

# REMUNERATION COMMITTEE REPORT



It has been a challenging year for the Company, which we have taken into account in decision-making while recognising the significant contribution made by our people in 2023.

**PAULINE LAFFERTY**  
REMUNERATION COMMITTEE CHAIR

## COMMITTEE MEMBERSHIP



Pauline Lafferty  
Chair



Polly Williams



Jamie Pike



Amina Hamidi<sup>1</sup>

<sup>1</sup> From 18 May 2023.

## Dear shareholder,

This report sets out details of the Directors' remuneration in 2023 and how the Remuneration Committee anticipates operating the Directors' Remuneration Policy in 2024.

The Remuneration Committee met on four occasions during the year. The current Remuneration Committee members are all independent Non-Executive Directors:

Members	Attendance
Pauline Lafferty (Committee Chair)	4/4
Polly Williams	4/4
Jamie Pike	4/4
Amina Hamidi*	2/2

\* Amina Hamidi was appointed to the Committee on 18 May 2023.

## Performance context

2023 was a year of contrasting fortunes for the Group.

The Group grew its revenue by 9.3% in the year, due largely to an improved supply chain performance, which allowed backorders to be delivered. Progress was also made strategically, by selling more technologically complex products and achieving an increase in new business wins. Management also made progress toward the end of the year with reducing inventory cover, although there is much more still to do.

As welcome as this progress was, it was inevitably overshadowed by the significant challenges faced by the business in the second half of the year. A slowdown in activity levels and greater than expected expenditure on long-term investment projects left the balance sheet too leveraged. The Board responded by taking the steps necessary to improve the funding position.

In deciding remuneration outcomes for 2023, the Committee has given due consideration to the full context of 2023, including the challenges described, management's preparation for, and response to them, as well as the diminution in value experienced by shareholders during this difficult period.

## Key remuneration decisions for 2023

### Recruitment of Chief Financial Officer

The Committee determined the remuneration package for Matt Webb, as the new CFO, and granted LTIP awards to him shortly following his appointment, in line with the Directors' Remuneration Policy (the Policy). The Committee also approved the leaver treatment of the outgoing CFO, Oskar Zahn, and a statement was published on the Company's website describing our approach and confirming compliance with the Policy.

## Annual bonus

The 2023 annual bonus was based on Adjusted profit before tax, Adjusted operating cash conversion measured at each quarter-end and the attainment of strategic goals. The details of the financial measures and targets, and their achievement is shown on page 128. The Committee also reviewed the outcomes in the context of the Group's underlying performance, the challenges faced during the year and management's preparation and response to them. Taken in the round, the Committee concluded that no discretion needed to be applied to the bonus outcome, 50% of which is delivered in shares to ensure continued alignment of management and shareholder interests over the deferral period.

Bonus payments for 2023, as a percentage of maximum, were 45%, 50% and 42.5% for Gavin Griggs, Matt Webb and Andy Sng, respectively. Matt's annual bonus was pro-rated for the period of the year he was employed by XP Power. Half the bonuses earned by the Executive Directors are deferred into a two-year share-based award.

## Vesting of the 2021 LTIP award

Long-Term Incentive Plan (LTIP) awards granted in 2021 were assessed based on three-year performance through to the end of 2023, with vesting based on three-year cumulative adjusted EPS growth (for 67% of the award) and relative Total Shareholder Return (33%).

- The EPS target range was 576.7p to 645.9p, with an actual EPS outcome of 418.2p, resulting in zero vesting of the EPS portion of the awards.
- Our relative TSR performance was below median, resulting in zero vesting of the TSR portion of the awards.

Given neither performance condition was achieved, the award will lapse in full.

## Review of Share Ownership Policy

The Committee adopted a new internal Share Ownership Policy during the year, to provide greater clarity and formalise the arrangements already in place, namely, that Executive Directors are required to retain shares that vest (on a net of tax basis) under the operation of the Company's incentive plans to build a minimum shareholding equivalent to 200% of base salary within five years of appointment to their Board role, and maintain this shareholding for one-year post-cessation and half of this shareholding for a further year. Furthermore, 50% of any bonus achieved is deferred into a two-year share-based award.

## How we ensured employees' voices were heard at Board level in 2023

During the year, I engaged with a diverse employee group from across the Company's key locations, in my capacity as both Remuneration Committee Chair and designated NED for employee engagement.

The Board trip to our Vietnam and Singapore factory and office locations facilitated an opportunity for employees in these regions to share their views and ask face-to-face questions.

This feedback, along with anonymous employee surveys, were discussed at subsequent Board meetings. Employees are able to ask questions or share perspectives on remuneration and, while no specific feedback was received in 2023, these would be considered by the Remuneration Committee and inform its decision making around executive pay.

## Remuneration in 2024

The Committee has proactively tracked wage inflation in each of our operating markets throughout 2023; and used this to inform salary increase proposals in April 2024 for all employees. In this context, an average budget range of 3–3.5% has been agreed, within which higher increases will be awarded to employees who have fallen behind market levels, and those who are considered critical or high potential talent. The Committee reviewed Executive Director base salaries and, taking into account the challenges faced in 2023 and the experience of stakeholders, concluded that no annual salary increase would be awarded to Executive Directors and other senior executives in 2024.

The structure of the bonus scorecard for 2024 remains unchanged from 2023 and aligns with our short-term strategic and financial priorities, to comprise: Adjusted PBT (weighted 50%), Adjusted operating cash conversion (30%) and strategic objectives (20%).

In 2024, the Committee intends to grant performance shares with face values of 100% of salary to Gavin Griggs and Matt Webb, and 75% to Andy Sng; vesting will continue to be subject to appropriately stretching EPS and relative TSR conditions, but with these measures equally weighted for the 2024 cycle. Consistent with the Policy, restricted shares will also be granted with face values of 12.5% of salary to Gavin Griggs and Matt Webb, and 15% to Andy Sng. When determining these award levels, the Committee considered the number of awards that would be granted due to the share price. The Committee decided that it was appropriate to align the award levels with those in recent years, which are lower than the maximum permitted in the Policy, but will assess at vesting the extent to which this results in any windfall gains arising (and use its discretion to adjust if necessary).

The views of our shareholders are important to us, and I hope that you will support the Directors' Remuneration Report. If you have any questions or comments, I can be reached at [remcomchair@xppower.com](mailto:remcomchair@xppower.com).

**PAULINE LAFFERTY**  
REMUNERATION COMMITTEE CHAIR

4 March 2024

# REMUNERATION COMMITTEE REPORT CONTINUED

REMUNERATION AT A GLANCE

## Context to major decisions

- Improved supply chain performance required to offset prior disruption and exceed customer expectations
- Strong operating cash flow required to provide funding for capital projects and reduce leverage
- Further progress required with strategic priorities
- Response required to cyclical slowdown in the semiconductor manufacturing equipment industry during the second half of the year

→ SEE [PAGE 122](#) FOR MORE INFORMATION

## Achievements during the year

- Robust revenue growth, focused on strategic areas
- Improved supply chain performance and improved customer service
- Strong operating cash conversion
- Launch of Funding Plan to tackle increased indebtedness

→ SEE [PAGE 122](#) FOR MORE INFORMATION

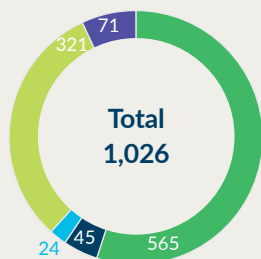
## Key remuneration decisions for 2023 and 2024

- 2023 bonus outcomes of 45%, 50% and 42.5% of maximum for the CEO, CFO and EVP Asia
- Zero vesting under the 2021 LTIP
- No change to the base salaries for Executive Directors in 2024

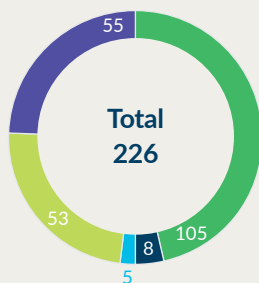
→ SEE [PAGES 122-123](#) FOR MORE INFORMATION

### Total remuneration receivable for Executive Directors (£'000)

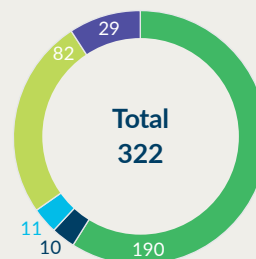
#### Gavin Griggs



#### Matt Webb



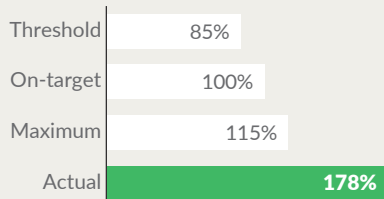
#### Andy Sng



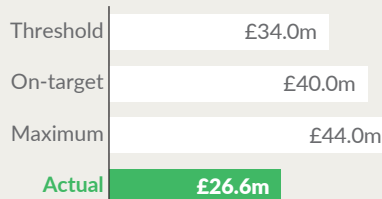
● Base salary ● Pension ● Benefits ● Annual Bonus ● Long-term incentives

### Achievement of financial performance conditions under the 2023 annual bonus

#### Adjusted operating cash conversion (30%)



#### Adjusted profit before tax (50%)



Andy's Sng's adjusted profit before tax targets are set with reference to divisional, rather than Group, performance. Performance against these targets resulted in nil pay-out of this element as the threshold was not met.

