Remuneration at a glance: How executives will be paid in future years

We are seeking shareholder approval for a revised Policy at the 2021 AGM. The key elements of the Policy will remain unchanged. An overview of our Policy and how it is proposed to apply in 2021/22 is set out below.

Fixed pay: to recruit and reward executives of high calibre

Remuneration for the year ending 31 March 2022

Salary	CEO: £579,360 COO: £321,300 CFO: £336,600	A 2% increase in line with the general increase received by senior employees and below the average Company-wide increase of c.5%. From 2021, the salary review date has been moved to 1 July (from 1 April) to align with the approach for the wider workforce. Note that the COO's salary has been pro-rated to reflect that she works 4.5 days per week. Her full-time equivalent salary is £357,000.
Pension	7% of salary	Following a review, we have increased the maximum pension opportunity for the wider workforce from 5% of salary to 7% of salary. To maintain alignment with the wider workforce, the pension allowance provided to Executive Directors will also be increased to 7% of salary.
Benefits	Includes private medical cover, life assurance and income protection insurance.	

Annual bonus

To incentivise and reward the achievement of annual financial and operational objectives which are closely linked to the corporate strategy.

Cash element

50% of bonus deferred into shares for two years

Maximum opportunity
CEO: 150% of salary
COO and CFO: 130% of salary

Malus and clawback provisions apply.

FY22 bonus metrics

- **75%** Operating profit
- **25%** Strategic: milestones linked to our digital car buying strategy

Performance share plan

To incentivise and recognise successful execution of the business strategy over the longer term. To align the long-term interests of Executive Directors with those of shareholders.

3-year performance period

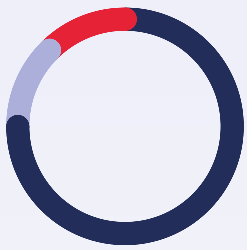
2-year holding period

Maximum opportunity
CEO: 200% of salary
COO and CFO: 150% of salary

Malus and clawback provisions apply.

FY22 PSP metrics

Refreshed to align with our evolving strategy.



- **75%** Operating profit growth
- **12.5%** Revenue growth
- **12.5%** Diversity progress, assessed in the round and including the following basket of measures:
  - Proportion of women employees in the Group being 40%
  - Proportion of leadership who are women being 38%
  - Proportion of BAME employees in the Group being 14%
  - Proportion of leadership who are BAME being 10%

Shareholding guidelines

Guidelines apply in-post, and extend beyond tenure

In-post guidelines:
200% of salary

Post-employment guidelines:
100% of in-post shareholding guideline (or actual shareholding if lower) for a period of two years following departure

Updates to the Policy

The new Policy formalises a number of good governance features in line with evolving best practice.

- Introduction of a post-employment shareholding requirement in line with best practice
- Discretion for the Committee to adjust formulaic outcomes where it is deemed appropriate
- Expansion of the malus and clawback provisions

Directors' Remuneration Policy

This Remuneration Policy will be put to shareholders for approval in a binding vote at the AGM on 17 September 2021 and will be effective from this date.

Policy overview

As outlined in the Remuneration Committee Chair's statement, in light of the requirement to seek shareholder approval for a new Remuneration Policy, the Committee undertook a thorough review of the current remuneration arrangements for Executive Directors, considering a range of potential approaches. The Committee concluded that the current framework remains appropriate and therefore the Policy will be re-submitted to shareholders largely unchanged from the version approved by shareholders at the 2018 AGM. Minor changes have been made to the Policy to reflect changes made over the last few years to reflect the 2018 UK Corporate Governance Code, to reflect prevailing market practice and to clarify the Policy's practical operation.

The Policy is structured so as to ensure that the main elements of remuneration are linked to Company strategy, in line with best practice and aligned with shareholders' interests. The Policy is designed to reward Executive Directors by offering competitive remuneration packages, which are prudently constructed, sufficiently stretching and linked to long-term profitability. In promoting these objectives, the Policy aims to be simple in design, transparent and structured so as to adhere to the principles of good corporate governance and appropriate risk management.

A further aim of the Remuneration Policy is to encourage a culture of share ownership by colleagues throughout the Company, and in support of this we have both a SIP and a SAYE scheme. Around 60% of our employees participate in a share scheme and benefit from share price increases alongside shareholders.

