

## Remuneration Policy Report (Information not subject to audit)

The table below sets out the main components of the remuneration packages for the Executive Directors. This policy will take effect immediately following approval at the 2017 annual general meeting and will apply until a further policy is approved by an ordinary resolution of the shareholders.

The Committee has determined that to maintain top performance levels in the Company they should be targeting at least median level remuneration packages for Executive Directors and senior management. However, the Committee recognise that this will be achieved by adjusting remuneration packages over a number of years.

Under the Remuneration Policy, the Committee has discretion in a number of areas as set out in the relevant section of the policy. In addition, certain operational and administrative discretions may be exercised under relevant standalone deeds of grant or plan rules, including LTIP and EIP implemented for the IPO, the rules of which are on file at the SEC.

<b>EXECUTIVE DIRECTORS Fixed Remuneration</b>	
<b>Base salary</b>	<b>Purpose and Link to Strategy:</b> To attract, retain and incentivise high calibre individuals who can deliver the company's strategy and reward performance. To be competitive.
<b>Operation:</b> Reviewed annually and normally fixed for 12 months from 1 January in each year. Paid in 12 equal monthly instalments. Reviews take account of a variety of different factors including: <ul style="list-style-type: none"> <li>The rise in the cost of living, market rates, responsibility of the position, experience and contribution of the individual, the scale of the Group's operations, group performance and affordability, remuneration levels and increases in the rest of the Group;</li> <li>The Executive pay packages of comparable companies; Pay and practices in both the US and the UK.</li> </ul>	<b>Maximum Opportunity:</b> No prescribed maximum to avoid setting expectations.  The Committee retain discretion to re-adjust salaries as part of the overall package to, at or about median of the external comparator group deemed appropriate by them to maximise the Group's objective of top quartile performance. Where it is satisfied that salaries are at or about the median of the external comparator group, annual increases will normally be limited to the increases granted to the wider workforce, but may be higher in certain circumstances such as a change in the role or an increase in the responsibilities of the role where it will increase salaries in its discretion.
<b>Benefits in kind</b>	<b>Purpose and Link to Strategy:</b> To aid recruitment and retention of high calibre individuals and to remain competitive in the market.
<b>Operation:</b> Benefits received by directors will generally include car allowance, medical and dental insurance. Additional benefits may be provided where required by legislation or to align the remuneration package with market practice where these are not significant in value. The company may introduce new benefits that are or become prevalent in the jurisdiction in which it operates or in which the director is based. Where an individual director is relocated benefits such as relocation expenses, travel expenses, accommodation, tax equalisation; professional advice, and post-retirement medical expenses may be provided. Benefits are reviewed annually.	<b>Maximum Opportunity:</b> No maximum value is set but the Committee periodically monitors the overall cost of the benefits to ensure they are affordable, competitive and in line with market practice in the UK and the US.
<b>Performance Metric:</b> None	<b>Provisions for Recovery or Withholding of Payment:</b> None
<b>Pension</b>	<b>Purpose and Link to Strategy:</b> To provide funding for retirement and aid recruitment and retention of high calibre individuals.
<b>Operation:</b> Following the closure of the defined benefits scheme to future accrual in April 2016, all Directors will have benefits provided by the registered defined contribution scheme. For those directors whose pension planning is restricted by one or more tax allowance, an equivalent allocation or payment may be made to an unregistered alternative savings vehicle, or as a salary supplement in lieu of pension contributions. Arrangements are reviewed annually to ensure consistency with market practice and take account of the effect of regulatory change on an individual's benefits. For directors based in other jurisdictions they will be offered arrangements appropriate to that jurisdiction.	<b>Maximum Opportunity:</b> <i>Under the Defined contribution arrangements</i> the Company makes an annual contribution into a personal pension plan, or salary supplement in lieu of pension contributions up to a maximum of 25% of basic salary.
<b>Performance Metric:</b> None	<b>Provisions for Recovery or Withholding of Payment:</b> None

