Remuneration Report

Directors' Remuneration Policy

The Directors' Remuneration Policy set out on the following pages will be subject to a binding vote of shareowners at the AGM to be held on 16 June 2022 and will formally apply from that date. Once approved, it will replace the Policy approved by shareowners at the AGM held on 29 May 2019 and will continue to apply until no later than the AGM in 2025. Payments to Directors and payments for loss of office can only be made if they are consistent with the terms of the approved Remuneration Policy. The Committee will be required to seek shareowner approval for an amendment to the Policy if it wishes to make a payment to a Director which is not envisaged by the approved Policy. The Policy has been prepared in line with the relevant UK reporting regulations.

The Policy was approved by the Nomination and Remuneration Committee following a review of the existing Policy and taking into account developments since 2019. Working with its external advisers, the Committee considered the ongoing appropriateness of the existing Policy in the context of the increased scale and complexity of the Company, the high levels of share ownership among the Executive Directors, developments in corporate governance and the expectations of institutional investors. The Committee reflected on the views of key internal stakeholders and also sought feedback from major shareowners and the leading proxy advisory bodies before finalising the details of the Policy. As a fully independent Committee, conflicts of interest were minimised and no individual was responsible for determining his or her own remuneration.

Key changes to the Remuneration Policy

In general, the new Policy is not fundamentally different to that approved by shareowners in 2019. The Committee has been keen to retain the focus on relatively low levels of fixed remuneration, a below-market annual bonus opportunity and an emphasis on long-term share ownership. The Incentive Share scheme for certain Directors remains an integral part of the Policy. The main changes to the Policy approved in 2019 are as follows:

- We have clarified that pension provision for all Executive Directors will be aligned with the rate for the wider workforce or to the legal requirements in place in their country of appointment. This applies to all new Executive Directors with immediate effect and for incumbent Directors no later than 31 December 2022.
- We have formalised the minimum shareholding requirement within the Policy. This requires Executive Directors to build and hold shares equivalent in value to 200% of basic salary.
- A post-employment shareholding requirement has also been introduced. This will require the Executive Directors, for a period of two years following cessation of employment, to retain a minimum shareholding at the lower of (a) the in-employment shareholding requirement of 200% of basic salary and (b) the individual's actual shareholding at the point of cessation.
- The circumstances in which malus and clawback provisions will be triggered are now set out in the Policy. These provisions apply to awards under the annual bonus scheme, the scheme under which our new CFO is granted her share awards and any new long-term incentive scheme put in place during the lifetime of the Policy.
- We have formalised the Committee's ability to override the formulaic outcome of incentive schemes where appropriate.
- We have included within the Remuneration Policy table the Employee Share Ownership Plan, which is the legal structure under which the equity awards agreed for the new CFO have been granted. Further details in relation to these awards are included in the Annual Statement from the Chair of the Nomination and Remuneration Committee.
- We have retained the flexibility to introduce new long-term incentive schemes for the Executive Directors if required during the lifetime of the Policy, but have made some minor amendments to the wording of the relevant section of the Policy. In addition, we clarify that where such a scheme involves the use of performance shares, the maximum annual grant size will be 200% of basic salary, with flexibility to increase to 250% of salary in exceptional circumstances. If other types of award are made (e.g. market-priced share options), these awards would have a similar fair value.
- In the event of the recruitment of a new Executive Director, we state that any award of performance shares would be up to a maximum of 250% of basic salary, thus aligning with the exceptional circumstances limit noted above. We also clarify that any award to buy out the incentives forfeited by a new Director on joining S4Capital will as far as possible be based on the value of the awards forfeited and will reflect the same delivery vehicle, performance and vesting horizon.

The Policy provides the Committee with the ability to exercise discretion in certain circumstances. This is explained in the relevant sections of the Policy table and in the sections below the table.

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Policy table for Executive Directors

The table below sets out the core components of the remuneration package for Executive Directors and explains the purpose of each element and how it furthers the strategy of the Group. The table also summarises the operation of each element and its performance conditions (where relevant), the maximum reward opportunity and the relevant performance metrics.