Summary of decision-making process

As described in the Chair's statement, the Committee engaged with its major shareholders as part of its review of the executive Remuneration Policy. We wrote to 20 of our largest shareholders and the major shareholder representative bodies in March 2021 to consult on our proposed approach to executive pay going forward.

Shareholders were offered the opportunity to discuss the proposals with the Committee Chair and the Group Company Secretary and overall we were encouraged by the number of shareholders who took the time to engage with us and are satisfied that, having taken into account both supporting views and key concerns, we have developed an appropriate way forward.

In addition to the specific feedback received from our consultation with major shareholders, we also considered input from the management team and our independent advisors, as well as latest market practice and corporate governance developments. To manage any potential conflicts of interest arising, the Committee ensured that no individual was involved in discussions on their own remuneration arrangements and all changes proposed aligned to the business's core strategy and values.

In reaching its decisions, the Committee also considered the following principles as recommended in the revised 2018 UK Corporate Governance Code.

Clarity: The Policy is designed to allow our remuneration arrangements to be structured such that they clearly support, in a sustainable way, the financial and strategic objectives of the Company. The Committee remains committed to reporting on its remuneration practices in a transparent, balanced and understandable way.

Simplicity: The Policy consists of three main elements: fixed pay (salary, benefits and pension), an annual bonus and a long-term incentive award. The metrics used in our incentive plans directly link back to our key strategic ambitions and values and provide a clear link to the shareholder experience. The Committee may change measures for future years to ensure they continue to be aligned with our strategy.

Risk: The Policy is in line with our risk appetite. A robust malus and clawback policy is in place, and the Committee has the discretion to reduce pay outcomes where these are not considered to represent overall Company performance or the shareholder experience. Furthermore, our bonus deferral, post-cessation shareholding requirement, and PSP holding period ensure that Executive Directors are motivated to deliver sustainable performance.

Predictability: The Committee considers the impact of various performance outcomes on incentive levels when determining quantum. These can be seen in the scenario charts on page 103.

Proportionality: A substantial portion of the package comprises performance-based reward, which is linked to our strategic priorities and underpinned by a robust target-setting process. We are mindful of the alignment with our workforce, the shareholder experience and our values and culture when considering the right and proportional approach to pay.

Alignment to culture: When developing the Policy, the Committee reviewed our approach to remuneration throughout the organisation to ensure that arrangements are appropriate in the context of the wider workforce. The themes considered include workforce demographics, engagement levels and diversity to ensure that executive remuneration is appropriate from a cultural perspective. This year, we have introduced a basket of Diversity targets into our PSP and intend to further incorporate Carbon reduction objectives in next year's PSP award.

How the views of shareholders and employees are taken into account

The Committee engages with the wider workforce through an Employee Engagement Guild, which all Non-Executive Directors attend. During the year, this included remuneration topics and also gender and ethnicity pay gaps. The Committee also receives regular updates regarding remuneration arrangements across the Group. These updates and the feedback received at the Employee Engagement Guild are taken into consideration when determining the Remuneration Policy for the Executive Directors and in particular when considering any changes to policy and increases in the level of fixed remuneration. The Company also regularly undertakes an employee engagement survey which includes questions to understand employees' views on their own remuneration and benefits, which the Committee also reviews.

As demonstrated in the decision-making process behind our Policy review this year, the Committee is committed to a constructive dialogue with our shareholders in order to ensure that our Remuneration Policy is aligned with their views. The Committee consulted with shareholders in advance of submitting our revised Policy to the shareholder vote and carefully considered the feedback received. In conjunction with any additional feedback received from time to time, this will be considered as part of the Committee's annual review of how we intend to implement our Remuneration Policy.

If any significant changes to our Remuneration Policy which require shareholder approval are proposed, the Committee will seek to engage with major shareholders to explain our proposals and obtain feedback.

Remuneration Policy for Executive Directors

Our Policy is designed to offer competitive, but not excessive, remuneration structured so that there is a significant weighting towards performance-based elements. A significant proportion of our variable pay is delivered in shares with deferral and holding periods being mandatory, and with appropriate recovery and withholding provisions in place to safeguard against overpayments in the event of certain negative events occurring. The table below provides a full summary of the Policy elements for Executive Directors.

