Directors' Remuneration Policy Report

The Company's previous Directors' remuneration policy was approved at the 2017 AGM (with over 93% votes in favour) and took effect from the close of that meeting. The Remuneration Committee reviewed that policy during 2019 and considers it remains broadly fit for purpose and aligned with the company's strategy. There is no substantial change to the overall remuneration structure. The changes proposed are intended to ensure that the company has sufficient flexibility to support the business needs, and recruitment over the next three years. In summary, the changes made in the proposed policy as compared to the policy approved at the 2017 AGM are as set out below.

Annual bonus

- Under the new policy, the annual bonus opportunity for the CEO increases from 125% of salary to 150% of salary, whilst the maximum opportunity for any other Executive Director remains at 125% of base salary. This increased headroom will only be used to support CEO succession planning, and will be balanced with other changes to the Policy as noted in the statement from the Committee's Chair. Use of this additional headroom will not be automatic, and if there is any increase in variable pay quantum, the Committee would also review the performance conditions attaching to variable pay awards to ensure there is an appropriate level of stretch.
- Notwithstanding the increase in the maximum opportunity, the bonus opportunities in respect of 2020 for Executive Directors in office at 1 January 2020 will be 125% of salary for the CEO and 100% for the CFO, with 60% of the opportunity earned for achieving a stretching level of on-target performance and 20% of any bonus deferred into shares. These arrangements are in line with the 2017 policy.
- The increased opportunity will be balanced as follows from 2021:
  - the 'on-target' bonus payable will be reduced to 50% (from 60%) of the maximum opportunity; and
  - deferral into shares (for two years) will be increased to 50% (from 20%) of any bonus earned .

LTIP

- Under the new policy, the maximum annual LTIP opportunity for the CEO is increased from 150% of salary to 175% of salary. As with the increase in the annual bonus headroom, this will only be used to support CEO succession planning. Any increase will be subject to the same safeguards as apply to any increase in the annual bonus opportunity. The maximum opportunity for other Executive Directors will remain at 150% of salary.
- We have balanced this by providing that from 2021, where an opportunity of 125% of salary or above is granted, no more than 20% will vest for threshold performance. Where an award is below 125% of salary, vesting at threshold will be up to 25% of the maximum, as with the 2017 policy.
- Notwithstanding the increase in the maximum opportunity, the awards made in 2020 will be up to 125% of salary for the Executive Directors in office at 1 January 2020.
- The performance measures will continue to be assessed over a three-year performance period, and the vesting shares will be released to the Executive Director after a further two-year period.

Pension

- We recognise the contents of the Corporate Governance Code in relation to the alignment of Executive Directors' pensions with those of the wider workforce and accordingly we have reduced the maximum pension contribution (or cash allowance) for any Executive Director appointed on or after 1 January 2019 (including the Company's CFO appointed in September 2019) to be aligned with the maximum contribution paid in respect of the UK-based workforce (currently 6.5% of salary).
- Our current CEO is a longstanding employee, having joined the company over 30 years ago and his 2019 pension provision of 25% of salary reflects a longstanding contractual commitment. Notwithstanding this, D W Muir agreed to freeze his pension at the 2019 value (£130,000), a decision which the Remuneration Committee supported. The pension for the Company's CEO will be aligned with that of the wider workforce by 2022.

Shareholding guidelines

- We have maintained the 200% of salary shareholding guideline during employment. Under the current policy, Executive Directors are required to retain all vesting LTIP shares (after sales to cover tax) until the guideline is met. Under the new policy, Executive Directors will be required to retain 50% of all vesting LTIP and deferred bonus shares (after sales to cover tax) until the guideline is met.

Post-employment shareholding policy

- We have introduced a post-employment shareholding policy in accordance with which each Executive Director is expected to maintain the in-service shareholding guideline (requiring the holding of shares during employment with a value equal to 200% of salary) for a period of one year after leaving, and 50% of the in-service guideline for a further year after leaving. In either case, the number of shares held at leaving must be retained if this is less than the in-service guideline.
- The post-employment requirement will apply to shares acquired pursuant to LTIP and deferred bonus awards granted in respect of 2020 and future years, but will not apply to shares purchased or acquired pursuant to all employee share plans and will not apply to LTIP or deferred bonus awards granted in respect of earlier years (including the deferred bonus award granted in respect of the 2019 bonus).

