellason provided the following services:

	Services provided	Fees (excl. VAT) £
Ellason	Guidance on developments in remuneration governance and market trends (and implications for Norcros), remuneration benchmarking for annual review and new appointments, Remuneration Report drafting support and general support to the Committee throughout the year on remuneration related matters, including the review of the remuneration policy.	£29,305

Ellason does not provide other services to the Company or its Directors and the Committee is satisfied that the advice it receives is independent.

Summary of shareholder voting at the AGM

The following table shows the results of the advisory vote on the 2021 Annual Report on Remuneration at the 2021 AGM, and the binding vote on the remuneration policy at the 2020 AGM:

	Annual Report on Remuneration (2022 AGM)		Remuneration policy (2020 AGM)	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For (including discretionary)	59,638,491	80.24%	51,989,106	96.04%
Against	14,686,840	19.76%	2,146,024	3.96%
Total votes cast (excluding withheld votes)	74,325,331	100.00%	54,135,130	100.00%
Votes withheld	9,891		18,388	
Total votes (including withheld votes)	74,335,222		54,153,518	

Single figure for total remuneration for Executive Directors (audited information)

The following table provides a single figure for total remuneration of the Executive Directors for the year to 31 March 2023, together with comparative figures for the year to 31 March 2022. The values of each element of remuneration are based on the actual value delivered, where known. The value of the annual bonus includes the element of bonus deferred under the Deferred Bonus Plan.

	Nick Kelsall		James Eyre[7]	
	2023 £	2022 £	**2023 £**	2022 £
Base salary[1]	**476,000**	388,470	**290,000**	173,941
Taxable benefits[2]	**15,961**	15,939	**12,720**	8,469
Annual bonus[3]	**153,748**	388,470	**93,670**	173,941
Share based payments[4]	**441,261**	—	**96,669**	—
Post-employment benefit[5]	**103,630**	72,910	**23,200**	13,915
SAYE[6]	**—**	—	**—**	—
Total fixed	**595,591**	477,319	**325,920**	196,325
Total variable	**595,009**	388,470	**190,339**	173,941
Total	**1,190,600**	865,789	**516,259**	370,266

1 Base salaries for 2023 reflect the amounts disclosed and explained in last year's Directors' Remuneration Report.

2 Taxable benefits consist of car allowance (Nick Kelsall – 2023: £15,000, 2022: £15,000; and James Eyre – 2023: £12,000, 2022: £8,000) and private medical insurance.

3 Annual bonus comprises both the cash annual bonus for performance during the year and, where applicable, the face value of the deferred bonus element on the date of deferral. Any deferred share element is deferred for three years. See "Annual bonus in respect of performance in the year ended 31 March 2023" opposite for further details.

4 For 2023, the APSP value reflects the estimated value of APSP awards granted in November 2020, of which 98.9% will vest to Nick Kelsall and James Eyre on 25 November 2023 (equivalent to 192,270 shares and 42,121 shares to Nick Kelsall and James Eyre respectively). James Eyre was not an Executive Director at the time the award was granted, as such the shares awarded will not be subject to the usual two-year holding period. The reported values include the dividends expected to be accrued on these awards over the period from grant to the expected vesting date (£54,604 and £11,962 respectively) and are estimated using the three-month average share price to 31 March 2023 of 201.1p. This will be trued up to reflect the vest-date value of awards in next year's Annual Report on Remuneration. Of the values for the 2020 APSP reported in the table above, c.4% (equivalent to £13,651 and £2,991 for Nick Kelsall and James Eyre respectively) results from share price growth above the grant price of 194p. For 2022, the APSP value of nil reflects the value of APSP awards granted in July 2019 and which lapsed in full on 25 July 2022.

5 In 2023, pension benefits comprised cash in lieu (Nick Kelsall – £63,070; and James Eyre – £23,200) and amounts related to the defined benefit scheme (Nick Kelsall – £40,560). See "Total pension entitlements" on page 108 for further details. The pension benefit provided to Nick Kelsall and James Eyre in 2022 comprises cash in lieu (Nick Kelsall – £58,270; and James Eyre – £13,915) and amounts related to the defined benefit scheme (Nick Kelsall – £14,640). Nick Kelsall's pension contribution was reduced voluntarily from 1 January 2023 to 8% of salary, to align with the contribution available to the wider UK workforce.

6 Embedded gain on grant of Save As You Earn Scheme grants made in the relevant year.

7 The 2022 figures shown for James Eyre relate to the period 1 August 2021–31 March 2022, i.e. from his appointment as CFO and a Board Director.

