

## PROPOSED AMENDMENTS TO THE DIRECTORS' REMUNERATION POLICY

The current Policy is set out on pages 54 to 65 of the Company's annual report and accounts for the year ended 31 March 2019. The amendments to the Policy for which Shareholder approval is sought pursuant to resolution 1 are set out below.

### 1. Amendments to the remuneration policy table on pages 55 to 59 of the Company's annual report and accounts for the year ended 31 March 2019.

The Annual bonus, Pension and Shareholding Requirement sections of the remuneration policy table have been updated as follows (changes are marked-up in blue for ease of reference):

How component supports strategic objectives	Operation of component	Maximum potential value of component	Performance metrics used, weighting and time periods
<b>Annual bonus</b>			
<p>To incentivise the annual delivery of financial and strategic priorities.</p> <p><del>No regular annual cash bonus scheme is currently in place although the Committee wishes to retain the flexibility to introduce such a scheme should it be deemed necessary to attract and retain high calibre executive directors in future.</del></p>	<p>Bonus payment <del>would be</del> is dependent on the achievement of performance measures.</p> <p>One-third of any bonus earned is deferred into shares for two years subject to continued employment.</p> <p>The Committee may decide to pay the entire bonus in cash where the amount to be deferred into shares would, in the opinion of the Committee, be so small it is administratively burdensome to apply deferral.</p> <p>Dividends will not accrue on deferred shares prior to vesting.</p> <p>The Committee has discretion to adjust the payment outcome if it is not deemed to reflect the underlying financial or non-financial performance of the Company, the performance of the individual or the experience</p>	<p>Maximum opportunity of up to 150% of base salary may be awarded in respect of a financial year.</p> <p><del>Maximum potential bonus of 200% of annual base salary, including the value of any share incentive awards granted during the year, as detailed below. The overall combined limit for annual cash bonuses and share incentive awards to be 200% of annual base salary.</del></p> <p><del>In years where no bonus is awarded and/or no grant of share incentives is made to a director the maximum grant limit of 200% can be brought forward or carried back to be used in other years.</del></p>	<p>Targets are set annually reflecting the Company's financial and strategic priorities.</p> <p>At least 70% of the annual bonus is assessed against financial performance metrics. The balance is assessed against non-financial strategic/personal objectives.</p> <p><b>Financial metrics</b> Up to 25% of each bonus element will vest for threshold performance, with full vesting for maximum performance.</p> <p><b>Non-financial metrics</b> Vesting will apply on a scale between 0% and 100% based on the Committee's assessment of performance against objectives.</p> <p><del>Performance measures will be appropriate to the role of the individual director.</del></p> <p><del>Save in exceptional circumstances, directors</del></p>

How component supports strategic objectives	Operation of component	Maximum potential value of component	Performance metrics used, weighting and time periods
	<p>of shareholders or other stakeholders over the performance period.</p> <p>Annual bonus payments are subject to clawback provisions for up to two years following payment. Deferred share awards are subject to clawback provisions during the two-year deferral period. Clawback may apply in the following circumstances: gross misconduct of the participant; material error or misstatement in the accounts; grant or vesting of annual bonus awards being found to be incorrect due to misleading or inaccurate information; serious reputational damage; material corporate failure.</p>		<p><del>will be required to reinvest 25% of any bonus payment (after tax) in the Company's shares at the prevailing market price. These shares are expected to be retained for a significant period.</del></p>
<b>Pension</b>			
To provide funding for retirement	Defined contribution pension scheme open to all employees and executive directors.	<p><del>Company contributes up to a maximum of 20% of base salary per annum.</del> The percentage level of pension provision for executive directors will not exceed the highest percentage contribution rate payable available to a majority of employees.</p>	None.
<b>Shareholding Requirement</b>			
To strengthen the long-term alignment of directors' interests with those of all shareholders.	Shareholding requirement policy is primarily derived from the issue of shares resulting from the exercise of awards made under the Share Incentive Schemes, <a href="#">the Deferred Bonus Plan</a>	Executive directors are expected to progressively build and retain a shareholding in the Company worth 200% of basic salary over a maximum of 10 years; until	