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance assessment
Base salary	A fixed element of the Executive Directors' remuneration, intended to provide a base level of income.	Salary is reviewed annually and otherwise by exception. Takes into account the role performed by the individual and information on the rates of pay for similar jobs in companies of comparable size and complexity. Salary is typically below market rates.	Annual increases will ordinarily be in line with awards to other people within the Group. Consistent with other roles within the Group, other specific adjustments may be made to take account of any changes to individual circumstances, such as an increase in scope and responsibility, an individual's development and performance in the role and any realignment following changes in market levels.	An individual's performance is one of the considerations in determining the level of annual increase in salary.
Benefits	A fixed element of the Executive Directors' remuneration, intended to attract, retain and motivate them, whilst remaining competitive.	Benefits such as insurance, fully-expensed transportation, private medical insurance and life assurance may be paid to the Executive Directors in line with market practice.	Benefits are set at a level which the Nomination and Remuneration Committee considers to be commensurate with the role and comparable with those provided in companies of a similar size and complexity.	n/a
Pension	A fixed and standard element of the Executive Directors' remuneration to support retirement.	Takes into account the role performed by the individual, the level of pension provided to the wider workforce, and the legal requirements in the country of appointment. Payment may be made into a company pension scheme, private pension plans or paid cash in lieu.	Until 31 December 2022, for incumbent Directors only, maximum 30% of base salary. For new appointments and from 1 January 2023 for incumbent Directors, the maximum level of pension contribution will be aligned with the rate payable to the majority of the workforce or the legal requirements in their country of appointment.	n/a

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance assessment
Annual bonus scheme	The annual bonus scheme is intended to reward Executive Directors for their achievements and the performance of the Group in the financial year.	Following the end of each financial period, the Nomination and Remuneration Committee reviews actual performance against the objectives set under the scheme and determines awards accordingly. Awards are normally paid in cash but the Nomination and Remuneration Committee has discretion to determine if a proportion of the bonus should be invested in shares. At the discretion of the Committee, for certain leavers, a pro-rata annual bonus may become payable at the normal payment date for the period of employment and based on full-year performance.	Maximum 100% of basic salary.	The targets against which annual performance is judged are determined annually by the Nomination and Remuneration Committee. Annual performance is assessed against a combination of financial, operational strategic and personal goals. Malus and clawback provisions apply to payments under the annual bonus scheme. For more details see page 82.
Incentive Share scheme	The Incentive Shares and Options are intended to motivate the Executive Directors who are invited to subscribe for them to contribute towards the long-term development of the Group.	The Nomination and Remuneration Committee reviews the development of the Group against the terms of the scheme.	In aggregate, for all holders of Incentive Shares and Options, 15% of the growth in value of S4 Limited, as described on page 86.	A compound annual growth rate of 6% since the foundational investment into S4 Limited, as described on page 86.
Employee Share Ownership Plan This is the plan structure under which the equity awards to the new CFO have been granted	Motivate and incentivise employees and Executive Directors to contribute to the long-term development of the Group. As set out below, Executive Directors may become eligible to participate in other long-term incentive arrangements if deemed appropriate.	Awards over shares which, for Executive Directors, vest subject to the satisfaction of performance conditions. The vesting period will be up to four years. Awards can be structured as options (with or without an exercise price) or conditional share awards.	For Executive Directors, 200% of salary per annum.	In relation to awards made to Executive Directors, performance conditions will be linked to key strategic priorities or other targets as identified at the time of grant. Malus and clawback provisions apply to these awards.

