# FY23 Directors' Remuneration Policy

## FY23 Directors' Remuneration Policy

The Directors' Remuneration Policy describes the framework, principles and structures that guide the Remuneration Committee's decision-making process in relation to Directors' remuneration arrangements. During the year, the Committee has undertaken an extensive review of the Directors' Remuneration Policy to ensure that it better supports the delivery of our long-term diversification strategy and the generation of long-term sustained shareholder value. As outlined in more detail in the Chair's letter, following the review, two key changes have been made to the operation of the Sustained Performance Plan (SPP): (1) the introduction of a long-term award component to better align management with future shareholder value creation; and (2) the introduction of a revenue diversification measure into the SPP to incentivise the delivery of growth from new markets.

### Remuneration Policy Principles

The Remuneration Policy is set to ensure that remuneration is sufficiently competitive to attract and retain senior executives of a high calibre and to provide a suitable incentive to drive performance, while remaining appropriate in the context of our approach to pay throughout the organisation. As part of the Policy review the Committee reviewed and updated the key principles of the Policy as follows:

| | |
|---|---|
| **Drives long-term diversification and strategic direction** | Drives the long-term diversification and strategic direction of the organisation and delivery of our purpose to power the pursuit of financial freedom for the ambitious. |
| **Supports sustainable long-term growth** | Supports the sustainable long-term growth of the business by incentivising sustained improvements in performance. |
| **Payouts correlate with Group performance** | Strong correlation between payouts and both the financial and non-financial performance of the Group. |
| **Aligns with the shareholder experience** | Aligns participants to the long-term shareholder experience. |
| **Competitive package to support recruitment and retention** | The overall package opportunity and the balance of fixed and variable pay is appropriate for IG, enabling the Group to recruit and retain talent on a global basis. |

The key principles are supported by a number of underpinning principles as follows:

| Simplicity of approach to support understanding from all stakeholders | Encourages the right culture and behaviours in line with IG's values | Supports appropriate risk management | Supports retention of IG's key talent | Supports succession planning including the ability to hire globally | Appropriate in the context of reward for IG's wider workforce |
|---|---|---|---|---|---|
| **Alignment with IG's purpose, values and drivers** | | | | | |

The Policy has been designed taking into account the principles of Provision 40 of the UK Corporate Governance Code (the Code). The Committee believes that we meet these principles as summarised below:

| | |
|---|---|
| **Clarity** | We provide open and transparent disclosures regarding our executive remuneration arrangements.<br><br>Our Remuneration Policy is designed to recognise and reward performance that supports the execution of our diversification strategy and helps drive sustainable shareholder value growth. |
| **Simplicity** | Our Remuneration Policy is designed to be straightforward, easy for shareholders and employees to understand, and simple for the Group to monitor. |
| **Predictability** | Our Remuneration Policy contains details of the maximum opportunity levels for each component of pay. Actual incentive outcomes vary depending on the level of the performance achieved against specific measures. |
| **Proportionality, risk and alignment to culture** | We believe the Remuneration Policy is consistent with regulatory and corporate governance requirements. It is also designed to achieve effective risk management through the choice of performance measures and targets, shareholding requirements and malus and clawback provisions. |

FY23 Directors' Remuneration Policy continued

## Remuneration Policy Table

The table below summarises each element of the Remuneration Policy for the Executive Directors, explaining how each element operates and how each part links to the corporate strategy.

### Key elements of remuneration

#### Base Salary

**To recruit and retain key employees of an appropriate calibre to deliver the strategic objectives of the Company.**

Operation

Base salaries are normally reviewed by the Committee annually, with salary increases normally effective from 1 June.

Base salaries are set taking into account:

- Scale, scope and responsibility of the role
- Experience of the individual and their performance
- Pay and workforce policies elsewhere in the Group
- Business performance and prevailing market conditions
- Salary levels at other companies of a similar size, complexity, geographic spread and business focus

Opportunity

Whilst there is no maximum salary, increases will normally be in line with or lower than the typical increases awarded to other employees in the Group.

