Governance

Governance

Board of Directors

Jasmine Whitbread
Chair

Nationality
British/Swiss

Appointment date
31 March 2021

Committee membership: N R S

Skills and experience
Jasmine has extensive boardroom experience with a number of large public companies. These include BT Group plc, where she chaired the Digital Impact and Sustainability Committee. Jasmine currently serves as Non-executive Director with Compagnie Financière Richemont SA, WPP plc and Standard Chartered plc. She will stand down from the Board of Standard Chartered in May 2023.

A seasoned executive leader, whose career spans over two decades, she was most recently CEO for London First (2016–2021) where she worked with business leaders to keep the UK's capital globally competitive. Prior to this Jasmine was CEO of Save the Children UK (2005–2010). She became the first CEO of Save the Children International, aligning 30 federation members in over 100 countries.

Prior to this Jasmine's career was in marketing in the technology sector, holding management positions with Rio Tinto and then in the US with Cortex and Thomson Financial.

Nick Roberts
Chief Executive Officer

Nationality
British

Appointment date
1 July 2019

Committee membership: S

Skills and experience
Since joining the Group in 2019, Nick has reshaped the business to be the leading partner to the construction industry by focusing on trade customers and offering value-added services through an improved branch network. He was previously President of engineering consultancy Atkins and has spent nearly 30 years in the construction industry. He is an Honorary Fellow of the Institution of Civil Engineers and is the Deputy Chair and Trustee of the Forces in Mind Trust.

Alan Williams
Chief Financial Officer

Nationality
British

Appointment date
3 January 2017

Committee membership: N/A

Skills and experience
Alan is a qualified Accountant and Treasurer and in addition to having a strong finance background, he has extensive experience in leading strategic initiatives, mergers and acquisitions, integration and business transformation. Prior to joining the Group, Alan served as CFO at Greencore Group plc for six years. Alan also previously worked at Cadbury plc in a variety of financial roles in the UK, France and the USA.

Marianne Culver
Non-executive Director

Nationality
British

Appointment date
1 November 2019

Committee membership: R

Skills and experience
Marianne has extensive executive and board experience in the global distribution and logistics sectors. She has served as Chief, Global Supply Chain with Premier Farnell plc and as Chief Executive (UK & Ireland) of TNT. Marianne was latterly Global President of RS Components, the components trading and distribution division of the RS Group plc.

Marianne is a member of the Supervisory Board of Blackstone portfolio company the BME Group B.V. Her Non-executive Directorship career to date has included membership of the Boards of Rexel SA (listed on Euronext Paris), The British Quality Foundation and EDS Corporation Inc.

Committee membership key:

- A Audit
- N Nominations
- R Remuneration
- S Stay Safe
- Chair

Pete Redfern
Senior Independent Non-executive Director

Nationality
British

Appointment date
1 November 2014

Committee membership: A N R S

Skills and experience
Pete has extensive financial, operational and management experience as well as strong construction and property expertise. Pete is a Chartered Surveyor, as well as a Chartered Accountant. From 2007 to 2022, Pete held the position of CEO at Taylor Wimpey plc. He was previously Chief Executive of George Wimpey plc and prior to that, successively held the posts of Finance Director and Chief Executive of George Wimpey's UK Housing business.

Coline McConville
Non-executive Director

Nationality
Australian

Appointment date
1 February 2015

Committee membership: A R

Skills and experience
Coline has a wealth of international experience with a background in management, marketing and media as well as extensive remuneration and boardroom experience. Coline is currently a Non-executive Director of TUI AG, Fevertree Drinks plc and 3i Group plc and was formerly a Non-executive Director of Inchcape plc, UTV Media plc, Wembley National Stadium Limited, Shed Media plc and HBOS plc. Prior to that Coline was Chief Operating Officer and Chief Executive Officer Europe of Clear Channel International Limited. Coline is also on the Board of Kings Cross Central GP (owned by Australian Super).

Coline holds an MBA from Harvard Business School where she was a Baker Scholar.

Louise Hardy
Non-executive Director

Nationality
British

Appointment date
1 January 2023

Committee membership: R

Skills and experience
Louise has over thirty years of business and leadership experience across the construction and infrastructure industries. A civil engineer by background, Louise has held a range of senior roles at London Underground, Bechtel and Laing O'Rourke, where she was the Infrastructure Director for the London 2012 Olympic Park. Her most recent executive appointment was European Project Excellence Director for AECOM.

Louise is currently a Non-executive Director of Crest Nicholson Holdings plc, Severfield plc and Balfour Beatty plc and the independent chair of Oriel. Louise was formerly a Non-executive Director of Renew Holdings plc, Sirius Minerals plc and Genuit Group plc.

Louise remains a keen volunteer within the construction industry as a STEM ambassador and diversity champion.

Heath Drewett
Non-executive Director

Nationality
British

Appointment date
11 May 2021

Committee membership: A

Skills and experience
Heath is an experienced CFO and currently Chief Financial Officer at Aggreko; a global power, temperature control and energy services company and former constituent of the FTSE 250 prior to its take-over in August 2021. Heath has extensive experience in the engineering, leisure and transportation and industrial sectors having previously worked for WS Atkins, British Airways, Morgan Advanced Materials and PwC. Heath brings a wealth of financial and commercial acumen to the Board at Travis Perkins based on his experience across a number of markets and sectors adjacent to the construction industry.

Jora Gill
Non-executive Director

Nationality
British

Appointment date
4 August 2021

Committee membership: N S

Skills and experience
Jora has extensive data and digital experience having held a number of Chief Information Technology Officer and Chief Digital Officer roles in significant organisations, including Standard and Poors, Elsevier, the Economist, and latterly SHL Group Ltd where he served as Chief Digital Officer until December 2021. Jora is now the CEO and Co-founder of an AI and data analytics company, Insights Driven. In addition, he serves as a Non-executive Director of the Care Quality Commission, a role he has held since 2016.

Corporate governance report

Jasmine Whitbread
Chair
27 February 2023

I am pleased, on behalf of the Board, to present the corporate governance report for the year ended 31 December 2022

Role of the Board

The Board is responsible for promoting the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society. It sets the overall Group Strategy, the tone and approach to corporate governance and considers the opportunities and risks to the future success of the business. The Group's strategy and business model are set out on pages 14 to 16. The principal risks of the business are set out in more detail on pages 75 to 81. The Board discusses strategic matters at every meeting and in June 2022 held an off-site strategy day to consider progress made against the Group's stated strategic direction and to review the opportunities and risks faced by the Group.

The Board has a schedule of matters reserved to it which was last reviewed and approved in December 2022. The latest approved schedule of matters reserved can be found on the Group's website.

In line with the UK Corporate Governance Code 2018 issued by the Financial Reporting Council (the "Code"), which is available at www.frc.org.uk, the Board has a number of Committees to which it delegates certain responsibilities: Audit, Nominations, Remuneration and Stay Safe. All Committees operate within defined terms of reference and these can be found on the Group's corporate website. The minutes of all Committee meetings are made available to all Directors and the Chairs of the Committees report on the proceedings of the Committee meetings at each subsequent Board meeting.

Culture

The Board recognises the role it plays in assessing and monitoring the Group's culture to ensure that policy, practices and behaviour throughout the Group are aligned with Group purpose, strategy and values. The Board receives regular updates on cultural indicators to assist its understanding and oversight of the Group's culture. These include Non-executive Director workforce engagement, the Group-wide colleague engagement survey and a number of listening groups and colleague communities. The Chair, Chief Executive Officer ("CEO") and other members of the Board also visit branches around the country and in doing so gain insight into the Group culture.

During the year work was undertaken to embed understanding of the Group's purpose and strategy and the new Company values, which the Board approved at its meeting in December 2021. The alignment of our culture with the Group's purpose, values and strategy is demonstrated in the Colleague voice and engagement section found on pages 48 to 49.

Engaging with stakeholders and the workforce

The Board takes into account the views of its stakeholders when making decisions, liaising with various stakeholder groups throughout the year, particularly when strategic decisions are to be taken. Engagement with stakeholder groups such as shareholders, customers, suppliers and colleagues occurs when formulating the strategic direction of the Group to gain feedback to inform the implementation and realisation of the strategy.

A statement on the ways in which the Group meets its duties under Section 172 of the Companies Act 2006 is described in the Strategic report on pages 62 to 64. This includes reporting on engagement with major shareholders and the outcomes of that engagement.

Pete Redfern is the Colleague Voice Representative on the Board. His activities in this capacity, intended to help bring the employee voice into the boardroom. During 2022 Pete held a number of meetings with colleagues with a particular focus on drivers and new starters. Key feedback themes included safety, belonging, equal opportunity, customer focus and corporte citenzenship.

Conflicts of interest and raising concerns

Declarations of any actual or potential conflicts of interest with items on the agenda are requested and made at the start of every Board and Committee meeting. A register of the Directors' interests and conflicts is maintained by the Company Secretariat and Directors complete an annual questionnaire on potential or actual conflicts of interest and their activities throughout the year. Any potential conflicts are reviewed by the Board as a whole and if necessary, mitigating actions are taken and recorded on the register of Directors' interests and conflicts. The impact of any relationships or involvements are considered carefully to ensure that they do not compromise or override the Directors' ability to exercise independent judgement.

Concerns in relation to the operation of the Board can be raised with the Chair or the Senior Independent Director. No such concerns were raised during the year.

During 2022 we continued to emphasise the principle of "calling it out" across the Group and the importance of the Code of Conduct and the Speak Up line. The Speak Up line is available for colleagues and others who interact with the Group to raise matters that are inconsistent with the Group's values or otherwise require investigation and attention. The Audit Committee, on behalf of the Board, received quarterly reports on issues raised through the Speak Up line and subsequent action taken. The Board reviewed the effectiveness of the Speak Up line at its meeting in December.

Board composition and evaluation

Board composition

As at 31 December 2022 the Board comprised six Non-executive Directors and two Executive Directors. Louise Hardy was appointed to the Board as a Non-executive Director on 1 January 2023. The biographies of the Board, as of the date of this report, are listed on pages 84 and 85.

Appointments of new Directors are made by the Board on the recommendation of the Nominations Committee. The Nominations Committee's responsibilities and a description of its work, including in connection with succession and Board effectiveness review, can be found in the Nominations Committee report on pages 91 and 92.

Re-election of Directors

All Directors are considered to be eligible, on the basis of performance and contribution to the long-term sustainable success of the Company, to submit themselves for re-election at the 2023 AGM.

Board effectiveness review

Consistent with the requirements of the Code a rigorous evaluation of the performance of the Board and its Committees is carried out in order to identify efficiencies, maximise strengths and highlight areas for further development. As described in the Nominations Committee report on pages 91 and 92, although 2021 would have been the due date for that review in typical circumstances, the externally-facilitated review of Board effectiveness was deferred to 2022.

Division of responsibilities and meetings

Chair and CEO

The Chair leads the Board and ensures its effectiveness. Jasmine Whitbread was independent on appointment as Chair.

Provision 10 of the Code sets out circumstances which are likely to impair, or could appear to impair, a Non-executive Director's independence, including where individuals hold cross-directorships or have significant links with other Directors through involvement in other companies or bodies. There were no relevant cross-directorships or other links in 2022.

The roles of the Chair and CEO are split and the Board has approved a written statement of the division of key responsibilities between the Chair and CEO which was reviewed in 2022 and is available on the Group's corporate website.

Non-executive Directors

The Board ensures that at least half of its members, excluding the Chair, are independent non-executives and reviews any relationships or circumstances which are likely to affect their independence.

There were no changes to the Board during 2022. The Board is satisfied that none of the circumstances set out in provision 10 of the Code currently apply and that all Non-executive Directors remain independent.

Pete Redfern is the Company's Senior Independent Director ("SID"). The SID acts as a sounding board for the Chair and an intermediary for Directors and shareholders. The SID's responsibilities are set out in writing and are available on the Group's corporate website. The SID is available to shareholders should they wish to raise an issue through an alternative channel. The Non-executive Directors led by the SID meet without the Chair present annually to discuss the Chair's performance and any other matters as required.

The Non-executive Directors provide constructive challenge, strategic guidance and appraise Executive Directors' performance against agreed performance targets. The Non-executive Directors and Chair meet regularly without the Executive Directors present.

Time commitment

When making new appointments the Board carefully considers the competing demands on candidates' time. Prior to appointment, candidates are required to disclose any significant commitments along with the estimated associated time commitment. Each Non-executive Director's letter of appointment sets out the time commitment expected of them and these letters will be available for inspection at the Annual General Meeting.

The Board considers, on an annual basis, the time commitments of each Director and it is satisfied that all Directors continue to have sufficient time available to fulfil their duties. Any new external appointments during the year are given careful consideration, taking into account the number and scale of each Director's other commitments before approval is given and recorded. Subject to approval by the Board, Executive Directors are allowed to accept one external non-executive directorship with a listed entity.

Corporate governance report continued

So far as is practicable, the Company liaises with the Non-executive Directors to ensure the schedule of meetings does not clash with external appointments. Directors are able to attend meetings by video or telephone conferencing if there is an issue with location or travel.

Board and Committee meetings

The Board held eight scheduled meetings in 2022, all of which were in person and included a meeting at Staircraft together with a tour of operations. Regular items on the agenda included: detailed updates on financial results and performance against related KPIs; health and safety; progress against strategic objectives; and strategic reviews of the Group's businesses. Other areas of consideration included investor feedback, sustainability, risk and governance. During 2022 the Board focused especially on: bringing to fruition the strategy of "elevating relationships" by adding services and new areas of added value and of "deepening relationships" to earn a greater share of spend; the Group's key commitments under its ESG Framework of "Building for Better" (more detail of which are set out in the Strategic Report on pages 30 to 49); the Group's purpose, values and culture; diversity and inclusion; and the Group's response to the trading conditions prevailing in 2022 due to macroeconomic circumstances.

The General Counsel & Company Secretary manages the process of setting the agenda for each Board meeting which is agreed between the Chair, the CEO and the Chief Financial Officer ("CFO"). A programme of work and key priorities is set with the Board at the beginning of each year, with agendas based on the annual plan as well as topical items and matters of particular concern or interest to the Board. Key financial and other relevant information is circulated to the Board outside scheduled meetings and is monitored by the Chair to ensure that it is sufficient, timely and clear.