Other governance changes

- We have formally enshrined within the policy a strengthening of the malus and clawback provisions and discretion to override formulaic outturns on variable pay, in each case to take account of the updated Corporate Governance Code and to reflect the position that has applied since 2019 as referred to in the Directors' Remuneration Report for the year ended 31 December 2018.

Other minor amendments have been made to the policy as a consequence of the changes referred to above or to aid its operation or to take account of developments in practice since the policy was last approved.

Directors' Remuneration Policy Report (continued)

Directors' remuneration policy report (not audited)

This part of the Report sets out the Directors' remuneration policy, which, subject to shareholder approval at the 2020 AGM, shall take binding effect from the close of that meeting. The policy has been determined by the Company's Remuneration Committee. Information on how the Remuneration Committee intends to implement the policy for the current financial year is set out in the Annual Report on remuneration.

Policy table for Directors Base salary

Purpose and link to strategy	To recruit and retain Executive Directors. Provides fixed remuneration for the Executive Directors, which reflects the individual's experience and the size and scope of the Executive's responsibilities.
Operation	Normally reviewed annually and fixed for twelve months. Salaries are determined by the Remuneration Committee taking into account a range of factors, which may include but are not limited to: • the size and scope of the role; • individual and Group performance; • the range of salary increases (in percentage terms) applied to the wider workforce; • total organisational salary budgets; and • pay levels for comparable roles in companies of a similar size and complexity. Any salary increases may be implemented over such time as the Remuneration Committee deems appropriate.
Maximum opportunity	Ordinarily salary increases will not exceed the range of salary increases awarded to other employees in the Group (in percentage of salary terms). However, salary increases may be above this level in certain circumstances as required, for example to reflect: • increase in scope or responsibility; • performance in role; or • an Executive Director being moved to market positioning over time. No maximum salary opportunity has been set out in this policy report to avoid setting expectations for Executive Directors.
Performance metrics	Not applicable.

Benefits

Purpose and link to strategy	To recruit and retain Executive Directors. Ensures the overall package is competitive. Participation in the SAYE promotes staff alignment with the Group and a sense of ownership.
Operation	Executive Directors are entitled to various benefits including but not limited to, membership of the Group's healthcare scheme, personal accident insurance, ill health, life assurance and car (or equivalent cash allowance). Other benefits may be provided based on individual circumstances. Such benefits may include but are not limited to expatriate, housing, relocation allowances or overseas tax support. The SAYE is a tax qualifying monthly savings scheme facilitating the purchase of shares at a discount as permitted by the applicable legislation (currently up to a maximum discount of 20%). SAYE options may be exercised in the event of a change of control to the extent permitted by the rules of the scheme. Executive Directors may also participate in any other all employee share plan adopted by the Company, on the same basis as other qualifying employees.
Maximum opportunity	Whilst the Remuneration Committee has not set an absolute maximum on the level of benefits Executive Directors receive, the value of benefits is set at a level which the Remuneration Committee considers is appropriately positioned against companies of a similar size and complexity in the relevant market and at rates competitive in the area of life, accident and health insurance. SAYE scheme contribution as permitted in accordance with the relevant tax legislation. The maximum level of participation in any other all-employee share plan will be determined in accordance with the rules of that plan and will be the same for Executive Directors as for other qualifying employees
Performance metrics	Not applicable.

Pension

Purpose and link to strategy	To recruit and retain Executive Directors and to provide post-retirement benefits.
Operation	The Group may make a payment either into a defined contribution plan or as a separate cash allowance. Group contributions or cash allowances are determined as a percentage of base salary.
Maximum opportunity	For the current CEO: contributions have been frozen at their 2019 value of £130,000 per annum. Any Executive Director appointed on or after 1 January 2019: an amount as a percentage of base salary not exceeding the maximum contribution paid in respect of the UK-based workforce (currently 6.5% of salary).
Performance metrics	Not applicable.

