Directors' remuneration policy 2020

In accordance with section 439A of the Companies Act, this policy will be proposed as a binding resolution for approval at the AGM in 2020. It is intended that this policy will take effect from the date of the AGM, subject to shareholder approval. This policy will replace in full the policy set out in the 2016 annual report which was approved by shareholders at the 2017 AGM.

If approved, the Committee will put a revised policy to shareholders again no later than the AGM in 2023. If not approved, the Committee will present a revised policy for a further shareholder vote within twelve months.

Introduction

The objective of the remuneration policy is to provide a remuneration and benefits package that promotes the long-term success of the organisation and supports the strategy. It does this through a balance of fixed and variable pay, with the intent of creating a competitive total remuneration package which attracts and retains executives while creating an appropriate alignment between incentivising executive performance and the interests of stakeholders.

Executive directors' remuneration is made up of fixed and variable reward with the following components: base salary, benefits and pension, annual bonus plan (ABP), long term incentive plan (LTIP) and employee share plan (ESP). The future policy table on page 79 summarises the remuneration policy in relation to these components.

Full details of the application of this policy are contained in the annual report on directors' remuneration and the illustrations of future policy application are updated annually in the scenario charts on page 85.

Scope of the Remuneration Committee

Wood's Remuneration Committee has overall responsibility to the Board and other stakeholders to oversee and be responsible for all aspects of remuneration and benefits for the executive directors including the remuneration policy, ensuring appropriateness and governance. In addition, in line with the Corporate Governance Code, the Committee is also accountable for overseeing remuneration and benefits for members of the executive leadership team and the company secretary. The Committee achieves this by ensuring alignment of compensation philosophy, incentives and rewards with the wider workforce and prevailing culture at Wood.

Read the global reward policy which applies to all employees of Wood at:
woodplc.com/rewardpolicy

Read the Remuneration Committee Charter at:
woodplc.com/remcommittee

Committee decision making process

The Committee is mindful of shareholder expectations in respect of executive pay and proactively carried out extensive engagement with shareholders during 2019, incorporating feedback in the future policy proposals and application for 2020 and beyond. We have also been mindful to listen to the views of the wider workforce through our employee listening group network. In determining the remuneration policy, the Committee considered the relevant provisions of the UK Corporate Governance Code and guidelines produced by relevant advisory bodies such as the Investment Association. The Committee also received input from the Chair of the Board, the Chief Executive, Group CFO, Executive President of People & Organisation and the Head of Compensation & Benefits, while ensuring that conflicts of interest were suitably mitigated.

The policy for executive directors is also designed in line with the philosophy and principles that underpin remuneration throughout the organisation, with the policy for executive directors and senior leaders more heavily weighted towards variable pay than the wider workforce ensuring longer term alignment with shareholders.

The Committee will exercise discretion when determining the outcomes of short and long-term variable reward in addition to the formulaic outcomes considering any market conditions and relevant environmental, social and governance (ESG) matters. Such factors may include (but are not limited to); workplace fatalities and injuries, significant environmental incidents, large or serial fines or sanctions from regulatory bodies and/or significant legal judgements or settlements.

Consideration of employment conditions elsewhere in the organisation

The organisation's reward policy ensures the wider workforce is provided with remuneration packages that are market competitive within each employee's country of employment and are compliant with the organisation's equal opportunities policy and national legislative requirements. Remuneration differs based on location, role and job level within the organisation. Where appropriate, employees participate in the organisation's annual bonus and LTP arrangements, with maximum levels of participation being set by reference to their position in the organisation.

Read the global reward policy which applies to all employees of Wood at: **woodplc.com/rewardpolicy**

The Committee is respectful and thoughtful of pay and conditions within the organisation and is committed to aligning pay structure decisions for executive director remuneration to employees in the country where the executive director is based. The Committee also considers relevant information received from the Executive President of People and Organisation via employee feedback from the wider workforce.