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Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance assessment
Share ownership guidelines	Requires the Executive Directors to hold a minimum level of shares both during and after the period of their employment.	Executive Directors are encouraged to build up and then subsequently hold a minimum level of shareholding as soon as reasonably practicable following appointment with the expectation that this will normally be within five years of appointment. Executive Directors are also required to maintain a minimum level of shareholding for a period of two years following the cessation of their employment. For more details see page 82 to 83.	The minimum shareholding which should be built up by an Executive Director is a holding equivalent in value to 200% of their basic salary. Executive Directors must also maintain a shareholding for a minimum period of two years following the cessation of their employment of the lower of (1) the in-employment shareholding requirement of 200% of salary and (2) the individual's actual shareholding at the time of their departure.	n/a

Performance conditions

The performance measures chosen for the annual bonus scheme and the long-term equity incentives awarded to the CFO are intended to align with the key strategic priorities of the Company. The financial metrics which apply to these schemes are currently gross profit growth and EBITDA margin, two important measures used by management and the Board to assess performance. The non-financial measures used for the annual bonus scheme and the first part of the long-term incentives agreed for the CFO reflect key strategic and individual priorities. For more details see pages 82 to 83.

For the annual bonus scheme and in the event of any further awards being granted to Directors under the Employee Share Ownership Plan, the performance conditions may change for future financial years in light of any change to the Company's circumstances and any other relevant matter.

The growth condition applying to the Incentive Shares was chosen to reflect a suitable baseline of performance above which the participants can share in the growth of the Company over the period since it was established in 2018.

Malus and clawback

The annual bonus scheme includes malus and clawback provisions which may be invoked by the Nomination and Remuneration Committee at its discretion within the two-year period following the payment of any bonus in the following circumstances:

- a material misstatement of the financial results of the Company;
- the identification of an error in the calculation of the grant or determination of a performance target;
- action or conduct which amounts to fraud or gross misconduct or other circumstances which would have warranted summary dismissal;
- a material failure of risk management;
- circumstances which have a significant impact on the reputation of the Group; and/or
- the insolvency of the Group.

The equity incentives granted to the CFO are subject to similar malus and clawback provisions. Furthermore, the Committee intends that similar provisions will be applied to any new long-term incentive scheme put in place during the lifetime of the Remuneration Policy.

Due to the long-term nature of the rewards offered by the Incentive Share scheme, which only allows the owners of the Incentive Shares to receive benefits under the scheme once shareowners have experienced significant growth in the value of their investment, there are no malus and clawback arrangements in respect of awards under this scheme. Awards are, however, subject to leaver provisions intended to motivate holders to remain with the Group over the long term (up to 14 years).

Remuneration Committee discretion

The Nomination and Remuneration Committee will operate the incentive schemes in accordance with the relevant scheme rules. Consistent with standard market practice, the Committee has certain discretions regarding the operation and administration of these schemes, including as to:

- participants;
- timing of grants or awards;
- size of awards;
- determination of how far performance metrics have been met;
- treatment of leavers or arrangements on a change of control; and
- adjustments of targets and/or measures if required following a specific event (e.g. material acquisition or disposal).

Any use of these discretions would be explained in the annual report on remuneration for the relevant year.

In addition, and in accordance with good practice, the Committee has the discretion to adjust the formulaic outcome of the annual bonus scheme and the equity awards granted to the CFO to reflect overall business performance over the vesting period. A similar discretionary override would be put in place for any new long-term incentive arrangement put in place during the lifetime of the Remuneration Policy.

Additional long-term incentive arrangements

Under this Remuneration Policy, the Committee has the flexibility to agree additional long-term incentive arrangements for Executive Directors during the lifetime of the Policy. This reflects the fast-moving nature of the business environment and the potential need to react quickly to changing circumstances without needing formal shareowner approval for an amendment to the Policy. Any new scheme would be aligned to the Company's medium and long-term strategy and would include appropriate performance metrics linked to the financial performance of the Company (unless the Committee determines that other targets are appropriate).

