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**THIS DOCUMENT AND THE ACCOMPANYING FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under FSMA, if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you sell or otherwise transfer, or have sold or otherwise transferred, all your Ordinary Shares in the Company, please forward this document, but not the accompanying personalised Form of Proxy, as soon as possible to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or the transferee. If you sell or have sold or otherwise transferred only part of your holding of Ordinary Shares, you should retain these documents and consult the bank, stockbroker or other agent through whom the sale or transfer was affected. If you receive this document from another Shareholder, as a purchaser or transferee, please contact the Registrar for a personalised Form of Proxy.

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**SIG plc**

(Incorporated in England and Wales with registered number 998314)

**Approval of New Remuneration Policy & Restricted Share  
Plan, Circular to Shareholders  
and  
Notice of General Meeting**

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This document should be read as a whole.

**PART 1 CONTAINS: -**

- the letter from the Chairman of the Company (Letter from the Chairman of SIG) with a recommendation from the Directors that you vote in favour of the resolutions to be proposed at the General Meeting;
- the letter from the Chair of the Remuneration Committee (Letter from the Chair of the Remuneration Committee of SIG) which sets out the details and rationale behind the New Remuneration Policy and the Restricted Share Plan.

**PART 2 CONTAINS: -**

- The Notice of the General Meeting.

**PART 3 CONTAINS: -**

- The proposed New Remuneration Policy.

**PART 4 CONTAINS: -**

- The terms and conditions of the proposed SIG plc 2020 Restricted Share Plan.

**Notice of the General Meeting, to be held at the offices of SIG plc, 10 Eastbourne Terrace, London, W2 6LG, at 11 a.m. on 17 November 2020, is set out in part 2 (Notice of General Meeting) of this document.**

In view of the current restrictions introduced by the UK Government in response to the COVID-19 pandemic, in particular the prohibition on public gatherings of more than six people, which remain in place as at the date of this document, it is intended that the General Meeting be convened with the minimum quorum of two Shareholders present. The health and wellbeing of our Shareholders is of the utmost importance to SIG plc. Shareholders are asked not to attend the General Meeting in person and, in the interests of safety, any attempted entry to the General Meeting will be refused. Shareholders are requested instead to appoint the chairman of the meeting as their proxy and provide voting instructions to the proxy in advance of the General Meeting. Further information is provided in paragraphs 4 through 5 (inclusive) of Letter from the Chairman of SIG plc in part 1 of this document.

The situation is constantly evolving, and the UK Government may change current restrictions or implement further measures relating to the holding of general meetings during the affected period. The Company has been closely monitoring developments relating to the COVID-19 pandemic, including the related public health legislation and guidance introduced by the UK Government. Any changes to the arrangements for the General Meeting will be communicated to Shareholders via the Company's website at [www.sigplc.com/investors](http://www.sigplc.com/investors) and, where appropriate, by Regulatory Information Service announcement.

You are asked to complete and return the Form of Proxy, in accordance with the instructions printed on it, to the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgewater Road, Bristol BS99 6ZY, as soon as possible and, in any event, so as to be received by no later than 11 a.m. on Friday 13 November 2020 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). Shareholders wishing to appoint a proxy online should visit [www.eproxyappointment.com](http://www.eproxyappointment.com) and follow the instructions. To use this service, you will need your unique PIN and Shareholder Reference Number, together with the Control number, printed on the Form of Proxy.

If you hold your Ordinary Shares in CREST, and you wish to appoint a proxy or proxies through the CREST electronic proxy appointment service, you may do so by using the procedures described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)). In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST Proxy Instruction must be properly authenticated in accordance with Euroclear's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Computershare Investor Services PLC, ID 3RA50 not later than 11 a.m. on Friday 13 November 2020.

A copy of this document is available on the Company's website at [www.sigplc.com/investors](http://www.sigplc.com/investors). Neither the content of the Company's website nor any website accessible by hyperlinks from the Company's website is incorporated in, or forms part of, this document.

**A summary of action to be taken by Shareholders is set out in paragraph 5 of Letter from the Chairman of SIG plc in part 1 of this document and in the Notice of General Meeting set out in part 2 (Notice of General Meeting) of this document.**

This document is dated 29 October 2020.

## SHAREHOLDER HELPLINE

If you have any questions about this document, the General Meeting or on the completion and return of the Form of Proxy, please call the Computershare shareholder helpline between 8:30 a.m. and 5:30 p.m. (London (UK) time) Monday to Friday (except UK public holidays) on +44 (0)370 707 1293 (calls to this number from the UK are charged at the standard national rate plus network extras) or on +44 370 707 1293 from outside the UK.

Please note that calls may be monitored or recorded, and the helpline cannot provide financial, legal or tax advice or advice on the merits of the resolutions to be considered at the General Meeting.

| Terms                   | Definition                                                                                                                               |
|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| Close Period            | Period when trading in the Company's Shares is prohibited.                                                                               |
| Company                 | SIG plc registered number 998314; and Group Company shall be construed accordingly.                                                      |
| Committee               | The Remuneration Committee of the Board of the Company.                                                                                  |
| New Remuneration Policy | The remuneration policy of the Company being put to shareholders for approval at the General Meeting of the Company on 17 November 2020. |
| Participant             | An eligible employee who holds a subsisting award under the RSP.                                                                         |
| RSP                     | The SIG plc 2020 Restricted Share Plan.                                                                                                  |
| Shares                  | Ordinary shares of the Company.                                                                                                          |
| Shareholder             | The holder of Shares.                                                                                                                    |

## Letter from the Chairman of SIG



SIG plc

### DIRECTORS:

Andrew Allner (Non-Executive Chair)  
Steve Francis (Chief Executive Officer)  
Ian Ashton (Chief Financial Officer)  
Alan Lovell (Senior Independent Non-Executive Director)  
Kate Allum (Independent Non-Executive Director)  
Bruno Deschamps (Non-Executive Director)  
Ian Duncan (Independent Non-Executive Director)  
Gillian Kent (Independent Non-Executive Director)  
Simon King (Independent Non-Executive Director)  
Christian Rochat (Non-Executive Director)

### REGISTERED AND HEAD OFFICE:

10 Eastbourne Terrace  
London  
United Kingdom  
W2 6LG

29 October 2020

Dear Shareholder,

## APPROVAL OF NEW REMUNERATION POLICY AND RESTRICTED SHARE PLAN AND NOTICE OF GENERAL MEETING

### 1. Introduction

I am writing in connection with proposals recommended by the board of directors of the Company (the **Board**)

- to adopt a New Remuneration Policy and the SIG plc 2020 Restricted Share Plan; and
- to provide you with details of a General Meeting (the **General Meeting**) to be held at the offices of SIG plc, 10 Eastbourne Terrace, London, W2 6LG at 11 a.m. on 17 November 2020. The formal notice of General Meeting (the **Notice of General Meeting**) is set out in Part 2 (*Notice of General Meeting*) on pages 10 to 13 of this document.

The purpose of this document is to provide you with information on the New Remuneration Policy and associated SIG plc 2020 Restricted Share Plan to explain why the Board considers these matters to be in the best interests of the Company and its Shareholders as a whole and explain why the Board unanimously recommends that you vote in favour of the resolutions set out in the Notice of General Meeting (the **Resolutions**).

### 2. New Remuneration Policy

The Chair of the Committee, Kate Allum, has set out the Committee's rationale behind the New Remuneration Policy and the SIG plc 2020 Restricted Share Plan and the key terms and conditions in her letter.

### 3. Notice of General Meeting

You will find set out at the end of this document a Notice of General Meeting convening a General Meeting to be held at the offices of SIG plc, 10 Eastbourne Terrace, London, W2 6LG 11 a.m. on 17 November 2020.

At the General Meeting the Resolutions will be proposed which, if passed, will approve the New Remuneration Policy and RSP and authorise the Directors to give effect to these proposals and the Resolutions.

The full text of the Resolutions is included in the Notice of General Meeting, which is set out on page 10 to 13 (*Notice of General Meeting*) of this document.

The Resolutions relating to the New Remuneration Policy and RSP will be proposed as an ordinary resolution. This means that, for these Resolutions to be passed on a poll, members representing more than 50% of the total voting rights of the members voting (in person or by proxy) must vote in favour of the Resolutions.

#### 4. Coronavirus (COVID-19) and impact on General Meeting

The Company has been closely monitoring developments relating to the COVID-19 pandemic, including the related public health legislation and guidance introduced by the UK Government. The current arrangements for the General Meeting are described below. **Any changes to these arrangements will be communicated to shareholders via the Company's website at [www.sigplc.com/investors](http://www.sigplc.com/investors).**

At the time of writing, compulsory government measures are in force restricting public gatherings of more than 6 people, save in exceptional circumstances. In light of these measures, Shareholders must not attend the General Meeting in person and anyone seeking to attend in person will be refused entry. The Company will make arrangements for a quorum to be present to transact the formal business of the meeting as set out in the Notice of General Meeting.

If you would like to ask a question relating to the business of the General Meeting, please email us at [cosec@sigplc.com](mailto:cosec@sigplc.com) by no later than 5 p.m. on 9 November 2020. The Form of Proxy will also provide details of the dial-in facility to enable you to listen at the meeting. All questions submitted in advance will be answered at the meeting where possible.

Your vote is still important and I would encourage you, regardless of the number of shares you own, to complete, sign and return the Form of Proxy so as to reach the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, not less than 48 hours before the time fixed for the holding of the General Meeting. Alternatively, Shareholders may also register their proxy appointment and voting instructions electronically. Please refer to paragraph 5 below and the notes to the Notice of General Meeting on pages 11 through 13 (inclusive) for further details on how to appoint a proxy and vote electronically. **Please appoint the chairman of the General Meeting as your proxy, with voting instructions, to ensure your vote is counted; other named proxies will not be allowed to attend the General Meeting.** The deadline for the receipt by our Registrars of all proxy appointments is **11 a.m. on Friday 13 November 2020**. In order to reflect the views of all shareholders in relation to each Resolution, voting will be held on a poll.

#### 5. Action to be taken

You will find enclosed with this document a Form of Proxy for use in respect of the Resolutions to be proposed at the General Meeting. **You are requested to complete the Form of Proxy in accordance with the instructions printed on it, and return it as soon as possible, but in any event so as to be received by Computershare, by hand or by post, at The Pavilions, Bridgwater Road, Bristol, BS13 8AE, not later than 11 a.m. on 13 November 2020.**

**Shareholders wishing to appoint a proxy online should visit [www.eproxyappointment.com](http://www.eproxyappointment.com) and follow the instructions. To use this service, you will need your unique PIN and Shareholder Reference Number, together with the Control number, printed on the Form of Proxy.**

If you hold your Ordinary Shares in CREST, and you wish to appoint a proxy or proxies through the CREST electronic proxy appointment service, you may do so by using the procedures described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)). In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST Proxy Instruction must be properly authenticated in accordance with Euroclear's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Computershare Investor Services PLC, ID 3RA50, not later than 11 a.m. on 13 November 2020.

