

Note: This is Huntsworth plc's (the Company) Directors' Remuneration Policy as approved by shareholders at the Annual General Meeting held on 9 May 2019, as disclosed in the Company's Annual Report and Accounts 2018.

Report of the Directors on Remuneration continued

2019 Directors' Remuneration Policy (2019 Policy)

Introduction

In this section of the Report of the Directors on Remuneration we provide details of the Company's new remuneration policy for Directors that will govern the Company's future remuneration payments (the **2019 Policy**). The 2019 Policy is being introduced in order to implement the changes described in the Chair of the Committee's statement above and in response to the changes under The UK Corporate Governance Code effective from 1 January 2019 (the **New Code**).

Subject to approval by shareholders, the policy is intended to apply for three years with effect from the close of the 2019 AGM, although in practice is intended to apply from 1 January 2019.

The Remuneration Committee has established the policy on the remuneration of the Executive Directors and the Chairman, whereas the Board has established the policy on the remuneration of the Non-Executive Directors.

The policy is designed around the following key principles:

- providing a strong link between reward and the performance of both the individual and the Company in order to align the interests of Executive Directors with those of shareholders;
- maintaining a competitive package against comparable businesses, both in terms of size and sector, with reference to the breadth of the role and experience the role holder brings to the Company;
- encouraging a personal stake in the business and a long-term focus on sustained growth through long-term shareholding;
- providing a balanced remuneration package;
- ensuring compliance with the latest standards of best practice, including The UK Corporate Governance Code effective from 1 January 2019; and
- taking into account the associated risks of each aspect of remuneration.

Changes to the 2019 Policy from current policy

The following key changes from the Remuneration Policy approved by shareholders in 2016, are reflected in the 2019 Policy:

- Increases in salary for Executive Directors ordinarily to be limited to the average rate of increase awarded to the wider workforce;
- Reduction in potential for AIP;
- Enhanced deferral requirements for the AIP;
- Increase in long-term incentive opportunity;
- Formalisation of the long-term incentive holding period;
- Reduction in pension provision;
- Increased Executive Director shareholding guidelines;
- Introduction of a post-employment shareholding policy; and
- Reference to the proposed new performance measures for The Huntsworth Long Term Incentive Plan 2016 (**2016 LTIP Scheme**).

Shareholders will be asked to vote on this policy at the 2019 AGM on 9 May 2019.

Remuneration structure (Policy Table)

Policy for Executive Directors

The table below sets out the key elements of the Company's remuneration policy for the Executive Directors:

Remuneration Element	Base Salary
Objective and link to strategy	To provide a market competitive base salary which recognises individual contribution, changes in responsibilities and attracts and retains talent in the labour market in which the Executive Director is employed.
Operation	Base salary is normally set annually with any changes effective from 1 January. When determining the salary of the Executive Directors the Committee takes into consideration: <ul style="list-style-type: none"> • the level of base salary for similar positions with comparable status, responsibility and skills, in comparable organisations of broadly similar size and complexity; • the individual Executive Director's experience and responsibilities; and • pay and conditions throughout the Group.
Opportunity	Whilst the Committee has not set a monetary maximum on salary, any base salary increases will ordinarily be no greater than the average increase (in percentage terms) awarded to the wider workforce. Increases in excess of this may be awarded in appropriate circumstances including, but not limited to, in the event of an increase in the scope or responsibilities of the role, a change in the size and complexity of the Group and/or significant market movement The 2019 annual salaries for the Executive Directors are set out in the statement of implementation of remuneration policy on page 58.
Performance conditions and assessment	N/A

