

This part of the Directors' Remuneration Report sets out the Remuneration Policy for the Company and has been prepared in accordance with Schedule 8 to the UK Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), the Companies (Miscellaneous Reporting) Regulations 2018 (the 2018 regulations), the Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 (the 2019 regulations) and the disclosure requirements set out in the Listing Rules of the UK Financial Conduct Authority. This report also complies with the European Union (Shareholders' Rights) Regulations 2020 introduced in Ireland in March 2020. The policy has been developed taking into account the principles of the 2018 UK Corporate Governance Code.

This policy will take effect from the 2023 AGM and is intended to apply until the 2026 AGM and cover the financial years 2023, 2024 and 2025.

Policy overview

The objective of the Remuneration Policy is to provide remuneration packages for each Executive Director that will:

- Attract, retain and motivate executives of high calibre;
- Ensure that executive management is provided with appropriate incentives to support the delivery of the strategy and encourage enhanced sustainable long term performance;
- Ensure that the overall package for each director is linked to the short and longer term strategic objectives of the Group as well as being aligned with the Company purpose and values; and
- Have a significant proportion of the potential remuneration package paid in equity, which is designed to ensure that executives have a strong alignment with shareholders through high levels of executive share ownership both during and post employment.

When setting the levels of short term and long term variable remuneration and the balance of equity and cash within the package, consideration is given to discouraging unnecessary risk-taking whilst ensuring that performance hurdles are suitably challenging.

In determining the policy, the Remuneration Committee took into account all factors which it considered necessary, including market practice, the changing nature of the business and markets in which it operates, the performance of the Group, the experience, responsibility and track record of the individuals concerned and remuneration practices elsewhere in the Group.

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. However, the Policy has been updated to reflect recent developments in best practice. 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 and liaising as necessary with other board committees. The Committee considered the input from management and its independent advisers, as well as considering best practice, shareholder guidance from major shareholders and any potential conflict of interest issues. The main change from the previous policy was on bonus deferral as set out below and on the following pages.

- At present, executive directors are required to apply 30 per cent of any annual bonus earned to purchase shares in Grafton until the minimum shareholding guideline of 200 per cent of base salary is met. In addition, should the bonus earned in any year exceed 120 per cent of base salary for the CEO or 100 per cent for the CFO, then any amount earned above these levels was required to be deferred into shares for three years. Under the new Policy we have simplified and strengthened the current approach by requiring an executive director to apply 30 per cent of any annual bonus earned after statutory deductions for the purchase of shares in the Group. These shares would be required to be held for two years.
- Other relatively minor changes have been made to the wording of the Policy to support its operation and to increase clarity.

How the views of shareholders are taken into account

The Remuneration Committee considered the guidelines issued by bodies representing institutional shareholders and feedback from shareholders on the Group's remuneration policies and practices. We also consulted with our largest shareholders and a number of the shareholder advisor bodies prior to finalising proposed changes to the current Remuneration Policy. Feedback received during meetings with major shareholders was also considered as part of the review. Given the limited changes being put forward and the strengthening of existing remuneration elements, shareholders who responded were supportive of the changes.

When any significant changes are proposed to the Remuneration Policy in the future, the Remuneration Committee Chair will look to consult with major shareholders in advance and aim to offer a meeting to discuss proposed changes. The Remuneration Committee will actively engage with shareholders and give serious consideration to their views including any feedback received prior to and during the Annual General Meeting.

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 and in the Chair's Annual Statement.

How the views of employees are taken into account

The Remuneration Committee is provided with an overview of workforce remuneration each year and this was taken into consideration in deciding the pay of Executive Directors and Senior Management.

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Although the Committee does not directly consult with employees on Directors' remuneration, the Committee does take into consideration the pay and employment conditions of all employees when setting the policy for Directors' remuneration. Salary increases are normally in-line with the general increase for the broader employee population and from the end of 2022, pension contributions for Executive Directors were aligned to the level available for the majority of the workforce. 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.