→ SEE [PAGE 128](#) FOR MORE INFORMATION

This table summarises the key components of the Directors' Remuneration Policy set out on pages 137-144, which was approved by shareholders at the AGM on 18 April 2023, and how the Committee intends to implement the Policy in 2024.

Component	Summary of policy	Operation in 2024
<b>Base salary</b>	<p>Base salaries are reviewed annually. Increases will not normally exceed the range of increases awarded to other employees within the Group.</p> <p>The Remuneration Committee may also increase a Director's salary if there is a change in their role, the scale or complexity of the business, or if significant changes to market practice arise.</p>	<p>The Remuneration Committee undertook its regular review of Executive Directors' base salaries, and determined that these should remain unchanged for the year from 1 April 2024.</p>
<b>Benefits</b>	<p>Benefits are set by the Remuneration Committee and reviewed annually.</p>	<p>Benefits include life insurance, private medical cover and car allowance.</p>
<b>Pensions</b>	<p>Executive Directors' pension contributions are in line with pension benefits offered to the wider workforce in the relevant geography, which is currently 8% of salary in the UK.</p>	<p>Gavin Griggs and Matt Webb receive a pension contribution of 8% of base salary. Andy Sng receives a pension contribution in line with Singaporean employees' pension benefits.</p>
<b>Annual bonuses</b>	<p>The maximum bonus opportunity is 125% of base salary for the CEO and 100% for other Executive Directors.</p> <p>50% of any annual bonus is deferred in shares, which vest after two years, subject to continued employment.</p> <p>Specific targets and weightings may vary according to strategic priorities and may include:</p> <ul style="list-style-type: none"> <li>• Financial performance; and</li> <li>• Attainment of personal and strategic objectives.</li> </ul>	<p>For 2024, the maximum bonus opportunity will be capped at 125% of salary for the CEO and 100% for other Executive Directors, with on-target pay-outs of 50% of maximum.</p> <p>Bonuses will continue to be based on financial and strategic performance measures. These targets are considered commercially sensitive so will not be disclosed prospectively. The targets and performance achieved against these will be published in next year's Annual Report on Remuneration. The performance measures that will apply are:</p> <ul style="list-style-type: none"> <li>• Adjusted profit before tax (50%);</li> <li>• Adjusted operating cash conversion (30%); and</li> <li>• Strategic objectives (20%).</li> </ul> <p>Andy Sng's performance objectives are set with reference to divisional performance in Asia, with his strategic objectives largely reflecting the priorities set out for Gavin Griggs and Matt Webb.</p>

# REMUNERATION COMMITTEE REPORT CONTINUED

Component	Summary of policy	Operation in 2024																		
<b>Share-based incentives</b>	Share-based incentives are made up of a Long-Term Incentive Plan (LTIP) and a Restricted Share Plan (RSP).	In 2024, the Remuneration Committee anticipates granting the following awards:																		
	The normal maximum award level under share-based incentives is 150% of base salary or up to 200% of base salary in exceptional circumstances. Up to a maximum of 15% of base salary may be granted as restricted shares without performance conditions. In calculating value against the limit for share-based incentives, the value of restricted share awards will be multiplied by two to reflect that they do not have performance conditions attached.	<table border="1"> <thead> <tr> <th>Name</th> <th>LTIP award (% of salary)</th> <th>RSP award (% of salary)</th> </tr> </thead> <tbody> <tr> <td>Gavin Griggs</td> <td>100%</td> <td>12.5%</td> </tr> <tr> <td>Matt Webb</td> <td>100%</td> <td>12.5%</td> </tr> <tr> <td>Andy Sng</td> <td>75%</td> <td>15%</td> </tr> </tbody> </table>	Name	LTIP award (% of salary)	RSP award (% of salary)	Gavin Griggs	100%	12.5%	Matt Webb	100%	12.5%	Andy Sng	75%	15%						
	Name	LTIP award (% of salary)	RSP award (% of salary)																	
	Gavin Griggs	100%	12.5%																	
Matt Webb	100%	12.5%																		
Andy Sng	75%	15%																		
LTIP performance is typically measured over three financial years starting with the year of grant, and vesting occurs on the fifth anniversary from the date of grant.	LTIP awards will vest based 50% on 2026 Adjusted EPS and 50% on TSR vs the FTSE 250 (excluding investment trusts) measured over three financial years. The targets for each element are as below:																			
RSP awards may be granted without performance conditions.	<p><b>2026 Adjusted EPS (50% of maximum)</b></p> <table border="1"> <thead> <tr> <th></th> <th>Vesting</th> </tr> </thead> <tbody> <tr> <td>100.0 pence per share or above</td> <td>Maximum (100%)</td> </tr> <tr> <td>At or below 70.1 pence per share</td> <td>Threshold (0%)</td> </tr> </tbody> </table> <p><b>TSR vs FTSE 250 excl. investment trusts (50% of maximum)</b></p> <table border="1"> <thead> <tr> <th></th> <th>Vesting</th> </tr> </thead> <tbody> <tr> <td>Upper quintile (80th percentile) or above</td> <td>Maximum (100%)</td> </tr> <tr> <td>Median (50th percentile)</td> <td>Threshold (25%)</td> </tr> <tr> <td>Below median</td> <td>No vesting</td> </tr> </tbody> </table> <p>Vesting between threshold and maximum will be measured on a straight-line basis.</p>		Vesting	100.0 pence per share or above	Maximum (100%)	At or below 70.1 pence per share	Threshold (0%)		Vesting	Upper quintile (80th percentile) or above	Maximum (100%)	Median (50th percentile)	Threshold (25%)	Below median	No vesting					
	Vesting																			
100.0 pence per share or above	Maximum (100%)																			
At or below 70.1 pence per share	Threshold (0%)																			
	Vesting																			
Upper quintile (80th percentile) or above	Maximum (100%)																			
Median (50th percentile)	Threshold (25%)																			
Below median	No vesting																			
<b>Non-Executive Directors' fees</b>	Fees are set at a level that is sufficient to attract, motivate and retain quality Non-Executive Directors. Fees are reviewed periodically. Non-Executive Directors are not entitled to participate in the Group's incentive plans.	<p>Non-Executive Director fees were reviewed by the Board Chair and the Executive Directors in February 2024 and it was determined, with effect from 1 April 2024, that the base fee and additional fee for chairing Remuneration and Audit committees, and for acting as Senior Independent Director, will be increased to better reflect the time commitment of these roles. These fees have been unchanged since 2020. The Chair's fee was reviewed by the Committee, and no change will be made for 2024. In accordance with the Singapore Companies Act 1967, a total capped amount of fees for Non-Executive Directors will be proposed at the forthcoming AGM.</p> <table border="1"> <thead> <tr> <th></th> <th>Fee from 1 April 2023</th> <th>Fee from 1 April 2024</th> </tr> </thead> <tbody> <tr> <td>Chair's fee</td> <td>£220,000</td> <td>£220,000</td> </tr> <tr> <td>Base fee</td> <td>£50,000</td> <td>£53,000</td> </tr> <tr> <td>Additional fee for Audit or Remuneration Committee Chair</td> <td>£5,000</td> <td>£10,000</td> </tr> <tr> <td>Additional fee for acting as Senior Independent Director</td> <td>£5,000</td> <td>£10,000</td> </tr> <tr> <td>Additional fee for extra responsibility*</td> <td>£5,000</td> <td>£5,000</td> </tr> </tbody> </table> <p>* Extra responsibilities include acting as designated NED for workforce engagement or as Board representative on an executive committee.</p>		Fee from 1 April 2023	Fee from 1 April 2024	Chair's fee	£220,000	£220,000	Base fee	£50,000	£53,000	Additional fee for Audit or Remuneration Committee Chair	£5,000	£10,000	Additional fee for acting as Senior Independent Director	£5,000	£10,000	Additional fee for extra responsibility*	£5,000	£5,000
	Fee from 1 April 2023	Fee from 1 April 2024																		
Chair's fee	£220,000	£220,000																		
Base fee	£50,000	£53,000																		
Additional fee for Audit or Remuneration Committee Chair	£5,000	£10,000																		
Additional fee for acting as Senior Independent Director	£5,000	£10,000																		
Additional fee for extra responsibility*	£5,000	£5,000																		

## Annual report on remuneration

### Single total figure of remuneration

The table below shows the total remuneration receivable for each Executive Director for the year ended 31 December 2023 and 2022, respectively.