Remuneration Element	Annual bonus
Objective and link to strategy	Aligns reward to strategy by ensuring the annual performance targets which are set for the financial year are aligned with the Company's key performance indicators (KPIs). As such, the annual bonus targets are primarily based on key objectives relating to the Group's financial performance.
Operation	<p>The annual bonus is reviewed annually at the start of the financial year to ensure bonus opportunity, performance measures and weightings support the Company's strategy. The performance period for the annual bonus targets is normally linked to the Company's financial year.</p> <p>At least 30% of any annual incentive payable will be typically deferred for a period of two years under the Huntsworth 2016 Deferred Share Bonus Plan (2016 DSBP Scheme).</p> <p>Where any element of the annual bonus is deferred, it will be deferred into a conditional award of, or nil-cost option over, Huntsworth shares. These shares will not be subject to any further performance conditions but are conditional on the individual's continued employment with the Group, will remain subject to malus and clawback provisions, and will normally vest at the end of the deferral period. For further details on malus and clawback provisions, please refer to the section on malus and clawback on pages 62 and 63.</p>
Opportunity	<p>Maximum bonus potential level: up to 120% of salary.</p> <p>Threshold bonus potential: 0% of salary.</p>
Performance conditions and assessment	<p>Each year the Committee determines the bonus measures and, if relevant, weightings.</p> <p>Measures will predominantly be based on financial performance but up to 20% may be based on individual or other strategic objectives.</p> <p>The precise nature and, if relevant, weighting of measures will depend on the strategic focus of the Company in any given year.</p> <p>Further details on the measures for 2019 are set out in the statement of implementation of remuneration policy on page 58.</p>
Remuneration Element	The Huntsworth 2016 Long Term Incentive Plan (2016 LTIP Scheme)
Objective and link to strategy	<p>Rewards and retains executives, aligning them with shareholder interests over a longer time frame.</p> <p>Ensures an alignment between the operation of the Company's remuneration policy and the Company's objectives of achieving strong longer-term performance.</p>
Operation	<p>Participants are eligible to receive a conditional allocation of shares or nil cost options subject to performance conditions set by the Committee. The Committee reviews the quantum of awards annually.</p> <p>Awards normally vest following the end of the performance period, although may vest early on leaving employment or on a change of control (see pages 70 and 71).</p> <p>A two-year holding period will apply to these awards after the end of the relevant performance period, other than as regards shares disposed of to satisfy tax liabilities arising in connection with vesting or exercise.</p> <p>Awards under the 2016 LTIP Scheme will be subject to malus and clawback provisions. For further details, please refer to the section on malus and clawback on pages 62 and 63.</p>
Opportunity	<p>Maximum awards under the 2016 LTIP Scheme in respect of any one year of 200% of salary.</p> <p>Normal awards will be up to 150% of salary in respect of any one year.</p> <p>Awards in excess of 150% will be made in exceptional circumstances only, at the discretion of the Committee.</p> <p>Threshold vesting level: 25% of maximum opportunity.</p>

Report of the Directors on Remuneration continued

2019 Directors' Remuneration Policy (2019 Policy) continued

Remuneration Element	The Huntsworth 2016 Long Term Incentive Plan (2016 LTIP Scheme)
Performance conditions and assessment	<p>Performance will be measured over at least a three-year period.</p> <p>Performance for awards will typically be based on financial measures (which may include but are not limited to earnings per share (EPS), Cash Conversion and Return on Invested Capital (ROIC)).</p> <p>Further details on the measures for 2019 are set out in the statement of implementation of remuneration policy on page 58.</p>
Remuneration Element	Pension
Objective and link to strategy	To provide a competitive retirement benefit and ensure that Executive Directors' total remuneration remains competitive.
Operation	<p>Executive Directors may receive a contribution to their personal pension plan. Executive Directors may elect for some or all of the contribution to be paid as a cash equivalent.</p> <p>Any cash equivalent would not be treated as salary for the purposes of determining bonus or incentive awards.</p>
Opportunity	Pension contributions and/or cash equivalents for Executive Directors will be at a level which is no greater (in percentage terms) than average contributions for the wider workforce.
Performance conditions and assessment	N/A
Remuneration Element	Other benefits
Objective and link to strategy	To provide competitive employment benefits and support individuals in carrying out their roles.
Operation	<p>The level of benefits provided is reviewed regularly to ensure they remain market competitive. Benefits may include:</p> <ul style="list-style-type: none"> • car or car-related allowance or benefits; • private health insurance for the Executive Director and his family; • life and travel insurance; • permanent health insurance; and • assistance with the administrative burden of tax compliance arising from the directorship. <p>Additional benefits may be provided based on individual circumstances. Where an Executive Director has to be relocated, the Company may provide compensation to reflect this cost of relocation in line with the policy as set out for new recruits on pages 66 to 67. The level of relocation benefit will be assessed on a case-by-case basis.</p>
Opportunity	Although no changes are expected to the current benefits provided to the Executive Directors as disclosed above, benefit values will vary year-on-year depending on the cost of insurance or method of providing the benefits. Accordingly, no maximum monetary value of benefits has been set.
Performance conditions and assessment	N/A

Notes to the Future Policy table for Executive Directors

Measurement of performance targets

The Committee has the ability to override formulaic outcomes in relation to the number of shares which may vest under an individual's award under the 2016 LTIP Scheme and the extent to which any annual bonus may be earned.