Element	Purpose and link to strategy	Operation and performance conditions	Maximum opportunity	Performance assessment
Salary				
Change from previous policy: Normal salary effective date updated to align with wider workforce approach.	To recruit and reward executives of high calibre. Recognises individual's experience, responsibility and performance.	Salaries are normally reviewed annually with changes effective from 1 July but may be reviewed at other times if considered appropriate. Salary reviews will consider: • personal performance; • Group performance; • the nature and scope of the role; • the individual's experience; and • increases elsewhere in the Company. Periodic reviews of market practice (for example, in comparable companies in terms of size and complexity) will also be undertaken. The Committee considers the impact of any salary increase on the total remuneration package.	There is no prescribed maximum salary level or salary increase; however, any base salary increases will normally be in line with the percentage increases awarded to other employees of the Group. However, increases may be made outside of this policy in appropriate circumstances, such as: • Where a Director is appointed on a salary that is at the lower end of the market practice range, larger increases may be awarded as the executive gains experience to move the salary closer to a more typical market level. • Where there has been a change in the nature and scope of the role. • Where there has been a significant and sustained change in the size and complexity of the business. • Where there has been a significant change in market practice.	The Committee reviews the salaries of Executive Directors each year taking due account of all the factors described in how the salary policy operates.
Benefits				
Change from previous policy: None.	To provide competitive benefits to ensure the wellbeing of employees.	Executive Directors are entitled to the following benefits: • life assurance; • income protection insurance; and • private medical insurance. The Committee may determine that Executive Directors should receive additional reasonable benefits if appropriate, taking into account typical market practice and practice throughout the Group. Executive Directors may be reimbursed for all reasonable expenses and the Company may settle any tax incurred in relation to these. Where an Executive Director is required to relocate to perform their role, they may be provided with reasonable benefits as determined by the Committee in connection with this relocation (on either a one-off or ongoing basis), including any benefits such as housing, travel or education allowances.	The value of benefits is not capped as it is determined by the cost to the Company, which may vary.	N/A

Element	Purpose and link to strategy	Operation and performance conditions	Maximum opportunity	Performance assessment
Pension				
Change from previous policy: Following a review we have increased the maximum pension opportunity for the wider workforce from 5% of salary to 7% of salary. To maintain alignment with the wider workforce the pension allowance provided to Executive Directors will also be increased to 7% of salary.	To provide retirement benefits for employees.	Directors are eligible to receive employer contributions to the Company's pension plan (which is a defined contribution plan), a salary supplement in lieu of pension benefits (or combination of the above) or similar arrangement.	Maximum contribution in line with the contribution of other employees in the Group, currently 7% of salary.	N/A
Annual bonus				
Change from previous policy: Updated discretions.	To incentivise and reward the achievement of annual financial and operational objectives which are closely linked to the corporate strategy.	The annual bonus is based predominantly on stretching financial and operational objectives set at the beginning of the year and assessed by the Committee following the year end. Half of any bonus earned is normally subject to deferral into shares under the Deferred Annual Bonus Plan ('DABP'), typically for a period of two years from the date of award. The deferred shares will vest subject to continued employment, but there are no further performance targets. A dividend equivalent provision applies, as described below. Recovery and withholding provisions apply, as described below. Participation in the bonus plan, and all bonus payments, are at the discretion of the Committee.	Maximum of 150% of salary as determined by the Committee.	Financial measures will normally represent the majority of bonus, with strategic or operational non-financial targets representing the balance (if any). Not more than 20% of each part of the bonus will be payable for achieving the relevant threshold hurdle. Measures and weightings may change each year to reflect any year-on-year changes to business priorities. The Committee has the discretion to adjust targets for any exceptional events (including acquisitions or disposals) that may occur during the year. The Committee also has the discretion to adjust the bonus outcome if it is not considered to be reflective of underlying financial or non-financial performance of the business or the performance of the individual over the performance period or where the outcome is not considered appropriate in the context of the experience of shareholders or other stakeholders.