£'000		Salary/ fees	Benefits <sup>3</sup>	Pension	Total fixed pay	Annual bonus <sup>4</sup>	Share-based incentives <sup>5</sup>	Total variable pay	Total
<b>Executive Directors</b>									
Gavin Griggs	2023	565	24	45	634	321	71	392	1,026
	2022	537	22	43	602	-	128	128	730
Matt Webb <sup>1</sup>	2023	105	5	8	118	53	55	108	226
	2022	-	-	-	-	-	-	-	-
Oskar Zahn <sup>2</sup>	2023	104	5	8	117	-	-	-	117
	2022	412	23	33	468	-	44	44	512
Andy Sng	2023	190	11	10	211	82	29	111	322
	2022	179	10	10	199	-	45	45	244
<b>Chair and Non-Executive Directors</b>									
Jamie Pike <sup>6</sup>	2023	170	-	-	170	-	-	-	170
	2022	42	-	-	42	-	-	-	42
Pauline Lafferty	2023	60	-	-	60	-	-	-	60
	2022	59	-	-	59	-	-	-	59
Polly Williams	2023	60	-	-	60	-	-	-	60
	2022	57	-	-	57	-	-	-	57
Sandra Breene	2023	50	-	-	50	-	-	-	50
	2022	11	-	-	11	-	-	-	11
Amina Hamidi	2023	50	-	-	50	-	-	-	50
	2022	11	-	-	11	-	-	-	11
James Peters <sup>7</sup>	2023	18	3	-	21	-	-	-	21
	2022	60	3	-	63	-	-	-	63

<sup>1</sup> Matt Webb was appointed CFO on 4 September 2023 and to the Board with effect from 5 October 2023. 2023 remuneration for Matt reflects the portion of the year that he was an Executive Director.

<sup>2</sup> Oskar Zahn stepped down from the Board effective 31 March 2023. 2023 remuneration reflects the portion of the year that he was an Executive Director.

<sup>3</sup> Benefits include life insurance, private medical cover and car allowance.

<sup>4</sup> The annual bonus value represents performance over the relevant financial year: 50% of the pay-out is deferred into shares. Further 2023 annual bonus details, including performance measures, actual performance and bonus payouts, can be found on pages 128-129.

<sup>5</sup> The value of share-based incentives for 2023 represents:

- i. for Gavin Griggs and Andy Sng, the value at grant of the restricted share awards granted on 17 March 2023 based on a £21.48 share price. No value is recorded for the vesting of 2021 LTIP awards as the performance conditions were not achieved and these awards will lapse in full.
- ii. for Matt Webb, the value at grant of the restricted share awards granted on 14 September 2023 based on a share price of £21.97. Further LTIP details, including performance measures, actual performance and vesting can be found on page 130. Further details of the 2023 RSP can be found on page 131.

<sup>6</sup> Jamie Pike was appointed Chair at the agreed revised fee of £220,000 with effect from 18 April 2023.

<sup>7</sup> James Peters retired as Chair effective 18 April 2023. James' 2023 remuneration reflects the portion of the year that he was in office.

# REMUNERATION COMMITTEE REPORT CONTINUED

## Notes to the single total figure table

### Base salary in the year ended 31 December 2023

Executive Directors' base salaries are reviewed by the Committee with effect from 1 April each year and when an individual changes position or responsibility. Executive Director base salary changes during the year were:

	Base salary from 1 April 2022	Base salary from 1 April 2023	Increase
Gavin Griggs	£550,000	£570,000	+3.6%
Matt Webb <sup>1</sup>	-	£440,000	-
Oskar Zahn <sup>2</sup>	£416,000	-	-
Andy Sng	S\$312,000	S\$320,000	+2.6%

<sup>1</sup> Matt Webb was appointed CFO with effect from 4 September 2023, with a base salary of £440,000.

<sup>2</sup> Oskar Zahn resigned effective 31 March 2023.

### Pensions in the year ended 31 December 2023

Executive Directors' pension contributions are aligned to those offered to all employees in their respective countries of employment, and are 8% of base salary for UK Executive Directors and equivalent to c.5% of base salary for Andy Sng, who is based in Singapore.

### Annual bonus in the year ended 31 December 2023

The maximum annual bonus opportunity in 2023 was 125% of base salary for the CEO and 100% of base salary for other Executive Directors. The table below summarises performance against the Group performance targets set by the Committee for the year.

	Weighting	Threshold (25%)	On-target (50%)	Maximum (100%)	Actual	% achieved
Adjusted profit before tax <sup>1</sup>	50%	£34.0m	£40.0m	£44.0m	£26.6m	0%
Adjusted operating cash conversion <sup>2</sup>	30%	85%	100%	115%	178%	100%
Strategic objectives	20%		See below			See below

<sup>1</sup> Andy Sng's adjusted profit before tax targets are set with reference to divisional performance, and are commercially sensitive. Performance against these targets resulted in 0% of maximum becoming payable for this annual bonus element.

<sup>2</sup> Calculated as Adjusted operating cash flow as a percentage of Adjusted operating profit measured at the end of each quarter and the average performance taken. This ensures cash conversion is an ongoing focus throughout the year. The full-year Adjusted operating cash conversion was 173%.

The Committee assessed the Executive Director strategic objectives against the targets set at the start of the year and assessed these as summarised below for Gavin Griggs and Matt Webb. Andy Sng's objectives are set largely to reflect these priorities but with reference to divisional performance in Asia. These are commercially sensitive and not disclosed in detail in the following table.

	Gavin Griggs	Matt Webb	Performance assessment in 2023
<b>To deliver the Group plan the right way, beyond financial metrics</b>	●	n/a	Progress made on our ESG priorities, with a number of agreed initiatives successfully implemented to further embed this agenda in XP's culture. Achieved some of the milestones set for the year, including: sign-off of XP's Net Zero Plan; filing targets for SBTi approval; and leading a Groupwide initiative on elimination of single use plastics. Significant further progress also made on health and safety focus.
<b>Setting the long-term direction</b>	●●	●●●	Progressed execution of strategy (in particular the first phase of Supply Chain Transformation) in line with expectations, despite business and sector challenges faced in the year.  Matt Webb's score recognises his significant contribution in executing the Funding Plan.
<b>Global Supply Chain management to effectively support customer demand</b>	●●	n/a	Met objectives agreed by the Board for increasing capacity in all sites, and improving strength of relationships with key customers.
<b>People, strength and capability of ELT, Senior management team and key talent</b>	●●●	n/a	A key focus for 2023. Successfully recruited a number of high potential individuals into key roles to add to capability strength and breadth of the leadership team, despite the challenges faced. Also drove continued focus on engagement across the Group, resulting in improved employee survey scores.

●●● Exceeded    ●● Met    ● Partially met

The Committee assessed the CEO's performance against each objective set at the start of the year, as set out above, and reviewed the resulting payout warranted under this element in the additional context of the challenges faced in the second half. In approving the payment of 75% of the maximum opportunity for the strategic element of the bonus, the Committee concluded that this outcome appropriately balanced recognition of the CEO's leadership and contribution to managing the challenges of 2023 with the stakeholder impact of these (which are also reflected in the outcome under the PBT element of the bonus and also the 2021 LTIP). The overall CEO bonus outcome for 2023 was approved at 45% of the maximum opportunity.

Matt Webb joined XP Power as CFO in September 2023, and was appointed to the Board in October. He quickly established himself as a key Board and Leadership team member, leading the critical execution of our Funding Plan and establishing credibility with investors. Overall, his contribution during his tenure to date has been excellent notwithstanding difficult circumstances and the Committee determined the payment of 100% of the maximum opportunity for this bonus element, prorated for the period worked. The overall CFO bonus outcome for 2023 was 50% of maximum.

Andy Sng's strategic performance objectives are partially set with reference to divisional performance. While these remain considered to be commercially sensitive, they are set to align and support the priorities set out for Gavin Griggs. The Committee acknowledges Andy's leadership of the Asia business during a challenging year, particularly his contribution to strengthening customer relationships and the sales pipeline. However, certain objectives set at the start of the year were not met, resulting in an overall assessment by the Committee warranting the payout of 62.5% of the maximum opportunity for this bonus element and an overall bonus outcome for 2023 of 42.5% of maximum.

The Committee carefully considered whether those outturns were appropriate and, reflecting on performance achieved in the year, no discretion to amend the formulaic outputs in the year was applied. Half of the 2023 annual bonuses for Executive Directors are deferred into shares, vesting after two years.



# REMUNERATION COMMITTEE REPORT CONTINUED

## Long-term incentive awards vested or due to vest with respect to performance in the year ended 31 December 2023

### 2021 LTIP awards

LTIP awards were granted on 3 March 2021, the vesting of which was based two-thirds on cumulative EPS and one-third on TSR vs the FTSE 250 index excluding investment trusts over the three financial years ended 31 December 2023. The table below summarises performance against the targets.