Annual bonus

Purpose and link to strategy	Rewards the achievement of annual financial targets and/or the delivery of strategic/individual objectives.
Operation	Performance measures and targets are reviewed and set annually by the Remuneration Committee. Bonus pay out is determined by the Remuneration Committee after the year end, based on audited performance, where appropriate, against those targets. The Remuneration Committee has the discretion to amend the bonus pay out should any formulaic output not produce an appropriate result for either the Executive Directors or the Company, taking account of overall performance, or because the formulaic output is inappropriate in the context of circumstances that were unexpected or unforeseen at the start of the performance period. Where an annual bonus is earned, part of the amount earned will be delivered in the form of shares in the Company, deferred for a period of two years. For D W Muir's and H K Nichols' bonuses in respect of 2020 and in line with the 2017 policy, up to 20% of the bonus earned will be deferred. For any new Executive Director's bonus in respect of 2020, and in respect of any future years, 50% of the bonus earned will be deferred. Deferral of any bonus is subject to a de minimis limit of £5,000. At its discretion, the Remuneration Committee may award dividend equivalents to reflect dividends that would have been paid over the deferral period on shares subject to deferred bonuses. These dividend equivalents will ordinarily be paid in shares and may assume the reinvestment of dividends. Deferred bonus awards will vest in the event of a change of control. Malus and clawback provisions apply to the annual bonus as described below this table.
Maximum opportunity	The maximum bonus opportunity is up to 150% of base salary for the CEO and up to 125% of base salary for any other Executive Director. However, for 2020, the maximum opportunity will be 125% of base salary for D W Muir and 100% of base salary for H K Nichols.
Performance metrics	The bonus will be based on the achievement of targets related to key business objectives, with the performance measures and respective weightings each year dependent on the Group's strategic priorities. Financial performance measures may include, for example: • measures based on earnings per share; • budgeted profit; • operating margins; or • return on capital. At least 50% of bonus will be based on financial measures. The Remuneration Committee will determine an appropriate vesting schedule for each measure used. Subject to the Remuneration Committee's discretion to amend formulaic outputs, for target performance in respect of financial measures, up to 60% of the maximum opportunity will be earned in respect of the 2020 bonus and up to 50% of the maximum opportunity will be earned in respect of the bonus for 2021 and future years. In each case, 100% will be earned for maximum performance. There is usually straight-line vesting between these performance points. For strategic and individual performance measures, bonus will be earned between 0% and 100% of the opportunity based on the Remuneration Committee's assessment of the extent to which the relevant measure has been achieved.

Directors' Remuneration Policy Report (continued)

Long-Term Incentive Plan ('LTIP')