EXECUTIVE DIRECTORS Variable Remuneration		
<b>Annual bonus</b>	<b>Purpose and Link to Strategy:</b> To retain, motivate, incentivise high calibre individuals and promote the achievement of key financial and strategic goals and targets of the Company in the financial year to which it relates.	
<b>Operation:</b> Cash bonus for performance over the previous financial year. Targets are set at the beginning of the financial year and normally based on achievement of a mix of financial targets (typically profit before tax and net cash flow) measured against the approved annual budget for the bonus year and usually awarded for achieving on a sliding scale between Threshold, Target, and Stretch. The Committee has retained the flexibility to determine one or more elements may be earned for attaining target and stretch or a single target. The Remuneration Committee has flexibility to use non-financial and personal targets if deemed appropriate in addition to financial targets. In addition the Committee has reserved discretion to offer an Additional Percentage Bonus (APB) on achievement of specific additional targets set by them at their discretion aligned with the strategic goals of the Company for that year. The bonus for achieving threshold is at the discretion of the Committee but will normally be one quarter of the potential.	<b>Maximum Opportunity:</b> Maximum bonus is capped (excluding APB) at: <ul style="list-style-type: none"> <li>• 100% of salary for the Chief Executive;</li> <li>• 80% of salary for the Group Finance Director.</li> </ul> The APB discretionary award offered may be up to an additional 50% of salary for the CEO, 40% for the Group Finance Director.	
<b>Performance Metric:</b> Weighting of measures and between measures for achieving financial and non-financial targets are adjusted annually and are discretionary being driven by the Company's strategy, financial goals and requirement to maintain and improve operating efficiencies. The APB performance metric is discretionary based on the associated strategic objective for which the APB is offered.	<b>Provisions for Recovery or Withholding of Payment:</b> None. If the Director qualifies as a "good leaver" during the year to which the bonus relates, it is payable retrospectively pro-rata to the time in service during the calendar year.	
<b>Long-term incentive plan ('LTiP')</b>	<b>Purpose and Link to Strategy:</b> Attract and retain high quality senior employees in an environment where compensation levels are based on a global market. Align rewards for employees with returns to shareholders through personal financial investment. Reward achievement of business targets and key strategic objectives.	
<b>Operation:</b> The type and level of award made and the criteria for vesting are considered annually to ensure they continue to support shareholder alignment and group strategy. The LTiP provides the Remuneration Committee the discretion to grant time-based, market value or performance based awards in the form of Options, Stock Appreciation Rights (SAR's) Restricted Stock, Restricted Stock Units (RSU's) and Other stock based awards or a combination of such awards. The discretion over what type or combination of types of award to be made will be exercised by the Remuneration Committee based on what they consider to be the market norms in the UK and US and the particular circumstance in which the award is made. Awards are made over ADS and are satisfied through the use of existing treasury shares or through the issue of new shares. Participants are required to pay at a minimum the nominal cost of the ADS. The Committee has the discretion (which will be used as deemed appropriate to a good leaver in a particular circumstance, such as retirement of long serving employees or leaving due to sickness or disability) to: <ul style="list-style-type: none"> <li>• Accelerate vesting and exercise dates;</li> <li>• Waive conditions to vesting or exercise or transferability;</li> <li>• Extend exercise periods after termination of employment.</li> </ul> RSU's can be settled in cash or shares or a combination of both at the discretion of the Committee. This discretion will be exercised based on what is in the best interests of the Company. Awards may accrue dividends either under the rules of the Plan or at the discretion of the Committee, payable in cash or shares. Options and RSU's that vest accrue a dividend until vesting payable in cash or shares as determined at the discretion of the Committee.	<b>Maximum Opportunity:</b> The LTiP maximum awards in any calendar year may not exceed: <ul style="list-style-type: none"> <li>• Chief Executive 150% of base salary;</li> <li>• Group Finance Director 120% of base salary.</li> </ul> The maximum amount of dividend paid will be the dividends paid on the ADS over which the awards are granted between grant and vesting.	
<b>Performance Metric:</b> Under the LTiP the Committee has the discretion to use a range of performance targets. Performance targets for performance awards will be those deemed appropriate by the Committee to support the long term strategy of the group set at the time of grant and in the best interests of the Company. For recent performance awards the Committee has used profit, cash flow, EPS and TSR in various combinations of each.	<b>Provisions for Recovery or Withholding of Payment</b> If, during the preparation of the current year's accounts, a material misstatement of the previous year's accounts is discovered, a clawback of the awards granted in respect of the misstated element of the previous year's accounts shall apply. Leavers are treated as set out in the section of this report titled Policy on <i>Payment for Loss of Office</i> .	
<b>All employee share incentive plans</b>	<b>Purpose and Link to Strategy:</b> To encourage share ownership by all employees in the group and increase alignment with shareholders.	
<b>Operation:</b> The UK all employee share incentive plan is an HMRC approved plan, subject to prescribed limits, to provide all eligible employees (including executive directors) with a tax-efficient way of purchasing ADS out of monthly savings over a 6 monthly accumulation period. The Company currently provides 1 matching share free for every 2 share purchased. A tax-efficient share purchase program is offered to our US colleagues, and additional share incentive schemes may be offered where practical on a cost-efficient basis.	<b>Maximum Opportunity:</b> Participants in the UK plan, including the executive directors, can invest up to £150 per month (£1,800 p.a.) or 10% of salary, if lower, in any tax year to purchase ADS. ADS are purchased using the participants' contributions at the end of each accumulation period at the lower of the price at the start of the accumulation period and the price immediately before purchase. The maximum number of shares matched is 1:1, but the matching is currently 1:2. Dividends on both purchased shares and matching shares are used to purchase additional shares. The plan or plans implemented for other jurisdictions in which the Group operates may have maximum opportunity commensurate with the UK plan or their legislation if deemed appropriate by the Committee.	
<b>Performance Metric:</b> None	<b>Provisions for Recovery or Withholding of Payment:</b> Under the UK plan, matching shares are forfeited if not held for 3 years except if the participant leaves employment as a good leaver through redundancy, retirement, disability, or TUPE transfer.	