	Weighting	Threshold (25% vesting)	Maximum (100% vesting)	Actual	% achieved
Cumulative EPS	67%	576.7p	645.9p	418.2p	-
TSR	33%	Median	Upper quintile	Below median	-
<b>Total</b>					-

Shares under this award, with performance measured over the three financial years ended 31 December 2023, will lapse in full.

	Date of grant	Type of award	Number of shares awarded	% vesting	Dividend equivalent payments per share	Number of shares vested or due	Value of shares vested or due to vest
Gavin Griggs	3 March 2021	Nominal-cost options	9,652	-	-	-	-
Andy Sng	3 March 2021	Nominal-cost options	1,930	-	-	-	-

### Scheme interests awarded in the year ended 31 December 2023

LTIP and RSP awards were granted to Executive Directors in 2023 equal in value to 100% of salary (LTIP) and 12.5% of salary (RSP) for each of Gavin Griggs and Matt Webb, and 75% of salary (LTIP) and 15% of salary (RSP) for Andy Sng, as follows:

	Date of grant	Plan <sup>1,2</sup>	Type of award	Face value of award	Number of shares awarded	End of performance period
Gavin Griggs	17 March 2023	LTIP 2017	Nominal-cost options	£569,993	26,536	31/12/2025
	17 March 2023	RSP 2020	Nominal-cost options	£71,249	3,317	n/a
Matt Webb	14 September 2023	LTIP 2017	Nominal-cost options	£439,993	20,027	31/12/2025
	14 September 2023	RSP 2020	Nominal-cost options	£54,991	2,503	n/a
Andy Sng	17 March 2023	LTIP 2017	Nominal-cost options	£147,030	6,845	31/12/2025
	17 March 2023	RSP 2020	Nominal-cost options	£29,406	1,369	n/a

<sup>1</sup> Awards granted on 17 March 2023 were based on the five-day average mid-market share price over 10-16 March 2023, being £21.48.

<sup>2</sup> Awards granted on 14 September 2023 were based on the five-day average mid-market share price over 7-13 September 2023, being £21.97.

## Long-term incentive measures and targets

The performance targets for the 2023 LTIP awards are:

2023 award (67% EPS and 33% TSR)		
<b>Earnings per share</b>	Operation	Cumulative Adjusted EPS over three financial years
	Threshold (0% vest)	480.0p
	Maximum (100% vest)	602.0p
<b>Total shareholder return</b>	Operation	Relative TSR compared with that for the constituents of the FTSE 250 index (excluding investment trusts)
	Threshold (25% vest)	Median (50th percentile)
	Maximum (100% vest)	Upper quintile (80th percentile)

The EPS range for the 2023 awards also included a 'mid-point' of 541p at which 50% of awards would vest.

Awards of restricted shares granted to Executive Directors in 2023 are not subject to performance conditions on vesting.

## Directors' shareholding and share interests

A shareholding guideline applies to Executive Directors, requiring them to build and maintain a shareholding equal to 200% of base salary. The guideline will continue to apply in full for one-year post-cessation, with 50% of the guideline level (100% of base salary) applying for a second year. Deferred bonus shares, restricted shares, vested share options and LTIP shares that are still in their holding period will be counted against these requirements on a net of tax basis.

The table below summarises the Directors' beneficial interests (including that of their connected persons) in the Company's shares:

	Beneficially owned shares at 31 December 2022	Beneficially owned shares at 31 December 2023	Interest in share awards				Shareholding guideline (% of salary)	Shareholding guideline met?
			Unvested Deferred Bonus shares	Unvested RSP awards and LTIP awards for which the performance period has completed	Unvested LTIP awards for which the performance period is in progress	Vested but unexercised Deferred Bonus, RSP and LTIP awards		
<b>Executive Directors</b>								
Gavin Griggs	8,252	12,599	6,371	10,447	41,813	5,379	200%	Building
Matt Webb <sup>1</sup>	-	12,173	-	2,503	20,027	-	200%	Building
Oskar Zahn <sup>2</sup>	-	-	-	-	-	-	n/a	n/a
Andy Sng	30,723	30,723	1,460	3,629	10,484	2,200	200%	Met
<b>Chair and Non-Executive Directors</b>								
James Peters <sup>3</sup>	1,004,279	1,004,279	-	-	-	-	n/a	n/a
Jamie Pike	3,838	12,533	-	-	-	-	n/a	n/a
Polly Williams	-	4,347	-	-	-	-	n/a	n/a
Pauline Lafferty	-	1,739	-	-	-	-	n/a	n/a
Sandra Breene	-	2,391	-	-	-	-	n/a	n/a
Amina Hamidi	-	-	-	-	-	-	n/a	n/a

<sup>1</sup> Matt Webb joined the Board on 5 October 2023.

<sup>2</sup> Oskar Zahn stepped down from the Board with effect from 31 March 2023. The beneficially owned shares shown for Oskar represent his share awards interests as at 31 March 2023. As Oskar's share awards lapsed after he stepped down, and he had no beneficially owned shares, no post-cessation shareholding requirement applies.

<sup>3</sup> James Peters retired from the Board with effect from 18 April 2023. The beneficially owned shares shown for James represent his shareholding as at 18 April 2023.

# REMUNERATION COMMITTEE REPORT CONTINUED

The table below summarises Gavin Griggs' outstanding share awards:

Date of grant	Exercise price	Interest as at 31/12/22	Granted in the year	Forfeited in the year	Exercised in the year	Interest as at 31/12/23	Vesting date <sup>1</sup>	Expiry date
2017 LTIP								
16/03/2019	£0.01	2,277	-	-	-	2,277	16/03/2022	16/03/2024
22/04/2020	£0.01	10,453	-	(7,745)	-	2,708	22/04/2025	22/04/2026
03/03/2021	£0.01	9,652	-	-	-	9,652	03/03/2026	03/03/2027
08/03/2022	£0.01	15,277	-	-	-	15,277	08/03/2027	08/03/2028
17/03/2023	£0.01	-	26,536	-	-	26,536	17/03/2028	17/03/2029
2020 RSP								
22/04/2020	£0.01	1,307	-	-	-	1,307	22/04/2025	22/04/2026
03/03/2021	£0.01	1,206	-	-	-	1,206	03/03/2026	03/03/2027
08/03/2022	£0.01	1,909	-	-	-	1,909	08/03/2027	08/03/2028
17/03/2023	£0.01	-	3,317	-	-	3,317	17/03/2028	17/03/2029
Deferred Bonus								
04/03/2021	-	3,102	-	-	-	3,102	26/02/2023	-
08/03/2022	-	6,371	-	-	-	6,371	28/02/2024	-

<sup>1</sup> LTIP awards granted in 2019 vest 50% after three years, and 50% after four years; the vesting date shown reflects the first vest date.

Matt Webb's outstanding share awards are:

Date of grant	Exercise price	Interest as at date of joining	Granted in the year	Forfeited in the year	Exercised in the year	Interest as at 31/12/23	Vesting date	Expiry date
2017 LTIP								
14/09/2023	£0.01	-	20,027	-	-	20,027	14/09/2028	14/09/2029
2020 RSP								
14/09/2023	£0.01	-	2,503	-	-	2,503	14/09/2028	14/09/2029

Oskar Zahn's outstanding share awards are:

Date of grant	Exercise price	Interest as at 31/12/22	Granted in the year	Forfeited in the year	Exercised in the year	Interest as at 31/12/23	Vesting date	Expiry date
2017 LTIP								
10/05/2021	£0.01	8,024	-	(8,024)	-	-	10/05/2026	10/05/2027
08/03/2022	£0.01	11,555	-	(11,555)	-	-	08/03/2027	08/03/2028
2020 RSP								
10/05/2021	£0.01	1,203	-	(1,203)	-	-	10/05/2026	10/05/2027
08/03/2022	£0.01	1,444	-	(1,444)	-	-	08/03/2027	08/03/2028
Deferred Bonus								
08/03/2022	-	2,529	-	(2,529)	-	-	28/02/2024	-

Andy Sng's outstanding share awards are:

Date of grant	Exercise price	Interest as at 31/12/22	Granted in the year	Forfeited in the year	Exercised in the year	Interest as at 31/12/23	Vesting date <sup>1</sup>	Expiry date
2012 Share Options								
23/02/2016	£15.43	60	-	-	-	60	23/02/2020	23/02/2026
2017 LTIP								
16/03/2019	£0.01	814	-	-	-	814	16/03/2022	16/03/2024
22/04/2020	£0.01	3,236	-	(2,397)	-	839	22/04/2025	22/04/2026
03/03/2021	£0.01	1,930	-	-	-	1,930	03/03/2026	03/03/2027
08/03/2022	£0.01	3,639	-	-	-	3,639	08/03/2027	08/03/2028
17/03/2023	£0.01	-	6,845	-	-	6,845	17/03/2028	17/03/2029
2020 RSP								
22/04/2020	£0.01	405	-	-	-	405	22/04/2025	22/04/2026
03/03/2021	£0.01	289	-	-	-	289	03/03/2026	03/03/2027
08/03/2022	£0.01	727	-	-	-	727	08/03/2027	08/03/2028
17/03/2023	£0.01	-	1,369	-	-	1,369	17/03/2028	17/03/2029
Deferred Bonus								
04/03/2021	-	1,326	-	-	-	1,326	26/02/2023	-
08/03/2022	-	1,460	-	-	-	1,460	28/02/2024	-

<sup>1</sup> LTIP awards granted in 2019 vest 50% after three years and 50% after four years; the vesting date shown reflects the first vest date.

