Remuneration Policy

The 2024 AGM marks the third anniversary of the approval of our Remuneration Policy. As such, we are required to put a new Directors' Remuneration Policy to binding shareholder vote, and we look forward to continuing high levels of shareholder support.

The policy is the framework for setting the pay of the Executive Directors, Non-Executive Directors, and the Group's Executive Team. While the shareholder-approved policy applies to the most senior executives in the business, the Committee has also reviewed remuneration and incentives more widely, taking these into account when setting this policy. The focus of the Committee is to ensure that the policy fully supports the Group's strategic aims focused on operational delivery, driving modal shift, targeted investment in adjacent growth opportunities to diversify the Group's portfolio and playing a leading role in environmental and societal sustainability.

The Committee met several times during FY 2024 to discuss the 2024 policy to ensure it is fit for purpose, aligned to the business strategy and complies with the Companies Act, relevant regulatory requirements (including the Principles set out in Provision 40 of the UK Corporate Governance Code) and the latest investor guidelines. The Committee considered the Company's position as a UK-based transport provider, our future growth strategy and key stakeholders, including the wider workforce, passengers and national, devolved and local governments.

The key principles underpinning the Committee's approach to executive remuneration are:

- Alignment with business strategy and objectives
- Rewarding for performance
- Competitive remuneration
- Simplicity and transparency

The Committee sought the views of our independent advisors, Willis Towers Watson, as well as our top shareholders. The Committee consulted c.70% of our top shareholders, seeking their view on the proposed 2024 policy. While the Committee did not formally consult employees when determining the 2024 policy, we do have several channels in which we gather feedback from employees, including inviting the Group Employee Director to all of the Committee meetings, which he regularly attends. The Committee Chair also attends Employee Director forum meetings.

Following a thorough review of the policy, the Committee concluded that our existing policy, which was approved at our 2021 AGM with c.96% shareholder support, fully supports our current and future strategy, therefore, no material changes to our existing policy are proposed. This includes no change to the structure or quantum of the annual bonus or LTIP. Where appropriate we have made minor clarifications to our existing policy.

The following table sets out how the proposed Remuneration Policy addresses the factors set out in Provision 40 of the UK Corporate Governance Code:

Clarity	The Committee considers that FirstGroup's remuneration structures are transparent and welcomes open and frequent dialogue with shareholders on its approach to remuneration. Major shareholders have been consulted on the Committee's approach to remuneration.
Simplicity	The overall Remuneration Policy is designed to be comprehensive without becoming overcomplicated and to encourage the Executive Directors to concentrate on providing easy and convenient mobility, improving quality of life by connecting people and communities, and delivering ongoing shareholder value through an attractive annual dividend.
Risk	One of the Committee's principles is that the majority of the reward opportunity for Executive Directors should be provided through performance-related incentives linked to the Group's strategic goals and taking account of the Group's attitude to risk. Reward under these incentives is linked to both individual and Group performance. The Committee is satisfied that the structures of the incentive arrangements do not encourage inappropriate risk taking. In addition, the following, best-practice, measures are in place to minimise risks: ■ EABP deferral, the LTIP holding period and shareholding requirement, including post-cessation provisions, provide a clear link to the Group's ongoing performance and shareholder experience ■ the Committee has discretion to adjust the formulaic incentive outcomes if it considers that they are not reflective of the underlying performance of the Company or any individual, and has demonstrated in recent years that it is prepared to use its discretion to reduce a formula-driven outcome where this does not reflect broader Company performance or the shareholder experience ■ malus and clawback provisions apply to EABP and LTIP awards
Predictability	The table on page 151 sets out four illustrations of the application of the Remuneration Policy including potential opportunity levels resulting from threshold, target and maximum performance under the EABP and LTIP.
Proportionality	Performance measures and target ranges under the EABP and LTIP are designed to be sufficiently stretching in order to ensure outturns are fully aligned with Group performance. As above, the Committee has discretion, and has demonstrated in recent years that it is prepared to use its discretion, to override formulaic outcomes in order to ensure performance is reflective of FirstGroup's underlying performance.
Alignment to culture	The Committee believes in an approach to executive pay that is commensurate with value creation for shareholders. The Remuneration Policy and the Company's incentive schemes have been designed to drive appropriate behaviours consistent with FirstGroup's purpose, Values and strategy and are aligned to wider workforce policies and practice.