Element	Purpose and link to strategy	Operation and performance conditions	Maximum opportunity	Performance assessment
Performance Share Plan ('PSP')				
Change from previous policy: Updated discretions.	To incentivise and recognise successful execution of the business strategy over the longer term. To align the long-term interests of Executive Directors with those of shareholders.	Awards will normally be made annually under the PSP, and will take the form of nil-cost options or conditional share awards. Participation and individual award levels will be determined at the discretion of the Committee within the Policy. Awards normally vest after three years subject to the extent to which the performance conditions specified for the awards are satisfied, and continued service. Recovery and withholding provisions apply, as described below. Executive Directors are required to retain vested shares delivered under the PSP for at least two years from the point of vesting, subject to the terms of the holding period described below. A dividend equivalent provision applies, as described below.	Normal circumstances: maximum of 200% of salary as determined by the Committee. Exceptional circumstances: maximum of 300% of salary as determined by the Committee.	The vesting of awards will be subject to the achievement of performance metrics which may be financial, share price or strategic in nature. The metrics and weightings for each award will be set out in the Annual Report on Remuneration. Any strategic measure(s) will account for no more than 25% of the award. No more than 25% of the award vests for achieving threshold performance. The Committee has the discretion to adjust targets for any exceptional events (including acquisitions and disposals) that occur during the performance period. The Committee retains the discretion to adjust the vesting outcome if it is not considered to be reflective of underlying financial or non-financial performance of the business or the performance of the individual over the performance period or where the outcome is not considered appropriate in the context of the experience of shareholders or other stakeholders.
All-employee share plans – SIP & SAYE				
Change from previous policy: None.	To encourage Group-wide equity ownership across all employees, and create a culture of ownership.	The Company operates two all-employee tax-advantaged plans, namely a Save As You Earn ('SAYE') and a Share Incentive Plan ('SIP') for the benefit of Group employees. The operation of these plans will be at the discretion of the Committee, and Executive Directors will be eligible to participate on the same basis as other employees.	Maximum permitted based on HMRC limits from time to time.	N/A
Share ownership guidelines				
Change from previous policy: Introduction of post-employment shareholding guidelines.	To increase alignment between executives and shareholders.	**In-post:** Executive Directors are expected to build and maintain a holding of shares in the Company. This is expected to be built through retaining a minimum of 50% of the net of tax vested PSP and DABP shares, until the guideline level is met. The minimum share ownership guideline is 200% of salary for current Executive Directors. **Post-cessation:** Following stepping down from the Board, Executive Directors will normally be expected to maintain a minimum shareholding of 200% of salary (or actual shareholding if lower) for two years. The Committee retains discretion to waive this guideline if it is not considered to be appropriate in the specific circumstance.	Not applicable.	N/A

Notes to the Policy table

Recovery and withholding provisions

Recovery and withholding provisions apply to variable pay, to enable the Company to recover amounts paid under the annual bonus and PSP in the event of the following negative events occurring within three years of the payment of a cash bonus, the grant date of an award under the DABP or the vesting date of PSP awards:

- a material misstatement or restatement to the audited financial statements or other data;
- an error in calculation leading to over-payment of bonus;
- individual gross misconduct;
- serious reputational damage;
- corporate failure; or
- any other circumstance which the Committee considers is similar in nature or effect.

Should such an event be suspected, there will be a further two years in which the Committee may investigate the event. The amount to be recovered would generally be the excess payment over the amount which would otherwise be paid, and recovery may be satisfied in a variety of ways, including through the reduction of outstanding deferred awards, reduction of the net bonus or PSP vesting and seeking a cash repayment.

Dividend equivalents

Under the DABP and the PSP, the Committee may also pay the value of dividends, at the Committee's discretion, on vested shares (in cash or shares) which may assume the reinvestment of dividends on a cumulative basis.

Discretion available under the Policy

In order to ensure that the Remuneration Policy is capable of achieving its intended aims, the Committee retains certain discretions over the operation of the variable pay policy. These include the ability to vary the operation of the plans in certain circumstances (such as a change of control, rights issue, corporate restructuring event, special dividend or acquisition or disposal) including the timing and determination of payouts/vesting; and making appropriate adjustments to performance measures or targets as necessary to ensure that performance conditions remain appropriate. However, it should be noted that in the event that the measures or targets are varied for outstanding awards in the light of a corporate event, the revised targets may not be materially less difficult to satisfy.

New to this Policy and in line with best practice and shareholder expectations, the Committee retains the discretion to adjust the vesting outcome if it is not considered to be reflective of underlying financial or non-financial performance of the business or the performance of the individual over the performance period or where the outcome is not considered appropriate in the context of the experience of shareholders or other stakeholders.

