

Directors' remuneration report: introduction from the Chair



It has been a year of transition for Synthomer, with an updated strategy, organisational change and new measures to navigate a difficult financial and macroeconomic landscape. For the Remuneration Committee, our most important task has been updating our remuneration policy to adapt to three main focus areas: repairing the balance sheet by reducing debt, implementing the new strategy and growing the share price.

Updates to our remuneration policy

Following a thorough review of our current policy, the Committee remains satisfied that our overall framework – an annual bonus and performance share plan (PSP) – remains the right approach for Synthomer.

Nevertheless, with the arrival of the new Executive Directors against a backdrop of challenging market conditions, rising inflation and the focus on rebuilding our balance sheet, the Committee considered it important to motivate and reward share price growth.

So, we have agreed to introduce an additional annual award of 50% of base salary under our PSP. This additional PSP award will be based wholly on more challenging relative total shareholder return (TSR) targets. The award will only start to vest for achieving upper quartile

performance, with maximum vesting only achieved at upper decile. This is to make sure the Executive Directors are aligned with our shareholders' expectations and experience, and that they are focused on delivering the new strategy to build the share price. This additional award will also be subject to the Committee's normal discretionary assessment, malus and clawback, and a two-year holding period – which ensures that all long-term pay covers a period of five years.

As a result of this additional award, the aggregate PSP opportunity of the two awards is now 250% of base salary for our CEO and 200% for our CFO. The Committee considers that the overall reward opportunity for the Executive Directors is fair given the complexity and geographical reach of our organisation – which means the size and scope of our Executive Director roles are greater than for other companies of a similar financial size. We verified this with two market studies, which confirm that this is well within expectations for the chemical industry.

To accommodate the proposed increased maximum under the PSP, we will also be putting an amended version of the Plan rules to shareholders for approval at the 2023 Annual General Meeting. The only change to these rules will be to increase headroom for the Executive Directors' awards.

We have provided more flexibility under the policy in relation to performance measures under the PSP, so that at least 70% of the primary award under the PSP is based on financial measures and the remaining 30% on sustainability and/or strategic measures (currently at least 80% is based on financial measures and 20% on ESG and/or strategic measures). This change is to align with the current bonus wording and potentially allows for other ESG measures if required in the future. However, at this time, we do not intend to change from our current approach of 80% of the primary PSP being based on financial performance and 20% on strategic/ESG performance measures, with the additional award being based fully on TSR performance, as outlined above.

As part of the policy review, we have also formalised the deferral of one-third of the annual bonus into a restricted share plan, (which, for Executive Directors joining after the date that the policy comes into effect, would be forfeited for bad leavers).

During our policy consultation process we spoke with, or responded to, a number of our largest shareholders and several proxy agencies, from which we received valuable and clear feedback on the proposals. As a result of feedback received, we removed our initial proposal to include flexibility within the policy to increase the bonus by

Directors' remuneration report: introduction from the Chair continued

25% of salary, and also linked the additional 50% of salary under the PSP to very challenging relative TSR targets.

Some common themes emerged from the feedback: restraining salary increases for our Executive Directors below inflation and no higher than workforce levels, explaining what we have done to help our employees navigate these tough times and explaining what we are doing to manage against windfall gains. Respondents also wanted assurance that we would signal any non-compliance with best practice and explain our rationale for our decisions where appropriate.

We encountered a divergence of views on sustainability goals, with advice ranging from not including any goals within incentives at all to ensuring that those we do set are quantitative and challenging. Following this mixed feedback, the Committee felt that continuing with the Company's current approach to sustainability goals remained appropriate – that is, including a quantifiable CO₂ reduction measure in the primary PSP award. We were also challenged on our decision not to increase the shareholding requirements beyond 220% and 200% respectively for the CEO and CFO. While this is something the Committee discussed, we determined it a premature change given that the Executive Directors had just joined Synthomer. It is, however, something that the Committee will review during the next policy period.

The Committee has responded to the challenges of the changing organisation by ensuring we were well advised by our consultants and took account of input from shareholders, proxy agencies and institutional shareholder bodies. This helped ensure we were well informed and could take decisions in a fast, decisive manner with the appropriate challenge, so that different views could be shared before reaching consensus.

2022 incentive outcomes

The CEO and CFO achieved 10% of maximum bonus outcomes in 2022. The profit before tax (PBT) and safety, health and environment (SHE) metrics were not met despite the SHE outcome being very close (+0.04) to the original targets. The 10% was awarded for personal and

strategic targets relating to the strategy review, integration of Eastman's Adhesive Resins business and capital investment for the CEO; and, for the CFO, liquidity, gearing and cash management. The Committee felt these were fully achieved, as described on [pages 140-141](#). As part of the terms of the CFO's appointment, it was agreed that any 2022 bonus payment would not be time pro-rated.

The Committee considered the final outcome in the context of performance in the year and if discretion should be applied. The Committee looked at performance in the round, while also noting the need to ensure our newly appointed Directors are appropriately incentivised to deliver the Group's ambitious objectives, including the refreshed strategic plan.

Given the strong start in their role and the challenging environment the Directors are operating in, along with the excellent progress made in important strategic objectives including cash management and implementing synergies, it was felt the formulaic outcome was appropriate. Therefore, no discretion was applied.

The former CFO, SG Bennett, was awarded a 10% bonus for achieving his objectives during the year, which was pro-rated to 4 November 2022, the date he ceased employment with the Company. This was in line with the terms agreed with him regarding his 2022 remuneration. We also treated him as a "good leaver" for the purpose of his remaining share awards. These awards will vest at the normal time and will be pro-rated to 4 November 2022.

The wider workforce received similar outcomes under the Group-wide bonus plans, with some local SHE bonus targets being met. The Committee determined that no discretion would be applied.

For the PSP, our performance measures, relative TSR and earnings per share (EPS) growth, we gave no payout, given the fall in Synthomer's share price and financial performance. The cost efficiencies as a result of cost synergies with the OMNOVA acquisition were met in full (30% of the award) as the final outcomes exceeded the maximum target

set. The maximum target for the 10% of the award based on reducing our CO₂ emissions by 15% was exceeded, so 40% (30% and 10%) of the maximum vested.

Given both our current Executive Directors were appointed more recently, neither was eligible for vesting under the 2020 award. The Committee determined that SG Bennett would be treated as a good leaver for the purpose of his unvested awards under the PSP (see [pages 142 and 145](#) for more detail). The Committee was pleased at the progress made against the targets for synergies delivered from the OMNOVA acquisition and the overall outcome of \$42.4 million represented a very strong result, especially in the context of a difficult external economic period. The Company also performed very well against challenging carbon targets, an important step towards our Vision 2030 and net zero by 2050 goals. Because of this performance, the Committee felt the final outcome to be fair and no discretion was applied.

Additionally, because the share price is currently lower than that of the 2020 grant, the Committee considered that there was no windfall gain.

For more information on our work to reduce our CO₂ emissions, see our Sustainability section on [pages 39-72](#).

In terms of the European Commission's investigation into styrene monomer purchasing practices, the Remuneration Committee agreed not to reflect the impact of the fine on the remuneration for the former Directors. Given the fine relates to historic practices, it was also decided that this will not affect our current CEO and CFO's remuneration packages. For more information on the investigation, see The Board's year on [page 103](#).

Performance measures for variable executive pay in 2023

Annual bonus

For 2023, we are adding a new cash-based measure, which, together with PBT, will represent 80% of bonus weightings. This reflects the fact that lowering debt is a top financial priority.

With this new focus, our measures will be split as follows:

- Underlying profit before tax – 60%
- Group cash – 20%
- SHE targets – 10%
- Strategic personal targets – 10%.

PSP

For the primary PSP award, we have introduced a measure linked to reduction in leverage aligned to this critical business priority for the next three years. So, performance measures for the primary PSP award are:

- 20% – relative TSR (median to upper quartile target range)
- 30% – EPS growth
- 30% – leverage
- 20% – strategic, which will be split 50:50 between a Vitality Index target and sustainability measures (a 30% CO₂ reduction target).

As noted above, the additional PSP award of 50% of base salary will be based solely on relative TSR (upper quartile to upper decile target range).

This year we returned to our standard EPS performance metric as planned, having rebased it for one year for awards granted in 2022. This temporary step helped remove the impact of record margins in our nitrile latex business caused by the COVID-19 pandemic.

Given the recent fall in share price, the Committee considered the share price ahead of the 2023 PSP grants and the potential for windfall gains. The CEO and CFO were both recruited during late 2021 and 2022, and the Committee believes it is critical to ensure that they are appropriately incentivised to deliver the Group's ambitious objectives – including the refreshed strategic plan, strengthening the balance sheet and growing the share price – especially in the context of challenging market conditions. That's why the Committee has determined that it is not appropriate to reduce their award at this stage. However, the Committee will carefully review the value of award at vesting and

would look to scale back at that point if it considered that management had benefited from a windfall gain.

Executive salary rises in line with our workforce

When setting salaries this year, the Committee considered the financial pressures facing both the business and our employees. As a result, it agreed on a salary increase of 3.8% for the Executive Directors – in line with the average merit increase awarded in the UK at management levels, and below the average merit increase awarded in the UK below management levels. Other initiatives to support employees in 2022 included one-off payments, food vouchers, and discounted and subsidised shopping. Meanwhile, our Non- Executive Directors, including our Chair, will not receive a salary rise in 2023.

Since acquiring the adhesive resins business, we have ensured that bonus and salary structures are aligned with our remuneration frameworks and processes. In line with common practice for other levels, we also conducted a benchmarking review for senior management salaries during the year.

A rise in our gender pay gap

Our 2021 gender pay gap report showed both our mean and median gender pay gaps increased, due, in part, to a rise in the number of women employed at the two lowest-paid levels of the business. While the number of women at the two highest-paid levels grew, it was not enough to alter the gap. Representation of women at mid-senior levels of the business remained the same as the previous year.

Our 2022 report shows our mean gender pay gap again increased, due, in part, to another rise in the number of women employed at the lowest-paid level of the business, while the median gender pay gap decreased because upper and middle quartile pay improved from the previous year. Representation of women at senior levels of the business increased from the previous year and will continue to improve these metrics.

