Remuneration Committee Report

Directors' Remuneration Policy

Directors' Remuneration Policy

Pages 133 to 143 of this report sets out the Directors' Remuneration Policy (the "Policy") that the Company intends to apply, subject to shareholder approval, from the date of the AGM on 6 September 2023. It is intended that this Policy will apply until the 2026 AGM, unless the Company seeks shareholder approval for a revised Policy which comes into force before this date. This Policy applies equally to any individual who is required to be treated as a director under the applicable regulations.

The Directors Remuneration Report addresses provision 40 of the UK Corporate Governance Code, which states that when determining Executive Director remuneration policy and practices, the Remuneration Committee should address the following:

- clarity – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce;
- simplicity – remuneration structures should avoid complexity and their rationale and operation should be easy to understand;
- risk – remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated;
- predictability – the range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy;
- proportionality – the link between individual awards, the delivery of strategy and the long-term performance of the company should be clear. Outcomes should not reward poor performance; and
- alignment to culture – incentive schemes should drive behaviours consistent with company purpose, values and strategy.

Base salary

Purpose and link to Strategy

Base salary is payable in cash. It is set at an appropriate level to attract and retain management of a high calibre with the necessary retail, customer-service, financial, digital and service-industry skills and credentials required to deliver a sustainable business model and drive shareholder returns.

Maximum Opportunity

While there is no maximum salary level, salary increases will generally be in line with or below increases awarded to other colleagues in the Group.

However, larger increases may be made at the discretion of the Committee to take into account circumstances such as:

- changes in an individual's role or responsibility;
- to reflect an individual's progression and increase in experience in the role;
- where a salary is significantly out of line with market practice;
- a significant change in the size and/or scope of the business; or
- any other exceptional circumstance.

Operation

Base salaries are normally reviewed annually with increases effective from 1 October for Executive Directors but may be reviewed at other times if the Committee c onsiders this appropriate.

In determining base salary levels and any salary increase, consideration is usually given to:

- the individual's experience and the performance of the Group and the individual;
- salary levels at other companies of a similar size and complexity and at other UK listed retailers; and
- the pay levels and increases for other employees in the Group.

Performance Measures

The payment of salary is not subject to performance conditions. However, when determining salary increases the performance of Executive Directors is taken into account.

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Benefits

Purpose and link to Strategy	Maximum Opportunity
To provide Executive Directors with market-competitive benefits consistent with the role.	• The overall level of benefits will depend on the cost of providing individual items and the individual's circumstances. Therefore, there is no maximum level of benefit. • The maximum participation levels for all-employee share plans is the same as any maximum applicable to other employees (and consistent with any relevant HMRC limits).
Operation	**Performance Measures**
The Committee's Policy is to set benefits at an appropriate level, taking into account the individual's circumstances and market practice. Executive Directors can currently receive a car plus fuel or a cash allowance, private health insurance and life assurance as standard benefits. However, the Committee may determine that additional benefits may be provided based on individual circumstances when it is considered appropriate. In the event that an Executive Director is required to relocate to perform their role then additional one-off or ongoing benefits may be provided such as relocation expenses, a housing allowance and education expenses. The Company reimburses reasonable business expenses and may pay any tax incurred in relation to these. Executive Directors are also eligible to participate in any all-employee share plans operated by the Company on the same basis as other employees.	None.

Pension

Purpose and link to Strategy	Maximum opportunity
To enable the Company to offer market-competitive remuneration through the provision of additional retirement benefits.	Pension contributions/allowances for the Executive Directors in role are aligned with the maximum employer pension contribution available to the majority of the UK workforce (currently 3% of base salary).
Operation	**Performance Measures**
Executive Directors are eligible for defined employer contribution funding to the **Halfords** Pension Plan, payments into a personal fund and/or a cash allowance in lieu of pension or a combination of the above. The Committee may determine that alternative arrangements should apply (including for new hires). When determining such arrangements, the Committee will consider cost and market practice (subject to the overall limit set out in the maximum column).	None.