Purpose and link to strategy	Incentivises Executive Directors to achieve higher returns for shareholders over a longer time frame. A clawback applies to unvested awards enabling the Company to mitigate risk. The post-vesting holding period aligns the interests of Executive Directors with those of the shareholders over a further period.
Operation	The Remuneration Committee may grant awards as conditional share awards, nil cost share options or forfeitable shares or such other form as has the same economic effect. Awards are typically granted annually and vesting is subject to achievement of performance measures, normally assessed over at least three years. The Remuneration Committee has the discretion to adjust the vesting outcome should any formulaic output not reflect overall performance, or because the formulaic output is inappropriate in the context of circumstances that were unexpected or unforeseen at the grant date, or if there exists any other reason why an adjustment is appropriate. Vested shares are subject to an additional two year holding period before they are released to the Executive Directors (so that they can exercise the award and acquire them). Alternatively, the Remuneration Committee may grant an award on the basis that the Executive Director can acquire shares following vesting but that, other than as regards sales of shares to cover tax liabilities, the Executive Director is not permitted to dispose of shares until the end of the two year holding period. Unvested LTIP awards will vest and be released early on a change of control (or other relevant events), taking into account the extent to which the performance conditions have been satisfied and pro-rating to reflect the proportion of the performance period that has elapsed, although the Remuneration Committee has discretion not to apply time pro-rating. Vested LTIP awards which are subject to a holding period are released, to the extent vested, in the event of a change of control. At its discretion the Remuneration Committee may award dividend equivalents to reflect dividends that would have been paid over the vesting period and holding period on shares that vest. These dividend equivalents will ordinarily be paid in shares and may assume the reinvestment of dividends. Malus and clawback provisions apply to the LTIP as described below this table. The Remuneration Committee may, at its discretion, structure awards as approved LTIP awards comprising both a tax qualifying option granted under the Executive Share Option Scheme ('ESOS') and an LTIP award. Approved LTIP awards enable the participant and the Company to benefit from tax qualifying option treatment in respect of part of the award, without increasing the pre-tax value delivered to the participant. The approved LTIP awards consist of a tax qualifying option and an LTIP award with the vesting of the LTIP award scaled back to take account of any gain made on exercise of the tax qualifying option. Other than to enable the grant of £30,000 in value of HMRC approved options as part of an approved LTIP award, the Company will not grant awards to Executive Directors under the ESOS. Malus and clawback provisions and the discretion to adjust the vesting outcome will apply to the tax qualifying option element of an approved LTIP award to the extent permitted by the relevant tax legislation.
Maximum opportunity	The annual LTIP maximum in respect of any financial year is: • CEO: 175% of base salary; and • any other Executive Director: 150% of base salary For 2020, the maximum opportunity will be up to 125% of base salary for D W Muir and H K Nichols. Shares subject to a tax qualifying option granted as part of an approved LTIP award are not taken into account for the purposes of this limit because, as referred to in the box under the heading 'Operation', the unapproved LTIP option is scaled back to reflect the gain made on the exercise of the tax qualifying ESOS option.
Performance metrics	Awards vest subject to the achievement of performance measures assessed over the performance period (normally three financial years). The performance measures are reviewed annually to ensure they remain relevant and aligned to the Group's strategy. Performance measures will be based on financial metrics, and/or share price growth related metrics, and/or strategic metrics. Subject to the Remuneration Committee's discretion to amend formulaic outputs, for achievement of the threshold level of performance (the minimum level of performance for vesting to occur): • up to 25% of the maximum opportunity will vest if the award granted is less than 125% of salary; and • up to 20% of the maximum opportunity will vest if the award granted is equal to or more than 125% of salary. For achievement of maximum performance 100% of the maximum opportunity will vest; there is usually straight-line vesting between threshold and maximum performance. Where an option under the ESOS is granted as part of an Approved LTIP award, the same performance condition applies to the ESOS option as applies to the LTIP award, save as required by the applicable tax legislation.

Shareholding guidelines

Purpose and link to strategy	Promotes alignment to shareholders' interests and share ownership.
Operation	Each Executive Director is required to hold 50% of the shares acquired through the LTIP and any deferred bonus award (after sales to cover tax and any exercise price) until the value of their total shareholding is equal to 200% of their base salary. Shares subject to deferred bonus awards and vested shares subject to awards under the LTIP which are subject to a holding period count towards the shareholding requirement on a net of assumed tax basis. Shares subject to LTIP awards which are capable of exercise count towards the limit on a net of assumed tax basis
Maximum opportunity	Not applicable.
Performance metrics	Not applicable.

Post-employment shareholding policy

Purpose and link to strategy	Maintains the alignment of Executive Directors' interests with shareholders' interests and the performance of the Company for a period after employment.
Operation	The post-employment shareholding policy will apply only to shares acquired pursuant to LTIP and deferred bonus awards granted in respect of 2020 and future years, but will not apply to shares purchased or acquired pursuant to all employee share plans and will not apply to LTIP or deferred bonus awards granted in respect of earlier years. Post-employment each Executive Director is expected to maintain such of their shares which are subject to the post-employment shareholding policy as have a value equal to the in-service shareholding guideline (which requires the holding of shares during employment with a value equal to 200% of salary) for a period of one year after leaving, and such of those shares as have a value equal to 50% of the in-service guideline for a further year after leaving. In either case, the number of relevant shares held at leaving must be retained if this is less than the in-service guideline.
Maximum opportunity	Not applicable.
Performance metrics	Not applicable.