The Resolutions will be decided on a poll and the result of the vote will be announced to the London Stock Exchange and will appear on the Company's website, **<https://www.sigplc.com/investors/information-for-shareholders/shareholder-information>.**

#### 6. Documents available for inspection

The rules of the RSP and the New Remuneration Policy will be available for inspection on the Company's website at [www.sigplc.com](http://www.sigplc.com).

#### 7. Recommendation to Shareholders

The Board considers that all the Resolutions set out in the Notice of General Meeting are likely to promote the success of the Company and are in the best interests of the Company and its Shareholders as a whole. The Directors unanimously recommend that you vote in favour of the proposed Resolutions as they intend to do in respect of their personal shareholdings in the Company, which, in aggregate, amount to 1,637,901 shares representing 0.1386% of the issued ordinary share capital of the Company.

Yours faithfully,

For and on behalf of SIG plc  
**Andrew Allner**  
Chairman

# Letter from the Chair of the Remuneration Committee of SIG plc



Dear Shareholder,

## **APPROVAL OF THE NEW REMUNERATION POLICY AND RESTRICTED SHARE PLAN**

### **1. Background**

When drafting this letter, the focus on responding to the societal and business disruption caused by the COVID-19 pandemic is immense and the Committee is acutely aware of its responsibilities in taking account of this context in its discussions and decisions.

In the normal course of events, we would be seeking shareholder approval for a New Remuneration Policy in 2021 three years after the approval of the current remuneration policy in 2018. However, there are a number of reasons that the Committee feels that it is appropriate to bring forward a New Remuneration Policy in 2020: -

- To support the refocusing of the Company strategy;
- To reflect our new team of Executive Directors and a desire to align their interests with shareholders as soon as possible;
- A desire to simplify the Company's remuneration;
- A desire to incentivise the creation of long-term shareholder returns through sustainable long-term performance of the Company;
- In reflection of the current context and the additional uncertainties it introduces over the mid-term.

We, therefore, believe it is time for something different.

The proposed New Remuneration Policy is set out in Part 3 on pages 14 to 29. A full explanation of the new Policy and the Committee's rationale for the changes are set out there. In this letter, I am focusing on the new, proposed RSP which will form part of the New Remuneration Policy and requires separate shareholder approval.

### **2. Summary of the key elements of the proposed New Remuneration Policy (the "New Remuneration Policy") and RSP**

#### **RSP**

- Removal of the Long-Term Incentive Plan ("LTIP") and replacement with the RSP. Reduction in maximum award from 300% of salary under the LTIP to 150% of salary under the RSP.
- Reduction in the initial award for the CEO and CFO from 300% of salary under the LTIP to 125% of salary and 100% of salary respectively under the RSP.
- Share price used to calculate the initial award is 30 pence per share (the placing and open offer price).
- 3-year vesting period and two-year holding period.
- Underpin for the Committee to adjust vesting if business performance, individual performance or wider Company considerations mean in their view that an adjustment is required.
- Adjustment to vesting is permitted to avoid any "windfall" gains due to timing and COVID-19.
- The Committee is conscious of the current volatility and low share price of the Company. In order to protect all stakeholders, the Committee is proposing the following safeguards:
  - ▶ A reduction in the value of the initial 2020 RSP awards (see above);
  - ▶ The Committee will review each year the size of the awards granted under the RSP within the maximums set out above taking into account the considerations outlined including Company and individual performance. The Committee anticipates that the normal award will not be greater than 125% and 100% as outlined above.

- The Committee will also take into account the following underpinning factors (amongst others) when determining whether to exercise its discretion to adjust the number of shares vesting under the RSP awards:
  - whether threshold performance levels have been achieved for the performance conditions for the Bonus Plan for each of the three years covered by the vesting period for the RSP award;
  - whether there have been any sanctions or fines issued by a Regulatory Body; (in which case participant responsibility may be allocated collectively or individually);
  - whether there has been material damage to the reputation of the Company; (in which case participant responsibility may be allocated collectively or individually);
  - the level of employee and customer engagement over the period;
  - and in all cases subject to the Committee's holistic assessment at vesting based on business performance, individual performance or wider Company considerations.
- The Committee will review the share price performance at the end of the vesting period to determine whether there are any inappropriate windfall gains.

### **Other Policy Changes**

- Alignment of the Company's pension contributions for all Executive Directors with the majority of employees at a current maximum of 7.5% of salary.
- Introduction of post-cessation of employment shareholding requirement for the full in-employment requirement (300% of salary for the Executive Directors) to apply for 2 years following cessation.
- No other material changes to the current remuneration policy.

### **Implementation of the New Remuneration Policy in 2020**

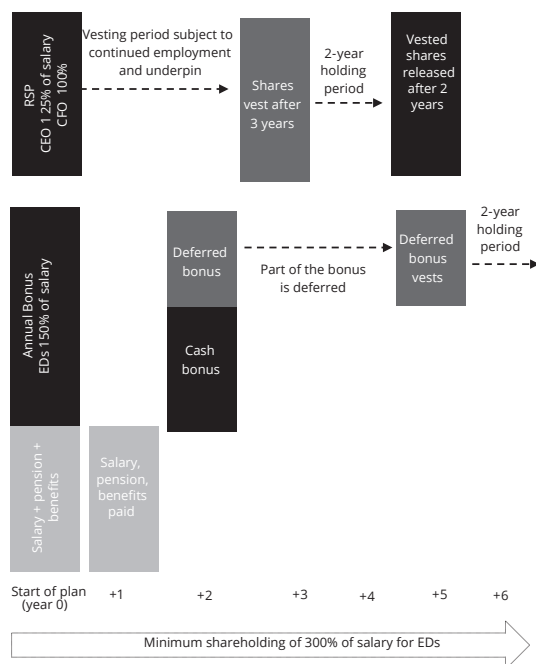
- No salary rises for 2020.
- No additional bonus payable to the CEO in respect of 2020 (received a bonus of £375,000 following shareholder approval on 9 July 2020). The CFO will participate in the normal Bonus Plan for 2020 which will continue under the New Remuneration Policy without amendment.

### **Why should Shareholders Support the Committee's Proposals?**

The introduction of the Restricted Share Plan provides: -

- The build-up and maintenance of a long-term shareholding which ensures Executive Directors focus on recovering and enhancing shareholder value;
- The build-up of a long-term locked in shareholding by the Executive Directors ensuring a focus on the long-term sustainable performance of the business;
- Ensures management have the same ownership experience as shareholders;
- Ensures a focus on the long-term sustainable performance of the Company reflecting the outputs of the strategy allowing a flexible and nimble approach to managing the business;
- Simplifies the remuneration for the Executive Directors; and lowers the maximum value of the remuneration.

## Summary of the New Remuneration Policy Illustrative CEO package



**Salary:** (In general increases in line with the wider workforce)  
**CEO:** £540,000.  
**CFO:** £375,000.

**Pension:** (Executive Directors' pension contributions aligned with the wider workforce)

**All EDs:** In line with wider workforce (currently a maximum of 7.5% of salary).

**Annual Bonus:** (no change from current Policy)

**Maximum:** 150% of salary.

**Performance conditions:**

- See Directors' Remuneration Report for full details (50% PBT and 50% ROCE with health and safety hurdle). No change from current performance conditions.

**Deferral:** 1/3 of bonus award up to 100% of salary and all bonus above 100% of salary deferred in shares for 3 years subject to continued employment.

**Holding Period:** deferred bonus shares subject to a 2-year sale restriction following vesting (other than shares paid to meet a tax liability).

**RSP:** (RSP replaces LTIP)

**Frequency:** Annual, rolling awards.

**Maximum Award Level:** 150% of salary.

**Initial Award level:** Initial award of 125% of salary for the CEO and 100% of salary for the CFO (share price used 30 pence per share – the placing and offer price).

**Performance conditions:** Discretionary underpin on vesting.

**Vesting:** 3 years with a 2-year holding period post-vesting.

**Shareholding requirement:**

Executive Directors must build up a minimum shareholding equivalent to 300% of salary which must be retained for two years post cessation of employment.

The proposed New Remuneration Policy is set out in this Circular on pages 14 to 29.

A summary of the RSP is set out on pages 30 to 34.

### 3. Rationale behind the RSP in the proposed New Remuneration Policy

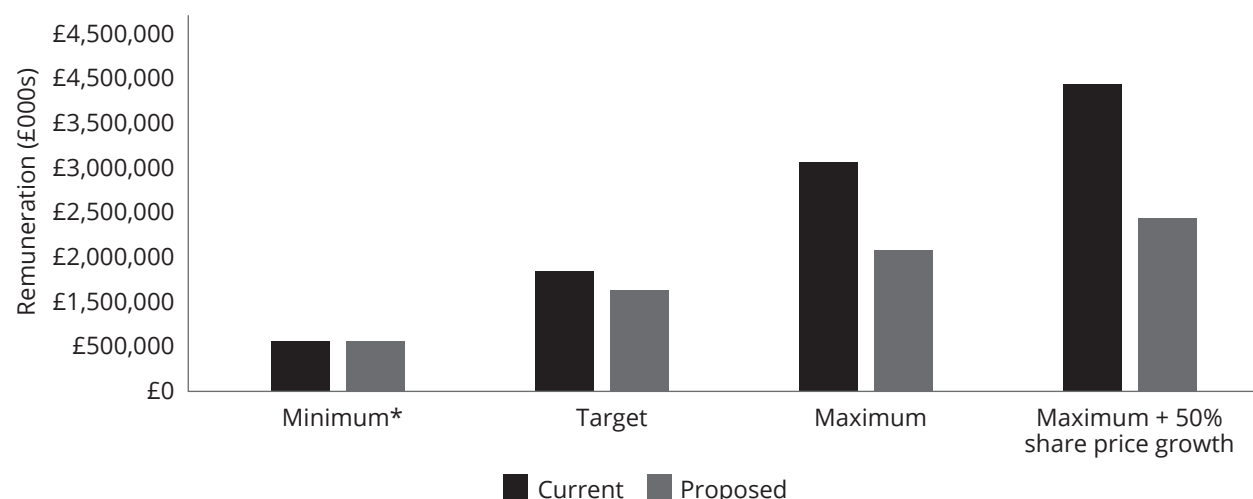
The Committee considered a range of alternative incentive structures and decided that the most appropriate approach with which to support the implementation of the strategy over the period the New Remuneration Policy applies was the RSP. The following points are the key reasons why the Committee believes the RSP is appropriate for the Company:

| Key Rationale                                              | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Focus on recovering and enhancing shareholder value</b> | The Committee believes that a key measure of the success of the implementation of the refocused strategy is that it leads to the recovery and enhancement of the share price over the next period. The Committee believes with a new team of Executive Directors, with minimal shareholdings, that the RSP ensures that the Executive Directors become material shareholders quickly (subject to their continued employment) ensuring full alignment with shareholders' interests from the beginning of the implementation of the refocused strategy.                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Focus on long-term sustainable performance</b>          | It is critical at this point that the Executive Directors are focused on ensuring the long-term sustainable performance of the Company. The implementation of the refocused strategy is unlikely to be linear and the Executive Directors need to be flexible and nimble to exploit opportunities as and when they arise. The Committee believes that the ability of the RSP to ensure the Executive Directors are materially locked in as shareholders for the long-term will encourage a focus when making decisions on considering the long-term impact on the business as opposed to those to meet comparatively short-term objectives. However, the Committee does believe that it is important that the Executive Directors do not take their eye off the need to deliver shorter term financial and operational objectives and therefore achieves this dynamic tension through the retention of the Bonus Plan. |

| <b>Key Rationale</b>                                               | <b>Detail</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Same ownership experience as Shareholders</b>                   | The Committee feels that it is important, given the history of SIG, that the Executive Directors share the same ownership experience as shareholders; rather than have remuneration outcomes which do not completely align. The Committee believes that a shared ownership experience is the most effective way of ensuring alignment of interests between shareholders and Executive Directors. The key purpose of the RSP and the deferred share element of the Bonus Plan is to provide the Executive Directors from their appointment with the opportunity to quickly build up a material equity holding to provide this shared ownership experience.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Lack of Flexibility in LTIP Performance Conditions</b>          | The flexibility required for the implementation of the refocused strategy to adapt to changing priorities. LTIP performance conditions once set can therefore quickly become irrelevant and the ability to change inflight performance conditions is challenging in the current climate; and in any case constant adjustments of performance conditions and targets tends to lead to opaqueness for all stakeholders. The use of the RSP avoids the above issues. This challenge is less prevalent when setting performance conditions for the Bonus Plan which are annual and therefore there is greater visibility on the business over this shorter period.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Challenge of setting performance conditions for LTIP awards</b> | <p>The Company has the following difficulties to navigate when attempting to set three-year performance conditions in advance for LTIP awards:</p> <ul style="list-style-type: none"> <li>▶ the flexibility required for the implementation of a new strategy to adapt to changing priorities. LTIP performance conditions once set can therefore quickly become irrelevant and the ability to change inflight performance conditions is challenging in the current climate; and in any case, constant adjustments of performance conditions and targets tends to lead to opaqueness for all stakeholders;</li> <li>▶ the Company operates a number of cyclical businesses. This often results in the timing of when performance conditions are set in the cycle having more impact on the vesting outcomes of LTIP awards rather than the absolute performance of the Company. The result tends to be that LTIP operates on a “boom” or “bust” payment profile which is less relevant to both incentivisation and retention.</li> </ul> <p>The use of the RSP avoids the above issues. This challenge is less when setting performance conditions for the Bonus Plan which are annual and therefore there is greater visibility on the business over this shorter period.</p>                                                                                                                   |
| <b>Simplification</b>                                              | The Committee believes that the removal of the LTIP and replacement with an RSP simplifies the overall remuneration of the Company for its Executive Directors. For all the reasons set out above it is the Committee’s view that the build-up and retention of a material shareholding is the best and simplest way to focus Executive Directors on the long-term sustainable performance of the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Lowers overall remuneration</b>                                 | The Committee feels that it is appropriate to reduce the leveraging in the incentive package given the current low market capitalisation of the Company to ensure that this low starting point does not result in overcompensation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Approach to Underpin</b>                                        | <p>The Committee considered very carefully the nature of the underpin for the RSP. The Committee took the following approach:</p> <ul style="list-style-type: none"> <li>▶ the inherent lack of flexibility in setting three-year performance conditions for the Company as set out above which was one of the reasons for the Committee determining a traditional long-term incentive plan was not appropriate; and</li> <li>▶ the greater protection provided by a general underpin which allowed the Committee to review holistically the overall performance of the Company, individual performance and wider Company considerations.</li> </ul> <p>The Committee, therefore, felt that the introduction of a general underpin provided greater protection for the Company and shareholders because, whereas a specific financial underpin could be met but there still be a misalignment with overall performance, this new approach allows the Committee to take all factors into account on vesting. Whilst the RSP is focused on the long-term sustainable performance of the Company, the annual bonus metrics are selected to reward and incentivise performance against key annual goals. It is intended that delivery of these annual objectives and targets will ultimately flow through to long-term sustainable performance of the Company and a recovery in the share price.</p> |

## Indicative CEO total remuneration pay-out

The chart below shows the current CEO package (including the LTIP) and the indicative CEO package (with the proposed RSP) under various different scenarios.



| Element and scenario                       | Minimum | Target                          | Maximum | Maximum + 50% share price growth    |
|--------------------------------------------|---------|---------------------------------|---------|-------------------------------------|
| Bonus (% of salary – Current)              | 0%      | 75%                             | 150%    | 150%                                |
| Bonus (% of salary – Proposed)             | 0%      | 75%                             | 150%    | 150%                                |
| LTIP (% of salary – Current)               | 0%      | 150%                            | 300%    | Maximum with 50% share price growth |
| Restricted shares (% of salary – Proposed) | 0%      | 125%*<br>Based on Initial Award | 125%    | Maximum with 50% share price growth |

## Shareholder consultation

As a part of the New Remuneration Policy design process, we consulted with our top shareholders and the main shareholder representative bodies, IA, ISS and Glass Lewis.

I am pleased that the consultation yielded a positive response, following which the Committee decided to proceed with the proposed changes to our New Remuneration Policy.

Yours faithfully,

**Kate Allum**

Chair of the Remuneration Committee of SIG plc

## NOTICE OF GENERAL MEETING



**SIG plc**

*(Incorporated in England and Wales with registered number 00998314)*

Notice is given that a General Meeting of SIG plc (the Company) will be held on 17 November 2020 at 11 a.m. at the offices of SIG plc, 10 Eastbourne Terrace, London, W2 6LG (the **General Meeting**) for the purpose of considering and, if thought fit, passing the following resolutions:

### ORDINARY RESOLUTION

#### DIRECTORS' REMUNERATION POLICY

##### ORDINARY RESOLUTION 1

THAT the directors' remuneration policy (as that term is used in section 439A of the Companies Act 2006), as set out in Part 3 (the **"New Remuneration Policy"**) of the Circular containing this notice, be and is hereby approved and will take effect at the conclusion of the General Meeting on 17 November 2020.

*Explanatory Note: This resolution proposes that the New Remuneration Policy be approved by Shareholders for the reasons set out in the Chair of the Committee's letter in Part 1 of the Circular. A summary of the key changes to the current remuneration policy are set out in the Chair of the Committee's letter in Part 1 of the Circular and the full New Remuneration Policy is set out in Part 3 of the Circular.*

#### SIG PLC 2020 RESTRICTED SHARE PLAN

##### ORDINARY RESOLUTION 2

THAT:

- (a) the rules of the SIG plc 2020 Restricted Share Plan (the **"RSP"**), the principal terms of which are summarised in Part 4 of the Circular containing this notice, which are available on the Company's website and produced in draft to the General Meeting and for the purposes of identification initialled by the Chairman, be approved, and the Directors be authorised to do all such acts and things necessary to establish the RSP, including making such modifications to the RSP as they may consider appropriate for the implementation of the RSP and to adopt the RSP as so modified; and
- (b) the Directors be authorised to establish any schedules or sub-plans to the RSP for the benefit of employees outside the UK containing such modifications as may be necessary or desirable to take account of securities laws, exchange control and tax legislation, provided that any Shares made available under such schedules or sub-plans are treated as counting against any limits on individual participation or overall participation in the RSP.

*Explanatory Note: This resolution proposes to adopt the rules for the new RSP. The rationale behind the adoption of the RSP is set out in the Chair of the Committee's letter in Part 1 of the Circular. The principal terms and conditions of the RSP are set out in Part 4 of the Circular.*

By order of the Board

**Kulbinder Dosanjh**

Group Company Secretary  
29 October 2020

Registered office: 10 Eastbourne Terrace, London, United Kingdom, W2 6LG

## NOTES:

1. A member entitled to attend and vote at the aforementioned meeting is entitled to appoint one or more proxies to exercise all or any of his/her rights to attend, speak and vote at the General Meeting (the Meeting). A member can appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him/her. However, in light of the current Government advice in relation to social distancing arising from COVID-19, Shareholders and their proxies will not be allowed to attend the meeting in person and so Shareholders are encouraged to appoint the Chairman as their proxy for the meeting.
2. Arrangements have been made to provide a dial-in facility for the General Meeting to allow Shareholders to listen to the General Meeting remotely given that they will be unable to attend in person. Please note that no facility will be available to Shareholders to vote or to raise questions during the General Meeting, and so Shareholders are (as outlined above) encouraged to submit proxy votes in advance of the General Meeting. Should any Shareholders wish to submit questions in advance of the General Meeting, they are encouraged to do so by e-mail to [cosec@sigplc.com](mailto:cosec@sigplc.com) at any time between the date of this Circular and 5.00 p.m. on 9 November 2020, and the Company will endeavour to provide answers to such questions during the course of the General Meeting.
3. Details of how Shareholders can access the dial-in facility are included in the Form of Proxy issued to Shareholders.
4. A proxy need not also be a member of the Company but must attend the Meeting in person. Accordingly, in light of the Government advice noted above, Shareholders are encouraged to appoint the Chairman as their proxy for the meeting as the Chairman will be present in person. A Form of Proxy may accompany this Notice of General Meeting and the notes to the Form of Proxy set out the details of how to appoint a proxy.
5. A copy of this Notice of General Meeting has been sent for information only to persons who have been nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a Nominated Person). The rights to appoint a proxy cannot be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him/her and the member by whom he/she was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.
6. To appoint a proxy or proxies Shareholders must complete: (a) the Form of Proxy and return it, together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of the same to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, or by using the reply-paid envelope provided; or (b) a CREST proxy instruction as detailed below; or (c) an online proxy appointment at [www.eproxyappointment.com](http://www.eproxyappointment.com) (you will need your unique PIN and Shareholder Reference Number, together with the Control number, printed on the Form of Proxy), in each case so that it is received no later than 11 a.m. on Friday 13 November 2020 (being 48 hours before the time fixed for the holding of the Meeting with account being taken for non-working days)
7. A member may change proxy instructions by returning a new proxy appointment using the methods set out above. Where a member has appointed a proxy using the hard-copy Form of Proxy and would like to change the instructions using another hard-copy proxy form, please contact Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY. The deadline for receipt of proxy appointments in paragraph 6 above also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same Meeting, the one which is last received shall be treated as replacing and revoking the other or others. In the case of joint holders, where more than one of the joint holders' purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first name being the most senior).
8. In conjunction with its Registrars, the Company has in place a facility to allow each Shareholder to register proxy votes electronically. Detailed information of how to do this is set out on the Form of Proxy. A member can register proxy votes electronically by either logging on to the Registrars' website, [www.eproxyappointment.com](http://www.eproxyappointment.com) and following the instructions, or CREST members may register proxy votes following the procedures set out in the CREST Manual.