The closing share price of the Company's shares at 31 December 2023 was £13.56 (31 December 2022: £20.35) and the price range fluctuated between £7.76 and £26.80 over the financial year.

## Payments for past Directors

No payments were made to former Directors in the year.

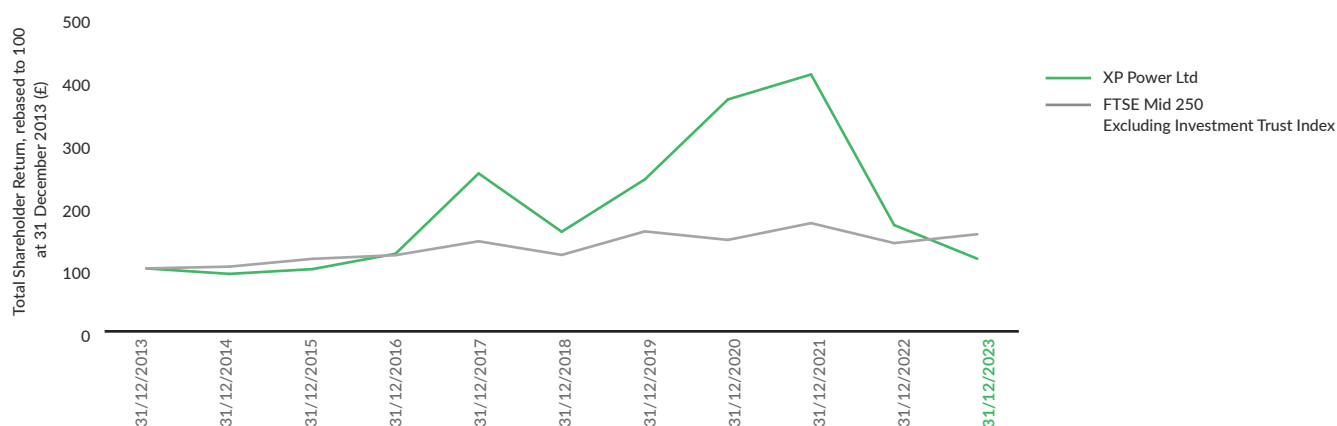
## Payments for loss of office

There were no payments for loss of office.

Oskar Zahn stepped down as CFO, resigning from the Board on 31 March 2023. In line with the respective plan rules, all unvested share awards lapsed in full on 31 March 2023, this included all unvested deferred share awards. Oskar had no vested awards outstanding and was not entitled to any bonus for the financial year ended 31 December 2023. No payments, other than those for the period of service to 31 March 2023 disclosed in the single figure table on page 127, were made to Oskar Zahn.

## Assessing pay and performance

This chart shows XP Power's total shareholder return since 31 December 2013 compared with that of the FTSE 250 (excluding investment trusts), rebased at 100.



# REMUNERATION COMMITTEE REPORT CONTINUED

Total remuneration, annual bonus outturn and long-term incentive outturn for the CEO over the same period is shown below.

	2014	2015	2016	2017	2018	2019	2020	2021 <sup>1</sup>	2022	2023
CEO total remuneration (£'000)	£271	£310	£800	£531	£684	£562	£1,357	£1,211	£730	£1,026
Annual bonus (% of maximum)	0%	15%	27%	100%	71%	11%	98%	73%	0%	45%
Long-term incentives (% of maximum)	n/a	n/a	81%	n/a	n/a	80%	81%	33%	26%	0%

<sup>1</sup> Data in the table is relevant to Duncan Penny up to 2020, and Gavin Griggs from 2021.

## Context for Directors' remuneration

While the Committee has not engaged directly with employees on Executive remuneration alignment with the wider pay policy, the Board has engaged the workforce through site visits (see page 123). The Committee Chair acts as the designated Non-Executive Director for employee engagement and, to the extent employees wish to discuss executive pay, they are encouraged to ask questions on this, and any other topics. Any feedback from employees is then shared with the Board (or relevant Board Committee) and forms a valuable input to decision making.

## Annual percentage change in Director and employee remuneration

The table below shows the percentage change (on a full-time equivalent basis, so as to permit meaningful comparison) in salary, taxable benefits and annual bonus earned by each Director serving in 2023, compared to the average employee (excluding Chinese and Vietnamese employees, where there has been significant salary inflation). Similar information for former Directors is published in the relevant Annual Report.

	Percentage change between 2019 and 2020			Percentage change between 2020 and 2021			Percentage change between 2021 and 2022			Percentage change between 2022 and 2023		
	Base salary	Taxable benefits	Annual bonus	Base salary	Taxable benefits	Annual bonus	Base salary	Taxable benefits	Annual bonus	Base salary	Taxable benefits	Annual bonus <sup>8</sup>
Average employee	4%	3%	670%	8%	139%	(33%)	41%	19%	(69%)	5%	5%	270%
<b>Executive Directors</b>												
Gavin Griggs <sup>1</sup>	10%	(2%)	938%	57%	(22%)	43%	9%	22%	(100%)	5%	6%	n/a
Matt Webb <sup>2</sup>	-	-	-	-	-	-	-	-	-	-	-	-
Oskar Zahn <sup>3</sup>	-	-	-	-	-	-	3%	1%	(100%)	1%	(1%)	n/a
Andy Sng	1%	(9%)	6%	6%	(24%)	(23%)	13%	(66%)	(100%)	6%	7%	n/a
<b>Non-Executive Directors</b>												
James Peters <sup>4</sup>	15%	1%	-	3%	50%	-	0%	0%	-	0%	17%	-
Jamie Pike <sup>5</sup>	-	-	-	-	-	-	-	-	-	239%	-	-
Polly Williams	27%	-	-	(2%)	-	-	14%	-	-	6%	-	-
Pauline Lafferty	20%	-	-	15%	-	-	7%	-	-	2%	-	-
Sandra Breene <sup>6</sup>	-	-	-	-	-	-	-	-	-	0%	-	-
Amina Hamidi <sup>7</sup>	-	-	-	-	-	-	-	-	-	0%	-	-

<sup>1</sup> Gavin Griggs was appointed CEO with effect from 1 January 2021. The percentage change between 2020 and 2021 compared his pay as CEO with his CFO pay.

<sup>2</sup> Matt Webb was appointed as CFO with effect from 4 September 2023; no year-on-year comparison is possible.

<sup>3</sup> Oskar Zahn stepped down from the Board effective 31 March 2023. The percentage change between 2022 and 2023 is based on a full-time equivalent for 2023.

<sup>4</sup> James Peters retired from the Board effective 18 April 2023. The percentage change between 2022 and 2023 is based on a full-time equivalent for 2023.

<sup>5</sup> Jamie Pike joined the Board on 1 March 2022, becoming Chair on 18 April 2023. The percentage change between 2022 and 2023 reflects this change in role and assumes a full-time equivalent for 2022.

<sup>6</sup> Sandra Breene joined the Board on 11 October 2022, the percentage change between 2022 and 2023 is based on a full-time equivalent for 2022.

<sup>7</sup> Amina Hamidi joined the Board on 11 October 2022, the percentage change between 2022 and 2023 is based on a full-time equivalent for 2022.

<sup>8</sup> A percentage change in Executive Directors' annual bonus outcomes between 2022 and 2023 is not meaningful as a result of no bonus having been paid for 2022.

## CEO pay ratio

In line with UK remuneration reporting regulations, the table below shows the ratio of the CEO's total remuneration to that of the lower quartile, median and upper quartile UK employees.

Year	Method <sup>1</sup>	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
2023	Option A	30:1	18:1	12:1
2022	Option A	23:1	15:1	9:1
2021	Option A	40:1	25:1	15:1
2020	Option A	50:1	31:1	18:1
2019	Option A	21:1	13:1	7:1

<sup>1</sup> Methods of calculation are set out in The Companies (Miscellaneous Reporting) Regulations 2018. Option A was selected as it best reflects the underlying data. As a large portion of the CEO's pay is variable, the pay ratio is heavily dependent on variable pay plan outcomes and, for long-term share-based awards, share price movements.

The year-on-year difference in the CEO pay ratio can be principally explained by the change in variable pay outturns for 2023 compared with those for 2022. Annual bonus and long-term incentives make up a significant proportion of Executive remuneration, while it is a relatively low proportion of wider workforce total pay. Accordingly, the Committee anticipates greater volatility in the reported pay ratio in years in which incentive outcomes are higher.