Malus and clawback

In respect of future awards granted under the annual bonus, 2016 DSBP Scheme and 2016 LTIP Scheme, in accordance with the New Code and in line with best practice, the Committee has discretion to apply recovery provisions.

Malus and clawback provisions may be applied in the event of gross misconduct by the participant, a material misstatement of the Company's published accounts between grant and release (in the case of awards under the 2016 LTIP Scheme) or in respect of the bonus year (for annual bonus and awards under the 2016 DSBP Scheme), or a material breach of a law or regulation which resulted in significant reputational damage or harm to the Company during the same period. If the provisions are applied, the Committee may:

- in respect of a bonus, or an award under the 2016 DSBP Scheme or 2016 LTIP Scheme which has yet to be paid or to vest or to be exercised, in its absolute discretion, reduce or cancel the award;
- In respect of a bonus or an award under the 2016 DSBP Scheme or 2016 LTIP Scheme which has been paid or has vested, in its absolute discretion, claw-back the award (either in part or in full). This provision may be invoked for up to two years following payment of a bonus, two years following the original vesting date of a deferred bonus, or two years following the original release date of an LTIP award.

If the Committee decides that a clawback circumstance has arisen, the Committee may decide that, in its absolute discretion, rather than clawing back a paid bonus or vested share award, it could instead make a reduction of an equivalent amount to (i) any unvested share awards the individual may have under any share scheme operated by Huntsworth, and/or (ii) any future bonus payment which would otherwise be payable, and/or (iii) any salary payments or other remuneration which are due or would otherwise have been payable.

Minor amendments and waiver

An Executive Director may at any time waive any element of remuneration. Minor and administrative amendments may be made to the policy where, in the opinion of the Committee, it would be disproportionate to seek prior shareholder approval, in which case full disclosure will be made in the subsequent Annual Report on Remuneration.

Dividend equivalents

Awards under the 2016 LTIP Scheme and 2016 DSBP Scheme may incorporate the right to receive (in cash or shares) the value of dividends which would have been paid on the shares that vest between the date of grant and the date of vesting (or in the case of awards under the 2016 LTIP Scheme that are subject to a holding period, the date of release). When calculating the relevant dividend amounts, the Committee may assume that the dividends were reinvested in the Company's shares on a cumulative basis.

Award adjustment

Awards granted under the Company's share plans may, at the discretion of the Committee, be settled in cash. They may also be adjusted in any manner considered appropriate by the Committee in the event of a variation of the Company's share capital or such other circumstances as the Committee considers appropriate.

Performance conditions applicable to 2016 LTIP Scheme awards may be amended if an event or series of events occurs as a result of which the Committee considers it fair and reasonable to make the change to take account of, amongst other matters, legal changes or to get or keep favourable tax, exchange control or regulatory treatment for the award, or unbudgeted 'in period' acquisitions provided that the amended conditions are not materially easier than the original conditions.

Variable remuneration opportunities

In line with the current practice for Paul Taaffe and as disclosed in relation to Paul Taaffe in the Annual Remuneration Report, if an Executive Director is paid their salary in a currency other than UK pounds Sterling, their variable remuneration opportunities may be determined by reference to a notional UK pounds Sterling salary. The notional UK pounds Sterling salary will be determined by reference to an exchange rate selected by the Committee and may be increased by the Committee to reflect increases to the Executive Director's actual salary in their applicable currency.

Comparison of Remuneration policy for other employees and Executive Directors

All employees of Huntsworth are entitled to base salary and benefits at levels commensurate with their role and local market practice.

Certain employees are eligible to receive an annual bonus based on key performance indicators measured at Group, divisional or local business level, alongside performance against personal objectives. The maximum opportunity available is based on the seniority and responsibility of the role.

Long-term incentive awards will be available to senior executives and selected employees throughout the organisation through the 2016 LTIP Scheme.