Changes to policy

Although our existing policy is broadly fit for purpose, we have proposed some improvements and minor changes which continue to support and remain in line with our key remuneration principles as well as updated UK Corporate Governance legislation as follows:

- Introduction of post cessation shareholding requirements with 100% of shareholding requirements to be held for one year following cessation of employment, reducing to 50% in the second year following cessation of employment.
- As stated in the 2018 Directors' Remuneration Report, the maximum pension opportunity for new executive directors will be in line with the levels for the relevant workforce (i.e. the country in which the executive is primarily based). From 1 January 2022 the maximum employer pension contributions for all existing executive directors will reduce to that in place for the wider workforce in the country which they are employed; this is currently 9% in the UK.
- Shareholding requirements will increase for executive directors: the Chief Executive requirement will be increased to 250% of base salary, from 200%; the requirement for other executive directors will be increased to 200% of base salary, from 100%.
- Enhanced clarity on shareholding; holdings will be built up from purchased shares from own resources and after-tax share awards not subject to any further performance conditions and those matched via the employee share plan. Until shareholding requirements are satisfied, executive directors are not permitted to sell any shares in John Wood Group PLC unless to cover tax.
- Life assurance has been updated to provide cover of four times annual base salary for the Chief Executive, subject to the usual underwriting requirements; this is in line with the existing arrangements for the wider workforce in the UK.
- The Committee's discretion to award a Long-Term Plan (LTP) up to 250% of base salary in exceptional circumstances has been removed.
- The inclusion of Committee discretion over LTP vesting levels, in accordance with the UK Corporate Governance Code.

In addition to these proposed changes we have provided further clarity on the decision-making process in determining the Policy.

This Policy applies equally to any individual who is required to be treated as a director under the applicable regulations.

Future policy table for executive directors

Element	Purpose and link to strategic objectives of the organisation	Remuneration policy details
Salary	To provide an appropriate level of fixed salary to attract and retain executives with the qualities, skills and experience required to deliver our strategic objectives.	**Operation** Typically reviewed annually by the Committee, with any changes approved and effective from 1 January (although the Committee may make changes effective from any other date if it considers it appropriate). The Committee determines the appropriate level of base salary through consideration of: • the range of salary increases applying across the organisation; • the scale, scope and responsibility of the individual executive's role, including any changes in responsibility; • the skills, experience, development, contribution and performance of the individual in the role; • the salary of individuals undertaking similar roles in companies of comparable size and complexity around the world; • business performance and the wider market and economic conditions; and • growth and development of incumbents. Executive directors will typically be paid in the currency of their employment location. **Maximum opportunity** Annual increases will normally be in line with comparable increases across the wider workforce. Higher increases may be awarded, at the Committee's discretion, in certain circumstances through consideration of relevant factors. For example, where an executive director has been appointed to the Board at a low starting salary, larger increases may be awarded to move them closer to salaries paid to individuals undertaking similar roles in companies of comparable size and complexity, or other executive directors, as their experience develops. **Performance metrics** None.
Benefits	To provide fair and market competitive benefits which support the health and wellbeing of our executives to perform at their best.	**Operation** Benefits include car allowance, private medical insurance (or equivalent), income protection insurance (where applicable) and life assurance, in line with the wider workforce in the country of employment. Life assurance cover is provided of four times annual base salary; where cover of four times salary exceeds the maximum free cover limit as specified in the life assurance policy which may be amended from time to time, medical underwriting will be required and cover will be subject to insurer acceptance. The types of benefits provided are reviewed from time to time and may be adjusted by the Committee if deemed appropriate to ensure on-going competitiveness. Where executive directors are required to relocate or complete an international assignment due to business requirements, additional benefits such as relocation assistance or other expatriate benefits may be offered if considered appropriate. Benefits may vary according to local practice. **Maximum opportunity** Given the complexity of assessing the future monetary cost of some benefits, the Committee has not set an absolute limit on the value of benefits delivered but aims to ensure that the level of benefits provided remains appropriate and aligned to the wider workforce. **Performance metrics** None.

