

colart



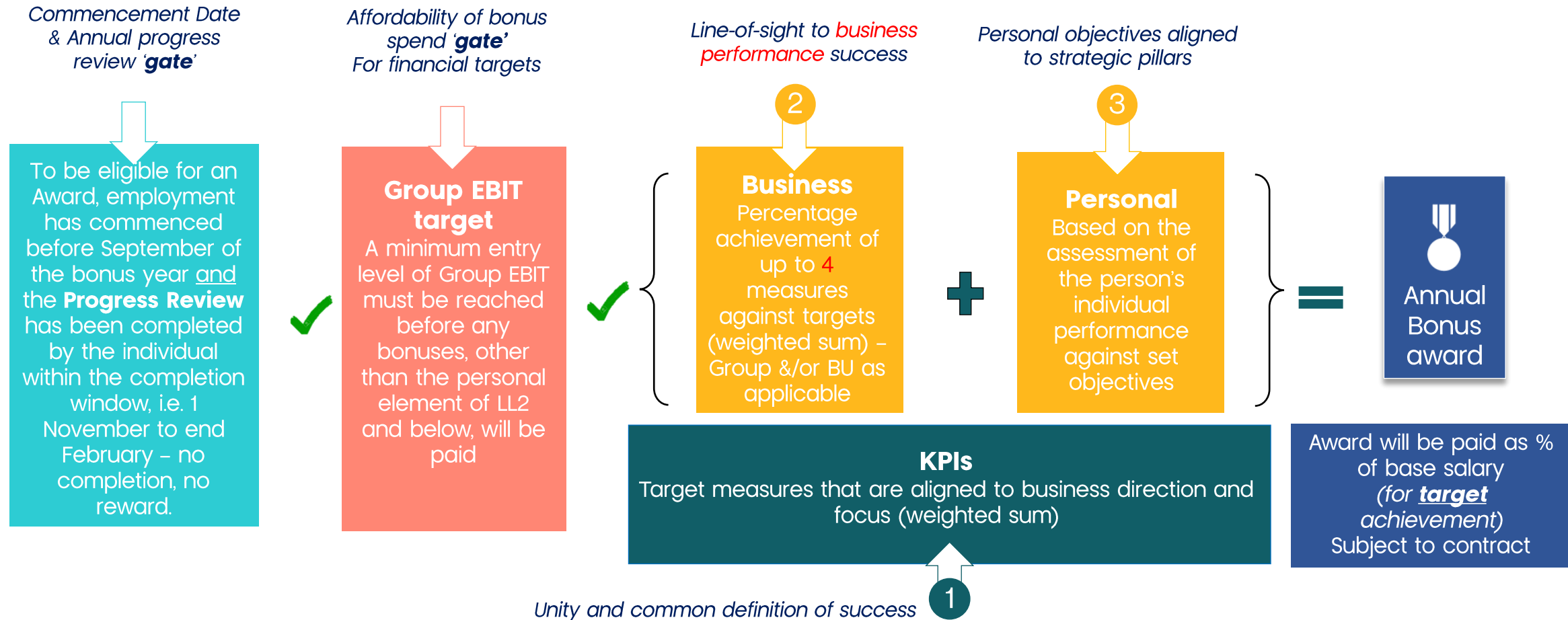
**SHORT TERM INCENTIVE PLAN (STIP)
2025**

STIP Principle

- Adding value to the business
- Not just doing your job
- Evidenced in business performance
- Not guaranteed or given
- Element of jeopardy

Plan design

A bonus award to be paid annually to eligible individuals subject to leadership level subject to the achievement of annual performance conditions (whether business related or personal) and financial/non-financial **GATES** as illustrated below.



Weighting of Performance Measures by Leadership Level

	Leadership Level	Group	Business Unit ¹	Personal	Target Award ³
Non Frontline	1 (Supervisor /Expert)	N/A	30%	70%	5%
	2 (Manager)	N/A	70%	30%	10%
	3 (BU or Group Lead)	30%	40%	30% ²	20%
	4 (GLT)	100%	N/A	N/A	30%
	5 (CEO)	70%	N/A	30%	50%
Front Line Sales	1 (Field Sales)	N/A	10%	90%	15%
	1 (Expert - Key/National Accounts)	N/A	30%	70%	15%
	2 (Channel/Sales Director)	N/A	70%	30%	20%

1 For Group roles (any level), no Business Unit will be applicable - 70% Group/30% Personal split applied

*2 GROUP EBIT GATE applicable to **all** elements of the bonus including Personal*

