

Remuneration Policy

This part of the report sets out the Directors' Remuneration Policy (Remuneration Policy) which was approved by shareholders at the 2018 AGM and applies to payments made from that date. The information provided in this section of the Directors' Remuneration Report is not subject to audit.

Policy table

The following table sets out details of each component of the Executive Director remuneration package. Our aim is to provide pay packages that will:

- Promote the long-term success of the Company.
- Encourage and support a high performance culture.
- Reward delivery of the Company's business plan and our key strategic and operational goals.
- Motivate and retain our industry leading employees.
- Attract high quality individuals to join the Company.
- Align our employees' interests with the interests of shareholders and other external stakeholders.

Consistent with these aims, the Committee has agreed a remuneration policy for Executive Directors, whereby:

- Salaries will be set at competitive, but not excessive, levels compared to peers and other companies of an equivalent size and complexity.
- Performance-related pay, based on stretching targets, will form a significant part of remuneration packages.
- There will be an appropriate balance between rewards for delivery of short-term and longer-term performance targets taking into account, where relevant, existing shareholdings.



Remuneration Policy CONTINUED

EXECUTIVE DIRECTORS

Purpose and link to strategy	Operation	Maximum opportunity	Performance conditions and provisions for recovery of sums paid ⁽¹⁾
Fixed pay			
<p>BASE SALARY To appropriately recognise skills, experience and responsibilities and attract and retain talent by ensuring salaries are market competitive.</p>	<p>Generally reviewed annually with any increase normally taking effect from 1 January, although the Committee may award increases at other times of the year if it considers it appropriate.</p> <p>The review takes into consideration a number of factors, including (but not limited to):</p> <ul style="list-style-type: none"> • The individual Director's role, experience and performance. • Business performance. • Market data for comparable roles in appropriate pay comparators. • Pay and conditions elsewhere in the Group. 	<p>No absolute maximum has been set for Executive Director base salaries. Current Executive Director salaries are set out in the Annual Report on Remuneration section of this Remuneration Report.</p> <p>Any annual increase in salaries is at the discretion of the Committee taking into account the factors stated in this table and the following principles:</p> <ul style="list-style-type: none"> • Salaries would typically be increased at a rate consistent with the average salary increase for UK employees. • Larger increases may be considered appropriate in certain circumstances (including, but not limited to, a change in an individual's responsibilities or in the scale of their role or in the size and complexity of the Group). • Larger increases may also be considered appropriate if a Director has been initially appointed to their position on the Board at a lower than typical salary. 	<p>No performance conditions.</p> <p>Malus and clawback provisions do not apply.</p>
<p>BENEFITS To provide market-competitive benefits.</p>	<p>Benefits currently include company car (or car allowance), income protection insurance, private family medical insurance, permanent health insurance and life assurance of four times annual salary. The Committee has discretion to add to or remove benefits provided to Executive Directors.</p> <p>Executive Directors are entitled to reimbursement of reasonable expenses. Executive Directors also have the benefit of a qualifying third party indemnity from the Company as well as Directors' and Officers' liability insurance.</p>	<p>There is no overall maximum as the level of benefits depends on the annual cost of providing individual items in the relevant local market and the individual's specific role.</p>	<p>No performance conditions.</p> <p>Malus and clawback provisions do not apply.</p>
<p>PENSION To provide market-competitive retirement benefits.</p>	<p>Current policy is for the Company to contribute to the Group Pension Plan, a personal pension scheme and/or provide a cash allowance in lieu of pension.</p>	<p>Executive Directors receive a pension-related contribution of up to 15% of salary, reduced from 20% under the previous policy.</p>	<p>No performance conditions.</p> <p>Malus and clawback provisions do not apply.</p>