Pension related benefits	To support the long-term financial wellbeing and future stability of our executives in return for their commitment to delivering our strategic objectives.	**Operation** Executive directors can choose to participate in the relevant local defined contribution pension arrangement (or equivalent) or receive a cash allowance in lieu of pension, or a combination thereof. Executive directors in post at policy implementation date will continue to receive up to 15% of salary until 1 January 2022 when they will align with the workforce in which they are based. For newly appointed executive directors, payment limits will be in line with the levels for the relevant workforce (e.g. the country in which the executive is primarily based). **Maximum opportunity** In line with pension arrangements for the wider workforce in the country in which the executive is employed for newly appointed executive directors. The Committee has agreed to retain existing arrangements of 15% of base salary for existing executive directors at the time of policy review. In 2022, the maximum employer pension contributions for all executive directors will reduce to that in place for the wider workforce in which the executive is primarily based. **Performance metrics** None.
Annual Bonus Plan (ABP)	To incentivise executives to deliver strategic business priorities for the financial year with compulsory deferred payment designed to provide additional alignment with stakeholders and reinforce retention.	**Operation** Bonuses are awarded annually based on performance in the relevant financial year. The performance measures which apply to the ABP are chosen by the Committee at the start of the year to ensure the organisation is focused on its short-term strategic objectives and cultural alignment. The Committee sets threshold, target and maximum, and determines the appropriate weighting, for each of the financial measures. Stretch objectives are set in relation to the non-financial element of the plan and will typically be a combination of corporate and personal objectives with the aim of delivering value to shareholders and achieving the business strategy. Objectives and outcomes against them will be disclosed in the annual report on directors' remuneration for the relevant reporting period. At the end of the year, the Committee reviews actual performance against the relevant measures. Assessment of non-financial objectives is based on demonstrable evidence of achievement during the year. The Committee is able to adjust the outcome at its discretion to ensure it is fair and appropriate, taking into account the overall performance of the organisation. Achievement of bonus, including the use of discretion, will be disclosed in the following year's report as appropriate. At least 25% of the value of any bonus earned is subject to deferral for a further period of at least two years and, subject to legal restrictions or adverse tax consequences, will be awarded as a nil cost share-based award. Dividend equivalent payments will be accrued on shares comprising the deferred bonus award prior to vesting and will be paid out (in shares) proportionately with the award. In exceptional circumstances, such as where there are regulatory restrictions on the delivery of shares, the Committee may decide to settle deferred awards in cash. The vesting of any deferred bonus may be reduced or cancelled, in line with malus provisions, and is subject to clawback provisions at the absolute discretion of the Committee, as detailed in the malus and clawback policy. Malus and clawback provisions can be operated in circumstances which include but are not limited to: material misstatement of the Group's financial results; a material failure of risk management by the Group; corporate failure; serious reputational damage to the Group; serious breach of health and safety standards; or serious misconduct or fraud by the executive. For awards granted prior to the adoption of this Policy, legacy malus and clawback provisions will apply. **Maximum opportunity** The maximum opportunity will not exceed 200% of base salary in respect of any financial year. **Performance metrics** At least 50% of the maximum potential bonus is based on financial measures with the remainder being based on non-financial measures. The balance between financial and non-financial measures is reviewed annually and may be adjusted by the Committee, if deemed appropriate, to ensure alignment with overall organisation's objectives; consideration will be given but not limited to business context, internal factors, external environment and market consensus. Non-financial objectives are measured annually against agreed corporate and/or personal objectives. Typically, these will include objectives linked to safety and assurance and the organisation's strategic framework and priorities. For financial measures, threshold performance must be met before any award is paid, with 100% payable for maximum performance. 50% will be awarded for achievement of target and a proportionate award is calculated for performance between threshold and target, and between target and maximum.

