

Further information for shareholders regarding our remuneration policy for Executive Directors

In the 2013 Annual Report, the Directors' Remuneration Policy Report sets out the Group's policy when hiring a new Executive Director (on page 49) as follows:

“Reward packages for new Directors will be consistent with the policy set out in the above table, which describes each component of remuneration for the Directors of the Company. Fixed remuneration elements would be paid only from the date of employment and any bonus will be pro-rated to reflect the proportion of employment over the year. The maximum level of variable remuneration is as stated in the policy table above. If, consequent to joining the Group, a new director forfeits elements of variable reward linked to their previous employment, the Committee reserves the right to make compensatory awards up to the maximum amount of the individual's loss. Any such awards would be made taking into account the performance conditions and time horizon of the forfeited awards. In the event that an internal candidate is appointed as an Executive Director, any contractual obligation in respect of a previous role will be honoured even if it is inconsistent with this policy at the time the obligation is fulfilled. The Committee also reserves the right under this policy to apply listing rule 9.4.2(2).”

Following discussions with some of our largest institutional investors and their representative bodies, the Remuneration Committee wishes to clarify that the provision of discretion under listing rule 9.4.2(2) – also referred to on page 48 under the Policy Table – would only be used to compensate an Executive Director for long-term incentive scheme awards forfeited on leaving a previous employer. Such buyout awards will have a fair value no greater than the awards forfeited. The policy that exists for current Executive Directors with regard to long-term incentive schemes, as set out in the Policy Table, would then apply to the balance of the individual's remuneration package.

Alexander Waugh
Chairman of the Remuneration Committee
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