Typically the more senior the employee, the greater the proportion of their pay is based on performance. Executive Directors receive remuneration packages which reflect their role and responsibilities and consequently they are amongst the highest paid in the Group.

Remuneration scenario charts for Executive Directors

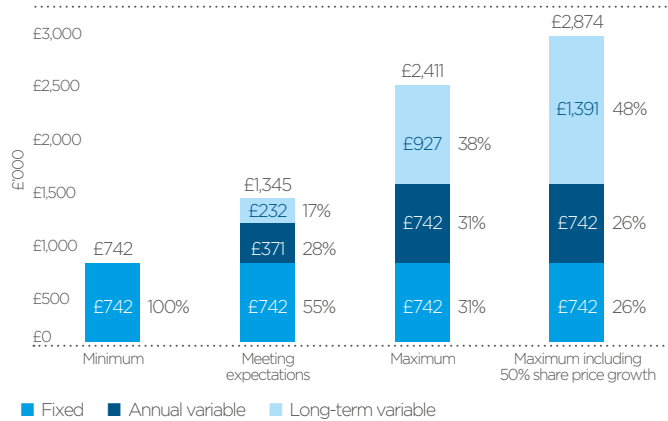
The chart below illustrates the remuneration that would be paid to each of the Executive Directors in 2019, based on the above policy, under four different performance scenarios: (i) Minimum; (ii) Meeting expectations; (iii) Maximum and (iv) Maximum including 50% share price growth.

The elements of remuneration have been categorised into three components: (i) Fixed; (ii) Annual variable; and (iii) Long-term variable, which are set out in the future policy table above.

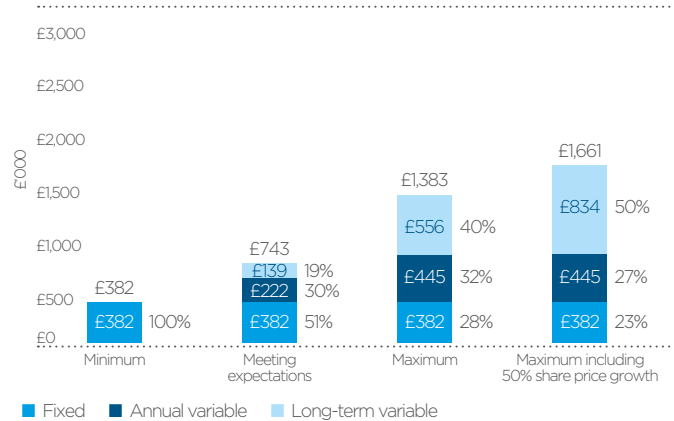
Report of the Directors on Remuneration continued

2019 Directors' Remuneration Policy (2019 Policy) continued

Paul Taaffe



Neil Jones



Fixed:

Fixed elements do not vary with performance and comprise:

- Base salary; and
- Benefits.

The charts are based on salaries for 2019. For Paul Taaffe, this represents a salary of \$964k i.e. equivalent to £714k at the 2019 Budget exchange rate of 1.35. However, for the calculation of his bonus and LTIP awards, a salary of £618k has been used.

Annual variable:

This comprises the Annual Bonus and is calculated as follows:

Minimum	Meeting expectations	Maximum
0%	60% salary	120% salary

Long-term variable:

This comprises awards under the 2016 LTIP Scheme and is calculated as follows:

Minimum	Meeting expectations	Maximum	Maximum including 50% share price growth
0%	37.5% salary	150% salary	225% of salary

Policy for Non-Executive Directors

The table below sets out the remuneration policy for Non-Executive Directors ('NEDs'):

Remuneration Element	Fees
Objective and link to strategy	To attract individuals of a suitable calibre for the Company and to pay fees which are reflective of responsibilities, competitive with peer companies.
Operation	<p>The Board as a whole is responsible for setting the remuneration of the Non-Executive Directors, other than the Chairman whose remuneration is determined by the Committee and recommended to the Board.</p> <p>Typically:</p> <ul style="list-style-type: none"> • NEDs are paid a base fee with an additional fee payable for chairing a Committee; • no additional fee is payable to the Company Chairman where he also chairs the Nomination Committee; and • an additional fee is payable for the Senior Independent Director role. <p>Fees may also be paid for additional time spent on the Company's business outside of the normal duties. In some circumstances no fees will be paid.</p> <p>Fee levels reflect market conditions and are sufficient to attract individuals with appropriate knowledge and experience.</p>