Long Term Plan (LTP)	To reward and retain executives while aligning their interests with those of stakeholders by incentivising performance over the longer term. Performance measures are linked to longer term creation of shareholder value.	**Operation** The Long Term Incentive Plan (LTIP) operates under the rules of the John Wood Group PLC Long Term Plan (LTP) and is the organisation's current long term incentive plan for senior leaders, including executive directors, and is based on a rolling performance period of at least three years. Executive directors may be granted conditional share awards or nil cost options over shares in John Wood Group PLC at the start of the performance period (or in the case of a new appointment, at the earliest opportunity deemed appropriate by the Committee). Performance is measured over a period of at least three financial years, at which point shares vest. For executive directors, the vesting of 100% of any award is typically deferred for at least two years following the end of the performance period, unless the Committee determines otherwise. The Committee is able to adjust the vesting outcome for awards granted from 2020 onwards at its discretion to ensure it is fair and appropriate, taking into account the overall performance of the organisation. Unless the Committee determines otherwise, the number of shares subject to award will be increased to reflect the value of dividends that would have been paid on the award between grant and vesting, assuming reinvestment of the dividends as shares on such basis as the Committee determines. For nil-cost options, no shares will be awarded in lieu of dividends post-vesting (i.e. between vesting and exercise). The vesting of any award may be reduced or cancelled, in line with malus provisions, and is subject to clawback provisions at the absolute discretion of the Committee, as detailed in the malus and clawback policy. Malus and clawback provisions can be operated in circumstances including, but not limited to: a material misstatement of the Group's financial results; a material failure of risk management by the Group; corporate failure; serious reputational damage to the Group; a serious breach of health and safety standards; or serious misconduct or fraud by the executive. Clawback will cease to apply on the sixth-year anniversary of the first day of the relevant performance period. For awards granted prior to the adoption of this Policy, legacy malus and clawback provisions will apply. **Maximum opportunity** The maximum opportunity will not exceed 200% of base salary in respect of any financial year of the organisation. Where a salary is materially amended during the performance period, the Committee may adjust the number of shares under award to reflect the salary change. **Performance metrics** Awards made to the executive directors vest based on performance against a combination of performance measures. At least 25% of the award will be based on relative total shareholder return (TSR) and a portion of the remainder will be based on financial measures. The Committee will consider a combination of performance measures to ensure appropriate balance and delivering value to shareholders at the commencement of each performance period; consideration will be given but not limited to business context, internal factors, external environment and market consensus. During the course of a performance period, the Committee has the discretion to adjust the performance targets when it considers an amended target would be more appropriate and not materially easier to satisfy. For threshold levels of performance, a minimum of 25% of the award vests, increasing on a straight-line basis to 100% of the award for maximum performance.
Employee Share Plan (ESP)	To give our people the opportunity to benefit from the success to which their performance and commitment contributes.	**Operation** Executive directors can participate in the Employee Share Plan (ESP) on the same terms as other employees, and in line with the rules of the Plan as applied. The ESP is open to eligible employees across the organisation. It gives participants the opportunity to purchase or receive matching shares in John Wood Group PLC. The matching share ratio is determined annually up to a maximum of one matching share in John Wood Group PLC for every share purchased under the ESP. Matching shares are granted in the form of conditional share awards and will vest at the end of a holding period which will be at least two years, provided the participant continues to hold the related purchased shares throughout this period. Matching share awards may also be settled in cash. Eligible employees may choose to enroll annually. The Committee may at any time determine that a participant will receive an amount (in cash and/or additional shares) equal in value to any dividends that would have been paid on the matching shares between the date of grant and their vesting date. This assumes reinvestment of the dividends on shares on such basis as the Committee determines. The rules of the plan were approved by shareholders at the 2015 AGM and may be amended in accordance with their terms. **Maximum opportunity** Employees may contribute up to 10% of gross salary subject to plan rules, or such lower amount as the Committee may determine, which is deducted in regular pay periods from the salary. **Performance metrics** None.

