

Remuneration Committee Report continued

Directors' Remuneration Policy

This Directors' Remuneration Policy will be subject to an advisory shareholder vote at the 2022 Annual General Meeting. Subject to its approval, it is expected that the policy will apply for a period of three years. The proposed policy is largely unchanged from the one approved by shareholders in 2019 except for a reduction in the level of pension contribution that may be provided.

The Committee believes that the remuneration structure in place will support and motivate our Executive Directors in furthering the Group's long-term strategic objectives including the creation of sustainable shareholder returns. Furthermore, the Committee is satisfied that the composition and structure of the remuneration package is appropriate and does not incentivise undue risk-taking or reward underperformance.

The Group's remuneration strategy is to provide a remuneration framework based on the following five principles:

1. Attract, motivate and retain Executive Directors and senior executives in order to deliver the Group's strategic goals and business outputs.
2. Encourage and support a high-performance sales and service culture.
3. Recognise and reward delivery of the Group's business plan and key strategic goals.
4. Adhere to the principles of good corporate governance and appropriate risk management.
5. Align Executive Directors and senior executives with the interests of shareholders and other key stakeholders.

The table below sets out the key elements of the Policy for Executive Directors.

Executive Directors' Remuneration Policy table

Element, purpose & link to strategy	Operation	Maximum opportunity	Performance measures and assessment
<p>Base Salary</p> <p>To provide competitive fixed remuneration that will attract and retain key employees and reflect their experience and position in the Group.</p>	<p>Salaries are reviewed annually, and any changes normally take effect from 1 August.</p> <p>When determining the salary of the Executives the Committee takes into consideration:</p> <ul style="list-style-type: none"> • the levels of base salary for similar positions with comparable status, responsibility and skills, in organisations of broadly similar size and complexity; • the performance of the Group in the financial year just ended; • the performance of the individual Executive Director; • the individual Executive Director's experience and responsibilities; • any pay conditions (such as pay hold) made at the start of the financial year just ended; and • pay and conditions throughout the Group, including the level of salary increases awarded to other employees. 	<p>Annual percentage increases are generally consistent with the range awarded across the Group.</p> <p>Percentage increases in salary above this level may be made in certain circumstances, such as (but not limited to) a change in responsibility or a significant increase in the role's scale or the Group's size and complexity.</p> <p>Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted policy level until they become established in their role. In such cases subsequent increases in salary may be higher than the average until the target positioning is achieved.</p>	<p>A broad assessment of individual and business performance is used as part of the salary review.</p> <p>No recovery provisions apply.</p>

Remuneration Committee Report continued

Executive Directors' Remuneration Policy table continued

Element, purpose & link to strategy	Operation	Maximum opportunity	Performance measures and assessment
Benefits			
To provide competitive benefits and to attract and retain high-calibre employees.	<p>Reviewed periodically to ensure benefits remain market competitive.</p> <p>Benefits currently include:</p> <ul style="list-style-type: none"> • proactive health plan; • car benefit; and • insured benefit schemes. <p>Relocation related benefits may be provided.</p> <p>Additional benefits may be provided where they are provided to other employees in the business.</p>	<p>Benefit values vary year on year depending on premiums and the maximum potential value is the cost of the provision of these benefits.</p> <p>The Group conducts regular brokering exercises to ensure premiums remain competitive.</p>	No performance or recovery provisions applicable.
Pension			
To provide a competitive company contribution that enables effective retirement planning.	Pension is provided by way of a contribution to a personal pension scheme or cash allowance in lieu of pension benefits.	<p>The maximum contribution to a personal pension scheme or cash in lieu is equal to the pension contribution provided to the majority of the workforce, which is currently 5% of salary.</p> <p>Gattaca provides a Group Personal Pension scheme, which is open to the Executives to participate.</p>	No performance or recovery provisions applicable.

Remuneration Committee Report continued

Executive Directors' Remuneration Policy table continued

Element, purpose & link to strategy	Operation	Maximum opportunity	Performance measures and assessment
<p>Annual Bonus</p> <p>Incentivises achievement of annual objectives which support the Group's short-term performance goals.</p>	<p>Bonus awards are granted annually following the signing of the Report and Accounts, usually in November.</p> <p>Performance is typically assessed over one financial year with pay-out determined by the Committee following the year end, based on achievement against pre-agreed performance measures and targets.</p>	<p>The maximum potential under the Annual Bonus is up to 120% of salary.</p> <p>Any bonus payable above 100% of salary will be deferred into shares with a two-year vesting period.</p>	<p>Performance targets will be set by the Committee annually based on a range of financial and operational measures.</p> <p>Financial targets will form the majority of the bonus opportunity and typically include PBT and/or NFI.</p> <p>The Committee has the discretion to adjust targets or performance measures for any exceptional events that may occur during the year.</p> <p>The Committee has the discretion to make downward or upward movements to the amount of bonus earned resulting from the application of the performance measures, if the RemCo believes that the bonus outcomes are not a fair and accurate reflection of business performance.</p> <p>As well as determining the measures and targets, the Committee will also determine the weighting of the various measures to ensure that they support the business strategy and objectives for the relevant year.</p>