Annual Bonus

Purpose and link to Strategy	Maximum Opportunity
To incentivise Executive Directors to achieve annual financial targets and performance against key strategic objectives. Deferral of bonus under the Deferred Bonus Plan ("DBP") further incentivises Executive Directors to manage risk and align their long-term interests with those of shareholders.	The maximum annual bonus opportunity is 150% of base salary.
Operation	**Performance Measures**
The annual bonus is normally based on performance over one financial year. The Committee determines the extent to which targets have been met. The Committee may, in its discretion, adjust annual bonus payments, if it considers that the outcome does not reflect the underlying financial or non-financial performance of the participant or the Group over the relevant period, or that such payout level is not appropriate in the context of circumstances that were unexpected or unforeseen when the targets were set. When making this judgement the Committee may take into account such factors as the Committee considers relevant. Normally, up to two-thirds of the total bonus is paid in cash. The remaining one-third of the bonus is normally deferred as shares. In exceptional circumstances the Committee may determine that a different portion of the bonus will be paid in shares or that the bonus may be paid in cash. Deferred awards normally vest three years from award (or after such other period as the Committee determines) and have no additional performance conditions. Malus and clawback provisions apply, detailed on page 137. Bonuses are non-pensionable.	The annual bonus measures may be based on financial, strategic, operational or ESG measures. Measures are selected each year by the Committee to ensure continued focus on the Company's Strategy. At least 50% of the bonus will be based on financial measures. Performance measures are set annually to ensure they are appropriately stretching for the delivery of threshold, target and maximum performance. No bonus will be paid for below threshold performance, typically around 50% of the bonus will be paid for achieving 'target' levels of performance and 100% of bonus will be paid for achieving a stretching performance target. Performance targets are set by the Remuneration Committee with reference to prior year performance, the Group's business plan as well as external expectations of performance. Targets are considered to be commercially sensitive and will be disclosed retrospectively following completion of the relevant financial year.

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Directors' Remuneration Policy

Performance Share Plan ("PSP")

Purpose and link to Strategy	Maximum Opportunity
To attract and retain Executive Directors of a high calibre. To align Executive Directors' interests with those of our shareholders by incentivising them to deliver the Company Strategy and to create a sustainable business and maximise returns to shareholders.	Maximum award under the PSP is 200% of base salary.
Operation	**Performance Measures**
Annual awards of shares with vesting normally based on performance over a three-year period (or such other period as the Committee determines). The vesting of awards to Executive Directors is subject to the satisfaction of performance conditions. The Committee may, in its discretion, adjust PSP vesting outcomes, if it considers that the outcome does not reflect the underlying financial or non-financial performance of the participant or the Group over the relevant period, or that such payout level is not appropriate in the context of circumstances that were unexpected or unforeseen when the targets were set. When making this judgement the Committee may take into account such factors as the Committee considers relevant. A post-vesting retention period will apply to awards granted under the PSP. Shares that vest will not normally be released to Executive Directors (and nil-cost options will not normally become exercisable) for a further two-year period (unless the Committee determines otherwise) from the point at which the Committee determined that the performance conditions have been met. Malus and clawback provisions apply, as detailed on page 137.	PSP awards may be based on financial, operational/strategic, ESG or share price related performance measures. Normally up to 25% of the award may vest for entry-level performance. For future awards, the Committee may determine that different financial, operational/strategic or share price related performance measures may apply to awards or that a different weighting between performance measures may apply to ensure continued alignment with our evolving Strategy. Targets for the measures will normally be set ahead of each annual grant by reference to the latest strategic plan, long-term financial goals and market expectations.

Share ownership guidelines

Purpose and link to Strategy	Maximum opportunity
Align the interests of Executive Directors and shareholders and encourage long-term shareholding and commitment to the Company both in and post-employment.	n/a
Operation	**Performance Measures**
Executive Directors are expected to build and retain a shareholding with a value equal to at least 200% of their annual base salary. Executive Directors are normally expected to retain 75% of any post-tax shares that vest under any performance share incentive plans until this shareholding is reached. Executive Directors will normally be expected to maintain a minimum shareholding of 200% of salary (or actual shareholding if lower) for two years following stepping down as an Executive Director. The Committee retains discretion to waive this guideline if it is not considered to be appropriate in the specific circumstance.	n/a

Approved Payments

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments), notwithstanding that they are not in line with the Policy set out above where the terms of the payment were agreed (i) before the Policy set out above came into effect, provided that the terms of the payment were consistent with any applicable shareholder- approved Directors' Remuneration Policy in force at the time they were agreed or where otherwise approved by shareholders; or (ii) at a time when the relevant individual was not a Director of the Company (or other persons to whom the Policy set out above applies) and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company or such other person. For these purposes "payments" includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are "agreed" no later than the time the award is granted. This Policy applies equally to any individual who is required to be treated as a director under the applicable regulations. This Policy will also inform the remuneration of colleagues below the executive level.