Finally, members of the Committee attended Colleague Forums during the year in the UK, Ireland and the Netherlands. Colleague Forums, made up of colleagues from each of our businesses, provide an opportunity for our people to engage with Non-Executive Directors and for their views, including any on remuneration, to be heard at management and Board level.

Determining the Remuneration Policy for Executive Directors

The Remuneration Committee addressed the following factors when determining the Remuneration Policy for Executive Directors:

Clarity

Remuneration arrangements are transparent and clearly set out the terms under which they can be operated including appropriate limits in terms of quantum, measures used and discretions which could be applied if appropriate. The outcomes of variable elements are dependent on the achievement of performance measures that are disclosed each year in the Remuneration Report.

The Policy updates the previous Policy with minimal structural changes and is therefore already embedded into the business and well understood by participants and shareholders alike.

Additionally, when consulting with major shareholders on executive remuneration, the Committee aims for full transparency surrounding its proposals and the rationale for making any changes.

Simplicity

The Group follows a UK/Ireland market standard approach to remuneration which is familiar to all stakeholders. Variable schemes are operated on a clear and consistent basis and are assessed by measuring the performance of the Group. Where changes have been made, this aims to bring simplification to the current arrangements and make the overall approach as clear as possible. For example, we are simplifying our approach to deferral in the annual bonus scheme. We also explain our approach to pay clearly and simply within the Annual Report each year.

Risk

The Remuneration Policy includes the following features:

- Setting defined limits on the maximum awards which can be earned;
- Aligning the performance conditions with the strategy of the Company;
- Ensuring a focus on long term sustainable performance through the LTIP and its holding period, deferral under the annual bonus and in and post-employment shareholding guidelines;
- Ensuring there is sufficient flexibility to adjust bonus payments and LTIP awards through malus and clawback provisions; and
- Providing the Committee with discretion to override formulaic outcomes that may not accurately reflect the underlying performance of the Group or the shareholder experience.

Predictability

Shareholders are given full information on the potential values which could be earned under the bonus and LTIP plans through Annual Reports on Directors Remuneration and by immediately publishing details of new LTIP awards on the RNS. The graphical illustrations provided in the Policy shows performance and pay outcomes for a number of remuneration scenarios for 2023. Performance is also reviewed during the year by the Committee to ensure that it has an understanding of the possible outcomes based on current information.

Proportionality

The performance metrics for the Annual Bonus and the LTIP are clearly aligned to strategy and are designed to reward the successful execution of strategy over the medium to long term. Outcomes are tested based on a regular assessment of the performance of the overall Group, its principal businesses and developing businesses to which the Group is allocating capital. Bonus payouts and the vesting of long-term incentive awards depend on challenging targets being met and the Committee also has discretion to override formulaic outcomes that may not accurately reflect the underlying performance of the Group or the shareholder experience.

Alignment to culture

The Group's culture encourages high performance and sustainable growth while recognising that Grafton operates in sectors that are cyclical and the committee regularly reviews bonus and incentive schemes to ensure consistency with the Group's purpose, values and strategy.

Long-term sustainable success is important to the Board and the strengthening of deferral arrangements, the long-term nature to our plans and shareholding requirements ensure remuneration arrangements are tied to this aim. Similarly, implementing our ESG strategy is a priority and its inclusion within reward structures will further support implementation.

The Committee believes that the Remuneration Policy drives the right behaviour, reflects the Group's values and supports its purpose and culture.

The Remuneration Policy for Directors

The table below summarises the key aspects of the Group's remuneration policy for Executive Directors.