Read our full gender pay gap reports at www.synthomer.com/investor-relations/corporate-governance/group-policies/

Staying up to date with stakeholder issues

Once again, our remuneration adviser provided training for Committee members, including a detailed update on current and future areas of reporting interest for stakeholders. These areas included the current cost-of-living crisis, sustainability metrics in incentive plans and ethnicity reporting. We also held a session to discuss new guidance from investors, the Investment Association and proxy agencies.

Stepping down as Committee Chair and Senior Independent Director

The remuneration landscape has changed enormously during my nine years with Synthomer. So, too, has this company. Throughout, my colleagues and I have always strived to follow the best available remuneration practices and I am particularly proud of the fact that we have always complied with our timelines.

It has been a pleasure to work with my fellow Committee members in the past nine years, and I thank them for their dedication. Holly Van Deursen will succeed me at the next Annual General Meeting. Holly has been a member of the Committee for the past four years, so is well acquainted with the direction, processes and discussions we have been having over the years. She serves on several boards and has plenty of experience as a remuneration committee chair elsewhere. I wish her well.

I also thank all our stakeholders and shareholders for their time, input and guidance, and ask for their continuing support for our new remuneration policy, including the revised PSP award, at our upcoming Annual General Meeting.

Brendan Connolly

Chair of the Remuneration Committee

28 March 2023

Remuneration at a glance

This section highlights the performance and remuneration outcomes for the year ended 31 December 2022. More detail is provided in the Annual Report on Remuneration from page 138.

Policy for Executive Directors

The table on this page summarises the policy approved by our shareholders at the Annual General Meeting on 29 April 2020. This is valid until a new policy is approved at the 2023 Annual General Meeting. We outline our proposed new remuneration policy for Executive Directors – including the key elements of reward and the performance measures to be used – on [pages 128-137](#).

In setting Executive Director remuneration, the Committee takes account of pay and conditions throughout the Group to ensure that arrangements are appropriate in the context of internal pay ratios.

● Base salary

Generally reviewed each year. Salary increases of 3.8% were awarded with effect from 1 January 2023, in line with the average merit increase awarded in the UK at management levels, and below the average merit increase awarded in the UK below management levels. Executive Director salaries are:

CEO £674,700

CFO £456,720

● Benefits

Includes private health insurance, life insurance, car allowance and costs related to business moves (relocation) or international assignments. The CEO will also receive a housing allowance for a four-year period.

● Pension

Cash allowance of 7% of base salary for the CEO and CFO, which is aligned with that of the UK workforce.

● Annual bonus

Maximum up to 150% of base salary. At least 70% assessed against Underlying profit before tax (80% in 2022), with up to 30% assessed against strategic and operational measures (20% in 2022). Awards in relation to financial performance of:

0%
of maximum
for threshold

50%
of maximum for
target performance

100%
of maximum for
out-performance.

A proportion of the bonus earned is deferred for two years. For current Executive Directors this is one-third of any bonus.

● Performance share plan (PSP)

Shares awarded may not exceed 200% of salary.

Vesting based on performance of three years, with at least 80% based on financial measures and up to 20% on performance measures linked to delivering the business strategy. No single measure will constitute more than 50% of an annual award. There is a two-year post-vesting holding period requirement.

Maximum of 25% for each element will vest for threshold performance.

● Shareholding requirements

CEO 220% and CFO 200% of base salary.

Requirements to be built up over five years.

Remuneration type

- Base salary
- Benefits
- Pension
- Annual bonus
- Performance share plan (PSP)
- Shareholding requirements

2022 performance

● Annual bonus

Actual performance against the three elements of the annual bonus are set out below.

	Weighting	Threshold	Target	Maximum	Actual
Underlying PBT	80%		Target £201.6m		£121.4m
		Threshold £181.4m		Maximum £221.8m	
SHE (recordable injuries)	5%		0.30 or less		0.34
SHE (process safety)	5%		0.14 or less		0.18
Individual strategic and operational goals	10%				10%
Total outcome	100%				10%

● Performance share plan (PSP) – 2020 award

Actual performance against the four elements of the PSP are set out below.

	Weighting	Threshold	Target	Actual
Relative TSR	30%		Upper quartile	13th percentile
		Median quartile		
EPS growth	30%		33.8p	20.6p
		29.0p		
OMNOVA acquisition synergies	30%		\$29.6m	\$42.2m
		\$25.0m		
Carbon reduction	10%	See page 142		10%
Total outcome	100%			40%

Our key principles for Executive Directors' remuneration

At Synthomer, our key principles for Executive Directors' remuneration are that it:

- Should be clear and simple with maximum award levels being clearly defined
- Is sufficient to attract and retain Executive Directors of the ability and expertise necessary to achieve the strategic goals of the Company

- Incentivises Executive Directors by rewarding performance and driving the right behaviours while ensuring appropriate safeguards are in place to mitigate risk
- Aligns Executive Director reward with the experience of shareholders.

In setting Executive Directors' remuneration, the Committee takes account of pay and conditions throughout the Group to ensure that the arrangements are appropriate in the context of internal pay ratios. The Committee also considers corporate

governance requirements and best practice in terms of remuneration structures and the process of setting executive remuneration.

The Committee reviews performance targets regularly to ensure that they do not encourage or motivate inappropriate risk-taking. When assessing performance, the Committee will also, when necessary, consider any environmental, social and governance (ESG) events and the Audit Committee's reviews of the effectiveness of internal controls and risk management.

Proposed new remuneration policy

Summary of proposed new policy

In the next table we outline our proposed new remuneration policy for Executive Directors – including the key elements of reward and the performance measures to be used – which will be put to shareholders at the 2023 AGM.

Element	Summary of proposed arrangements under the 2023 policy	Changes from previous policy	Rationale for change
● Salary	The Committee generally reviews salary levels once a year. It considers factors such as performance, responsibilities, pay elsewhere in the Group and the Company's complexity.	No change. Salary increases will normally be in line with the increases awarded to other employees in the UK.	n/a
● Pension and benefits	Pension for the CEO and CFO is 7% of salary, aligned with that of the UK workforce. Benefits include private health insurance, life insurance and car allowance, but we may introduce other benefits if we think it is appropriate to do so.	No change. Pensions for the CEO and CFO are aligned with the wider workforce and the benefits provision will stay the same.	n/a
● Annual bonus	Overall maximum opportunity of 150%. One-third of the bonus earned is deferred for two years. At least 70% of awards are subject to financial measures and 30% of awards to strategic and operational measures, including personal objectives.	No change. Deferral and approach to performance measures will stay the same. We have, however, formalised the deferral of one-third of the annual bonus into a restricted share plan.	n/a
● Performance share plan (PSP)	Maximum opportunity of 250% and 200% of salary for the CEO and CFO respectively. Additional 50% of salary is based 100% on relative TSR against the FTSE 250 (ex. investment trusts and financial services companies). Three-year performance period and two-year holding period. At least 70% of the PSP is based on financial measures and 30% on ESG and/or strategic measures.	Maximum opportunity increased by 50% of salary for the CEO and CFO. No change to performance period or holding period. For the primary award, change from at least 80% being based on financial measures and 20% on delivering the business strategy, to a 70:30 split of financial and ESG and/or strategic measures. The additional award of 50% of salary will have threshold vesting beginning at upper quartile performance and maximum vesting at upper decile.	Ensures focus on strategy delivery and building the share price.
● Shareholding guidelines	The CEO and the CFO will be expected to build interests in shares of at least 220% and 200% of salary respectively within five years of appointment.	No change.	n/a
● Post-employment shareholding guideline	100% of in-employment guideline to be held for the first year after employment, and then 50% for the second year.	No change to post-employment shareholding guideline.	n/a

Alignment with the UK Corporate Governance Code

When determining our new Directors' remuneration policy, the Committee reviewed our alignment with the provisions of the 2018 UK Corporate Governance Code. The table below details how the Committee addressed the principles set out in the Code in respect of the Directors' remuneration policy.

Clarity	<ul style="list-style-type: none"> • The Committee welcomes open and frequent dialogue with shareholders and other stakeholders on our approach to remuneration. As part of the review of policy during 2022 and 2023, shareholders and proxy agencies were consulted to understand their views on proposed changes. • The remuneration policy for our Executive Directors has been designed in line with the remuneration philosophy and principles that underpin remuneration across the Group (see page 127 for our remuneration principles). The details of our approach to executive remuneration is transparent for all employees. The Committee Chair consulted with employees on Executive Director remuneration at the end of 2021.
Simplicity	<ul style="list-style-type: none"> • Our remuneration arrangements throughout the Group are simple in nature and well understood by both participants and shareholders. Although quantum and participation will vary, the policies and practices applying to Executive Directors are the same as for the wider workforce in most instances. • The objective of each element of our policy is explained and the amount paid in respect of each element of pay is clearly set out.
Risk	<ul style="list-style-type: none"> • Our approach aims to promote sound and effective risk management while supporting our long-term success. The Committee considers that the structures of incentive arrangements do not encourage inappropriate risk-taking. • The partial deferral of a portion of the annual bonus payment, the PSP holding period and our shareholding requirement (including the post-cessation shareholding requirement) provide a clear link to the ongoing performance of the business and the experience of our shareholders. • Malus and clawback provisions apply to both the annual bonus plan and PSP.
Predictability	<ul style="list-style-type: none"> • Our policy contains details of threshold, target and maximum opportunity levels under our annual bonus plan and PSP, with actual outcomes depending on performance achieved against predetermined measures and target ranges.
Proportionality	<ul style="list-style-type: none"> • The annual bonus plan rewards achievement of our annual operating and SHE targets and the PSP rewards achievement of long-term financial and shareholder value creation targets and ESG goals. The Committee's ability to apply discretion to reduce formulaic outcomes under both plans ensures appropriate outcomes in the context of underlying Company and individual performance.
Alignment to culture	<ul style="list-style-type: none"> • The design of our annual bonus plan and PSP ensures they drive behaviour consistent with our purpose, values and culture and do not pay out or can be claimed back in the event of inconsistent behaviour.

Proposed new remuneration policy continued

Setting out our proposed new policy

Here we set out our proposed new Directors' remuneration policy (Policy).

The new Policy, which is intended to replace the policy approved by shareholders at the 2020 AGM, is subject to a binding vote by shareholders at the AGM on 16 May 2023. If approved, it will come into effect from that date. The Chair of the Remuneration Committee gives the background to and explains the key changes from the current policy in his introduction on [pages 123 to 124](#).