The Company's Policy remains to attract, retain and motivate its leaders and to ensure they are focused on delivering business priorities within a framework designed to promote the long-term success of FirstGroup and align with shareholder interests. In order to prevent any conflicts of interest, the Committee is composed entirely of independent Non-Executive Directors. No individual is involved in deciding their own remuneration.

Remuneration Policy continued

The diagram below illustrates the balance of pay and time period of each element of the Policy for Executive Directors.

Total pay over five years	Year 1	Year 2	Year 3	Year 4	Year 5
Fixed Pay	Salary				
Fixed Pay	Benefits, Pension				
EABP (Malus and clawback provisions apply)	Up to 150% of salary				
	50% in cash	50% in shares. Three-year deferral period No further performance conditions			
LTIP (Malus and clawback provisions apply)	Up to 200% of salary Three-year performance period			Two-year holding period No further performance conditions	

Remuneration Policy continued

As outlined on page 144, the 2024 Directors' Remuneration Policy, the 'Remuneration Policy', will be subject to a vote at the 2024 AGM on 26 July 2024. The Remuneration Policy for the Company has been prepared in accordance with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), and taking account of the Principles of the UK Corporate Governance Code, the 'Code'. The Remuneration Committee, 'the Committee', has also taken account of the guidelines issued by the Investment Association, ISS and other shareholder bodies when setting the remuneration framework and has sought to maintain an active and constructive dialogue with investors on developments in the remuneration aspects of corporate governance. The Remuneration Policy will take effect from the date it is approved.

Remuneration Policy for Executive Directors

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Salary To attract and maintain high calibre executives with the attributes, skills and experience required to deliver the Group's strategy.	Typically reviewed annually, effective from 1 April. Any increases take account of: ■ Company and individual performance and experience ■ role and responsibilities ■ market positioning ■ external indicators, such as inflation and market conditions, and ■ pay increases made to the wider workforce No recovery or withholding applies.	Salary increases (in percentage terms) for Executive Directors will normally be with reference to increases made to the wider workforce, however, there is no formal maximum. Where the Committee considers it necessary or appropriate, larger increases may be awarded in individual circumstances, including, but not limited to, factors such as an increase in the size or scope of the role, or the individual's development and performance in the role. The Committee has the flexibility to set the salary of a new hire at a discount to the market level and to realign it in subsequent years as the individual gains experience in the role. In exceptional circumstances, the Committee may agree to pay above market levels to secure or retain an individual who is considered by the Committee to possess significant and relevant experience that is critical to the delivery of the Company's strategy.	Not applicable
Benefits Provide market competitive benefits to assist in attracting and retaining executives and to support them in the performance of their roles.	A range of benefits may be provided including, but not limited to, private medical insurance, life assurance, long-term disability insurance, company car allowance, general employee benefits, including participation in our all-employee share plans and travel and related expenses. The Committee retains the discretion to offer additional benefits as appropriate, such as assistance with relocation, tax equalisation and overseas tax advisory fees. No recovery or withholding applies.	The cost of benefits is not pre-determined, reflecting the need to allow for increases associated with the provision of benefits. As such, there is no formal maximum.	Not applicable

Remuneration Policy continued

Remuneration Policy for Executive Directors continued

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Pension benefits Allows executives to build long-term savings for their retirement and ensures the total remuneration package is competitive.	Payment may be made into a pension scheme or delivered as a cash allowance. No recovery or withholding applies.	Executive Directors receive a pension contribution, or cash allowance, of up to the average pension benefit for the wider UK workforce, up to a maximum of 15% of base salary.	Not applicable
Annual bonus To focus on the delivery of annual goals, to strive for superior performance and to achieve specific targets which support the strategy. The deferred share element provides alignment with shareholders and supports retention.	Bonuses are awarded annually under the Executive Annual Bonus Plan (EABP). At least half the bonus awarded in any year will be deferred into shares, normally for a period of three years. The EABP is reviewed annually to ensure performance measures and targets are appropriate and support the strategy. Up to 25% of the maximum may be payable for threshold performance with maximum vesting being equal to 100% of any award made. The Committee has discretion to permit a dividend equivalent amount to accrue on shares which vest under the EABP. The rules of the EABP contain malus and clawback provisions to take account of exceptional and adverse circumstances. Cash bonus payments can be clawed back up to the third anniversary of payment and deferred share awards may be subject to malus prior to the vesting date.	The maximum annual bonus opportunity for the Executive Directors is 150% of salary.	The bonus may be based on a combination of financial, operational, and individual metrics, which the Committee will review on an annual basis. The precise allocation between financial and non-financial metrics (as well as weightings within these metrics), will depend on the strategic focus of the Company from year-to-year. At least half of any award will be subject to financial measures. Vesting of deferred shares is dependent on continued employment or good leaver status. The Committee retains the discretion, acting fairly and reasonably, to alter the bonus outcome in light of the underlying performance of the Company, taking account of any factors it considers relevant.