How component supports strategic objectives	Operation of component	Maximum potential value of component	Performance metrics used, weighting and time periods
	<p>and existing awards made under the LTIP 2016.</p>	<p>such time as they have achieved this level, they are required to: (i) retain all the shares vesting to them under the Deferred Bonus Plan (other than to settle associated tax liabilities on vesting) <del>invest 5% of their net basic salary each year in acquiring shares in the Company</del>; and (ii) retain not less than 25% of any shares issued to them under the LTIP 2016 or any other long-term incentive plan operated by the Company from time to time.</p> <p>Under LTIP 2016, in relation to the 25% blocks of their award which vest after 3, 5 or 7 years, participants are required to retain 50% of any shares they choose to convert for at least 12 months. In relation to the final 25% block which vests after 10 years, they are obliged to retain 75% for 12 months, 50% for 18 months, and 25% for 24 months.</p> <p>The above holding periods continue to apply to participants after they cease to be employed by the Company; shares issued in future under any other long-term incentive plan will be subject to similar restrictions.</p> <p>Future share awards to directors will be made</p>	

How component supports strategic objectives	Operation of component	Maximum potential value of component	Performance metrics used, weighting and time periods
		<p>subject to a post-vest holding period.</p> <p><b>Post-employment</b></p> <p>Executive directors who step down from the Board following 16 December 2020 are required to retain a holding in 'guideline shares' equal to:</p> <ul style="list-style-type: none"> <li>• 200% of salary (or their actual shareholding at the point of departure if lower) for the first 12 months following stepping down as executive director.</li> <li>• 100% of salary (or their actual shareholding at the point of departure if lower) for the subsequent 12 months.</li> </ul> <p>'Guideline shares' do not include shares that the executive director has purchased or which have been acquired pursuant to share awards which vested before 16 December 2020. Unless the Committee determines otherwise, an executive director or former executive director shall be deemed to have disposed of shares which are not 'guideline shares' before 'guideline shares'.</p>	

The Ad hoc Cash Bonus section of the remuneration policy table has been deleted entirely from the remuneration policy table.

The sentence "*Larger awards may be made but any excess over 200% will be carried forward and taken into account in any future share incentive grants and/or bonus payments*" has been deleted from the Share Incentive Schemes section of the remuneration policy table.

For completeness, no amendments have been made to the Base Salary or Benefits sections of the remuneration policy table.

**2. Addition of the following rows to the service contracts and policy for payment for loss of office table on pages 62 to 63 of the Company's annual report and accounts for the year ended 31 March 2019 (after the section relating to compensation for loss of office in service contracts).**

<b>Standard provision</b>	<b>Policy</b>	<b>Details</b>	<b>Other provisions in service contracts</b>
Treatment of unvested annual bonus awards	The payment of a bonus will be at the discretion of the Committee on an individual basis and will be dependent on a number of factors, including the circumstances of the individual's departure and contribution to the business during the financial year.	Unless the Committee determines otherwise, any bonus payment will be paid at the usual time following the determination of performance metrics and be subject to a pro rata reduction for time served during the performance period.	N/A
Treatment of unvested deferred bonus awards	The extent to which any unvested award will vest will be determined in accordance with the rules of the Deferred Bonus Plan.  Unvested awards will normally lapse on cessation of employment. However, if an executive director leaves under "good leaver" provisions the awards will remain capable of vesting.	For a "good leaver", awards will ordinarily vest at the normal vesting date. In exceptional circumstances, the Committee may decide that the executive director's deferred share awards will vest at the date of cessation of employment.  In either case, the extent of vesting will be determined by the Committee taking into account, unless the Committee determines otherwise, the period of time elapsed from the grant date to the date of cessation of employment relative to the deferral period.	N/A