Remuneration Element	Fees
Maximum potential value	Current fees are set out in the statement of implementation of remuneration policy on page 59. Fee increases are determined by reference to individual responsibilities, inflation and an appropriate comparator group. The total aggregate fees which can be paid to the Chairman and other NEDs in any given financial year may not exceed the amount stated in the Company's Articles of Association. In the event that this limit set out in the Articles of Association is amended by way of ordinary resolution of the Company's shareholders, this amended limit will supplant the current limit within this policy as well.
Performance conditions and assessment	N/A
Remuneration Element	Benefits
Objective and link to strategy	To facilitate the NEDs performance of his or her role.
Operation	The Company pays travel and accommodation expenses in respect of attendance at Board meetings by NEDs, which may in some circumstances be taxed as benefits in kind. Additionally, the Company may provide office facilities for NEDs which are not restricted to use in respect of the Company's business.
Maximum potential value	Expense benefit values, if any, will vary year-on-year depending on the frequency and location of meetings. The value of any other benefits is considered to be minimal. No maximum level of benefits has therefore been set.
Performance conditions and assessment	N/A

Notes to the Future policy tables for all Directors

Shareholding policy

To ensure that Executive Directors' interests are aligned with those of shareholders over the long term, all Executive Directors are expected to hold shares (including vested share awards where applicable) equivalent in value to a minimum of two times their salary. Executive Directors will be required to retain 50% of all after-tax vested share awards until their shareholding requirement is met. Shares subject to DSBP awards, and shares subject to LTIP awards which are exercisable but unexercised count towards the shareholding on a net of assumed tax basis.

Non-Executive Directors are not subject to a minimum shareholding requirement. However, they are encouraged to hold shares in the Company.

Post-employment shareholding policy

For one year post-cessation of employment, Executive Directors will typically be required to hold interests in shares with a value (at cessation) equal to 100% of salary or, if less, all of the shares they have an interest in at cessation. Shares subject to DSBP awards, and shares subject to LTIP awards which are exercisable but unexercised count towards the shareholding on a net of assumed tax basis.

Service agreements

Huntsworth's policy is to have Executive Directors' service contracts of no fixed term and with notice periods of no more than one year and for those contracts to contain contractual termination payments in certain circumstances as set out in the table below. Executive Directors are subject to re-election at each Annual General Meeting. The Non-Executive Directors have letters of appointment which provide for an initial period of appointment of three years, subject to election at the Annual General Meeting following their appointment, and re-election at each subsequent Annual General Meeting.

The following table sets out the dates of each Director's service agreement or letter of appointment:

Executive	Date of contract	Notice period
Paul Taaffe	19 December 2014	1 year
Neil Jones	15 October 2015	1 year
Non-Executive ¹	Date of original letter	
Andy Boland	3 October 2014	3 months
Nicky Dulieu	19 December 2014	3 months
Pat Billingham	17 November 2015	3 months
Elizabeth McKee Anderson	18 December 2017	3 months
David Lowden	19 December 2018	3 months

¹ Derek Mapp will be resigning as a director from the Company on 6 March 2019, and therefore has not been included in the above table.

Report of the Directors on Remuneration continued

2019 Directors' Remuneration Policy (2019 Policy) continued

With specific approval of the Board, Executive Directors may accept external appointments as non-executive directors of other companies and retain any fees paid to them.

Service contracts and letters of appointments are available for inspection at the Company's registered office.

Recruitment arrangements

The table below summarises the Company's key policies with respect to recruitment remuneration:

Remuneration Element	Policy
General	<p>The Committee's approach to recruitment remuneration is to pay no more than is necessary to attract an appropriate candidate to the role.</p> <p>Our principle is that the pay of any new Director would be assessed on the basis of the same policy principles as for the Executive Directors or Non-Executive Directors (as appropriate), unless specific circumstances arise where the Committee deems it appropriate, to secure a desired candidate. The terms of any appointment should also be accompanied by a clear business case.</p> <p>The Committee is mindful that it wishes to avoid paying more than it considers necessary to secure the preferred candidate and is cognisant of guidelines and shareholder sentiment regarding one-off or enhanced short or long-term incentive payments made on recruitment and the appropriateness of any performance conditions associated with an award.</p>
Notice periods	<p>The policy of the Company is to have service contracts for Executive Directors with notice periods of one year.</p>
Base salary or fee and benefits	<p>The salary or fee level will be set taking into account the responsibilities and experience of the individual and the salaries paid for similar roles in comparable companies in line with the current process undertaken by the Committee when reviewing the salary/fee levels for its existing Directors.</p> <p>When an Executive Director is recruited on a below-market standard salary, larger than normal increases may be offered to transition him to a market standard salary in line with his experience in the role.</p> <p>The Director shall be eligible to receive benefits in line with Huntsworth's benefits policy as set out in the remuneration policy table above.</p>
Pension	<p>The Executive Director will be able to receive a pension contribution in line with the Company's pension policy as set out in the remuneration policy table.</p>
Annual bonus and Long-term incentives	<p>The Executive Director will be eligible to participate in the annual bonus arrangements and long-term incentive plans as set out in the remuneration policy table.</p> <p>Therefore, the maximum level of variable remuneration (excluding share buy-outs/replacement awards described below) which can be awarded to a new Executive Director (in line with the policy set out above) in respect of his recruitment is 320% of salary.</p>

Remuneration Element	Policy
Share buy-outs / replacement awards	<p>Awards may be granted to replace those forfeited by the Executive Director on taking up the appointment where considered by the Committee to be appropriate. Such awards may be made in addition to any annual bonus and long-term incentive awards described above.</p> <p>Such awards will normally be made in the form of an award under the 2016 LTIP Scheme. Executive Directors may receive one exceptional award under the 2016 LTIP Scheme, which may not be subject to performance conditions, where the terms of his recruitment provide for him to be granted any award in order to compensate (wholly or partly) for incentives lost at his previous employer. The maximum level of buyout award that may be granted under the plan rules is not restricted.</p> <p>The Committee will seek to structure any replacement awards such that overall they are no more generous in terms of quantum or vesting period than the awards due to be forfeited. In determining quantum and structure of these commitments, the Committee will seek to replicate the fair value and, as far as practicable, the timing and performance requirements of remuneration foregone.</p> <p>The Committee would seek to structure buyout and variable pay awards on recruitment to be in line with the Company's remuneration framework so far as practical, but, if necessary, the Committee may also grant such awards outside of the framework as permitted under Listing Rule 9.4.2 subject to the limits on variable pay set out above. The exact terms of any such awards (e.g. the form of the awards, time frame, performance conditions, and leaver provisions) would vary depending on the specific commercial circumstances.</p>
Relocation policies	<p>In instances where the Executive Director needs to be relocated, the Company may provide one-off or ongoing compensation as part of the Director's relocation benefits to reflect the cost of relocation for the Executive Director.</p> <p>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, schooling and may include support with tax and other administrative obligations relating to the move.</p>
Internal appointments	<p>Where an internal candidate is appointed to the Board, the individual's existing contractual or award terms and conditions will continue to apply to any elements of remuneration (e.g. long-term incentive awards) made prior to his or her appointment. These will be disclosed to shareholders in the following year's Report of the Directors on Remuneration.</p>

Payment for loss of office

When determining any loss of office payment for a departing individual, the Committee will always seek to minimise cost to the Company whilst seeking to reflect the circumstances in place at the time. The Committee retains overriding discretion to make loss of office payments appropriate to the circumstances and applying the overriding principle that there should be no element of reward for failure.

Report of the Directors on Remuneration continued

2019 Directors' Remuneration Policy (2019 Policy) continued

Remuneration Element	Approach	Committee discretion
General	The Company's policy on termination payments is to consider the circumstances on a case-by-case basis, taking into account the relevant contractual terms, the circumstances of the termination and any applicable duty to mitigate. It is the Committee's policy not to reward poor performance. The Committee will always seek to minimise cost to the Company whilst seeking to reflect the circumstances in place at the time.	Subject to existing contractual commitments, the Committee retains overriding discretion to make loss of office payments appropriate to the circumstances and applying the overriding principle that there should be no element of reward for failure.
Base salary or fee and benefits	<p>Salary will be paid over the notice period. Benefits will normally be provided over the notice period.</p> <p>Non-Executive Directors' fees will be paid over the notice period. There is no entitlement to a payment in lieu of notice.</p>	<p>The Committee has discretion to make a payment in lieu of notice of up to 12 months' salary and benefits allowance and accrued but untaken holiday. This may be made in the form of a lump sum payment or in instalments. Subject to contractual provisions, the Company will seek to mitigate any payments due.</p> <p>The Company may provide benefits related to the termination such as outplacement advice, or tax and legal advice. It may additionally pay amounts which, based on legal advice, are required or recommended to be paid in settlement of any actual or potential lost legal rights.</p>
Pension	<p>No additional payments will be made in respect of pension contributions or cash equivalent for loss of office.</p> <p>Company pension contribution/cash equivalents will normally be provided over the notice period. In all cases the Company will seek to mitigate any payments due.</p>	The Committee has discretion to make lump sum payments in lieu of pension contributions/cash equivalents payable over the notice period.