## Legacy Long-Term Incentives

The following section of the policy sets out details of the legacy share awards granted prior to the policy that will continue to vest and become exercisable pursuant to the plan rules or grant agreements under which they were granted.

<b>EXECUTIVE DIRECTORS Legacy Long-Term Incentives</b>	
<b>Standalone options grants made prior to the IPO (IPO options)</b>	<b>Purpose and Link to Strategy:</b> To retain key personnel after the IPO and align rewards for employees with returns to shareholders through personal financial investment.
<b>Operation:</b> Time-based market value options to purchase the Company's ADS at a price of \$10 each ADS. All options have fully vested and the exercise period is up to October 2019. Grants were made to the Executive and Non-Executive Directors.	<b>Maximum Opportunity:</b> The option awards granted to Brian Purves were valued at 120% of base salary on grant and those of Andrew Beaden and the Non-Executive Directors were valued at an average of 93% of base salary or annual fee on grant.
<b>Performance Metric:</b> None	<b>Provisions for Recovery or Withholding of Payment:</b> None

### Notes to the Policy Tables:

- Annual Bonus:** The targets selected and the weighting given to those targets are chosen annually and reflect the goals and priorities of the Group for the year in which they are earned. Discretion will be exercised in a manner that supports these goals and priorities and in the best interest of the Company. The financial targets are usually based on management trading profit and cash flow measured against the approved annual budget. These measures are also Group KPI's. Non-financial targets are based on group strategic goals.
- Long Term Incentive Plan:**
  - For the purpose of the maximum opportunity limits to determine the award size, awards are valued at the date of grant as follows: time based restricted stock and RSU's FMV (Fair Market Value); Options and SAR's 1/3 of FMV, performance restricted stock and performance RSU's 50% of FMV of the target awards; cash incentives the maximum value of cash; and other stock base awards such as the UK option granted to the executive directors, as determined in good faith by the Committee at the date of grant by reference to the FMV. FMV is defined as the closing price on the NYSE on the trading day before grant;
  - The LTIP performance measures are chosen to align the interests of directors with those of shareholders. The EPS performance criterion is selected by the Committee on the basis that it encourages a focus on and rewards delivery of earnings growth, which is the key driver of long-term returns to shareholders. The targets set are considered to be challenging, with the stretch target set such that only exceptional performance would be rewarded with the maximum pay out. Performance targets are generally set in the context of the strategic objectives of the Group and at such a level that they are challenging but achievable in the context of the economic environment in which they are set so as to incentivise the directors;
  - Time-based and time-based market value options were awarded for the IPO standalone grants and included in the first awards under the 2013 LTIP awards consistent with advice to the Committee on US practice.