Chairman and Non-executive fees

Purpose and link to strategy	Fees are set at a level that reflects market conditions and is sufficient to attract individuals with appropriate knowledge and experience.
Operation	Fees are reviewed periodically and are determined by the Board. The fee structure is as follows: • the Chairman is paid a single consolidated fee; • the Non-executive Directors are paid a basic fee plus additional fees for Chairmanship of a Committee; • the Senior Independent Director also receives an additional fee in respect of this role; • fees may be paid wholly or partly in shares; and • additional fees may be paid for taking on additional roles or for additional time commitments. The Non-executive Directors do not participate in any of the Group's share incentive plans nor do they receive any pension contributions. Non-executive Directors may be eligible to benefits such as the use of secretarial support, travel costs or other benefits that may be appropriate. These benefits may include the reimbursement of any tax liability if they are reimbursed for expenses incurred in the performance of their duties and those expenses are considered taxable benefits.
Maximum opportunity	Fees are subject to an overall cap as set out in the Company's Articles of Association from time to time. Fees are based on the time commitment and responsibilities of the role. Fees are appropriately positioned against comparable roles in companies of a similar size and complexity in the relevant market.
Performance metrics	Not applicable.

Recovery provisions

Annual bonus and LTIP awards are subject to malus and clawback provisions as set out below.

For up to two years following the determination of an annual bonus, the Remuneration Committee may require a participant to repay any cash bonus paid and/or may reduce or cancel any deferred bonus award granted in the event of:

(i) a material mis-statement in the Group's financial results for the bonus year;

(ii) the Remuneration Committee reasonably determining that the participant has been guilty of gross misconduct;

(iii) an error in assessing any applicable performance condition;

(iv) reputational damage to the Group;

(v) material corporate failure; or

(vi) a failure of acceptable health and safety standards.

Before the vesting of an LTIP award, the Remuneration Committee may decide to reduce or cancel the award in the event of:

(i) a material error in or misstatement of the Group's results;

(ii) information coming to light which, had it been known, would have affected the award or vesting decision;

(iii) reputational damage to the Group;

(iv) material corporate failure; or

(v) a failure of acceptable health and safety standards.

Directors' Remuneration Policy Report (continued)

Explanation of chosen performance measures and how targets are set
Performance measures have been selected that reflect the Group's strategy. Stretching performance targets are set each year for the annual bonus and LTIP awards. In setting these stretching performance targets the Remuneration Committee will take into account a number of different reference points such as the Group's business plans and strategy.

The Remuneration Committee considers that underlying EPS and profit before tax are closely aligned to the Group's key performance metrics and, in conjunction with the other annual bonus performance metrics, provides a balanced measurement of performance that encourages sustainable growth.

The EPS and TSR performance conditions attaching to the LTIP align management's objectives to those of shareholders and rewards for the delivery of year on year growth and delivery of value to shareholders.

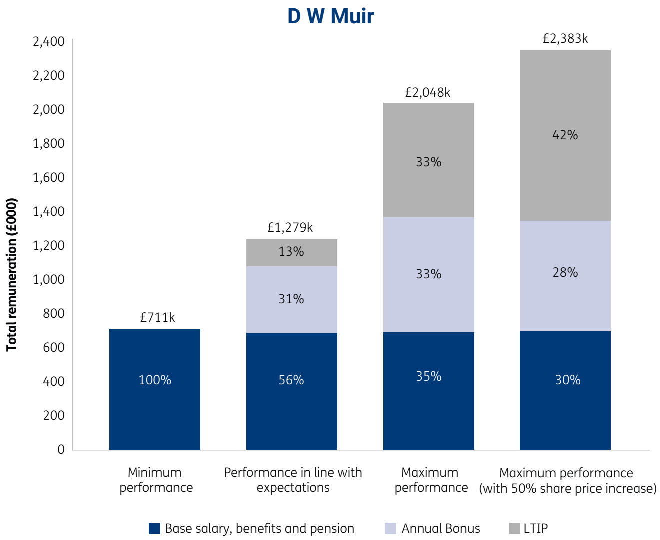
The Remuneration Committee retains the discretion to adjust the performance targets and measures where it considers it appropriate to do so. For example, to reflect changes in the strategy or structure of the business or in prevailing market conditions and to assess performance on a fair and consistent basis from year to year.