If any new long-term incentive plan is established, the limit on the size of individual awards would be a grant over shares worth up to 200% of base salary each year if granted as performance shares (with flexibility to increase to 250% of basic salary in exceptional circumstances). If other types of award are made, these would have a similar equivalent fair value. Such awards would vest over a period of up to four years, subject to the satisfaction of performance targets as noted above. ▶

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Recruitment

When hiring a new Executive Director, the Committee will use the Remuneration Policy as the initial basis for formulating the individual's package. To facilitate the hiring of candidates of the appropriate calibre to implement the Group's strategy, the Committee may include any other remuneration component or award not explicitly referred to in this Remuneration Policy (or a higher award opportunity than that set out in the Remuneration Policy table) sufficient to attract the right candidate. Any long-term incentive award granted to a new appointee would be up to a maximum of 250% of basic salary per annum.

Awards outside the normal policy would only be made (i) if they are considered a necessary part of an acquisition which involves a new Director joining the Board and/or (ii) to buy out awards being foregone by the incoming Executive Director, with the value of these buyout awards reflecting the value of the awards foregone. It is the Committee's intention that any buyout award would reflect the same delivery vehicle, performance and vesting horizon of the awards foregone. Where the recruitment requires the individual to relocate, appropriate relocation costs may be offered.

In determining the appropriate remuneration, the Committee will take into consideration all relevant factors, including the quantum and nature of the remuneration, to ensure the arrangements are in the best interests of the Company and its shareowners.

Contracts of service

The Company's policy is to offer contracts of employment that attract, motivate and retain skilled people who are incentivised to deliver the Company's strategy.

The Executive Directors have service agreements with the Company but are remunerated pursuant to agreements concluded with other entities in the Group. A summary of the agreements pursuant to which the Executive Directors are remunerated is set out below. With the exception of the initial three-year terms set out in the agreements for Sir Martin Sorrell, Pete Kim and Christopher S. Martin (see below), none of the contracts include a fixed term. The service agreements are available for inspection at the Company's registered office.

Director	Date of appointment	Date of contract	Notice period (months)
Sir Martin Sorrell	28 September 2018[1]	24 June 2018	12[2]
Victor Knaap	4 December 2018	18 January 2021[3]	12[4]
Wesley ter Haar	4 December 2018	18 January 2021[3]	12[4]
Pete Kim	24 December 2018	24 December 2018	At will[2]
Christopher S. Martin	24 December 2018	24 December 2018	At will[2]
Scott Spirit	18 July 2019	2 July 2019	12
Mary Basterfield	3 January 2022[5]	14 November 2021	12

Notes:

1. Sir Martin has acted as a Director of S4 Limited since its foundation on 23 May 2018, which is the effective date of the start of his employment pursuant to his service agreement.
2. After a three-year initial term.
3. New contracts with Victor Knaap and Wesley ter Haar were signed on this date, superseding the contracts dated 9 July 2018.
4. Notice period from Company. Notice period from Executive Director is 6 months based on Dutch legal requirement that it is half of period required from Company.
5. Date of appointment as a Director. Joined the Company on 13 December 2021.

Policy on payments for loss of office

The service agreements for the Executive Directors allow for lawful termination of employment by making a payment in lieu of notice, by making phased payments over any remaining unexpired period of notice, or, in relation to contracts governed by Californian law, by paying 12 months' base salary. There is no automatic or contractual right to annual bonus payments. At the discretion of the Committee, for certain leavers, a pro rata annual bonus may become payable at the normal payment date for the period of employment and based on full year performance. Should the Committee decide to make a payment in such circumstances, the rationale would be fully disclosed in the annual Remuneration Report.

The equity incentives awarded to the CFO include customary leaver provisions. In certain specific 'good leaver' circumstances (death, illness or disability, the business for which the individual works no longer being part of the Group, or any other reason determined by the Committee), the Committee may determine that awards which have not vested at the date of cessation shall continue and be available for vesting on the normal vesting date. The extent of vesting will depend upon the satisfaction of the relevant performance conditions. The award will also be subject to a pro-rata reduction to reflect the number of completed days in the period between the grant date and the date of cessation as a proportion of the total number of days in the vesting period. The Committee has the discretion to disapply this time pro-rating if deemed appropriate. If the Committee deems the individual to be a 'bad leaver', then any unvested award will lapse immediately on the date of cessation.