Purpose and link to strategy	Operation	Maximum opportunity	Performance conditions and provisions for recovery of sums paid ⁽¹⁾
Variable pay			
<p>ANNUAL BONUS^{(2),(3)}</p> <p>To link reward to key financial and operational targets for the forthcoming year.</p> <p>Additional alignment with shareholders' interests through the operation of bonus deferral.</p>	<p>The Executive Directors are participants in the annual bonus plan which is reviewed annually to ensure that bonus opportunity, performance measures and targets are appropriate and supportive of the business plan.</p> <p>No more than 75% of an Executive Director's annual bonus is delivered in cash following the release of audited results and the remaining amount is deferred into an award over Company shares under the Deferred Share Bonus Plan.</p> <ul style="list-style-type: none"> Deferred awards are usually granted in the form of conditional share awards or nil-cost options (and may also be settled in cash). Deferred awards usually vest in two equal tranches two and three years after award although may vest early on leaving employment or on a change of control (see later sections). An additional payment (in the form of cash or shares) may be made in respect of shares which vest under deferred awards to reflect the value of dividends which would have been paid on those shares during the vesting period (this payment may assume that dividends had been reinvested in Company shares on a cumulative basis). 	<p>The maximum award that can be made to an Executive Director under the annual bonus plan is 125% of salary.</p>	<p>The bonus is based on performance assessed over one year using appropriate financial, operational and individual performance measures.</p> <p>The majority of the bonus will be determined by measures of Group financial performance.</p> <p>A sliding scale of targets is set for each Group financial measure with payout at no more than 25% for threshold financial performance increasing to 100% for maximum performance.</p> <p>The remainder of the bonus will be based on financial, strategic or operational measures appropriate to the individual Executive Director.</p> <p>Details of the bonus measures operating each year will be included in the relevant Annual Report on Remuneration. Any bonus payout is ultimately at the discretion of the Committee.</p> <p>The cash bonus will be subject to recovery and/or deferred shares will be subject to withholding at the Committee's discretion in exceptional circumstances where, within three years of the bonus determination or before the vesting of each tranche of deferred shares, a material misstatement or miscalculation comes to light which resulted in an overpayment under the annual bonus plan or if evidence comes to light of material misconduct by an individual or if evidence emerges of a material health and safety breach.</p>

Remuneration Policy CONTINUED

Purpose and link to strategy	Operation	Maximum opportunity	Performance conditions and provisions for recovery of sums paid ⁽¹⁾
Variable pay			
<p>LONG-TERM INCENTIVE PLAN (LTIP)^{(3),(4)}</p> <p>To link reward to key strategic and business targets for the longer term and to align Executive Directors' interests with shareholders' interests.</p>	<p>Awards are usually granted annually under the LTIP to selected senior executives.</p> <p>Individual award levels and performance conditions on which vesting will be dependent are reviewed annually by the Committee.</p> <p>Awards may be granted as conditional awards of shares, nil-cost options (or, if appropriate, as cash-settled equivalents).</p> <p>Awards normally vest or become exercisable at the end of a period of at least three years following grant although may vest early on leaving employment or on a change of control (see later sections). The Committee has flexibility at its discretion to add an additional holding period after a performance period before awards vest.</p> <p>An additional payment (in the form of cash or shares) may be made in respect of shares which vest under LTIP awards to reflect the value of dividends which would have been paid on those shares during the vesting period (this payment may assume that dividends had been reinvested in Company shares on a cumulative basis).</p>	<p>The maximum annual award permitted under the LTIP is shares with a market value (as determined by the Committee) of 200% of salary.</p> <p>Each year the Committee determines the actual award level for individual senior executives within this limit.</p>	<p>All LTIP awards granted to Executive Directors must be subject to a performance condition.</p> <p>Vesting of Executive Directors' LTIP awards would be dependent on measures which could include Group earnings, return on capital employed and total shareholder return with the precise measures and weighting of the measures determined by the Committee ahead of each award.</p> <p>Performance will usually be measured over a performance period of at least three years. For achieving a 'threshold' level of performance against a performance measure, no more than 25% of the portion of the LTIP award determined by that measure will vest. Vesting then increases on a sliding scale to 100% for achieving a maximum performance target.</p> <p>LTIP awards will be subject to withholding or recovery at the Committee's discretion in exceptional circumstances where, before the later of the vesting of an award and the second anniversary of the end of the performance period, a material misstatement or miscalculation comes to light or if evidence comes to light of material misconduct by an individual or if evidence emerges of a material health and safety breach.</p>
<p>SHARESAVE PLAN⁽³⁾</p> <p>To create staff alignment with the Group and promote a sense of ownership.</p>	<p>UK tax-approved monthly savings scheme facilitating the purchase of shares through share options at a discounted exercise price by all eligible UK employees.</p> <p>Executive Directors are eligible to participate on the same basis as other UK employees.</p>	<p>Monthly savings limit of £500 (or such other limit as may be approved from time to time by HMRC) under all savings contracts held by an individual.</p>	<p>The Sharesave Plan is structured in accordance with HMRC requirements so has no performance conditions but requires participants to make regular contributions into a savings contract.</p> <p>Malus and clawback provisions do not apply.</p>
<p>SHARE OWNERSHIP GUIDELINES</p> <p>To create alignment between the long-term interests of Executive Directors and shareholders.</p>	<p>Executive Directors have been required to build and maintain a shareholding as a percentage of salary in the form of shares in the Company since Admission.</p> <p>Executive Directors are expected to achieve the shareholding requirement within five years of an individual becoming subject to the requirement.</p>	<p>Following a review by the Committee in 2017, the required level was increased from 100% to 200% of salary with effect from 2018.</p>	<p>Not applicable.</p>