Remuneration Policy continued

Remuneration Policy for Executive Directors continued

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Long-Term Incentive Plan (LTIP) Incentivises the execution of strategy, and drives long-term value creation and alignment with shareholders.	Awards under the LTIP are conditional rights to receive shares or nil-cost options over shares, subject to continued employment or good leaver status and the achievement of performance conditions. Up to 20% of the maximum may be payable for threshold performance, with maximum vesting being equal to 100% of any award made. Shares which vest under the LTIP are typically subject to an additional holding period of two years. Shares may be sold in order to satisfy tax or other relevant liabilities as a result of an award vesting. The Committee has discretion to permit a dividend equivalent amount to accrue on shares which vest under the LTIP. The rules of the LTIP contain malus and clawback provisions to take account of exceptional and adverse circumstances. Malus applies to awards before vesting. Where awards have vested they may be clawed back up to the fifth anniversary of grant.	Normal award policy is for a maximum annual award opportunity of 200% of base salary for the Chief Executive and 175% for other Executive Directors. In exceptional circumstances, awards of up to 300% of base salary may be made, such as to aid recruitment.	The Committee determines the precise metrics and weightings of LTIP awards on an annual basis to ensure the targets are stretching and supportive of the Group's strategy and business objectives, usually over a three-year performance period. In recent years measures have included financial measures, such as EPS, relative TSR vs the FTSE 250 and ESG measures that support our strategy. The Committee retains the discretion, acting fairly and reasonably, to alter the LTIP vesting outcome in light of the underlying performance of the Company during the performance period, taking account of any factors it considers relevant.

Remuneration Policy continued

Remuneration Policy for Executive Directors continued

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Shareholding Guidelines To ensure that Executive Directors' interests are aligned with those of shareholders.	**During employment** The Executive Directors are expected to hold shares, or rights to shares, equivalent in value to a minimum of 200% of base salary within a five-year period from the later of their date of appointment or the 2021 AGM. For these purposes, rights to shares includes the estimated after-tax value of EABP awards and vested LTIP awards, including those subject to a holding period, but does not include any unvested LTIP awards. **Post-employment** Following cessation Executive Directors are normally expected to hold: ■ the in-employment guideline (or full actual holding if lower) for the first year following cessation of employment, and ■ 50% of the in-employment guideline (or full actual holding if lower) for the second year following cessation of employment The post-employment guideline will apply to share awards granted under incentive plans from the 2021 AGM onwards and will not include shares purchased outright by an Executive Director.	Not applicable	Not applicable

Remuneration Policy continued

Remuneration Committee judgment and discretion

The Committee operates within the bounds of the shareholder approved Remuneration Policy at all times. It will also operate the EABP and LTIP according to the rules of each respective plan, the Listing Rules and any relevant legislation. The Committee considers the use of judgment and discretion to be pivotal to operating the Remuneration Policy successfully. Remuneration Committee judgment and discretion includes, but is not limited to:

- when to make awards and payments; how to determine the size of an award or payment, or when and how much of an award should vest;
- who receives an award or payment;
- how to deal with a change of control, restructuring or any other corporate event of the Group;
- whether an Executive Director or senior manager is a good or bad leaver for incentive plan purposes and what proportion of awards vest, if any, at the time of leaving or at the original vesting date(s);
- how and whether an award or its performance condition(s) may be adjusted in certain circumstances, e.g. change of accounting policy;
- the choice of (and adjustment of) performance measure(s), weighting(s) and target(s) for each incentive plan from year-to-year in accordance with the Remuneration Policy set out above and the rules of each plan; and
- amending plan rules in accordance with their terms.