The Chair meets regularly with Board members and with members of the Group Leadership Team ("GLT") between Board meetings and ensures that Board members are kept informed of material developments. At meetings the Chair encourages debate and equal contribution from each Board member within a transparent and constructive atmosphere. The names of the Directors who served on the Board during the year together with the number of Board and Committee meetings attended by each Director is set out below.

	PLC	Audit Committee	Stay Safe Committee	Nominations Committee	Remuneration Committee	Overall attendance (%)
Number of meetings	8	4	3	5	3	
Attendance:						
M. Culver	8/8	n/a	n/a	n/a	3/3	100
H. Drewett	8/8	4/4	n/a	n/a	n/a	100
J. Gill*	7/8	n/a	3/3	5/5	n/a	93
C. McConville	8/8	4/4	n/a	n/a	3/3	100
P. Redfern	8/8	4/4	3/3	5/5	3/3	100
N. Roberts	8/8	n/a	3/3	n/a	n/a	100
J. Whitbread	8/8	n/a	3/3	5/5	3/3	100
A. Williams	8/8	n/a	n/a	n/a	n/a	100

* Jora Gill missed one Board meeting due to the cancellation of a flight, caused by Covid-19 related disruption. Jora ensured that his comments on the meeting papers were circulated to the Chair who represented his thoughts in the meeting.

Group Leadership Team

The Board has delegated responsibility for the execution of the Group's strategy and the day-to-day management and operation of the Group's business to the CEO. The CEO has established and chairs the GLT which comprises key business and functional leaders.

Other colleagues are invited to attend GLT meetings from time to time in relation to specific matters. The main purpose of the GLT is to assist the Executive Directors in the performance of their duties, particularly in relation to the development and implementation of strategy, operational plans, policies, procedures and budgets; the monitoring of operational and financial performance; the assessment of control of risk; and the prioritisation and allocation of resources.

Provision of information and support

All Directors have direct access to the General Counsel & Company Secretary who is responsible for advising the Board on all governance matters. Directors may also seek independent professional advice at the Company's expense in the furtherance of their duties as required.

Annual General Meeting

In 2022 we were pleased to open our Annual General Meeting ("AGM") to shareholders, their proxies and corporate representatives to attend in person at the Company's premises at Ryehill House in Northampton. This followed two years where we found that the Covid-19 pandemic impeded our ability to hold our AGM with shareholders physically present. As we prepared for the 2022 AGM we allowed for the possibility that the Government could once again introduce guidance or restrictions which would prevent the attendance of shareholders (and others) at the AGM physically. This influenced our choice of venue and decision to broadcast the 2022 AGM to preserve the ability to attend and participate remotely.

Happily it transpired that we were able to admit shareholders to the 2022 AGM in person while also broadcasting the meeting. No shareholders chose to attend remotely and view the broadcast and no questions were submitted during the meeting by participants attending remotely. The possibility of disruption linked to the Covid-19 pandemic has now receded. In order to husband shareholders funds appropriately, avoiding uneccessary expenditure, we have decided to not broadcast this year's AGM, given that there appears to be no demand for it.

Shareholders, their proxies and corporate representatives will be able to attend the 2023 AGM in person. We will keep shareholder demand for remote participation under review in respect of our future AGMs.

Shareholders receive at least 20 working days' notice of the AGM at which, ordinarily, all Directors are present and available for questions. Each substantive issue considered at the AGM is the subject of a separate resolution and, in accordance with best practice, voting is conducted by way of a poll rather than a show of hands. The numbers of proxy votes, lodged in advance of the meeting, for and against each resolution are announced at the meeting and the final votes are subsequently published on the Company's website. Should a resolution at an AGM receive 20% or more of votes cast against the Board's recommendation, the Board would consult with shareholders to understand the reasons behind their voting.

All Directors were present and available for questions at our 2022 AGM. At our 2022 AGM we received strong support from shareholders for the resolutions put to the meeting with an average of 96% of votes in favour of each resolution.

Statement by the Board

A review of the performance of the Group's businesses and the financial position of the Group is included in the Strategic Report on pages 2 to 83. The Board uses it to present a full assessment of the Group's position and prospects, its business model and its strategy for delivering that model. The Directors' responsibilities for the financial statements are described on page 120.

Going concern

After reviewing the Group's forecasts and risk assessments and making other enquiries, the Board has formed the judgement at the time of approving the financial statements that there is a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the 12 months from the date of signing this Annual Report and Accounts. For this reason the Board continues to adopt the going concern basis in preparing the financial statements.

In arriving at their opinion the Directors considered:

- The Group's cash flow forecasts and revenue projections
- The impact on trading performance of severe but plausible downside scenarios. Key assumptions include significant reductions in revenue removal of property profits and limited reductions in fixed overheads, as well as mitigating actions such as delayed capital expenditure and dividend suspension
- The committed debt facilities available to the Group and the covenants thereon
- The Group's debt maturity profile, including the upcoming bond maturity in 2023
- The Group's robust policy on liquidity and cash flow management
- The Group's ability to successfully manage the principal risk and uncertainties outlined on pages 75 to 81 during periods of uncertain economic outlook and challenging macroeconomic conditions

The downside scenarios tested, outlining the impact of severe but plausible adverse scenarios based on a severe recession and housing market weakness, show that there is sufficient headroom for liquidity and covenant compliance purposes for at least the next 12 months from the date of approval of these financial statements.

The Board's fair, balanced and understandable declaration

At the Board meeting during which the Group's results for the year were presented by the CEO and the CFO, the Board considered whether the Annual Report and Accounts, when taken as a whole, present a fair, balanced and understandable overview of the Group and its performance. After hearing from the Executive Directors, receiving a report from the Audit Committee Chair on that Committee's meeting to review the preparation and content of the year-end financial statements and the audit conducted upon them and reviewing the contents of the Annual Report and Accounts; the Board concluded that the Annual Report and Accounts are fair, balanced and understandable and accordingly the Directors' declaration to that effect can be found under the Statement of Directors' responsibilities on page 120.

Remuneration

The Board has established a Remuneration Committee comprising at least three independent Non-executive Directors. The Remuneration Committee's responsibilities and a description of its work is set out in the Directors' Remuneration report on pages 98 to 116.

Audit, risk and control

The Board has established an Audit Committee comprising three independent Non-executive Directors. The Audit Committee's responsibilities and a description of its work is set out in the Audit Committee report on pages 93 to 97.

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. In the design of the system of internal control, consideration has been given to the significant risks to the business, the probability of these risks manifesting themselves and the most cost-effective means of controlling them.

The threat posed by those risks and any perceived change in that threat is reviewed half yearly by both the GLT and the Board. The system manages rather than eliminates risk and therefore can only provide reasonable and not absolute assurance against material misstatement or loss.

The day-to-day operation of the system of internal control is delegated to the GLT and senior management, but the Audit Committee reviews and discusses internal controls on a regular basis. The system of internal controls is reviewed by the Board in a process that accords with the Financial Reporting Council guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

It is the responsibility of the Board to establish the risk framework within which the Group operates. The Board and the GLT review the risk register and risk appetite at least once each year. Members of the Audit Committee also receive reports on internal audit reviews. If appropriate these reports include recommendations for improvements in controls or for the management of those risks. Measures to integrate risk management processes into the Group's operations, to extend awareness of the importance of risk management and to ensure that recommended improvements are implemented are regularly reviewed.

As part of its viability review, the outcome of which is set out on page 74, the Board considered the principal risks and uncertainties and mitigating factors set out on pages 75 to 81.

Corporate governance report continued

In conjunction with the Audit Committee, the Board has carried out an annual review of the overall effectiveness of the system of internal control and risk management during the year and up to the date of approval of this Annual Report, and concluded that they are effective.

Where areas requiring improvement have been identified, processes are in place to ensure that the necessary action is taken and that progress is monitored.

UK Corporate Governance Code

Throughout the year ended 31 December 2022, the Company was in compliance with the principles and provisions of the UK Corporate Governance Code 2018 ("the Code") issued by the Financial Reporting Council, but for one exception.

Provision 38 of the Code requires that "pension contribution rates for the Executive Directors, or payments in lieu, should be aligned with those available to the workforce". The FRC's guidance "Improving the quality of 'comply or explain' reporting" published in February 2021 recognised that "As a new requirement of the Code, it was expected that it would be difficult for some companies to comply with this Provision immediately due to contractual obligations", however the Company had acted before the FRC published its guidance and in the Directors' Remuneration report contained in the 2020 annual report, the Company reported its intention to move away from the contractual position agreed with Alan Williams on recruitment some three years previously, stating "CFO Alan Williams' pension had been agreed at 25% on recruitment in 2017. From 1 January 2020 it was reduced and fixed at £103,530 (equalling 20% at the time). Taking into account shareholder expectations and best practice, it will be further reduced to 10% of salary with effect from 1 January 2023." Accordingly the reduction of 10% salary was made with effect from 1 January 2023 and as a result this non-compliance ended on 1 January 2023.

The Corporate governance report has been approved by the Board of Directors and is signed on its behalf by:

Jasmine Whitbread
Chair
27 February 2023

Nominations Committee report

Jasmine Whitbread
Chair, Nominations Committee
27 February 2023

2022 focus areas

- Board succession planning
- Appointment of Louise Hardy
- Board and Committee effectiveness review
- Board and senior management pipeline diversity

Number of scheduled meetings during 2022

5

Dear Shareholder,

I'm pleased to present the Nominations Committee report for 2022.

The Committee had a busy year ensuring the succession pipeline for Board and senior management positions is in the best of health. In doing so the Committee kept focus on the diversity of skills and background among the Board and senior management as well as the Group as a whole. We also undertook an externally facilitated effectiveness review for the Board and all of its Committees.

Board succession

The Board has seen a number of changes over recent years, including my appointment in 2021, however since the end of 2021 we have had no departures from the Board. In December 2021 the Board carefully considered the size and make-up of the Board. We concluded that we would benefit from a period of stability to allow the changes of recent years to bed in and that we should take the time to plan succession for our two longest serving Non-executive Directors, Pete Redfern and Coline McConville, who will reach nine years service in November 2023 and February 2024, respectively. Mindful that it can take time to find the right people, the Committee began a search for two successors with the right profiles to ensure that the Board continues to have the required skills and experience once Pete and Coline leave.

We appointed Russell Reynolds to assist us with the search process. This resulted in the appointment of Louise Hardy to the Board in January this year. Louise has wide ranging experience across the construction industry spanning large infrastructure projects to housebuilding. Her deep understanding of the sector enables her to bring a valuable customer's-eye view as we pursue our strategy of deepening and elevating our relationships with our customers to become the leading partner to the construction industry. The Committee's work to identify a second Non-executive Director to join the Board in anticipation of Pete's departure continues. Key criteria in that search include substantial public company board and City experience, strong commercial acumen, governance experience and strategic capability.

Russell Reynolds has no relationship with the Company or Group other than for the provision of search and evaluation services. No Director or Senior Manager has any personal relationship with Russell Reynolds.

Senior Management Pipeline

During the year the Committee continued to sharpen its focus on the pipeline for Senior Management roles, helping the Group to ensure it has the right colleagues in the pipeline with the right skills and experience to ensure smooth succession for Senior Management roles. Diversity, in all respects, is an important factor in the pipeline build and although we have a number of female as well as male colleagues in the pipeline, the Committee is conscious that the diversity of ethnic background is not as broad as it would like. The Committee is fully aware of and supportive of the diversity and inclusion programme being driven by Management across the Group and is confident that over time that programme will help to address the issue of ethnic diversity in the Senior Management pipeline. The Committee recognises that it will take time to build a more diverse pipeline but is determined to do so.

Nominations Committee report continued

Board effectiveness review

Although 2021 was the third anniversary of the Board's previous externally facilitated effectiveness review, the Board decided to postpone this by one year in order to give the new Non-executive Directors and Chair time to settle into their roles. The Board did undertake its own effectiveness review in 2021 which was facilitated by the Company Secretary. In 2022, as planned, the Board undertook an effectiveness review of its own activities and those of its Committees. That review was conducted by Chris Saul who until 2016 was Senior Partner at Slaughter and May. Since then, Chris has acted as an independent, trusted adviser to senior executives and key stakeholders within publicly quoted and privately owned businesses and professional service firms.

In conducting the review, Chris interviewed all Directors, members of the Group Leadership Team, the Director of Risk and Internal Audit, the external auditor's Client Engagement Partner and the remuneration advisor's Lead Partner. The review concluded that the Board and its Committees operate effectively, are collegiate and well-led, operate to high standards of professionalism and benefit from quality support. Reflecting on the review, the Board agreed that focus areas for 2023 should include:

- Board agendas and meeting frequency, including addressing what should come to the Board and why the Board needs to be involved
- A focus on constructive challenge and on operational issues (but not operational detail) in addition to strategy
- Succession planning for Non-executive Directors and the GLT
- Competitive landscape and associated learnings

Committee focus for 2023

Our search for the best possible talent with the skills and experience to succeed Pete Redfern with the scope to be the next Senior Independent Director will remain a key focus for the Committee this year, as will our work to ensure strong executive succession. The Committee will maintain its focus on diversity of gender, ethnicity, background and skills as it conducts its work.

Process for Appointments

Through a rigorous selection process, appointments to the Board are made on merit and against an agreed set of specific and objective criteria. The Committee oversees this process on behalf of the Board and advises the Board on the identification, assessment and selection of candidates.

The appointment process includes: 1. Agreeing the key skills, attributes and business experience required for the role as well as diversity priorities 2. Preparing a role description 3. Engaging independent search consultants 4. Conducting a market search via the search consultants 5. Preparing a "long list" of candidates, taking into account diversity considerations and the Committee's review of the composition, experience and skill-sets of the Board 6. Selecting a shortlist which meet the Committee's criteria 7. Candidate interviews and assessments 8.

Making a recommendation to the Board, following detailed references Appointees are provided with a programme of induction meetings and visits with key personnel to key areas of the businesses within the Group.

Board diversity

The Board currently comprises nine Directors of whom four are female (44%). Seven Directors are of white British heritage, one is of Indian British heritage and one is of Australian heritage. The Chair of the Board is female. Accordingly, the current composition of the Board meets the recommendations of both the Parker Review on ethnic diversity on boards and the FTSE Women Leaders Review, as well as the requirements of the Investment Association and IVIS. The Nominations Committee, which is comprised of three members, is diverse with male and female members and a member whose heritage is British Indian. The Committee requires of the search firms with which it works that long lists demonstrate diversity of gender, ethnic background, skills and experience.