To accommodate the proposed increased maximum under the PSP, we will also be putting an amended version of the Plan rules to shareholders for approval at the 2023 Annual General Meeting. The only change to these rules will be to increase headroom for the Executive Directors' awards.

In determining the new Policy, the Committee followed a robust process, which included discussions about the content of the Policy at Remuneration Committee meetings during the year.

The Committee considered the input from management and our independent advisers, as well as considering best practice and guidance from major shareholders, proxy agencies and institutional investor representative bodies. We have consulted extensively with our major shareholders on our proposed policy and we have adjusted it based on their feedback, as outlined in the Chair's introduction. While we did not consult specifically with employees on this new policy for executive remuneration, we considered general feedback provided through our designated employee Non-Executive Director.

The Policy includes two changes from the previous policy approved by shareholders at the 2020 Annual General Meeting:

- Under this policy, the annual PSP awards will be increased by an additional award of 50% of base salary. The CEO's award will be increased from 200% to 250% of salary. The CFO's award will be increased from 150% to 200% of salary. The additional award will be

based wholly on challenging relative TSR targets, with threshold vesting of 25% beginning at upper quartile performance, with maximum vesting at upper decile performance

- The wording around performance measures relating to the PSP will be amended so that it includes the flexibility that at least 70% of the primary PSP award will be based on financial measures and 30% on ESG and/or strategic measures (currently at least 80% is based on financial measures and 20% on ESG and/or strategic measures). This change is to align with the flexibility currently provided in relation to the annual bonus and potentially allow for other ESG measures if required in the future. At this time, we do not intend to change from our current approach of 80% of the primary PSP being based on financial performance and 20% on strategic/ESG performance measures.

Our proposed new policy in detail

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
● Base salary	Supports the recruitment and retention of Executive Directors. Reflects the individual's skills, experience, performance and role within the Company.	The Committee generally reviews salary levels each year. When reviewing salary levels, the Committee considers: <ul style="list-style-type: none"> The individual's skills, experience and performance The size and scope of the individual's responsibilities Pay and conditions elsewhere in the Group Pay at companies of similar size The complexity and international scope of the Group. 	There is no overall maximum for salary opportunity or increases. Salary increases will normally be in line with the increases awarded to other employees within the Group. Larger increases may be made under certain circumstances, including, but not limited to: <ul style="list-style-type: none"> An increase in the scope and/or responsibility of the individual's role The development of the individual within the role Alignment to market levels Corporate events such as a significant acquisition or Group restructuring that affects the scope of the role Other exceptional circumstances. For 2023, Executive Director salaries are: <ul style="list-style-type: none"> M Willome: £674,700, an increase of 3.8% on his 2022 salary of £650,000 L Liu: £456,720, an increase of 3.8% on her 2022 salary of £440,000. 	None, although individual and Company performance are considered when looking at salary increases.

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
● Benefits	Provided to support the retention and recruitment of Executive Directors.	<p>Benefits to Executive Directors may include private health insurance, life insurance and a fully expensed car or car allowance. From time to time, the Committee has the discretion to review the benefits provided. The Committee may remove benefits that Executive Directors receive or introduce other benefits if it considers it is appropriate to do so. Any other benefits will normally be proportionate with the current benefits provided, and will be set considering the benefits provided to other employees in the Group.</p> <p>Where Executive Directors are required to relocate or complete an international assignment, the Committee may offer additional benefits – either on a one-off or ongoing basis – or vary benefits according to local practice.</p> <p>Executive Directors may participate in any all-employee share schemes or other benefit arrangements on the same basis as other employees.</p>	There is no overall maximum for benefits, because the cost of insurance benefits may vary from year to year depending on individual circumstances, and the level of any relocation benefits, allowances and expenses will depend on the specific circumstances.	None.
● Pension	Provide a competitive level of retirement benefits to support the retention and recruitment of Executive Directors.	<p>Executive Directors are eligible to participate in the Group personal pension plan.</p> <p>Executive Directors may receive payments as a cash allowance, which they may use either in conjunction with that plan and/or to enable them to make their own arrangements.</p>	A maximum percentage of base salary aligned to the pension contribution rate available for the majority of the workforce (currently 7% of base salary).	None.
● Annual bonus	Incentivises the delivery of financial, strategic and operational objectives selected to support our business strategy within the year.	<p>The Committee will determine performance targets each year and assess performance against these targets following the end of the performance period.</p> <p>The Committee may, at its discretion, adjust annual bonus payments, if it considers that the outcome is not appropriate or does not reflect the underlying financial or non-financial performance of the participant or the Group in the relevant period – or, that such a payout level is not appropriate in the context of circumstances that were unexpected or unforeseen when the targets were set. When deciding this, the Committee may consider other factors it feels are relevant.</p> <p>The Committee may reduce or defer the level of payment of an award to reflect exceptional business circumstances, if there are circumstances giving rise to material reputational damage to the Group, if an Executive Director has committed an act of serious misconduct or in the event of corporate failure.</p> <p>A proportion of any bonus earned is deferred for two years. For current Executive Directors this is:</p> <ul style="list-style-type: none"> ● M Willome: one-third of any bonus ● L Liu: one-third of any bonus. <p>The Committee may claw back awards up to three years after payment if the Group's accounts have been materially misstated, there has been an error in the calculation of any performance conditions that results in overpayment, if there are circumstances giving rise to material reputational damage to the Group, if an Executive Director has committed an act of serious misconduct or in the event of corporate failure.</p>	<p>The maximum opportunity is up to 150% of salary.</p> <p>Opportunities for current Executive Directors are:</p> <ul style="list-style-type: none"> ● M Willome: 150% of salary ● L Liu: 150% of salary. 	<p>A minimum of 70% of awards are subject to financial measures, such as Underlying profit before tax and other relevant financial metrics.</p> <p>A maximum of 30% of awards are subject to strategic and operational measures, including personal objectives.</p> <p>For 2023 awards, performance measures will be 60% Underlying profit before tax, 20% Group cash flow, 10% SHE objectives, and 10% personal strategic and operational objectives.</p> <p>The award for threshold performance is normally 20% of maximum.</p> <p>The award for target performance for the financial measures is normally 50% of maximum.</p> <p>Normally for strategic, personal and SHE targets, the threshold and maximum are the same.</p>

Proposed new remuneration policy continued

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
● Performance share plan	Incentivises Executive Directors to deliver sustained performance and sustainable returns for shareholders over the longer term.	<p>The vesting of awards is conditional on the Group's performance against long-term targets over a performance period of at least three years.</p> <p>The Committee may, at its discretion, adjust the level of vesting of an award, if it considers that the outcome is not appropriate or does not reflect the underlying financial or non-financial performance of the participant or the Group over the relevant period – or, that such a payout level is not appropriate in the context of circumstances that were unexpected or unforeseen when the targets were set. When deciding this, the Committee may consider other factors it feels are relevant.</p> <p>The Committee may reduce or defer the level of vesting of an award where an event has occurred, such as a material SHE incident or which otherwise gives rise to material reputational damage to the Group or if an Executive Director has committed an act of serious misconduct or in the event of corporate failure.</p> <p>The Committee may claw back awards up to three years after vesting if the Group's accounts have been materially misstated, there has been an error in the calculation of any performance conditions that results in overpayment, if there are circumstances giving rise to material reputational damage to the Group, or if an Executive Director has committed an act of serious misconduct or in the event of corporate failure.</p> <p>Vested awards are subject to a holding period post-vesting of an additional two years.</p>	<p>Under the plan rules that will be put to shareholders, the value of shares awarded to an individual in respect of any one year may not normally exceed 250% of salary.</p> <p>For 2023, annual awards to current Executive Directors are:</p> <ul style="list-style-type: none"> ● M Willome: 250% of salary, comprising a primary award of 200% of salary and a secondary award of 50% of salary ● L Liu: 200% of salary, comprising a primary award of 150% of salary and a secondary award of 50% of salary. 	<ul style="list-style-type: none"> ● For the primary PSP award, at least 70% based on financial measures. This may include TSR, EPS, Return on Invested Capital (ROIC) or any other measure the Committee considers appropriate. Any change to the financial measures used would normally be subject to prior shareholder consultation. ● Up to 30% based on strategic and sustainability performance measures. ● Usually, no single measure will constitute more than 50% of an annual award. ● The additional PSP of 50% of base salary will be entirely based on relative TSR, with threshold vesting beginning at upper quartile performance and maximum vesting at upper decile. <p>For 2023 awards, the performance measures for the primary award will be 30% EPS, 30% reduction in leverage, 20% relative TSR and 20% ESG and/or strategic measures.</p> <p>A maximum of 25% of each element will vest for threshold performance.</p>
● Shareholding guidelines during and post-employment	<p>The Company operates shareholding guidelines for Executive Directors to strengthen the alignment between their interests and those of our shareholders. The CEO and CFO will be expected to build interests in shares of at least 220% and 200% of salary respectively within five years of appointment.</p> <p>Executive Directors who step down from their role will normally be expected to maintain their minimum shareholding (or actual shareholding, if lower) for the first 12 months after leaving the Board, and 50% of their minimum shareholding (or actual shareholding, if lower) for the next 12 months. The Committee has the discretion to waive this guideline if it is not considered appropriate in the specific circumstances.</p>			

Provisions to withhold or recover sums paid under incentives are detailed in the table above. No other elements of remuneration are subject to recovery provisions.

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Policy set out in the previous table where the terms of the payment were agreed (i) before the Policy came into effect, provided that the terms of the payment were consistent with any applicable shareholder-approved Directors' remuneration policy in force at the time they were agreed or were otherwise approved by shareholders; or (ii) at a time when the relevant individual was not a Director of the Company (or other persons to whom the Policy applies) and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company or such other person. For these purposes, 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' no later than the time the award is granted. This Policy applies equally to any individual who is required to be treated as a Director under the applicable regulations.

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

Awards granted under the PSP may:

- a** Be granted as conditional share awards or nil-cost options or in such other form that the Committee determines has the same economic effect
- b** Have any performance conditions applicable to them amended or substituted by the Committee if an event occurs that causes the Committee to determine that an amended or substituted performance condition would be fair, reasonable and not be materially less difficult to satisfy
- c** Incorporate the right to receive an amount equal to the value of dividends that would have been paid on the shares under an award that vests up to the time of vesting – or, where the award is subject to a holding period,

release. This amount may be calculated assuming that the dividends have been reinvested in the Company's shares on a cumulative basis

- d** Be settled in cash at the Committee's discretion. For Executive Directors, this provision will only be used in exceptional circumstances, such as where for regulatory reasons it is not possible to settle awards in shares
- e** Be adjusted in the event of any variation of the Company's share capital or any demerger, delisting, special dividend or other event that may materially affect the Company's share price.