Information Supporting the Policy

Malus and Clawback

Malus and clawback provisions apply to the cash bonus payments and deferred share awards for a period of three years from award. Malus and clawback provisions apply to PSP awards for a period of two years following its vesting.

The circumstances in which malus and clawback provisions may apply include: a material misstatement of the Company's results; or misconduct by the Executive Director; or where there is a material failure of risk management; or corporate failure; or serious reputational damage; or if the Committee considers there are other circumstances which mean that the malus and/or clawback provisions should apply.

Share Plan Operation

Awards under the Company's DBP and PSP:

- may be granted as conditional share awards or nil-cost options or in such other form that the Committee determines has the same economic effect;
- may have any performance conditions applicable to them amended by the Committee if an event occurs which causes the Committee to consider that the existing performance condition should be amended to ensure that the objective criteria against which performance will be measured will be a fairer measure of such performance and that the amended performance condition will afford a more effective incentive to the Executive Director;
- when assessing the level of vesting under the PSP, the Committee will consider the underlying financial performance of the Company and the value generated for shareholders and may adjust the level of vesting if it considers that the outcome based on the assessment of performance against targets does not reflect this;
- may incorporate the right to receive additional shares to the value of dividends which would have been paid on the shares under an award that vests up to the time such shares are delivered. This amount may be calculated assuming that the dividends have been reinvested in the Company's shares on a cumulative basis;
- may in respect of the PSP, be settled in cash or with the grant of a vested option at the Committee's discretion. For Executive Directors, this provision will only be used in exceptional circumstances such as where, for regulatory reasons, it is not possible to settle awards in shares; and
- may be adjusted in the event of any alteration of the Company's share capital by way of capitalisation or rights issue, sub-division, consolidation or reduction, the payment of a special dividend, a demerger or any other variation of the share capital of the Company.

Summary of Decision-Making Process and Changes to Policy

The previous Policy is considered to be fit for purpose and therefore no material changes are proposed. In determining the new Remuneration Policy, the Committee followed a robust process which included discussions on the content of the Policy at Remuneration Committee meetings during the year. The Committee considered the input from management and our independent advisors, and as well as considering best practice and shareholder guidance from major shareholders. The main change for the 2023 Policy compared to the 2020 Policy is that pension contributions / allowances for all Executive Directors in role will now be aligned with the maximum employer pension contribution available to the majority of the workforce (currently 3% of base salary) following the reduction in the pension allowance for the CEO from 1 April 2023. Other minor changes have been made to the wording of the Policy to aid operation and to increase clarity or flexibility.

Selection of Performance Measures

Annual Bonus:

The bonus is subject to a mix of financial and strategic measures. These measures are selected each year to provide an appropriate balance between financial and strategic objectives and to incentivise individual Executive Directors to meet corporate targets and drive individual performance.

Performance Share Plan ("PSP"):

The performance measures for FY24 awards are (1) EPS growth; (2) Group Services-Related Revenue; and (3) relative TSR.

EPS growth has been included to incentivise management to both grow revenue and manage cost in a balanced way. Group Services -Related Revenue has been included to reflect our strategic focus on increasing services-related revenue to generate a higher and more sustainable financial return for shareholders. Relative TSR is included to ensure vesting levels are aligned with relative returns to shareholders.

The Committee may determine that different performance measures will apply to future PSP awards.

Remuneration Committee Report

Directors' Remuneration Policy

Remuneration Arrangements elsewhere in the Group

Whilst our Remuneration Policy follows the same principles across the Group, remuneration packages for colleagues reflect their different roles and experiences, and market practice for similar roles.

The remuneration policy for senior executives in the Group is similar to the Policy for Executive Directors as set out in this report – a substantial proportion of remuneration is performance-related in order to encourage and reward superior business performance and shareholder returns and remuneration is linked to both individual and Company performance.