In the event of a change of control or winding up of the Company, the Committee has the discretion to determine that the performance conditions will continue to apply, and that the number of shares which vest will be subject to pro-rating to reflect the number of completed days between the grant date and the date of the corporate event.

The Committee reserves the right to make additional liquidated damages payments outside the terms of the Directors' service contracts where such payments are made in good faith in order to discharge an existing legal obligation, or by way of damages for breach of such an obligation, or by way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment.

Legacy arrangements and other payments

The Committee reserves the right to make amendments to the Remuneration Policy for minor administrative matters in exceptional circumstances. The Committee would only use this right where it believes this would be in the best interests of the company and when it would be disproportionate to seek the specific approval of shareowners at a general meeting.

Outside appointments

The Company recognises that Executive Directors may be invited to become non-executive directors of other companies and that this can help broaden their skills and experience. Subject to Board approval, Executive Directors are permitted to take on other non-executive positions with other for-profit companies and to retain their fees in respect of such a position.

Statement of consideration of employment conditions elsewhere in the Group

The Group operates in fast-moving sectors across multiple jurisdictions and with employees who have joined the Group following the acquisitions that have been made since S[4]Capital was established. Pay levels and structures for people across the organisation are designed to be competitive and to reflect the dynamics in specific markets. As the Group continues to embed its unitary structure, work is ongoing to ensure consistency and standardisation of reward and compensation approaches throughout the organisation.

In setting salaries and benefits each business considers the need to retain and incentivise key people to ensure the continued success of the Group. Annual cash incentives are in place for certain roles within the Company, with payments linked to the satisfaction of performance conditions. Equity is also used as an incentive tool and to align the interests of key employees with those of shareowners.

The Group's people were not consulted in setting the Directors' Remuneration Policy.

Consideration of shareowner views

The Committee considers it extremely important to maintain open and transparent communication with the Company's shareowners. The views of shareowners are received through various avenues, such as at the AGM, during meetings with investors and through other contact during the year. These views are considered by the Committee and help to inform the development of the overall Remuneration Policy.

In addition, in early 2022 the Chairman of the Committee wrote to major shareowners and the leading proxy voting agencies to seek their feedback on the shape of the Policy and the proposed changes to the Policy approved at the 2019 AGM. The comments received were considered by the Committee and taken into account when finalising the Policy. ▶

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Illustrations of the application of the Remuneration Policy

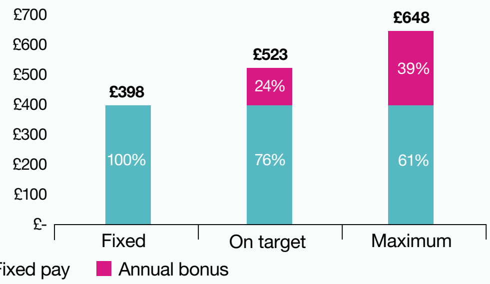
The charts below show an indication of the level of remuneration that each Executive Director could receive in the current financial year under the terms of the Remuneration Policy. The charts show the level of remuneration based on three levels of remuneration:

- **Minimum:** remuneration which is not subject to the satisfaction of performance conditions, i.e. basic salary, taxable benefits and pension contributions.
- **Target:** fixed remuneration plus a 50% payout under the annual bonus scheme and, in the case of the CFO, her equity incentives.
- **Maximum:** fixed remuneration plus a 100% payout under the annual bonus scheme and, in the case of the CFO, her equity incentives. The maximum scenario includes an additional element to represent 50% share price growth on the CFO's equity incentives.

The charts do not include an amount in respect of the Incentive Share scheme as there will be no payouts under this scheme in respect of the current financial year and the absence of a monetary cap on the value of the ultimate rewards means that it is not possible to accurately forecast potential payouts.