Incentive outcomes for the year ended 31 March 2023 (audited information)

Annual bonus in respect of performance in the year ended 31 March 2023

The 2023 Annual Bonus Plan was based 100% on Group underlying operating profit performance for the year to 31 March 2023. The maximum annual bonus opportunity for the year was 100% of base salary for the Chief Executive Officer and for the Chief Financial Officer. Based on the Company's performance in 2023, against the stretching targets set at the start of the year, the Committee approved annual bonus payouts for the Executive Directors at 32.3% of maximum. Further details, including the profit targets set and actual performance, are provided below:

	Underlying profit target £m	Payout (% of max.)	2023 outturn £m	Bonus (% of max.)
Maximum	51.9	100%		
Target	47.2	50%	45.5[1]	32.3%
Threshold	44.8	25%		

1 Target was set on a pre-IFRS 16 basis; therefore, the 2023 outturn has been assessed on a similar basis, i.e. underlying operating profit of £45.5m pre-IFRS 16 (reported £47.3m).

In keeping with good practice, the Committee reviewed the formulaic outcome of the annual bonus in the context of business performance and the wider stakeholder experience. The Committee concluded that the formulaic outcome reflected robust results delivered in such challenging circumstances through exceptional leadership and the hard work of the Executive Directors and the wider senior management team. The Committee also concluded that the outcomes reflect the underlying performance of the Group more generally, and the experience of other stakeholders. Accordingly, no discretion has been exercised in relation to the bonus outcome for the 2023 financial year.

2020 APSP awards vesting

Effective November 2020, APSP awards of 194,409 shares were granted to Nick Kelsall, and of 42,590 shares to James Eyre. Vesting of these awards was based on Norcros' diluted underlying EPS in the financial year to 31 March 2023. Based on performance in the year to 31 March 2023, against the targets originally set, the Committee has determined that these awards will each vest at 98.9% on 24 November 2023, being the end of the relevant three-year vesting period according to the APSP rules. James Eyre was not an Executive Director at the time the award was granted, as such the shares awarded to him will not be subject to the usual two-year holding period. Performance targets and actual performance against these, as determined by the Committee, are summarised in the table below:

	Diluted underlying EPS	% vesting	Norcros' performance	Award vesting (% of APSP award)
Threshold	28.2p	0%		
Maximum	37.5p	100%	37.4p	98.9%

Scheme interests awarded in 2023 (audited information)

2022 DBP

During the year under review, the following DBP awards were made to the Executive Directors (relating to the annual bonus earned for performance over the year to 31 March 2022).

	Nick Kelsall	James Eyre
Basis of award	50% of earned bonus	50% of earned bonus
Grant date	19 July 2022	19 July 2022
Number of nil-cost options granted	89,098	39,894
Grant-date share price (p)	218.0	218.0
Grant-date face value (£)	194,234	86,969
Normal vesting date	19 July 2025	19 July 2025
Performance conditions	None	None

Scheme interests awarded in 2023 (audited information) continued

2022 APSP

During the year under review, the following APSP awards were granted to the Executive Directors:

	Nick Kelsall	James Eyre
Basis of award	100% of base salary	100% of base salary
Grant date	19 July 2022	19 July 2022
Number of nil-cost options granted	218,348	133,027
Grant-date share price (p)	218.0	218.0
Grant-date face value (£)	475,999	289,999
Normal vesting date	19 July 2025	19 July 2025
Performance period	1 April 2022–31 March 2025	1 April 2022–31 March 2025
Performance conditions	Three-year aggregate underlying diluted EPS to 31 March 2025 Threshold: 126.4p (25% of element vesting) Maximum: 144.3p (100% of element vesting) Straight-line vesting between these points	
Holding period	19 July 2025–19 July 2027	19 July 2025–19 July 2027

2022 SAYE

In the year ended 31 March 2023, none of the Executive Directors entered into a savings contract for the 2022 SAYE scheme as they were already contracted under previous SAYE grants at the HMRC limits.

Total pension entitlements (audited information)

As part of their remuneration arrangements, Nick Kelsall and James Eyre are entitled to receive pension contributions from the Company. Under these arrangements, they can elect for those contributions to be paid in the form of taxable pension allowance, or direct payments into a personal pension plan or the Group's UK defined contribution scheme. If a payment is made in the form of taxable pension allowance, the amount payable is not reduced to allow for employment taxes.