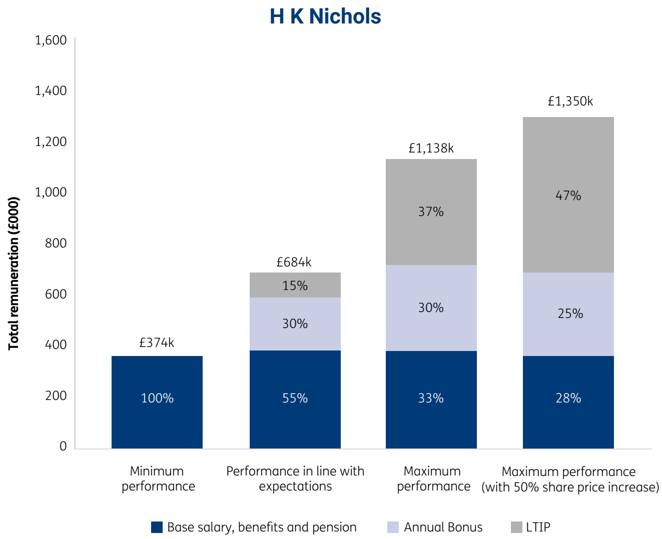
Operation of share plans
The Remuneration Committee retains discretion to operate the Company's share plans in accordance with their rules, including the ability to adjust awards in the event of a variation of capital or other relevant corporate event, and settle awards, in whole or in part, in cash. The Remuneration Committee would only settle an Executive Director's award in cash in exceptional circumstances (such as where there was a regulatory restriction on the delivery of shares) or in connection with the settlement of tax liabilities arising in respect of the acquisition of shares.

Differences in the group's policy for the remuneration of employees generally
The Group aims to provide a remuneration package that is market competitive in the employee's jurisdiction of employment and which:

- is appropriate to attract, retain, motivate and reward, without paying more than necessary;
- is fairly and consistently applied; and
- includes an element of incentive to share in the financial success of the Group through: annual bonuses, based upon the performance of individual business units; executive share options; and a UK SAYE scheme, all of which are aligned to the strategic objectives and performance of the Group.

Illustrative performance scenarios for 2020 (all £000's)





The illustrative performance charts above are based on the the proposed remuneration policy as set out on pages X to X. In developing the scenarios the following assumptions have been made:

Minimum (£000's) **CEO – 711** **CFO – 374**	Consists of total fixed pay – i.e. base salary, benefits and pension • Base salary is the latest salary effective at 1 January 2020. • Taxable benefits as per single figure table for the year ended 31 December 2019, ("annualised" in the case of H K Nichols). • Pension is based on the 2019 frozen value of £130,000 of salary in the case of the CEO and 6.5% of salary in the case of the CFO.
In-line with expectations (£000's) **CEO – 1,279** **CFO – 684**	Consists of: • Total fixed pay, as set out above. • Annual bonus pays out at 60% of maximum for target performance (i.e. for the CEO 75% of base salary based on a maximum potential for 2020 of 125% of base salary, and for the CFO 60% of base salary based on a maximum potential for 2020 of 100% of base salary). • LTIP pays out at 25% of maximum for threshold vesting (i.e. 31.25% of base salary based on a maximum for 2020 of 125% of base salary).
Maximum (£000's) **CEO – 2,048** **CFO - 1,138**	Consists of: • Total fixed pay, as set out above. • Full pay-out of annual bonus – i.e. 125% of base salary in the case of the CEO, and 100% of base salary in the case of the CFO. • Full vesting of LTIP awards – i.e. 125% of base salary.
Maximum plus share price appreciation (£000's) **CEO – 2,383** **CFO - 1,350**	Consists of: • Total fixed pay, as set out above. • Full pay-out of annual bonus – i.e. 125% of base salary. • Full vesting of LTIP awards – i.e. 125% of base salary and an assumed 50% increase in the share price for the purposes of the LTIP awards values.

Approach to recruitment remuneration

The objective of this policy is to allow the Remuneration Committee to offer remuneration packages which:

- facilitate the recruitment of individuals of sufficient calibre to develop and deliver the business strategy and shareholder value;
- offer a remuneration package that reflects the key principles of the Group's wider remuneration philosophy; and
- seek to ensure that arrangements are in the best interests of the Company and not to pay more than is appropriate.

Typically the individual will be transitioned onto a remuneration package that is consistent with the policy set out above. However, the Remuneration Committee retains the discretion to make remuneration decisions or include other remuneration components or awards which are outside the policy elements set out on pages X to X where it considers it necessary. However, this discretion is not uncapped; in determining appropriate remuneration arrangements:

- the Remuneration Committee will not offer non-performance related incentive payments;
- the quantum of variable remuneration will be limited as set out below;
- the quantum and structure of the package on offer will be determined taking into account that for similar positions in the market; and
- the package will be determined having due regard to the experience of the candidate and the interests of the Company and its shareholders.

