



Headlam Reward & Pay Principles

As part of making Headlam a great place to work, we recognise the critical role that transparent and fair reward and pay principles play in shaping our employee experience.

We understand that our people are our most valuable asset. With this in mind, we have established a set of principles that guide our approach to remuneration and investment in our people, ensuring that our workforce is not only rewarded fairly but also motivated to perform at their best. We believe that reward is beyond just pay and benefits and includes recognition, development, and engagement. In this document, we aim to provide stakeholders with a comprehensive overview of our reward and pay principles, their importance, and how they are delivered.

Principle	Competitive Pay and Reward
What this means to us	Competitive pay and reward ensures that our workforce receives remuneration in line with industry standards, reflecting the skills, experience, and contributions of each employee.
Why it is important	It is vital to attract and retain talented colleagues, fostering a motivated and dedicated workforce, whilst promoting fairness and equity within the organisation.
How we deliver it	Regular market analysis and benchmarking based on a robust role grading framework will be conducted to ensure our remuneration packages remain competitive. These reviews include our fixed pay, variable pay and benefits provisions including the provision of company vehicles, pensions and any other benefits appropriate for the level of the role. Periodic reviews will be implemented to address any necessary adjustments.

Principle	Pay Equity and Fairness
What this means to us	Pay equity ensures that employees are remunerated fairly, irrespective of their personal characteristics, fostering an inclusive and diverse workplace.
Why it is important	Upholding pay equity not only adheres to legal and ethical standards but also enhances employee attraction, retention, engagement, and organisational reputation.
How we deliver it	Regular pay audits will be conducted to identify and address any disparities. Objective role grading and reward benchmarking, coupled with ongoing diversity and inclusion initiatives, will be implemented to ensure fairness and equality across the workforce.

Principle	Compliance
What this means to us	Legal compliance ensures that our remuneration practices adhere to all relevant employment laws and regulations. This includes but is not limited to minimum wage laws, equal pay legislation, and other statutory requirements.
Why it is important	Upholding legal compliance is fundamental to maintaining the trust of our workforce, fostering a positive employee relationship, and mitigating legal risks.
How we deliver it	Our HR team conducts regular reviews of our remuneration practices to ensure compliance with all applicable laws and regulations. Any necessary adjustments are promptly made, and employees are kept informed through clear and accessible communication channels.

Principle	Performance-based bonuses and Incentives
What this means to us	Bonuses and incentives are additional financial rewards provided to employees based on exceptional performance, meeting specific targets, or contributing to the achievement of our organisational goals.
Why it is important	Performance-based bonuses and incentives motivate employees, driving a culture of excellence, accountability, teamwork, and goal achievement.
How we deliver it	Clear and measurable performance metrics are established for each role, and employees exceeding expectations are eligible for bonuses or incentives. Communication of the criteria for bonuses, the evaluation process, and the rewards structure are transparent, ensuring fairness and understanding.

Principle	Share ownership
What this means to us	Share ownership programs provide employees with the opportunity to acquire ownership stakes in the company, aligning their financial interests with the long-term success of the organisation.
Why it is important	Share ownership fosters a sense of partnership, loyalty, and a shared commitment to the company's performance, creating a link between individual efforts and organizational success. Share ownership not only serves as a means of financial participation but also contributes to a collaborative and ownership-oriented culture, reinforcing the idea that employees are valuable contributors to the company's growth and prosperity.
How we deliver it	Share ownership is available to all of our colleagues who choose to save through our SAYE programme or reach long service milestones, which result in the award of Company shares. Senior leaders are also part of a share-based long-term incentive plan.

Principle	Wellbeing benefits
What this means to us	Comprehensive benefits and wellbeing programs go beyond salary, addressing the holistic needs of employees, including health, work-life balance, and support.
Why it is important	Prioritising employee wellbeing leads to increased job satisfaction, higher retention rates, and a healthier, more engaged workforce.
How we deliver it	We will offer a range of benefits, such as health insurance, pensions, flexible work arrangements, and assistance programs. Regular feedback from employees will guide the enhancement and adaptation of these programmes to meet evolving needs and expectations.

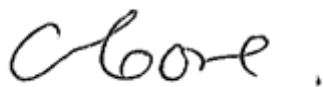
Principle	Career Development Opportunities
What this means to us	Career development opportunities encompass initiatives that support the professional growth of our employees, including training programmes, mentorship, and advancement pathways within the organisation.
Why it is important	Providing avenues for career development enhances employee satisfaction, engagement, and retention. It also contributes to a skilled and adaptable workforce that aligns with the evolving needs of our business.
How we deliver it	We invest in training programmes, coaching opportunities, and apprenticeship programmes. Regular performance evaluations are conducted to identify and discuss individual career goals, to align personal aspirations with organisational objectives.

Principle	Employee Engagement
What this means to us	Employee engagement initiatives aim to create a positive workplace culture that values and involves employees, promoting a sense of belonging, satisfaction, advocacy and commitment.
Why it is important	Engaged employees are more likely to contribute actively to their roles, collaborate effectively, and remain loyal to the organisation, positively impacting productivity and retention.
How we deliver it	We prioritise open communication, feedback mechanisms, and employee recognition programs. Regular surveys and forums are conducted to gauge employee satisfaction and address concerns. Our compensation structures are designed to reflect the value we place on employee contributions and wellbeing, fostering a positive and engaging work environment.

These reward and pay principles apply to all UK Distribution and Plc roles below the Executive and they are consistent with the principles applied to Board Directors and the Executive Committee through the Remuneration Policy.

They have been developed incorporating feedback from the Employee Forum and are approved by the Executive Committee.

The principles will be reviewed on an annual basis.

A handwritten signature in black ink that reads "Clare Moore". The signature is written in a cursive style and is positioned to the left of a vertical line.

Clare Moore

Chief People & Sustainability Officer
January 2024