9. A "Vote withheld" is not a vote at law, which means that the vote will not be counted in the proportion of votes "For" and "Against" the relevant Resolution. A Shareholder who does not give any voting instructions in relation to a Resolution should note that his/her proxy will have authority to vote or withhold a vote on that Resolution as he/she thinks fit. A proxy will also have authority to vote or to withhold a vote on any other business (including amendments to Resolutions) which properly come before the Meeting as he/she thinks fit.
10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) of the Meeting by using the procedures described in the CREST Manual. CREST Personal Members or other CREST Sponsored Members and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a **CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given by a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Computershare Investor Services PLC (ID 3RA50) by the latest time(s) for receipt of proxy appointments set out above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
11. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST Personal Member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting provider(s) take(s)) such action as is necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.
12. To be entitled to attend and vote at the Meeting, Shareholders must be registered in the register of members of the Company at 6 p.m. on 13 November 2020 (or, if the Meeting is adjourned, at 6 p.m. on the date which is two working days prior to the adjourned meeting with no account being taken of any part of a day that is a non-working day). Changes to entries on the register after this time shall be disregarded in determining the rights of any person to attend and vote (and the number of votes they may cast) at the Meeting or adjourned meeting.
13. As at 28 October 2020 (the latest practicable date prior to the publication of this document), the Company's issued share capital consists of 1,181,556,977 ordinary shares, carrying one vote each. As at that date, the Company holds no shares in treasury. Therefore, the total voting rights in the Company are 1,181,556,977.
14. The Articles of Association, the New Remuneration Policy and rules of the RSP will be available for inspection on the Company's website, [www.sigplc.com](http://www.sigplc.com).
15. Please note that the Company takes all reasonable precautions to ensure no viruses are present in any electronic communication it sends out but the Company cannot accept responsibility for loss or damage arising from the opening or use of any email or attachments from the Company and recommends that the Shareholders subject all messages to virus checking procedures prior to use. Any electronic communication received by the Company, including the lodgement of an electronic Form of Proxy, that is found to contain any virus will not be accepted.

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16. Voting on all resolutions will be conducted by way of a poll rather than on a show of hands. This will result in a more accurate reflection of the views of shareholders by ensuring that every vote is recognised, including the votes of all shareholders who are unable to attend the meeting but who appoint a proxy for the meeting. On a poll, each shareholder has one vote for every share held. As soon as practicable following the Meeting, the results of the voting at the Meeting and the numbers of proxy votes cast for and against and the number of votes actively withheld in respect of each of the Resolutions will be announced via a Regulatory Information Service and also placed on the Company's website [www.sigplc.com](http://www.sigplc.com).
  17. A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the Meeting. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is no longer necessary to nominate a designated corporate representative.
  18. The Company must cause to be answered at the Meeting any question relating to the business being dealt with at the Meeting which is put by a member attending the Meeting, except (i) if to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information, (ii) if the answer has already been given on a website in the form of an answer to a question, or (iii) if it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.
  19. The contents of this Notice of General Meeting and all the information required by Section 311A of the Companies Act 2006 will be available on the Company's website **[www.sigplc.com](http://www.sigplc.com)**.
  20. You may not use any electronic address provided in this Notice of General Meeting to communicate with the Company for any purposes other than those expressly stated.

## PROPOSED NEW REMUNERATION POLICY

This section of the Circular sets out the Company's New Remuneration Policy for Executive and Non-Executive Directors, to be approved by Shareholders at the General Meeting on 17 November 2020. Once approved, the New Remuneration Policy may operate for up to three years.

The New Remuneration Policy has been prepared in accordance with the requirements of the UK's Companies Act 2006 (the "Act") and Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the "Regulations"), the Listing Rules of the UK Listing Authority and the UK Corporate Governance Code (the "Code").

The Committee has built in a degree of flexibility to ensure the practical application of the New Remuneration Policy. Where such discretion is reserved, the extent to which it may be applied is described. The purpose of the New Remuneration Policy remains to attract, retain and motivate the Group's leaders and ensure they are focused on delivering business priorities within a framework designed to promote the long-term success of SIG plc, aligned with Shareholder interests.

### CHANGES IN THE NEW REMUNERATION POLICY FROM THE CURRENT POLICY (approved by shareholders in 2018)

The following table sets out the material changes and the rationale:-

| Element                                         | Changes to Policy                                                                                                           | Rationale                                                                                                                                       |
|-------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Pension</b>                                  | Pension contribution for all Executive Directors aligned with employee contribution of currently 7.5% of salary.            | Brings provision in line with the Code and corporate governance best practice.                                                                  |
| <b>Long-term incentives</b>                     | Introduction of the SIG plc 2020 Restricted Share Plan (the "RSP") to replace the current SIG plc Long-Term Incentive Plan. | Simplifies long-term incentive arrangements and addresses challenges set out in the Letter of the Chair of the Committee (See pages 5 to 9).    |
| <b>Post-cessation shareholding requirements</b> | Formal post-cessation employment for full in-employment requirement and for 2 years following cessation of employment.      | Ensures Executive Directors focus on long-term sustainable performance and extends the length of alignment between management and Shareholders. |
| <b>Malus &amp; clawback</b>                     | Provisions expanded to refer specifically to risk management failure and corporate failure.                                 | To bring the provisions further in line with best practice and the Code.                                                                        |

### CONSIDERATIONS WHEN SETTING THE NEW REMUNERATION POLICY

In setting the New Remuneration Policy for the Executive Directors and senior management, the Committee takes into account the following:

- The need to maintain a clear link between the overall reward policy and the specific performance of the Group;
- The need to achieve alignment to the business strategy both in the short- and long-term;
- The requirement for remuneration to be competitive, with a significant proportion dependent on risk-assessed performance targets;
- The responsibilities of each individual's role and their individual experience and performance;
- The need to attract, retain and motivate Executive Directors and senior management when determining remuneration packages, including an appropriate proportion of fixed and variable pay;
- The need to be compliant with the regulatory framework applicable to the Group;
- Pay and benefits practice and employment conditions both within the Group as a whole and within the sector in which it operates; and
- Periodic external comparisons to examine current market trends and practices and equivalent roles in companies of similar size, business complexity and geographical scope.

## DIRECTORS' REMUNERATION POLICY TABLE

| Element and link to strategy                                                                                                                                                   | Operation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Maximum                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Performance conditions and recovery provisions                                                                                              |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Salary</b>                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                             |
| Provides a base level of remuneration to support recruitment and retention of Executive Directors with the necessary experience and expertise to deliver the Group's strategy. | <p>An Executive Director's basic salary is set on appointment and reviewed annually or when there is a change in position or responsibility.</p> <p>When determining an appropriate level of salary, the Committee considers:</p> <ul style="list-style-type: none"> <li>• pay increases for other employees;</li> <li>• remuneration practices within the Group;</li> <li>• any change in scope, role and responsibilities;</li> <li>• the general performance of the Group and each individual;</li> <li>• the experience of the relevant director; and</li> <li>• the economic environment.</li> </ul> <p>Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted policy level until they become established in their role. In such cases subsequent increases in salary may be higher than the general rises for employees until the target positioning is achieved.</p> | <p>The Committee ensures that maximum salary levels are positioned in line with companies of a similar size to SIG plc and validated against an appropriate comparator group, so that they are competitive against the market.</p> <p>The Committee intends to review the comparators each year and will add or remove companies from the groups as it considers appropriate.</p> <p>In general, salary increases for Executive Directors will be in line with the increase for employees. However, larger increases may be offered if there is a material change in the size and responsibilities of the role (which covers significant changes in Group size and/or complexity).</p> <p>The Company will set out in the section of the Directors' Remuneration Report (DRR) headed "Implementation of Remuneration Policy", in the following financial year, the salaries for that year for each of the Executive Directors.</p> | <p>A broad assessment of individual and business performance is used as part of the salary review.</p> <p>No recovery provisions apply.</p> |
| <b>Pension</b>                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                             |
| Provides a fair level of pension provision for all employees.                                                                                                                  | <p>The Company provides a pension contribution allowance that is fair, competitive and in line with corporate governance best practice.</p> <p>Pension contributions will be a non-consolidated allowance and will not impact any incentive calculations.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <p>The maximum value of the pension contribution allowance for Executive Directors will be aligned to that of the wider workforce (currently 7.5% per annum).</p> <p>The Company will set out in the section of the DRR headed "Implementation of Remuneration Policy", in the following financial year the pension contributions for that year for each of the Executive Directors.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | No performance or recovery provisions applicable.                                                                                           |

| Element and link to strategy                  | Operation                                                                                                                                                                                                                                                                                                                                                                                                                     | Maximum                                                     | Performance conditions and recovery provisions    |
|-----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|---------------------------------------------------|
| <b>Benefits</b>                               |                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                             |                                                   |
| Provides a market standard level of benefits. | Benefits include market standard benefits. The Committee recognises the need to maintain suitable flexibility in the benefits provided to ensure it is able to support the objective of attracting and retaining personnel in order to deliver the Group strategy. Additional benefits which are available to other employees on broadly similar terms may therefore be offered such as relocation allowances on recruitment. | The maximum is the cost of providing the relevant benefits. | No performance or recovery provisions applicable. |

| Element and link to strategy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Operation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Maximum                                                                                                                                                                                                                                                                                                                                          | Performance conditions and recovery provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Annual Bonus Plan</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <p>The Annual Bonus Plan provides a significant incentive to the Executive Directors linked to achievement in delivering goals that are closely aligned with the Company's strategy and the creation of value for Shareholders.</p> <p>In particular, the Annual Bonus Plan supports the Company's objectives allowing the setting of annual targets based on the businesses' strategic objectives at that time, meaning that a wider range of performance metrics can be used that are relevant and achievable.</p> | <p>The Committee will determine the maximum annual participation in the Annual Bonus Plan for each year, which will not exceed 150% of salary.</p> <p>The Company will set out in the section headed Implementation of Remuneration Policy, in the following financial year, the nature of the targets and their weighting for each year.</p> <p>Details of the performance conditions, targets and their level of satisfaction for the year being reported on will be set out in the Annual Report on Remuneration.</p> <p>The Committee can determine that part of the bonus earned under the Annual Bonus Plan is provided as an award of deferred Shares.</p> <p>The current operation of the Annual Bonus Plan is:-</p> <ul style="list-style-type: none"> <li>▶ 1/3rd of any bonus earned up to 100% of salary is deferred in Shares;</li> <li>▶ All bonus earned above 100% of salary is deferred in Shares.</li> </ul> <p>The Committee may determine that a greater portion or in some cases the entire bonus be paid in deferred Shares. The main terms of these deferred Share awards are:</p> <ul style="list-style-type: none"> <li>• minimum deferral period of three years;</li> <li>• the participant's continued employment at the end of the deferral period unless he/she is a good leaver.</li> </ul> <p>In addition, the Committee may determine that a holding period applies following the vesting of deferred Shares. The current operation of the Annual Bonus Plan requires these deferred Shares to be held for a further period of two years during which they cannot be sold.</p> <p>The Committee may award dividend equivalents on deferred bonus awards to the extent that these vest.</p> | <p>The Committee will determine the maximum annual participation in the Annual Bonus Plan for each year, which will not exceed 150% of salary.</p> <p>Percentage of bonus maximum earned for levels of performance:</p> <ul style="list-style-type: none"> <li>• Threshold up to 25%;</li> <li>• Target 50%;</li> <li>• Maximum 100%.</li> </ul> | <p>The Annual Bonus Plan is based on a mix of financial and strategic/operational conditions and is measured over a period of one financial year. The financial measures will account for no less than 50% of the bonus opportunity.</p> <p>The Committee retains discretion in exceptional circumstances to change performance measures and targets and the weightings attached to performance measures part-way through a performance year if there is a significant and material event which causes the Committee to believe the original measures, weightings and targets are no longer appropriate.</p> <p>Discretion may also be exercised in cases where the Committee believes that the bonus outcome is not a fair and accurate reflection of business, individual and wider company performance. The exercise of this discretion may result in a downward or upward movement in the amount of bonus earned resulting from the application of the performance measures.</p> <p>Any adjustments or discretion applied by the Committee will be fully disclosed in the following year's Directors' Remuneration Report.</p> <p>The Committee is of the opinion that given the commercial sensitivity arising in relation to the detailed financial targets used for the annual bonus, disclosing precise targets for the Annual Bonus Plan in advance would not be in shareholder interests. Actual targets, performance achieved, and awards made will be published at the end of the performance periods so shareholders can fully assess the basis for any payouts under the annual bonus.</p> <p>The Annual Bonus Plan contains malus and clawback provisions.</p> |