During the year Nick Kelsall elected to take a taxable pension allowance of £63,070 (2022: £58,270) with no amounts paid directly into a pension scheme (2022: £nil). James Eyre elected to take a taxable pension in the year of £23,200 (2022: £13,915) with no amounts paid directly into a pension scheme (2022: £nil). In line with the Regulations, the single figure table reflects the total of these amounts, as well as the capitalised increase in accrued pension (net of inflation) under the UK defined benefit scheme, of which Nick Kelsall is a deferred member. James Eyre is not a member of the UK defined benefit scheme. Details of Executive Directors' retirement benefits under the Group's UK defined benefit scheme and taxable pension allowances are summarised in the following table:

Director	Accrued pension 2023 £	Accrued pension 2022 £	Increase in accrued pension net of CPI £	Applicable period years	Pension value in the year from DB scheme £	Pension value in the year from cash allowance £	Total £
Nick Kelsall	26,954	24,926	2,028	20	40,560	63,070	103,630
James Eyre	—	—	—	—	—	23,200	23,200

Single figure for total remuneration for Non-executive Directors (audited information)

The table below sets out a single figure for the total remuneration received by each Non-executive Director for the year ended 31 March 2023 and the prior year:

	Total fee	
	2023 £	2022 £
Gary Kennedy[1]	**133,632**	41,500
Alison Littley	**56,000**	47,670
David McKeith[2]	**73,333**	100,409
Stefan Allanson[3]	**12,250**	—

1 Gary Kennedy joined the Board on 8 December 2021. He was incapacitated due to ill health from 23 January 2023 and passed away on 13 February 2023.

2 David McKeith acted as Board Chair from 24 January 2023. During this period, Mr McKeith received the Board Chair fee on a pro-rata basis, and did not receive any additional fee for chairing the Audit and Risk Committee, or in his capacity as Senior Independent Director (for which an additional fee of £3,000 p.a. was introduced from 1 April 2022).

3 Stefan Allanson was appointed on 1 January 2023.

Payments made to the outgoing CEO in the year (audited information)

All payments to Nick Kelsall in connection to his tenure as CEO for the full year ended 31 March 2023 are included in the single figure table above. Nick retired and stepped down from the Board on 31 March 2023, and the Committee has agreed to treat him as a "good leaver" in respect of his outstanding DBP and APSP awards, in recognition of his long and valued service to the Group. In line with our remuneration policy, DBP awards will continue to vest on the normal vesting date. APSP awards (which will be pro-rated to the date he ceases employment with the Group, of 30 January 2024) will vest on the normal vesting date subject to the achievement of the performance conditions attaching to each award. The applicable holding period will continue to apply. Nick remains subject to the post-employment shareholding requirement, in line with our remuneration policy.

Payments to past Directors (audited information)

No payments to past Directors were made during the year under review.

External appointments in the year

No external appointments were held by the Executive Directors during the year.

Percentage change in Director remuneration

The table below shows the annual percentage change in remuneration from 2020 to 2023 for each individual who served as a Director during the year ended 31 March 2023, compared with the percentage change in remuneration for all UK staff employed in continuing operations. A UK subset of employees (who are employed by the UK operating subsidiary of Norcros plc) was selected as a suitable comparator group for this analysis because the Directors (who are employed or engaged by Norcros plc) are based in the UK (albeit with global roles and responsibilities) and pay changes across the Group vary widely depending on local market conditions (in particular fluctuations in the exchange rate between the South African Rand and British Pound). The comparison uses a per capita figure and accordingly this reflects an average across the Group's businesses. No account is therefore taken of the impact of operational factors such as new joiners and leavers and the mix of employees.

	Salary or fees[1]			Benefits			Bonus		
	2023	2022	2021	**2023**	2022	2021	**2023**	2022	2021
Executive Directors									
Nick Kelsall	**22.5%**	8.4%	(5.0%)	**0.1%**	(0.9%)	0.1%	**(60.4%)**	3.0%	n/a
James Eyre	**11.1%**	n/a	n/a	**0.1%**	n/a	n/a	**(64.2%)**	n/a	n/a
Non-executive Directors									
Alison Littley	**17.5%**	8.4%	(5.0%)	**n/a**	n/a	n/a	**n/a**	n/a	n/a
David McKeith[2]	**(27.0%)**	129.8%	(5.0%)	**n/a**	n/a	n/a	**n/a**	n/a	n/a
Stefan Allanson[3]	**n/a**	n/a	n/a	**n/a**	n/a	n/a	**n/a**	n/a	n/a
Gary Kennedy[4]	**12.6%**	n/a	n/a	**n/a**	n/a	n/a	**n/a**	n/a	n/a
Average of other employees	**2.8%**	13.0%	(3.6%)	**(8.6%)**	4.0%	6.7%	**(27.0%)**	(18.8%)	n/a

1 Salary and fee figures are annualised for this comparison.

2 Year on year comparison reflects the impact of Mr McKeith assuming the role of Board Chair from 15 April to 8 December 2021 and from 24 January 2023.

3 No year on year comparison is shown as Stefan Allanson joined the Board during the 2023 financial year.

4 Gary Kennedy joined the Board on 4 December 2021 and was Chair until he passed away on 13 February 2023.

Relative importance of spend on pay

The table below shows shareholder distributions (i.e. dividends – there were no share buybacks in either year) and Norcros' expenditure on total employee pay for the year under review and the prior year, and the percentage change year on year.