While gender and ethnicity are key elements of diversity, they are not the only ones. Diversity of skills, experience and backgrounds also brings competitive advantage to organisations. The Nominations Committee will strive to achieve diversity in all senses in Board and senior management appointments and will provide oversight of the adoption of the same approach to diversity in the pipeline for Board and senior management roles, and more broadly in the approach which is taken to the recruitment of colleagues at all levels of the Group. Led by senior management, the Group has embarked on a structured programme to improve diversity in the Group and further details of the Group's diversity and inclusion programme can be found on page 46. DTR 7.2.8AR requires companies to provide a description of their diversity policy applied to their administrative, management and supervisory bodies. This Nominations Committee report together with the Group's report on its diversity and inclusion policies and activities on page 46 provide an explanation of the Company's diversity policy for the purposes of the Disclosure and Transparency Rules.

Jasmine Whitbread
Chair
27 February 2023

Audit Committee report

Heath Drewett
Chair, Audit Committee
27 February 2023

2022 focus areas

- Monitoring the integrity of financial statements and formal announcements relating to financial performance
- Assessment of effectiveness and maturity of risk management and internal control
- Assurance in connection with the Group's finance modernisation programme

Number of scheduled meetings during 2022

4

Dear Shareholder,

I am pleased to present the Audit Committee's report for the year ended 31 December 2022. The report sets out the Audit Committee's work in relation to financial reporting, internal audit, risk management and oversight of the external audit process.

I will be available at the Annual General Meeting to answer any questions about the work of the Committee.

Audit Committee membership and attendance

The members of the Audit Committee for the year ended 31 December 2022 have been Heath Drewett, Coline McConville and Pete Redfern. All members are independent Non-executive Directors. Two of the members have recent and relevant financial experience and all members have competencies relevant to the Company's sector, gained through a variety of corporate and professional appointments, as required by the UK Corporate Governance Code (see biographies on pages 84 to 85).

The Audit Committee held four formal meetings in 2022. Attendance by members at the Audit Committee's meetings during the year can be found in the Corporate governance report on page 88.

The following were also invited to attend each of the Audit Committee's meetings in 2023:

- Chair of the Board
- Chief Executive Officer
- Chief Financial Officer
- General Counsel & Company Secretary
- Director of Group Finance
- Director of Internal Audit & Risk
- Director of Financial Accounting & Control
- the Group's external auditor

From time to time Directors who are not members of the Audit Committee may be invited to attend meetings of the Audit Committee where this will facilitate a richer discussion and avoid potential inefficiencies in repeating a review of matters at a Board meeting. In 2022 other Directors were invited to attend the meetings in February and July for the review of principal and emerging risks. The Group Head of Corporate and Commercial Legal Services is the Secretary to the Audit Committee, as nominee of the Company Secretary.

The Audit Committee held separate meetings with the Director of Internal Audit & Risk and external auditor without the presence of management and held separate meetings with management without the external auditor.

Audit Committee report continued

Role of the Audit Committee

The Audit Committee assists the Board in fulfilling its oversight responsibilities. The main roles and responsibilities of the Audit Committee include:

- Monitoring the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, which includes reviewing significant financial reporting judgements contained therein
- Reviewing the effectiveness of the Company's internal financial controls and internal control and risk management systems
- Monitoring and reviewing the effectiveness of the Company's internal audit function
- Maintaining an appropriate relationship with the Company's external auditor and reviewing and monitoring its independence, objectivity and effectiveness in carrying out the audit process, taking into account relevant professional and regulatory requirements and ethical guidance

Work of the Audit Committee

In carrying out the activities set out below, the Audit Committee places reliance on regular reports from management, the Company's internal audit team and the external auditor. The Audit Committee is satisfied that it received sufficient, timely and reliable information to enable it to fulfil its responsibilities during the year.

In 2022 the Board undertook a review of Board and Committee effectiveness. The review was conducted by an independent advisory firm and culminated in a report and a discussion of feedback on the performance of the Committee. It concluded that the Committee was operating effectively, with some topics and recommendations suggested, upon which the Audit Committee has reflected.

The Audit Committee functions around an annual agenda of business covering financial reporting, internal controls, risk management, internal audit activity and external audit. This agenda is reviewed regularly by the Committee to ensure that it reflects the priorities of the Company and continues to include all matters for which consideration must be given in order to meet the Audit Committee's corporate governance responsibilities. Details of the main matters covered at each of its meetings in 2022 are as follows:

February 2022	May 2022	July 2022	November 2022
• Year-end accounting for 2021* • External auditor's report • Review of internal controls • Review of principal and emerging risks • The content of the Annual Report and Accounts, the results announcement prepared by management and the associated press release	• 'Deep dive' into how the work of the Operational Compliance Support teams is conducted to support control of risks within the Group's businesses • The Group's systems of controls, the effectiveness of controls and management's continuing controls improvement initiatives • Progress reports on information security initiatives and other security matters • The Group's finance modernisation programme • External audit plan including the half-year strategy • Review of performance and effectiveness of the external auditors	• Half year accounting for 2022* • External auditor's report, including items on auditor quality control and independence • Review of principal and emerging risks • Review of the Group's approach to risk, key risks and the effectiveness of the risk management framework	• Committee effectiveness review • External auditor's report including progress against the plan for the 2022 audit • Updates regarding the outcome of impairment testing and other significant accounting matters relevant to year-end accounting • Assurance relating to the Group's finance modernisation programme • External Quality Assessment of internal audit • Internal audit independence assessment and approval of an Internal Audit Charter • Approval of the Internal Audit plan for 2023

In addition to the above specific matters, the Audit Committee considered, at each of its meetings in 2022, the following standing agenda items:

- Review of non-audit fees
- Review of internal audit reports, including progress on implementing recommendations arising from internal audit work
- Review of reports on activity within the relevant period of the Operational Compliance Support teams
- Review of reports regarding matters disclosed to the Group's Speak Up! Hotline (save that this formed part of the business of the meeting of the Board in December 2022, rather than the Audit Committee's November 2022 meeting)

* In considering accounting for both the year end and the half year, in discharging its financial reporting responsibilities, the Audit Committee has special regard for accounting policies and compliance with accounting standards, going concern and viability assumptions, and significant financial reporting estimates and judgements made during the preparation of the Group's annual and interim accounts.

The Board is updated on key matters and recommendations following each Audit Committee meeting.

Significant issues related to the financial statements

The Audit Committee has assessed whether suitable accounting policies have been adopted by the Group and whether management has made appropriate judgements and estimates.

The table below sets out the key judgement areas associated with the Group's financial statements that were considered by the Audit Committee. This is not a complete list of all accounting issues, estimates and policies, but includes those which the Audit Committee believes are the most significant.

In reaching its conclusions, set out in more detail in the table, the Audit Committee considered papers and explanations given by management, discussed each matter in detail, challenged assumptions and judgements made and sought clarification where necessary. It reviewed and discussed any internal audit reports in respect of the matters under consideration and the Audit Committee also received a report from the external auditor on the work undertaken to arrive at the conclusions set out in the auditor's report on pages 122 to 128, discussing all relevant matters in depth.

	Issue and nature of judgement	Factors considered and conclusions reached
Inventory valuation	To meet customer expectations, the Group carries a wide range of inventory in around 1,500 locations. Inventory should be included in the balance sheet at the lower of cost or net realisable value. At 31 December 2022 the Group's inventory was valued at £728m. The determination of cost is made more difficult by the ageing accounting systems and material rebate and fixed price discount agreements requiring regular reconciliations in areas such as accruals for goods received not invoiced.	During the year, management regularly reported on inventory valuation and provisioning to the Committee and did so again at its meeting to consider the year-end Annual Report and Accounts. The Committee reviewed and discussed the information presented about gross inventory values and the adjustments made by management to reduce inventory carrying values to allow for rebates and fixed price discounts attributable to inventory and provisions to reflect obsolescence or slow-moving inventory. The Committee assessed the judgements made by management and concluded from the information it had received and its discussions with management and the external auditor that inventory was fairly stated in the balance sheet. Further information is given in the notes to the financial statements (note 12 – inventories and note 13 – supplier income).
Defined benefit pension schemes	At 31 December 2022 the Group's balance sheet included a net asset position of £136m in respect of its defined benefit pension schemes, which reflects a gross pension asset of £1,097m and pension liability of £961m. The valuation of the pension liability is calculated under the unit credit method specified in IAS 19 – Employee Benefits, and depends on several key assumptions including the discount rate, inflation forecasts and life expectancy. By their nature, these estimates are subject to considerable uncertainty and small changes in the value could materially impact the valuation of the liability.	Management presented the Committee with papers setting out the results of the work done, the assumptions made and the conclusions reached with respect to the Group's defined benefit pension schemes. Management explained to the Committee how the discount rate, inflation and life expectancy estimates were prepared and how sensitive the valuation was to changes in these key assumptions, with specific discussion of the impact of Covid-19 on the mortality tables and the effect of the planned phasing out of RPI by 2030. After reviewing these papers and obtaining further explanation where necessary, the Committee concluded that management had taken a consistent, balanced and reasoned approach to preparing its calculations and made acceptable judgements. Further information is given in the financial statements (note 18 – pension arrangements).

Risk management and internal controls

Risk management

Risks are managed on an ongoing basis at either a Group level or within the businesses, captured in risk logs and assessed in key strategic and performance review processes throughout the year. Key risks are regularly collated and reviewed by the Group Leadership Team and the Board to assess the potential impact and likelihood of occurrence, after taking into account key controls and mitigating factors, as well as interdependencies. Additional mitigating actions are put in place as required to manage risks within the Board's risk appetite. Regular horizon scanning and risk benchmarking is undertaken to test the Group's risk set and identify emerging risks, which are reviewed by the Board.

Significant time was spent by the Board in 2022 considering the impact of disruptive forces on the Group's strategy and business models and potential disruption opportunities, as well as the ongoing risk impacts of macroeconomic factors, geopolitical tensions and market trends.

The Group adopts a continuous improvement approach to risk management. Refinement of the risk management framework continued in 2022 with a particular focus on delivering an in-depth assessment of disruptive forces and developing the consideration of risk within major programmes, which were reviewed at Group Leadership Team level in conjunction with the Director of Internal Audit & Risk, and delivery of risk management awareness and training sessions.

An independent review of the maturity of the Group's risk management framework was conducted in 2022. Further development plans drawing upon the outcome of the review will be considered by the Board in the first quarter of 2023. The principal risks and uncertainties are set out on pages 75 to 81, together with information on how those risks are mitigated and how emerging risks are assessed.

Internal controls

The Company operates a "three lines of defence" assurance model. The Audit Committee plays a key role in monitoring activities in respect of the Company's internal control and assurance framework throughout the year, to ensure that risks are adequately mitigated (see "Risk mitigation and assurance" on page 75). The Audit Committee has received regular updates on the status of these activities.

The Audit Committee conducted a review of the effectiveness of the Company's risk management and internal controls, concluding that notwithstanding the limitations of IT systems they remain effective. The internal control framework is intended to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Management has continued its initiatives to improve the control environment, which has developed over many years. There are a number of system replacements in progress, including the programme to deliver a new finance system, as well as enhancing and improving the Group's control framework to lead to greater consistency and automation of controls. The programme has an assurance plan which has been reviewed by the Audit Committee and is reported on to both the dedicated steering committee and the Audit Committee, both of which will monitor the progress of this programme through 2023. Reviewing such major system transformation programmes will remain an area of focus for internal audit. It is also the case that all major internal assurance processes, including operational compliance, health and safety and internal audit, track control improvement actions to completion, which is a core part of the continuous improvement of controls.

Internal audit

The delivery of the Internal Audit Plan, which is the annual plan of internal audit activity structured to align with the Group's strategic priorities, major change programmes and principal risks, is a key source of internal assurance for the Group. The in-house internal audit team develops the Internal Audit Plan, with input from management, and delivers the majority of reviews, supported as needed by co-source partners to provide specialist knowledge and skills. The Audit Committee assesses and approves the Internal Audit Plan and reviews results and progress at each Audit Committee meeting. The Internal Audit Plan is reviewed periodically throughout the year and is updated as business priorities and risks change, to ensure that it remains relevant. The Audit Committee oversees and approves all changes to the Internal Audit Plan throughout the year.

The audits delivered during 2022 covered a broad range of operational, financial, legal, regulatory, IT and transformation activities. Core financial control areas are audited regularly. In 2022 this included reviews of rebates, the certification process for key financial controls, the process supporting the Senior Accounting Officer tax declaration and newly implemented processes and controls in relation to Plastic Packaging Tax. In addition, the audit team has commenced a process to map risks and assurances for key financial areas.

The 2023 Internal Audit Plan was approved by the Audit Committee at its meeting in November 2022. The 2023 Internal Audit Plan is underpinned by a rolling risk assessment to ensure that internal audit activities remain targeted at the areas presenting the most risk to the Group, which can change over time. The 2023 Internal Audit Plan is targeted at assurance in relation to key programmes such as finance modernisation, areas of change and complexity and seeks to deliver ongoing assurance coverage of the Group's principal risks.

All audit findings and agreed management actions are communicated to the Audit Committee and tracked through to completion. The Audit Committee receives an update at every meeting on the age of findings and the level of risk to the business. Significant progress has been made in the last year to address outstanding audit findings, thereby reducing the ongoing risks to the business.

The in-house internal audit team has a continuous improvement strategy, with initiatives set annually and progress reported regularly to the Audit Committee. Initiatives undertaken during 2022 included further streamlining and standardising the audit process, with a particular focus on the use of data and analytics to increase the depth of assurance and insight provided by each audit. The team has assessed its data capabilities and has set a roadmap to bring all members to a core capability level, with a number of the team undertaking Data Literacy apprenticeships that will enable them to champion the use of data in the function.

In accordance with best practice, an external assessment of the effectiveness of the in-house internal audit team was undertaken in 2022. Based on its review of the assessment, the Audit Committee was satisfied with the overall effectiveness of the function throughout 2022. Opportunities identified by the external effectiveness assessment have been integrated into the continuous improvement process for 2023.