Deferred bonus shares may be structured as conditional share awards, nil-cost options, the delivery of shares subject to sale restrictions or in such other form that the Committee determines has the same economic effect. In each case, the parameters of the PSP will apply where applicable, save that shares subject to sales restrictions will receive dividends rather than dividend equivalents.

Performance measures and targets

Annual bonus

The annual bonus performance measures are chosen to provide an appropriate balance between incentivising Executive Directors to meet financial targets for the year and to deliver specific strategic and operational goals. The balance allows the Committee to effectively reward performance against key elements of our strategy.

The Committee sets the bonus targets each year to ensure that Executive Directors are appropriately focused on the key objectives for the next 12 months. Targets are set by reference to the Company's business plan.

Performance Share Plan

The performance measures under the PSP are set to align with the long-term strategy of the Company and long-term value creation for shareholders. Measures for 2023 awards include:

- EPS growth – reflecting the financial performance of the Company. The Committee sets targets to be appropriately stretching, with regard to a number of internal and external reference

points generally using previous years' EPS as a base for growth

- Reduction in leverage, which addresses a current primary concern for shareholders
- Relative TSR (total shareholder return) – reflecting the Company's ultimate delivery of value to shareholders. The Committee considers that this promotes alignment between the interests of Executive Directors and the shareholder experience. Relative TSR will be in two bands: threshold to maximum payouts being median to upper quartile for the primary award, and upper quartile to upper decile for the additional PSP granted in 2023
- ESG and/or strategic measures directly incentivising management to deliver the Company's key ESG and strategic priorities.

The Committee considers that this performance framework represents an appropriate and balanced basis on which to measure the performance of the Company.

Difference in policy for Executive Directors and other employees

The remuneration policy for our Executive Directors is designed according to the same principles that underpin remuneration for the wider employee population, and this was taken into account when designing the proposed policy. The wider employee group also participates in performance-based incentives. Throughout the Group, base salary and benefits levels are set according to the prevailing market conditions. Differences between Executive Director pay policy and other employee pay reflect the seniority of the individuals, the prevailing market conditions and the corporate governance practices for Executive Director remuneration. The key difference in policy is that, for Executive Directors, a greater proportion of total remuneration is based on incentives.

Proposed new remuneration policy continued

Non-Executive Directors' fees

Non-Executive Directors' fees

The Board reviews Non-Executive Director fees each year. When reviewing fee levels, the Board may consider the scope and time commitment of the role, the skills and experience of the individual, and fee levels at other companies. Non-Executive Directors do not participate in determining their own fees.

Non-Executive Directors are paid differential fee levels based on their membership of Board Committees, chairing of Board Committees or role as Senior Independent Director and the time commitment required from them. Additional fees may be paid to reflect additional Board or Committee responsibilities or time commitment as appropriate.

Expenses incurred in performing Non-Executive Director duties for the Company may be reimbursed or paid for directly by the Company, as appropriate, including any tax due on the expenses.

Non-Executive Directors do not participate in incentive arrangements or receive pension or benefits. Non-significant additional benefits may be introduced if considered appropriate.

Chair's fees

The Committee reviews Chair fees annually. When reviewing fee levels, they may consider the scope and time commitment of the role, the skills and experience of the individual and the fee levels at other companies. The Chair does not participate in determining the fee level.

Expenses incurred in performing duties for the Company may be reimbursed or paid for directly by the Company, as appropriate, including any tax due on the expenses.

The Chair does not participate in incentive arrangements or receive pension or benefits. Non-significant additional benefits may be introduced if considered appropriate.

Total fees to Non-Executive Directors, including the Chair, operate within the cap defined in the Articles of Association, which is currently £750,000 per annum.

How we would apply the Policy

The following charts illustrate the different elements of the Executive Directors' remuneration under three different performance scenarios: minimum, in line with expectations, maximum. The assumptions used are provided below the charts. The illustrations are based on annual bonus awards for 2023 and PSP awards to be made in 2023.

	Group Chief Executive – Michael Willome	Chief Financial Officer – Lily Liu
Minimum	<p>100% Fixed pay Total £916,242</p>	<p>100% Fixed pay Total £504,391</p>
In line with expectations	<p>44% 24% 32% Fixed pay Total £2,096,967</p>	<p>42% 29% 29% Fixed pay Total £1,189,471</p>
Maximum	<p>25% 28% 47% Fixed pay Total £3,615,042</p>	<p>24% 33% 43% Fixed pay Total £2,102,911</p>
Maximum + 50% share price growth	<p>21% 23% 57% Fixed pay Total £4,458,417</p>	<p>20% 27% 54% Fixed pay Total £2,559,631</p>

Component	Minimum	In line with expectations	Maximum	Maximum + 50% share price growth
Fixed				
● Base salary 2023			M Willome: £674,700 L Liu: £456,720	
● Pension 2023 ¹			M Willome: £47,229 L Liu: £31,970	
● Benefits 2022 ²			M Willome: £194,313 L Liu: £15,701	
Variable				
● Annual bonus	0% of maximum	50% of maximum	M Willome: 150% of salary L Liu: 150% of salary	Same as maximum
● PSP³	0% vesting	40% vesting ⁴ 38% vesting ⁴	M Willome: 250% of salary ⁵ L Liu: 200% of salary ⁵	Maximum plus 50% share price growth

Note:

1. Value of cash supplement for 2023.

2. Taxable value for annual benefits provided in 2022.

3. The value for the PSP is based on the face value of annual awards under the Policy and base salaries for 2023. The calculation excludes share price growth or dividends during the performance period other than where stated.

4. Being 50% of the primary award and 0% of the additional award.

5. Comprising a primary award of 200% of salary and a secondary award of 50% of salary for the CEO, and 150% and 50% for the CFO.

Recruitment policy

Executive Directors

The Committee considers the following principles when agreeing the components of a remuneration package for a new Executive Director:

- Base salary will be set considering the principles set out in the table above and may be set at a higher or lower level than the previous incumbent. Pension arrangements for any external recruit as an Executive Director will be as set out in the same table. Other benefits will be provided in line with the policy for existing Executive Directors
- The Committee may, on appointing an Executive Director, need to 'buy out' remuneration arrangements forfeited on leaving a previous employer. Any buyout will consider the terms of the arrangements – for example, form of award, performance conditions and timeframe – being forfeited in the previous package. The form of any award would be determined at the

time and the Committee may, if necessary, make use of LR 9.4.2 of the Listing Rules (for the purpose of buyout awards only). The overriding principle will be that any replacement buyout awards will, in the Committee's opinion, be no more valuable than the entitlement that has been forfeited

- Annual bonus opportunity will be no more than the maximum set out in the policy table. The Committee may determine that for the first year of appointment the annual bonus award will be subject to such conditions as it may determine
- PSP opportunity will be no more than the plan rules maximum set out in the policy table
- The maximum variable pay opportunity on recruitment (excluding buyouts) is 400% of salary, consistent with the maximums in the policy table above.

Other

For interim positions, a cash supplement may be paid rather than salary – for example, a Non-Executive Director taking on an executive function on a short-term basis.

Where an executive is appointed from within the Company, the normal policy of the Company is that any legacy arrangements would be honoured in line with the original terms and conditions, and that they would be appointed on a new service contract. Similarly, if an Executive Director is appointed following the acquisition or merger with another company, legacy terms and conditions would be honoured.

Non-Executive Directors and Chairs

When appointing a new Non-Executive Director or Chair, remuneration arrangements will be in line with the principles detailed in the relevant table above.

Proposed new remuneration policy continued

Service contracts

The current contracts in place for Executive Directors are:

Director	Date of contract
M Willome	22 June 2021
L Liu	25 November 2021

There is no unexpired term because the Executive Directors' contracts are on a rolling basis. Save in circumstances justifying summary termination, the notice period for each of the above contracts is one year. Service contracts for new Executive Directors will be limited to 12 months' notice. The Company may, at the Committee's discretion, make a payment in lieu of notice equal to the salary, pension contributions and contractual benefits that would have been paid during the notice period. This payment may be made at the Committee's discretion as a lump sum or monthly instalments, and may be subject to mitigation if the Director finds an alternative position during the notice period.

The Executive Directors are also entitled to 25 working days' holiday, plus public holidays each calendar year.

All Non-Executive Directors are appointed in writing. Letters of appointment do not include entitlement to participate in the Company's share incentive plans or any other of its employee benefits, and do not currently have a notice period. The Company may add a notice period of no more than three months. The Non-Executive Directors are subject to annual re-election. There is no right to compensation for loss of office if they are not re-elected or if the Company terminates the appointment because the Non-Executive Director has accepted a position with another company without prior Board approval and that the Board reasonably considers likely to give rise to a material conflict.

Directors' service contracts and letters of appointment are available for inspection at the Company's registered office during normal business hours and will be available at the Annual General Meeting.

Policy on payment for loss of office

The Committee considers a number of factors when determining leaving arrangements for an Executive Director.

- Where either party gives notice of the termination of an Executive Director's employment, the Committee may make a payment in lieu of notice for the outstanding period. Other than this provision, the obligation to pay accrued but untaken holiday and, as outlined in the table below regarding bonus and the PSP, service contracts make no provision for pre-defined compensation on termination.
- The Committee reserves the right to make any other payments in connection with a Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligations, or by way of

Plan	'Good leaver' categories	Treatment for 'good leavers'	Treatment for 'other leavers'
<ul style="list-style-type: none"> ● Performance Share Plan 	<ul style="list-style-type: none"> ● Death ● Injury, ill health or disability ● Transfer of employing company or business outside the Group ● Retirement with agreement of the Committee ● Redundancy ● Any other reason as determined by the Committee 	<ul style="list-style-type: none"> ● Awards will vest subject to achieving performance conditions and – unless the Committee determines otherwise – will be time pro-rated to reflect the proportion of the vesting period that has passed at the time of leaving. ● The vesting date for such awards will normally be the original vesting date, although the Committee may determine that awards can vest when employment ceases, subject to the assessment of any performance condition. Where unvested awards are subject to an additional holding period, the Committee will determine the extent to which the holding period applies following cessation. ● Awards in the form of options that vest early due to cessation of employment may be exercisable until the earlier of (i) 12 months from the date of vesting, and (ii) the normal expiry of the exercise period. Following this date, unexercised awards will lapse. ● If the participant ceases employment after the normal vesting date, options may be exercisable until the earlier of 12 months from the date of cessation, or the normal expiry of the exercise period. Following this date, unexercised awards will lapse. 	<ul style="list-style-type: none"> ● Unvested awards lapse in full.

damages for breach of such an obligation, or by way of a compromise or settlement of any claim arising in connection with the cessation of the Director's office or employment. Any such payment may include, but is not limited to, paying any fees for outplacement assistance and/or the Director's legal or professional advice fees in connection with their cession of office or employment.