However, increases may be above this level in certain circumstances such as:

- Where an Executive Director has been appointed to the Board at a lower than typical market salary to allow for growth in the role, larger increases may be awarded to move salary positioning closer to typical market level as the Executive Director gains experience
- Where an Executive Director has been promoted or has had a change in responsibilities
- Where there has been a significant change in market practice
- Where there has been a significant change in the size and/or complexity of the organisation
- In other exceptional circumstances

Performance metrics

None

#### Pensions and Benefits

**Competitive, cost-effective flexible pension and benefits allowance to help recruit and retain Executive Directors.**

Operation

Executive Directors are eligible to participate in the Company's flexible pension and benefits plan, from which Executive Directors can receive a range of benefits, Company pension contribution or cash allowance.

Benefits can include critical illness cover, dental cover, health assessments, income protection cover, life assurance, travel insurance and private medical cover

Executive Directors may participate in a Share Incentive Plan (SIP) or Savings Related Share Option Scheme (SAYE) or any other all-employee plans on the same basis as other employees up to HMRC approved limits or relevant plan limits.

The Committee may introduce other benefits if it is considered appropriate to do so.

Where appropriate, the Company may provide support to Executive Directors in the preparation of their tax returns.

Executive Directors shall be reimbursed for all reasonable expenses and the Company may settle any tax incurred.

Where an Executive Director is required to relocate, the appropriate one-off or ongoing benefits may be provided (e.g. housing, schooling etc.)

Opportunity

The maximum pension and benefits allowance for Executive Directors will be in line with the allowance available to the wider workforce in the UK. This rate is currently 12% of salary.

Where the Committee has determined that it is appropriate to provide additional benefits (including in connection with the relocation of an Executive Director), benefits may be provided above this level. The Committee will set the level of benefit at an appropriate level taking into account individual circumstances and the policy in place for other employees.

Where an Executive Director is located outside of the UK the pension and benefits provision may be aligned with practice for the wider workforce locally.

Executive Directors may participate in a SIP, SAYE or other all-employee plan up to the same maximum as other employees.

Performance metrics

None

FY23 Directors' Remuneration Policy continued

## Sustained Performance Plan

**The SPP provides a single incentive plan for Executive Directors. It provides a simple and competitive incentive mechanism that encourages and rewards both annual and sustained long-term performance, linked to the Company's strategic objectives. A significant portion of the SPP award is in shares, encouraging Executive Directors to build up a substantial stake in the Company, thereby aligning the interests of management with shareholders.**

### Operation

For FY24 onwards, awards under the SPP will normally comprise two components: (1) the annual award component; and (2) the long-term award component.

#### Annual award component

The annual award component will normally be 70% of the maximum award opportunity under the SPP but may be a different proportion if determined by the Committee.

For the annual award component, awards are normally made after the announcement of results relating to each 'plan year' (i.e. the year over which annual performance is assessed).

The annual award component will normally payout as set out below but the Committee may determine that a different proportion may apply:

- 42.86% of the annual award component earned will be delivered in cash shortly following the end of the plan year. This element may be up to 30% of the maximum SPP award
- 28.57% of the annual award component amount earned will be awarded in shares which will vest and be released to participants following the end of the fourth financial year that follows the start of the plan year. This element may be up to 20% of the maximum SPP award. A post-vesting retention period of six months would normally be applied to comply with regulations
- 28.57% of the annual award component amount earned will be awarded in shares which will vest following the end of the third financial year that follows the start of the plan year, following which it will be subject to a holding period and be released to participants following the end of the fifth financial year that follows the start of the plan year. This element may be up to 20% of the maximum SPP award

#### Long-term award component

The long-term award component will normally be 30% of the overall opportunity under the SPP but may be a different proportion if determined by the Committee.

For the long-term award component, awards are normally made during the 'plan year'.

For the long-term award component, performance will normally be assessed over three financial years starting with the 'plan year'. The long-term award component will usually vest following the end of the third financial year that follows the start of the plan year subject to the extent to which the performance criteria is met, following which it will normally be subject to a holding period and be released to participants following the end of the fifth financial year that follows the start of the plan year.