Basic salary is targeted at normal commercial rates for comparable roles and is benchmarked on a regular basis. Bonuses can be earned on a similar basis as the Executive Directors (there are some variations to take account of the specific role performed by the relevant senior executive). Senior executives below Board level also benefit from participation in the PSP.

Increases to executive managers' base salaries are considered at the same time as all other colleagues across the Group and increases are generally in line with all colleagues.

For the majority of our colleagues, overall, the Remuneration Policy for the Executive Directors is more heavily weighted towards variable pay. This ensures that there is a clear link between value created for shareholders and remuneration received by Executive Directors and it recognises that Executive Directors should have the greatest accountability and responsibility for increasing shareholder value.

All of the Group's c.12,000 colleagues are eligible to join the **Halfords** Sharesave Plan (also known as "SAYE") after they have served one complete month's service. Where appropriate, some groups of colleagues are eligible for a quarterly or full-year bonus, although the type, limits and performance conditions vary according to job level. Senior managers and other key management individuals are invited to join the Restricted Share Plan.

All newly appointed colleagues and other existing colleagues who had experienced a 'joining-trigger' event were automatically enrolled into the **Halfords** Pension Plan 2009. All eligible colleagues who have met the auto enrolment criteria have the option to choose to join the Pension Plan from their first day of employment. All members of the Pension Plan are required to make a minimum contribution of 5% and the Company also contributes a minimum of 3%, dependent on length of service and seniority.

During the year, the Company has met its obligations under the pensions auto enrolment legislation, auto enrolling all other colleagues as appropriate.

Remuneration Outcomes in Different Performance Scenarios

As outlined above, the Remuneration Policy is designed to ensure that a substantial proportion of the Executive Directors' remuneration is variable and performance-related.

By linking the remuneration of the individual Executive Director to the performance of the Company, the Committee seeks, as far as possible, to motivate that individual towards superior business performance and shareholder value creation, and to only pay rewards when these goals have been realised. Performance measures are aligned with strategic goals so that remuneration arrangements are transparent to Executive Directors, shareholders and other stakeholders.

The charts below illustrate remuneration arrangements in different performance scenarios. The assumptions for each scenario are outlined below:

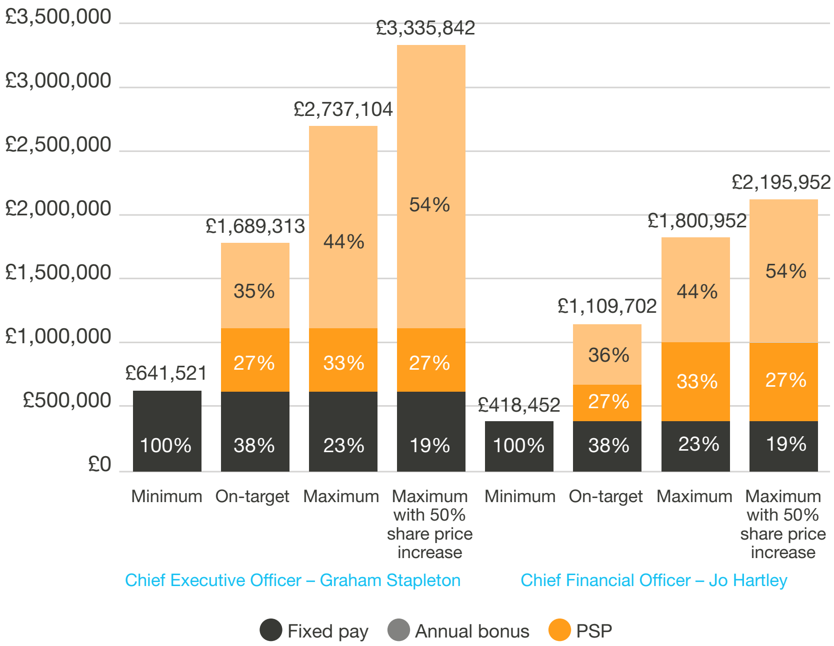
Below threshold performance	Fixed remuneration No annual bonus pay-out No vesting under the PSP
Mid-range performance	Fixed remuneration 50% annual bonus pay-out 50% vesting under the PSP
Maximum performance	Fixed remuneration 100% annual bonus pay-out 100% vesting under the PSP
Maximum performance plus 50% share price growth	Fixed remuneration 100% annual bonus pay-out 100% vesting under the PSP + 50% share price growth

Four performance scenarios have been illustrated for each Executive Director:

The charts have been prepared on the following basis:

- Base salary – the base salary in place at 31 March 2023.
- Benefits – based on the disclosed benefits value in the single figure for 2022/23.
- Pensions – based on a contribution of 3% of salary.
- Bonus – based on the maximum award of 150% of base salary.
- PSP – based on the maximum award of 200% of base salary.