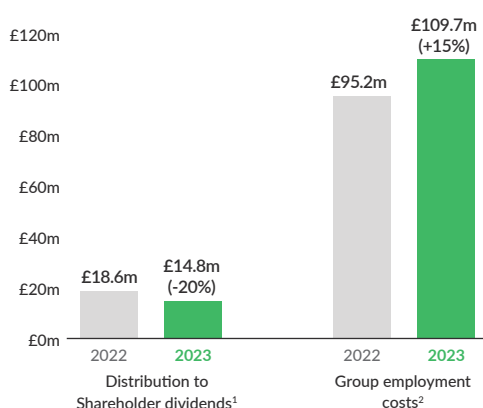
The table below shows the total pay and benefits, and the salary component, for the employees who sit at each of the three quartiles in 2023.

Year	Total pay and benefits	Salary component of total pay
25th percentile	£34,490	£31,376
50th percentile	£56,237	£52,250
75th percentile	£87,488	£82,350
Chief Executive	£1,026,000	£565,000

The CEO's pay ratio to the median pay of UK employees is a function of our pay, reward, and progression policies for the Company's UK employees and all XP employees. The Company aims to pay all employees, including the CEO, in accordance with its values, a desire to pay for performance, internal relativities and the appropriate external market reference points.

## Relative importance of spend on pay

This chart illustrates the relative importance of spend on pay compared to shareholder dividends paid.



<sup>1</sup> Refer to Financial Statements – Note 9 for more details.

<sup>2</sup> Group employment costs includes Directors' remuneration. Refer to Financial Statements – Note 5 for more details.

# REMUNERATION COMMITTEE REPORT CONTINUED

## Remuneration Committee information

### Responsibilities

The Committee is responsible for the remuneration arrangements for Executive Directors and members of the Executive Leadership team and for providing general guidance on aspects of remuneration policy throughout the Group. The Committee Terms of Reference are reviewed annually and are available in the Corporate Governance section of the Company's investor relations website [corporate.xppower.com](http://corporate.xppower.com).

### Committee evaluation

During the year, the Remuneration Committee reviewed its performance facilitated by an anonymous online survey managed by an independent third party as part of the Board's evaluation process. The Committee concluded its performance was effective in 2023 and that it fulfilled its role in accordance with its Terms of Reference.

### Advice received in the year

During the year, Ellason LLP (Ellason) provided remuneration advice to the Company. Ellason provides no other services to the Committee and has no further connection with the Company or individual Directors. Ellason is a signatory to the Remuneration Consultants Group's Code of Conduct. On this basis, the Committee satisfied itself that Ellason's advice was objective and independent. The fees paid to Ellason in the year were £117,984 excluding VAT.

### Voting on remuneration

The table below sets out voting in respect of the approval of the Directors' Remuneration Policy and the Directors' Remuneration Report at the 18 April 2023 AGM.

	Meeting	Votes for	% of votes for	Votes against	% of votes against	Votes withheld
Approval of Directors' Remuneration Policy	18 April 2023	14,041,945	92.61%	1,120,232	7.39%	1,501
Approval of Directors' Remuneration Report	18 April 2023	14,727,185	97.52%	375,228	2.48%	61,265

We continue to engage on Executive remuneration, seeking to strike the right balance of interest among all shareholders.

## Directors' Remuneration Policy

The current Directors' Remuneration Policy, set out in this section of the Remuneration Committee Report, was approved by shareholders at the AGM on 18 April 2023. A copy of the Policy is available in the Corporate Governance section of the Company's investor relations website [corporate.xppower.com](http://corporate.xppower.com). The information in this section is not subject to audit.

Any change to the Policy will be subject to a binding shareholder vote at a general meeting.

### How our Remuneration Policy links to the UK Corporate Governance Code

When the current Policy was developed, the Committee was mindful of the UK Corporate Governance Code, ensuring that the Executive Director remuneration framework continues to appropriately address the following factors:

Factors	How these are addressed
<b>Clarity</b>	<ul style="list-style-type: none"> <li>Our Directors' Remuneration Policy, approved by shareholders in April 2023, is transparent and clearly articulated in the Annual Report.</li> </ul>
<b>Simplicity</b>	<ul style="list-style-type: none"> <li>The Committee believes that the Executive Director remuneration arrangements are market standard, straightforward and well understood by both participants and shareholders.</li> </ul>
<b>Risk</b>	<ul style="list-style-type: none"> <li>The Committee's target setting approach seeks to discourage inappropriate risk taking through a blend of shareholder return, financial and non-financial objectives.</li> <li>Our Policy contains appropriate discretion to mitigate potential risks, we operate bonus deferral and post-cessation shareholding requirements. Malus and clawback provisions also apply to the annual bonus plan, LTIP and RSP.</li> </ul>
<b>Predictability</b>	<ul style="list-style-type: none"> <li>Executive Directors' incentives are subject to individual participation caps. An indication of the range of outcomes in the packages is provided on page 144.</li> <li>Deferred bonus, RSP and LTIP awards provide alignment with the share price and their values will depend on share price at the time of vesting.</li> </ul>
<b>Proportionality</b>	<ul style="list-style-type: none"> <li>A clear link exists between individual awards, delivery of strategy and our long-term performance. Our Policy contains appropriate discretion by the Committee to not reward poor performance.</li> </ul>
<b>Alignment to culture</b>	<ul style="list-style-type: none"> <li>Pay and policies cascade down the organisation to ensure they are fully aligned with the XP Power culture.</li> </ul>

### The policy table

The objectives of the Remuneration Policy are to:

- reward employees and Executive Directors appropriately for the work they do (base salary);
- provide market competitive remuneration packages to enable retention or recruitment (base salary plus benefits);
- incentivise employees and Executive Directors to perform at their best consistently (bonus/long-term incentive plan/restricted share plan);
- align shareholders' and senior management's interests (bonus in shares, long-term incentive plan/restricted share plan and shareholding guidelines); and
- retain key staff (long-term structures with delayed vesting).



# REMUNERATION COMMITTEE REPORT CONTINUED

The Directors' Remuneration Policy approved by shareholders at the 2023 AGM is set out in full below:

Purpose	Operation	Opportunity	Applicable performance measures
<p><b>Base salary</b></p> <p>To help recruit, retain and motivate high-performing Executives.</p> <p>Reflects the individual experience, role and importance of the Executive Director to the business.</p>	<p>Base salaries are set by the Remuneration Committee and normally reviewed annually. Increases are effective from 1 April, although increases may be awarded at other times if the Remuneration Committee considers it appropriate.</p> <p>A market benchmarking exercise will be undertaken periodically as determined by the Remuneration Committee to ensure that base salary remains around the median of the market level for roles of a similar nature, and to reflect the individual's skills, experience and performance.</p>	<p>Base salaries are reviewed annually. Increases will not normally exceed the range of increases awarded to other employees within the Group.</p> <p>The Remuneration Committee may also increase a Director's salary if there is a change in the scope of their role, the scale or complexity of the business, or if significant changes to market practice arise, which the Remuneration Committee believes justifies a further increase in base salary.</p>	n/a
<p><b>Benefits</b></p> <p>To help recruit, retain and motivate high-performing Executives.</p> <p>To provide market competitive benefits.</p>	<p>Benefits are set by the Remuneration Committee and reviewed annually.</p> <p>Benefits currently received by the Executive Directors include:</p> <ul style="list-style-type: none"> <li>• Paid holidays</li> <li>• Life insurance</li> <li>• Private medical cover</li> <li>• Housing allowance</li> <li>• Car allowance</li> </ul> <p>Other allowances provided to the wider workforce may also be provided.</p>	<p>The Company provides a range of market-benchmarked benefits. The costs of these benefits may change year on year due to external costs.</p> <p>The Remuneration Committee has flexibility to provide benefits that would typically have been available to an Executive Director in an overseas jurisdiction when recruiting from outside of the UK.</p>	n/a
<p><b>Annual bonuses</b></p> <p>Align interests of Executive Directors and shareholders in the short and medium terms.</p>	<p>The annual bonus scheme participation levels (including maximum opportunities) are determined by the Remuneration Committee following the end of the year, based on performance achieved against the performance metrics set.</p> <p>Awards are split equally between (i) cash; and (ii) shares vesting after two years, subject to continued employment or good leaver status. Amounts equivalent to any dividends or shareholder distributions made in respect of awards at vesting, are paid at the discretion of the Remuneration Committee.</p> <p>The Remuneration Committee has the power to reduce unpaid annual bonuses and clawback bonuses already paid on a net basis in circumstances set out following this table.</p>	<p>Up to 125% of base salary for CEO and up to 100% for other Executive Directors. Executive Directors will receive 25% of the maximum award for threshold performance and 50% for on-target performance.</p>	<p>Specific targets and weightings may vary according to strategic priorities and may include:</p> <ul style="list-style-type: none"> <li>• Financial performance;</li> <li>• Attainment of personal, operational, and strategic objectives; and</li> <li>• Weighting will focus on Group financial performance.</li> </ul>
<p><b>Pensions</b></p> <p>Provide a basic pension benefit that would be expected for the position.</p>	<p>Percentage of base salary paid into a defined contribution scheme.</p>	<p>In line with pension benefits offered to the wider workforce in the relevant geography, which is currently 8% in the UK and 6% in Singapore.</p>	n/a