## Non-Executive Directors

<b>Fees</b>	<b>Purpose and Link to Strategy:</b> Reflects the time commitment required for the role. To attract and retain executive directors with the skill set and experience required by the Company. To be in line with UK and US market practice.	
<b>Operation:</b> Fees may be paid in cash, shares or a combination of both cash and shares. Neither the Board Chairman nor the Non-Executive Directors are paid supplemental fees for any of their committee responsibilities, however, the discretion is reserved to do so if it is deemed appropriate and in line with market practice. The cash element of the fees is reviewed annually. Reviews take account of a variety of different factors including: <ul style="list-style-type: none"> <li>• Inflation, market rates, affordability, remuneration levels and increases in the rest of the Group;</li> <li>• Pay and practices in both the US and the UK.</li> </ul> Fees for the Non-Executive Directors and Chairman are denominated in USD. The share based element of the fees is a non-discretionary grant of share awards in the form of options, restricted stock or restricted stock units. Awards are made annually immediately after the Annual General Meeting (AGM) and vest the day before the following years AGM.	<b>Maximum Opportunity:</b> There is no prescribed maximum for the cash element for the fees to avoid setting expectations. Fees are and will be increased in line with the market.  Non-Executive Directors serving for at least six months from appointment receive share based fee awards valued at 50% of annual fees at date of award.	

## Differences between Policy for Directors and Employees

There are differences in the remuneration policy for executive directors who are both UK based and the approach to remuneration of other employees which reflect differing levels of responsibility and seniority within the organisation and market norms in the jurisdictions in which the employees are employed. The following are differences in the remuneration policy for executive directors and the approach to remuneration for other employees generally:

- The bonus arrangements for the executives, directors and senior, middle and lower management are structured broadly on the same basis to ensure commonality of objectives but at a lower percentage level depending on the seniority of the manager in the group. There is a greater emphasis on performance-related pay for management levels, and lower levels of bonus opportunity or no bonus opportunity may apply to other employees in the group, depending on local policies;
- Benefits are generally offered that meet market norms in the jurisdiction in which employees are employed and take into account the position in which they are employed;
- Pension arrangements are offered where it is the market norm to offer such arrangements in the jurisdiction in which the employee is employed. Where such arrangements are in place membership is encouraged. Where local regulation permits, higher contributions may be put in place for more senior management if that is the market norm. The main pension schemes that the group operates are described in Note 29 of the financial statements;
- Participation in the LTIP is limited to executive directors and a selected number of senior managers. Whilst the Committee may determine to grant only performance awards to the executive directors, senior managers may be granted market value awards or time based awards over ADS in recognition of outstanding performance or achievement and to encourage share ownership and retention. UK employees, if eligible, can participate in the UK SIP.

## Approach to Recruitment Remuneration

### Executive Directors

When setting a remuneration package for new Executive Directors, including internal promotions, the Committee will apply similar principles to those set out in the most recent approved remuneration policy for both short term and long term incentives depending on the experience of the new executive. The table below sets out the maximum variable pay opportunities.

**Maximum Variable Pay Opportunities**

<b>Element of Remuneration</b>	<b>Approach</b>	<b>Maximum Opportunity</b>
Base salary	Set in line with policy at a level appropriate to the role and experience of the new executive. This may include, if appropriate, an agreement to increase base salary over a defined period up to a pre-defined level on acquiring experience and having delivered satisfactory performance in the role, in which case the salary increases may exceed inflation or increases given to the general work force in the country in which the executive is based.	In line with existing policy.
Benefits	In line with existing policy.	In line with existing policy.
Pension	In line with existing policy.	In line with existing policy.
Annual Bonus	In line with existing policy. May be pro-rated to reflect the proportion of the year served.	Up to 100% of base salary depending on the seniority of the role (150% in exceptional circumstances under the APB).
Long-term Incentives	In line with existing policy.	Up to 150% of salary at date of grant depending on the seniority of the role.