| Element and link to strategy                                                                                                      | Operation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Maximum                                                                                                                                                                                                                                                                                                                                         | Performance conditions and recovery provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-----------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Restricted Share Plan (RSP)</b>                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Awards are designed to incentivise the Executive Directors over the longer-term to successfully implement the Company's strategy. | <p>Awards are granted annually to Executive Directors in the form of conditional awards or options. Awards vest at the end of a three-year period subject to:</p> <ul style="list-style-type: none"> <li>the Executive Director's continued employment at the date of vesting</li> <li>the satisfaction of an underpin as determined by the Committee whereby the Committee can adjust vesting for business, individual and wider company performance.</li> </ul> <p>A two-year holding period will apply following the three-year vesting period for all awards granted to the Executive Directors.</p> <p>Upon vesting, sufficient Shares may be sold to pay tax on the Shares.</p> <p>The Committee may award dividend equivalents on RSP awards to the extent that these vest.</p> | <p>Maximum value of 150% of salary per annum based on the market value at the date of grant set in accordance with the rules of the RSP.</p> <p>There are no performance conditions on grant, however the Committee will consider prior year business and personal performance to determine whether the level of grant remains appropriate.</p> | <p>No specific performance conditions are required for the vesting of RSP awards but there will be an underpin as the Committee will have the discretion to adjust vesting taking into account business, individual and wider company performance.</p> <p>The Committee will take into account the following factors (amongst others) when determining whether to exercise its discretion to adjust the number of Shares vesting:-</p> <ul style="list-style-type: none"> <li>whether threshold performance levels have been achieved for the performance conditions for the Annual Bonus Plan for each of the three years covered by the vesting period for the restricted Shares;</li> <li>whether there have been any sanctions or fines issued by a Regulatory Body; participant responsibility may be allocated collectively or individually;</li> <li>whether there has been material damage to the reputation of the Company; participant responsibility may be allocated collectively or individually;</li> <li>the potential for windfall gains;</li> <li>the level of employee and customer engagement over the period.</li> </ul> <p>Awards are subject to clawback and malus provisions.</p> |

The Committee will operate the Annual Bonus Plan and the RSP within the Policy detailed above and in accordance with their respective rules. In relation to the discretions included within the Plan rules, these include, but are not limited to: (i) who participates in the Plans; (ii) testing of the relevant performance targets; (iii) undertaking an annual review of performance targets and weightings; (iv) the determination of the treatment of leavers in line with the Plan rules; (v) adjustments to existing performance targets and/or Share awards under the Plans if certain relevant events take place (e.g. a capital restructuring, a material acquisition/divestment etc.) with any such adjustments to result in the revised targets being no more or less challenging to achieve; and (vi) dealing with a change of control. The main difference between the New Remuneration Policy and the policy on remuneration of employees generally is that only senior employees will be eligible for RSP awards.

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### **Legacy Remuneration Arrangements**

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All variable remuneration arrangements previously disclosed in prior years' Directors' Remuneration Reports will remain eligible to vest or become payable on their original terms and vesting dates, subject to any related clawback provisions.

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### **Shareholding Requirement**

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The Committee already has in place strong shareholding requirements (as a percentage of base salary) that encourages Executive Directors to build up their holdings over a five-year period. Adherence to these guidelines is a condition of continued participation in the equity incentive arrangements. This New Remuneration Policy ensures that the interests of Executive Directors and those of Shareholders are closely aligned.

In addition, Executive Directors will be required to retain 100% of the post-tax amount of vested Shares from the Company incentive plans until the minimum shareholding requirement is met and maintained. The following table sets out the minimum shareholding requirements:

| <b>Role</b>         | <b>Shareholding Requirement (percentage of salary)</b> |
|---------------------|--------------------------------------------------------|
| Executive Directors | 300%                                                   |

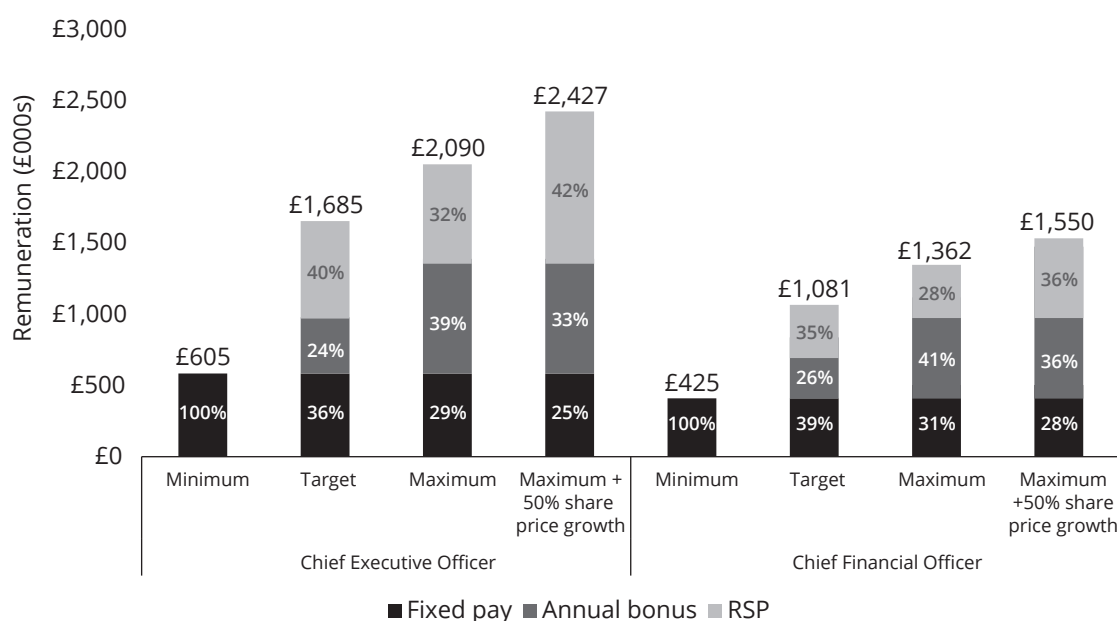
The Committee retains the discretion to increase the shareholding requirements. For this New Remuneration Policy, the Committee is introducing a post-cessation shareholding requirement of the full in-employment requirement as listed above (or the executive's actual shareholding on cessation if lower) for 2 years following cessation of employment.

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| Chair & Non-Executive Director fees                                                                                                                                                                                        | Operation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Maximum                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Performance conditions and recovery provisions    |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|
| Provides a level of fees to support recruitment and retention of a Chair and Non-Executive Directors with the necessary experience to advise and assist with establishing and monitoring the Group's strategic objectives. | <p>The Board is responsible for setting the remuneration of the Non-Executive Directors. The Committee is responsible for setting the Chair's fees.</p> <p>Non-Executive Directors are paid an annual basic fee and additional fees for chairing of committees. The Company retains the flexibility to pay fees for the membership of committees. The Chair does not receive any additional fees for membership of committees.</p> <p>Further, additional fees may be paid by the Company to the Chair and Non-Executive Directors for additional time commitments or roles outside the normal scope of their appointments.</p> <p>Fees are reviewed annually based on equivalent roles in the comparator group used to review salaries paid to the Executive Directors.</p> <p>Non-Executive Directors and the Chair do not participate in any variable remuneration or benefits arrangements.</p> | <p>The fees for Non-Executive Directors and the Chair are broadly set at a competitive level against the comparator group.</p> <p>In general, the level of fee increase for the Non-Executive Directors and the Chair will be set taking account of any change in responsibility and will take into account the general rise in salaries across the UK workforce.</p> <p>The Company will pay reasonable expenses incurred by the Non-Executive Directors and Chair and may settle any tax incurred in relation to these.</p> | No performance or recovery provisions applicable. |

## ILLUSTRATION OF APPLICATION OF NEW REMUNERATION POLICY

The chart below shows an estimate of the remuneration that could be received by Executive Directors under the proposed New Remuneration Policy set out in this Report:-



Assumptions used in determining the level of pay-out under given scenarios are as follows:

| Element             | Minimum                                                                                                                                                            | Target                                                                                                     | Maximum                                                                                                    | Maximum with 50% share price growth                                                                                                                               |
|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Fixed Pay</b>    | Base salary for FY2020.<br><br>Benefits paid for FY2020 annualised for full year equivalent figures.<br><br>Pension contribution 7.5% for both Executive Directors |                                                                                                            |                                                                                                            |                                                                                                                                                                   |
| <b>Annual Bonus</b> | Nil                                                                                                                                                                | 50% of maximum opportunity.                                                                                | 100% of the maximum opportunity.                                                                           | 100% of the maximum opportunity.                                                                                                                                  |
| <b>RSP</b>          | 0% vesting underpins not met.<br><br>Award levels are 125% of salary for the CEO and 100% of salary for the CFO.                                                   | 100% vesting of awards.<br><br>Award levels are 125% of salary for the CEO and 100% of salary for the CFO. | 100% vesting of awards.<br><br>Award levels are 125% of salary for the CEO and 100% of salary for the CFO. | 100% vesting of awards plus the increase in value from 50% share price growth.<br><br>Award levels are 125% of salary for the CEO and 100% of salary for the CFO. |

Scenario charts show “minimum”, “target” and “maximum” scenarios in accordance with the regulations as well as the impact of a 50% share price growth on the long-term incentives for the “maximum” scenario. All scenarios do not account for dividend equivalents on deferred bonus Shares or RSP awards.

