



20 November 2018

PUBLIC STATEMENT ON REMUNERATION DISCLOSURES

In accordance with the Financial Reporting Council's Corporate Governance Code requirements we are providing an update on our remuneration disclosures.

The Group places high importance on the opinions of its shareholders and other stakeholders when considering our remuneration policy and its implementation. We operate an active stakeholder engagement programme and prior to the publication of the Group's Annual Report and Accounts, we consulted with a number of shareholders to confirm that our remuneration policy implementation and outcomes were aligned to policy and shareholder interests.

We were disappointed to receive a 20.79 per cent advisory vote against our remuneration report at the 2018 AGM particularly given that 98 per cent of votes were in favour of the Directors' Remuneration Policy in 2017, suggesting that the approach to remuneration was supported by shareholders. As a result of the vote we will however make a number of changes, as outlined below.

During the Summer we invited a broad selection of shareholders and other key stakeholders to meet with us, in order to obtain balanced feedback on our approach. This included shareholders who opposed the 2017 remuneration report at the 2018 AGM.

It became clear in these discussions that, while disclosure levels were generally good, our process for determining bonus awards for Executive Directors was perceived to be too complex, and we could make clearer both how the annual awards are calculated and where judgement or discretion is applied by the Remuneration Committee. In light of these discussions, we will simplify our process for determining bonus awards for Executive Directors and make our reporting on that process clearer, including any exercise of judgement or discretion by the Remuneration Committee. Disclosures within the Annual Report and Accounts will be enhanced and simplified.

Our policy, which had strong support at the AGM in 2017, remains appropriate and will be next reviewed at the 2020 AGM.

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