No payment of dividend equivalents has been assumed. Potential benefits under all-employee plans have not been included. No share price growth has been assumed other than where stated.



Fixed pay has been calculated as follows:

	Base salary	Benefits	Pension	Total Fixed Pay
CEO	£598,738	£24,821	£17,962	£641,521
CFO	£395,000	£11,602	£11,850	£418,452

Remuneration Policy for Newly Appointed Directors

When determining the remuneration package for a newly appointed Executive Director, the Committee would seek to apply the following principles:

- The package should be market competitive to facilitate the recruitment of individuals of sufficient calibre to lead the business. At the same time, the Committee would intend to pay no more than it believes is necessary to secure the required talent.
- New Executive Directors will normally receive a base salary, benefits and pension contributions in line with the Policy described on pages 133 to 143 and would also be eligible to join the bonus and share incentive plans up to the limits set out in the Policy.
- In addition, the Committee has discretion to include any other remuneration component or award which it feels is appropriate, taking into account the specific circumstances of the recruitment, subject to the limit on variable remuneration set out below. The key terms and rationale for any such component would be disclosed as appropriate in the Remuneration Report for the relevant year.
- Where an individual forfeits outstanding variable pay opportunities or contractual rights at a previous employer as a result of appointment, the Committee may offer compensatory payments or awards, in such form as the Committee considers appropriate, taking into account all relevant factors, including the form of awards, expected value and vesting timeframe of forfeited opportunities.
- When determining any such "buy-out", the guiding principle would be that awards would generally be on a "like-for-like" basis unless this is considered by the Committee not to be practical or appropriate.
- The maximum level of variable remuneration which may be awarded (excluding any "buy-out" awards referred to above) in respect of recruitment is 350% of salary, which is in line with the current maximum limit under the annual bonus and PSP.
- Where an Executive Director is required to relocate from their home location to take up their role, the Committee may provide assistance with relocation (either via one-off or ongoing payments or benefits).
- In the event that an internal candidate is promoted to the Board, legacy terms and conditions would normally be honoured, including any accrued pension entitlements and any outstanding incentive awards.

To facilitate any buy-out awards outlined above, in the event of recruitment, the Committee may grant awards to a new Executive Director relying on the exemption in the Listing Rules which allows for the grant of awards, to facilitate, in unusual circumstances, the recruitment of an Executive Director, without seeking prior shareholder approval or under any other appropriate Company incentive plan. The remuneration package for a newly appointed Non-Executive Director would normally be in line with the structure set out in the policy table for Non-Executive Directors on page 141.

Executive Directors' Service Agreements

Term and Notice Periods

The Company's policy in relation to contractual terms on termination, and any payments made, is that they should be fair to the individual, the Company and shareholders. Failure should not be rewarded and the departing Executive Director's duty to mitigate any loss he or she suffers should be recognised. The notice period for the current Executive Directors is six months on either side. The Committee policy is that the notice period for new Executive Directors will be no more than 12 months. The Committee will continue to review this policy, to ensure that it remains in line with the Company's overall Remuneration Policy.

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	Date of service agreement	Notice period
Graham Stapleton	8 September 2017	6 months
Jo Hartley	19 April 2022	6 months

Termination of Contract

No compensation would be payable if a service contract were to be terminated by notice from an Executive Director or for lawful termination by the Company (other than as set out below). The Company may terminate service agreements in accordance with the appropriate notice periods. In the event of termination for any reason (other than for a reason justifying summary termination in accordance with the terms of the service agreement) the Company may (but is not obliged to) pay to the Executive Director, in lieu of notice, a sum equal to the Executive Director's then salary, benefits and pension contributions, which he or she would have received during the contractual notice period, the sum of which shall normally be payable in monthly instalments (but may be paid in a fixed amount at the discretion of the Committee).