Should these discretions be used, they would be explained in the Annual Report on Remuneration and may be subject to consultation with shareholders as appropriate.

Operation of the PSP holding period

Executive Directors are required to retain vested shares delivered under the PSP (on a net of tax basis, where applicable) for at least two years from the point of vesting. In exceptional circumstances, the Committee may at its discretion allow participants to sell, transfer, assign or dispose of some or all of the PSP shares before the end of the holding period.

Previously agreed payment

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 17 September 2015 (the date the Company's first shareholder-approved Directors' Remuneration Policy came into effect); (ii) 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 (iii) at a time when the relevant individual was not a Director of the Company 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' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.

Selection of performance measures

Annual bonus performance measures are selected annually to reflect the Group's key strategic initiatives for the year and include both financial and strategic or operational non-financial objectives. A majority weighting will be placed on financial performance, ensuring that payouts are closely linked to the Group's performance and the execution of strategy.

PSP awards to be granted in 2021/22 will be subject to the achievement of Operating profit growth, Total Group revenue growth and a basket of Diversity targets. The Committee believes this combination of measures ensures that rewards are linked to long-term shareholder value creation and the culture and values of the business. The performance metrics used and their weighting may differ for awards to ensure they continue to support the Company's long-term growth strategy.

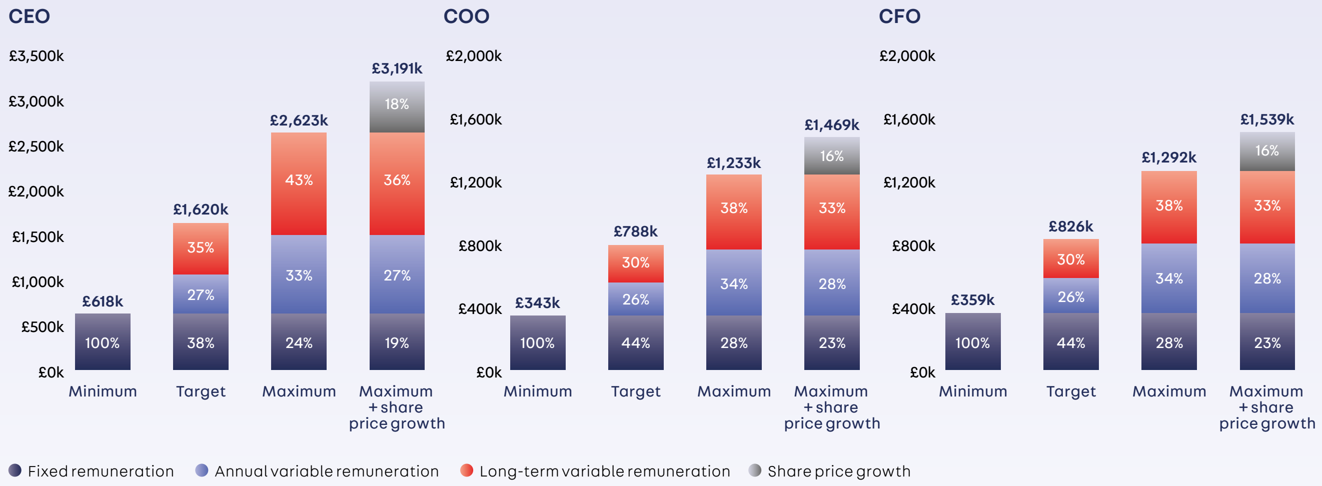
Differences in Remuneration Policy between Executive Directors and other employees

Whilst the Policy described above applies specifically to the Company's Executive Directors, the Policy principles are designed with due regard to employees across the Group.

'At risk, performance-linked pay' is restricted to the most senior employees in the Company, as it is this group that is most influential in driving corporate performance.

The Committee is committed to promoting a culture of widespread share ownership across all levels of the organisation. At senior levels this will predominantly be achieved through participation in performance-based incentive plans, whilst across the rest of the workforce it will be supported via all-employee share plans.

Illustration of application of Remuneration Policy
The charts below illustrate how the composition of the Executive Directors' remuneration packages varies under three different performance scenarios: threshold, on-target and maximum, both as a percentage of total remuneration opportunity and as a total value. It should be noted that these scenarios are for illustrative purposes only and have been determined using the approach specified in the regulations. They should not be construed as profit forecasts or a prediction of share price movements.