*Upon Appointment*

In relation to external appointments, the Committee may consider compensating candidates in cash or shares for remuneration relinquished on leaving their former employment if they consider it to be in the best interests of the Company and the shareholders. In considering such payments, the Committee would take into consideration the amount of remuneration foregone, the nature, vesting dates and performance requirements attached to the remuneration foregone. If a new executive director (either an internal or external appointment) is required to relocate, relocation payments may be offered at the Committee's discretion if they consider it to be in the best interests of the Company and the shareholders.

In respect of internal promotions, any commitments made to the new executive before his/her promotion will continue to be honoured by the Committee even if not consistent with the approved policy outlined above in terms of short term and long term incentives awarded but yet to be earned.

New Executive Directors will be required to hold shares (ordinary shares or the equivalent in ADS) to the value of one hundred and fifty percent of their annual basic salary. The CEO will be allowed a period of three years from date of appointment to acquire this holding.

The Committee may award an incoming Executive Director up to one hundred percent of basic salary in time-based options outside of the terms of reference of the LTIP. These options would vest in three equal tranches over the three anniversaries of award.

The Committee may award an incoming Executive Director up to three hundred percent of basic salary in performance-based options outside of the terms of reference of the LTIP. These options may be made available in tranches with different performance targets and over a period of up to seven years to allow for the delivery of strategic objectives. Shares acquired under this element must be retained for a minimum of five years from date of appointment.

## **Non-Executive Directors**

New Non-Executive Directors will be paid fees on the same basis as the existing Non-Executive Directors. They will also participate in the Non-Executive Directors Incentive Plan under which the annual awards are non-discretionary. The form of the award can be in the form of Options, Restricted Stock, or Restricted Stock Units, given at the discretion of the Board and based on the value of each type of award and the number of shares left in the plan. The vesting period is in the discretion of what the relevant committee of the Board believes is in the best interests of the Company.

## **Service Contracts**

### *Executive Directors*

The Company has entered into service contracts with the Executive Directors that are not for a fixed term. The Executive Directors have service contracts that ordinarily are terminable by twelve months' notice by either the Company or the director, which notice can be given at any time. The Company may terminate an Executive Director's contract without notice on the occurrence of certain events identified in their contract which would normally consist of conduct justifying summary dismissal, including gross misconduct.

### **Executive Directors' Service Contracts**

<b>Director</b>	<b>Date of Current Contract</b>	<b>Notice Period</b>	<b>Remuneration Entitlement</b>
<b>Brian Purves</b>	9 April 1999 continuity of service from 1996	12 months	Payment in lieu of notice in the event of early termination. This may include base salary benefits and pension payable for the notice period. A bonus may be paid if the period for which pay in lieu of notice is made extends past the year end subject to targets being met.
<b>Andrew Beaden</b>	5 August 2011 continuity of service from 1997	12 months	Payment in lieu of notice in the event of early termination. This may include base salary benefits and pension payable for the notice period. A bonus may be paid the period for which pay in lieu of notice is made extends past the year end subject to targets being met.

The Executive Directors have the same employment rights as any other employee in the case of redundancy or if the termination of their employment was determined by a relevant tribunal to be unfair under English law.

On the IPO at the end of 2012, the contracts of both Brian Purves and Andrew Beaden were amended to provide enhanced payments in the event of a change of control as agreed with each of them at the start of the IPO process in 2011. If their contract is not assumed by the acquiring entity or a materially different position is offered to either of them, on termination of their contract a severance payment based on the group standard severance policy is payable, but calculated using two times highest annual base salary prior to the change of control instead of twelve months' salary under their normal notice provisions.

The relevant rules for both the IPO standalone options and the LTIP provide that upon a change in control, all unvested time-based awards will fully vest and become exercisable as applicable and unless determined by the Committee, shall lapse on the first anniversary of the change of control if not exercised as applicable. Under the rules of the LTIP all performance-based awards will vest pro-rata based on the performance results to the date of change and the elapsed portion of the performance period.

Service agreements for new recruits to the board and internal promotions will be on the same basis as the current Executive Directors with no fixed term and will be terminable by either party on twelve months' notice. They may make provision, at the discretion of the Company for pay in lieu of notice for early termination which will include base salary, benefit and pension contributions and may include payment of the annual bonus. They may also make provision for similar change of control provisions as offered to the current Executive Directors if the Committee consider it is market practice or in the best interests of the Company.