Shareholding guidelines	To ensure that executive directors' interests and individual wealth are aligned with those of shareholders over a long-term performance period.	**Operation** Executive directors are required to hold shares in John Wood Group PLC, with the value of those shares expressed as a percentage of salary. The holding will be built up from shares purchased from their own resources and after-tax share awards held personally or in a nominee account which are not subject to any further performance conditions, including those matched via the employee share plan. Until shareholding requirements are satisfied, executive directors are not permitted to sell any shares in John Wood Group PLC unless to cover tax liabilities. The holding does not include shares held by connected persons. Post cessation shareholding requirements. Executive directors are required to hold shares in John Wood Group PLC post cessation of employment to the value of 100% of shareholding guidelines for the first year, reducing to 50% in the second year. Post cessation shareholding provisions will apply to shares which are granted from 1 January 2020 onwards. The Committee will have the discretion to reduce or waive the requirements in certain circumstances such as death or where personal circumstances are materially changed. **Requirement** The shareholding guidelines are as follows: • Chief Executive: 250% of base salary • Other executive directors: 200% of base salary **Performance metrics** n/a

Notes to the policy report for executive directors:

Committee discretion

During the course of a performance period, the Committee has the discretion to adjust the achievement levels required to ensure the performance targets remain effective, whilst ensuring new levels remain demanding and achievable as those first set.
The Committee will exercise discretion when determining the outcomes of short and long-term variable reward in addition to the formulaic outcomes, considering any market conditions and any relevant environmental, social and governance (ESG) matters. Such factors may include (but are not limited to); workplace fatalities and injuries, significant environmental incidents, large or serial fines or sanctions from regulatory bodies and/or significant legal judgements or settlements.

Commitments entered into prior to policy effective date

The Committee reserves the right to make any remuneration payments and 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 contained in this report came into effect, provided that the terms of payment were consistent with any applicable shareholder approved 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 organisation (or other person 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 or such other person of the organisation. 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 deemed to be agreed and in line with policy at the time the award is granted.

Change of control

In the event of a change of control, vesting of awards (shares and/or cash) depends on the extent to which financial and/or non-financial performance measures have been met at that time. LTIP awards (other than awards in their deferral period) will be pro-rated for time, but time pro-rating may be disapplied if the Committee considers it appropriate. In the event John Wood Group PLC is wound up or if there is a demerger, delisting, special dividend or other event that may materially affect the current or future value of shares, the Committee may determine that awards may vest depending on the extent to which performance conditions have been met at that time in accordance with the associated plan rules. Alternatively, the Committee may adjust the number of shares subject to an award.

The Committee may determine the extent to which matching shares under the Employee Share Plan may vest in the event of a change of control, a demerger, delisting, special dividend or other event that may materially affect the current or future value of shares. The Committee may adjust the number of matching shares in the event of any variation of share capital, demerger, delisting, special dividend, rights issue or other event which may affect the current or future value.

External appointments

The executive directors are permitted, with Board approval and subject to corporate governance guidelines, to undertake external duties provided there is no conflict of interest and the Remuneration Committee determines they are still able to operate effectively in role. The executive director will keep any fees associated with external appointments.

Service contracts, notice and payment for loss of office

The current service contract effective dates are shown below. It is our policy for all executive directors to have service contracts which can be terminated by the director or by the organisation with 12 months' notice; this length of notice period has been determined as necessary to ensure appropriate succession can be planned and managed.

Executive director	Current contract date	Contract duration
Robin Watson	1 January 2016	No fixed end date
David Kemp	13 May 2015	No fixed end date

None of the service contracts provide for predetermined amounts of compensation to be paid in the event of early termination and there are no further obligations contained within the executive directors' service contracts which could give rise to any remuneration payment which has not already been disclosed in this remuneration policy.

The executive director service contracts are available for inspection at the organisation's registered office.

Executive directors' contracts allow for termination with contractual notice from the organisation or termination with a payment in lieu of notice, at the Committee's discretion. The Company also reserves the right to place executive directors on garden leave during their notice period.

The Committee, at its discretion, has the flexibility to apply good leaver status to each different element of payment for executive directors outlined in the policy table below and illustrates payment due when leaving as any other leaver.

The Committee reserves the right to make any other payments in connection with an executive director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of a settlement of any claim arising in connection with the cessation of a director's office or employment. The Committee may also make a payment in respect of outplacement costs and reasonable legal fees.