External auditor

The Audit Committee confirms that the Company has complied with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

KPMG LLP has been the external auditor since 2015. There are no contractual restrictions on the Group with regard to this appointment. The individual lead audit engagement partner for KPMG LLP is James Tracey, appointed in August 2022. The Company expects to re-tender the external audit in accordance with the timescales set out in the Financial Reporting Council's guidance, which require the external audit to be put out to tender by 2025. Based on the Audit Committee's assessment of the effectiveness of the audit, the Audit Committee considers a tender for the 2025 audit to be in the best interests of the Company's shareholders.

Audit scope and effectiveness

The external audit plan and strategy for the external audit of the 2022 Annual Report and Accounts was presented by the external auditor to the Audit Committee in November 2022 to enable the Audit Committee to discuss and challenge the key elements.

The Audit Committee considers the effectiveness of the external auditor during the year and, with input from management, carries out a formal review of its performance after the year-end audit has been completed. In undertaking this assessment the Audit Committee considers:

- The experience and expertise of the auditor
- The completion of the agreed external audit plan
- The content, quality of insights and added value of external audit reports
- The robustness and perceptiveness of the external auditor in their handling of key accounting and audit judgements
- The interaction between management and the auditor
- The provision of non-audit services

Financial Reporting Council

During 2022 the Audit Committee monitored the Group's engagement with external stakeholders relevant to the Audit Committee's areas of oversight, including the Financial Reporting Council ("FRC"). Engagement included a limited scope review of the Company's 2021 Annual Report and Accounts. This review was conducted by the FRC in accordance with Part 2 of the FRC Corporate Reporting Review Operating Procedures as part of the FRC's thematic review of companies' disclosures relating to business combinations. The FRC's role in this review was to consider compliance with reporting requirements based on its understanding of the relevant legal and accounting frameworks and on the annual report and accounts. The FRC was pleased to inform the Company in December 2022 that no queries arose based on the review. The review was not based on detailed knowledge of business conducted by the Group business or an understanding of the underlying transactions entered into and does not verify the information provided or seek to assure that the annual report and accounts are correct in all material respects.

In the preparing the Group's Annual Report & Accounts, the Group responds to the recommendations of the FRC made through its published reviews of corporate reporting and its thematic reviews of specific areas of corporate reporting.

Independence and objectivity

One of the Audit Committee's responsibilities is to ensure compliance with the Board's policy on services provided by and fees paid to the external auditor. The policy sets out the work that is permitted to be performed by the external auditor and the work that is prohibited.

The process for approving all non-audit work provided by the external auditor is overseen by the Audit Committee to safeguard the objectivity and independence of the auditor. The Audit Committee considers whether it is in the interests of the Company that the services are procured from KPMG LLP rather than another supplier.

In 2021 KPMG was engaged to provide non-audit services in relation to the Wickes business, in addition to conducting a review of the Group's interim financial statements. In 2022 KPMG was engaged to provide non-audit services only in relation to the June 2022 review of the Group's interim financial statements. KPMG was considered the most appropriate firm to carry out the work in respect of the interim review given its knowledge of the Group and the synergies that arise from running this engagement alongside the main audit.

The amount of non-audit fees payable to the external auditor in any particular year cannot exceed 70% of the average of the current and previous two years' audit fees. The Audit Committee determines the policy on provision of non-audit services by the external auditor, reviews the nature and extent of non-audit work performed and monitors and confirms annually compliance with the policy.

Reporting

The Chief Financial Officer reports to the Audit Committee on fees for non-audit services payable to the external auditor at every meeting. As shown in note 4 to the accounts, during the year the auditor was paid £1,891,000 (2021: £1,820,000) for audit-related work and £85,000 (2021: £770,000) for non-audit work. Non-audit work related to the review of the Group's interim financial statements. Fees for non-audit work were 4% (2021: 42%) of fees for audit-related work. The total fees paid by the Group to KPMG LLP in 2022 represents 0.1% of KPMG's UK fee income. In addition, £1.3m (2021: £1.9m) of fees were paid to other accounting firms for non-audit work.

Assessment of the external auditor

Having considered the external auditor's performance and representations from the auditor about its internal independence processes, the Audit Committee was satisfied with the independence, objectivity and effectiveness of the external auditor and recommended to the Board that KPMG LLP be reappointed by shareholders at the Annual General Meeting on 4 May 2023.

This report has been approved by the Board of Directors and signed on its behalf by:

Heath Drewett
Audit Committee Chair
27 February 2023

Directors' Remuneration report

Dear Shareholders,

As Chair of the Remuneration Committee, I am pleased to introduce the 2022 Directors' Remuneration Report.

Supporting our colleagues in challenging times

The ongoing cost of living crisis – with price increases for everyday costs at times far exceeding the headline rate of inflation – has affected all colleagues across the Group, and particularly front-line workers.

Whilst needing to continue to manage costs carefully in an uncertain external environment, a comprehensive package of support has been provided to colleagues throughout the year, increasing the focus on financial wellbeing, education and practical tools to help people manage their money. In June 2022, Wagestream was launched across the Group, building on the successful implementation in Toolstation the year before. This tool has enabled easy-to-access financial management support for all colleagues. In addition, other benefits have been offered including short-term loans, extensive retailer discounts and offers on essential spend such as groceries and utilities, an employee assistance programme and a wide range of wellbeing and financial education resources. More recently, at a total cost of £7.7m, a one-off cost of living payment of £400 was made to over 17,000 colleagues, around 95% of the total workforce in the UK. The take-up and use of benefits has been monitored closely to assess the impact of cost of living pressures and resources have been invested in further communications and engagement, directly with colleagues as well as through line managers, to ensure that everyone is aware of the support that is available. The benefits offering is regularly reviewed, with virtual GP advice, health checks, mental health and nutritional support recently added to the portfolio of benefits that all colleagues can access.

All colleagues in the UK also have the opportunity to participate in the discounted Sharesave programme, which has seen consistently high take-up over time. The Restricted Share Plan (RSP) is used in a targeted way to recognise critical roles and key talent across the Group.

All colleagues have the opportunity to earn a bonus when performance targets are met. However, many colleagues will not receive a bonus for 2022 due to the impact of challenging trading conditions on the Group's profit performance. In light of this, whilst considerable progress has been made against strategic targets during the year (see page 107, the Committee has decided that no bonus payout will be made for the Group element of the annual bonus plan for Executive Directors and the Group Leadership Team for 2022.

No changes to policy

During 2019 and 2020, the Committee undertook a comprehensive review of the Group's executive remuneration framework and, following extensive shareholder consultation in both years, a new Directors' remuneration policy was approved by 89% of shareholders at the 2021 Annual General Meeting. This policy simplified and refocused executive remuneration in order to support long-term sustainable business performance, to align management and shareholders and to foster a culture of collaboration. The primary change to the policy was the replacement of the two long-term incentive plans (Performance Share and Co-Investment Plans) with a Restricted Share Plan (RSP).

The Committee believes the Directors' remuneration policy is operating effectively and remains the right approach to ensure delivery of the Company's strategic objectives and sustainable long-term value for shareholders. No changes are therefore proposed to policy or the approach to the implementation of remuneration (including quantum and metrics) this year. The policy will be reviewed next year and put to a shareholder vote at the 2024 Annual General Meeting.

Each part of the remuneration package plays an important role in driving performance to deliver the Company's long-term strategy and improve shareholder returns, as outlined in the remuneration policy and summarised on pages 101 to 103. The link between the Company's strategic ambition and incentive measures is detailed under the 'Quick view of remuneration' on page 100.

2023 salary review

This year's annual salary review presented a complex set of considerations. The volatile external climate, very high levels of inflation and the need to manage costs in a sustainable way necessitated a delicate balance in supporting lower earners as well as protecting against retention risk throughout the business. The Group has taken a fair and equitable approach, investing higher increases in colleagues who are facing the biggest cost of living challenges, as well as providing a meaningful uplift to everybody else. 99% of colleagues eligible for a salary increase will receive an increase of at least 6%, with a substantial proportion of colleagues benefiting from a salary uplift closer to the level of inflation. The Remuneration Committee subsequently reviewed Executive Director salaries and, taking into account current market conditions, determined that their salaries would be increased by 4% from 1 April 2023. This is lower than the increases awarded to other colleagues across the business.

This follows a similarly restrained approach to setting salaries for Executives in the past. Both the Chief Executive and Chief Financial Officer received a 3% salary increase in April 2022, which was also lower than the increases offered to the wider workforce, in order to prioritise investment in raising wages at lower levels across the organisation. Executive Directors did not receive any salary increase during 2021, and also took a voluntary salary reduction of 20% for a three-month period during 2020.

Non-executive Directors' fees were increased by 3% in April 2022, consistent with the annual salary review for Executive Directors last year. Non-executive Director fees will next be reviewed in April 2023.

2023 bonus plan

The Committee reviewed the structure of the 2023 annual bonus plan and in light of the challenging economic environment, decided to increase the focus on financial measures, with the weighting on profit increasing from 50% to 55%, the weighting on cash increasing from 20% to 25%, and the weighting on strategic measures reducing from 30% to 20% of maximum. The Committee also refined the cash measure from operating cash flow to operating cash conversion, to drive deeper Group-wide accountability on efficient management of stock and debtors together with disciplined capital expenditure management. This also aligns with the key performance metric around cash performance, which was set at the Capital Markets strategy update in September 2021.

Incentive outcomes in 2022

Following an outstanding set of financial results last year, 2022 has proved to be more challenging, with significant economic headwinds including the highest level of inflation for 40 years. Despite the softening of trading volumes in the second half of the year, the Group delivered total year-on-year sales growth of 8.9%, and both the merchanting businesses and Toolstation outperformed against peers.

Performance against key financial objectives in 2022 was as follows:

- Group adjusted operating profit of £295m vs bonus target of £362m
- Group adjusted operating cash flow of £180m vs bonus target of £228m

2022 bonus payout: 0% of maximum

The annual bonus plan for Executive Directors in 2022 was based on adjusted operating profit (weighted at 50% of maximum), adjusted operating cash flow (20% of maximum) and strategic performance (30% of maximum).

Both operating profit and operating cash flow performance for 2022 were below the threshold level of performance under the annual bonus plan, resulting in no payout against either of these financial measures.

Delivery against the Company's strategic objectives during 2022 was strong, despite ongoing volatility and uncertainty in the external environment. The Group Leadership Team navigated these conditions carefully, tightly managing costs and driving efficiencies, whilst taking the right decisions to steward the business responsibly and sustainably, in service of long-term shareholder value.

Market share gains were delivered across the business during 2022, cost efficiencies were achieved throughout the year and the implementation of the Group's finance modernisation programme and BSS Enterprise Resource Planning system progressed in line with plan. There was also considerable progress in raising standards on health and safety across the Group, reflected both in positive feedback from colleagues as well as there being a lower Lost Time Injury (LTI) frequency rate compared to the target for 2022. Having successfully met the Group's carbon reduction target during the previous year, in 2022 the Scope 3 emissions target was met through partnering with key suppliers to actively help them reduce their carbon emissions. There was significant focus on people development, diversity and inclusion and culture through the year. The Group continues to champion internally and externally the value of apprenticeships and has set an ambitious long-term target for growth in apprenticeship hires, though the targeted number of hires in 2022 was not achieved.

The Committee determined that delivery against the strategic measures would have resulted in a payment of 66% of this element of the bonus plan. In light of financial performance and lower bonus payments across the wider workforce than in previous years, the Committee used its discretion and did not award a bonus payment against the strategic measures for 2022 for Executive Directors and the Group Leadership Team.

Long-term incentives vesting in March 2023

Long-term incentive awards granted to Executive Directors in 2020 were made in the form of Performance Share Plan (PSP) and Co-Investment Plan (CIP) awards, in accordance with the previous Directors' remuneration policy, prior to the introduction of the RSP in 2021. Based on performance against the financial targets for the three-year period 1 January 2020 to 31 December 2022, 2020 PSP awards will vest at 65% of maximum and 2020 CIP awards will vest in full in March 2023. While performance in 2022 has been challenging, the vesting levels reflect the significant progress delivered over the past three years, particularly on cash performance.

2020 PSP awards vesting at 65% of maximum

The vesting of 2020 PSP awards is subject to performance against the targets for adjusted Earnings Per Share (EPS) growth (40%), aggregate cash flow (40%) and relative Total Shareholder Return (TSR) (20%). The compound annual growth rate (CAGR) for adjusted EPS over 2020-2022 was 6.4%, meaning that this element will vest at 62.5% of maximum. Aggregate cash flow over the three-year period was £840m, so this element will vest in full. Finally, relative TSR performance was ranked below median, resulting in nil vesting for this element. The 2020 PSP award will therefore vest at 65% of maximum in March 2023.

2020 CIP awards vesting at 100% of maximum

The vesting of 2020 CIP awards is based on Cash Return on Capital Employed (CROCE) performance. Performance over the three year period was 9.0%, meaning that this award will vest in full. This outcome reflects strong cash generation underpinned by a focus on liquidity and working capital management through a fundamental review and streamlining of stock management, purchasing and rebate processes.

Given the corporate changes to the Group during the vesting period, to assess performance on a comparable basis with the targets, aggregate cash flow and CROCE targets were adjusted by the Committee to exclude the divested businesses (Wickes and Plumbing & Heating) from 1 January 2021 onwards, consistent with the approach taken last year to determine the vesting of 2019 long-term incentive awards. EPS performance has similarly excluded the divested businesses to ensure a fair assessment of performance.

The Committee evaluated underlying business performance across the three-year period, and concluded that the level of vesting of 2020 PSP and 2020 CIP awards was appropriate. Whilst 2022 has been more challenging, management has delivered strong cash performance throughout the period as well as executing the strategy, delivering operational performance and simplifying and strengthening the business for the future. The current share price is lower than the share price on grant for PSP and CIP awards, so there have been no windfall gains. No discretion was consequently exercised by the Committee.

The Committee will submit its Remuneration report to the 2023 Annual General Meeting, where it will be subject to an advisory shareholder vote. I very much look forward to receiving your support, and will be available to answer any questions.

Coline McConville
Remuneration Committee Chair
27 February 2023

Directors' Remuneration report continued

Quick view – remuneration in 2022

Pay for performance

The following table shows how performance is measured under the annual bonus and long-term incentive plans.