The Committee also has the ability to exercise judgment when assessing qualitative performance, including, but not limited to, performance against any strategic objectives in the EABP and the assessment of the personal performance of an Executive Director.

Where the formulaic vesting outcomes for the EABP or LTIP are not reflective of the underlying performance of the Company during the performance period, the Committee retains the discretion, acting fairly and reasonably, to alter the vesting outcomes of the EABP or LTIP, taking account of any factors it considers relevant.

Any use of discretion will, where relevant, be disclosed in the Annual Report on Remuneration and may, as appropriate, be the subject of consultation with the Company's major shareholders.

Malus and clawback

Malus and clawback provisions apply to the EABP (including deferred share awards) and LTIP awards. Events that may trigger the Remuneration Committee to apply malus and/or clawback include, but are not limited to:

- a material misstatement (including any omission) in the Company's financial results;
- where the award, or the vesting outcome of the award, was based on a material error, or on inaccurate or misleading information;
- any form of misconduct;
- insolvency or corporate failure; and
- regulatory censure or significant reputational damage.

Corporate events

In the event of a change of control or winding-up of the Company, unvested share awards granted under the EABP and the LTIP will normally vest early. The number of shares which may vest under LTIP awards in these circumstances will be subject to any relevant performance conditions and, unless the Committee determines otherwise, time pro-rating. The Committee will determine the number of shares in respect of which an EABP award vests at its discretion. In the event of a demerger, distribution (other than an ordinary dividend) or other transaction which, in the opinion of the Committee, would affect the share price, the Committee may allow EABP and LTIP awards to vest subject, in the case of LTIP awards, to any relevant performance conditions and, if the Committee so decides, time pro-rating.

Setting performance measures and targets

In determining the levels of executive reward, the Committee places considerable emphasis on ensuring a strong and demonstrable link between actual remuneration received and the delivery of FirstGroup's strategy. The measures and weightings used under the EABP are selected annually to reflect the Group's key strategic initiatives for the year and may reflect both financial and non-financial objectives. The targets for the EABP are set by reference to the Company's strategy and internal budgets as well as the external context, such as market forecasts. This approach seeks to ensure that the targets are appropriately stretching, yet achievable.

The LTIP provides a focus on delivering superior returns to shareholders by providing rewards for long-term sustainable value creation. The Committee reviews annually whether the performance measures, weightings and calibration of targets remain appropriate and sufficiently challenging taking into account the Company's strategic objectives and shareholder interests.

All-employee share plans awards are not subject to performance conditions in line with the treatment of such awards for all employees and in accordance with the applicable tax legislation.

Group employee considerations

In setting the remuneration of the Executive Directors, the Committee takes into account the overall approach to rewarding employees in the Group. All employees, including Directors, are paid by reference to the market rate and base salary levels are reviewed regularly. When considering salary increases for Executive Directors, the Committee pays close attention to pay and employment conditions across the wider workforce.

The key difference between Executive Director remuneration and the wider workforce is that, overall, the remuneration of Executive Directors is more heavily weighted towards variable pay linked to business performance. As a result, Executive Director remuneration will be more variable, increasing or decreasing in line with overarching business performance. Long-term incentives are provided only to the most senior executives as they are reserved for those considered to have the greatest ability to drive Group performance.

Remuneration Policy continued

All UK-based employees are able to become shareholders in the Company through participation in the Company's all-employee share schemes. The Company provides a number of forums for employees to provide feedback as well as receiving employee views from the Group Employee Director.

Legacy arrangements

The Company may make any remuneration payments and payments for loss of office to satisfy commitments agreed prior to the approval of this Remuneration Policy notwithstanding that they are not in line with the Remuneration Policy set out above, provided that such payments were consistent with the Directors' Remuneration Policy in force at the time they were agreed. This includes previous incentive awards that are currently outstanding, and which have been disclosed to shareholders in previous remuneration reports.

The Company may also make any remuneration payments and payments for loss of office outside of this Remuneration Policy in order to satisfy legacy arrangements made to an employee prior to (and not in contemplation of) joining the Board of Directors. All historic awards that were granted, but remain outstanding, remain eligible to vest based on their original award terms.

Minor amendments

The Committee may make minor amendments to the Remuneration Policy (for example, for tax, regulatory, exchange control or administrative purposes) without obtaining shareholder approval.

Reward scenarios

The graphs below provide an indication of the reward opportunity for each of the current Executive Directors based on their roles as at 01 April 2024.