The Remuneration Committee retains discretion to scale back the vesting of awards if the underlying performance of the participant and/or the Group does not justify the payout of the award.

The Committee may determine that a different payout schedule should apply for future plan years.

Shares may be awarded either in the form of par value options, nil cost options or conditional awards. Shares awards in respect to financial years which precede FY24 will continue to payout in accordance with the terms of their award and the provisions of the policy that was in force at the time.

Recovery provisions apply, see below for further details.

In order to support a fair and smooth transition between the existing SPP structure and the revised structure, a modified approach will operate for FY24 as outlined on page 99.

### Opportunity

The maximum plan contribution in respect of a plan year is 500% of salary for the CEO and 400% of salary for other Executive Directors.

### Performance metrics

Awards under the annual award component are determined based on performance for the plan year.

Awards under the long-term award component are normally based on performance over a three-year period starting with the plan year.

Performance measures may comprise, for example, earnings per share (EPS) targets, revenue for the Group or a part of the Group, Total Shareholder Return (TSR) and strategic non-financial measures. The Committee may vary performance measures from year to year in accordance with strategic priorities and the regulatory environment.

TSR performance will normally be measured against the performance of a suitable comparator group.

No more than 25% of the award will normally be payable for threshold levels of performance.

The Committee may, in its discretion, adjust SPP awards, if it considers that the outcome does not reflect the underlying financial or non-financial performance of the participant and/or the Group over the relevant period or that such vesting 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.

## Share ownership policy

**This aligns the interests of management and shareholders both in and post-employment and promotes a long-term approach to performance and risk management.**

### Operation

Executive Directors are expected to build a holding of shares to the value of a minimum of 200% of base salary.

It is normally expected that the shareholding guideline would be met within five years from the date of appointment (unless exceptional circumstances apply).

The Committee will review progress annually, with an expectation that Executive Directors will make progress towards achieving the shareholding policy each year.

Following ceasing to be an Executive Director, Executive Directors will normally be expected to maintain a minimum shareholding of 200% of salary (or actual shareholding if lower) for two years. This guideline applies to shares that are released from the SPP on or after 17 September 2020. Any shares purchased by the Executive Directors will not be subject to the guideline. The Committee retains discretion to waive this guideline if it is not considered to be appropriate in the specific circumstances.

FY23 Directors' Remuneration Policy continued

### Transition approach for FY24

In order to support a fair and smooth transition between the existing SPP structure and the revised structure, a modified approach will operate for FY24 as outlined below:

- The annual award component will be 85% of the maximum award opportunity under the SPP
- The annual award component will be based on the assessment of Adjusted EPS, revenue diversification and non-financial strategic measures for FY24 and TSR performance for the period 1 June 2021 to 31 May 2024
- The annual award component will payout as follows:
  - 35.29% of the annual award component earned will be delivered in cash shortly following the end of the plan year. This element may be up to 30% of the maximum SPP award
  - 23.53% of the annual award component amount earned will be awarded in shares which will vest and be released to participants following the end of the fourth financial year that follows the start of the plan year. This element may be up to 20% of the maximum SPP award
  - 41.18% of the annual award component amount earned will be awarded in shares which will vest following the end of the third financial year that follows the start of the plan year, following which it will be subject to a holding period and be released to participants following the end of the fifth financial year that follows the start of the plan year. This element may be up to 35% of the maximum SPP award
- The long-term award component will be 15% of the overall opportunity under the SPP
- Performance for the long-term award component will be based on TSR performance over the period 1 June 2023 to 31 May 2026
- The long-term award component may vest following the end of the third financial year that follows the start of the plan year subject to the extent to which the performance criteria is met, following which it will be subject to a holding period and be released to participants following the end of the fifth financial year that follows the start of the plan year

### Notes to the Policy table

#### Summary of decision making process and changes to policy

The Policy has been updated to ensure that it better supports the delivery of our long-term diversification strategy and the generation of long-term sustained shareholder value. 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. The Committee considered the input from management and our independent advisers, as well as considering best practice and guidance from major shareholders and external proxy bodies. A detailed summary of the rationale for the changes to the Policy and how these will be implemented is provided as part of the Chair's statement. The key change from a Policy perspective is the introduction of a long-term award component into the SPP to better align management with future shareholder value creation. Other changes have been made to the wording of the policy to increase flexibility, to aid operation, to increase transparency and to reflect typical market practice.