- The Committee may award an annual bonus for leavers by considering the circumstances of departure. Any bonus would normally be subject to performance and time pro-rating and would not be made in circumstances of poor performance. Any such bonus would be in such proportions of cash and shares and subject to such deferral arrangements as the Committee considers appropriate in the circumstances.
- On ceasing employment, the Executive Director will retain any deferred bonus shares and the deferred period will normally continue to the original release date. For Executive Directors who are appointed to the Board after the date that the policy comes into effect, any deferred shares would be forfeited for 'bad leavers'. 'Good leavers' (as defined under the PSP as outlined in the previous table) would be entitled to retain their deferred shares, which would vest on the normal date, unless the Committee determines otherwise.

- The treatment of outstanding PSP awards is governed by the Performance Share Plan rules, under which Executive Directors may currently hold awards in the form of share options or conditional rights to receive shares. If an individual leaves holding vested PSP awards that are still subject to a holding period, the underlying shares will either be released at the end of the original holding period, or at an earlier date determined by the Committee.

Where an award is made for the purpose of recruitment – for example, a buyout award – then the leaver provisions would be determined at the time of award, having regard to the circumstances of the recruitment, the terms of awards being bought out and the principles for leavers in the current policy.

In the event of a change of control of the Company, unvested PSP awards will normally vest early and deferred bonus shares will normally be released. The extent to which unvested PSP awards vest will be subject to achieving the performance conditions (as determined by the Committee) at the time of the change of control and, unless the Committee determines otherwise, will be time pro-rated to reflect the proportion of the vesting period that has elapsed at that time. In the event of an internal reorganisation, the Committee may determine that awards are automatically surrendered for a new award that the Committee determines is equivalent to the surrendered award (including as to any performance condition), except that it shall be over shares in the acquiring company or some other company.

In the event of a demerger, special dividend or other similar event that, in the Committee's opinion, would materially affect the market price of shares, the Committee may allow PSP awards to vest or deferred bonus shares to release on the same basis as for a change of control.

Annual report on remuneration

Single figure of remuneration for Executive Directors (audited)

	Year	Base salary £	Benefits £	Other £	Pension £	Total fixed remuneration £	Annual bonus £	Long-term incentives ^{1,2} £	Total variable remuneration £	Total £
Executive Directors										
M Willome ³	2022	650,000	194,313	–	45,500	889,813	97,500	–	97,500	987,313
	2021	108,333	31,692	100,000	7,583	247,608	–	–	–	247,608
L Liu ⁴	2022	220,000	7,861	–	15,400	243,261	66,000	–	66,000	309,261
	2021	–	–	–	–	–	–	–	–	–
SG Bennett ⁵	2022	194,697	6,675	–	28,479	229,851	29,204	106,443	135,647	365,498
	2021	378,052	13,349	–	75,610	467,011	538,724	236,084	774,808	1,241,819

Notes:

- For 2022 the values relate to awards granted under the PSP in 2020, which vest on 28 March and 6 May 2023. More information about the level of vesting is provided in this report. Given these awards have not yet vested, they have been valued based on the average share price for the period 1 October 2022 to 31 December 2022 of 124.3p, along with accrued dividends from the date of grant of 41.6p per share. There was no share price appreciation that affected the value of the awards and so the Remuneration Committee did not exercise discretion in respect of the share price changes. M Willome and L Liu joined the Board in 2021 and 2022 respectively and did not participate in the 2020 LTIP.
- 2019 PSP awards vested on 11 March 2022. For the 2021 single figure, these awards were valued based on the average share price for the period 1 October 2021 to 31 December 2021 of 466.3p. These awards have been revalued based on the share price on the date of vesting of 275.8p. The value disclosed in the 2021 single figure for SG Bennett was £381,851. The share price used to value the awards on the date of grant of 11 March 2019 was 377.0p. The share price used to value the PSP for single figure purposes of 275.8p represents a decrease of 101.2p per share. The Remuneration Committee did not exercise discretion in respect of the share price changes.
- M Willome joined Synthomer as CEO on 1 November 2021. In 2021 he received a one-off payment of £100,000 in compensation for the loss of pension-related pay from his previous employer, which is included in the Other column. This is no greater than the amount he would have received had he served out his full notice period. M Willome also received £52,500 for services prior to his appointment as a Director.
- L Liu joined as CFO on 1 July 2022. As part of the terms of her recruitment, it was agreed (i) any 2022 bonus payment would not be time pro-rated and (ii) she would be compensated in the future for an LTIP award that lapsed when she left her former employer Essentra. The extent of that compensation, which will be settled in cash, will depend on the extent to which the lapsed award would have vested and will be determined at the end of the performance period in 2024.
- SG Bennett stepped down as a Director on 1 July 2022. His remuneration disclosed here has been pro-rated to reflect this period.

Additional information for single figure remuneration (audited)

Benefits

	Relocation expenses £	Car expenses/benefit £	Others £	Total £
M Willome ¹	180,703	13,200	410	194,313
L Liu	–	7,500	361	7,861
SG Bennett	–	6,250	425	6,675

Note:

- Since M Willome has moved from Switzerland to the UK, he will receive a monthly relocation allowance for a period of four years. This allowance is £7,800 per month for the first two years then £5,000 per month for the following two years, and will be grossed up for tax.

Annual bonus

2022 award

For 2022 the Company operated a cash bonus plan for the Executive Directors related to the achievement of Underlying profit before tax targets, SHE targets, and individual strategic and operational goals.

The achievement of the Underlying profit before tax target represented up to 80% of the maximum bonus opportunity achievable of 150% of annual basic salary for M Willome, L Liu and SG Bennett.

The SHE targets were given a 10% weighting of the maximum achievable, with the balance of 10% relating to individual strategic and operational goals.

Bonus for the year ended 31 December 2022

Executive Directors	Maximum bonus as a % of salary	Total bonus as a % of maximum	Total bonus £
M Willome	150%	10%	97,500
L Liu	150%	10%	66,000
SG Bennett	150%	10%	29,204

For M Willome and L Liu, one-third of the bonus has been deferred into shares for two years. The bonus for SG Bennett has been paid in cash according to his leaving arrangements.

2022 saw performance that was substantially behind financial targets; however, there was meaningful progress and achievement against individual strategic and operational goals. The SHE targets were narrowly missed.

This 2022 bonus outcome of 10% of maximum is reflected across the wider organisation, with some local SHE bonus targets being met.

More information about the three elements of the bonus follows:

1. Underlying profit before tax (80%)

The Underlying profit before tax targets set and their achievement are set out below:

	Threshold	Target	Maximum	Achieved ²
Level of award (% of element)	0%	50%	100%	0%
Underlying profit before tax ¹	£181.4m	£201.6m	£221.8m	£121.4m

Notes:

1 Targets are set by reference to the Board-approved internal budget for the Group and measured on a constant currency basis.

2 For the purposes of calculating achieved Underlying profit before tax, adjustments were made for currency.

2. SHE (10%)

Targets with an aggregate weighting of 10% related to improvements in recordable injury and process safety.

	Recordable injury (measured as injury rate)	Process safety (measured as process safety event rate)
Target	0.30 or less	0.14 or less
Level of award	0% for a rate greater than 0.30 5% for a rate less than 0.30	0% for a rate greater than 0.14 5% for a rate less than 0.14
Rate achieved	0.34	0.18
Award outcome	0%	0%

More details about the definition and measurement of the recordable injury rate and the process safety event rate are given on [pages 54 and 55](#).

3. Individual strategic and operational goals (10%)

The Remuneration Committee considered individual goals and achievements against them with an aggregate weighting of 10%, including:

	Chief Executive Officer	Chief Financial Officer
Target	<ol style="list-style-type: none"> 1 Undertake a full review of Synthomer, its underlying businesses, markets, people, assets and investors and deliver a strategic review for discussion with the Board 2 Ensure a smooth integration of adhesive resins business, delivering synergies to plan 3 Progress the planned nitriles investment projects 	<ol style="list-style-type: none"> 1 Become familiar with the businesses and the finance team resources around the Group and consider immediate resource gaps to support the business 2 Undertake a review of Group liquidity and covenant headroom, in light of deteriorating economic conditions, and ensure appropriate funding is in place to support the Group's refreshed strategy 3 Ensure appropriate cash management processes are in place to support delivering a reduction in leverage
Level of award	Up to 10%	Up to 10%

