

22 April 2021



AGM Voting Update

At the Company's Annual General Meeting held on 12 January 2021 while resolution 13 to approve the Directors' Remuneration Report was passed, this was with the support of 54.5%, less than 80%, of the proxy votes cast.

To better understand the views of investors, the Remuneration Committee wrote to certain investor advisory bodies and shareholders representing 97.0% of proxy votes cast against the Remuneration Report. Feedback was provided in writing, or through virtual meetings with the Remuneration Committee Chair and Company Secretary.

The key concerns from shareholders were:

1. That the Company's incoming CEO would be appointed with a base salary which was 16.6% greater than his predecessor. During 2020, an increase of 17.5% was also applied to the base salary of the Company's CFO.
2. That annual bonuses were paid to Executive Directors in relation to the achievement of non-financial targets notwithstanding that some support had been taken in the year by the Company under the UK Government's Coronavirus Job Retention Scheme.

The Committee considers the principles of its approach to reviewing Executive Director salaries to be robust. The salary increases applied in 2020 were as a direct consequence of a CEO succession programme, together with an absence of above-inflationary pay increases dating back to 2012. Advice was also taken from external consultants PwC on the proposed salaries which were seen to fall within a competitive market range (albeit below median). Feedback from some shareholders suggested the need for more regular incremental salary reviews in future, which are supported by a compelling rationale as Executive Directors develop in role. Feedback did not relate to the overall levels of remuneration paid to Executive Directors.

On the issue of annual bonuses, the Committee and Board consider the treatment of Executive Directors to have been aligned with the Company's broader stakeholders. Employees across the Group continued to receive bonuses in relation to performance during the year and training initiatives increased on the prior year. Shareholders continued to receive dividends and charitable donations from the Company nearly doubled upon the prior year. Bonuses were paid in respect of non-financial targets which were achieved, and no relief was given against the set targets, despite the challenges associated with COVID-19.

On both of the above issues, and following careful consideration, the Committee and Board considered the decisions reached to have been in the best interests of the Company and its stakeholders. The Committee and Board are however mindful of the views of shareholders, and confirm as follows:

1. The Company has not utilised support under the Coronavirus Job Retention Scheme in FY21. This was confirmed by the Company in its Interim Results Announcement on 21 April 2021.

2. The Remuneration Committee notes the observations of investors in relation to Executive Director salary reviews and will take these into consideration in reaching future decisions. The Committee and Board will however continue to use discretion when recruiting to ensure that the Company is able to appoint the most suitable candidates for roles.

The Committee and Board are grateful to shareholders who provided feedback. If any shareholders have further questions or comments in relation to the above statement, then please do not hesitate to contact the Company Secretary using the details below.

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