### Performance measures

For FY24 it is intended that the annual award component of the SPP awards will be based on a combination of Adjusted EPS, revenue diversification and non-financial strategic and operational performance measures for FY24 and TSR performance for the period 1 May 2021 to 31 May 2024. The long-term award component will be based on TSR performance for the period 1 June 2023 to 31 May 2026.

| Metrics | Rationale and link to the strategic KPIs | How performance measures are set |
|---|---|---|
| Total Shareholder Return (TSR) relative to an appropriate comparator group. | TSR measures the total return to IG Menkul D's shareholders, both through share price growth and dividends paid, and as such it is aligned to shareholder interests.<br><br>TSR is influenced by how well IG Menkul D. performs on a range of other metrics, including financial indicators such as revenue, profit, cash generation and dividends, and non-financial indicators such as client satisfaction and operational performance. | The Committee sets the requirements for each plan year. The current benchmark group comprises the constituents of the FTSE 250 Index (excluding investment trusts). |
| Adjusted Earnings per share (EPS) | Adjusted EPS is a key indicator of the profits generated for shareholders, and a reflection of both revenue growth and cost control. | The Committee determines appropriate performance targets each year, taking account of the annual and longer-term business plans. |

## FY23 Directors' Remuneration Policy continued

| Metrics | Rationale and link to the strategic KPIs | How performance measures are set |
|---|---|---|
| Revenue diversification | IG's strategy is to diversify its earnings model to allow more predictable and sustainable revenues to facilitate the creation of long-term shareholder value.<br><br>This measure incentivises management to increase revenue from growth markets to support this strategy. | The Committee determines appropriate performance targets each year, taking account of the annual and longer-term business plans. |
| **Non-financial strategic and operational performance schemes** | | |
| Non-financial strategic and operational non-financial measures | Strategic metrics are designed to support the development and protection of the Group's intangible assets, which are the foundation of the Company's overarching strategy and long-term growth plans. ESG measures normally incorporated.<br><br>Targets currently set in the areas of strategic enablers, people and culture and client experience. | Targets are set at the start of the financial year based on our strategic and operational objectives for the year.<br><br>Following the end of the year, the Committee assesses performance relative to prior years, internal targets and sector averages. Assessment is undertaken 'in the round', taking account of activities and achievements during the year. |

Annual financial, strategic and operational non-financial measures are considered to be commercially sensitive and are therefore not disclosed at the time of award. The intention is that targets will be disclosed retrospectively in FY24, provided that they are no longer commercially sensitive.

### Recovery provisions

The Committee may decide within five years of an award being paid/granted that malus and/or clawback will be applied to the underlying awards. This may happen in the following circumstances:

- the 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 that the award: (i) being granted over; and/or (ii) Vesting to a greater degree than would have been the case had that misstatement not been made;
- the Committee forms the view that in assessing any condition set in connection with the award such 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 (i) being granted; and/or (ii) Vesting to a greater degree than would have been the case had that error not been made;
- the Committee forms the view that there has been substantial failure of risk management;
- the Committee forms the view that there has been serious reputational damage to the Company, any Group Member or a relevant business unit;
- the Committee forms the view that there has been a material corporate failure in the Company, any Group Member or any business unit;
- the Committee forms the view that the relevant individual is not considered to be fit and proper to perform their role;
- the relevant individual ceases to be a director or employee of a Group Member as a result of serious misconduct on the part of that individual;
- an individual participated in or was responsible for fraud or other conduct with intent or severe negligence which resulted in significant losses to the Group;
- there is reasonable evidence of misbehaviour or material error by the individual (malus only);
- the Group, a member of the Group or any relevant business unit suffers a material downturn in its financial performance (malus only);
- there are significant increases in the Group, or member of the Group or business unit's economic or regulatory capital base;
- any regulatory sanctions e.g. punitive, administrative, disciplinary or otherwise, where the conduct of the Participant contributed to the sanction; or
- any other event arises which the Committee determines warrants the relevant individual being subject to malus or clawback.