The basis of calculation and key assumptions used to complete the charts are as follows:

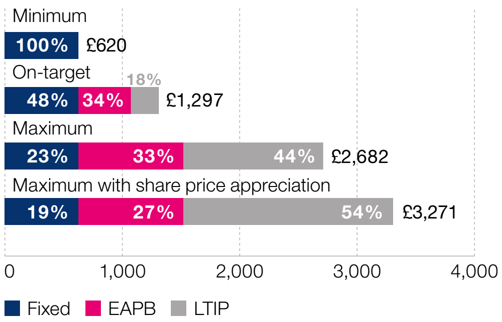
Minimum – Only fixed pay is payable, i.e. base salary, benefits and pension or cash in lieu of pension. No bonus is payable, and no vesting achieved under the LTIP. The Executive Directors' pension benefit is included at 5% of salary for the CEO and 15% of salary for the CFO.

On-target – Fixed pay plus 50% of maximum annual bonus payout (i.e. 75% of salary) and 20% vesting under the LTIP (i.e. 40% of salary for the CEO and 35% of salary for the CFO).

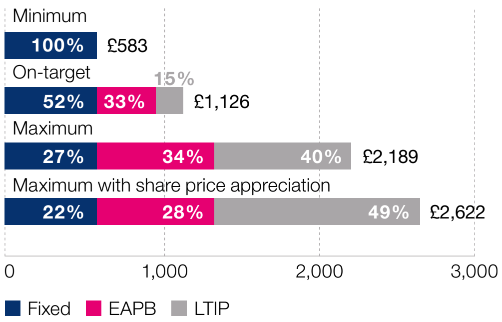
Maximum – Fixed pay plus 100% of maximum annual bonus payout (i.e. 150% of salary) and 100% vesting under the LTIP (i.e. 200% of salary for the CEO and 175% of salary for the CFO).

Maximum + 50% share price growth – A maximum scenario showing maximum plus 50% share price growth has been included.

Graham Sutherland, Chief Executive
Total remuneration (£'000)



Ryan Mangold, Chief Financial Officer
Total remuneration (£'000)



Remuneration Policy continued

Approach to recruitment remuneration

The Committee believes it is vital to be able to attract and recruit high-calibre executives who are focused on delivering the Group's strategy, while relating reward to performance in the context of appropriate risk management and aligning the interests of Executive Directors and senior managers with those of shareholders to build a sustainable performance culture.

The Committee's approach when considering the overall remuneration arrangements in the recruitment of a new Executive Director is to take account of his or her remuneration package in their prior role, the market positioning of the remuneration package and not to pay more than is necessary to facilitate their recruitment.

The remuneration package for a new Executive Director will be set in accordance with the terms of the Company's normal Remuneration Policy as set out above, modified as follows:

Salary	The salary level shall take into account Executive Director salaries paid by companies in the comparator group, which comprises companies that are broadly in line with FirstGroup's size, structure and complexity and have features that are comparable to FirstGroup. The Committee has the flexibility to set the salary of a new Executive Director at a discount to the market level initially, with a series of higher than usual increases implemented over the following few years to bring the salary to the desired positioning, subject to individual and business performance.
Benefits	The Company may award certain additional benefits and other allowances including, but not limited to, those to assist with relocation support, temporary living and transportation expenses, educational costs for children and tax equalisation to allow flexibility in employing an overseas national.
Pension benefits	Any new Executive Director will be eligible to participate in pension or pension allowance, insurance and other benefit programmes in line with local practice.
Annual bonus	The maximum bonus opportunity shall be 150% of base salary.
Long-Term Incentive Plan	The maximum opportunity shall be 200% of base salary for a newly recruited CEO and 175% of base salary for other newly recruited Executive Directors. However, a maximum opportunity of 300% of base salary may be used in exceptional circumstances, in addition to any buyout of forfeited awards.
Buyout awards	The Committee may grant such cash or replacement share-based awards, if any, as it considers are reasonably necessary to facilitate the recruitment of a new Executive Director in the circumstances. This includes an assessment of the awards and any other compensation or benefits item that would be forfeited on leaving their current employer. The value of these payments would not exceed what is considered by the Committee to be a fair estimate of remuneration lost when leaving the former employer and would reflect, as far as possible, the nature and time horizons attached to that remuneration and the impact of any performance conditions. If the Executive Director's former employer pays a portion of the remuneration that was deemed forgone, the replacement payments will be reduced by an equivalent amount.
Notice periods	The Committee shall utilise notice periods of up to 12 months.