Cessation payments and scenarios

Annual bonus

Good leaver
For reason of injury, disability, ill-health, retirement, sale of employing entity out of the organisation and in such circumstances as the Committee may determine otherwise:

Paid up to the date of leaving based on completed months worked in the year with payment made on normal payment date once plan outcomes are known.

Any deferred award from previous years which have not yet vested will vest at the normal vesting date for such deferrals. The Committee may determine, in its absolute discretion, that awards could vest as soon as practicable following cessation.

On death, an immediate payment may be made to the estate and/or designated beneficiary at the discretion of the Committee, taking into account performance and the proportion of the relevant bonus year served. Deferred bonus amounts will vest in full at the time of death.

Other leaver
No entitlement to any award for the current year and forfeit of any deferred awards from previous years not yet paid.

Long term incentives

Good leaver
For reason of injury, disability, ill-health, death, sale of employing company or business or, for any other reason determined by the Committee the following shall apply:

Where the executive director has completed the required period of service set by the Committee (normally 18 months from the start of the performance period) then awards will typically vest on a proportionate basis. The Committee may determine, in its absolute discretion, that awards could vest as soon as practicable following cessation.

The number of shares that vest in these circumstances shall be determined by the Committee taking into account the extent to which the performance conditions have been satisfied and, unless the Committee determines otherwise, the period of time elapsed since grant.

The Committee may determine different arrangements to take effect of any local tax or legal requirements.

On death, where the executive has completed the required qualifying period of service set by the Committee (normally 18 months from the start of the performance period), unvested awards will vest to the extent determined by the Committee taking into account the extent to which performance conditions have been satisfied and, if the Committee considers it appropriate, the period that has elapsed since grant.

Other leaver
All outstanding awards lapse.

Employee Share Plan

Good leaver
For reason of injury, disability, ill-health, sale of employing company or business or, for any other reason determined by the Committee, the Committee will determine the number of matching shares that will vest.

On death, the holding period will be deemed to end on the date of death. Matching shares will vest over such number of shares as the Board may determine. A transfer will be made to the estate and/or designated beneficiary at the discretion of the Committee, as soon as reasonably practicable.

Other leaver
All matching shares will lapse.

Base salary, pension and benefits

Paid up to the date of leaving, including any untaken holidays or, subject to mitigation, payment in lieu of notice where the organisation considers it inappropriate for a departing executive director to work the required notice period.

Disbursements such as legal costs and outplacement fees may be considered.

Recruitment & Promotion Policy

The Committee's approach where the organisation appoints a new executive or non-executive director is typically to align the remuneration package with the terms of the remuneration policy laid out in the relevant tables of this report.

In the event of internal promotion to the Board, any commitments made before promotion will continue to be honoured under this policy, even if they would not otherwise be consistent with the policy prevailing when the commitment is fulfilled.

As far as possible, the Committee will seek to structure all awards in line with the stated remuneration policy. To facilitate external recruitment, the Committee may make one-off awards to compensate variable pay or contractual rights which an individual would forfeit on leaving their current employer. Any such buy-out would, where possible, be on a comparable basis and would consider value, performance targets, the likelihood of those targets being met and vesting periods. In considering its approach, the Committee will give due regard to all relevant factors, including quantum, the nature of remuneration and the jurisdiction from which the candidate was recruited.

Excluding the value of any potential buy-out, the maximum value of variable remuneration offered at recruitment to any new executive director will be 400% of base salary. This is within the maximum amounts currently laid out in the policy table of this report.

Shareholders will be provided with full details including the rationale for the arrangements in the relevant annual report on directors' remuneration. For the recruitment of Chair and non-executive directors, remuneration would be provided in line with the existing fee structure.

Remuneration policy for the Chair of the Board and non-executive directors

Future policy table

Purpose and link to strategic objectives of the organisation

To attract and retain individuals with the qualities, skills and experience required to provide a positive contribution to the Board and to deliver our strategic objectives.

Fees and remuneration

Operation

Remuneration is in the form of fees, payable monthly for the position of Chair, or quarterly for all other positions.