	2023 £m	2022 £m	% change
Dividends (i.e. total payments made in year)	**9.2**	9.1	1.1%
Dividend per share (i.e. total dividend per share in pence in respect of year)	**10.2p**	10.0p	2.0%
Total staff costs[1]	**77.0**	65.9	16.8%

1 Total staff costs include the staff costs of Grant Westfield since the date of acquisition.

CEO pay ratio

The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (the Regulations) require certain companies to disclose the ratio of the Chief Executive's pay, using the amount set out in the single total figure table (shown in this report on page 106), to that of the total remuneration of full-time equivalent UK employees at the 25th percentile, median and 75th percentile. The required information is set out in the table below:

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2023	**Option B**	**1:52.6**	**1:43.6**	**1:29.8**
2022	Option B	1:37.6	1:35.4	1:20.3
2021	Option B	1:36.2	1:30.5	1:19.9
2020	Option B	1:27.8	1:27.3	1:15.6

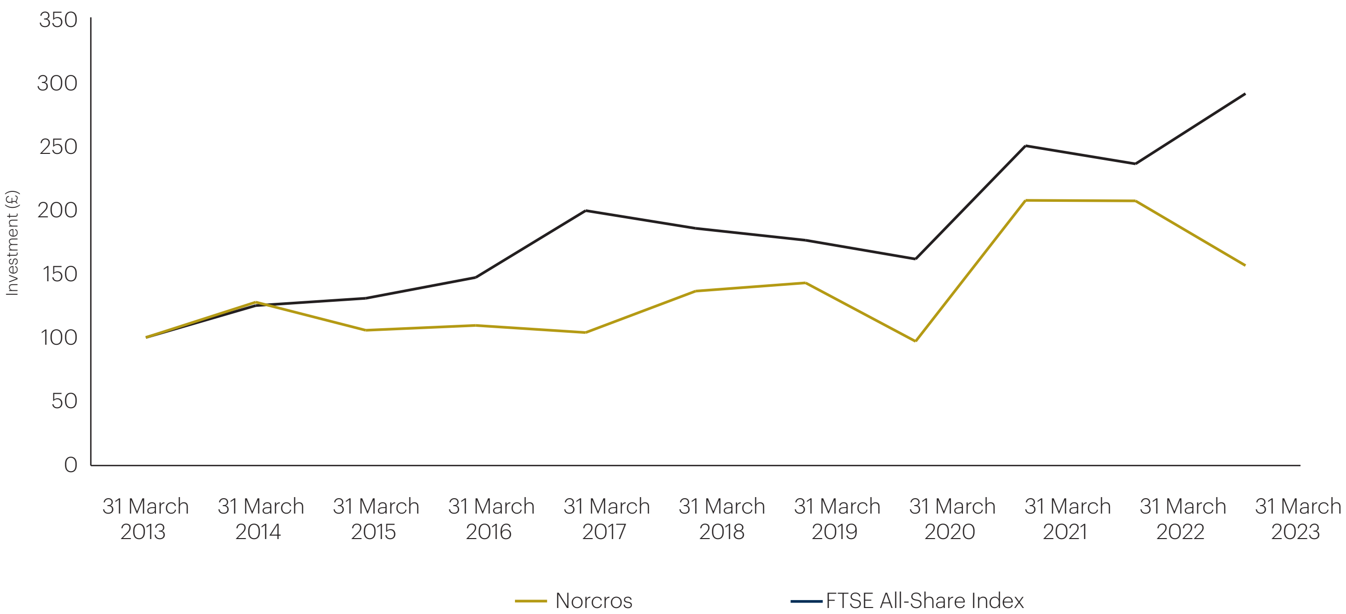
		CEO pay £	P25 pay £	P50 pay £	P75 pay £
2023	**Total remuneration**	**1,190,600**	**22,641**	**27,293**	**39,947**
	Base salary	**476,000**	**21,372**	**25,994**	**38,045**
2022	Total remuneration	865,789	23,025	24,450	42,720
	Base salary	388,470	21,000	23,000	38,150
2021	Total remuneration	815,581	22,505	26,772	41,080
	Base salary	358,297	22,500	26,772	40,600
2020	Total remuneration	561,776	20,173	20,543	36,009
	Base salary	377,155	19,329	19,752	35,000

The 25th percentile, median and 75th percentile figures used to determine the above ratios were selected by reference to the hourly pay figures for the Group's UK workforce, taken from its gender pay gap statistics for the relevant year and from these identifying the three employees who are at each percentile point. The full-time equivalent annualised remuneration (comprising salary, benefits, pension, annual bonus and long-term incentives) for those employees for the year ended 31 March 2023 was then calculated. This methodology is defined in the Regulations as Option B, which was chosen as the most appropriate methodology given the employee demographics of the Group's UK workforce. The trend year on year of pay ratios for each percentile is that the ratios have increased. This is explained by a proportionately greater increase in the variable elements of the CEO's remuneration, relative to the comparators and the resulting impact of continued robust Group performance on incentive outcomes.