## DISCRETION WITHIN THE DIRECTORS’ REMUNERATION POLICY

The Committee has discretion in several areas of the New Remuneration Policy as set out in this Report. The Committee may also exercise operational and administrative discretions under relevant plan rules as set out in those rules. In addition, the Committee has the discretion to amend the New Remuneration Policy with regard to minor or administrative matters where it would be, in the opinion of the Committee, disproportionate to seek or await Shareholder approval.

In addition to the performance metrics set by the Committee annually for the incentive plans, the Committee will also assess the overall, or underlying, performance of the Company and its Divisions. In light of this assessment, the Committee may make a downward adjustment, including to zero, to the vesting outcome on all or any of the performance metrics.

The Committee will also assess the Company’s and its Divisions’ performance against the risk metrics, and may make a downward adjustment, including to zero, to the vesting outcome on all or any of the performance metrics, to take account of any material failures of risk management or regulatory compliance in the Company and its Divisions.

Additionally, Committee discretion can be applied in implementing the post-employment shareholding requirement including in cases of significant financial hardship, material ill-health and conflict of interest.

## MALUS AND CLAWBACK

Malus is the adjustment of the Bonus Plan payments or unvested long-term incentive awards (including RSP awards) or the imposition of additional conditions because of the occurrence of one or more circumstances listed below. The adjustment may result in the value of an outstanding award being reduced to nil.

Clawback is the recovery of payments made under the Bonus Plan or vested long-term incentive awards (including RSP awards) as a result of the occurrence of one or more circumstances listed below.

Clawback may apply to all or part of a Participant’s payment under the Bonus Plan, RSP or LTIP award and may be effected, among other means, by requiring the transfer of Shares, payment of cash or reduction of awards or bonuses.

The circumstances in which malus and clawback could apply are as follows:-

- discovery of a material misstatement resulting in an adjustment in the audited accounts of the Group or any Group company,
- the assessment of any vesting condition or condition under the Plan was based on error, or inaccurate or misleading information,

- the discovery that any information used to determine the award was based on error, or inaccurate or misleading information;
- action or conduct of a participant which amounts to fraud or gross misconduct, or
- events or the behaviour of a participant have led to the censure of a Group company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group company provided that the Board is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to the participant.
- Material failure of risk management;
- Corporate failure.

|          | <b>Annual Bonus (cash)</b>                 | <b>Annual Bonus (deferred shares)</b>    | <b>RSP Awards</b>                                                                                                                                                    | <b>LTIS</b>                              |
|----------|--------------------------------------------|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|
| Malus    | Up to the date of the cash payment.        | To the end of the 3-year vesting period. | To the end of the 3-year vesting period.                                                                                                                             | To the end of the 3-year vesting period. |
| Clawback | 2 years post the date of any cash payment. | n/a                                      | 2 years following the end of the vesting period. The total malus and clawback period may be extended where there is an ongoing internal or regulatory investigation. | 2 years post vesting.                    |

The Committee believes that the rules of the Company's Incentive Plans provide sufficient powers to enforce malus and clawback where required.

## LOSS OF OFFICE POLICY

When considering compensation for loss of office, the Committee will always seek to minimise the cost to the Company whilst applying the following philosophy:

| <b>Remuneration Element</b>         | <b>Treatment on Cessation of Employment</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>General</b>                      | The Committee will honour Executive Directors' contractual entitlements. Service contracts do not contain liquidated damages clauses. If a contract is to be terminated, the Committee will determine such mitigation as it considers fair and reasonable in each case. There are no contractual arrangements that would guarantee a pension with limited or no abatement on severance or early retirement. There is no agreement between the Company and its Directors or employees, providing for compensation for loss of office or employment that occurs because of a takeover bid. 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 |
| <b>Salary, Benefits and Pension</b> | These will be paid over the notice period. The Company has discretion to make a lump sum payment in lieu.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

| Bonus Plan                       | Good Leaver Reason                                                                                                                                       | Other Reason                                 | Discretion                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Cash</b>                      | Performance conditions will be measured at the bonus measurement date. Bonus will normally be pro-rated for the period worked during the financial year. | No bonus payable for the year of cessation.  | <p>The Committee has discretion to determine:</p> <ul style="list-style-type: none"> <li>▶ that an Executive Director is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to Shareholders; and</li> <li>▶ whether to pro-rate the bonus to time. The Committee's normal policy is that it will pro-rate bonus for time. It is the Committee's intention to use discretion to not pro-rate in circumstances where there is an appropriate business case which will be explained in full to Shareholders.</li> </ul>                                                                                                                                                                                                                                                            |
| Bonus Plan                       | Good Leaver Reason                                                                                                                                       | Other Reason                                 | Discretion                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Deferred Share Awards</b>     | All subsisting deferred Share awards will vest.                                                                                                          | Lapse of any unvested deferred Share awards. | <p>The Committee has discretion to:</p> <ul style="list-style-type: none"> <li>▶ determine that an Executive Director is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to Shareholders;</li> <li>▶ vest deferred Shares at the end of the original deferral period or at the date of cessation. The Committee will make this determination depending on the type of good leaver reason resulting in the cessation; and</li> <li>▶ determine whether to pro-rate the maximum number of Shares to the time from the date of grant to the date of cessation. The Committee's normal policy is that it will not pro-rate awards for time. The Committee will determine whether or not to pro-rate based on the circumstances of the Executive Directors' departure.</li> </ul> |
| RSP                              | Good Leaver Reason                                                                                                                                       | Other Reason                                 | Discretion                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>For the Year of Cessation</b> | The award will normally be pro-rated for the period worked during the financial year.                                                                    | No award for year of cessation.              | <p>The Committee has discretion to determine:-</p> <ul style="list-style-type: none"> <li>▶ that an Executive Director is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to Shareholders;</li> <li>▶ whether to pro-rate the Company award to time. The Committee's normal policy is that it will pro-rate for time. It is the Committee's intention to use discretion to not pro-rate in circumstances where there is an appropriate business case which will be explained in full to Shareholders;</li> <li>▶ whether the award will vest on the date of cessation or the original vesting date. The Committee will make its determination based amongst other factors on the reason for the cessation of employment.</li> </ul>                                          |

| <b>RSP</b>                           | <b>Good Leaver Reason</b>                                                                                                | <b>Other Reason</b>                                                                                                           | <b>Discretion</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Subsisting Awards</b>             | Awards will be pro-rated to time and will vest on their original vesting dates and remain subject to the holding period. | Unvested awards will be forfeited on cessation of employment.<br><br>Vested Awards will remain subject to the holding period. | The Committee discretion to determine: <ul style="list-style-type: none"> <li>▶ that an Executive Director is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to Shareholders;</li> <li>▶ whether to pro-rate the award to the date of cessation. The Committee's normal policy is that it will pro-rate. The Committee will determine whether to pro-rate based on the circumstances of the Executive Directors' departure;</li> <li>▶ whether the awards vest on the date of cessation or the original vesting date. The Committee will make its determination based amongst other factors on the reason for the cessation of employment;</li> <li>▶ whether the holding period for awards applies in part or in full. The Committee will make its determination based amongst other factors on the reason for the cessation of employment.</li> </ul> |
| <b>Other contractual obligations</b> | There are no other contractual provisions other than those set out above agreed prior to 27 June 2012.                   |                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

The following definition of leavers will apply to all the above incentive plans. A good leaver reason is defined as cessation in the following circumstances:

- death;
- ill-health;
- injury or disability;
- retirement with agreement of the employing Group company;
- employing company ceasing to be a Group company;
- transfer of employment to a company which is not a Group company; and
- at the discretion of the Committee (as described above).

Cessation of employment in circumstances other than those set out above is cessation for other reasons.

## CHANGE OF CONTROL POLICY

| Name of Incentive Plan       | Change of Control                                                                                                                                | Discretion                                                                                                                                                                                                                                                                                                                                                                                           |
|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Cash Awards</b>           | Pro-rated to time and performance to the date of the change of control.                                                                          | The Committee has discretion regarding whether to pro-rate the bonus to time. The Committee's normal policy is that it will pro-rate the bonus for time. It is the Committee's intention to use its discretion to not pro-rate in circumstances only where there is an appropriate business case.                                                                                                    |
| <b>Deferred Share Awards</b> | Subsisting deferred Share awards will vest on a change of control.                                                                               | The Committee has discretion regarding whether to pro-rate the award to time. The Committee's normal policy is that it will not pro-rate awards for time. The Committee will make this determination depending on the circumstances of the change of control.                                                                                                                                        |
| <b>RSP</b>                   | The number of Shares subject to subsisting RSP awards will vest on a change of control pro-rated for time and performance against any underpins. | The Committee has discretion regarding whether to pro-rate the RSP awards for time. The Committee's normal policy is that it will pro-rate the Restricted Share awards for time. It is the Committee's intention to use its discretion to not pro-rate in circumstances only where there is an appropriate business case. The Committee also has discretion to consider attainment of any underpins. |

## RECRUITMENT AND PROMOTION POLICY

The Company's principle is that the remuneration of any new recruit will be assessed in line with the same principles as for the Executive Directors, as set out in the Remuneration Policy table. The Committee is mindful that it wishes to avoid paying more than it considers necessary to secure a preferred candidate with the appropriate calibre and experience needed for the role. In setting the remuneration for new recruits, the Committee will have regard to guidelines and shareholder sentiment regarding one-off or enhanced short-term or long-term incentive payments as well as giving consideration for the appropriateness of any performance measures associated with an award. The Company's policy when setting remuneration for the appointment of new Directors is summarised in the table below:-

| Remuneration element                                                | Recruitment policy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|---------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Salary, Benefits and Pension</b>                                 | Salary, benefits and pension will be set in line with the policy for existing Executive Directors. Maximum pension contribution will be aligned to that of the majority of employees.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Annual Bonus</b>                                                 | Maximum annual participation will be set in line with the Company's policy for existing Executive Directors and will not exceed 150% of salary.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Restricted Shares</b>                                            | Maximum annual participation will be set in line with the Company's policy for existing Executive Directors and will not exceed 150% of salary for Restricted Shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Maximum Variable Remuneration</b>                                | The maximum variable remuneration which may be granted is the sum of the annual bonus and restricted shares award (excluding the value of any buyouts) which is 300% of salary.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>"Buy Out" of incentives forfeited on cessation of employment</b> | <p>Where the Committee determines that the individual circumstances of recruitment justifies the provision of a buyout, the equivalent value of any incentives that will be forfeited on cessation of an Executive Director's previous employment will be calculated taking into account the following:</p> <ul style="list-style-type: none"> <li>• the proportion of the performance period completed on the date of the Executive Director's cessation of employment;</li> <li>• the performance conditions attached to the vesting of these incentives and the likelihood of them being satisfied; and</li> <li>• any other terms and condition having a material effect on their value ("lapsed value");</li> </ul> <p>The Committee may then grant up to the same value as the lapsed value, where possible, under the Company's incentive plans. To the extent that it was not possible or practical to provide the buyout within the terms of the Company's existing incentive plans, a bespoke arrangement would be used.</p> |
| <b>Relocation Policies</b>                                          | In instances where the new Executive Director is required to relocate or spend significant time away from their normal residence, the Company may provide one-off compensation to reflect the cost of relocation for the Executive Director. The level of the relocation package will be assessed on a case by case basis but will take into consideration any cost of living differences/housing allowance and schooling and will not exceed a period of two years from recruitment.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

Where an existing employee is promoted to the Board, the Remuneration Policy set out above would apply from the date of promotion but there would be no retrospective application of the Remuneration Policy in relation to subsisting incentive awards or remuneration arrangements. Accordingly, prevailing elements of the remuneration package for an existing employee would be honoured and form part of the ongoing remuneration of the person concerned. These would be disclosed to Shareholders in the remuneration report for the relevant financial year.