Element, Purpose and Link to Strategy	Operation	Maximum Opportunity/Limit	Performance targets/comments
Base salary			
To recruit, retain and reward executives of a suitable calibre for the roles and duties required	<p>Salaries of Executive Directors are normally reviewed annually in January and any changes are normally made effective from 1 January (but may in exceptional circumstances be reviewed and increased at other times).</p> <p>When conducting this review and the level of increase, the Committee considers a range of factors including:</p> <ul style="list-style-type: none"> • The performance of the Group and the individual; • Market conditions; • The prevailing market rates for similar positions in UK and Irish companies of broadly comparable size and a number of industry specific peers; • The responsibilities and experience of each Executive Director; and • The level of salary increases implemented across the Group. 	<p>There is no set maximum, however any increases are normally in-line with the general increase for the broader employee population.</p> <p>Individual adjustments in excess of this may be made at the discretion of the Committee for example:</p> <ul style="list-style-type: none"> • To recognise an increase in the scale, scope or responsibility of a role; • A significant change in the size and/or scope of the business; • Development of an individual within the role; and • Where there has been a significant change in market practice. 	Not applicable
Benefits			
Provide market competitive benefits	<p>Benefits may include company car, mobile telephone, life assurance, private medical cover and permanent health insurance.</p> <p>The Committee may introduce other benefits if it is considered appropriate to do so. These would normally be on broadly similar terms to those introduced for the wider workforce.</p> <p>Any reasonable business-related expenses may be reimbursed, including tax thereon.</p> <p>Where an Executive Director is required to relocate to perform their role, appropriate one-off or ongoing expatriate benefits may be provided (e.g. housing, schooling etc).</p>	The value of other benefits is based on the cost to the company and is not pre-determined.	Not applicable
Pension			
Provide market competitive benefits	A company contribution to a money purchase pension scheme or provision of a cash allowance in lieu of pension or a combination of both.	Pension contributions for Executive Directors will be aligned to the level available for the majority of the wider workforce (which is currently 9.0 per cent of base salary).	Not applicable

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Element, purpose and link to strategy	Operation	Maximum opportunity/limit	Performance targets/comments
Annual bonus			
To encourage and reward delivery of the Group's annual financial and strategic objectives	<p>Bonus payments are determined by the Committee based on performance against the targets.</p> <p>Performance measures and targets are reviewed annually. The bonus is payable in cash.</p> <p>An Executive Director is required to apply 30 per cent of their annual bonus earned after statutory deductions for the purchase of shares in the Group which normally must be held for a two year period.</p> <p>Clawback applies as set out in the notes to the policy table below.</p>	<p>The maximum award under the annual bonus plan is 150 per cent of basic salary with the maximum award typically at this level for the CEO and at 125 per cent of salary for the CFO.</p> <p>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 it considers relevant.</p>	<p>The majority of the bonus will be based on the achievement of appropriate financial measures but may also include an element for non-financial measures including personal performance, ESG and strategic measures.</p> <p>The metrics chosen and their weightings will be set out in the Annual Report on Remuneration.</p> <p>For financial measures, a sliding scale is set by the Committee. No bonus is payable if performance is below a minimum threshold, up to 20 per cent is payable for achieving threshold and the bonus payable increases on a straight line or similar basis thereafter with full bonus payable for achieving the upper point on the scale.</p>
Long Term Incentives ('LTIP')			
To encourage and reward delivery of the Group's strategic objectives; to provide alignment with shareholders through the use of shares and to assist with retention	<p>An Executive Director nominated to participate in the plan is granted an award over "free shares" which vest subject to the achievement of performance conditions measured normally over three financial years and the Executive Director remaining employed in the Group.</p> <p>There is normally a holding period of two years on shares received by Executive Directors from LTIP awards that vest after taking into account any shares sold to pay tax and other statutory obligations.</p> <p>Malus and clawback applies as set out in the notes to the table.</p>	<p>The maximum value of awards which may be granted in respect of any financial year is 200 per cent of salary.</p> <p>Awards for the CEO are normally at this level and at 175 per cent of salary for the CFO.</p> <p>The Committee may, in its discretion, adjust the LTIP vesting outcome, 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.</p>	<p>LTIP awards vest subject to the achievement of challenging performance targets normally measured over a three-year performance period.</p> <p>The vesting of LTIP awards made to Executive Directors is currently subject to EPS (earnings per share) and TSR (total shareholder return) performance conditions.</p> <p>The Remuneration Committee has the authority to set different financial and non-financial metrics (not limited to EPS and TSR) for each award taking account of the medium to long term strategic objectives of the Group.</p> <p>Normally, 25 per cent of a metric will vest if the lower target in the range is achieved. Where the outcome is between the lower and higher targets in the range, then between 25 per cent and 100 per cent of this part of the award will normally vest on a straight line basis.</p> <p>The vesting of shares is also subject to the Committee being satisfied that the overall financial results have been satisfactory in the circumstances over the performance period.</p>
All-employee share plans			
To encourage share ownership and align the interests of employees with shareholders	<p>Executive Directors are entitled to participate in employee share schemes in operation during the period of the policy on the same basis as other colleagues.</p> <p>The Group currently operates the 2021 Approved SAYE Plan for UK colleagues.</p>	<p>The limits are in line with the limits for other employees which are set by the UK tax authorities. Currently this limit is £500 per month for the SAYE scheme.</p>	Not applicable