Assumptions

- Minimum = fixed pay (base salary, benefits and pension).
- Target = fixed pay plus 50% of maximum bonus payout and 50% vesting under the PSP.
- Maximum = fixed pay plus 100% of bonus payout and 100% PSP vesting.
- Maximum + share price growth = fixed pay plus 100% of bonus payout and 100% PSP vesting with a 50% increase in share price applied to the PSP award.

Salary levels have been pro-rated to reflect the pay increase applying on 1 July 2021. Annual variable remuneration is based on the salary applying from 1 July 2021. Long-term variable remuneration is based on the salary at expected date of grant. The value of taxable benefits is as disclosed in the single figure for the year ending 31 March 2021.

Aside from the maximum + share price growth scenario, no share price increase is assumed and any dividend equivalents payable are not included.

Service contracts and policy for payments on loss of office

The service contracts for the Executive Directors are terminable by either the Company or the Executive Director on 12 months' notice and make provision for early termination by way of payment of a cash sum equal to 12 months' salary and pension. The Company may continue to provide benefits until the end of the notice period or may make a payment to the value of 12 months' contractual benefits.

Payment in lieu of notice can be paid either as a lump sum or in equal monthly instalments over the notice period and will normally be subject to mitigation. The Committee will consider the particular circumstances of each leaver and retains flexibility as to at what point, and the extent to which, payments are reduced.

The Committee reserves the right to make any other payments in connection with a 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 settlement of any claim arising in connection with the cessation of a Director's office or employment or for any fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with his/her cessation of office or employment. SAYE options will become exercisable on cessation of employment to the extent permitted in accordance with the rules of the SAYE scheme, which does not provide for the exercise of discretion by the Committee. On cessation, a payment may be made in respect of accrued but untaken holiday.

Relevant details will be provided in the Annual Report on Remuneration should such circumstances apply.

In summary, the contractual provisions on termination where the Company elects to make a payment in lieu of notice are as follows:

Performance measures	Detailed terms
Notice period	12 months by either party.
Termination payments over the notice period	100% of salary and pension contribution for the relevant period. The Company may continue to provide benefits until the end of the notice period or may make a payment to the value of 12 months' contractual benefits.
Change of control	No enhanced provisions on a change of control.

The Executive Directors are subject to annual re-election at the AGM. Service contracts are available for inspection at the Company's registered office.

Annual bonus on termination

There is no automatic or contractual right to bonus payment. At the discretion of the Committee, for certain leavers, a bonus may become payable at the normal payment date based on performance. Such bonus would normally be pro-rated for time in employment unless the Committee determines otherwise. At its discretion the Committee may also pay such bonus at the time of cessation of employment based on performance to that date. Any bonus paid may be paid 100% in cash for the year of departure or preceding financial year if the bonus for that year has not yet been awarded. Should the Committee decide to make a payment in such circumstances, the rationale would be fully disclosed in the Annual Report on Remuneration.

DABP awards on termination

Any existing awards under the DABP will lapse on termination unless the termination is due to death, the sale of the employing company from the business or otherwise at the discretion of the Committee. Where an award does not lapse it will vest on cessation (or on such later date as the Committee determines), to the extent determined by the Committee.

PSP on termination

Share-based awards are outside of service contracts provisions. Normally, PSP awards will lapse upon a participant ceasing to hold employment. However, under the rules of the PSP, in certain prescribed circumstances (namely death, sale of employing company from the business or otherwise at the discretion of the Committee), 'good leaver' status can be applied. In exercising its discretion as to whether an Executive Director should be treated as a good leaver, the Committee will take into account the performance of the individual and the reasons for their departure and, in the event of this determination being made, will set out its rationale in the following Annual Report on Remuneration. Awards will typically vest on the originally anticipated date, although the Committee has discretion to vest awards sooner (and to assess performance conditions accordingly if vesting occurs before the end of the performance period).

The extent to which PSP awards will vest in good leaver circumstances will depend on:

(i) the extent to which the performance conditions have been satisfied at the end of the performance period (or such other relevant time as the Committee determines); and
(ii) unless the Committee determines otherwise, the pro-rating of the award determined by the period of time served in employment during the vesting period.