For the appointment of a new Chairman or Non-Executive Director, the fee arrangement shall be set in accordance with the normal Remuneration Policy as set out below.

In the case of an internal executive appointment, any variable pay element awarded in respect of the prior role will be allowed to pay out according to its existing terms, adjusted as relevant to take into account the appointment. In addition, any other ongoing remuneration obligations existing prior to appointment will continue.

Remuneration Policy continued

Executive Directors' service agreements

The Executive Directors' service agreements, including arrangements for early termination, are carefully considered by the Committee, and are designed to recruit, retain and motivate Executive Directors of the calibre required to manage the Company. The Committee's policy is for Executive Directors' service contracts to be terminable on no more than one-year's notice. The details of existing Executive Directors' service contracts are summarised in the table below:

Executive Director	Date of service contract	Notice period
Graham Sutherland	16 May 2022	12 months
Ryan Mangold	31 May 2019	12 months

Policy on payment for loss of office

Executive Directors' service agreements contain provisions for payment in lieu of notice. The Company is unequivocally against rewards for failure; the circumstances of any departure, including the individual's performance, would be taken into account in every case. Executive Directors' service agreements are kept available for inspection by shareholders at the Company's registered office.

Service agreements may be terminated without notice and without payment in lieu of notice in certain circumstances, such as gross misconduct. The Company may require the Executive Director to work during their notice period or may choose to place the individual on 'garden leave', for example to ensure the protection of the Company's and shareholders' interests where the Executive Director has access to commercially sensitive information.

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), by way of a compromise or settlement of any claim arising in connection with the cessation of the Executive Director's office or employment or to strengthen the Group's rights post-termination. Any such payment may include, but is not limited to, paying reasonable relocation costs, including possible tax exposure costs, any reasonable level of fees for outplacement assistance and/or the Executive Director's legal or professional advice fees in connection with his cessation of office or employment.

Remuneration Policy continued

In the event of an Executive Director's departure, any outstanding share awards will be treated in accordance with the plan rules as follows:

Plan	Treatment on Cessation
Salary, Benefits and Pension	These will be paid over the notice period and are subject to mitigation. The Company has discretion to make a lump sum payment in lieu.
EABP	**Good leaver reason*** Where an individual is considered a good leaver* a performance-related bonus may be paid. This will usually be based on the proportion of the bonus year for which the individual has been actively employed and bonus (if any) will be paid at the normal time, although the Committee retains discretion to pay it earlier in appropriate circumstances. **Other reason** The EABP provides no entitlement to a bonus following cessation of employment, unless the leaver is considered a good leaver.
Deferred Share Awards	**Good leaver reason*** Where an individual is considered a good leaver*, unvested EABP deferred share awards will typically vest at the end of the vesting period, although the Committee may accelerate vesting. Where an award vests early, time pro-rating will apply unless the Committee determines otherwise. In the case of death, all outstanding awards will vest in full immediately. **Other reason** Unvested EABP deferred share awards will normally lapse on cessation of employment or, at the Committee's discretion, on service of notice of termination of employment.
Long-Term Incentive Plan	**Good leaver reason*** Where an individual is considered a good leaver*, unvested LTIP share awards will typically vest at the end of the vesting period, subject to time pro-rating and to the extent that any performance conditions have been satisfied, as determined by the Committee. The Committee may determine that vesting is accelerated with performance tested at this time. Unless the Committee decides otherwise, the holding period will continue to apply. In the case of death, awards will vest immediately subject to time pro-rating and no holding period will apply. **Other reason** Unvested LTIP awards will normally lapse on cessation of employment.
All-employee share plans	Awards will vest in accordance with the rules of the relevant plan, which do not permit the exercise of any discretion by the Committee.

* A good leaver is defined as a share plan participant who ceases to be employed in the following circumstances: ill-health; injury or disability; statutory redundancy; agreed retirement; employing company ceasing to be a Group company; transfer of employment to a company which is not a Group company; and at the Committee's discretion. Cessation of employment in circumstances other than death or those set out above is cessation for other reasons.