Element, purpose and link to strategy	Operation	Maximum opportunity/limit	Performance targets/comments
Share ownership guidelines			
To increase the alignment of interests between Executive Directors and shareholders	<p>Executive Directors are expected to build and maintain a holding of Company shares equal to at least 200 per cent of base salary. Executive Directors are expected to retain half of any shares that vest under the LTIP after taking into account any shares sold to pay tax and other statutory obligations, until a shareholding of at least 200 per cent of base salary is reached.</p> <p>LTIP awards made that are subject to the two year holding period will be deemed to be part of an executive directors' shareholding.</p> <p>The two-year holding period will continue to apply after a Director has stepped down from the Board.</p> <p>Executive Directors will normally be expected to maintain a minimum shareholding of 200 per cent of salary (or actual shareholding if lower) for the two-years after stepping down from the Board. The Committee retains discretion to waive this guideline in exceptional circumstances if it is not considered to be appropriate.</p>	Not applicable	Not applicable
Chair and Non-Executive Director fees			
To attract and retain a high-calibre Chair and Non-Executive Directors by offering a market competitive fee level	<p>The Chair's fee is set based on a recommendation from the Remuneration Committee. The Chair is currently paid a single inclusive fee for the role.</p> <p>The Board (but excluding the Non-Executive Directors) sets the level of remuneration of all Non-Executive Directors within an aggregate limit approved from time to time by shareholders.</p> <p>The policy is to pay Non-Executive Directors a basic fee for membership of the Board and additional fees for serving as Chair of Audit & Risk and Remuneration Committees to recognise the additional responsibilities and time commitment of these roles.</p> <p>Additional fees may be paid to reflect additional Board or Committee responsibilities or time commitments as appropriate.</p> <p>The level of fees paid to the Chair of the Board and all Non-Executive Directors recognises the time commitment and responsibilities of the role.</p> <p>The Chair and Non-Executive Directors may be reimbursed for travel and accommodation expenses (and any personal tax that may be due on those expenses).</p> <p>Fees are reviewed from time to time to ensure that they remain in line with market practice.</p> <p>The Chair and Non-Executive Directors do not participate in any pension or incentive plans.</p> <p>Additional benefits may be introduced if considered appropriate.</p>	Details of the outcome of the most recent fee review are provided in the Annual Report on Remuneration.	Not applicable

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Clawback and malus

Annual bonus

The Bonus scheme is subject to clawback for six years from the date of payment if:

- The Remuneration Committee forms the view that the Company materially misstated its financial results for whatever reason and that such misstatement resulted either directly or indirectly in a bonus award vesting to a greater degree than would have been the case had that misstatement not been made;
- The Remuneration Committee forms the view that in assessing the extent to which any performance condition and or any other condition imposed on any bonus award was based on an error, or on inaccurate or misleading information or assumptions and that such error, information or assumptions resulted either directly or indirectly in a bonus being made to a greater degree than would have been the case had that error not been made;
- The Group or any part of the Group in the reasonable opinion of the Remuneration Committee, following consultation with the Audit & Risk Committee, suffered a material failure of risk management and where the Remuneration Committee forms the view that the conduct of a director contributed to the circumstances leading to such failure;
- A director is found guilty or pleads guilty to a crime that is related to or damages the business or reputation of any member of the Group;
- There is reasonable evidence of fraud or material dishonesty by a director that is related to or damages the business or reputation of any member of the Group; or
- A director is in breach of any applicable restrictions on competition, solicitation or the use of confidential information.

Long term incentives

The Remuneration Committee has the discretion, in circumstances in which the Remuneration Committee considers such action is appropriate, to decide at any time prior to the vesting of an award that the director to whom the award was issued shall be subject to forfeiture or reduction (including by way of imposition of additional conditions) of all or part of an award before it has vested.

The Remuneration Committee also has the discretion to require the repayment of vested awards (within six years of the date of award vesting) in specified circumstances, including:

- where there is a material misstatement in the Company's financial results and that such misstatement resulted either directly or indirectly in an award vesting to a greater degree than would have been the case had that misstatement not been made;
- where in calculating the number of shares to which an award relates or in determining the performance conditions and/or any other condition imposed on the award or in assessing the extent to which any performance condition and/or any other condition imposed on the award was satisfied such calculation, determination or assessment was based on an error, or on inaccurate or misleading information or assumptions and that such error, information or assumptions resulted either directly or indirectly in that award vesting over a greater number of shares or to a greater degree than would have been the case had that error not been made;
- where it is determined that there has been a material failure of risk management;
- where the conduct of the relevant participant contributed to circumstances leading to an insolvency or corporate failure resulting in the value of the Company's shares being materially reduced;
- where the relevant participant is found guilty of or pleads guilty to a crime that is related to or damages the business or reputation of any member of the Company's group;
- there is reasonable evidence of fraud or material dishonesty by the relevant participant that is related to or damages the business or reputation; and
- breach of any applicable restrictions on competition, solicitation or the use of confidential information.

The LTIP is subject to malus provisions including but not limited to the material misstatement of financial results, a material failure of risk management, serious reputational damage or where a participant contributed to circumstances leading to the Group receiving a notification that it may become subject to any regulatory sanctions.

Annual bonus and LTIP discretions

The Committee will operate the annual bonus and LTIP according to their respective rules and in accordance with the Listing Rules and applicable tax rules. The Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of these plans. These include (but are not limited to) the following (albeit within the level of award restricted as set out in the policy table above):

- Who participates in the plan;
- The timing of grant of awards;
- The size of awards;
- The choice of performance measures and performance target conditions in respect of each annual award (including the setting of EPS targets and the selection of a TSR comparator group);
- The determination of vesting, including discretion to override formulaic outcomes;
- Whether malus and/or clawback shall be applied to any award and, if so, to the extent to which they shall apply;
- Discretion relating to the measurement of performance in the event of a change of control or reconstruction;
- Determination of a good leaver status (in addition to other specified categories) for incentive plan purposes based on the rules of the plan;
- Adjustments required in certain circumstances (e.g., in the event of a de-merger, special dividend or an alteration to the capital structure of the Company including a capitalisation of reserves or rights issue); and
- The ability to adjust existing performance conditions for exceptional events so that they can still fulfil their original purpose.

Legacy arrangements

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 the shareholder-approved Directors' Remuneration Policy in force at the time they were agreed; 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. For these purposes, "payments" include 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 at the time the award is granted.