FY23 Directors' Remuneration Policy continued

### Share plan operations

The Committee will operate the SPP in accordance with the Rules of the plan (a copy of SPP rules is available on request from the Company Secretary and will be available on the National Storage Mechanism). Awards under the SPP plans may:

- Have any performance conditions applicable to them amended or substituted by the Committee in circumstances where the Committee determines an amended or substituted performance condition would be more appropriate and not materially less difficult to satisfy
- Incorporate the right to receive an amount equal to the value of dividends which would have been paid on the shares under an award that vests up to the time an award vests and is delivered. This amount may be calculated assuming that the dividends have been reinvested in the Company's shares on a cumulative basis
- Be settled in cash at the Committee's discretion. For Executive Directors, this provision will only be used in exceptional circumstances such as where for regulatory reasons it is not possible to settle awards in shares
- Be adjusted in the event of any variation of the Company's share capital or any demerger, delisting, special dividend or other event that may affect the Company's share price

### Remuneration policy across the Company

We have designed the remuneration policy for the Executive Directors and senior management taking into account the policy for employees across the Company as a whole. The Committee is kept updated through the year on general employment conditions, basic salary-increase budgets, the level of bonus pools and payouts and participation in share plans.

The Committee is therefore aware of how total remuneration at the Executive Director level compares to the total remuneration of the general population of employees. Common approaches to remuneration policy which apply across the Company include:

- Consistency in 'pay for performance', with annual bonus schemes being offered to the vast majority of employees. Senior employees also participate in share-based plans
- Offering pension, medical, life assurance and other flexible benefits for all employees, where practical given geographical location
- Ensuring that salary increases for each category of employee are considered, taking into account the overall rate of increase across the Company, market data, and both Company and individual performance
- Encouraging broad-based share ownership through the use of all-employee share plans, where practical

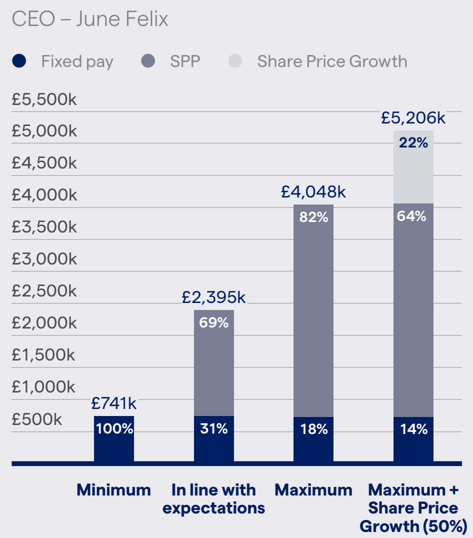
### Approved payments

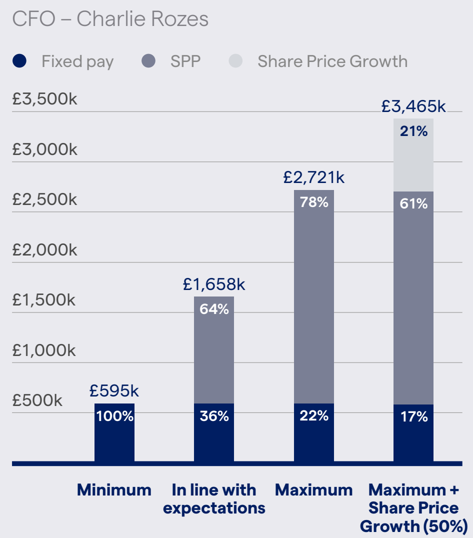
The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments), notwithstanding that they are not in line with the Policy set out above, where the terms of the payment were agreed: (i) before the policy set out above came into effect, provided that the terms of the payment were consistent with any applicable shareholder-approved Directors' remuneration policy in force at the time they were agreed or where otherwise approved by shareholders; or (ii) at a time when the relevant individual was not a Director of the Company (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 of the Company or such other person. 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' no later than the time the award is granted. This Policy applies equally to any individual who is required to be treated as a Director under the applicable regulations.