The following elements may also be considered by the Remuneration Committee for inclusion in a recruitment package for an Executive Director:

Compensation for forfeited awards on leaving a previous employer	The Remuneration Committee may make awards on hiring an external candidate to compensate the candidate for the forfeiture of any award entered into with a previous employer. In determining any such 'buy-out' the Remuneration Committee will consider all the relevant factors regarding the forfeited arrangements which may include the likelihood of the awards vesting should the external candidate have remained in their previous employment, the form in which they were granted (e.g. cash or shares) and the time over which they would have vested. Generally, buy-out awards will be made on a comparable basis to those remuneration arrangements forfeited. Where considered appropriate, buy-out awards will be subject to forfeiture or claw back on early departure.
Initial incentive awards	Subject to the overall maximum variable remuneration limit set out below and to the overall plan LTIP limits set-out under the policy elements on page [ ], incentive awards may be granted within the first twelve months of appointment above the normal maximum annual award opportunity set out on page [ ]. The Remuneration Committee will ensure that any such awards are linked to the achievement of appropriate and challenging performance targets and will be forfeited if performance or continued employment conditions are not achieved. The Remuneration Committee may also alter the performance measures, performance period and any deferral arrangements or holding period applying to the annual bonus and LTIP if the circumstances of the recruitment merit such an alteration; the rationale will be clearly explained in a subsequent Directors' Remuneration Report.
Maximum variable remuneration (excluding buy-out awards)	The maximum level of variable remuneration which may be awarded to the CEO is 325% of base salary (consisting of 150% annual bonus and 175% LTIP). The maximum level of variable remuneration which may be awarded to any other Executive Director is 275% of base salary (consisting of 125% annual bonus and 150% LTIP).

Directors' Remuneration Policy Report (continued)

The Remuneration Committee would seek to implement any share awards referred to in this section under the Company's existing share plans. However, in connection with the recruitment of an Executive Director, the Remuneration Committee may implement a new arrangement in accordance with paragraph 9.4.2 of the Listing Rules.

Where a position is filled internally, any ongoing remuneration obligations or outstanding variable pay elements shall be allowed to continue according to the original terms, with the exception of pension contributions which will be reduced in line with this policy. Where necessary, the Group will pay appropriate relocation costs and the Remuneration Committee will seek to ensure that no more than necessary is paid.

Fees payable to a newly appointed Chairman or Non-executive Director will be in line with the fee policy in place at the time of appointment.

Service contracts and loss of office payments

The policy on Executive Director service contracts and payments for loss of office is summarised below. For the avoidance of doubt, the leaver provisions summarised below in relation to the LTIP apply to LTIP awards in respect of 2020 and later years, with earlier awards being subject to the policy applying at the date of the award.