	Chief Executive Officer	Chief Financial Officer
Performance against targets	<p>1 Undertake a full review of Synthomer, its underlying businesses, markets, people, assets and investors and deliver a strategic review for discussion with the Board</p> <p>The CEO engaged his Executive Team as well as a wider group of managers in a detailed and inclusive business and strategic review, which ran from January to July 2022 supported by external advisers. He engaged the Board throughout the process in developing the scope and approach, in considering options and in challenging the recommendations as they emerged. This involved two dedicated Board and Executive Team workshops to debate and finally approve the strategy.</p> <p>Despite economic headwinds and challenges in the Group, he ensured that the refreshed strategy was launched to all stakeholders – with a Capital Markets Day, a GLT event and a full communication process with employees across the business. The feedback has been very positive: that it is a clear and compelling vision and strategy – with customers, innovation, sustainability, and inclusion and diversity at its heart – for delivering value in the medium term.</p> <p>2 Ensure a smooth integration of the adhesive resins business, delivering synergies to plan</p> <p>Clear plans were in place for the first months of owning the adhesive resins business, including operational priorities and synergy capture, which are both in line with the business case, and stakeholder communications. As headwinds developed in the last quarter of 2022, the CEO took action to strengthen resources, including procurement and operational excellence expertise. This will be a key objective in 2023.</p> <p>3 Progress the planned nitriles investment projects</p> <p>Early in 2022 the CEO started to re-evaluate the speed of and focus on these projects. As the strategic thinking progressed – and recognising the subdued outlook, with no significant recovery expected in 2022 or into 2023 – he recommended to the Board that such projects be postponed and realigned his objectives to focus on portfolio review.</p> <p>In May 2022 the CEO also launched a working capital and capital expenditure review across the business. This was accelerated and extended in September 2022, as the extent of the downturn in the Performance Elastomers business and the likelihood of recessionary pressures developed. The business has committed to generate £150 million in cash by end of 2023 from these measures.</p>	<p>1 Become familiar with the businesses and the finance team resources around the Group and consider immediate resource gaps to support the business</p> <p>The CFO undertook a four-week business introduction with other business leaders, members of her team and the former CFO. Having assessed the environment, she appointed an interim head of Treasury and made some team changes to better align with emerging priorities. She spent time with her deputy agreeing priorities and actions.</p> <p>2 Undertake a review of Group liquidity and covenant headroom, in light of deteriorating economic conditions, and ensure appropriate funding is in place to support the Group's refreshed strategy</p> <p>The CFO assessed the level of liquidity and covenant headroom required in the changing economic environment. After discussion with the Board, she explored various options, including the funding subsequently agreed with UKEF, as well as debt receivables funding. She was clear and focused on developing relationships with the key providers of finance and presenting them with the necessary information. She was flexible in adapting the process and in having clear requirements of her team to deliver to the timescales required.</p> <p>3 Ensure appropriate cash management processes are in place to support delivering a reduction in leverage</p> <p>The CFO focused on building and accelerating the processes already started to manage cash, reduce working capital and capital expenditure, and review costs. She added a level of toughness and bite to the discussions across the business and started to drive improved processes across the business, which will continue into 2023.</p>
Award outcome	10%	10%

The Committee considered the final outcome in the context of performance in the year and if discretion should be applied. The Committee looked at performance in the round, while also noting the need to ensure our newly appointed Directors are appropriately incentivised to deliver the Group's ambitious objectives, including the new strategic plan.

Given the strong start in their role and the challenging environment the Directors are operating in, along with the excellent progress made in important strategic objectives including cash management and implementing synergies, it was felt the formulaic outcome was appropriate. Therefore, no discretion was applied.

Additional information for single figure remuneration (audited)

Long-term incentives – PSP

The awards made on 12 March 2020 for CG MacLean and SG Bennett under the PSP were subject to a relative total shareholder return (TSR) performance condition, an absolute Underlying earnings per share performance condition and a strategic measures condition, as follows:

Relative TSR condition (30% weighting)	EPS condition ¹ (30% weighting)	Synergies delivered from the OMNOVA acquisition (30% weighting)		Performance achieved
Company-relative TSR performance against the FTSE 250 Index (excluding investment trusts and financial services companies) over the three-year period ended 31 December 2022	EPS for the 2022 financial year	Synergy delivery run rate by 31 December 2022	Percentage of award that will vest	
Upper quartile	33.8p or more	\$29.6m or more	30%	EPS of 20.6p gives nil vesting of the award.
Between median and upper quartile	Between 29.0p and 33.8p	Between \$25.0m and \$29.6m	On a straight-line basis between 7.5% and 30%	TSR performance at the 13th percentile gives nil vesting of the award.
Median	29.0p	\$25.0m	7.5%	
Below median	Less than 29.0p	Less than \$25.0m	0%	Synergy delivery of \$42.4m, which exceeded maximum performance, resulting in 30% vesting of the award.

Note:

1 The targets were adjusted to take account of the additional OMNOVA earnings from 1 April 2020.

Another 10% of the award was subject to a strategic measure relating to a 10% reduction of carbon dioxide equivalent emissions over the performance period, excluding additional emissions from the acquired OMNOVA business.

Carbon dioxide equivalent reduction	Percentage of this part of an award that vests	Percentage achieved
Less than 10%	0%	31% achieved, which exceeded maximum performance, resulting in vesting of 10% of award.
Between 10% and 15%	On a straight-line basis between 25% and 100%	
15% or more	100%	

In aggregate, 40.0% of the 2020 award vested, and the Committee did not exercise any discretion with the level of vesting.

Given both our current Executive Directors were appointed more recently, neither was eligible for vesting under the 2020 award. The Committee was pleased at the progress made against the targets for synergies delivered from the OMNOVA acquisition, and the overall outcome of \$42.4 million represented a very strong result, especially in the context of a difficult external economic period. The Company also performed very well against challenging carbon targets, an important step towards our Vision 2030 and net zero by 2050 goals. Because of this performance, the Committee felt the final outcome to be fair and no discretion was applied.

Additionally, because the share price is currently lower than that of the 2020 grant, the Committee considered that there was no windfall gain.

The 2020 awards will vest for CG MacLean and SG Bennett in March 2023 and May 2023 as follows:

		No. of shares in original award	No. of shares that lapse ^{1,2}	No. of shares that vest	Estimated value of shares that vest ³
CG MacLean	March	321,524	244,006	77,518	128,632
	May	49,780	38,778	11,002	18,256
SG Bennett	March	163,500	105,686	57,814	95,936
	May	18,985	12,653	6,332	10,507

Notes:

1 CG MacLean left Synthomer on 13 January 2022 and was treated as a good leaver, triggering a time-apportioned lapse of 150,005 shares.

2 SG Bennett left Synthomer on 4 November 2022 and was treated as a good leaver, triggering a time-apportioned lapse of 22,120 shares.

3 Given these awards have not yet vested, they have been valued based on the average share price for the period 1 October 2022 to 31 December 2022 of 124.3p, along with accrued dividends from the date of grant of 41.6p per share.

Overall, the Committee considers that the remuneration policy has operated as it intended during 2022 and that the pay outcomes are aligned with the experience of shareholders and other stakeholders.

Annual report on remuneration continued

Pension entitlements (audited)

Both current Executive Directors receive a cash allowance in lieu of pension contributions of 7% of base salary in line with the pension provision for the wider workforce.

Single figure of remuneration for Non-Executive Directors (audited)

Non- Executive Directors		Base fee	Committee membership fee	Committee Chair fee	Total
CA Johnstone	2022	235,000	–	–	235,000
	2021	189,500	–	–	189,500
The Hon. AG Catto	2022	44,805	–	–	44,805
	2021	43,500	–	–	43,500
BWD Connolly ¹	2022	54,805	15,000	5,000	74,805
	2021	48,500	15,000	5,000	68,500
CS Dubin ²	2022	41,072	13,750	4,583	59,405
	2021	43,500	15,000	5,000	63,500
RC Gualdoni ³	2022	44,805	15,000	–	59,805
	2021	20,815	7,177	–	27,992
Dato' Lee Hau Hian	2022	44,805	–	–	44,805
	2021	43,500	–	–	43,500
HA Van Deursen	2022	44,805	15,000	–	59,805
	2021	43,500	15,000	–	58,500
I Tyler ⁴	2022	23,747	7,950	–	31,697
	2021	–	–	–	–

Notes:

1 Base fee includes an amount of £5,000 per annum for role as Senior Independent Director in 2021, and £10,000 in 2022.

2 Resigned on 29 November 2022.

3 Appointed to the Board on 8 July 2021.

4 Appointed to the Board on 21 June 2022.

Directors' shareholding and share interests (audited)

Directors	Interests in Company shares 31 December 2022	Vested unexercised performance-related options 31 December 2022	Total unfettered interests in shares and vested options 31 December 2022	Unvested performance-related options 31 December 2022 ¹	Share options exercised during 2022	Share ownership requirements (% of salary) ²	Interest in shares at 31 December 2022 (% of salary)
M Willome	100,000	–	100,000	694,629	–	220	22
L Liu	12,000	–	12,000	339,611	–	200	4
SG Bennett ³	280,800	–	280,800	291,672	76,503	n/a	n/a
CA Johnstone	47,931						
The Hon. AG Catto	1,699,239 3,710,347*						
BWD Connolly	19,579						
RC Gualdoni	66,853						
Dato' Lee Hau Hian	467,453						
HA Van Deursen	20,000						
I Tyler	–						
CS Dubin ⁴	–						

Notes:

* Non-beneficial interest.

1 Unvested performance-related options comprise the awards made under the PSP in 2020, 2021 and 2022. Details of the performance conditions attached to the 2020 awards are set out on page 141, and to 2021 and 2022 awards below.

2 Until this requirement is met, no sales of shares that vest under long-term incentive plans are permitted other than to satisfy tax liabilities that arise on the exercise of share awards under such plans. The Committee considers that unfettered unexercised vested nil-cost awards are economically equivalent to shares and, as such, that they should count (on a net-of-tax basis) towards compliance with the share ownership guidelines.

3 The figures for SG Bennett reflect his shareholding and time pro-rated share interests on 1 July 2022, the date that he stepped down as a Director.

4 The figure for CS Dubin reflects her shareholding on 29 November 2022, the date that she resigned as a Director.

There have been no changes in the interests of the Directors in shares between 31 December 2022 and at such time as this report was signed on 28 March 2023.

2021 award (audited)

The awards made on 11 March 2021 to CG MacLean and SG Bennett, and on 8 November 2021 to M Willome, were as follows:

	Scheme	Basis of award	Number of shares	Face value	Percentage vesting at threshold performance	Performance period end date
M Willome ¹	PSP – nil-cost options	200% of salary	198,295	£1,011,106	25%	31/12/2023
CG MacLean ²	PSP – nil-cost options	200% of salary	261,039	£1,189,476	25%	31/12/2023
SG Bennett ³	PSP – nil-cost options	150% of salary	124,446	£567,063	25%	31/12/2023

Notes:

1 M Willome's award was time apportioned from his starting date of 1 November 2021.

2 CG MacLean left Synthomer on 13 January 2022 and was treated as a good leaver, triggering a time-apportioned lapse of 190,539 shares and leaving a balance of 70,500 shares.

3 SG Bennett left Synthomer on 4 November 2022 and was treated as a good leaver, triggering a time-apportioned lapse of 55,865 shares and leaving a balance of 68,581 shares.

The face value of the awards for CG MacLean and SG Bennett was calculated using a share price of 455.67p per share. The face value of the award for M Willome was calculated using a share price of 509.9p per share. In all cases the face value was calculated using the average share price over the five dealing days prior to the date of grant.