Differences in remuneration policy for executive directors compared to other employees

The Committee is made aware of pay structures across the wider Group when setting the Remuneration Policy for Executive Directors. The Committee considers the general basic salary increase for the broader employee population when determining the annual salary review for the Executive Directors and the pension is aligned with that offered to the majority of the wider workforce.

Overall, the Remuneration Policy for the Executive Directors is more heavily weighted towards variable pay than for other employees. 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.

Approach to recruitment and promotions

The Committee will as a general principle seek to offer a remuneration package to a new executive Director which can secure the best individual for the role while seeking to pay no more than it believes is necessary to make the appointment.

The remuneration package for a new Director will normally be set in accordance with and subject to the limits set out in the Group's approved policy as set out earlier in this report, subject to such modifications as are set out below.

Salary levels for Executive Directors will be set in accordance with the Group's Remuneration Policy, taking into account the experience and calibre of the individual and his/her existing remuneration package.

Where it is appropriate to offer a lower salary initially, a series of increases to the desired salary positioning may be made over subsequent years subject to individual performance and development in the role. Benefits will generally be provided in line with the approved policy. Where necessary the Committee may approve the provision of one-off or ongoing expatriate benefits (e.g. housing, schooling etc.) to facilitate recruitment and ensure that flexibility is retained for the Company to pay for legal fees and other costs incurred by the individual in relation to their appointment. The rate of pension contribution will be aligned to the level available for the majority of the wider workforce at the date of appointment.

The structure of the variable pay element will normally be in accordance with and subject to the limits set out in the Group's approved policy detailed above. Different performance measures may be set initially for the annual bonus in the year an Executive Director joins the Group taking into account the responsibilities of the individual and the point in the financial year that he or she joins the Board. Subject to the rules of the scheme, an LTIP award may be awarded after joining the Group.

If it is necessary to buy-out incentive pay or benefit arrangements or other contractual terms (which would be forfeited on leaving the previous employer) in the case of an external appointment, this would be provided for taking into account the form (cash or shares), timing and expected value (i.e., likelihood of meeting any existing performance conditions) of the remuneration being forfeited. The general policy is that payment would generally be on a "like-for-like" basis unless this is considered by the Committee not to be practical or appropriate.

Share awards may be used to the extent permitted under the Group's existing share plans and the Listing Rules where necessary.

In the case of an internal hire, any outstanding variable pay awarded in relation to the previous role will be allowed to pay out according to its terms of grant or adjusted as considered desirable to reflect the new role.

Fees for a new Chair or Non-Executive Director will be set in line with the approved policy.

Service contracts & payments for loss of office

The Remuneration Committee determines the contractual terms for new Executive Directors, subject to appropriate professional advice to ensure that these reflect best practice.

The Group's policy is that the period of notice for Executive Directors will not exceed 12 months. The employment contracts of the current CEO and the CFO may be terminated on six months' notice by either side. In the event of a director's departure, the Group's policy on termination is as follows:

- The Group will pay any amounts it is required to make in accordance with or in settlement of a director's statutory employment rights;
- The Group will seek to ensure that no more is paid than is warranted in each individual case;
- There is no entitlement to bonus paid following notice of termination unless expressly provided for in an Executive Director's employment contract, but the Group reserves the right to pay a bonus for service to the date of cessation of employment. Such bonus would normally be subject to the same performance conditions as the normal bonus and payable at the normal time;

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- The Committee also retains the discretion to meet any reasonable legal fees or outplacement costs or cost of a similar nature if deemed necessary; and
- Following service of notice to terminate employment, the Company may place the executive on garden leave. During this time, the executive will continue to receive salary and benefits (or a sum equivalent to) until the termination of employment.

A Director's service contract may be terminated without notice and without any further payment or compensation, except for sums accrued up to the date of termination, on the occurrence of certain events such as gross misconduct.