NOTES TO TABLE:

1. The Committee may amend or substitute any performance condition(s) if one or more events occur which cause it to determine that an amended or substituted performance condition would be more appropriate, provided that any such amended or substituted performance condition would not be materially less difficult to satisfy than the original condition (in its opinion). The Committee may also adjust the calculation of performance targets and vesting outcomes (for instance for material acquisitions, disposals or investments and events not foreseen at the time the targets were set) to ensure they remain a fair reflection of performance over the relevant period. In the event that the Committee was to make an adjustment of this sort, a full explanation would be provided in the next Directors' Remuneration Report.
2. Performance measures – annual bonus. The annual bonus measures are reviewed annually and chosen to focus executive rewards on delivery of key financial targets for the forthcoming year as well as key strategic or operational goals relevant to an individual. Specific targets for bonus measures are set at the start of each year by the Committee based on a range of relevant reference points, including, for Group financial targets, the Group's business plan and are designed to be appropriately stretching.
3. The Committee may: (a) in the event of a variation of the Company's share capital, demerger, special dividend or dividend in specie or any other corporate event which it reasonably determines justifies such an adjustment, adjust; and (b) amend the terms of awards granted under the share schemes referred to above in accordance with the rules of the relevant plans. Share awards may be settled by the issue of new shares or by the transfer of existing shares. In line with prevailing best practice at the time this Remuneration Policy is approved, any issuance of new shares is limited to 5% of share capital over a rolling ten-year period in relation to discretionary employee share schemes and 10% of share capital over a rolling ten-year period in relation to all employee share schemes.
4. Performance measures – LTIP. The LTIP performance measures will be chosen to provide alignment with our longer-term strategy of growing the business in a sustainable manner that will be in the best interests of shareholders and other key stakeholders in the Company. Use of earnings and return on capital employed measures would reward management for delivery of key financial measures of Company success that should result in sustainable value creation. Use of a total shareholder return measure would align management's interests with the interests of our shareholders. Targets are considered ahead of each grant of LTIP awards by the Committee, taking into account relevant external and internal reference points and are designed to be appropriately stretching.
5. The Committee reserves the right to make any remuneration payments and/or 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 2015 AGM (the date the Company's first shareholder-approved Directors' Remuneration Policy came into effect); (ii) before the policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder approved Remuneration Policy in force at the time they were agreed; or (iii) 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.
6. The Committee may make minor amendments to the Remuneration Policy for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation, without obtaining shareholder approval for that amendment.

NON-EXECUTIVE DIRECTORS

Purpose and link to strategy	Operation	Maximum opportunity
<p>NON-EXECUTIVE DIRECTOR (NED) FEES</p> <p>To appropriately recognise responsibilities, skills and experience by ensuring fees are market competitive.</p>	<p>NED fees comprise payment of an annual basic fee and additional fees for further Board responsibilities such as:</p> <ul style="list-style-type: none"> • Senior Independent Director • Chair of Audit Committee • Chair of Remuneration Committee • Employee engagement <p>The Chairman of the Board receives an all-inclusive fee.</p> <p>No NED participates in the Group's incentive arrangements or pension plan or receives any other benefits other than where travel to the Company's registered office is recognised as a taxable benefit in which case a NED may receive the grossed-up costs of travel as a benefit. NEDs are entitled to reimbursement of reasonable expenses.</p> <p>Fees are reviewed annually.</p> <p>NEDs also have the benefit of a qualifying third party indemnity from the Company and Directors' and Officers' liability insurance.</p>	<p>Fees are set at an appropriate level that is market competitive and reflective of the responsibilities and time commitment associated with specific roles.</p> <p>No absolute maximum has been set for individual NED fees. Current fee levels are set out in the Annual Report on Remuneration section of this Remuneration Report.</p> <p>The Company's Articles of Association provide that the total aggregate fees paid to the Chairman and NEDs will not exceed £600,000 per annum.</p>