Performance graph and table

The following graph shows the ten-year TSR performance of the Company relative to the FTSE All-Share Construction & Materials Index. This comparator was chosen because the Company is a constituent member of this index.

Total shareholder return
(Value of £100 invested on 31 March 2013)



The table below details the Group Chief Executive's single figure of remuneration over the same period:

	2014	2015	2016	2017	2018	2019	2020	2021	2022	**2023**
CEO single figure of remuneration (£000)										
Incumbent	Nick Kelsall	Nick Kelsall	Nick Kelsall	Nick Kelsall	Nick Kelsall	Nick Kelsall	Nick Kelsall	Nick Kelsall	Nick Kelsall	**Nick Kelsall**
Total remuneration	£917,530	£1,161,288	£928,764	£1,025,158	£971,710	£970,860	£561,776	£815,581	£865,789	**£1,190,600**
Annual bonus (as a % of max. opportunity)	54%	69%	81%	68%	50%	61%	—	100%	100%	**32%**
APSP vesting (as a % of max. opportunity)	100%	99%	100%	100%	100%	58%	26%	—	—	**99%**

Implementation of Executive Director remuneration policy for the year to 31 March 2024

The Remuneration Committee conducted a thorough review of Executive Directors' remuneration, effective 1 April 2023. The results of this review are as follows:

Base salary

Thomas Willcocks was appointed CEO effective 1 April 2023, and his salary set by the Committee at £420,000 from this date.

As disclosed in last year's report, the Committee resolved to increase James Eyre's base salary to £320,000 in two stages. The first of these stages, to £290,000, was implemented with effect from 1 April 2022. In determining to implement the second increase with effect from 1 April 2023, the Committee took into account a range of factors, including James Eyre's continued strong performance and contribution to the Group – particularly his invaluable support to Nick Kelsall and Thomas Willcocks through the CEO transition – as well as the inflationary environment (which was unforeseen at the time of agreeing the two-stage increase). In this context, the Committee concluded that it was appropriate to implement the second increase as originally intended, noting that this salary level is now positioned to be appropriately competitive for similar roles of comparable scope, scale and complexity.

Pension

Both Executive Directors receive a pension contribution, or allowance in lieu, of 8% of salary, in line with the employer contribution available for the wider UK workforce.

Benefits

Other benefits consist of car allowance, aligned at £15,000 for all Executive Directors for the year ending 31 March 2024, and private medical insurance.

Annual bonus

The annual bonus opportunity for Executive Directors will remain unchanged for the 2024 financial year with a maximum bonus opportunity of 100% of salary. The bonus outcome for Executive Directors will continue to be based entirely on Group underlying operating profit. Of any bonus earned 50% will be deferred into nil-cost options for a further three years under the DBP. Annual bonus targets will be disclosed in next year's Annual Report on Remuneration, subject to these no longer being considered by the Board to be commercially sensitive.

APSP

APSP awards will be made in the 2024 financial year to the Executive Directors, with face values of 100% of salary. As explained at the start of this Remuneration Report, vesting of these awards will be subject to the achievement of suitably stretching EPS targets in accordance with the remuneration policy, and a discretionary assessment by the Committee of the quality of earnings over the performance period by reference to the Group's ROCE performance. To the extent an award vests, vested shares will be subject to a further two-year holding period. The Committee will determine targets at the time awards are made and these targets (along with other relevant details of this grant) will be disclosed in next year's Annual Report on Remuneration.

SAYE

Thomas Willcocks and James Eyre will continue to be able to participate in any SAYE contract offered to all employees, on identical terms.

Implementation of Non-executive Director remuneration policy for the year to 31 March 2024

The Board Chair and the Executive Directors reviewed Non-executive Director fees and concluded that it was appropriate to increase these, as set out below, to reflect the growing time commitment of the role (and for similar reasons introduced an additional fee for the role of Senior Independent Director from 1 April 2022). Accordingly, for the 2024 financial year, Non-executive Director fees will be as follows:

Non-executive Director	**Fee at 1 April 2023**	Fee from 1 April 2022	Percentage increase
Board Chair (determined by the Committee)	**£149,350**	£145,000	3.0%
Non-executive Director	**£50,470**	£49,000	3.0%
Additional fee for acting as Senior Independent Director	**£3,090**	£3,000	3.0%
Additional fee for chairing Audit and Risk or Remuneration Committees	**£7,210**	£7,000	3.0%

Executive Director shareholdings (audited information)

The table below shows the shareholding of each Executive Director and their respective shareholding requirement as at 31 March 2023:

		Options held					
	Shares owned	Vested but not exercised	Unvested and subject to performance	Unvested but not subject to performance	Shareholding guideline % of salary	% current holding	Requirement met?
Nick Kelsall	1,724,645	—	547,642	165,551	100%	759%	Yes
James Eyre	51,007	—	266,211	50,869	100%	37%	Building

Current shareholding is based on shares owned outright and valued using the average share price over the twelve months ended 31 March 2023 of 209.6p.