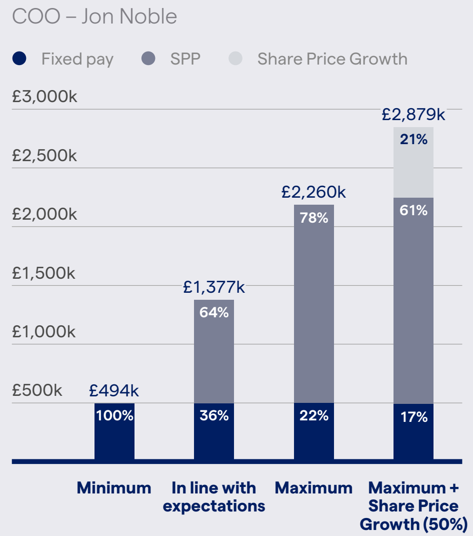
### Legacy awards

The current SPP expires in 2023 and in accordance with the termination provision of the scheme rules, for awards granted in respect of years up to and including the financial year ending 31 May 2020 (plan years 1–7) 50% of the cumulative awards in the plan account will vest in July 2023, with a further 25% released in both July 2024 and July 2025.

## FY23 Directors' Remuneration Policy continued




### Illustrating the application of Remuneration Policy

As a result of the Company's remuneration policy, a significant proportion of the remuneration received by Executive Directors depends on Company performance. The charts above show how total pay for Executive Directors varies under four different performance scenarios: minimum, target, maximum and maximum plus 50% share price growth:

**Minimum:** This comprises the fixed elements of pay, being base salary and pension and benefits allowance. Base salary and pension and benefits allowance are effective as at 1 June 2023.

**Target:** This comprises fixed pay and the target value of SPP (250% of salary for the Chief Executive Officer and 200% of salary other Executive Directors respectively).

**Maximum:** This comprises fixed pay and the maximum value of SPP (500% of salary for the Chief Executive Officer and 400% of salary other Executive Directors respectively).

**Maximum + 50% share price growth:** This comprises fixed pay and the maximum value of SPP (500% of salary for the Chief Executive Officer and 400% of salary other Executive Directors respectively) with 50% share price growth applied to the portion of the SPP (70% of total) which is delivered in shares.

No account has been taken of share price growth (other than as stated), or of dividend shares awarded.

### Executive Directors' service contracts

Executive Directors are employed under a service contract with IG Menkul Değerler (a wholly-owned intermediate holding company) for the benefit of the Company and the Group. The period of notice for existing Executive Directors does not exceed 12 months and, accordingly, Executive Directors' employment contracts can be terminated on up to a 12 months' notice by either party. Our intention is that the period of notice for any new Executive Director would not exceed 12 months.

In the event that the Company terminates an Executive Director's service contract other than in accordance with the terms of their contract, the Committee will act in the best interests of the Company with the objective that there is no reward for failure. All service contracts are continuous, and contractual termination payments relate to the unexpired notice period.

On a Director's departure, the Company may at its sole discretion pay base salary and the value of pension and benefits allowance that would have been receivable in lieu of any unexpired period of notice. In the event of termination for gross misconduct, the Company may give neither notice nor a payment in lieu of notice. Where the Company, acting reasonably, believes it may have a right to terminate employment due to gross misconduct, it may suspend the Executive Director from employment on full salary for up to 30 days to investigate the circumstances prevailing.