Purpose	Operation	Opportunity	Applicable performance measures
<p><b>Share-based incentives</b></p> <p>Align the interests of Executive Directors and shareholders in the long term.</p> <p>Incentivise long-term value creation.</p>	<p>Share-based incentives are made up of a Long-Term Incentive Plan (LTIP) that was approved at the 2017 AGM, and a Restricted Share Plan (RSP) that was approved at the 2020 AGM.</p>	<p>The normal maximum award level under share-based incentive plans is 150% of base salary or such higher amount as the Remuneration Committee in its absolute discretion may determine, up to a maximum of 200% of base salary. The 200% cap is restricted to exceptional circumstances only.</p>	n/a
	<p>LTIP awards may be made in the form of conditional share awards, nil or nominal cost options. The LTIP also provides for awards to be structured as stock appreciation or phantom rights, which may be suitable for awards granted in overseas jurisdictions.</p> <p>Performance is typically measured over three financial years starting with the year of date of grant, or any longer period as the Remuneration Committee may decide.</p> <p>An award will be subject to a two-year holding period.</p>	<p>25% of a LTIP award will vest for threshold performance.</p>	<p>Specific targets and weightings may vary according to strategic priorities at the start of each performance period and may include:</p> <ul style="list-style-type: none"> <li>Financial performance (such as EPS)</li> <li>Value creation (such as TSR)</li> <li>Strategic objectives</li> </ul> <p>Weighting is expected to focus on Group financial and value creation performance measures.</p>
	<p>RSP awards may be granted without performance conditions.</p> <p>Restricted share awards normally vest five years from the date of award.</p>	<p>Up to a maximum of 15% of base salary may be granted as restricted shares without performance conditions.</p> <p>In calculating value against 150% of salary limit for share-based incentives, the value of restricted share awards will be multiplied by two to reflect that they do not have performance conditions attached.</p>	n/a
	<p>Clawback: The Remuneration Committee has the discretion to claw back some, or all, awards granted under share-based incentive plans by reducing unvested awards or requiring the return of the net value of vested awards to the Company in circumstances set out following this table.</p> <p>Amounts equivalent to any dividends or shareholder distributions made in respect of awards at vesting, are paid at the discretion of the Remuneration Committee.</p>	n/a	n/a

# REMUNERATION COMMITTEE REPORT CONTINUED

Purpose	Operation	Opportunity	Applicable performance measures
<b>Shareholding (minimum)</b> Align the interests of Executive Directors and shareholders in the long term.	To build a minimum shareholding equivalent to two years' salary. Directors have a period of five years from appointment to achieve this.	n/a	n/a
<b>Post-employment shareholding</b> Align the interests of Executive Directors and shareholders in the long term.	Post cessation, Executive Directors must hold shares equivalent to 200% of salary for the first year and 100% of salary for the second year or, if their holding is lower than this at cessation, the value of their holding at the point of cessation. The Committee will ensure the application of this requirement through a signed agreement with the Executive.  Shares that have been, or are in future, purchased by Executives will not be subject to restrictions on sale.  Deferred bonus shares in their deferral period and vested LTIP awards that are still in their holding period will be counted against the percentage requirement on a net of tax basis.	n/a	n/a
<b>Non-Executive Directors' fees</b> Fees are set at a level that is sufficient to attract, motivate and retain quality Non-Executive Directors.	Fees are reviewed periodically. The Board (excluding the Non-Executive Directors) are responsible for setting Non-Executive Directors' fees.  Non-Executive Directors are not entitled to participate in the Group's incentive plans.	The total amount of Non-Executive Directors' fees shall not exceed that approved by shareholders at a General Meeting (currently £600,000 in accordance with the Articles).	n/a

## Use of discretion

The Company's incentive plans including the annual bonus scheme, share option scheme, LTIP and RSP will be operated within the rules of the relevant scheme, together with all applicable laws and regulations. The Remuneration Committee may operate the discretion contained in the relevant plan in order to facilitate its administration and operation. Discretion includes (but is not limited to):

- who is invited to participate or receive awards, the size and timing of awards or payments;
- the setting of appropriate performance measures and targets from year to year, and any adjustment of these considering market conditions;
- the annual review of performance against targets for the determination of bonuses and awards;
- the determination of vesting and performance periods; and
- the treatment of leavers, and discretion when dealing with adjustments for corporate events (such as changes in control, rights issues, de-mergers, acquisitions etc.).

Annual bonus documentation and the LTIP, subject to shareholder approval, will contain provisions to give the Committee the ability to apply discretion to adjust any formulae and workings to reduce vesting levels to ensure pay-outs fully and properly reflect overall performance and shareholder experience and in response to exceptional negative events.

## Performance measures and targets

The Company's incentive plans use a range of performance measures linked to business strategy and current key priorities. Measures and weightings will be described in the respective Directors' Remuneration Report. Performance targets will be challenging yet achievable, and will require stretching out-performance to achieve the maximum. Annual bonus targets will usually be disclosed when they are no longer commercially sensitive. LTIP targets will usually be disclosed on a prospective basis where possible.

## Malus and clawback

Annual bonus documentation, the LTIP and RSP, will contain provisions enabling the Committee to apply malus and clawback provisions. These allow the Committee to determine, in its absolute discretion, that an unvested award or bonus award (or part of an award) may not be permitted to vest or that the level of vesting is reduced in certain circumstances or payment back of some or all of an award is required after vesting. Where the Committee acts fairly and reasonably to determine within a period not exceeding three years from the determination of an award that:

- a serious breach of the Company's code of ethics has arisen; or
- a serious health and safety issue has occurred; or
- the award holder has participated in, or was responsible for, conduct that has resulted in significant losses to the Group; or
- the award holder has failed to meet appropriate standards of fitness and propriety resulting in a material negative effect on the Group; or
- the award holder has committed material wrongdoing or has breached the terms of their employment contract in such manner as would result in a potentially fair reason for dismissal; or
- there was a material error in determining whether an award should be made, in determining the size or nature of the award or the extent to which it has vested,

it may require any unvested awards held by the award holder to lapse in whole or in part immediately, and/or may require the award holder to repay the Company the after-tax value of some or all vested awards received during that period, in such form as it may determine.

Malus and clawback will continue to apply to any awards held by leavers and those vesting in connection with corporate events/changes in control. The Committee has the right to apply the malus provision to an individual or on a collective basis. It shall also (acting reasonably and in good faith) determine the amount or award subject to clawback.

## Legacy commitments

The Committee reserves the right to honour any legacy remuneration arrangements including those made under a previously approved Directors' Remuneration Policy.

## Approach to Executive recruitment

In the event of the recruitment of a new Executive Director, the Remuneration Committee would consider the structure and levels of the remuneration for existing Directors and prevailing market practice, together with the skills and value it believed the new Director would bring to the Company. It is, therefore, expected that a new Director's package would include the same elements as existing Directors and the maximum level of variable remuneration for annual bonus and LTIP would be capped as it is for existing Executive Directors. Depending on the timing of any appointment, the performance measures and targets used for incentive purposes may differ from existing Executive Directors for the first performance cycle. The Committee may agree to meet any relocation expenses or other benefit arrangements if considered in the best interests of shareholders. In addition, the Remuneration Committee will have discretion to make payments or awards to buy out incentive arrangements forfeited on leaving a previous employer, i.e. over and above the approach outlined in the previous table, and may exercise the discretion available under Listing Rule 9.4.2R if necessary to do so. In doing so, the Remuneration Committee will seek, to the best possible extent, to do no more than match the fair value of the awards forfeited, considering the applicable performance conditions, likelihood of those conditions being met and proportion of the applicable vesting period remaining. Where an Executive Director appointment is an internal candidate, the Remuneration Committee will honour any pre-existing remuneration obligations or outstanding variable pay arrangements that relate to the individual's previous role. The Remuneration Committee retains the discretion to offer appropriate remuneration outside the standard policy where an interim appointment is made to fill an Executive role on a short-term basis or where exceptional circumstances require that the Chair or a Non-Executive Director takes on an Executive function.

# REMUNERATION COMMITTEE REPORT CONTINUED

## Executive Directors' contracts

The Executive Directors' contracts run for an indefinite period, with the Company able to terminate the contracts without cause giving 12 months' notice. When a Director is terminated without cause, the Director is entitled to a termination payment of 12 months' basic pay. Directors' service contracts are available for inspection at the Company's AGM. Directors can terminate the contracts giving 12 months' notice.