Details of the options held are provided in the table below.

Directors' share scheme interests (audited information)

Share options

	Scheme	Date of grant	Vested date	Expiration date	Exercise price	Shares under option 1 April 2022	Granted in 2023	Vested in 2023	Exercised in 2023	Lapsed in 2023	Shares under option 31 March 2023
Nick Kelsall	**DBP**	23.07.19	23.07.22	23.07.29	—	52,273	—	—	52,273	—	—
		21.07.21	21.07.24	21.07.31	—	65,478	—	—	—	—	65,478
		19.07.22	19.07.25	19.07.32	—	—	89,098	—	—	—	89,098
					Total	**117,751**	**89,098**	**—**	**52,273**	**—**	**154,576**
	APSP	23.07.19	23.07.22	23.07.29	—	176,240	—	—	—	176,240	—
		25.11.20	25.11.23	25.11.30	—	194,409	—	—	—	—	194,409
		21.07.21	21.07.24	21.07.31	—	134,885	—	—	—	—	134,885
		19.07.22	19.07.25	19.07.32	—	—	218,348	—	—	—	218,348
					Total	**505,534**	**218,348**	**—**	**—**	**176,240**	**547,642**
	SAYE	23.12.20	01.03.24	01.08.24	164p	10,975	—	—	—	—	10,975
					Total	**10,975**	**—**	**—**	**—**	**—**	**10,975**
James Eyre	**DBP**	19.07.22	19.07.25	19.07.32	—	—	39,894	—	—	—	39,894
					—	**—**	**39,894**	**—**	**—**	**—**	**39,894**
	APSP	23.07.19	23.07.22	23.07.29	—	38,609	—	—	—	38,609	—
		25.11.20	25.11.23	25.11.30	—	42,590	—	—	—	—	42,590
		21.07.21	21.07.24	21.07.31	—	90,594	—	—	—	—	90,594
		19.07.22	19.07.25	19.07.32	—	—	133,027	—	—	—	133,027
					Total	**171,793**	**133,027**	**—**	**—**	**38,609**	**266,211**
	SAYE	23.12.20	01.03.24	01.08.24	164p	10,975	—	—	—	—	10,975
					Total	**10,975**	**—**	**—**	**—**	**—**	**10,975**

Performance	% vesting	Three-year aggregate EPS targets 23.07.19 award	March 2023 EPS[1] 25.11.20 award	Three-year aggregate EPS targets 21.07.21 award	Three-year aggregate EPS targets 19.07.22 award
Threshold	25%	105.0p	28.2p	103.0p	126.4p
Maximum	100%	119.1p	37.5p	117.5p	144.3p

1 Based on outcome of final year (year to 31 March 2023) threshold of 28.2p represents 0% vesting.

Shareholder dilution

The Group's share incentive plans operate in line with the Investment Association's Principles, which require that commitments under all-share schemes satisfied by newly issued shares must not exceed 10% of the issued share capital in any rolling ten-year period, of which up to 5% may be used to satisfy options under executive share schemes. The Group's position against the dilution limits at 31 March 2023 was 3.6% for the all-share schemes limit and 1.1% for executive schemes.

Statement of Directors' shareholding and share interests (audited information)

Director	31 March 2023 Ordinary shares	31 March 2022 Ordinary shares
Nick Kelsall	**1,724,645**	1,697,594
James Eyre	**51,007**	51,007
David McKeith	**17,941**	17,941
Alison Littley	**—**	—
Stefan Allanson	**—**	—
Gary Kennedy	**43,121**[1]	43,121

1 Shareholding as at 13 February 2023.

This report was approved by the Board of Directors on 14 June 2023 and signed on its behalf by:

Alison Littley
Chair of the Remuneration Committee
14 June 2023

DIRECTORS' REPORT

The Directors present their Annual Report and the audited consolidated financial statements for the year ended 31 March 2023.

Principal activities

The Company acts as a holding company for the Norcros Group. The Company's registered number is 3691883 and the Company is registered and domiciled in England.

The Group's principal activities are the development, manufacture and marketing of bathroom and kitchen products in the UK and South Africa.

Accounting reference date

The Company has adopted an accounting period of 52 weeks, and as a result of this, the exact year end date was 2 April 2023. All references to the financial year therefore relate to the 52 weeks commencing on 4 April 2022. In the previous year the accounting period was 52 weeks, beginning on 5 April 2021 and ending on 3 April 2022.