The 2021 awards under the PSP are subject to the following performance conditions:

Relative TSR condition (40% weighting)	EPS condition (40% weighting)	
Company-relative TSR performance against the FTSE 250 Index (excluding investment trusts and financial services companies) over the three-year period ending 31 December 2023	EPS for the 2023 financial year	Percentage of award that will vest
Upper quartile	38.5p or more	40%
Between median and upper quartile	Between 33.0p and 38.5p	On a straight-line basis between 10% and 40%
Median	33.0p	10%
Below median	Less than 33.0p	0%

Another 20% of the award is subject to strategic measures comprising a 15% reduction of carbon dioxide equivalent emissions compared to the 2019 baseline, and greater than 15% of 2023 sales volume coming from new products launched in the five years to December 2023.

2022 awards (audited)

The awards made on 10 March 2022 to M Willome and SG Bennett were as follows:

	Scheme	Basis of award	Number of shares	Face value	Percentage vesting at threshold performance	Performance period end date
M Willome	PSP – nil-cost options	200% of salary	496,334	£1,300,000	25%	31/12/2024
SG Bennett ¹	PSP – nil-cost options	150% of salary	223,0031	£584,089	25%	31/12/2024

Note:

1 SG Bennett left Synthomer on 4 November 2022 and was treated as a good leaver, triggering a time-apportioned lapse of 174,374 shares and leaving a balance of 48,629 shares.

The face value of the awards was calculated using a share price of 261.92p per share, the average share price on the five dealing days prior to the date of grant.

The award made on 9 August 2022 to L Liu was as follows:

	Scheme	Basis of award	Number of shares	Face value	Percentage vesting at threshold performance	Performance period end date
L Liu	PSP – nil-cost options	150%	339,611	£660,000	25%	31/12/2024

The face value of the awards was calculated using a share price of 194.34p per share, the average share price on the five dealing days prior to the date of grant. As part of the terms of L Liu's appointment, it was agreed that her 2022 PSP award would not be time pro-rated.

Annual report on remuneration continued

The 2022 awards under the PSP are subject to the following performance conditions:

Relative TSR condition (30% weighting)	EPS condition (30% weighting)		Synergies delivered from the Eastman Adhesive Resins acquisition (20% weighting)	
	EPS for the 2024 financial year	Percentage of award that will vest	Synergy delivery run rate by 31 December 2024	Percentage of award that will vest
Company-relative TSR performance against the FTSE 250 Index (excluding investment trusts and financial services companies) over the three-year period ending 31 December 2024				
Upper quartile	54.4p or more	30%	\$23.2m or more	20%
Between median and upper quartile	Between 46.7p and 54.4p	On a straight-line basis between 7.5% and 30%	Between \$20m and \$23.2m	On a straight-line basis between 5% and 20%
Median	46.7p	7.5%	\$20m	5%
Below median	Less than 46.7p	0%	Less than \$20m	0%

Another 20% of the award is subject to strategic measures comprising a 30% reduction of carbon dioxide equivalent emissions compared to the 2019 baseline, and greater than 15% of 2024 sales volume coming from new products launched in the five years to December 2024.

Operation of the Executive Director remuneration policy for 2023

The current policy has been in force since 29 April 2020. Subject to approval of the new policy by shareholders at the AGM on 16 May 2023, the specific remuneration arrangements for 2023 are described below.

● Base salary	<p>A salary increase was awarded with effect from 1 January 2023 of 3.8% for the CEO and CFO in line with the average merit increase awarded in the UK at management levels, and below the average merit increase awarded in the UK below management levels.</p> <p>2023 salaries are:</p> <ul style="list-style-type: none"> ● M Willome: £674,700 ● L Liu: £456,720.
● Pension and benefits	<p>Pension contributions for Executive Directors are aligned with that of the UK workforce. Executive Directors receive a cash allowance in lieu of pension contributions, car allowance and private health insurance. Since M Willome has moved from Switzerland to the UK, the Company also agreed a monthly relocation allowance for a four-year period. This allowance is £7,800 per month for the first two years then £5,000 per month for the following two years, and will be grossed up for tax.</p> <p>2023 cash allowances in lieu of pension contributions are:</p> <ul style="list-style-type: none"> ● M Willome: 7% of salary ● L Liu: 7% of salary.
● Annual bonus	<p>For 2023, performance under the annual bonus will be measured on the following basis:</p> <ul style="list-style-type: none"> ● 60% subject to performance against Underlying profit before tax targets ● 20% Group cash flow ● 10% subject to performance measures against key SHE targets ● 10% subject to performance against individual strategic and operational goals ● Targets and objectives for 2023 are, by their financial and commercial nature, considered by the Board to be unsuitable for disclosure in advance. However, the Committee will provide information on targets and objectives retrospectively. <p>2023 maximum award opportunity:</p> <ul style="list-style-type: none"> ● M Willome: 150% of salary ● L Liu: 150% of salary.
● Performance share plan	<p>For primary awards to be made in 2023, performance will be measured as follows:</p> <ul style="list-style-type: none"> ● 20% based on relative TSR performance versus FTSE 250 (excluding investment trusts and financial services companies): <ul style="list-style-type: none"> – 25% of this element will vest for median performance – 100% will vest for upper-quartile performance – Vesting on a straight-line basis between these points ● 30% based on Underlying EPS growth: <ul style="list-style-type: none"> – 25% of this element will vest for EPS growth of 4.5% per annum – 100% vesting for EPS growth of 10% per annum – Vesting on a straight-line basis between these points – This target range was set following consideration of the long-term strategy and the outlook for the markets in which we operate ● 30% based on a reduction in leverage, which by its financial nature is considered by the Board to be unsuitable for disclosure in advance. However, the Committee will provide information on the target retrospectively. ● 20% based on strategic targets, of which half will be a sustainability measure linked to a reduction in carbon dioxide emissions of up to 30% from the 2019 baseline, and half linked to greater than 14% of 2025 sales volume coming from new and protected products launched or sold in the five years to December 2025.

<ul style="list-style-type: none"> ● Performance share plan continued 	<p>For the secondary additional awards, the sole performance measure will be TSR performance versus FTSE 250 (excluding investment trusts and financial services companies):</p> <ul style="list-style-type: none"> ● 25% of this element will vest for upper quartile performance ● 100% will vest for upper decile performance ● Vesting on a straight-line basis between these points. <p>2023 maximum award opportunity:</p> <ul style="list-style-type: none"> ● M Willome: 250% of salary (200% primary award and 50% secondary additional award) ● L Liu: 200% of salary (150% primary award and 50% secondary additional award). <p>Given the recent fall in share price, the Committee has considered the 2023 PSP grants and the potential for windfall gains. The CEO and CFO started in late 2021 and mid-2022 respectively, and the Committee believes it is critical to ensure that they are appropriately incentivised in the context of challenging market conditions.</p> <p>The Committee has determined therefore that it is not appropriate to reduce their award at this stage, but will review at vesting.</p>
<ul style="list-style-type: none"> ● Shareholding guidelines during employment 	<p>The CEO and CFO are expected to build interests in shares of at least 220% and 200% of salary respectively.</p>
<ul style="list-style-type: none"> ● Chair and Non-Executive Directors 	<p>The fees to be paid in 2023 to the Chair and the Non-Executive Directors will be unchanged from those paid in 2022.</p>

Leaving arrangements for former CFO

While SG Bennett stepped down as CFO at the start of July 2022, he remained employed until 4 November 2022, supporting with the transition of the new CFO. He was treated as a good leaver, meaning he was entitled to a pro-rated annual bonus for 2022 until he ceased employment. The bonus payment will be paid entirely in cash on the normal bonus payment date, and will be subject to the Remuneration Committee's right under the Rules to apply malus and clawback provisions. He will not be eligible to receive any bonus in respect of the financial year ending 31 December 2023. The total bonus paid for the period to 30 June 2022 was £29,204, and from 1 July to 4 November, when he stepped down as Director but remained employed by the Company, was £9,735.

The Remuneration Committee determined that SG Bennett would be treated as a 'good leaver' for the purpose of his unvested awards under the PSP. In line with the approved policy, the awards will be reduced on a time-apportioned basis, which will be calculated to 4 November 2022. Awards will be subject to the relevant performance conditions, which will be measured at the normal time.

Award date	Number of shares	Pro-rated maximum number of shares that could vest	Vesting date
2020	163,500	144,536	28 March 2023
2020	18,985	15,829	28 March 2023
2021	124,446	68,581	11 March 2024
2022	223,003	62,726	26 March 2024

Any dividend equivalents accrued in respect of these awards would be paid in cash following vesting and will be pro-rated in line with the level of vesting of the relevant PSP award. Any shares acquired on the exercise of the awards will be subject to the Remuneration Committee's right under the PSP to apply clawback provisions.

Details of the vesting of the award made to SG Bennett in 2020, together with all other remuneration paid to him in 2022, are contained in this report.

The Synthomer post-employment shareholding guidelines, which came into effect in April 2021, have not been applied because SG Bennett joined the Company before they were introduced. He is, however, contractually bound to hold Synthomer's shares post-employment as follows:

Shares	Earliest date shares can be sold
14,843 shares from vesting of 2018 PSP award in March 2021	12 March 2023
20,327 shares deferred from 2020 bonus paid in March 2021	6 May 2023
40,546 shares from vesting of 2019 PSP award in March 2022	11 March 2024
31,809 shares deferred from 2021 bonus paid in March 2022	26 March 2024

Payments to past directors (audited)

CG MacLean, who stepped down as CEO at the start of November 2021, was entitled to the vesting of the PSP award made to him in 2020 as detailed in this report. He did not receive any other remuneration in 2022. Aside from the arrangements for the former CFO, no other payments were made in the year.