Policy on external appointments

The Committee believes that the Company can benefit from Executive Directors holding one approved non-executive directorship of another company, offering Executive Directors the opportunity to broaden their experience and knowledge. Company policy is to allow Executive Directors to retain the fees earned from such appointments.

Chairman and other Non-Executive Directors' letters of appointment

The Chairman and other Non-Executive Directors do not have service contracts, but each has a letter of appointment with the Company. Each letter of appointment generally provides for a three-month notice period. Non-Executive Directors are normally appointed for two consecutive three-year terms, with any third term of three years being subject to rigorous review, taking into account the need progressively to refresh the Board.

In line with the requirement of the Code, all Non-Executive Directors including the Chairman are subject to annual re-election by shareholders at each AGM. The appointment of each of the Non-Executive Directors is subject to early termination without compensation if they are not reappointed at a meeting of shareholders.

Remuneration Policy for the Chairman and Non-Executive Directors

The Chairman and Non-Executive Directors may on occasion receive reimbursement of costs incurred in relation to professional advice.

These payments, if made, are taxable benefits to the Non-Executive Director and the tax arising is paid by the Company on the Director's behalf.

Fees for the Non-Executive Directors are determined by the Board as a whole, on the recommendation of the Executive Directors and the Chairman. Fees for the Chairman are determined by the Committee.

Remuneration Policy continued

The policy on fees for the Chairman and Non-Executive Directors is:

Purpose and link to strategy	To be sufficient to attract, motivate and retain Non-Executive Directors necessary to contribute to a high-performing Board.
Chairman	The fee for the Chairman is determined by the Committee and reflects the commitment, demands and responsibility of the role. The fee is paid monthly and can either be taken in cash or shares or a combination of both. The fee is inclusive of all Committee roles and is not performance-related or pensionable. Limited benefits relating to travel, accommodation and meals may also be payable in certain circumstances, with the tax arising being paid by the Company on the Chairman's behalf. The fee payable to the Chairman may be varied (either up or down) from this level during the three-year period that this Remuneration Policy operates to ensure it continues to appropriately recognise the requirements of the role.
Non-Executive Directors	Fees are determined by the Board, within the limits set out in the Company's Articles of Association, with Non-Executive Directors abstaining from any discussion or decision on their fees. The Board takes account of recognised best practice standards for such positions when determining the fee level and structure. The Non-Executive Directors receive a base fee. Additional fees may be payable for additional responsibilities, including chairmanship of the Company's key Committees and for performing the Senior Independent Director role. Fees are paid monthly and can either be taken in cash or shares or a combination of both. Non-Executive Directors' letters of appointment contain provisions for payment in lieu of notice. Other than the Group Employee Director, Non-Executive Directors do not participate in any of the Company's incentive arrangements or receive any pension provision. Non-Executive Directors are reimbursed for expenses and any tax arising on those expenses is settled directly by the Company. To the extent that these are deemed taxable benefits, they will be included in the Annual Report on Remuneration, as required. Reasonable costs of travel and accommodation for business purposes are reimbursed to Non-Executive Directors. On the limited occasions when it is appropriate for a Non-Executive Director's spouse or partner to attend, such as to a business event, the Company will meet these costs. The Company will meet any tax liabilities that may arise on such expenses. Fee levels may be varied (either up or down) during the three-year period that the Remuneration Policy operates to ensure they continue to appropriately recognise the time commitment and responsibilities of the role, increases or decreases to fee levels for Non-Executive Directors in general and fee levels in companies of a similar size and complexity.
Group Employee Director	The Group Employee Director's fee is in line with the basic fee of the Non-Executive Directors and is payable in addition to the remuneration received as an employee of the respective Group operating company, which includes participation in any benefit and incentive arrangements and pension scheme.

Consideration of shareholder views

As part of the Remuneration Policy review, the Committee consulted with our top shareholders (who collectively held c.70% of our outstanding share capital at the time of consultation) inviting them to provide feedback on our proposed Remuneration Policy. The consultation process allowed us to ensure shareholders views were considered in shaping the Company's Remuneration Policy. The Committee values its continued dialogue with shareholders and engages directly with them and their representative bodies at the earliest opportunity. Shareholder feedback received in relation to the AGM, as well as any additional feedback and guidance received during the year, is also considered by the Committee when developing the Company's remuneration framework and practices.

Sally Cabrini
Chair, Remuneration Committee
11 June 2024