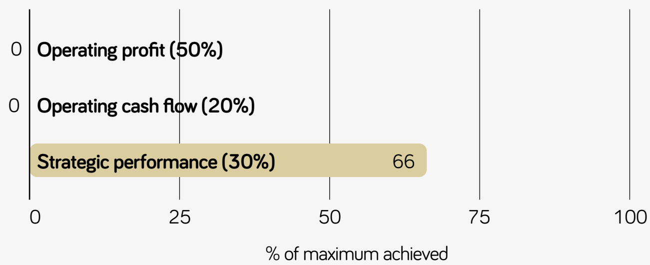
Ambition	Strategic KPI	Bonus Weighting	RSP Weighting
Profit growth	Adjusted operating profit	50%	–
Turning profit into cash	Adjusted operating cash flow	20%	–
Delivery against investments	Return on Capital Employed ("ROCE")	–	Underpin
Strategic delivery	Strategic and operational objectives that continue to lay the foundations to deliver future success	20%	–
Governance	ESG measures and strong governance framework	10%	Underpin
Delivering value to shareholders	Alignment to shareholder experience through share price movement	–	100% (since awards are made in shares)

2022 remuneration outcomes

	Nick Roberts, CEO		Alan Williams, CFO	
Element	2022	2021	2022	2021
Base salary (annualised from 1 April)	£655,389 +3%	£636,300	£533,180 +3%	£517,650
Annual bonus (% of maximum)	0%	97%	0%	97%
Long-term incentives:				
PSP (% of maximum	65%	94%	65%	94%
CIP (% of maximum)	100%	100%	100%	100%
Share ownership (% of salary) (as at 31 December)	236%	169%	605%	798%

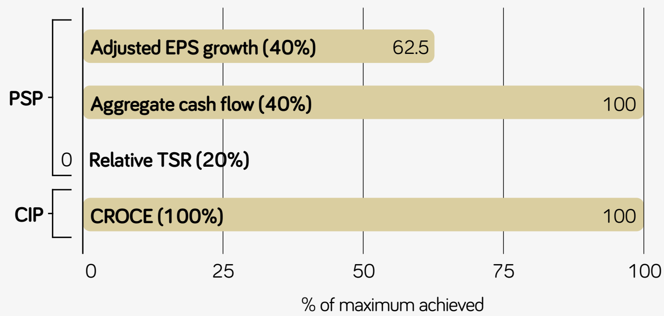
Annual bonus outcome for 2022: 0% of maximum

The maximum bonus opportunity for Executive Directors is 180% of salary. Half of the bonus earned is deferred into shares for three years.



Long-term incentive plan outcome for 2020-2022: 65% and 100% of maximum

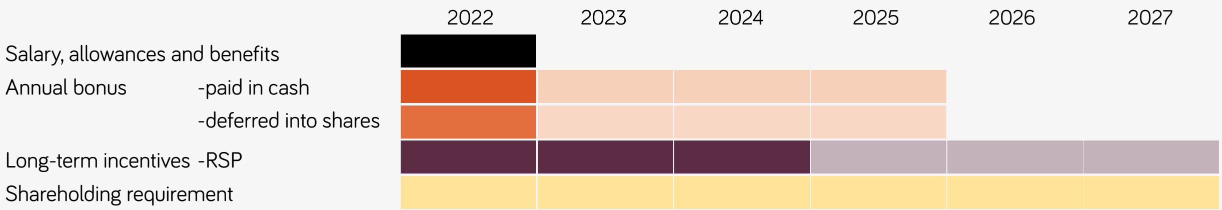
Under the previous remuneration policy, the maximum PSP award for Executive Directors was 150% of base salary. The maximum award under the Co-Investment Plan was 100% of base salary, subject to an Executive investing 50% of their net salary.



Despite strong strategic progress, in light of financial performance and lower bonus payments across the wider workforce than in previous years, the Committee used its discretion and did not award a 2022 bonus payout to Executive Directors and the Group Leadership Team for the Group performance element of the annual bonus plan. All bonus and LTIP outcomes are subject to malus and clawback. Performance weighting and measures are unchanged from the previous year.

Proportionality and management of risk

The remuneration structure ensures that executives have a vested interest in delivering performance over the short and long term. There is a three-year deferral of half of the annual bonus payout into shares, a two-year retention period on any vested awards under the long-term incentive plan and a shareholding requirement that applies for two years after leaving the Company. The performance, retention and clawback periods for each element of remuneration are shown below.



Holding or clawback periods are shown in lighter shade.

Remuneration Policy report

The Directors' remuneration policy (the 'Policy') was approved by 89% of shareholders at the Annual General Meeting held on 27 April 2021. The Policy can be found on pages 99 to 106 of the Annual Report & Accounts 2020 and is available on the Travis Perkins plc website. A summary of the Policy is also provided below under the 'Statement of Implementation of Remuneration Policy in 2023' section.

Annual Remuneration report

The following sets out the Annual Remuneration report for 2022, which includes details of how the Policy was implemented in 2022 and how the Policy is intended to be implemented in 2023. This report is subject to an advisory shareholder vote at the 2023 Annual General Meeting.

Implementation of the Remuneration Policy in 2023

Executive Directors:

The following provides a summary of the Group's remuneration policy and how the Group intends to implement the policy during 2023.

Plan	Purpose and link to strategy	Individual maximum opportunity in 2023	Performance measures and weighting	Operation
Base salary (increase of 4% with effect from 1 April 2023)	Core element of total package, essential to support recruitment and retention of high calibre executives.	CEO: £681,605 (2022: £655,389) CFO: £554,507 (2022: £533,180)	n/a	The Remuneration Committee reviewed executive salaries and, taking into account current market conditions, determined that salaries will increase by 4% from 1 April 2023, compared to a minimum of 6% for the majority of the rest of the workforce.
Benefits (no change)	Maintains a competitive package with a range of benefits for the executive and their family.	n/a	n/a	Directors continue to be entitled to benefits in line with the Policy, including private medical insurance, income protection, annual leave, company car (or cash alternative), life insurance of up to five times salary and participation in all-employee share plans such as Sharesave (SAYE) and BAYE.
Pension (CFO pension aligned with the workforce rate from 1 January 2023)	Helps executives provide for retirement and aids retention.	10% of salary in line with the rate available across the wider workforce.	n/a	Directors participate in a defined contribution arrangement or receive a cash allowance.

Directors' Remuneration report continued

Plan	Purpose and link to strategy	Individual maximum opportunity in 2023	Performance measures and weighting	Operation
Annual bonus (no material change)	Rewards achievement of annual financial and key business strategy objectives. Rewards personal performance measured against key objectives. Deferred element encourages longer term shareholding and aligns reward to shareholder interests. Malus and clawback based forfeiture provisions discourage excessive risk, taking and short-term outlook, ensuring that executive and shareholder interests are aligned.	Maximum annual bonus opportunity of 180% of salary.	The 2023 annual bonus will be based on the following measures: • 55% on adjusted operating profit • 25% on adjusted operating cash conversion • 20% on strategic performance For 2023, strategic performance will include: • Future sources of profit growth • Operational efficiency • Critical change programmes • Sustainability Adjusted operating profit has been chosen to ensure that there is a continued focus on driving revenue and managing costs to deliver profit to shareholders. Likewise operating cash conversion is a critical measure for the business to ensure that we have the necessary resources to invest in business transformation and return value to shareholders. Strategic measures ensure there is also focus on key opportunities that will deliver long-term growth and sustainable performance.	Targets are determined in relation to the Group's budget. There is no bonus payment below the threshold level of performance, and maximum payment is made only for performance in excess of the Group's budget. 50% of bonus earned is deferred as shares that are held for three years. Malus and clawback provisions apply, up to three years from the date of award. For 2023, the weighting on financial measures has been increased, with a corresponding reduction from 30% to 20% of maximum for the strategic element, to reflect the level of focus that is required on top and bottom line performance during an expected economic downturn. The cash measure has also been refined from operating cash flow to operating cash conversion, to facilitate the cascade of the measure deeper in the business, driving accountability on the efficient conversion of profit into cash through effective management of stock and debtors throughout the year, together with disciplined capital expenditure management.

Plan	Purpose and link to strategy	Individual maximum opportunity in 2023	Performance measures and weighting	Operation
Restricted Share Plan (no change)	Aligns participants with the shareholder experience, whereby participants build up a shareholding in the Company and are incentivised to deliver sustainable financial performance and enhance shareholder value over the longer term. Helps retain high performing executives.	Maximum annual award of 125% of base salary.	For RSP awards granted in 2023, the performance underpins remain as follows: • ROCE above 9%. ROCE is one of the business' key KPIs assessing how successful the Group's investments have been in returning value to shareholders. Return measures have been a feature of the incentive plans for a number of years. • Satisfactory governance performance including no ESG issues that result in significant reputational damage to the Company.	75% of the award vests on the third anniversary of the grant date, subject to a holding period of a further two years. The final 25% of the award vests on the fifth anniversary of the grant date. If the Company does not meet one or more of the underpins, the Committee would consider whether it was appropriate to scale back the level of payout under the award to reflect this. The Committee retains discretion to determine what level of scale back is appropriate. Malus and clawback provisions apply up to six years from the date of award. The Committee is mindful of shareholder guidance regarding windfall gains. Based on the current share price, the Committee does not consider that it is necessary to scale back awards, but this is reviewed prior to grant.
Share ownership requirement.	Aligns the interests of executives and shareholders.	Executive Directors are required to hold shares valued at 2x annual salary within five years of appointment.		Executive Directors are also expected to maintain this level of shareholding (or their actual shareholding if lower) for a period of two years after stepping down from the Board.

Bonus targets are considered to be commercially sensitive, and disclosure of such may provide an unfair advantage to the Company's competitors. However targets, and the corresponding level of bonus earned, will be disclosed retrospectively, in the relevant reporting period.

Non-executive Directors:

Fees and Benefits	• The Non-executive Director fees policy is to pay: – A basic fee for membership of the Board. – An additional fee to the Chair of a Committee and to the Senior Independent Director, taking into account the additional responsibilities and time commitment of the role. • The Non-executive Chair receives an all-inclusive fee for the role. • Non-executive Directors do not receive any other benefits (other than a staff discount card for purchasing products) and are not eligible to join the Company pension scheme. • The review date for Non-executive Directors' fees is 1 April. Fees were last increased by 3% with effect from 1 April 2022, in line with the approach for the wider workforce. The Chair fee has not increased since her appointment on 31 March 2021. • The current fees are as follows: – Chair fee £320,000 – Non-executive Director basic fee £61,800 – Audit/Remuneration Committee Chair fee £17,510 – Senior Independent Director fee £12,875 – Stay Safe Committee Chair fee £12,360

Directors' Remuneration report continued

Considering stakeholders' views

Shareholders

The Committee believes that it is important to maintain open dialogue with shareholders on remuneration matters. The Committee regularly consults with significant shareholders and advisory bodies regarding the Group's approach to executive remuneration and the views of shareholders are important in determining any final changes. The Committee engaged extensively with shareholders regarding the changes proposed to the Policy during 2019 and 2020 and were pleased with the level of engagement and support. The Committee intends to continue to consult with shareholders regarding any material changes to remuneration arrangements. There have been no material changes to Policy over the past year and shareholders were not therefore consulted in 2022.

Colleagues

The Company undertakes regular engagement surveys for all employees to understand their views on working for the Group. Employee feedback on all matters of reward is provided as part of this survey, and through supplementary surveys and focus groups on specific areas such as employee health and financial wellbeing. Pete Redfern, the designated Non-executive Director for workforce engagement, is the Colleague Voice representative on the Board. He hosts a number of listening groups throughout the year to gather colleagues' perspective on any topic relating to their experience of working for the Group, and the insights are fed back to the Board on a regular basis during the year. The colleague voice is considered as part of the wider workforce context when making executive remuneration decisions. A significant portion of colleagues are shareholders, meaning that they are also able to express their views in the same way as other shareholders.

Remuneration elsewhere in the Group

The approach to setting reward for the wider workforce is guided by the same principles that apply to executives, with a focus on attracting and retaining the best talent, competing within the industry sector and against the local market, and ensuring that pay outcomes are fair and equitable. The salary review process and incentive plan design are broadly consistent throughout the Group. A higher proportion of total remuneration for Executives and the Group Leadership Team is variable and linked to business performance, compared to the wider workforce.

All of the merchant businesses moved salaries to meet the Real Living Wage at the beginning of 2021, and the aim is to continue to work towards meeting the Real Living Wage across the Group over time. For the 2023 salary review, the focus has been on delivering fair and equitable outcomes, recognising the difficult and uncertain external conditions, investing higher increases in colleagues who are facing the biggest cost of living challenges, as well as providing a meaningful uplift to everybody else.

The Group's extensive wellbeing and benefit programmes are well established and provide comprehensive support to colleagues and their families, which has been of particular importance during the pandemic and more recently as basic living costs have increased sharply. An extensive retailer discount programme provides savings on average of between 6-7% of spend to help colleagues manage their essential household expenditure. An employee assistance programme and a range of health, wellbeing, financial and lifestyle benefits are also provided to colleagues. More recently, at a total cost of £7.7m, a one-off cost of living payment of £400 was made to over 17,000 colleagues, around 95% of the total workforce in the UK. The take-up and use of benefits are closely monitored to assess the impact of cost of living pressures and resources have been invested in further communications and engagement, direct with colleagues as well as through line managers, to ensure that everyone is aware of the support that is available. The benefits offering is regularly reviewed, with virtual GP advice, health checks, mental health and nutritional support recently added to the portfolio of benefits that all colleagues can access.

During 2022, the focus on financial wellbeing has been increased, with a series of communications and webinars around financial wellbeing topics, in particular providing advice and support on retirement savings, budgeting, cost of living and mortgages. The financial wellbeing tool, Wagestream, was also launched to all colleagues in June 2022, which allows them to track their earnings, manage their budget and short-term borrowing needs more effectively, as well as encouraging long-term savings and providing financial coaching and other resources. 80% of the workforce now use the platform for their regular budgeting needs, a third use the short-term borrowing service and another third are working towards achieving their savings goals, with over half a million pounds saved collectively since the benefit was launched. Take-up of this benefit has increased steadily over time and will continue to provide colleagues with valuable support through challenging times.

All colleagues based in the UK and the Netherlands also have the opportunity to participate in the Company's Sharesave plan, which allows them to save towards acquiring shares in Travis Perkins plc at a discounted option price. Leaders and key talent across the Group also receive long-term incentive awards under the Restricted Share Plan.