### Non-Executive Directors

The Company has entered into letters of appointment with the Non-Executive Directors and the Chairman that are not for a fixed term.

### Non-Executive Directors' Letters of Appointment

	<b>Date of Current Letter of Appointment</b>	<b>Notice Period and Entitlement to Fees</b>
<b>Joseph Bonn</b>	28 February, 2007	3 months, except if the director fails to be re-elected at an AGM when the contract terminates immediately without notice or compensation.
<b>Kevin Flannery</b>	11 May, 2007	3 months, except if the director fails to be re-elected at an AGM when the contract terminates immediately without notice or compensation.
<b>David Landless</b>	20 February, 2013	3 months, except if the director fails to be re-elected at an AGM when the contract terminates immediately without notice or compensation.
<b>Brian Kushner</b>	24 May, 2016	3 months, except if the director fails to be re-elected at an AGM when the contract terminates immediately without notice or compensation.
<b>Adam Cohn</b>	18 July, 2016	3 months, except if the director fails to be re-elected at an AGM when the contract terminates immediately without notice or compensation.
<b>Clive Snowdon</b>	29 July, 2016	3 months, except if the director fails to be re-elected at an AGM when the contract terminates immediately without notice or compensation.

The Chairman and the Non-Executive Directors do not have any employment rights. New appointees to the Board will generally be appointed on the same basis as the current non-executive directors.

Directors' service agreements and letters of appointment are available for inspection at the registered office of the Company.

### Policy on Payment for Loss of Office

Contractual entitlements to the date of termination will be honoured and the Company will pay any amounts it is required to pay in accordance with the directors statutory employment or contractual rights and to settle those rights. The Company will seek to apply the principles of mitigation to ensure it is not paying more than is required. In the event of a compromise or severance agreement, the Committee may make payments it considers reasonable in settlement of potential legal claims. It may include in such payments reasonable incidental and professional fees paid by a director.

There is generally no entitlement to annual bonus on cessation of employment for leavers in the first half of the calendar year. Good leavers in the second half of the calendar year may, at Committee discretion, be retrospectively paid a time pro-rated bonus. Leavers departing after the year-end, but before completion of the audit, will be paid the actual bonus earned on the normal bonus payment date. Leavers are not eligible for bonus payments if they are in breach of any obligations of their contract of employment, including the period of notice

On termination of employment, outstanding share awards will be treated in accordance with the relevant plan rules:

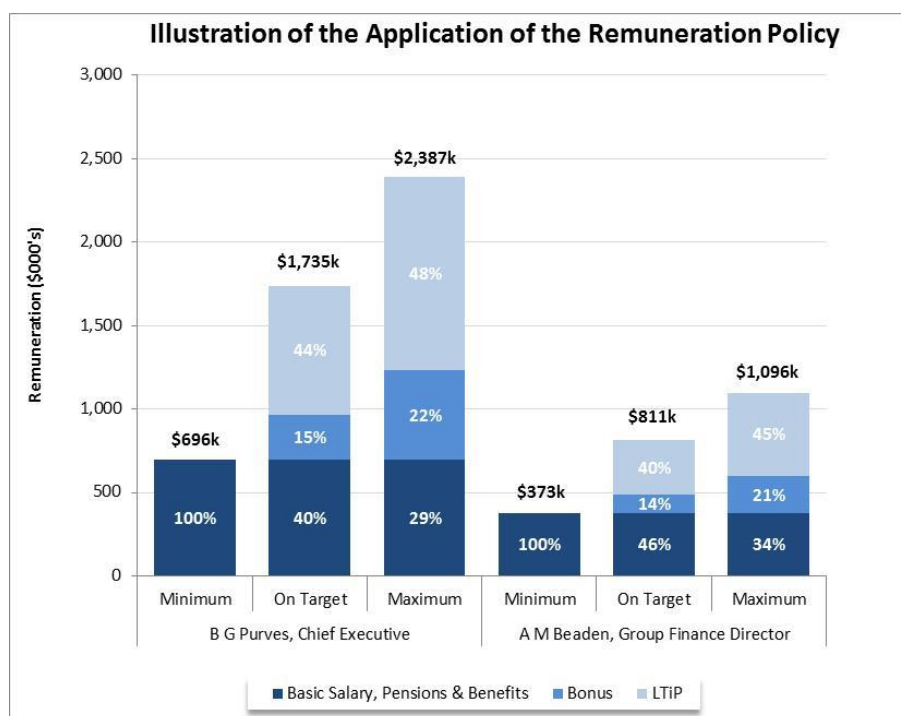


**LTiP:** The default treatment under the LTiP is that subject to the Committee’s discretion, after a participant ceases to be employed by the Company, for any reason other than termination for Cause, all unvested time-based awards will immediately lapse or be forfeited and all vested unexercised options and stock appreciation rights (SARs) will lapse on the first anniversary of the date of leaving. In the case of termination of the participant’s employment for Cause, all time based awards will immediately lapse or be forfeited as at the date of termination and all unexercised options will immediately lapse or be forfeited as at the date of termination. If employment of a participant is terminated for any reason, other than for Cause, performance-based awards will vest pro-rata based on the performance results to the date of termination. In case of termination of employment for Cause, all unvested performance-based awards will lapse as of the date of termination.

**IPO Options:** The default treatment under the IPO standalone option grants for both Executive and Non-Executive Directors is that subject to the relevant Committees’ discretion, after a participants termination of employment for any reason other than for Cause, the vested unexercised portion of the options will lapse on the first anniversary of the date of termination unless exercised beforehand. If a participant’s employment is terminated for Cause, all unexercised options will immediately lapse.

The definition of Cause for both the LTiP and the IPO options is as defined in the participants’ service contract or, if not so defined, would be conduct that would constitute grounds for summary dismissal.

The Committee has the discretion to accelerate vesting and exercise dates, waive conditions to vesting or exercise or extend exercise periods after termination of employment. The Committee may exercise their discretion to allow accelerated vesting or extended exercise periods, which discretion it will normally exercise in such circumstances as long serving directors retiring before the last vesting date or leaving employment through ill health or redundancy.



**Notes:**

1. The base salary of the Executive Directors used is the 2017 confirmed salary which has been converted at the average USD rate for the year ended 31 December, 2016 of \$1.3444:£.
2. The value of the benefits for 2017 is the same value as used for the benefits in the 2016 single figure table. Pension is calculated at 25% of base salary.
3. The Remuneration Committee set bonus targets early in 2017. Annual cash bonus is earned only when company performance exceeds a threshold level. 'On plan' bonus is generally set to be half the potential and is paid for achievement of the annual budget. Maximum bonus is earned for hitting a stretch target considerably above the



board-approved budget, and represents exceptional performance. The illustration of maximum bonus does not include the APB as it is only exceptionally made available.

4. The LTIP is entirely performance-based, with targets being set by the Committee. Within each year, there is a threshold level, an 'on plan' level, and a stretch level. Performance below the threshold would mean no LTIP award would vest. Hitting the plan targets would result in vesting awards at 100% of the value of that year. Each subsequent year's target represents a material improvement on the prior-year target. Reaching stretch targets
5. would mean that the Company had considerably out-performed the board's expectations, would result in a maximum vesting, at 150% of the value anticipated when awarded. If any target is missed, the associated award lapses.

### **Consideration of Conditions Elsewhere in the Group**

While the major influence in setting the executive directors' pay and benefits is benchmarking of comparable companies, consideration is given to pay and benefits throughout the Group, so that there is a clear structure of pay and benefits layer by layer. Benchmarking studies commissioned by the Committee normally include other senior executive positions. When undertaking annual reviews of basic salary, the general level of cost-of-living increases throughout the Group is taken into account.

The Committee has commissioned two external benchmarking reports within the last twelve months, one using a database of UK-based comparable companies, and one using a database of US-based comparable companies.

The Committee does not consult with employees when drawing up the Directors' Remuneration Policy. No internal comparison metrics were used, but the Committee is aware of average pay and benefits packages within the Group.

### **Shareholders' Views**

The Committee take into consideration the views expressed by institutional shareholder bodies when formulating the terms of the awards to Executive Directors.