Executive Directors who are considered to be good leavers may, if the Committee determines, receive a bonus for the financial year in which they leave employment. Such bonus will normally be calculated on a pro rata basis by reference to their period of service in the financial period in which their employment is terminated and performance against targets.

The Committee reserves the right to make any other payments in connection with a Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of a Director's office or employment. In addition, the Committee reserves the right, acting in good faith, to pay fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with his or her cessation of office or employment.

Mitigation on Termination

Where a contract has been terminated early, and the Executive Director is engaged to provide services (under a service agreement, consultancy, or any other arrangement or understanding), with effect from the date upon which these services are provided each subsequent instalment of pay in lieu shall be reduced by an amount equal to any basic salary, fees, remuneration or other financial benefits received during the monthly interval prior to the payment of each instalment.

In good leaver circumstances, the Executive Director might be offered a lump sum termination payment paid at the time they cease employment.

Change of Control

The service agreements of Executive Directors do not provide for any enhanced payments in the event of a change of control of the Company.

Inspection of Contracts

The Executive Directors' services contracts are available for inspection by shareholders at the Company's registered office.

Share Plans – Leaver Treatment

The treatment of outstanding share awards in the event that an Executive Director ceases to hold office or employment with the Group of the Company's associated companies is governed by the relevant share plan rules.

The following table summarises leaver provisions under the executive share plans:

'Good leavers' as determined by the Committee	Leavers in other circumstances (other than gross misconduct)
Performance Share Plan ("PSP")	
Awards will normally vest at the end of the performance period and be released at the end of the retention period. The Committee will determine the level of vesting, having due regard to the extent to which the performance conditions have been met and, unless the Committee determines otherwise, the proportion of the performance period that had elapsed at leaving. The Executive Director has 12 months from the end of the retention period to exercise options if awards are structured as nil-cost options. Alternatively, the Committee may determine that awards should vest and be released at the time of leaving on the basis set out above. In these circumstances the Executive Director has 12 months from his or her date of leaving to exercise options if awards are structured as nil-cost options.	Unvested awards lapse on leaving. Awards for which the performance condition has been met at the time of leaving but which were subject to a retention period will continue to be released at the end of the retention period. The Executive Director has 12 months from either leaving, or, if later, the end of the retention period to exercise vested but unexercised options (if applicable) unless the Committee determines otherwise.
Deferred Bonus Plan ("DBP")	**Performance Measures**
Outstanding awards vest on leaving. The Executive Director has six months from leaving to exercise options (12 months in the case of death).	Awards will lapse on leaving.

'Good leavers' include death, injury, ill-health, disability, redundancy, retirement, sale of the individual's employing business or company out of the Group or to a company which is not associated with the Company or in any other circumstances the Committee determines.

Change of Control

In the event of a change of control of the Company, PSP awards may vest and be released (pro-rated for time elapsed in the performance period unless the Committee determines otherwise) to the extent that the Committee determines the performance condition should be deemed satisfied having regarding to the Company's progress towards that condition. The Committee may allow awards to vest on the same basis in the event of a voluntary winding up or reconstruction of the Company or a demerger except that in the event of a demerger the Committee may determine the extent to which awards shall be time pro-rated.

DBP awards may vest on a change of control, reconstruction, winding up or demerger of the Company.

Alternatively, awards may be rolled over into equivalent awards in a different company.

Remuneration Policy table for Non-Executive Directors

Purpose and Link to Strategy	Operation	Maximum value
To attract and retain high-calibre individuals to serve as Non-Executive Directors.	Fee levels are set to reflect the time, commitment and experience of the Chair of the Company and the Non-Executive Directors, taking into account fee levels at other companies of a similar size and complexity and at other UK listed retailers. The fees of Non-Executive Directors shall be reviewed at appropriate intervals to ensure that they are in line with market conditions and any changes to fees will be approved by the Board as a whole following a recommendation from the Chief Executive Officer. Fees for the Chair of the Company shall be reviewed at appropriate intervals to ensure that they are in line with market conditions and any changes to said fees will be approved by the Board as a whole. The fees are normally paid in cash quarterly but may be paid in shares if this is considered appropriate. The Company Chair is paid a single fee which includes the chairmanship of the Nomination Committee. The Non-Executive Directors are paid a base fee plus additional fees for the chairing of a Board Committee. An additional fee is also paid to the Senior Independent Director. Further additional fees may be paid to reflect additional time, commitments, or Committee or Board responsibilities if this is considered appropriate. The Company reimburses reasonable business expenses and may settle any tax incurred in relation to these. The Company Chair and Non-Executive Directors are not entitled to participate in any of the Group's incentive plans or pension plans. The Company Chair and Non-Executive Directors do not currently receive other benefits, but reasonable benefits may be provided in the future if appropriate.	Overall fees paid to Directors will remain within the limit stated in the Company's Articles of Association, currently £600,000. Non-Executive Directors and the Chair are not entitled to participate in any cash or share incentive schemes.