Audited information

Single total figure of remuneration

£000	Salary	Benefits	Pension	Total fixed	Bonus	LTI[1]	Total variable	Total
	2022							
Executive Directors								
Nick Roberts	651	29	65	745	–	1,081	1,081	1,826
Alan Williams	529	19	104	652	–	882	882	1,534
Non-executive Directors								
Jasmine Whitbread[3]	320	–	–	320	–	–	–	320
Coline McConville	79	–	–	79	–	–	–	79
Pete Redfern	74	–	–	74	–	–	–	74
Marianne Culver	61	–	–	61	–	–	–	61
Heath Drewett[4]	79	–	–	79	–	–	–	79
Jora Gill[5]	71	–	–	71	–	–	–	71
Total	**1,864**	**48**	**169**	**2,081**	–	**1,963**	**1,963**	**4,044**

£000	Salary	Benefits	Pension	Total fixed	Bonus	LTI[2]	Buy-out	Total variable	Total
	2021								
Executive Directors									
Nick Roberts	636	29	64	729	1,111	1,199	391	2,701	3,430
Alan Williams	518	19	104	641	904	1,207	–	2,111	2,752
Non-executive Directors									
Jasmine Whitbread[3]	241	–	–	241	–	–	–	–	241
Coline McConville	77	–	–	77	–	–	–	–	77
Pete Redfern	72	–	–	72	–	–	–	–	72
Marianne Culver	60	–	–	60	–	–	–	–	60
Heath Drewett[4]	46	–	–	46	–	–	–	–	46
Jora Gill[5]	25	–	–	25	–	–	–	–	25
Chris Rogers[6]	20	–	–	20	–	–	–	–	20
Blair Illingworth[7]	67	–	–	67	–	–	–	–	67
John Rogers[8]	56	–	–	56	–	–	–	–	56
Stuart Chambers[9]	80	–	–	80	–	–	–	–	80
Total	**1,898**	**48**	**168**	**2,114**	**2,015**	**2,406**	**391**	**4,812**	**6,926**

Notes:

1. Long-Term Incentives (LTI) reported for 2022 include PSP and CIP awards granted in 2020 and vesting in March 2023, based on performance over the three-year period 1 January 2020-31 December 2022. The value of these awards has been calculated based on the average share price for the last quarter of 2022 of £8.83. For 2020 CIP awards, the share price on the date of grant on 22 September 2020 was £10.42. For 2020 PSP awards, the share price on the date of grant on 14 September 2020 was £11.435. As the share price used to value LTI for the single figure table is £8.83, no value in the value reported is attributable to share price appreciation for either Executive Director.
2. The LTI figure for 2021 reported last year (£1,894 for Nick Roberts and £1,430 for Alan Williams) was calculated on an estimated basis using the average share price of the final quarter of 2021 of £15.33. These figures have been restated to reflect the actual share prices on vesting (£9.40 for Nick Roberts for both PSP and CIP awards, and £13.21 for Alan Williams' PSP award and £12.56 for his CIP award).
3. Jasmine Whitbread was appointed to the Board on 31 March 2021.
4. Heath Drewett was appointed to the Board on 11 May 2021. Heath Drewett was appointed Chair of the Audit Committee on 4 August 2021.
5. Jora Gill was appointed to the Board on 4 August 2021. Jora Gill was appointed Chair of the Stay Safe Committee on 25 February 2022.
6. Chris Rogers stepped down from the Board on 27 April 2021.
7. Blair Illingworth stepped down from the Board on 29 November 2021.
8. John Rogers stepped down from the Board on 6 October 2021.
9. Stuart Chambers stepped down from the Board on 31 March 2021.

Directors' Remuneration report continued

Explanatory notes for the single total figure of remuneration table

Salary

Annual salaries for the Executive Directors increased by 3% on 1 April 2022. Non-executive Director fees also increased by 3% on 1 April 2022. The Chair's fee has not been increased since her appointment on 31 March 2021.

Benefits

Benefits for 2022 for Nick Roberts and Alan Williams include private medical insurance and the provision of a company car and fuel (or allowance alternative).

Directors' pension entitlements

Nick Roberts receives 10% of salary, paid as a mix of pension contributions to the Company's defined contribution pension scheme and a cash allowance.

A gross cash allowance in lieu of pension of £103,530 was paid to Alan Williams during 2022. As previously disclosed, from 1 January 2020, the Committee agreed with Alan Williams that his pension would be reduced to 20% of salary. This monetary amount of £103,530 was frozen at this fixed level over the following two years. From 1 January 2023, Alan's pension has been reduced to the wider workforce rate of 10% of salary.

The value of Directors' pension entitlements for the year ended 31 December 2022 are outlined in the table below.

£000	Nick Roberts	Alan Williams
Pension value in the year from company contributions to defined contribution scheme	£3,996	n/a
Pension value in year from cash allowance (salary supplement in place of employer pension contributions)	£61,066	£103,530
Total pension benefit accrued	£65,062	£103,530

Annual bonus for 2022

Annual bonuses for 2022 were subject to adjusted operating profit (50%), operating cash flow (20%) and performance against our strategic measures (30%).

The following table summarises the bonus targets and achievement for 2022:

Performance measure	Weighting	Targets			Actual performance	Payout (% of maximum)
		Threshold (0%)	Plan (50% bonus)	Maximum (100% bonus)		
Adjusted operating profit	50%	£344m	£362m	£380m	£295m	0%
Adjusted operating cash flow	20%	£205m	£228m	£274m	£180m	0%
Strategic performance	30%	The Committee assessed performance against a number of strategic measures which were set at the start of the year. A summary of performance is provided below. The Committee determined that delivery against the strategic measures would have resulted in a payout of 66% of maximum for this element of the bonus plan. In light of financial performance and lower bonus payments across the wider workforce than in previous years, the Committee used its discretion and did not award a bonus payout against the strategic measures for 2022.				0%

Strategic performance	Measure	Summary of performance	Committee's assessment
Strategic milestone	Market share	Significant progress on building capability to deliver more value-added services, drive retention and growth within our customer base, and develop areas of strategic focus such as Intelligent Solutions and Whole House, as well as leveraging new areas of business development with Staircraft and TF Solutions. Market share gains were achieved during the year across the Merchanting division.	Delivered
	Operational efficiency	Operational cost efficiency has been a key focus during the year, and Travis Perkins general merchanting and Toolstation in particular have driven core costs down in their organisation structures throughout the year. Action was also taken in Q4 to prepare the organisation for more challenging trading conditions in 2023. Supply chain and distribution centre capabilities have been reviewed across the Group to drive improved customer propositions and more efficient operations. Work is also underway to scope out continuous improvement strategies.	Mostly delivered
	Critical foundational programmes	The finance modernisation programme progressed in line with the agreed plan during 2022 and is on track to go live towards the end of 2023. This will deliver improved stock accounting, simpler margin reporting and more streamlined and efficient finance processes. The first phase of the Enterprise Resource Planning implementation project within the BSS business division went live in November 2022, a significant milestone with further implementations planned for later in 2023.	Delivered
ESG measures	Safety	Successful amplification of the health and safety culture across the business, with various initiatives landing well with colleagues. There was a positive shift in Colleague Safety Voice feedback, with engagement survey results four points ahead of the external global benchmark. For 2022, the LTI frequency rate was five LTIs per million hours, which is a 16% improvement on the prior year.	Exceeded
	Sustainability	Support has been provided to suppliers who have calculated their Scope 1 and 2 emissions and who are actively working to reduce their carbon emissions. 53.9% of Group spend was with centrally managed suppliers who meet the Group's Scope 3 criteria, which exceeded the target set at the beginning of the year. More detail on the Group's progress against its sustainability ambition is detailed on page 30.	Delivered at target
	People development and diversity	4.7% of all new hires in 2022 were appointed through the apprenticeship programme, compared to 9.5% last year and behind the target of 15%. There has been continued development of the centralised resourcing team, which is expected to drive further progress in apprenticeship hires as well as a significant shift in the recruitment of colleagues from minority backgrounds in the future. The launch of a digital onboarding space, the learning management platform ('Thrive'), and further embedding of 'At My Best' performance enablement and the Group's values and purpose ('Our Story') are all contributing to a renewed focus on people development. The recent 'Your Voice, Our Future' colleague survey was answered by 76% of colleagues across the Group and produced a positive overall engagement score of 71. Equal opportunity and authenticity were in the top three engagement scores across the Group, both higher than the external benchmarks, and 68% of colleagues felt a sense of belonging at the Company. During 2022, the proportion of female colleagues increased slightly compared to the prior year.	Partly delivered

Directors' Remuneration report continued

Long-term incentives (LTI)

Long-term incentives in the single total figure of remuneration for 2022 comprise the following awards, based on the average share price for the three months 1 October 2022 to 31 December 2022, which was £8.83.

	Performance Share Plan	Co-Investment Plan	Total LTIP
Nick Roberts	**£512,399** 83,467 shares granted 54,253 shares due to vest at 65% of maximum 3,758 shares in respect of dividend equivalents added in the vesting period **58,011** shares in total	**£568,699** 60,214 shares granted 60,214 shares due to vest at 100% of maximum 4,171 shares in respect of dividend equivalents added in the vesting period **64,385** shares in total	**£1,081,098**
Alan Williams	**£416,846** 67,903 shares granted 44,136 shares due to vest at 65% of maximum 3,057 shares in respect of dividend equivalents added in the vesting period **47,193** shares in total	**£465,250** 49,261 shares granted 49,261 shares due to vest at 100% of maximum 3,412 shares in respect of dividend equivalents added in the vesting period **52,673** shares in total	**£882,096**

Impact of Wickes and Plumbing & Heating disposals

During 2021, the Group completed two material corporate transactions. In April 2021, the Wickes business was demerged and in September 2021, the Plumbing & Heating division was sold. Taking into account the significance of the transactions and the impact on long-term incentive performance metrics, the Committee reviewed the targets for in-flight awards granted in 2019 and 2020 to ensure that performance was being assessed on a comparable basis with the targets for outstanding awards. Following careful consideration the Committee determined that it was appropriate to exclude Wickes and Plumbing & Heating performance from 1 January 2021, both from the target set and from reported performance. This holds management to account for the performance of these businesses prior to the end of 2020, while ensuring that performance continues to be fairly assessed against targets. The adjusted targets for 2020 awards are set out in the tables below and the Committee is satisfied that the level of stretch is not materially different compared to the original targets.

2020 Performance Share Plan (PSP) awards

The following table sets out the performance targets, achievements and vesting levels for the PSP award granted in 2020 and vesting in 2023 in respect of the performance period 1 January 2020 to 31 December 2022:

Measure	Weighting	Threshold	Maximum	Actual	Vesting (% Total)
Adjusted EPS growth[1]	40%	3% p.a.	10% p.a.	6.4% p.a.	25%
Relative TSR[2]	20%	Median	Upper quartile	Below median	0%
Aggregate cash flow[3]	40%	£720m	£800m	£840m	40%
Total vesting					**65%**

1. Adjusted EPS growth has been calculated on a consistent basis, adjusting for the impact of the Wickes demerger, the sale of the Plumbing & Heating business and the acquisition of Toolstation Europe. Toolstation Europe was acquired on 30 September 2019 and was previously accounted for as an associated undertaking. Where relevant, accounting policies have been kept consistent for the calculation of adjusted EPS growth, in particular the treatment of restructuring provisions.
2. Relative total shareholder return performance was measured against companies ranked 50-150 in the FTSE index on the date of award.
3. Wickes and P&H have been included in the aggregate cash flow targets up to the end of 2020 but targets have been adjusted to exclude both divisions for 2021 and 2022. Actual performance has been assessed on the same basis to ensure consistency between the actual trading results and the targets.

2020 Co-Investment Plan (CIP) awards

Co-Investment Plan awards are subject to three-year average Cash Return on Capital Employed (CROCE) targets. As with aggregate cash flow, the targets have been adjusted on the same basis to exclude the impact of both Wickes and Plumbing & Heating divisions in respect of 2021 and 2022 to ensure a like-for-like comparison with performance.

The following table sets out the performance targets, achievements and vesting levels for the matching awards granted in 2020 and vesting in 2023 in respect of the performance period 1 January 2020 to 31 December 2022:

Measure	Weighting	Threshold	Maximum	Actual	Vesting
CROCE (three-year average)	100%	7.6%	8.6%	9.0%	100%
Total vesting					**100%**

Consideration of underlying performance for long-term incentive outcomes

When considering the long-term incentive vesting outcome, the Committee also considered the underlying performance of the Group over the three-year performance period, taking into account performance against key financial and non-financial indicators as well as the share price performance and the experience of shareholders and other stakeholders. The Committee also considered whether there had been a significant negative event (such as an ESG event) which would warrant an adjustment. While 2022 has been more challenging, given the progress that management has made on delivering strong cash performance thought-out the three-year period as well as the execution of the strategy, delivery of operational performance and the simplifying and strengthening of the business for the future, the Committee concluded that the level of vesting of the long-term incentive awards was appropriate.

The Committee also noted that there were no windfall gains, since the share price is currently lower than on the date of grant. No discretion was consequently exercised by the Committee.

Overall, the Committee considers that the Remuneration Policy has operated as it intended during 2022.

Payments to past Directors and payments for loss of office

No payments were made to past Directors and no payments were made to any Director for loss of office in the year.

Share interests awarded during the financial year

The Restricted Share Plan was approved by shareholders at the Annual General Meeting held on 27 April 2021, replacing the PSP and CIP.

Before granting awards under the RSP in 2022, the Committee took into account shareholder guidance that where the share price has fallen significantly compared to prior years awards should be scaled back. The Committee considered that the share price at grant was broadly comparable to prior years and therefore felt that it was appropriate to continue to grant at the normal levels. In line with best practice the Committee retains discretion to adjust the vesting outturns if they are not considered to be reflective of the underlying financial or non-financial performance of the business or the individual over the performance period or where the outcome is not considered appropriate in the context of the experience of shareholders and other stakeholders.

Directors’ Remuneration report continued

2022 Restricted Share Plan (RSP) awards

	Date of award	Type of award	Basis	% vesting at lower target	Face value*	Underpin period
Nick Roberts	1 April 2022	Restricted shares	125% of salary	n/a	£807,261 (64,298 shares at £12.555 per share)	1 January 2022 to 31 December 2024 (for the purposes of assessing underpins only)
Alan Williams	1 April 2022	Restricted shares	125% of salary	n/a	£656,739 (52,309 shares at £12.555 per share)	Shares that vest after three years are subject to an additional two year holding period post vesting

* Awards are increased at each dividend payment date to reflect the dividends that would have been paid on vested shares between grant and the end of the holding period.