Remuneration Policy CONTINUED

Illustrations of application of remuneration policy

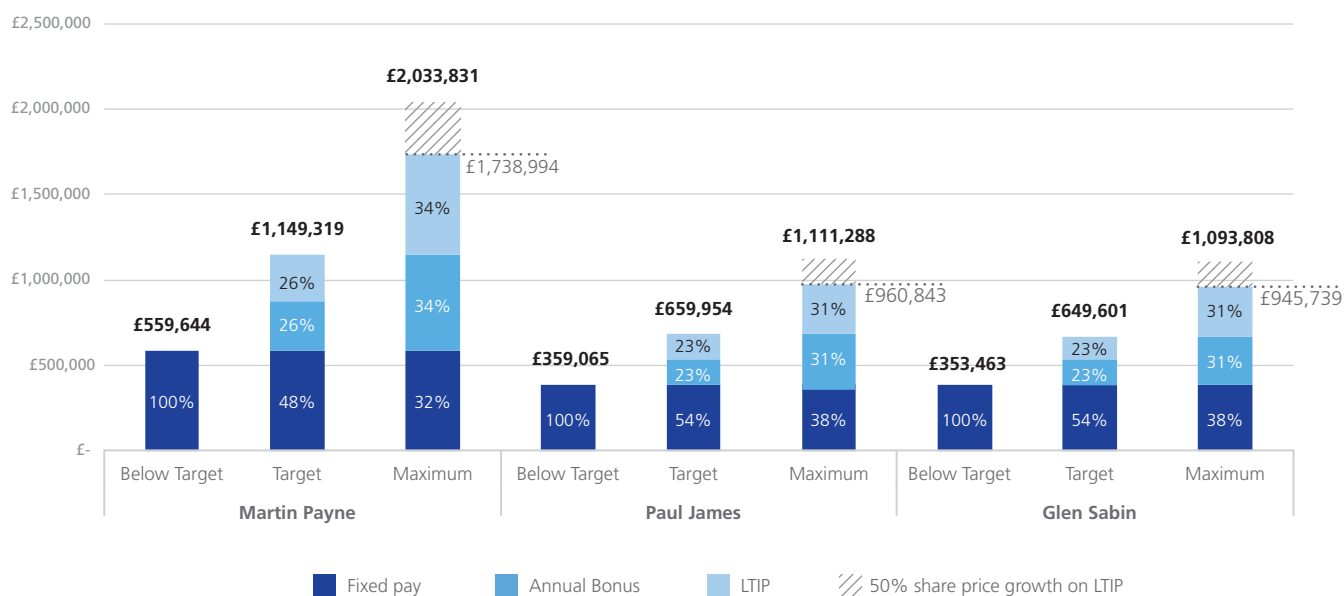
The Implementation of Remuneration Policy in 2020 section of the Annual Report on Remuneration details how the Committee intends to implement the Remuneration Policy during 2020.

The charts below illustrate, in three assumed performance scenarios, the total value of the remuneration package potentially receivable by Martin Payne, Paul James and Glen Sabin in relation to 2020. This comprises salary and benefits plus an annual bonus of up to a maximum of 125% of salary for Martin Payne and 100% of salary for Glen Sabin and Paul James and an LTIP award of 125% of salary for Martin Payne and 100% of salary for Paul James and Glen Sabin.

The charts are for illustrative purposes only and actual outcomes may differ from that shown. LTIP awards have been shown at face value and also allowing for a 50% increase in share price under the maximum performance scenario. All-employee share plans have been excluded. The totals shown in the charts relate to the potential value receivable by the current Executive Directors in relation to 2020.

POTENTIAL REMUNERATION OUTCOMES FOR THE EXECUTIVE DIRECTORS

Assumed performance	Assumptions used
All performance scenarios (Fixed pay) Consists of total fixed pay, including base salary, benefits and pension	<ul style="list-style-type: none"> Base salary – salary effective as at 1 January 2020 Benefits – the value of benefits received in 2019 have been included Pension – 15% of salary
Minimum performance (Variable pay)	<ul style="list-style-type: none"> No pay-out under the annual bonus No vesting under the LTIP
Performance in line with expectations (Variable pay)	<ul style="list-style-type: none"> 50% of the maximum pay-out under the annual bonus 50% vesting under the LTIP
Maximum performance (Variable pay)	<ul style="list-style-type: none"> 100% of the maximum pay-out under the annual bonus 100% vesting under the LTIP