Remuneration Committee Report

Directors' Remuneration Policy

Appointment

None of the Non-Executive Directors has an employment contract with the Company. However, each has entered into a letter of appointment with the Company confirming their appointment for a period of three years, unless terminated by either party giving the other not less than three months' notice or by the Company on payment of fees in lieu of notice.

The remuneration package for a newly appointed Non-Executive Director would normally be in line with the structure set out in the policy table for Non-Executive Directors above.

The appointment period for each Non-Executive Director is set out below:

Director	Date of current appointment	Expiry date	Unexpired term at the date of report
Keith Williams	24 July 2021	23 July 2024	13 months
Helen Jones	1 March 2023	6 September 2023	3 months
Jill Caseberry	1 March 2022	28 February 2025	20 months
Tom Singer	16 September 2020	15 September 2023	3 months

Terms and Conditions for the Chair of the Company and Non-Executive Directors

The Company Chair and Non-Executive Directors serve the Company on the basis of renewable letters of appointment which can be terminated by written notice by either party. The Company Chair's appointment is subject to three months' notice and the other Non-Executive Directors are also subject to three months' notice. No compensation is awarded on termination. Letters of appointment are available for inspection at the AGM and the Company's registered office.

Their appointments are subject to the provisions of the Companies Act 1985 and 2006 and the Company's Articles of Association, and, in particular, the need for re-election. Continuation of an individual Non-Executive Director's appointment is also contingent on that Non-Executive Director's satisfactory performance, which is evaluated annually by the Company Chair. The Company Chair is evaluated by the Senior Independent Director.

Inspection of Contracts

The Non-Executive Directors' letters of appointment are available for inspection by shareholders at the Company's registered offices.

Termination of Non-Executive Directors' Letters of Appointment

No compensation would be payable to a Non-Executive Director if his or her engagement were terminated as a result of him or her retiring by rotation at an Annual General Meeting, not being elected or re-elected at an Annual General Meeting or otherwise ceasing to hold office under the provisions of the Articles of Association of the Company. There are no provisions for compensation being payable upon early termination of the appointment of a Non-Executive Director.

Dialogue with Shareholders

The views of our shareholders are very important to the Committee and it is our policy to consult with our largest shareholders in advance of making any material changes to the executive remuneration arrangements.

The Remuneration Committee considered the guidelines issued by bodies representing institutional shareholders and feedback from shareholders on the Group's remuneration policies and practices.

Details of votes cast for and against the resolution to approve the prior year's remuneration report and any matters discussed with shareholders during the year are referred to in the Annual Report on Remuneration which can be viewed on page 143.

Dialogue with Colleagues

The Committee generally considers pay and employment conditions elsewhere in the Group when considering pay for Executive Directors and senior management. When considering base salary increases, the Committee reviews overall levels of base pay increases offered to other colleagues in the Group.

The Committee does not consult directly with colleagues regarding Executive Directors' remuneration. However, at regular intervals, the Company conducts a survey of the views of colleagues in respect of their experience of working at **Halfords**, including their own reward. The Company also conducts regular listening groups across the Group; these are chaired by senior executives or Director-level colleagues and cover a wide range of subjects, including communication, pay, benefits and ESG issues.

The Committee is also mindful of any changes to the pay and benefit conditions for employees more generally when considering the policy for Directors' pay. When determining incentive outcomes for Directors, including if discretion should be applied, the committee will also consider workforce pay and broader incentive outcomes.