If the Company does not meet one or more of the underpins the Committee would consider whether it was appropriate to scale back the level of payout under the award to reflect this. The Committee retains discretion to determine what level of scale back is appropriate.

2022 Deferred Share Bonus Plan (DSBP)

Half of the bonus earned in respect of 2021 performance was awarded as deferred shares as follows:

2022 DSBP awards	Date of award	Face value	Number of shares**	Share price*
Nick Roberts	1 April 2022	£555,483	36,185	£15.35
Alan Williams	1 April 2022	£451,908	29,438	£15.35

* The share price used to calculate the number of shares awarded was the last 30 days of the 2021 financial year.

** Shares vest three years from the date of award. Awards are increased at each dividend payment date to reflect the dividends that would have been paid on vested shares between grant and vesting.

As no bonus was earned in 2022, there will be no share awards under the deferred bonus plan in 2023.

Director’s shareholding and share interests – Executive Directors

Formal shareholding requirements apply to Executive Directors and senior executives. The Committee may decide to scale back or withhold participation in long-term incentives if the requirements are not met or maintained. Executive Directors are required to hold shares valued at two times annual salary within five years of appointment.

As at 31 December 2022, Nick Roberts’ total shareholding was 175,033 (which includes DSBP and RSP shares calculated at a net of tax basis) and represents 2.36 times salary. Alan Williams’ total shareholding was 364,906 shares (which includes DSBP and RSP shares calculated at a net of tax basis) and represents 6.05 times salary, based on the average share price for the last quarter of 2022 which was £8.83.

Directors' shareholdings and share interests as at 31 December 2022 are outlined in the table below:

Executive Director	Beneficially owned shares	Conditional shares under PSP and CIP[1]	Conditional shares under RSP	Unconditional shares under DSBP and Sharesave[2]	Unvested options subject to performance[3]	Vested but unexercised options	**Total interests**	Total shareholding (beneficially owned and DSBP)[4]	**Total shareholding (beneficially owned, DSBP and RSP)[5]**
Nick Roberts	83,010	153,635	119,076	56,557	2,339	79,666	**494,283**	111,923	**175,033**
Alan Williams	285,221	125,280	96,870	55,485	2,623	0	**565,479**	313,565	**364,906**

1. Includes outstanding unapproved Performance Share Plan (PSP) awards and Co-Investment Plan (CIP) awards, which are subject to performance conditions.
2. Includes outstanding awards made under the Deferred Share Bonus Plan (DSBP) and Sharesave, which are not subject to performance conditions.
3. Market value options awarded under the HMRC tax-advantaged CSOP element of the PSP. These awards are subject to the same performance conditions as the corresponding PSP award.
4. Deferred Share Bonus Plan shares are calculated at the post-tax value (53%).
5. Interests qualifying towards the shareholding requirement comprise ordinary shares beneficially held at 31 December 2022 by the Executive and their spouse/partner, vested but unexercised SAYE options and the post tax value (53%) of DSBP and RSP awards and any other share options or awards which have vested but have not been exercised.

During 2022 the following awards were exercised:

Nick Roberts	Exercise date	Number of shares	Price per share
Buyout award	17 August 2022	41,596	£9.1504
2019 Co-Investment Plan award	17 August 2022	47,877	£9.1504

Alan Williams	Exercise date	Number of shares	Price per share
Deferred Share Bonus Plan	16 March 2022	12,937	£13.1783
2019 Co-investment Plan award	1 April 2022	39,369	£12.8428
2019 Performance Share Plan	16 March 2022	53,955	£13.1783

Director's shareholding and share interests – Non-executive Directors

Non-executive Director	Beneficial shareholding (as at 28 February 2023)	Beneficial shareholding (as at 31 December 2022)	Beneficial shareholding (as at 31 December 2021)
Jasmine Whitbread	4,528	4,528	2,405
Coline McConville	4,003	4,003	4,003
Pete Redfern	10,012	10,012	10,012
Marianne Culver	728	728	728
Heath Drewett	–	–	–
Jora Gill	–	–	–
Louise Hardy	–	–	–

There were no material changes in Directors' share ownership between 31 December 2022 and 28 February 2023. Nick Roberts acquired an additional 30 shares through the all employee Buy as you Earn (BAYE) scheme.

Unaudited information

Service contracts

Each of the Executive Directors has a service contract, which will be available for inspection at the Annual General Meeting or at the Company's registered office. These contracts provide for six months' notice from the Directors and 12 months' notice from the Company. They do not specify any particular level of compensation in the event of termination or change of control. Details of the Group's policy on payments in respect of loss of office are provided in the Directors' Remuneration Policy.

The dates Executive Directors service contracts were entered into are as follows:

- Nick Roberts – 1 July 2019
- Alan Williams – 3 January 2017

Non-executive Directors do not have a service contract, but each has received a letter of appointment which will be available for inspection at the Annual General Meeting or at the Company's registered office.

These appointments expire on the following dates:

Director	Expiry of appointment letter
Jasmine Whitbread	March 2030
Coline McConville	February 2024
Pete Redfern	November 2023
Marianne Culver	November 2028
Heath Drewett	May 2030
Jora Gill	August 2030

In accordance with best practice, the Non-executive Directors stand for re-election annually.

No compensation is payable on termination of the employment of Non-executive Directors, which may be with or without notice.

Outside appointments

Travis Perkins recognises that its Executive Directors may be invited to become Non-executive Directors of other companies. Such non-executive duties can broaden a Director's experience and knowledge which can benefit Travis Perkins.

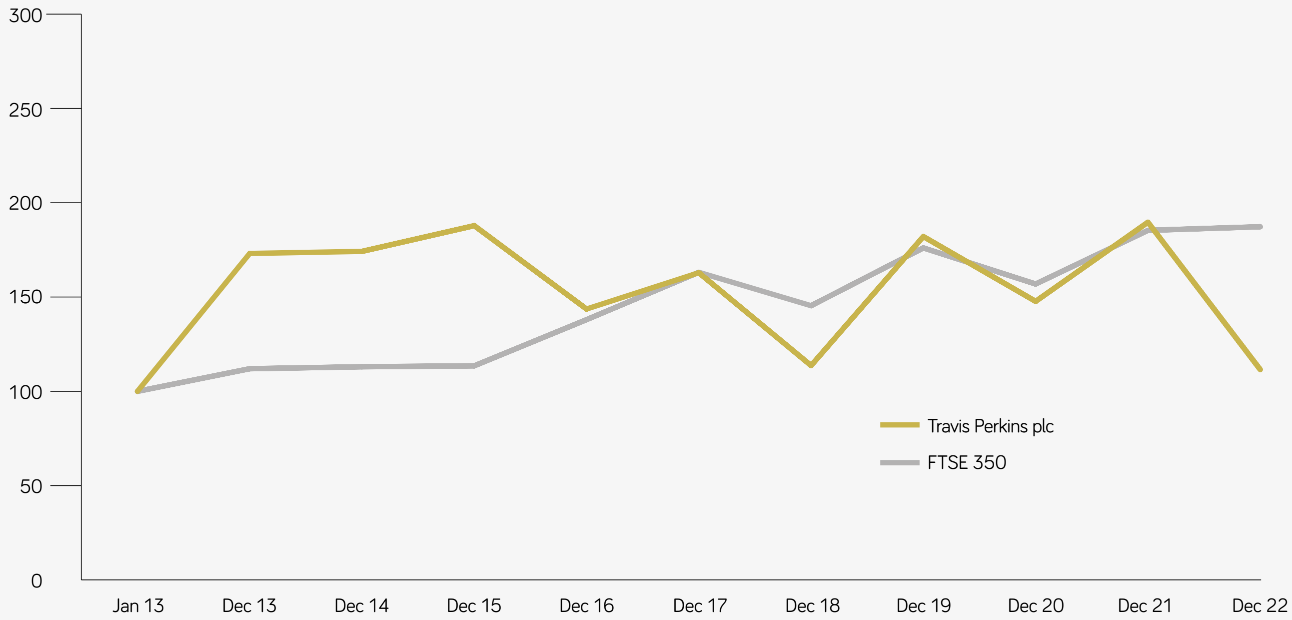
Subject to approval by the Board, Executive Directors are allowed to accept one Non-executive Directorship or other significant appointment, provided that these appointments will not lead to conflicts of interest, and they may retain the fees received. Nick Roberts is a Director and Trustee of the Forces in Mind Trust, and does not receive a fee for this appointment. Alan Williams held no external appointments during 2022.

Funding of equity awards

Both Executive incentive arrangements and entitlements under the HMRC approved all-colleague Sharesave scheme are satisfied by shares purchased in the market. Shares purchased in the market are held by a trust and the voting rights relating to the shares are exercisable by the Trustees in accordance with their fiduciary duties. As at 31 December 2022, the Trust held 2,596,684 shares.

Total shareholder return performance graph

For comparative purposes the FTSE 350 index has been selected as this is the index of which the Company was a member during the reporting year.



TSR is rebased to 100 from 1 January 2013.

Historical CEO pay

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Single figure remuneration (£000)	£2,044	£2,634	£2,360	£2,575	£2,532	£2,258	£2,622	£696	£4,446	£1,826
Annual bonus payout (% of maximum)	63%	89%	32%	24%	72%	35%	89%	–	97%	–
Vesting of Performance Share Plan (% of maximum)	37%	45%	97%	54%	40%	40%	46%	40%	94%	65%
Vesting of Co-Investment Plan (% of maximum)	–	–	44%	97%	100%	100%	100%	100%	100%	100%

Data for 2019 relates to both Nick Roberts and John Carter reflecting their tenure in the role of CEO during 2019. 2014-2018 relates to John Carter, earlier data relates to the previous CEO, Geoff Cooper.

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, 50th and 75th percentile employees.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2022	Option A	79	69	56
2021	Option A	206	168	134
2020	Option A	37	30	23
2019	Option A	133	109	81

The employees used for the purposes of the table above were identified on a full-time equivalent basis as at 31 December 2022. Option A was chosen as it is considered to be the most accurate way of identifying the relevant employees.

Employee Pay includes salary, allowances, overtime, bonus, commission, benefits and share plan proceeds. For the purpose of the calculation employee pay has been standardised to the equivalent of a 40-hour working week and where employees have started mid-period the employee's pay has been restated on a full year basis to ensure a like-for-like comparison.

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

Year	Element of pay	25th percentile employee	Median employee	75th percentile employee
2022	Salary	£21,120	£24,000	£29,416
	Total remuneration	£23,169	£26,506	£32,830

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

There is a decrease in the CEO pay ratio for 2022. This reflects the fact that there was no bonus payout for 2022 whereas during 2021 the CEO received a bonus and long-term incentives close to maximum, reflecting strong business performance in 2021. Also included in the CEO's total remuneration in 2021 is a significant element of his buyout awards.

There are no changes attributable to changes in the Company's employment model nor in the methodology used to calculate the ratio.

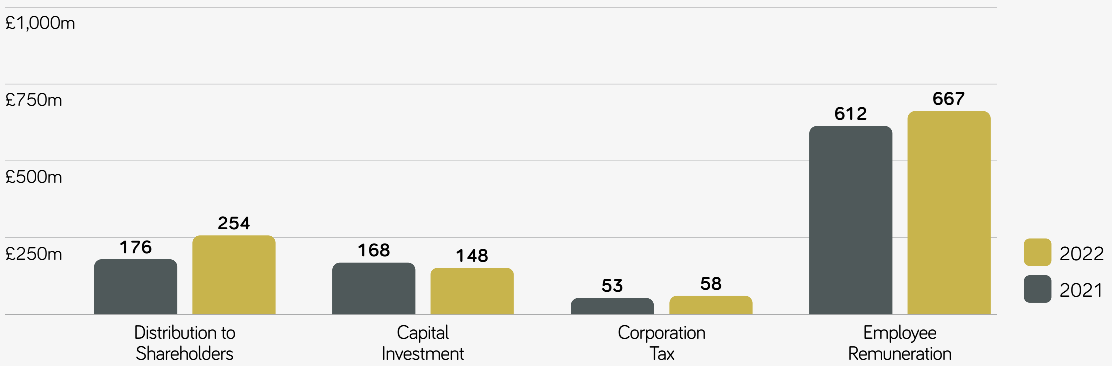
Change in remuneration of Directors

The following table sets out the year-on-year percentage change in remuneration for the Executive and Non-executive Directors relative to the wider workforce.

	Percentage change in salary/fee earned			Percentage change in bonus earned			Percentage change in taxable benefits received		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Comparative Employee Group[1]	5.2%	1.5%	1.7%	(74.8%)	69.0%	(38.0%)	13%	(8.5%)[2]	8.4%
Executive Directors									
CEO – Nick Roberts[3]	2.4%	5.3%	(4.0%)	(100.0%)	97.0%	(89.0%)	1.1%	1.4%	0.0%
CFO – Alan Williams[3]	2.1%	5.3%	(3.5%)	(100.0%)	97.0%	(89.0%)	–	(6.9%)	(5.0%)
Non-executive Directors									
Jasmine Whitbread[4]	32.8%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Coline McConville	2.6%	5.4%	(2.0%)	n/a	n/a	n/a	n/a	n/a	n/a
Pete Redfern	2.8%	(3.6%)	11.4%	n/a	n/a	n/a	n/a	n/a	n/a
Marianne Culver	1.7%	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Heath Drewett[4]	71.7%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Jora Gill[4]	184.0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

1. The comparator group is all colleagues within the Trade Merchant businesses and central functions. Travis Perkins plc is a non-employing entity and so is not used for comparative purposes.
2. During 2021, the Group began to replace the company car fleet with a cash allowance. The reduction reflects the difference between the P11d value and the cash allowance.
3. During 2020 Nick Roberts and Alan Williams took a pay cut of 20% for a period of three months. The increase in 2021 reflects the reinstatement of this temporary reduction in salary. They received no underlying salary increase in 2021.
4. Jasmine Whitbread, Heath Drewett and Jora Gill were appointed during 2021 and therefore the increases to fees received in 2022 reflect the comparison of a full-year to a part-year.