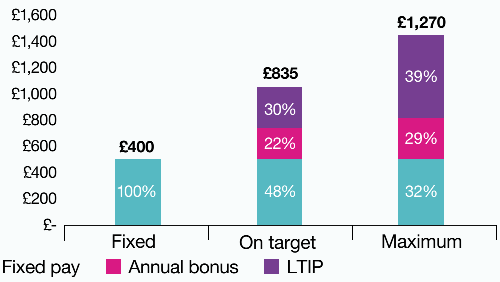
Sir Martin Sorrell

£000



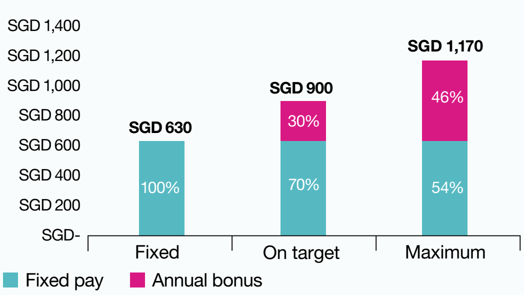
Mary Basterfield

£000



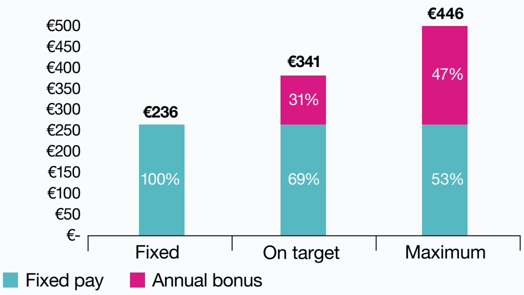
Scott Spirit

SGD 000



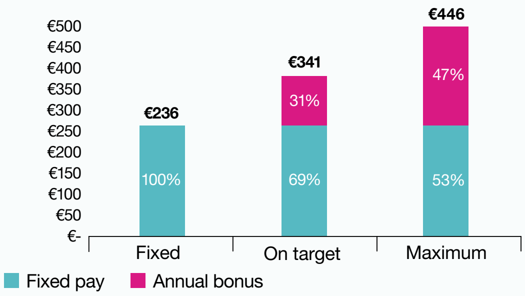
Wesley ter Haar

€000



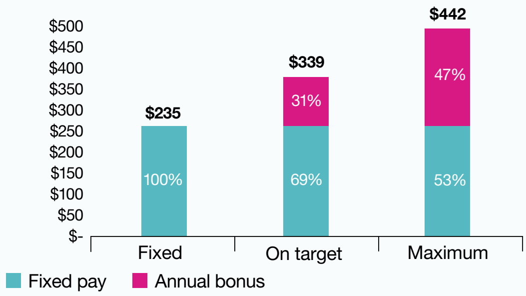
Victor Knaap

€000



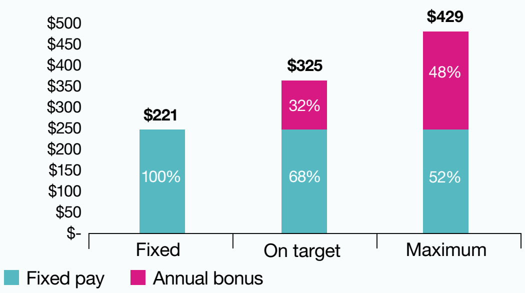
Christopher S. Martin

$000



Pete Kim

$000



Policy table for the Non-Executive Directors

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance assessment
Fees	To attract and retain Non-Executive Directors with adequate experience and knowledge.	The fees of the Non-Executive Directors are determined by the Board based upon comparable market levels and time commitment. The Non-Executive Directors do not participate in any performance-related incentive arrangements, nor do they have any entitlement to benefits or pension contributions. Directors may be paid additional amounts for services such as acting as the Senior Independent Director or as a Committee Chair.	The maximum fees payable are subject to an aggregate annual limit as set out in the Articles of Association which is currently £350,000.	n/a