The Company may place an Executive Director on gardening leave for a period up to the duration of the notice period. During this time, the Executive Director will be entitled to receive base salary and their pension and benefits allowance. At the end of the gardening leave period, the Company may, at its discretion, pay the Executive Director base salary, in lieu of the balance of any period of notice given by the Company or the Executive Director.

When considering payments in the event of termination, the Remuneration Committee takes into account individual circumstances. Relevant factors include the reasons for termination, contractual obligations and the relevant incentive plan rules. When determining any loss of office payment for a departing Director, the Committee will always seek to minimise the cost to the Company while complying with the contractual terms and seeking to reflect the circumstances in place at the time.

The Committee reserves the right to make additional payments where such 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 or compromise of any claim arising in connection with the termination of an Executive Director's office or employment (including payment of reasonable fees for a departing director to obtain independent legal advice in relation to their termination arrangements and nominal consideration for any agreement to any contractual terms protecting the Company's rights following termination).

## FY23 Directors' Remuneration Policy continued

Copies of the Executive Directors' service contracts are available for inspection at the Company's Registered Office.

### Sustained performance plan (SPP) awards

If a participant ceases to hold employment or be a Director within the Group, or gives notice of leaving, other than as a 'Good Leaver' they forfeit any entitlement to receive further awards. All unvested awards will lapse. 'Good Leavers' are participants who cease to hold employment or be a Director by reason of their death, retirement, injury or disability, transfer of their employment outside the Group, or for any other reason at the Committee's discretion.

For the annual award component, 'Good Leavers' would normally continue to be eligible to receive an award for the year in which they ceased employment. Such award would normally be pro-rated based on time in employment for the plan year and would remain subject to performance. Any unvested Awards would continue to vest on the normal dates, unless the Committee determines that they will vest on an earlier date or dates. The Committee retains the discretion to pro-rate unvested awards if this is considered appropriate.

For the long-term award component, unvested awards for 'Good Leavers' would normally continue to vest on the original vesting date, or, if the Committee so determines, as soon as practicable after the date of cessation. The extent to which awards vest in these circumstances will be determined by the Committee, taking into account the extent to which any performance conditions or performance underpins have been satisfied, and, unless the Committee determines otherwise, the proportion of the performance period that has elapsed.

For both the annual award component and long-term award component, any vested awards which remain subject to the holding period would be released to participants in line with the original timescales of the award, unless the Committee determines that they will be released on an earlier date or dates.

For plan contributions which relate to periods up to and including the financial year 2019/20, any unvested awards in the participant's plan account will vest one third following the end of the plan year of cessation of employment and thereafter the remaining balance in equal parts on the first and second anniversary of such first payment, unless the Committee determines that they will vest on one or more earlier dates.

Where Awards are granted in the form of options, any vested awards already held at the time of cessation of employment will remain exercisable for a period of 12 months. Awards that vest following cessation will be capable of being exercised for a period of 12 months following vesting. The exception is when dismissal has been for misconduct, in which case such awards lapse in full.

### Change of control

The Executive Directors' contracts service do not provide for any enhanced payments in the event of a change of control of the Company nor for liquidated damages. For the annual award component of the SPP, Executive Directors may continue to receive an award for the financial year in which the change of control occurs. Any award would normally be pro-rated based on the portion of the year prior to the change of control, unless the Committee determines otherwise. Any unvested annual award component awards will normally vest in the event of a change of control. For the long-term award component, unvested awards would normally vest in the event of a change of control. The extent to which awards vest in these circumstances will be determined by the Committee, taking into account the extent to which any performance conditions and performance underpins have been satisfied, and, unless the Committee determines otherwise, the proportion of the performance period that has elapsed. For both the annual award component and long-term award component, any vested awards which remain subject to the holding period would normally be released to participants in the event of a change of control.

Where awards are granted in the form of options, participants will normally have one month following the change of control to exercise their options.