Remuneration Committee Report continued

Executive Directors' Remuneration Policy table continued

Element, purpose & link to strategy	Operation	Maximum opportunity	Performance measures and assessment
<p>LTIP</p> <p>The LTIP incentivises Executives to achieve superior returns to shareholders over a three-year period and to retain key individuals and align their interests with shareholders.</p>	<p>Under the LTIP, the Committee may award annual grants of performance share awards in the form of nil-cost options or conditional shares (LTIP Awards) on an annual basis.</p> <p>LTIP Awards under the plan will vest after a performance period of no less than three years subject to the achievement of the pre-agreed performance measures.</p> <p>There will be a two-year holding period applicable after the three-year performance period. Exclusions will apply to shares sold for the purpose of paying tax.</p> <p>Malus and clawback provisions apply at the discretion of the Committee in exceptional circumstances.</p>	<p>Maximum LTIP Awards are equal to 150% of base salary. The Remuneration Committee will take into account the prevailing share price at the time of grant and the dilutive impact before determining the exact award level.</p>	<p>Performance measures are reviewed annually ahead of the LTIP Award to ensure that they are aligned to the Group's long-term strategy and vest based on performance against challenging targets.</p> <p>Targets may be set on the Group's financial performance aligned with shareholder value-based outcomes.</p> <p>Targets are typically structured as a challenging sliding scale, with no more than 25% of the maximum award vesting for achieving the threshold performance level through to full vesting for substantial outperformance of the threshold.</p> <p>The Committee has the discretion to adjust targets or performance measures for any exceptional events that may occur during the vesting period.</p> <p>The Committee has the discretion to make downward or upward movements in the vesting of the LTIP resulting from the application of the performance measures if the Committee believes that the outcomes are not a fair and accurate reflection of business performance.</p> <p>The Committee will review performance measures prior to each grant, in terms of the range of targets, the measures themselves and weightings applied to each element of the LTIP. Any revisions to the metrics and/or weightings will only take place if it is necessary because of developments in the Group's strategy.</p>
<p>Shareholding ownership guidelines</p> <p>To ensure that Executive Directors' interests are aligned with those of shareholders over a longer time horizon.</p>	<p>The Executive Directors are encouraged to build or maintain (as relevant) a minimum shareholding in the Company.</p> <p>Shares included in this calculation are those held beneficially by the Executive Director and their spouse/ life partner.</p>	<p>The shareholding ownership guideline is 200% of salary for Executive Directors.</p>	<p>Not applicable.</p>

Remuneration Committee Report continued

Flexibility, discretion and judgement

The Remuneration Committee operates the annual bonus and LTIP according to the rules of each respective plan which, consistent with market practice, include discretion in a number of respects in relation to the operation of each plan. Discretions include:

- who participates in the plan, the quantum of an award and/or payment and the timing of awards and/or payments;
- determining the extent of vesting;
- treatment of awards and/or payments on a change of control or restructuring of the Group;
- whether an Executive Director or a senior manager is a good/bad leaver for incentive plan purposes and whether the proportion of awards that vest do so at the time of leaving or at the normal vesting date(s);
- how and whether an award may be adjusted in certain circumstances (e.g. for a rights issue, a corporate restructuring or for special dividends);
- what the weighting, measures and targets should be for the annual bonus plan and LTIP awards from year to year;
- the Committee also retains the ability, within the policy, if events occur that cause it to determine that the conditions set in relation to an annual bonus plan or a granted LTIP award are no longer appropriate or unable to fulfil their original intended purpose, to adjust targets and/or set different measures or weightings for the applicable annual bonus plan and LTIP awards with, in the case of LTIP awards held by Executive Directors, adjusted performance conditions being not materially less difficult to satisfy than the original conditions would have been but for the relevant event(s); and
- the ability to override formulaic outcomes in line with policy.

All assessments of performance are ultimately subject to the Committee's judgement and discretion is retained to adjust payments in appropriate circumstances as outlined in this Policy.