Notice period for termination by the company	Each current Executive Director is entitled to 12 months' notice. The Remuneration Committee may set a notice period of between six months and 12 months for any future Executive Director.
Notice period for termination by the employee	Each current Executive Director is required to give 12 months' notice of termination, except that D W Muir is entitled to give ninety days' notice if he serves notice within ninety days of a change of control. The Remuneration Committee may set a notice period of between six months and 12 months for any future Executive Director.
Payment in lieu of notice	Base salary, pension contributions and benefits for the duration of the notice period. If D W Muir's employment is terminated with a payment in lieu of notice, that payment will also include any bonus accrued up to the date of termination.
Other incentives	The Remuneration Committee also has discretion to incorporate payments under the performance-linked elements of the package under 'good leaver' scenarios. • If the Executive Director leaves during the annual bonus performance year, a bonus payment may be made at the Remuneration Committee's discretion. Typically for 'good leavers', bonus amounts (as determined by the Remuneration Committee) will be pro-rated for time in service during the bonus year and will be, subject to performance, paid at the usual time, although the Remuneration Committee retains discretion not to apply time pro-rating and to accelerate the payment of bonuses in appropriate circumstances. Where bonus deferral would otherwise apply, the Remuneration Committee retains discretion to pay the whole of the bonus for the year of cessation in cash. • Under the Company's LTIP: – If a participant leaves as a 'good leaver' before an award has vested, that award will ordinarily continue until the original vesting date, when the extent of vesting will be determined by reference to the extent to which the performance conditions have been satisfied, although the Remuneration Committee retains discretion to vest the award sooner (and assess performance conditions accordingly). The extent to which the award vests will ordinarily be reduced to reflect the proportion of the performance period for which the Executive Director was employed, but the Remuneration Committee has discretion not to apply this proportionate reduction. The award will ordinarily be released to the participant at the end of the originally anticipated holding period, although the Remuneration Committee retains discretion to release the award sooner, but would do so only in exceptional circumstances (including cessation due to death or ill-health. – If a participant leaves for any reason (other than summary dismissal, in which case the award will lapse) after an award has vested but before it has been released (i.e. if the participant leaves during that holding period), the award will ordinarily be released to them on the original release date, although the Remuneration Committee retains discretion to release the award sooner. • Where a deferred bonus award is granted, if the participant leaves as a "good leaver" during the deferral period, the award will ordinarily continue and be released at the original release date, although the Remuneration Committee retains discretion to release the award at the date of cessation or to shorten the deferral period. • For the purposes of the LTIP and any deferred bonus award, 'good leaver' means cessation due to death, injury, ill-health, redundancy, or any other circumstance that the remuneration committee deems appropriate. • Were an award to be made in accordance with Listing Rule 9.4.2. then the leaver provisions would be determined at the time of the grant.
Other payments	In appropriate circumstances, other payments may be made in the event of a termination of an Executive Director's employment in respect of, for example, accrued holiday and legal and outplacement fees. SAYE options may be exercised on termination of employment to the extent permitted by the rules of the scheme, which do not provide discretion for the Remuneration Committee in respect of the treatment on termination. Awards under any other all employee share plan would be treated in accordance with the rules of that plan. If D W Muir gives notice of termination of his service agreement within 90 days of a change of control, he is entitled to a payment equal to 12 months' salary. If D W Muir's service agreement is terminated without notice following a change of control, he is entitled to a payment equal to 12 months' salary. If H K Nichols' service agreement is terminated within one year of a change of control, she shall be paid her salary and an amount equal to the value of her benefits for a 12 month period (less the period of any notice given).

Appointments for Non-executive Directors are governed by letters of engagement. Under the terms of their engagement, the notice period to be given by the Non-executive Directors to the Company is three months and the Company is obliged to give the same length of notice. Discretion is retained to terminate with or without due notice or paying any payment in lieu of notice dependent on what is considered to be in the best interests of the Company in the particular circumstances.

Where the Remuneration Committee retains discretion, as outlined above, it will be used to provide flexibility in certain situations, taking into account the particular circumstance of the Directors departure and recent performance of the company.

Statement of considerations elsewhere in the Company

When setting the policy for Directors' remuneration, the Remuneration Committee has regard to the pay and employment conditions elsewhere within the Group, although employees are not formally consulted on Directors' remuneration policy.

This includes consideration of:

- salary increases for the general employee population;
- overall spend on annual bonus;
- participation levels in the annual bonus, long term incentive and share option plans;
- Company-wide benefits (including pension) offerings; and
- any other relevant factors as determined by the Remuneration Committee.

The Remuneration Committee takes into account ad-hoc information as provided to it from time to time as required by the UK Corporate Governance Code.

Discretion and existing contractual arrangements
The Remuneration Committee reserves the right to make any remuneration payments and payments for loss of office (and to exercise any discretion in respect of any such payment) 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 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 were otherwise approved by shareholders; or

(ii) at a time when the relevant individual was not a Director of the Company (or other person to whom the policy set out above applies) and, in the opinion of the Remuneration Committee, the payment was not in consideration for the individual becoming a Director of the Company (or other such person).

For these purposes 'payments' includes the Remuneration Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are "agreed" at the time the award is granted.

Statement of consideration of shareholder views
The Company is committed to ongoing dialogue and seeks shareholder views ahead of making significant changes to its remuneration policies. The Remuneration Committee consulted with major shareholders in connection with the determination of this policy and took into account feedback received when finalising its approach.

Annette Kelleher
Chair, Remuneration Committee

4 March 2020