Annual report on remuneration continued

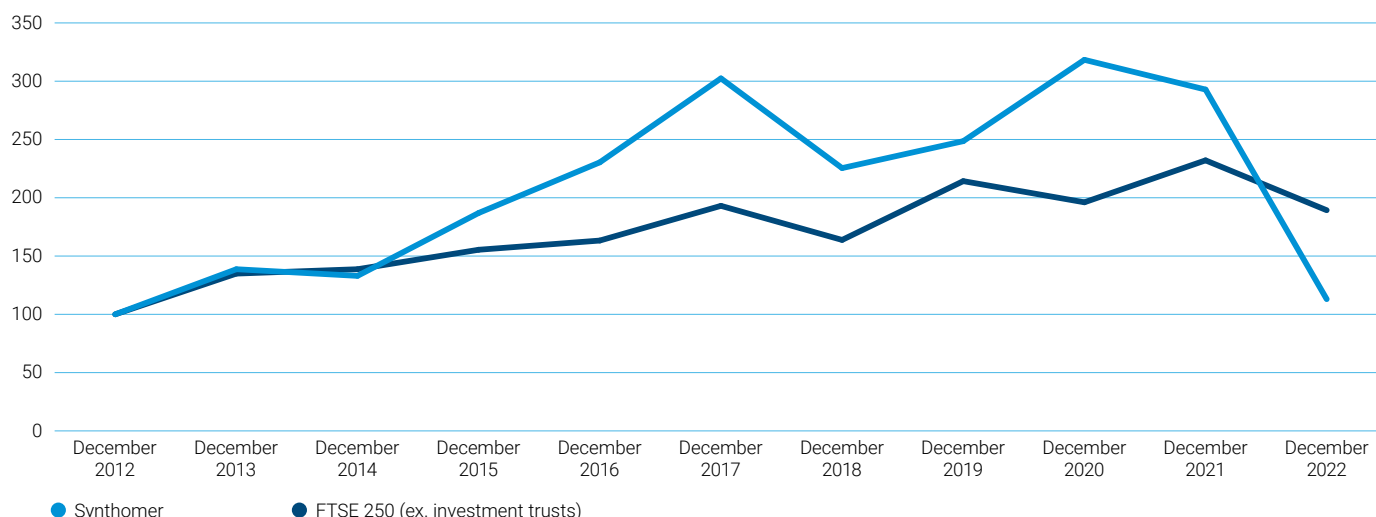
Payments for loss of office (audited)

Aside from the arrangements for the former CFO, no payments for loss of office were made during the year.

Performance graph and table

The graph and table below allow comparison of the TSR of the Company and the CEO remuneration outcomes over the past 10 years.

TSR chart



The chart above compares the TSR performance of the Company with that of the FTSE 250 (excluding investment trusts). This is considered to be the most appropriate index against which to make a comparison and was chosen because it represents a broad equity market index of which the Company is a constituent.

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
CEO	AM Whitfield	AM Whitfield	CG MacLean	CG MacLean	CG MacLean	CG MacLean	CG MacLean	CG MacLean	CG MacLean/ M Willome	M Willome
CEO total single figure remuneration (£'000)	923	967	1,246	1,218	2,516	1,807	890	1,805	2,279	987
Bonus (% of maximum awarded)	0.0	57.3	69.7	100.0	100.0	76.5	20.0	100.0	95.0	10
PSP (% of maximum vesting)	50.0	0.0	n/a	n/a	96.3	86.2	10.0	31.8	64.0	n/a

The CEO total single figure of remuneration includes salary, benefits and pension contributions paid in the year, together with bonuses and long-term incentive awards that vested based on performance in the year.

The 2021 single figure comprises the figure for CG MacLean, which covers the period to 31 October 2021, and the figure for M Willome, which covers the period from 1 November to 31 December 2021.

CEO-to-all-employee pay ratio

The following table provides pay ratio data in respect of the CEO's total remuneration compared to the 25th, median and 75th percentile employee.

Financial year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2022	Option B	24:1	21:1	16:1
2021	Option B	54:1	44:1	31:1
2020	Option B	37:1	28:1	22:1
2019	Option B	28:1	23:1	16:1

The employees used for the purposes of compiling the table above were identified on a full-time equivalent basis at the pay period during which 5 April 2022 fell. Option B, which involves identifying the employees at the 25th, 50th and 75th percentile from our gender pay gap report, was chosen as the calculation methodology. Under this methodology, the employees were identified based on the full-time equivalent basis at the pay period during which 5 April fell. The selected employees' pay and benefits for the calendar year were then calculated using each element of employee remuneration consistent with the CEO and no element of pay has been omitted. Employees for the purpose of the gender pay gap are employees of Synthomer (UK) Limited (463 relevant employees as at the snapshot date of 5 April 2022).

Option B is considered to be the simplest and most accurate way of identifying the relevant employees. Using this methodology, we were able to identify specific employees to make the required comparisons.

The ratio has decreased for 2022, chiefly due to the fall in variable remuneration outcomes for the CEO.

The definition of pay used included:

- Annual salary
- Car allowances
- All other cash allowances
- All bonuses and incentive scheme payments for services delivered in the year
- Private medical insurance value.

The following table provides salary and total remuneration information in respect of the employees at each quartile:

Financial year	Element of pay	25th percentile employee	Median employee	75th percentile employee
2022	Salary	37,670	43,791	60,243
	Total remuneration	40,400	46,029	63,683

Our CEO pay is made up of a higher proportion of incentive pay than that of the majority of our employees. This is likely to introduce more variability in the CEO total compensation.

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

Percentage change in remuneration of the Directors and employees

The table below sets out the increase in salary, benefits and annual bonus of the Directors compared with a selected group of employees. The parent company, Synthomer plc, does not have any direct employees so a comparator group of employees of the Group's main UK trading subsidiary has been used, comprising 463 employees. The Directors consider that this employee population is the most relevant for comparison purposes, considering geographical location and remuneration structure.

	2022			2021			2020		
	Salary and fee % increase	Benefits % increase/(decrease)	Annual bonus % increase	Salary and fee % increase	Benefits % increase/(decrease)	Annual bonus % increase	Salary and fee % increase	Benefits % increase/(decrease)	Annual bonus % increase
M Willome ¹	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
L Liu ²	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SG Bennett ³	n/a	n/a	n/a	2.5	(1.3)	1.1	1.3	(24.1)	560.7
CA Johnstone	24.0	n/a	n/a	2.5	n/a	n/a	n/a	n/a	n/a
The Hon. AG Catto	3.0	n/a	n/a	5.6	n/a	n/a	0.9	n/a	n/a
BDW Connolly	9.2	n/a	n/a	5.4	n/a	n/a	1.1	n/a	n/a
CS Dubin ³	n/a	n/a	n/a	3.1	n/a	n/a	n/a	n/a	n/a
RC Gualdoni ¹	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Dato' Lee Hau Hian	3.0	n/a	n/a	2.8	n/a	n/a	1.6	n/a	n/a
HA Van Deursen	2.2	n/a	n/a	3.6	n/a	n/a	1.3	n/a	n/a
I Tyler ²	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Average change for employees	2.1	19.6	(73.2)	2.6	3.2	36.5	1.4	n/a	n/a

Notes:

1 M Willome and RC Gualdoni were appointed to the Board in 2021.

2 L Liu and I Tyler were appointed to the Board in 2022.

3 SG Bennett and CS Dubin left the Board in 2022.

Relative importance of spend on pay

The table below shows the relative importance of the Group's all-employee remuneration expense compared with returns to shareholders by way of dividends.

	2022 £m	2021 £m	% change
Dividends paid	99.5	73.5	35.37
Total employee remuneration	266.4	243.7	9.31

Dividends are the dividends paid in the year. The 2022 interim payment was cancelled. Total employment remuneration is the consolidated salary and bonus cost for all Group employees.

Annual report on remuneration continued

External appointments

Executive Directors are permitted to accept external appointments with the prior approval of the Board, provided that there is no adverse impact on their role and duties to the Company. Any fees arising from such appointments may be retained by the Executive Directors where the appointment is unrelated to the Group's business.

M Willome has been a non-executive director of Glaston Oyj (Nasdaq Helsinki) since May 2020 and received a Board membership fee of EUR40,000 in 2022. M Willome has sat on European subsidiary boards of Indutrade AB since 2013 and received a board membership fee of CHF45,000 in 2022.

L Liu has been a non-executive director of DCC plc since 2021 and received a board membership fee of EUR84,330 in 2022.

Remuneration Committee

Remuneration Committee membership since 1 January 2022:

Brendan Connolly (Chair)

Roberto Gualdoni

Holly A Van Deursen

I Tyler (since 21 June 2022)

CS Dubin (to 29 November 2022)

Attendance at Committee meetings is set out on [page 100](#).

Key duties of the Committee

During 2022 the Committee was responsible for determining, in agreement with the Board, the Company's policy on executive remuneration and the specific remuneration for the Chair and each of the Executive Directors, including pension rights, within the terms of the agreed policy. The Committee was also responsible for the specific remuneration of the Executive Committee and for reviewing remuneration elsewhere in the Group, including reviewing workforce remuneration and related policies to ensure that incentives and reward are aligned with culture.

Advisers

The CEO, Company Secretary and CHRO are invited to attend Committee meetings to contribute to the Committee in its deliberations. However, no individual is involved in discussions, or is part of any decisions, relating to their own remuneration.

The Committee received independent advice from Deloitte LLP (Deloitte), which it appointed as its independent remuneration adviser in April 2013, following a tender process.

During the year, Deloitte provided advice on governance and market trends and other remuneration matters that materially assisted the Committee. The fees paid to Deloitte in respect of this work were charged on a time and expenses basis and totalled £39,300 for advice in 2022. The Committee is comfortable that the Deloitte engagement team that provides remuneration advice to the Committee does not have connections with the Company or its Directors that may impair their independence. The Committee reviewed the potential for conflicts of interest and judged that there were appropriate safeguards against such conflicts. Deloitte also provided tax services to part of the Group and advice about implementing TCFD to the Board in the year. The Committee was satisfied that this did not compromise the independence of the advice received.

Deloitte is a founding member of the Remuneration Consultants Group and adheres to its Code of Conduct. Deloitte was appointed directly by the Committee, and the Committee is satisfied that the advice received was objective and independent.

Statement of voting at the Annual General Meeting

The table below sets out the results of the votes on the Directors' remuneration at the 2022 Annual General Meeting (Annual Report on Remuneration) and the 2020 Annual General Meeting (Directors' Remuneration Policy).

	Votes for		Votes against		Votes withheld
	Number	% of vote	Number	% of vote	Number
2022 Annual Report on Remuneration	392,874,580	97.39	10,540,812	2.61	21,401
2020 Directors' Remuneration Policy	332,152,827	91.98	28,090,122	8.02	28,501

By order of the Board

A Prakash

Company Secretary

28 March 2023