Remuneration Element	Approach	Committee discretion
Annual bonus	<p>Where an Executive Director's employment is terminated after the end of a performance year but before the payment is made, the Executive Director may be eligible for an annual bonus award for that performance year subject to an assessment based on performance achieved over the period. No award will be made in the event of gross misconduct.</p> <p>Where an Executive Director's employment is terminated during a performance year, and if the individual is a good leaver, a pro-rata annual bonus payment for the period worked in that performance year may be payable subject to an assessment based on performance achieved over the period.</p> <p>Unvested awards under the 2016 DSBP Scheme Where an Executive Director's employment is terminated when he holds deferred bonus awards under the 2016 DSBP Scheme, and he is determined to be a good leaver for any reason other than due to his death, his awards will normally vest in accordance with the original terms of deferral. Where the Executive Director's employment terminates by reason of death or in such other circumstances as the Committee may determine, any shares so deferred will vest immediately.</p> <p>Where an Executive Director's employment terminates and he is determined by the Committee not to be a good leaver, his awards under the 2016 DSBP Scheme will lapse in full.</p> <p>Leaver status Good leavers are those leaving under the following specified conditions:</p> <ul style="list-style-type: none"> • death; • ill-health, injury or disability; • redundancy; • sale of the employing Company, or the sale of the business for which he or she works, outside of the Group; or • any reason, at the absolute discretion of the Committee. <p>All other leavers are bad leavers.</p>	<p>The Committee has discretion to determine whether an Executive Director is a good leaver for the purposes of the annual bonus arrangements.</p> <p>It is not the Committee's intention to exercise this discretion unless there is a strong business case to do so. Where discretion is exercised, the Committee will provide a full explanation of the basis of the exercise of its discretion to shareholders.</p> <p>Bonuses for good leavers will ordinarily be paid after the end of the relevant year once performance for the year can be assessed, but the Committee has discretion to pay the bonus following termination in appropriate circumstances.</p>