Relative importance of spend on pay



Capital expenditure is shown, for comparison, as an indicator of investment by the Company in future growth. It includes funds invested in the purchase of property, plant and equipment. Corporation tax is included as an indicator of wider societal contribution facilitated by the Company's operations and is the actual amount of corporation tax paid in the relevant reporting periods.

Governance

During the year the Committee comprised Coline McConville (Chair), Pete Redfern and Marianne Culver, all of whom are independent Non-executive Directors, and Jasmine Whitbread, Chair of the Board, who was independent on appointment.

Deloitte was appointed by the Committee in December 2015, following an interview process, to provide independent advice on executive remuneration. Deloitte are founding members of the Remuneration Consultants Code of Conduct and adhere to this Code in its dealings with the Committee. The Committee is satisfied that the advice provided by Deloitte is objective and independent. The Committee is comfortable that the Deloitte engagement partner and team that provides remuneration advice to the Committee do 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 provided additional services to the Company in relation to remuneration including support in developing and implementing remuneration proposals, compensation benchmarking and other tax and consulting services. Fees are charged on a time and materials basis. During the year Deloitte was paid £16,500 for advice provided to the Committee.

In addition Nick Roberts (Chief Executive), Alan Williams (Chief Financial Officer), Robin Miller (General Counsel & Company Secretary), Emma Rose (Chief Human Resources Officer), Jon Erb (Director of Group Finance), Paul Nelson (Group Reward Director until 31 March 2022) and Leonie Clarke (Group Reward Director from 6 June 2022) have assisted the Committee in its work and attended Committee meetings where appropriate. No individual is involved in the setting of their own remuneration.

Directors' Remuneration report continued

Responsibilities

The Remuneration Committee is responsible for developing and implementing the remuneration policy within the Company. It determines and agrees with the Board the policy for the remuneration and benefits of the Chair of the Company, Executive Directors and Group Leadership Team members and other senior executives. The Committee also oversees the administration of the Company's share plans. The Committee's terms of reference are available on the Company website (www.travisperkinsplc.co.uk) or on request from the Company Secretary.

Key items discussed in 2022 meetings

The Remuneration Committee met formally three times during the year, with additional conference calls or meetings as required. The Committee discussed amongst others the following matters:

Date	Key issues considered
4 February	• Annual salary review for Executive Directors and the Group Leadership Team • Annual bonus targets for 2022 • Performance update on the 2021 annual bonus scheme • Performance update on 2019 long-term incentive awards
21 February	• Review of 2021 performance against targets and determining outcomes for the 2021 annual bonus and 2019 long-term incentive awards • Annual bonus targets for 2022 • Deferral of 2021 bonus into shares granted in 2022 • Approach to granting awards under the RSP beyond the leadership team • 2021 Directors' Remuneration Report
9 December	• Context and considerations for the 2023 annual salary review for the wider workforce • Performance update on the 2022 annual bonus scheme • Performance update on 2020 long-term incentive awards and impact of Corporate Restructuring on targets • Governance process for interim long-term incentive awards under the RSP • Committee terms of reference

Shareholder voting

The following resolutions in relation to remuneration were put to the Company's AGM (2021 Directors' Remuneration Report and 2020 Policy):

Resolution	Votes for	For (%)	Votes against	Against (%)	Votes withheld
To receive and approve the Directors' Remuneration Report (2022 AGM)	154,790,824	94.71%	8,653,670	5.29%	7,325
To receive and approach the Directors' Remuneration Policy (2021 AGM)	178,947,921	89.38%	21,267,740	10.62%	31,205

The Director's Remuneration Report has been approved by the Board of Directors and is signed on its behalf by:

Coline McConville
Chair of the Remuneration Committee
27 February 2023

Directors' report

For the year ended 31 December 2022

The Directors present their Annual Report and audited accounts of Travis Perkins plc and its subsidiaries (the "Group") for the year ended 31 December 2022. The report sets out information required to be included by the Companies Act 2006 (the "Act"), and the applicable Financial Conduct Authority ("FCA") Listing Rules (LR 9.8.4R(4), (12), (13)) and Disclosure Guidance and Transparency Rules (the "DTRs"). Certain information is incorporated into this report by reference and can be located in the sections outlined below.

Disclosure	Page Reference
Corporate Governance Report	86
Directors' details	84
Directors' interests	98
Future business developments	14
Greenhouse gas emissions	27
Climate change risk management and governance	79
Principal risks and uncertainties	75
Financial risk management	73-74
Post-balance sheet events	118
Employee engagement	48
Employee share plans	104
Long-term incentive schemes	101-116
Dividend waivers	156
Number of employees and related costs	168

Business review

A review of the Group's position, developments, activities in the field of research and development and a review of the key events affecting the Group in the last financial year can be found on pages 66 to 70. Whilst the Group operates predominantly in the UK, it has a sourcing office in China; a small number of branches in the Isle of Man and the Republic of Ireland; and continued development of the Toolstation Europe business now reaching 158 branches in Belgium, France and Holland.

Articles of Association

The Company's Articles of Association (the "Articles") may only be amended by special resolution at a general meeting of the Shareholders. The Articles can be viewed on the Group's website at: www.travisperkinsplc.co.uk/about-us/governance/

Board of Directors

The names, biographies and committee memberships of all Directors are provided on pages 84 to 85 and details of the Directors that held office during the 2022 financial year are set out on page 88. The powers and responsibilities of the Directors are set out in the Corporate Governance report on pages 86 to 90. The appointment and removal of Directors is regulated by the Articles, the Act, the UK Corporate Governance Code (the "Code") and related legislation. Under Article 83 of the Articles all Directors are required to retire and seek re-election annually and accordingly all will do so at the Annual General Meeting (AGM), except for Louise Hardy who is standing for election having been appointed since the last AGM.

All Directors are recommended for re-election on the basis of their skills, experience and the value of their contributions to the Board and the Company's long-term sustainable success.

Details of the service agreements for Executive Directors and letters of appointment for Non-executive Directors are set out in the Directors' Remuneration report on pages 98 to 116 and are available for inspection at the Company's registered office. Executive Directors have rolling 12-month notice periods in their contracts.

Directors' conflicts of interest

Directors have a statutory duty to avoid a situation where they have or may have a direct or indirect interest that conflicts or may conflict with the Company's interests. The Company's Articles permit Directors to authorise a potential conflict of interest to the extent permitted by law. During the year, no Director had any material interest in any contract of significance of the Group's business.

The disclosable interests of Directors at 31 December 2022, including holdings, if any, of spouses and of children under the age of 18 are provided in the Directors' Remuneration report on pages 98 to 116.

Directors' indemnities

Article 143 of the Company's Articles permits the Company to indemnify any person who is or was a Director, or a Director of any associated company against any loss or liability in relation to the Company or associated company, to the extent permitted by law. The Company has granted such indemnities to its Directors and Directors of associated companies and these remain in force in the year ending 31 December 2022.

The Company maintains Directors' and Officers' liability insurance cover in respect of potential legal action brought against its Directors.

Directors' report continued

For the year ended 31 December 2022

Major shareholdings

Information received by the Company pursuant to the FCA's DTR 5.3.1(1) is published on a Regulatory Information Service and the Company's website. As of 31 December 2022, the Company has received notification of the following holdings of voting rights in its shares. The information provided below was correct at the date of notification, however that date of notification may not have been within the current financial year. It should be noted that these holdings are likely to have changed since the Company was notified, however further notification is not required until the next notifiable threshold is crossed.

Disclosure	Direct/Indirect	Number of Shares	Voting Rights
BlackRock, Inc.	Indirect	10,860,539	5.13%
Sprucegrove Investment Management Limited	Direct	10,569,923	5.03%
Artemis Investment Management LLP	Indirect	10,751,952	5.059%
Schroders Plc	Indirect	11,136,777	5.24%
Ninety One UK Limited	Indirect	12,480,008	4.95%
Investec Asset Management	Indirect	12,741,837	5.05%
Harris Associates L.P.	Indirect	12,398,948	4.92%
OppenheimerFunds, Inc	Indirect	12,381,080	4.91%
Sanderson Asset Management LLP	Indirect	12,321,382	4.89%
Pzena Investment Management, Inc	Indirect	15,587,458	6.93%

Results and dividend

The Group's results for the year ending 31 December 2022 are set out in the income statement on page 129 and dividends for the year ending 31 December 2022 are set out in note 21. The Directors recommend a final dividend of 39.0 pence per share for approval at the Company's Annual General Meeting. If approved by shareholders, the final dividend will be paid on 18 May 2023 to those shareholders on the register at the close of business on 11 April 2023.

Balance sheet and post-balance sheet events

The balance sheet on page 130 shows the Group's financial position. No important events have occurred since the balance sheet date.

Employees

The Group is committed to its purpose of enriching lives and building communities, and recognises the importance of colleague engagement and inclusion in this. A full statement on employee matters can be found in the Sustainability report on pages 30 to 49 and an overview of the Company's approach to diversity can be found in the Sustainability report and the Nominations Committee report on pages 91 to 92.

The Encouraging Equal Treatment policy aims to ensure recruitment, employment and promotion decisions are based solely on an individual's ability and potential, regardless of their gender, race, colour, ethnic origin, sexual orientation, religious belief, age, disability, marital status (including civil partnership), pregnancy, maternity or gender identity. In particular, applications for employment by disabled persons are always fully and fairly considered, bearing in mind the aptitudes of the person concerned. In the event of a member of staff becoming disabled, every effort is made to ensure that their employment with the Group continues, including making any reasonable adjustments to their role, and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

The Group's practices are designed to keep employees informed on matters relevant to them, including the Group's financial performance and strategy, through regular meetings and communications. The Group makes use of various channels including employee representatives; listening groups; colleague forums; workshops; conferences; internal newsletters and newspapers; and online communities.

In September 2022 the Group conducted its latest colleague engagement survey 'Your Voice Our Future', which enables colleagues to give feedback on issues affecting them and provides valuable insight into their priorities and concerns. Areas for improvement are identified and action plans to improve are developed with colleagues and implemented accordingly. The results of the survey are used to inform the Group's approach to policies, the working environment, working practices and diversity and inclusion, amongst other matters. The Company has a designated workforce engagement Non-executive Director to bring the colleague voice into the boardroom.

All colleagues with more than three months consecutive service are eligible to join the Group's Sharesave and Buy-As-You-Earn schemes, enabling them to benefit from the Group's growth and success. Full details of employee share plans are available in the Remuneration report on pages 101 to 116.

Modern slavery

The Group recognises the harmful impact that Modern Slavery and human trafficking has on society and is committed to ensuring its business and supply chain is free from this criminal activity. The Group produces a slavery and human trafficking statement each financial year. The latest statement can be found on the Group's corporate website at: www.travisperkinsplc.co.uk/modern-slavery-statement.

Political donations

The Group's policy is not to make donations to political parties. The Group did not give any money for political purposes nor did it make any donations to political organisations or independent candidates or incur any political expenditure during the year.

Statement on disclosure of information to the Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all reasonable steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Act.

Share capital and change of control

As at 31 December 2022 the Company had an allotted and fully paid share capital of 212,509,334 ordinary shares of 11.205105 pence each with voting rights and an aggregate nominal value of 23,811,894.01, including shares owned by the Travis Perkins Employee Share Ownership Trust. The Ordinary Shares are listed on the London Stock Exchange and all shares rank pari passu. The Company does not hold any Ordinary Shares in Treasury.

There are no restrictions on voting rights attached to the Company's Ordinary Shares. The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or on voting rights.

During the year, the Company continued its non-discretionary share buyback programme. The authority granted to the Board at the 2021 Annual General Meeting remained in place until the conclusion of the 2022 Annual General Meeting. Further authority to purchase own shares was approved at the 2022 Annual General Meeting, provided that the maximum aggregate number of Ordinary Shares authorised to be purchased is 21,359,702 (representing approximately 10% of the issued Ordinary Share capital of the Company as at 11 March 2022). This authority remains in place as of 31 December 2022 and will expire at the conclusion of the next Annual General Meeting.

During the period 1 January 2022 to 28 April 2022, 11,437,559 Ordinary 11.205105 pence Shares were acquired by the Company through buyback. They had an aggregate nominal value of 1,281,590.50, represented 5.08% of the Company's issued share capital as at 11 March 2021 and a consideration of £ 158,225,820.59 was paid for them. During the period of 29 April 2022 to 31 December 2022, 945,614 Ordinary 11.205105 pence Shares were acquired by the Company through buyback. They had a nominal value of 105,957.04 represented 0.44% of the Company's issued share capital as at 11 March 2022 and a consideration of £11,406,349.41 was paid for them.

As at 31 December 2022, there were no Ordinary Shares of the Company held in Treasury.

The rights and obligations attaching to its shares are set out in the Articles. Fully paid shares in the Company are freely transferable. There are no persons that hold securities carrying special rights with regard to the control of the Company. Details of the structure of the Company's share capital and changes in the share capital during the year are also included in the notes to the financial statements on page 176.

As at 31 December 2022 the Travis Perkins Employee Share Ownership Trust owned 2,596,684 shares in the Company (1.22% of issued share capital) for use in connection with the Company's share schemes. Any voting or other similar decisions relating to those shares would be taken by the trustees, who may take account of any recommendation of the Company. There are no rights attached to shares under employee share schemes, save for the right to acquire shares pursuant to options granted under those schemes in accordance with and subject to their rules.

There are a number of agreements to which the Company is a party that may take effect, alter or terminate upon a change of control following a takeover bid. None of these agreements are considered significant in the context of the Company as a whole. The Company does not have agreements with any Director or any employee that would provide compensation for loss of office or employment resulting from a takeover except that provisions of the Company's share schemes and plans may cause options and awards granted to employees under such schemes and plans to vest on a takeover.

Robin Miller
General Counsel & Company Secretary
27 February 2023

Directors' Statement of responsibilities

For the year ended 31 December 2022

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the Group's profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable, relevant, reliable and prudent;
- For the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- For the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements;
- Assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, Directors' Remuneration report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule 4.1.14R, the financial statements will form part of the Annual financial report prepared using the single electronic reporting format under the TD ESEF Regulation. The auditor's report on these financial statements provides no assurance over the ESEF format.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- The Strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The Statement of Directors' Responsibilities has been approved by the Board and is signed on its behalf by:

Nick Roberts
Chief Executive Officer
27 February 2023

Alan Williams
Chief Financial Officer
27 February 2023