Change of control

In the event of a change of control of the Company or other relevant event, awards under the PSP, DABP and SIP and options under the SAYE scheme will vest early. Vesting of awards under the PSP will be determined by applying any relevant performance condition and, unless the Committee determines otherwise, pro-rating the award by reference to the period of time from grant to vest as a proportion of a period of three years. The DABP award shall vest in full, and the extent to which a SAYE option can be exercised will be determined by the Committee in accordance with the rules of the SAYE scheme on the same basis as for other employees.

Approach to recruitment and promotions

The recruitment package for a new Executive Director would normally be set in accordance with the terms of the Company's approved Remuneration Policy. Currently, this would include an annual bonus opportunity of up to 150% of salary and policy PSP award of up to 200% of salary (other than in exceptional circumstances where up to 300% of salary may be made). The Committee, however, retains discretion to include any other remuneration component or award which it feels is appropriate taking into account the specific circumstances of the recruitment, subject to the limit on variable remuneration of 350% of salary (450% of salary in exceptional circumstances) which is in line with current Policy limits. This limit does not include any payment(s) or award(s) made to 'buy-out' remuneration forfeited on leaving a previous employer. The key terms and rationale for any such component would be disclosed as appropriate in that year's Annual Report on Remuneration.

On recruitment, salary will be set so as to reflect the individual's experience and skills. It may be set at a level below the normal market rate, with phased increases greater than those received by others as the Executive Director gains experience.

Where an individual forfeits outstanding variable pay opportunities or contractual rights at a previous employer as a result of appointment, the Committee may offer compensatory payments or awards, in such form as the Committee considers appropriate taking into account relevant factors which may include the form of awards, expected value and vesting timeframe of forfeited opportunities. When determining any such 'buyout', the principle would be that awards would be on a 'like-for-like' basis unless this is considered by the Committee not to be practical or appropriate.

Where an Executive Director is required to relocate from their home location to take up their role, the Committee may provide assistance with relocation (either via one-off or ongoing payments or benefits).

If an internal candidate is promoted to the Board, legacy terms and conditions would normally be honoured, including pension entitlements and any outstanding incentive awards.

In the event of recruitment, the Committee may grant awards to a new Executive Director relying on the exemption in the Listing Rules which allows for the grant of awards, to facilitate, in unusual circumstances, the recruitment of an Executive Director, without seeking prior shareholder approval or under any other appropriate Company incentive plan.

Policy on external appointments

Subject to Board approval, Executive Directors are permitted to take on one non-executive position with another company and to retain their fees in respect of such position. Additional appointments may be undertaken in exceptional circumstances.

Remuneration Policy for the Chairman and Non-Executive Directors

The Non-Executive Directors do not have service contracts with the Company, but instead have letters of appointment.

Element	Purpose and link to strategy	Operation	Maximum opportunity
Fees	To attract and retain a high-calibre Chairman and Non-Executive Directors by offering a market competitive fee level.	Fees are reviewed periodically and approved by the Board, with Non-Executive Directors abstaining from any discussion in relation to their fees. Both the Chairman and the Non-Executive Directors are paid annual fees and do not participate in any of the Company's incentive arrangements, or receive any pension provision or other benefits. The Chairman receives a single fee covering all of his duties. The Non-Executive Directors receive a basic Board fee, with additional fees payable for chairing the Audit, Remuneration and Corporate Responsibility Committees and for performing the Senior Independent Director role. Additional fees may be paid to reflect additional Board or Committee responsibilities or an increased time commitment as appropriate. The Chairman and Non-Executive Directors shall be entitled to have reimbursed all expenses that they reasonably incur in the performance of their duties. The Company may meet any tax liabilities that may arise on such expenses. The Board may introduce benefits for the Chairman or Non-Executive Directors if it is considered appropriate to do so.	There is no prescribed maximum annual increase or fee level. The fee levels are reviewed on a periodic basis, with reference to the time commitment of the role and market levels (for example in companies of comparable size and complexity).

Letters of appointment

All Non-Executive Directors have letters of appointment with the Company for an initial period of three years, subject to annual re-election at the AGM. Appointment is terminable on six months' written notice. The appointment letters for the Non-Executive Directors provide that no compensation is payable upon termination of employment.

Letters of appointment are available for inspection at the Company's registered office.

Approach to recruitment

For the appointment of a new Chairman or Non-Executive Director, the fee arrangement would be set in accordance with the approved Remuneration Policy in force at that time.