If the Group terminates employment in lieu of notice in other circumstances, compensation payable is as provided for in employment contracts which is as follows:

- Eric Born – basic salary together with pension and benefits due for any unexpired period.
- David Arnold – basic salary together with benefits and bonus which would have been payable during the notice period or any unexpired balance thereof. Any bonus payable is subject to performance conditions. Payments may be made in monthly instalments.

The Group may pay salary, benefits and pension in lieu of notice for a new director.

The treatment of unvested awards previously granted under the LTIP upon termination will be determined in accordance with the plan rules.

As a general rule, an LTIP award will lapse upon a participant giving or receiving notice of his/her cessation of employment. However, for certain good leaver reasons including death, ill health, injury, disability, redundancy, agreed retirement, their employing company or business being sold out of the Group, or any other reason at the Committee's discretion after taking into account the circumstances prevailing at the time, awards will normally vest on the normal vesting date subject to the satisfaction of performance conditions and, unless the Committee determines, otherwise pro-rating the award to reflect the reduced period of time between the commencement of the performance period and the Executive Director's cessation of employment as a proportion of the total performance period. Alternatively, the Committee can decide that the award will vest on the date of cessation, subject to the extent to which the performance conditions have been satisfied at the date of cessation and, unless the Committee determines otherwise, pro-rated to the date of cessation of employment.

Non-Executive Directors

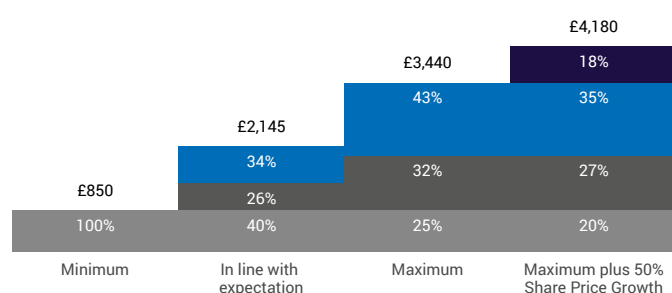
All Non-Executive Directors have letters of appointment with the Company for an initial period of three years, unless otherwise terminated earlier by and at the discretion of either party upon one month's written notice or otherwise in accordance with the Group's Articles of Association and subject to annual re-appointment at the AGM.

The appointment letters for Non-Executive Directors provide that no compensation is payable on termination other than accrued fees and expenses.

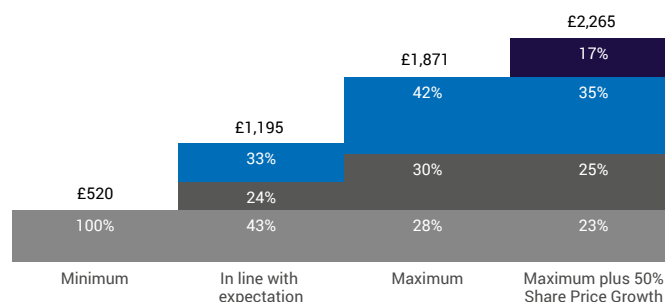
Remuneration scenarios for Executive Directors

The Group's normal policy results in a significant portion of remuneration received by Executive Directors being dependent on performance. The chart below shows how the total pay opportunities for 2023 for Executive Directors vary under four performance scenarios – Minimum, In line with Expectation, Maximum and Maximum plus 50 per cent share price growth.

Chief Executive Officer (£'000)



Chief Financial Officer (£'000)



■ Fixed ■ Annual Bonus ■ Long Term Share Awards ■ Share Price Growth

Chart labels show proportion of the total package comprised of each element.

Assumptions

Minimum = fixed pay only (2023 salary, benefits and pension).

In line with expectation (which is not target) = 50 per cent vesting of the annual bonus and LTIP awards.

Maximum = 100 per cent vesting of the annual bonus and LTIP awards.

Maximum plus 50 per cent Share Price Growth = 100 per cent vesting of the annual bonus and LTIP awards plus 50 per cent share price growth.