Structure and Content of the Remuneration Report

This Remuneration Report has been prepared in accordance with the provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Group (Accounts and Reports) (Amendment) Regulations 2013 (the "Regulations"). This report meets the requirements of the UK Listing Rules and the Disclosure Guidance and Transparency Rules.

The information set out below represents auditable disclosures referred to in the Independent Auditor's Report on pages 156 to 165, as specified by the UK Listing Authority and the Regulations.

Committee Composition

During the year, the Committee consisted of:

Jill Caseberry (Chair)
Helen Jones
Tom Singer

Six scheduled Committee meetings were held during the year and were attended by all relevant members at the time of the meeting.

After each Committee meeting, the Remuneration Committee Chair reported to the Board on the key issues that had been discussed.

A number of informal discussions were also held with the Committee members throughout the year when the need arose.

Activities During the Year

During the year, the Policy operated as intended. The Committee undertook the following activities:

- Reviewed and approved the Directors' Remuneration Report published in the FY22 Annual Report and Accounts.
- Developed, discussed and reviewed the Remuneration Policy for shareholder approval at 2023 AGM.
- Discussed and approved incentive outcomes for FY23.
- Reviewed and approved the organisational design changes.
- Approved grants under the Company's share schemes.
- Considered the approach to implementing remuneration policy for FY23, including setting Executive Director and Non-Executive Director salaries from 1 October 2022.
- Reviewed considering and setting the approach to performance measures for the FY23 annual bonus and performance share plans.
- Reviewed the mechanics and assets of the Employee Benefit Trust and hedging arrangements.
- Discussed and approved remuneration arrangements for the Executive management team below the Board.
- Reviewed the Committee's Terms of Reference.
- Reviewed and approved the Company's share plan rules to ensure compliance with UK GDPR.
- Reviewed remuneration arrangements for the wider workforce and took these into account when considering Executive pay.
- Received a market update on the executive pay landscape.
- Reviewed and approved the appointment of remuneration advisors and set the appropriate fee.

Advisors and Other Attendees

During the year, the Committee has been supported by the Chief People Officer, the Head of Reward together with the Company Secretary (who acts as secretary to the Committee). The Chief Executive Officer and Chief Financial Officer also attend Committee meetings on occasion, at the request of the Committee; they are not present when their own remuneration is discussed. In carrying out its responsibilities, the Committee is authorised to obtain the advice of external independent remuneration consultants and is solely responsible for their appointment, retention and termination. During the year, the Committee has taken advice from Deloitte LLP ("Deloitte"), which advised on remuneration reporting, share option evaluations and other remuneration matters. Deloitte also provided unrelated advice on debt advisory work, tax services and legal support during the year. Total fees paid to Deloitte in respect of remuneration advice were £47,900 charged on a time and materials basis.

Deloitte is a founding member of the Remuneration Consultants Group and adheres to the Remuneration Consultants Group Code of Conduct when providing services. The Committee considers Deloitte's advice independent and impartial, and is also satisfied that the Deloitte engagement team that advises the Remuneration Committee does not have connections with the Company or its Directors that might impair their independence. The Committee considered the potential for conflicts of interest and judged that there were appropriate safeguards against such conflicts.

WTW also provided the Committee with executive salary market data. WTW is also a signatory of the Remuneration Consultants Group Code of Conduct. Fees paid to WTW for this advice were £4,445 charged on a time and materials basis. WTW also provide insurance broking services and employee benefits services to the Group.

Shareholder Dialogue

The voting outcome from the 2022 AGM showed strong support for our FY22 Directors' Remuneration Report. The following table sets out the votes cast at the 2022 AGM in respect of the FY22 Directors' Remuneration Report.

	% of votes For	% of votes Against
FY22 Directors' Remuneration Report*	90.75%	9.25%
FY20 Remuneration Policy**	97.58%	2.42%

* 45,248 votes (0.03% of votes) were withheld in relation to this resolution
** 40,378 votes (0.03% of votes) were withheld in relation to this resolution

We continue to be mindful of the views of our shareholders and other stakeholders and encourage discussion with shareholders on any issue related to executive remuneration.

In the event of a substantial vote against a resolution in relation to Directors' remuneration, we would seek to understand the reasons for any such vote to determine appropriate actions and detail any such actions in response to it in the Directors' Remuneration Report.