3 Target subject to employment contract if different to matrix

KPI measures for each element of the plan

Group Percentage achievement of identified measures against targets (weighted sum)	Focus	KPI	Split
	Financial performance	Group EBIT (GATE for all roles)	25%
		Group Operating Cash Flow	25%
		Net Sales	25%
		Creating Impact Targets	25%
Manufacturing/ Supply Chain Unit Percentage achievement of identified measures against targets (weighted sum)	Focus	KPI	Split
	Financial performance	MBU EBIT (Group GATE for all roles)	25%
		BU Operating Cash Flow	25%
		BU Service level	25%
		Creating Impact Targets	25%
Commercial Unit Percentage achievement of identified measures against targets (weighted sum)	Focus	KPI	Split
	Financial performance	CBU EBIT (Group GATE for all roles)	25%
		BU Operating cash flow	25%
		BU Net Sales	25%
		Creating Impact Targets	25%
Individual Personal Based on the performance assessment	Focus	KPI	
	Personal performance	Individual SMART objectives should be linked to three of the five strategic business pillars.	

Rules of operation

Element	Description																				
Purpose	To align individual incentives with the level of achievement of Colart's Key Performance Indicators and other Business Unit and/or individual annual objectives.																				
Type of plan	Annual cash bonus payments based on the achievement of performance conditions and calculated as a percentage of the annual base salary as at the beginning of the bonus year in question. Payment is normally made early in the year following the completion of the bonus year, following the finalisation of the annual accounts - usually by the end of March.																				
Funding	Payment of bonus amounts will be subject to the achievement of an annually stated threshold for affordability subject to leadership level. This threshold, known as the Group EBIT GATE , must be passed before any award is paid with the exception of LL2 and below who retain the potential to earn their personal element.																				
Eligibility	<p>People will be eligible to participate in the plan for a payment to occur subject to:-</p> <ol style="list-style-type: none"> 1. Individual participation determined and agreed by the Board linked to the leadership level 2. The person enters the scheme no later than end of September of the bonus year. Entitlement would be prorated accordingly if joining mid-year 3. The Progress Review has been completed by the individual for the bonus year within the agreed window <p>Inability to meet the above criteria will mean no right to an Award for the year.</p>																				
Value of award	<p>The target % will be reviewed from time to time and the amount awarded as a percentage of base salary will be paid on a linear basis between minimum and maximum subject to restrictions as indicated in the table below:-</p> <table border="1"> <thead> <tr> <th>Leadership Level</th> <th>Maximum Potential of Target</th> <th>GATE</th> <th>Restriction if applicable GATE not passed</th> </tr> </thead> <tbody> <tr> <td>5</td> <td>100% of business and personal KPIs</td> <td>Group EBIT</td> <td>No quantitative element</td> </tr> <tr> <td>4</td> <td>200% of business KPIs</td> <td>Group EBIT</td> <td>No bonus</td> </tr> <tr> <td>3</td> <td>200% of business KPIs/100% of personal KPIs</td> <td>Group EBIT</td> <td>No bonus</td> </tr> <tr> <td>1 & 2*</td> <td>100% business & personal KPIs</td> <td>Group EBIT</td> <td>Protection of personal bonus eligibility</td> </tr> </tbody> </table> <p style="text-align: right;"><i>* For Group roles at these LLs, Group EBIT will apply</i></p>	Leadership Level	Maximum Potential of Target	GATE	Restriction if applicable GATE not passed	5	100% of business and personal KPIs	Group EBIT	No quantitative element	4	200% of business KPIs	Group EBIT	No bonus	3	200% of business KPIs/100% of personal KPIs	Group EBIT	No bonus	1 & 2*	100% business & personal KPIs	Group EBIT	Protection of personal bonus eligibility
Leadership Level	Maximum Potential of Target	GATE	Restriction if applicable GATE not passed																		
5	100% of business and personal KPIs	Group EBIT	No quantitative element																		
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1 & 2*	100% business & personal KPIs	Group EBIT	Protection of personal bonus eligibility																		
KPI Setting	The Group element range will be set by the Board prior to the beginning of the bonus year. The KPI range will be calibrated on an annual basis taking into account budget, cost of STIP and business strategy. On the same basis, Business Unit targets and ranges will be set by the GLT and personal targets will be set in discussion with line management in accordance with the three strategic pillars.																				
Discretion	<p>The Board has the ultimate discretion to review and amend the terms of the STIP on an annual basis for all future awards including, but not limited to: performance conditions; performance ranges and targets; award sizes; KPI weightings and eligible participation.</p> <p>Adjustments to outstanding awards will only be made in exceptional circumstances to adjust for underlying business performance and to account for unforeseen events/items outside of management's control.</p>																				
Deferred STIP	For Level 4 executives an additional amount cash bonus will be held for a further 2 years of which 50% will be paid, subject to meeting the performance conditions set by the Board and 50% linked to being in employment at time of payment . There is no deferral mechanism for other levels.																				
Leaver provisions	Payment of the STIP earned will only be made providing the individual is in the Company's employ and not under notice on 31 December of the STIP year.																				