Approach to recruitment remuneration

PRINCIPLES

In determining remuneration arrangements for new appointments to the Board (including internal promotions), the Committee will apply the following principles:

- The Committee will take into consideration all relevant factors, including the experience of the individual, market data and existing arrangements for other Executive Directors, with a view that any arrangements should be in the best interests of both the Company and our shareholders, without paying more than is necessary.
- Typically, the new appointment will have (or be transitioned onto) the same remuneration structure as the other Executive Directors, in line with the Remuneration Policy.
- Upon appointment, the Committee may consider it appropriate to offer additional remuneration arrangements in order to secure the appointment. In particular, the Committee may consider it appropriate to 'buy out' terms or remuneration arrangements forfeited on leaving a previous employer (discussed below).
- The Committee may provide costs and support if the recruitment requires relocation of the individual.
- Where an Executive Director is an internal promotion, the normal policy of the Company is that any legacy arrangements would be honoured in line with the original terms and conditions. Similarly, if an Executive Director is appointed following the Company's acquisition of or merger with another company, legacy terms and conditions would be honoured.

MAXIMUM LEVEL OF VARIABLE PAY

The maximum level of variable remuneration which may be granted to new Executive Directors in respect of recruitment shall be limited to the maximum permitted under the Remuneration Policy, namely 325% of their annual salary. This limit excludes any payments or awards that may be made to buy out the Executive Director for terms, awards or other compensation forfeited from their previous employer (discussed below).

BUYOUTS

To facilitate recruitment, the Committee may make a one-off award to buy out compensation arrangements forfeited on leaving a previous employer. In doing so, the Committee will take account of all relevant factors, including any performance conditions attached to incentive awards, the likelihood of those conditions being met, the proportion of the vesting/performance period remaining and the form of the award (e.g. cash or shares). The overriding principle will be that any buyout award should be of comparable commercial value to the compensation which has been forfeited. However, such buyout awards would only be considered where there is a strong commercial rationale to do so.

COMPONENTS AND APPROACH

The remuneration package offered to new appointments may include any element within the Remuneration Policy, or any other element which the Committee considers is appropriate given the particular circumstances, with due regard to the best interests of shareholders, subject to the limits on variable pay set out above.

In considering which elements to include, and in determining the approach for all relevant elements, the Committee will take into account a number of different factors, including (but not limited to) market practice, existing arrangements for other Executive Directors and internal relativities. If appropriate, different measures and targets may be applied to a new appointee's annual bonus in their year of joining.

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 that 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 award, time frame, performance conditions, and leaver provisions) would vary depending upon the specific commercial circumstances.

RECRUITMENT OF NON-EXECUTIVE DIRECTORS

In the event of the appointment of a new Non-Executive Director, remuneration arrangements will normally be in line with the Remuneration Policy for Non-Executive Directors. However, the Committee (or the Board as appropriate) may include any element within the Remuneration Policy, or any other element which the Committee considers is appropriate given the particular circumstances, with due regard to the best interests of shareholders. In particular, if the Chairman or a Non-Executive Director takes on an executive function on a short-term basis, they would be able to receive any of the standard elements of Executive Director pay.

Remuneration Policy CONTINUED

Service contracts

Key terms of the current Executive Directors' service agreements and Non-Executive Directors' letters of appointment are summarised in the table below. It is envisaged that any future appointments would have equivalent contractual arrangements unless otherwise stated in this Report.

Provision	Policy
Notice period	Executive Directors – 12 months' notice by either the Company or the Executive Director. Non-Executive Directors – at the Company's discretion, Non-Executive Directors may have a notice period of up to three months.
Termination payment	Following the serving of notice by either party, the Company may terminate employment of an Executive Director with immediate effect by paying a sum equal to salary. Executive Directors are not contractually entitled to any bonus for the period of service in the year in which their employment ends. Non-Executive Directors are only entitled to receive any fee accruing in respect of the period up to termination.
Expiry date	Executive Directors have rolling 12-month notice periods so have no fixed expiry date. Non-Executive Directors' letters of appointment have no fixed expiry date.

In accordance with the Code, each Director will retire annually and put themselves forward for re-election at each AGM of the Company.

All Executive Directors' service agreements and Non-Executive Directors' letters of appointment are available for inspection at the Company's registered office at Broomhouse Lane, Edlington, Doncaster, South Yorkshire, DN12 1ES.