The Chair receives an all-inclusive remuneration package which is reviewed annually by the Committee, which makes a recommendation to the Board, with changes ordinarily effective from 1 January.

Non-executive directors receive a base fee in relation to their role. The remuneration of the non-executive directors is reviewed annually by the Chair, Chief Executive and Company Secretary, who make a recommendation to the Board, with changes ordinarily effective from 1 January. Additional fees may be paid for related duties, for example the senior independent directorship and for chairing, membership and attendance of certain Board Committees.

Fees are set by the Board at a level considered appropriate to attract and retain the calibre of individual required but avoiding paying more than necessary for this purpose.

Fee levels are typically set taking into account the expected commitment levels and the skills and experience of the individual; and the fee levels paid to individuals undertaking similar roles in companies of comparable size and complexity.

Non-executive directors can elect to be paid in any currency at the time of appointment; this will typically be in either pounds sterling or in US dollars at the applicable exchange rate at the time of payment. Payments may be made in the form of either cash or shares as elected by the non-executive director.

Non-executive directors are reimbursed all necessary and reasonable expenses incurred in the performance of their duties and any tax thereon.

Maximum opportunity

No prescribed maximum for Chair or non-executive directors' remuneration, although an aggregate maximum for non-executive directors' remuneration of £1,000,000 is included in the Articles of Association.

Performance metrics

None.

Service contracts, notice and payment for loss of office

Non-executive directors have each entered into letters of engagement addressing remuneration, services to be provided, conflicts of interest and confidentiality. The letters of engagement do not have fixed terms to be paid and are terminable with up to 90 days' written notice.

None of the letters of engagement provide for predetermined amounts of compensation in the event of early termination and there are no further obligations contained within the letters of engagement which could give rise to any remuneration payment or loss of office payment which has not already been disclosed in this remuneration policy.

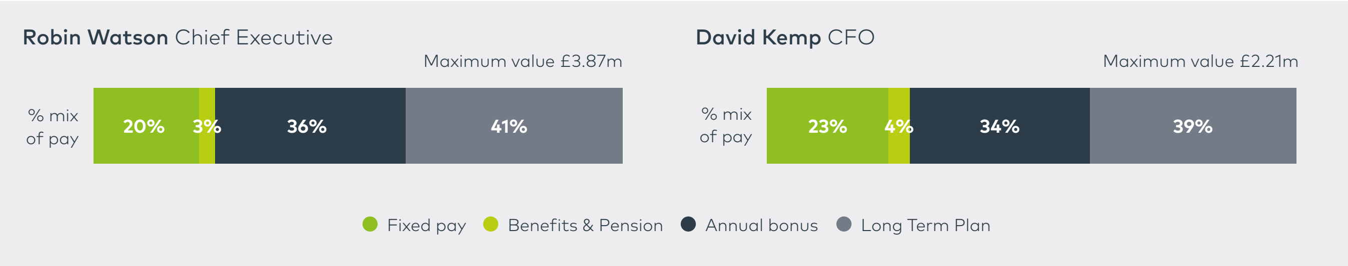
The non-executive director letters of engagement are available for inspection at the organisation's registered office.

