

Further information for shareholders in relation to the Group's Remuneration Policy

On page 93 of the 2013 Annual Report we set out the Group's remuneration policy for the recruitment of a new Executive Director. In this policy we stated that:

'The Committee reserves the right, where the applicable plan rules permit, to use its discretion to make a payment to an individual which does not fall within any of the elements set out below.'

The Committee considered this discretion to be in the best interests of the Company and its shareholders, allowing the necessary flexibility to be able to recruit a director of the desired calibre. Following discussions with shareholder representatives, the Committee has clarified that the on-going salary, annual bonus and incentive opportunities for an individual recruited would be in line with the policy as for other Executive Directors. The Committee has also confirmed that any remuneration arrangements specifically established for the recruitment of an individual would be no more generous in terms of quantum than the awards which the individual had forfeited at a previous employer.

On page 94 of the 2013 Annual Report we set out the Group's remuneration policy in relation to loss of office for Executive Directors. In this policy we stated that:

'The Committee reserves the right to apply its discretion in exceptional circumstance to make a payment to an Executive Director outside the scope of this policy, but will only do this if it is in the best interests of the Group and its shareholders.'

The Committee considered this discretion to be in the best interests of the Company and its shareholders. Following further discussions with shareholder representatives, the Committee has clarified that it is firmly against rewards for failure and that this discretion would not be used to make additional ex-gratia payments to departing directors. The discretion would only be used for payments made in good faith in relation to very specific legal circumstances such as in discharge of an existing legal obligations in respect of salary, benefits and other contractual entitlements, damages for breach of obligation and a settlement or compromise of any claim arising in connection with the termination of a person's office or employment.

Jim Pettigrew
Chairman of the Remuneration Committee

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