Policy on payment for loss of office

In relation to payments under non-contractual incentive schemes, the Committee would take the following factors into account:

- The Committee may determine that the Executive Director is eligible to receive a bonus in respect of the financial year in which they cease employment. This bonus would usually be time apportioned and may be settled wholly in cash. In determining the level of bonus to be paid, the Committee may, at its discretion, take into account performance up to the date of cessation or over the financial year as a whole based on appropriate performance measures as determined by the Committee.
- The treatment of outstanding share awards is governed by the relevant share plan rules as summarised below.

DEFERRED SHARE BONUS PLAN

- On cessation of employment, unvested shares will vest in full unless the Committee determines otherwise.
- On a change of control, unvested shares will vest in full.
- If other corporate events occur, such as a demerger, delisting, special dividend, voluntary winding-up or other event which in the opinion of the Committee may affect the current or future value of shares, the Committee will determine whether unvested shares should vest.

LTIP

- On cessation of employment, unvested awards will lapse unless cessation is as a result of death, ill health, injury, disability, transfer of employing company or business to which an individual's employment relates out of the Group or any other scenario in which the Committee determines at its discretion that good leaver treatment is appropriate (other than circumstances justifying summary dismissal). In these scenarios, unvested awards will usually continue until the normal vesting date unless the Committee determines that the award should vest earlier and will vest to an extent that takes into account the performance condition assessed at the date of vesting and, unless the Committee determines otherwise, to an extent that takes into account the period of time between grant of the award and cessation of employment.
- On a change of control, unvested LTIP awards will vest immediately to an extent that takes into account the performance condition assessed at the change of control and, unless the Committee determines otherwise, to an extent that

takes into account the period of time between grant of the award and the change of control. If other corporate events occur, such as a demerger, delisting, special dividend, voluntary winding-up or other event which in the opinion of the Committee may affect the current or future value of shares, the Committee will determine whether unvested LTIP awards should vest. If they do vest, they will vest immediately to an extent that takes into account the performance condition assessed at the date of the event and, unless the Committee determines otherwise, to an extent that takes into account the period of time between grant of the award and the date of the event.

SHARESAVE PLAN

- Options become exercisable immediately on death, ceasing employment due to injury, disability, retirement, redundancy, sale of the employing company or business to which an individual's employment relates out of the Group or on a change of control/voluntary winding-up of the Company.

The Committee reserves the right to make any other payments in connection with a Director's cessation of office or employment where the 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 a compromise or settlement of any claim arising in connection with the cessation of a Director's office or employment. Any such payments may include but are not limited to paying any fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with his/her cessation of office or employment.

Consideration of employment conditions elsewhere in the Group

The Committee appreciates the importance of effective engagement with the wider workforce and so the Committee have introduced a nominated Non-Executive Director responsible for employee engagement. Mark Hammond has engaged with employees during the course of the year on a wide variety of topics, and reported to the Committee that there were no concerns raised regarding the alignment between executive remuneration and wider workforce pay.

The Committee reviews workforce remuneration, related policies and is conscious of the importance of ensuring that its pay decisions for Executive Directors and the senior management team are regarded as fair and reasonable within the business.

As outlined in the Remuneration Policy table, pay and conditions in the Group are one of the specific considerations taken into account when the Committee is considering changes in salaries for the Executive Directors and the senior management team.

Differences in policy from broader employee population

A greater proportion of Executive Directors' potential wealth is 'at risk', either through their existing shareholding or through LTIP awards than for our employees generally and a greater proportion determined by performance than for our employees generally. However, common principles underlie the pay policy throughout the Company including for the Executive Directors. In particular, we place great emphasis throughout the Company on reward being linked to performance (either Group performance or performance of an individual's business unit) and on encouraging share ownership (through participation in the LTIP or an all-employee share scheme).

Consideration of shareholders' views

The Company is mindful of general investor views on certain aspects of remuneration, and continues to take these views into account, where appropriate, when setting Executive Director remuneration. The Committee Chair is available to meet with any shareholders who wish to discuss any aspect of the Company's remuneration policy in more detail. The last formal consultation with the top 20 shareholders and the shareholder advisory bodies was carried out in 2017 and the feedback received from those that responded was generally supportive. Following the change in Chairmanship of the Committee during 2019, and the requirement to seek approval from shareholders for our remuneration policy in 2021, it is our intention to offer shareholders the opportunity to meet with the new Chair during 2020 to discuss the proposed policy.