Illustrations of future application of remuneration policy

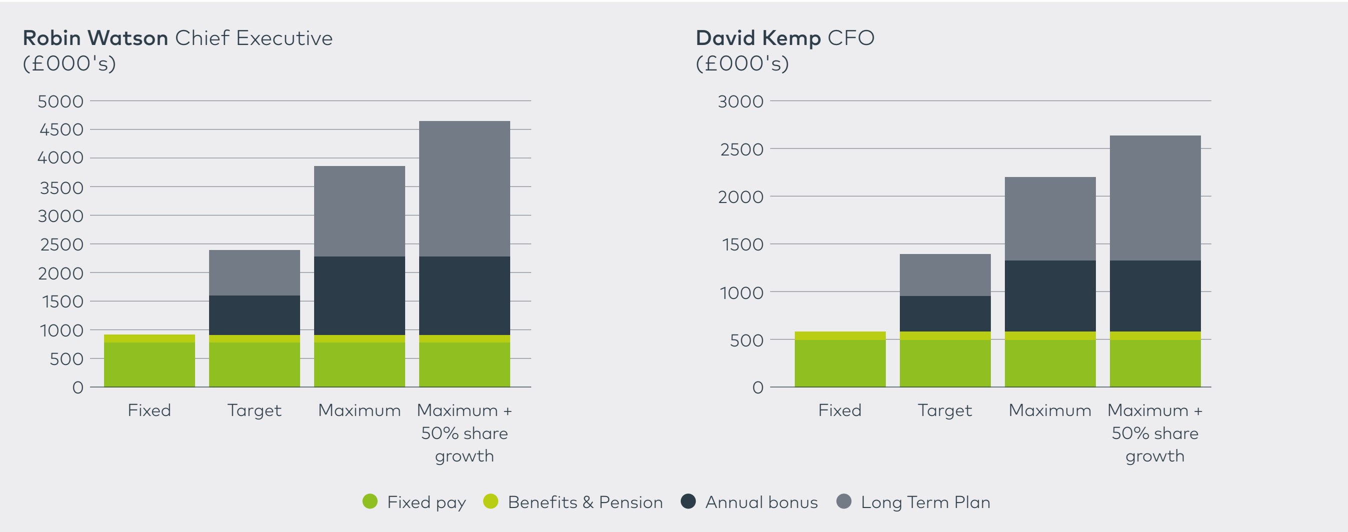
As detailed in the future policy table, a significant proportion of remuneration for executive directors is linked to variable pay opportunity, particularly at maximum performance levels, through the short-term Annual Bonus Plan (ABP) and the Long Term Incentive Plan (LTIP), with the intention to ensure greater link between company performance and individual reward.

Pay mix chart

The below charts illustrate the percentage mix of fixed and variable pay elements for executive directors based on maximum variable reward outcomes. The total value displayed for each executive director is an illustration of the maximum proposed future policy application as further detailed below.



The charts below provide an indication of the level of remuneration, as a value, which could be received by each executive director under the remuneration policy as a fixed value, target and maximum performance, as well as an illustration of maximum plus 50% share price growth. These charts are for illustrative purposes only and actual outcomes may differ from those shown. The notes that follow the charts lay out the basis of the calculation and assumptions used to compile them.



Notes to the illustrations of future application of remuneration policy

In all scenarios, fixed remuneration comprises base salary, benefits and pension. The figures used in preparing the charts are as follows:

- Salary is the salary as at 1 January2020
- Benefits is the last known figure as set out in the single figure of remuneration table for 2019
- Pension related benefits - for defined contribution pension or cash allowance in lieu of pension, the figure is based on 15% of the base salary
- Bonus - includes short term incentives and is based on the application of the policy for 2020 and the base salary. The illustrations above reflect maximum potential opportunity as a percentage of base salary; 175% for the Chief Executive and 150% for the CFO.
- Long term plan - includes long-term incentives and is based on the application of the policy for 2020 and the base salary. The illustrations above reflect maximum potential opportunity as a percentage of base salary; 200% for the Chief Executive and 175% for the CFO. For reasons of clarity, any dividend accrual has been excluded from the charts above. In 2020 a one off reduction to the LTIP awards has been applied resulting in 170% for the Chief Executive and 149% for the CFO which has not been included in the charts above. Further details can be found on page 99 of the annual report.

Fixed - It been assumed that each executive director receives his base salary, benefits and pension related benefits only, there are no element of variable reward included.

Target - It has been assumed that annual bonus awards have been made at target levels, which results in payout at 50% and that LTIP performance is such that awards have vested at 50%.

Maximum performance - It has been assumed that annual bonus awards have been made at maximum levels and that LTIP performance is such that awards have vested at maximum level.

Maximum performance plus 50% share price growth - the same assumptions as the 'maximum performance' scenario have been used. The additional impact of share price growth of 50% has been applied to maximum LTP awards.