The Company's policy when setting fees for the appointment of a new Chair or Non-Executive Directors is to apply the policy which applies to current Chair or Non-Executive Directors.

## SERVICE CONTRACTS AND LETTERS OF APPOINTMENTS

The Committee's policy for setting notice periods is that normally they will be a maximum of 12 months. The Committee may in exceptional circumstances arising on recruitment, allow a longer period, which would in any event reduce to 12 months following the first year of employment. The Non-Executive Directors of the Company do not have service contracts. The Non-Executive Directors are appointed by letters of appointment. Each independent Non-Executive Director's term of office runs for a three-year period.

The Company follows the UK Corporate Governance Code's recommendation that all Directors be subject to annual re-appointment by shareholders.

## EXECUTIVE DIRECTORS

| Name          | Date of Contract | Company Notice | Executive Notice | Guaranteed Payments on Change of Control or Cessation |
|---------------|------------------|----------------|------------------|-------------------------------------------------------|
| Steve Francis | 25 February 2020 | 6 months       | 6 months         | None.                                                 |
| Ian Ashton    | 1 July 2020      | 6 months       | 6 months         | None                                                  |

Terms of Appointment of the Non-Executive Directors

| Name             | Date of Appointment | Date of most recent term | Expected & (Actual) date of expiry |
|------------------|---------------------|--------------------------|------------------------------------|
| Andrew Allner    | 1 November 2017     | 1 November 2020          | 1 November 2023                    |
| Kate Allum       | 1 July 2019         | 1 July 2019              | May AGM 2022                       |
| Bruno Deschamps  | 10 July 2020        | 10 July 2020             | 10 July 2023                       |
| Ian Duncan       | 1 January 2017      | 1 January 2020           | 31 December 2022                   |
| Gillian Kent     | 1 July 2019         | 1 July 2019              | May AGM 2022                       |
| Simon King       | 1 July 2020         | 1 July 2020              | 30 June 2023                       |
| Alan Lovell      | 1 August 2018       | 1 August 2018            | May AGM 2021                       |
| Christian Rochat | 10 July 2020        | 10 July 2020             | 10 July 2023                       |

## POLICY ON OTHER APPOINTMENTS

Executive Directors are permitted to hold non-executive directorships but may only hold one non-executive directorship in a FTSE250 company (or unlisted company) - and may retain the fees from their appointment, provided that the Board considers that this will not adversely affect their executive responsibilities.

## CONSIDERATION OF EMPLOYMENT CONDITIONS ELSEWHERE IN THE GROUP

Each year, prior to reviewing the remuneration of the Executive Directors and the members of the Executive Team, the Committee considers a report prepared by the Chief People Officer detailing base pay and Share schemes practice across the Company. The report provides an overview of how employee pay compares to the market and any material changes during the year and includes detailed analysis of basic pay and variable pay changes within the UK.

While the Company does not directly consult with employees as part of the process of reviewing Executive Director pay and formulating the Remuneration Policy, the Company does receive an update and feedback from the broader employee population on an annual basis using an engagement survey which includes a number of questions relating to remuneration. The Company does not use remuneration comparison measurements.

The Group aims to provide a remuneration package for all employees that is market competitive and operates the same core structure as for the Executive Directors. The Group operates employee Share and variable pay plans, with pension provisions provided for all Executive Directors and employees. In addition, any salary increases for Executive Directors are expected to be generally in line with those for UK-based employees. The Committee annually publishes a section on "Fairness, diversity and wider workforce considerations" as part of the Directors' Remuneration Report.

## CONSIDERATION OF SHAREHOLDER VIEWS

The Committee takes the views of the Shareholders seriously and these views are taken into account in shaping remuneration policy and practice. Shareholder views are considered when evaluating and setting remuneration strategy and the Committee welcomes an open dialogue with its shareholders on all aspects of remuneration. The Committee consulted its major shareholders and the main shareholder representative bodies IA, ISS and Glass Lewis on the proposed New Remuneration Policy. The Committee is grateful for the time taken to consider the Committee proposals and provide feedback. At the end of the consultation the majority of shareholders consulted indicated they were supportive of the New Remuneration Policy.

## COMPLIANCE WITH UK CORPORATE GOVERNANCE CODE

The following table sets out how the New Remuneration Policy aligns with the UK Corporate Governance Code whose objective is to ensure the remuneration operated by the Company is aligned to all stakeholder interests including those of shareholders:

| Key Remuneration Element of the 2018 UK Corporate Governance Code                 | Alignment with our proposed New Remuneration Policy                                                                    |
|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| Five-year period between the date of grant and realisation for equity incentives. | The RSP meets this requirement through the implementation of the 2-year post-vesting holding period.                   |
| Phased release of equity awards.                                                  | The RSP meets this requirement as awards are made in an annual cycle.                                                  |
| Discretion to override formulaic outcomes                                         | Included in the terms and conditions of the Bonus Plan and the RSP.                                                    |
| Post-cessation shareholding requirement                                           | The full in-employment requirement for two years following cessation of employment.                                    |
| Pension alignment                                                                 | All Executive Directors aligned with wider employee contributions.                                                     |
| Extended malus & clawback                                                         | The proposed malus and clawback provisions are formally enhanced to align with the FRC's Board Effectiveness Guidance. |

| Provision 40 element                                                                                                                   | How the New Remuneration Policy aligns                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Clarity</b> – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce. | <ul style="list-style-type: none"><li>• The Bonus Plan performance conditions are based on the core KPIs of the strategy and therefore there is a clear link to all stakeholders between their delivery and reward provided to management.</li><li>• The RSP provides annual grants of shares which have to be retained for the longer-term to ensure a focus on sustainable performance. This provides complete clarity of the alignment of the interests of management and shareholders.</li></ul> |
| <b>Simplicity</b> – remuneration structures should avoid complexity and their rationale and operation should be easy to understand.    | <ul style="list-style-type: none"><li>• The performance conditions for the Bonus Plan are based on the Company's KPIs. This alignment of reward with the delivery of key markers of the success of the implementation of the strategy ensures simplicity.</li><li>• Restricted Shares are a simple mechanism and avoid the setting of long-term performance conditions which tend to inherently make the remuneration more complex.</li></ul>                                                        |

| Provision 40 element                                                                                                                                                                                                    | How the New Remuneration Policy aligns                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Risk</b> – remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.</p> | <p>The New Remuneration Policy includes:</p> <ul style="list-style-type: none"> <li>• setting defined limits on the maximum awards which can be earned;</li> <li>• requiring the deferral of a substantial proportion of the incentives in shares for a material period of time;</li> <li>• aligning the performance conditions with the strategy of the Company;</li> <li>• ensuring a focus on long-term sustainable performance through the RSP;</li> <li>• ensuring there is sufficient flexibility to adjust payments through malus and clawback and an overriding discretion to depart from formulaic outcomes.</li> </ul> <p>These elements mitigate against the risk of target-based incentives by:</p> <ul style="list-style-type: none"> <li>• limiting the maximum value that can be earned;</li> <li>• deferring the value in shares for the long-term which helps ensure that the performance earning the award was sustainable and thereby discouraging short term behaviours;</li> <li>• aligning any reward to the agreed strategy of the Company;</li> <li>• the use of an RSP supports a focus on the sustainability of the performance over the longer term;</li> <li>• reducing the awards or cancelling them if the behaviours giving rise to the awards are inappropriate;</li> <li>• reducing the awards or cancelling them, if it appears that the criteria on which the award was based do not reflect the underlying performance of the Company.</li> </ul> |
| <p><b>Predictability</b> – the range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy.</p>              | <ul style="list-style-type: none"> <li>• The New Remuneration Policy sets out clearly the range of values, limits and discretions in respect of the remuneration of management.</li> <li>• The introduction of an RSP increases the predictability of the rewards received by management.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <p><b>Proportionality</b> – the link between individual awards, the delivery of strategy and the long-term performance of the company should be clear. Outcomes should not reward poor performance.</p>                 | <ul style="list-style-type: none"> <li>• The New Remuneration Policy sets out clearly the range of values and discretions in respect of the remuneration of management.</li> <li>• The introduction of an RSP increases the predictability of the rewards received by Executive Directors, and the Bonus Plan, being based on annual targets, operates over a more predictable time cycle compared with traditional LTIPs thereby allowing the Committee to more effectively ensure desirable remuneration outcomes for all stakeholders.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <p><b>Alignment to culture</b> – incentive schemes should drive behaviours consistent with company purpose, values and strategy.</p>                                                                                    | <ul style="list-style-type: none"> <li>• The Bonus Plan drives behaviours consistent with SIG's strategy.</li> <li>• The RSP drives behaviours consistent with the Company's purpose and values which are focused on the long-term future of the business.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