The Executive Director may, at the discretion of the Committee, remain eligible to receive a bonus award for the financial year that they cease to be an employee in, if the Committee has decided that good leaver terms should apply. Any such bonus will be determined by the Committee considering time in employment and performance. Any deferred bonus and share-based incentives will be subject to the leaver terms in the respective plan rules.

The Committee may determine it appropriate to provide reasonable outplacement support to a departing Executive Director, the reimbursement of legal advice at the expense of the Company and any payments required by statute.

## Leaver provisions

The table below outlines the treatment of outstanding share awards under the short and long-term incentive plans for "good" and "bad" leavers, and in circumstances where the Company undergoes a change of control. A "good" leaver will generally mean an Executive Director who ceases to be an employee for any of the following reasons: death, retirement, injury or disability, the employing company ceasing to be part of the Group, redundancy, or any other reason, subject to Remuneration Committee discretion. A "bad" leaver will generally mean any leaving scenario that is not provided for under the good leaver definition.

Type of leaver	Deferred Bonus Plan	Long-Term Incentive Plan	Restricted Share Plan
<b>Good leaver</b>	Where a participant ceases to be an employee before the end of the deferral period, awards will vest in full on the date of cessation.	<p>Where a participant ceases to be an employee during the first three years of the performance period, the number of shares vesting will be subject to a pro-rata reduction by reference to relevant performance achievement, and the period elapsed between the award date and date of cessation, unless the Remuneration Committee determines the reduction is not appropriate. Shares will vest at the end of the vesting period (five years from grant) or such earlier date as the Remuneration Committee determines.</p> <p>Where a participant ceases employment after the first three years of the performance period, no pro-rating will apply but awards will vest on the fifth anniversary of the award grant unless the Remuneration Committee exercises its discretion to permit earlier vesting.</p>	<p>Where a participant ceases to be an employee during the first three years of the restricted period, the number of shares vesting will be subject to a pro-rata reduction by reference to the period elapsed between the award date and the date of cessation, unless the Remuneration Committee determines the reduction is not appropriate. Shares will vest at the end of the vesting period (five years from grant) or such earlier date as the Remuneration Committee determines.</p> <p>Where participants cease employment after the first three years of the restricted period, no pro-rating will apply but awards will vest on the fifth anniversary of the grant of the award unless the Remuneration Committee exercises its discretion to permit earlier vesting.</p>

Type of leaver	Deferred Bonus Plan	Long-Term Incentive Plan	Restricted Share Plan
<b>Bad leaver</b>	Where a participant ceases to be an employee before the end of the deferral period, awards will lapse in full on the date of cessation. The Committee retains discretion to override this rule in whole or in part except in circumstances where the participant is dismissed for reason of misconduct.	Where a participant ceases to be an employee during the first three years of the performance period, all outstanding shares will lapse immediately on cessation.  Where participants cease employment after the first three years of the performance period, awards will vest on the fifth anniversary of the grant of the award or such earlier date as the Committee may determine, except in circumstances where the participant is dismissed.	Where a participant ceases to be an employee during the first three years of the restricted period, all outstanding shares will lapse immediately on cessation.  Where participants cease employment after the first three years of the restricted period, awards will vest on the fifth anniversary of the grant of the award or such earlier date as the Committee may determine, except in circumstances where the participant is dismissed.
<b>Change of control</b>	On a change of control of the Company during the deferral period, awards will vest in full on the date of the event.	On a change of control of the Company prior to the vesting date of an LTIP award (the fifth anniversary of grant), an award will vest on the date of the event and the Remuneration Committee has the discretion to determine the number of shares vesting by assessing the achievement of the relevant performance conditions and apply a pro-rata reduction based on the proportion of the performance period elapsed at the time of the event, unless it determines a pro-rata reduction is not appropriate.	On a change of control of the Company prior to the vesting date of an RSP award, an award will vest on the date of the event over such number of shares as the Committee determines, considering the time elapsed since the grant date and any other factors considered relevant.

The Remuneration Committee has the discretion to permit acceleration of vesting and to disapply pro-rating.

### Non-Executive Directors' contracts

The Non-Executive Directors' contracts run for an indefinite period, with the Company being able to terminate contracts without cause giving 12 months' notice. If the shareholders do not re-elect a Non-Executive Director, or they are retired from office under the Articles, their appointment terminates automatically with immediate effect and without compensation. In accordance with the Code, Non-Executive Directors will typically not serve more than nine years. Non-Executive Directors are not entitled to share-based incentives or pensions.

### Shareholder consultation

The Remuneration Committee's policy is to consult with major shareholders on significant Executive remuneration decisions. The development of this Policy was subject to shareholders and proxy agency adviser consultations. Feedback from any engagement is considered by the Committee on a timely basis.

More generally, the Committee is kept updated on the latest guidance from the proxy agency and major institutional shareholders.

### Statement of consideration of employment conditions elsewhere in the Company

Pay and conditions throughout the Group are considered when setting the Remuneration Policy. The Committee will be regularly informed of remuneration trends and issues throughout the workforce, keeping this in mind when determining the Policy for Executive Directors.

# REMUNERATION COMMITTEE REPORT CONTINUED

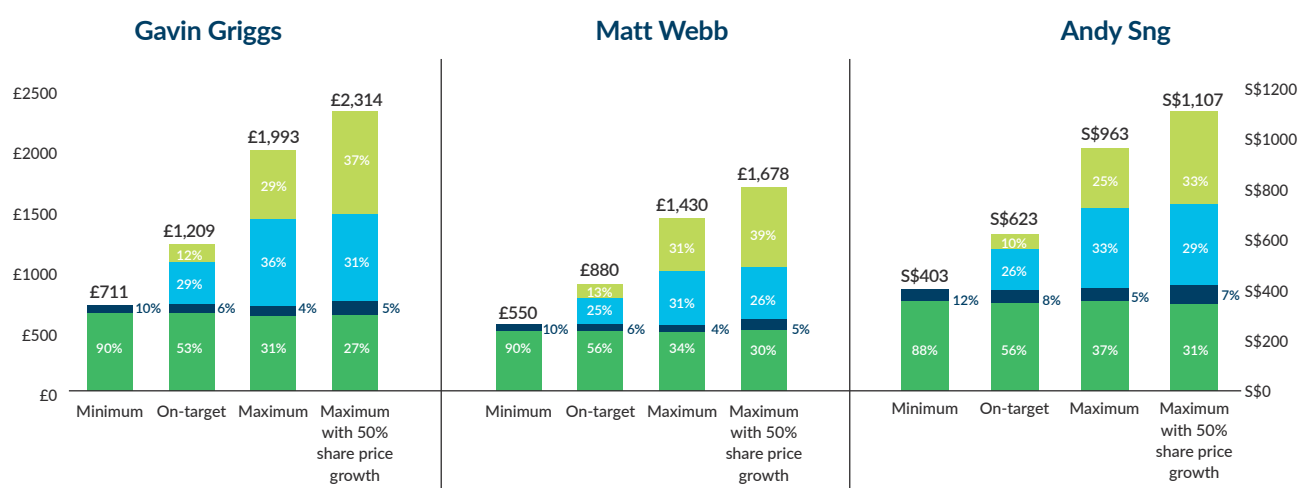
Fixed pay is set for wider employees in a similar way to that for the Executive Directors, albeit in some locations pay is subject to local regulatory compliance. The use of incentive pay will vary across the business and any performance measures used will reflect the nature of the specific role and its location.

The Remuneration Committee does not consult directly with other employees when setting Executive Director remuneration. However, the Remuneration Committee Chair is also the designated Non-Executive Director responsible for workforce engagement and has conducted several activities that have included the opportunity to discuss Executive remuneration with employees.

## Illustration of the application of the Directors' Remuneration Policy

The charts below give an indication of the level of remuneration that would be received by each Executive in accordance with the approved Directors' Remuneration Policy.

All figures are shown in thousands.



● Fixed ● RSP ● Annual bonus ● LTIP

The charts above illustrate the value of the remuneration package for each Executive in 2024, under four scenarios:

- Minimum: Fixed pay (consisting of base salary, benefits and pension) and full vesting under the RSP
- On-target: Fixed pay, full vesting under the RSP, on-target outturn under the annual bonus (50% of maximum) and threshold vesting under the LTIP (25% of maximum)
- Maximum: Fixed pay, full vesting under the RSP, maximum outturn under the annual bonus and full vesting under the LTIP
- Maximum (with 50% share price growth): As shown in the "maximum" scenario, with 50% share price appreciation assumed for the RSP and LTIP

For the purposes of the charts above, the fixed elements of remuneration are as follows (on annualised basis):

Position	Name	Base salary (effective April 2024)	Benefits (as per FY23)	Pension	Total fixed pay
Chief Executive Officer	Gavin Griggs	£570,000	£23,700	£45,600	£639,300
Chief Financial Officer	Matt Webb	£440,000	£20,000	£35,200	£495,200
Executive Vice President, Asia	Andy Sng	S\$320,000	S\$17,700	S\$17,340	S\$355,040