Leaver provisions

The normal treatment for leavers would be that **no award** is payable **unless** the person is in the Company's employ and not under notice at the end of the STIP year.

However, the Board has the sole discretion to apply different treatment if it deems it reasonable and appropriate to do so for people deemed as eligible leavers.

Details

- **Non-eligible** leavers are defined as any leaving event instigated by the person, e.g. resignation, voluntary termination, other non-eligible leaver reasons such as performance dismissal etc.
- In such instance, if the person's employment with the company ceases or the person is serving their Notice Period before **the end of the STIP year**, any right to an Award will lapse and no payment will be made. This also applied to deferred STIP awards.
- **Eligible** leavers are defined as employer-led exits such as redundancy, retirement etc. or death, disability etc.
- Subject to the Board decision, when such cessation of employment occurs some portion of the STIP Award may be paid subject to performance conditions and pro-rated for time served.
- If discretion is shown, any payment would be paid in line with the normal Payment Date.
- Ultimate payment will be at the sole discretion of the Board.
- **No discretion** in such cases will be applicable to unpaid deferred STIP awards.

Setting Group STIP Targets for 2025

- STIP target setting methodology for 2025 has been revised to incorporate short-term volume challenges facing the business, the aspiration to provide additional funding to stimulate growth and to deliver a reduced but acceptable level of Group EBIT (no lower than 3% EBIT)
- The consequent impact of this balance has been to set Budget KPI delivery at 50% STIP achievement rather than the “usual” 100% achievement (not doing so and to get the Budget approved would have required adding into Budget a non-specified task to hit the acceptable Group EBIT)
- As such targets for the four KPIs have been set to show a clear and credible path to achieving 100% STIP
- The [resulting Group STIP Targets](#) for financial KPIs are based on the following methodology:
 - Base point is Budget for Net Sales, EBIT and OCF
 - Net Sales targets set at -2% vs Budget for Min (0% or entry), +1% for Stretch (100%) and +2% for Max (200%)
 - EBIT targets based on 40% of Net Sales change for Min and Stretch and 4% of Net Sales for Max
 - OCF targets aligned with EBIT targets
- [Creating impact KPIs](#) (previously known as Sustainability KPIs) are shown on the following slide
- BU STIP targets will be confirmed shortly by Jonathan to each BU lead

Group STIP Targets based on 2025 methodology

£'000	Weighting	Min/Entry (0%)	Budget (50%)	“Stretch” (100%)	Max (200%)
Net Sales Change vs Budget	25%	121,484 -2,479	123,963	125,203 +1,240	126,442 +2,479
EBIT Net change vs Budget	25%	2,702 -992	3,694	4,190 +496	5,058 1,364
OCF Change vs Budget	25%	5,598 -992	6,590	7,086 +496	7,954 +1,364
Creating impact KPIs delivered	25%	2	3	4	5

2025 Creating Impact – Sustainability Targets

Theme	Project	Definition	Timing/ Deliverables	Project Owner & Project Manager*	Update	RAG
Creating a Sustainable Culture	Coaching – Employees as change makers	Embed coaching skills in our line management group to empower collective agility, to drive business performance	By end 2025 95% of all levels 2-5 to have received Training	Jane Beeston		
Creating Circularity	SBTi – Recurring	Commit and submit Colart's science-based targets for Scope 1,2 & 3	End of year have data and validation plan submitted	Sara Brennan		
Creating Value	VCM Metric - Waste	Reduction on waste	Kgs of waste /finished good 10%	Bruno Lebourdais		
Creating Value	Embedding creating impact	Creating impact through our consumers and Customers by Market	US – Consumer takeback UK, Europe & International– Customer toolkit to be shared with key customers in each strategic Market	Gail Pasquier		
Creating a sustainable culture	VCM Metric -Health & Safety	Continuous improvement on LTI as we aim for zero accidents	LTI 6.8	Bruno Lebourdais		