Report of the Directors on Remuneration continued

2019 Directors' Remuneration Policy (2019 Policy) continued

Remuneration Element	Approach	Committee discretion															
Long-term incentive	<p>The treatment of unvested long-term incentive awards is governed by the rules of the 2016 LTIP Scheme and 2016 DSBP Scheme. Individuals are defined as either a good or bad leaver for the purposes of unvested incentive awards.</p> <p>Good leavers are those leaving under the following specified conditions:</p> <ul style="list-style-type: none"> • death; • ill-health, injury or disability; • redundancy; • sale of the individual's employing company, or business outside of the Group; or • any other reason, with the approval of the Committee. <p>All other leavers are bad leavers.</p> <p>If an individual is a bad leaver then unvested share awards will lapse in full. The following table sets out for good leavers examples of the potential application of the Committee's policy in certain circumstances:</p>																
	<table border="1"> <thead> <tr> <th>Reason for leaving</th> <th>Timing of vesting</th> <th>Calculation of Committee discretion</th> </tr> </thead> <tbody> <tr> <td>Resignation</td> <td>Awards lapse.</td> <td>N/A</td> </tr> <tr> <td>Injury, ill health, disability, redundancy, sale of business or employing company, or other reason at the discretion of the Committee.</td> <td>Awards will vest based on the performance achieved either up to the date of cessation or to the end of the performance period and pro-rated to reflect the proportion of the performance period served unless the Committee determines otherwise. Awards will normally vest and be released at the usual time, unless the Committee determines that awards should vest and/or be released at some earlier date following the individual's departure.</td> <td> <p>Designation as good leaver Where the specified good leaver circumstances do not apply and there is no contractual obligation to do so (see below), the Committee has discretion to determine whether an Executive Director is a good leaver for the purposes of the 2016 LTIP Scheme, PSP Scheme or 2006 ESOS Scheme. It is not the Committee's intention to exercise this discretion unless there is a strong business case. Where discretion is exercised the Committee will provide a full explanation of the basis of the exercise of its discretion to shareholders.</p> <p>Vesting under the 2016 LTIP Scheme The Committee retains discretion to disregard time pro-rating when determining the level of vesting. This would only be considered in exceptional circumstances.</p> </td> </tr> <tr> <td>Death</td> <td>Immediately.</td> <td></td> </tr> <tr> <td></td> <td>Under the 2016 LTIP Scheme, the Committee may choose to apply the good leaver rules described above, or to deem any performance targets to be met in full at the date of death and/or to disapply any time pro-rating.</td> <td></td> </tr> </tbody> </table>	Reason for leaving	Timing of vesting	Calculation of Committee discretion	Resignation	Awards lapse.	N/A	Injury, ill health, disability, redundancy, sale of business or employing company, or other reason at the discretion of the Committee.	Awards will vest based on the performance achieved either up to the date of cessation or to the end of the performance period and pro-rated to reflect the proportion of the performance period served unless the Committee determines otherwise. Awards will normally vest and be released at the usual time, unless the Committee determines that awards should vest and/or be released at some earlier date following the individual's departure.	<p>Designation as good leaver Where the specified good leaver circumstances do not apply and there is no contractual obligation to do so (see below), the Committee has discretion to determine whether an Executive Director is a good leaver for the purposes of the 2016 LTIP Scheme, PSP Scheme or 2006 ESOS Scheme. It is not the Committee's intention to exercise this discretion unless there is a strong business case. Where discretion is exercised the Committee will provide a full explanation of the basis of the exercise of its discretion to shareholders.</p> <p>Vesting under the 2016 LTIP Scheme The Committee retains discretion to disregard time pro-rating when determining the level of vesting. This would only be considered in exceptional circumstances.</p>	Death	Immediately.			Under the 2016 LTIP Scheme, the Committee may choose to apply the good leaver rules described above, or to deem any performance targets to be met in full at the date of death and/or to disapply any time pro-rating.		
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Change of Control

Annual bonus

On a change of control of the Company, the Executive Directors will be entitled to receive a bonus payment based on performance level achieved during the performance period up to the change of control and the proportion of the performance period that has elapsed at the relevant date.

Where an Executive Director holds any awards under the 2016 DSBP Scheme, these will usually vest immediately on a change of control. However, the Committee retains absolute discretion to require deferred share awards to be rolled over into equivalent awards in the new entity.

Long-term incentive plans

In accordance with the rules of the 2016 LTIP Scheme, vesting will occur immediately on a change of control or winding up of the Company. Performance against targets will be assessed by the Committee on a change of control. The number of shares vesting under an award will, unless the Committee determines otherwise, be reduced pro rata to reflect the amount of time elapsed at the time of the change of control as a proportion of the original performance period (or vesting period, where no performance condition applies). The Committee retains discretion to disregard performance and/or time when determining the level of vesting having regard to, amongst other things, the underlying performance of the Company. Whether, and the extent to which, any discretion is applied will depend on the circumstances of the change of control. Alternatively, the Committee may choose to convert awards into equivalent awards in the acquiring company.

Payments from existing awards

The Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the policy set out above where the terms of the payment were agreed (i) before the policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder-approved Directors' Remuneration Policy in force at the time they were agreed; or (ii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.

Consideration of employment conditions elsewhere in the Company in developing policy

The Company's approach to salary reviews is consistent across the Group, with consideration given to the level of responsibility, experience, individual performance, location and market, salary levels in comparable companies and the Company's ability to pay.

In setting the remuneration policy for Directors, the pay and conditions of other employees of Huntsworth are taken into account, including any base salary increases awarded.

The Company did not consult with employees when drawing up the policy report.

Consideration of shareholder views

The Committee takes the views of shareholders very seriously. The views of major shareholders are considered when evaluating and setting ongoing remuneration strategy and the Committee commits to consulting with major shareholders prior to any significant changes to its remuneration policy.