Results and dividends

The information that fulfils the requirements of the Business Review, which is incorporated in the Directors' Report by reference, including the review of the Group's business and future prospects, is included in the Chair's Statement, the Chief Executive Officer's Statement and the Strategic Report on pages 3 to 80. Key performance indicators are shown on page 22.

The Directors recommend a final dividend for the year ended 31 March 2023 of 6.8p (2022: 6.9p). This follows the decision to pay an interim dividend earlier in the year of 3.4p (2022: 3.1p).

Directors' and officers' liability insurance and indemnities

The Company purchases liability insurance cover for its Directors and officers which gives appropriate cover for any legal action brought against them. The Company also provides an indemnity for its Directors (to the extent permitted by the law) in respect of liabilities which could occur as a result of their office. This indemnity does not provide cover should a Director be proven to have acted fraudulently or dishonestly.

Purchase of own shares

In 2007 the Company formed the Norcros Employee Benefit Trust (the Trust). The purpose of the Trust is to meet part of the Company's liabilities under the Company's share schemes. The Trust acquired 87,381 shares during the year (2022: 69,101). At the Company's 2022 Annual General Meeting, the shareholders authorised the Company to make market purchases of up to 8,915,290 ordinary shares. At the forthcoming Annual General Meeting, shareholders will be asked to renew the authority to purchase its own shares for another year. Details are contained in the AGM Notice of Meeting which is available from the Company's website: www.norcros.com.

Employees/fostering business relations

Details of the Group's engagement with, and policies towards, its employees are contained on pages 52 and 53. Details of how the Group fosters good business relations with its suppliers and other business partners are contained on pages 78 to 80. All these details form part of the Directors' Report and are incorporated into it by cross-reference.

Directors

Biographical details of the present Directors are set out on pages 82 and 83 and on the Company's website: www.norcros.com. The Directors who served during the year and to the date of this report are set out below:

Director	Role
Gary Kennedy	Chair (until 23 January 2023) Non-executive Director (until 13 February 2023)
David McKeith	Non-executive Director (Acting Chair from 24 January 2023)
Alison Littley	Non-executive Director
Stefan Allanson	Non-executive Director (appointed 1 January 2023)
Nick Kelsall	Chief Executive Officer (until 31 March 2023)
Thomas Willcocks	Chief Executive Officer (appointed 1 April 2023)
James Eyre	Chief Financial Officer

The Company announced on 30 May 2023 that Steve Good will be appointed as a Director on 1 July 2023. His biographical details are set out on the Company's website: www.norcros.com.

The interests of the Directors in the shares of the Company at 31 March 2023 and 31 March 2022 are shown on page 113.

Compliance with Listing Rules on diversity

In 2022, the UK Financial Conduct Authority introduced new Listing Rules relating to diversity (LR 9.8.6R(9) and (10), and LR 14.3.33R(1)). The Company's position against these items is set out within this report below.

Listing Rule target	Company's position as at 31 March 2023	Comment
At least 40% of the board are women.	20%	Our aspiration is to achieve 40% gender diversity, recognising that it requires a careful and measured approach to accommodate Board attrition, whilst maintaining the existing profile of desired skills and experience.
At least one of the senior board positions (Chair, Chief Executive Officer (CEO), Senior Independent Director (SID) or Chief Financial Officer (CFO)) is a woman.	0[1] positions meet this target.	With effect from 1 July 2023, a woman (Alison Littley) will take on the role of SID, which means that this target will be met. Going forward, the intention is to take this target into consideration as part of succession planning.
At least one member of the board is from a minority ethnic background (which is defined by reference to categories recommended by the UK Office for National Statistics (ONS)).	0 Board members meet this target.	The Board continues to take ethnic diversity into account when considering appointments, as per its Diversity Policy, whilst noting it will continue to consider diversity of the Board and the Group as a whole based on our global footprint and operations, in a way which is best aligned with our growth agenda. Being an international company, we naturally reflect many different nationalities in the Board and senior management. This is a valuable input to ensure different cultures are represented within decision makers, warding against groupthink.

1 See comment on Alison Littley becoming a SID from 1 July 2023.

Table 1: Reporting table on sex/gender representation

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Management	Percentage of Executive Management
Men	4	80%	4	4	100%
Women	1	20%	—	—	—
Not specified/prefer not to say	n/a	—	—	—	—

Table 2: Reporting table on ethnicity representation

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Management	Percentage of Executive Management
White British or other White (including minority White groups)	5	100%	4	4	100%
Mixed/multiple ethnic groups	—	—	—	—	—
Asian/Asian British	—	—	—	—	—
Black/African/Caribbean/Black British	—	—	—	—	—
Other ethnic groups, including Arab	—	—	—	—	—
Not specified/prefer not to say	—	—	—	—	—
Not specified/prefer not to say	—	—	—	—	—

Notes to the tables:

1 There will be a female SID from 1 July 2023.

2 Data collection of the Board undertaken as part of our regular year end data collection.

3 The Board were provided with the categories above and asked to advise how they identify.

4 The personal data has been collected once and it will be up to the individual to advise of any change.

Substantial shareholdings

As at 13 June 2023 the Company had received notification that the following were interested in voting rights representing 3% or more of the Company's issued share capital:

Name	% of total voting rights
J O Hambro Capital Management Ltd	10.02
FIL Ltd	10.00
Premier Miton Group	9.06
Canaccord Genuity Group Inc	8.84
Artemis Investment Management	6.71
SVM Asset Management	4.85
Allianz Global Investors GmbH	4.56
M&G plc	4.33
Gresham House Asset Management	3.14

Energy and greenhouse gas emissions reporting

The Board has included emissions data in the ESG section in order to meet the Company's obligation under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 to disclose the Group's worldwide emissions of the "greenhouse gases" (GHGs) attributable to human activity measured in tonnes of carbon dioxide equivalent.

We have reported on all of the emission sources, being Scope 1, Scope 2 and Scope 3 emissions. These are emissions from activities for which the Group is responsible, emissions resulting from the purchase of electricity, heat, steam or cooling by a business in the Group for its own use and emissions from the activities from assets not owned or controlled by the Group, but that the Group indirectly affects in its value chain. Also reported are the figures for aggregate energy consumed by the Group, expressed in kWh. We use as our chosen intensity measure the ratio of total emissions (measured in tonnes of CO_2e) to the total revenue of the Group (£441.0m). This ratio is chosen because it enables us on a consistent basis year on year to compare energy use relative to the overall level of business activity in revenue terms.

The Group recognises that its Scope 1 and 2 GHG emissions only reflect a proportion of our total carbon footprint across the value chain. A more holistic approach to reducing our indirect impacts will be required to deliver the scale of reductions demanded by the climate science, and we keep the embodied carbon impacts of the materials we use and of our logistics supply chain under review. This has progressed in the year with the assessment of our value chain (Scope 3) emissions.

We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), data gathered to fulfil our requirements under the CRC Energy Efficiency scheme, and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2018. We use the best information available to us, such as invoice data or measured energy usage. Where no more suitable data sources are available, we have used, where practicable, estimates based on the appropriate information that is available to the Group.

Political donations

There were no political donations (2022: £nil).

Research and development

The Group's expenditure on research and development is disclosed in note 3 to the financial statements and is focused on the development of new products.

Corporate governance

Details of the Group's corporate governance are contained on pages 84 to 87. This Corporate Governance Report forms part of the Directors' Report and is incorporated into it by cross-reference.

Going concern

Having taken into account the principal risks and uncertainties facing the Group detailed on pages 40 to 44 in the Strategic Report, the Board considers it appropriate to prepare the financial statements on the going concern basis, as explained in note 1 to the financial statements.

Financial risk management

The Group's operations expose it to a variety of financial risks. Details of the risks faced by the Group are provided in note 21 to the financial statements.

Takeover directive

The Company has only one class of shares, being ordinary shares, which have equal voting rights. The holdings of individual Directors are disclosed on page 113.

There are no significant agreements to which the Company is a party which take effect, alter or terminate in the event of a change of control of the Company, except for the banking facilities dated 7 March 2022 in respect of the £130.0m unsecured revolving credit facility and the £70.0m accordion facility which contain mandatory prepayment provisions on a change of control.

There are no provisions within Directors' employment contracts which allow for specific termination payments upon a change of control.

Statement of disclosure of information to auditor

In the case of each of the persons who are Directors, the following applies:

(a) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

(b) they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditor

A resolution to re-appoint BDO LLP as auditor to the Company will be proposed at the Annual General Meeting.

Annual General Meeting

The Annual General Meeting of the Company will take place at 11.00 am on 26 July 2023 at Addleshaw Goddard LLP, One Peter's Square, Manchester M2 3DE. The notice convening that meeting, together with the resolutions to be proposed, are available on request from the Company (info@norcros.com) or from the Company's website (www.norcros.com/investor-centre/shareholder-services/agm). The Directors recommend that all shareholders vote in favour of all of the resolutions to be proposed, as the Directors intend to do so in respect of their own shares, and consider that they are in the best interests of the Company and the shareholders as a whole.

By order of the Board

Richard Collins
Company Secretary
14 June 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

In respect of the Annual Report, the Directors' Remuneration Report and the financial statements

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with UK adopted international accounting standards and applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with UK adopted international accounting standards and have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business; and
- prepare a Directors' Report, a Strategic Report and a Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Website publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' responsibilities pursuant to DTR 4

The Directors confirm to the best of their knowledge:

- the financial statements have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group; and
- the Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and Company, together with a description of the principal risks and uncertainties that they face.

Thomas Willcocks
Chief Executive Officer
14 June 2023

James Eyre
Chief Financial Officer