### Recruitment Remuneration Policy

When determining the remuneration package for a newly appointed Executive Director, the Committee would seek to apply the following principles:

- → The package should be market competitive to facilitate the recruitment of individuals of sufficient calibre to lead the business. At the same time, the Committee would intend to pay no more than it believes is necessary to secure the required talent
- → New Executive Directors will normally receive a base salary, pension and benefits in line with the policy described on page 97 and will also be eligible to join the incentive plans up to the limits set out in the Policy
- → In addition, the Committee has 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 set out below. The key terms and rationale for any such component would be disclosed as appropriate in the Directors' Remuneration Report for the relevant year
- → 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 all relevant factors including the form of awards, expected value and vesting timeframe of forfeited opportunities. When determining any such 'buyout', the guiding principle would be that awards would generally be on a 'like-for-like' basis unless this is considered by the Committee not to be practical or appropriate
- → The maximum level of variable remuneration which may be awarded (excluding any 'buyout' awards referred to above) in respect of recruitment is 500% of salary, which is in line with the current maximum limit under the SPP
- → Where an Executive Director is required to relocate to take up their role, the Committee may provide assistance with relocation (either via one-off or ongoing payments or benefits)
- → In the event that an internal candidate is promoted to the Board, legacy terms and conditions would normally be honoured, including any accrued pension entitlements and any outstanding incentive awards
- → To facilitate any buyout awards outlined above, 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

# FY23 Directors' Remuneration Policy continued

## Chair and Non-Executive Directors

The table below summarises each element of the remuneration policy applicable to the Chair and the Non-Executive Directors.

| Purpose and link to strategy | Operation | Opportunity |
|---|---|---|
| To attract and retain Non-Executive Directors of appropriate calibre and experience. | The Remuneration Committee determines the fee for the Chairman (without the Chairman present).<br><br>The Board is responsible for setting Non-Executive Directors' fees. The Non-Executive Directors are not involved in any discussions or decisions by the Board about their own remuneration.<br><br>Fees are set taking into account the time commitment required to fulfil the role and typical practice at other similar companies.<br><br>Fees are within the limits set by the Articles of Association and take account of the commitment and responsibilities of the relevant role. | The Chairman receives a single fee to cover all Board duties.<br><br>Non-Executive Directors receive a fee for carrying out their duties. They may receive additional fees if they chair the Board Committees, and for holding the post of Senior Independent Director. Additional fees may be paid for additional roles or time commitments if considered appropriate.<br><br>Committee membership fees may be paid.<br><br>Reasonable costs in relation to travel and accommodation for business purposes are reimbursed to the Chair and Non-Executive Directors. The Company may meet any tax liabilities that may arise on such expenses.<br><br>The Chair and Non-Executive Directors do not receive a pension and benefits allowance or participate in incentive schemes.<br><br>Benefits may be introduced if considered appropriate.<br><br>Details of current fee levels are set out in the Annual Report on Remuneration. |

Non-Executive Directors do not have service contracts; they are engaged by Letters of Appointment. Each Non-Executive Director is appointed for an initial term of three years subject to re-election, but the appointment can be terminated on three months' notice.

## Consideration of shareholder views

As part of its review of remuneration policy undertaken during the year the Committee consulted in detail with a number of our top shareholders and proxy agencies to explain the changes proposed and their rationale. Shareholder feedback was very important in helping us shape the proposed Policy, with a number of iterations being made to initial proposals to take into account shareholder views. The Committee was pleased with the level of support received for the changes. The Committee will continue to engage with shareholders in relation to remuneration arrangements.

## Consideration of employment conditions elsewhere in the Company

In setting the remuneration of the Executive Directors, the Committee takes into account the overall approach to reward for employees in the Company. The Group operates in a number of different environments, and has many employees who carry out diverse roles across a number of countries. All employees, including Directors, are paid by reference to the market rate, and base salary levels are reviewed regularly. When considering salary increases for Directors, the Committee takes into account pay and employment conditions across the wider workforce. However, no remuneration comparison measurements have been utilised to date. The Committee does not formally consult with employees on the executive remuneration policy. The Committee is periodically updated on pay and conditions applying to employees across the Company.