# TERMS AND CONDITIONS FOR THE SIG PLC 2020 RESTRICTED SHARE PLAN

## 1. THE SIG PLC 2020 RESTRICTED SHARE PLAN (THE “RSP”)

| Element                       | Key term                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Eligibility</b>            | <p>Executive Directors and Senior Management.</p> <p>At the discretion of the Committee, other employees may participate in the RSP. Non-Executive Directors are not eligible to participate in the RSP.</p>                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Quantum</b>                | <p>The Committee may grant awards over Shares to eligible employees with a maximum total market value in any financial year of up to 150% of the relevant individual’s annual base salary.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Performance conditions</b> | <p>No performance conditions on grant, however the Committee will consider prior year business and personal performance to determine whether the level of grant remains appropriate.</p> <p>The Committee has discretion to adjust vesting if business performance, individual performance or wider Company considerations mean in their view that an adjustment is required.</p>                                                                                                                                                                                                                                                         |
| <b>Vesting</b>                | <p>RSP awards will normally vest on the third anniversary of the date of grant subject to continued employment, the satisfaction of any applicable performance condition or other condition imposed by the Committee, and to the extent permitted following any operation of malus and clawback.</p> <p>However, if there are any dealing restrictions in place at that time, normal vesting may be delayed until the dealing restrictions have been lifted. RSP Options will normally remain exercisable for a period determined by the Committee at grant which cannot exceed 10 years from grant.</p>                                  |
| <b>Holding Period</b>         | <p>RSP awards for Executive Directors will be subject to a two-year holding period following vesting when the Shares vested cannot be sold. The Committee may also include Sale Restrictions of up to two years for other Participants in the Plan.</p> <p>The Sales Restriction period will run for two years from the vesting date where this occurs three years from the date of grant.</p> <p>The Sales Restriction period continues after employment ceases and malus/clawback can still affect awards but can end early in the case of certain corporate events; death of a Participant; or at the discretion of the Committee.</p> |

| Element                        | Key term                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
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| <b>Cessation of employment</b> | <p><b>For the Year of Cessation</b></p> <p><b>Good leavers:</b> The award will normally be pro-rated for the period worked during the financial year.</p> <p><b>Other leavers:</b> No award for year of cessation.</p> <p><b>Discretion:</b> The Committee has the following elements of discretion:</p> <ul style="list-style-type: none"> <li>• to determine that an Executive Director is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders;</li> <li>• to determine whether to pro-rate the Company award to time. The Remuneration Committee's normal policy is that it will pro-rate for time. It is the Committee's intention to use discretion to not pro-rate in circumstances where there is an appropriate business case which will be explained in full to shareholders;</li> <li>• to determine whether the award will vest on the date of cessation or the original vesting date. The Committee will make its determination based amongst other factors on the reason for the cessation of employment.</li> </ul> <p><b>Subsisting Awards</b></p> <p><b>Good leavers:</b> Awards will be pro-rated to time and will vest on their original vesting dates and remain subject to the holding period.</p> <p><b>Other leavers:</b> Unvested Awards will be forfeited on cessation of employment. Vested Awards will remain subject to the holding period.</p> <p><b>Discretion:</b> The Committee has the following elements of discretion:</p> <ul style="list-style-type: none"> <li>• to determine that an Executive Director is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders;</li> <li>• to determine whether to pro-rate the award to the date of cessation. The Committee's normal policy is that it will pro-rate. The Committee will determine whether to pro-rate based on the circumstances of the Executive Directors' departure;</li> <li>• to determine whether the awards vest on the date of cessation or the original vesting date. The Committee will make its determination based amongst other factors on the reason for the cessation of employment;</li> <li>• to determine whether the holding period for awards applies in part or in full. The Committee will make its determination based amongst other factors on the reason for the cessation of employment.</li> </ul> |
| <b>Change of control</b>       | <p><b>For the Year of the Change of Control</b></p> <p>The award will normally be pro-rated to the date of the change of control.</p> <p><b>Discretion:</b> The Committee has the following element of discretion:</p> <ul style="list-style-type: none"> <li>• to determine whether to pro-rate the award to time. The Committee's normal policy is that it will pro-rate for time. It is the Committee's intention to use discretion to not pro-rate in circumstances where there is an appropriate business case which will be explained in full to shareholders.</li> </ul> <p><b>Subsisting Awards</b></p> <p>The awards will vest on the date of the change of control pro-rated to time and the holding period will not apply.</p> <p><b>Discretion:</b> The Committee has the following elements of discretion:</p> <ul style="list-style-type: none"> <li>• to determine whether the satisfaction of awards should be in cash or shares or a combination of both;</li> <li>• to determine whether to pro-rate awards on change of control. The Committee's normal policy is that it will pro-rate. The Committee will determine whether to pro-rate based on the circumstances of the change of control.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

## 2. PROVISIONS APPLYING TO THE RSP (THE “PLAN”)

Capitalised terms in this section will have the same meaning given to them as those in the Plan rules, unless otherwise defined.

### OPERATION

The Committee supervises the operation of the Plan in respect of the employees of the Company, including the Executive Directors. The Committee has the discretion to make awards at any time where they consider the circumstances appropriate in accordance with the Plan rules.

### GRANTS OF AWARDS

Any Share awards granted under the Plan may normally only be granted during the 42 days beginning on: (i) the date of shareholder approval of the Plan; (ii) the day after the announcement of the Company's results; (iii) any day on which the Committee determines that circumstances are sufficiently exceptional to justify the grant of the Share award at that time; or (iv) the day after the lifting of any dealing restrictions. Awards may be granted for up to ten years from the date of approval by shareholders and can be in the form of options over Shares (the “Options”) or a conditional right to acquire Shares (the “Conditional Share Awards”). No consideration is payable by Participants to receive an award and Participants will make either a nominal or nil payment for the release of Shares or exercise of an Option under the award, as determined by the Committee. No awards may be granted more than ten years from the date when the Plan was approved by shareholders. No awards will be granted during a Close Period.

### DILUTION

The Plan may operate over new issue Shares, treasury shares or Shares purchased in the market.

The rules of the Plan each provide that, in any rolling 10 year period (i) not more than 10% of the Company's issued Shares may be issued under the Plan and under any other employees' share scheme operated by the Company; and (ii) not more than 5% of the Company's Shares may be issued under the Plan and under any other executive share plan adopted by the Company. Shares issued out of treasury under the Plan will count towards these limits for so long as this is required under institutional shareholder guidelines. In addition, awards which are renounced, or lapse shall be disregarded for the purposes of these limits.

### DIVIDEND EQUIVALENTS

The Committee may decide that awards under the Plan will include a payment (normally in additional Shares but may be in cash) equal in value to any dividends that would have been paid on the Shares which vest under an award by reference to the period between the time when the relevant award was granted and the time when the relevant award vested. This amount may assume the reinvestment of dividends and exclude or include special dividends or dividends in specie, at the discretion of the Committee. The Committee has discretion to use a different method to calculate the value of dividends.

### MALUS AND CLAWBACK

Malus provisions apply to all elements of the Plan. Malus is the adjustment of unvested awards because of the occurrence of one or more circumstances. The adjustment may result in the value being reduced to nil.

Clawback is the recovery of vested awards or payments under the Plan as a result of the occurrence of one or more circumstances. Clawback may apply to all or part of a Participant's award or payment under the Plan and may be affected, among other means, by requiring the transfer of Shares, payment of cash or reduction of awards or bonuses.

The circumstances in which malus and clawback could apply are as follows:

- discovery of a material misstatement resulting in an adjustment in the audited accounts of the Group or any Group company;
- the assessment of any vesting condition or condition in respect of an award under the Plan was based on error, or inaccurate or misleading information;
- the discovery that any information used to determine the award was based on error, or inaccurate or misleading information;
- action or conduct of a Participant which amounts to fraud or gross misconduct;
- events or the behaviour of a Participant have led to the censure of a Group Company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group Company provided that the Committee is satisfied that the relevant Participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to the Participant;
- Failure of risk management including but not limited to a material breach of risk appetite and regulatory standards; or
- Corporate failure.

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The following sets out the periods during which malus and clawback may be affected:

- Malus – any time to the point of vesting or payment.
- Clawback – 2 years from the date of vesting or payment.

## **TAXATION**

The vesting and exercise of awards are conditional upon the Participant paying any taxes due.

## **ALLOTMENT AND TRANSFER OF SHARES**

Shares allotted by the Company or transferred by the Trustee of the Employee Trust will not rank for dividends payable if the record date for the dividend falls before the date on which the Shares are acquired by the Participant. An application will be made for the admission of the new Shares to be issued to the Official List of, and to trading on, the London Stock Exchange plc's main market for listed securities following the vesting and/or exercise of awards.

## **VARIATION OF SHARE CAPITAL**

On a variation of the capital of the Company or in the event of a demerger or other distribution, special dividend or distribution, the number of Shares subject to awards and their terms and conditions may be adjusted in such manner as the Committee determines is appropriate.

## **DURATION**

The Plan will operate for a period of 10 years from the date of approval by shareholders. The Committee may not grant awards under the Plan after the tenth anniversary of approval.

## **AMENDMENTS**

Amendments to the rules of the Plan may be made at the discretion of the Committee.

Prior shareholder approval is generally required for amendments to the advantage of Participants which are made to the provisions relating to eligibility, individual or overall limits, the basis for determining the entitlement to, and the terms of, awards under the Plan, the adjustments that may be made in the event of any variation to the Share capital of the Company and/or the rule relating to such prior approval except for amendments which are of a minor nature and benefits the administration of the Plan or is necessary or desirable in order to take account of a change in legislation or maintain favourable tax, exchange control or regulatory treatment for Participants, the Company or any Group Company.

No change to subsisting awards to the material disadvantage of a Participant can normally be made except as a result of a legal or regulatory requirement or where Participants are notified of such amendment and the majority of Participants approve such amendment.

## **GENERAL**

Shares acquired and awards and any other rights granted pursuant to the Plan are non-pensionable.

## **NON-TRANSFERABILITY OF AWARDS**

Awards are not transferable, except in the case of a Participant for whom a trustee is acting, in which case the trustee will be able to transfer the benefit to the Participant or by will or the laws of inheritance and distribution.

## **ALTERNATIVE SETTLEMENT**

At its discretion, the Committee may decide to satisfy Plan awards with a payment in cash or Shares equal to any gain that a Participant would have made had the relevant award been satisfied with Shares.

## **RIGHTS ATTACHING TO SHARES:**

Shares issued and/or transferred under the Plan will not confer any rights on any Participant until the relevant award has vested or the relevant Option has been exercised and the Participant in question has received the underlying Shares. Any Shares allotted when an Option is exercised or an award vests will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their issue).

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## OVERSEAS PLANS

The Committee may, at any time, establish further plans based on the Plan for overseas territories. Any such plan shall be similar to the Plan, as relevant, but modified to take account of local tax, exchange control or securities laws. Any Shares made available under such further overseas plans must be treated as counting against the limits on individual and overall participation under the Plan.

## EMPLOYEE TRUST

The Company may utilise the existing discretionary employee benefit trust, the SIG plc Employee Benefit Trust (the "EBT") which includes any successor trust set up in connection with the Company's employee share schemes), in order to meet obligations due under the Plan. The Trustee of the EBT has full discretion with regard to the application of the trust fund (subject to recommendations from the Committee). The Company will be able to fund the EBT to acquire Shares in the market and/or to subscribe for Shares at nominal value in order to satisfy awards granted under the Plan. Any Shares issued to the EBT in order to satisfy awards under the Plan will be treated as counting towards the dilution limits that apply to the Plan. For the avoidance of doubt, any Shares acquired by the EBT in the market will not count towards these limits. In addition, unless prior Shareholder approval is obtained, the EBT will not hold more than 5% of the issued share capital of the Company at any one time (other than for the purposes of satisfying awards of Shares that it has granted).

*Note: This Part 4 summarises the main features of the Plan, but does not form part of them, and should not be taken as affecting the interpretation of the detailed terms and conditions constituting the Plan Rules. The Directors reserve the right, up to the time of the General Meeting to make such amendments and additions to the rules of the Plan as they consider necessary or desirable, provided that such amendments and additions do not conflict in any material respect with the summary set out in this Schedule 4.*



