

REMUNERATION COMMITTEE REPORT



The business and its people have continued to demonstrate courage, resilience and dedication.

PAULINE LAFFERTY
 REMUNERATION COMMITTEE CHAIR

COMMITTEE MEMBERSHIP



Pauline Lafferty
 Chair



Polly Williams



Jamie Pike
 (from 29 April 2022)

Dear Shareholder

This report sets out details of the Directors' remuneration in 2022 and how the Remuneration Committee anticipates operating the new Directors' Remuneration Policy in 2023.

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*	2/2
Terry Twigger*	2/2

* Terry Twigger stepped down from the committee on 29 April 2022, and was replaced by Jamie Pike.

Major activities in the year

Although much of the world returned to near normal in 2022, we continued to face COVID-19 directly and indirectly throughout 2022, with lockdowns continuing across a number of our countries. Most notably, the five-week lockdown in our Kunshan facility in China impacted not only our production, but also resulted in disruption around ports, and tight air and sea freight supply. This disrupted supply chains, leading to increased transit times and significant cost increases, and caused delays to shipments particularly in H1. Trading performance finished strongly in H2 as supply chain conditions improved. Order intake remained above historic levels, highlighting robust end market demand and market share gains in recent years. Dividends were paused in 2020 for two

quarters but were resumed in 2020 and continued to be maintained throughout 2021 and 2022.

In addition, annual performance was impacted by a provision for damages awarded against the Group following the Comet legal case, along with related legal costs. While litigation remains ongoing, the Group has placed collateral of \$44 million (£37.0 million) for a court bond against the damages, which is reflected in cash flow and net debt, on top of the legal cost.

The business and its people have continued to demonstrate courage, resilience and dedication. We have supported customers by continuing to operate, especially in markets most severely affected by the pandemic throughout the year.

As a result of the ongoing commitment of our colleagues, our strong performance in the second half of 2022 positions us well for 2023. It is particularly pleasing, therefore, to note the sustained focus by the business on supporting its employees during another year of uncertainty, not only in relation to the persisting impact of the pandemic but also the more recent cost-of-living pressures being faced by our workforce globally.

Key remuneration decisions for 2022

ANNUAL BONUS

The annual bonus for 2022 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 the achievement against them is shown on page 125.

No bonuses were earned for the financial metrics as the thresholds were not met. The Committee assessed the strategic objectives set for the executive directors against the targets set at the start of the year, and determined that many of the objectives had been achieved. However, in light of the nil pay-out earned for the financial objectives, the executive directors volunteered to waive their bonuses, for which the Committee is appreciative.

The vesting of the 2020 LTIP award

LTIP awards granted in 2020 vested based on three-year performance through to the end of 2022, with vesting based on 3-year cumulative adjusted EPS growth (for 67% of the award) and relative Total Shareholder Return (for 33%).

- The EPS target range was 523.4p to 586.0p, with an actual EPS outcome of 534.8p, resulting in 39% 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.

The overall percentage of vested shares was 25.90% of the total award. The shares vest five years after the grant date.

The 2023 Directors' Remuneration Policy

The current Directors' Remuneration Policy (the "Policy") will reach the end of its three-year term at the 2023 AGM; therefore, the Committee spent time during 2022 considering potential changes to the Policy to meet the needs of the business and ensure that we continue to attract, retain and motivate talented executives.

The Policy has been shaped by several competing priorities including the intense labour pressures in all our markets, our continuing strong growth and performance, and the successful embedding of our acquisitions in Germany.

Concurrently, COVID continues to present challenges and uncertainties for our facilities in Asia, our continuing investment in production capabilities coupled with unpredictable supply chains and escalating production costs.

The changes made to the Policy and pay of Executive Directors over recent years have been, in our view, sensible, as well as necessary, as we have performed and grown. The annual award levels under the LTIP and the Restricted Share Plan remain below the Policy maxima for both the CEO and CFO. In addition, the CEO's total pay remains below that of CEOs at companies of a similar size. We think the current Policy will continue to serve us well and hence are proposing no substantial changes for 2023.

The Committee's review process included consultation with our 20 largest shareholders, whose feedback helped to inform our final decisions. Most respondents were supportive of our Policy, with a couple seeking clarification about the nature and

extent of the shareholding requirements for our executives. We have ensured that our new Policy clearly identifies the arrangements that are already in place – namely, that Executive Directors are required to build a minimum shareholding equivalent to 200% of base salary within five years of appointment, 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 share-based award for two years, while restricted share-based awards vest after five years from the date of grant. Though performance is measured over three years, LTIP awards are also subject to a five-year overall vesting period from the grant of award. We believe that, in combination, these arrangements provide close alignment between the interests of Executive Directors and Shareholders over the long term.

One Shareholder, who opposed the Policy in 2020, suggested that they continue to oppose the combination of performance and time-based equity awards in our long-term incentive arrangements. The Committee understands that it is unusual to mix performance and restricted shares for Executives at FTSE-listed companies, but continues to feel that this is the right approach for XP Power, particularly since the combination of performance and restricted share awards is for employees at all levels in the US, a major talent market for XP Power; extending this practice to our UK-based Executive Directors creates further alignment between the Executives and below-Board employees, and ensures that all key management personnel are treated fairly and encouraged to pull in the same direction. In this context, the relatively small size of the restricted award to Executive Directors (12.5–15% of salary) means that most of their variable remuneration remains performance based.

Decisions effective from 2023

The Committee has proactively tracked wage inflation in each of our operating markets throughout 2022; and used this to inform salary increase proposals in April 2023 for all employees. In this context, a tiered approach to salary increases has been adopted for 2023, with the intention for those on lowest salaries to receive higher percentage increases, up to 8%, around an average of 5% (to reflect the increased pressure the cost-of-living crisis places on these employees) to 2-4% for our most senior executives. The Committee has also adopted a consistent approach in reviewing the base salaries for the Executive Directors and approved increases of 0-3.6%, in line with other senior executives and significantly below the increases awarded to the majority of employees in the UK and Singapore (5% on average). The Remuneration Committee felt that these modest increases were appropriately aligned with our approach for the wider workforce, recognise the continued strong leadership of our Executive Directors, and ensure that our arrangements keep pace with salaries elsewhere in our highly competitive talent markets.

The metrics for the annual bonus will remain broadly unchanged, with pay-out based on adjusted PBT, adjusted operating cash flow as a percentage of adjusted operating income and strategic objectives.

The Committee intends to award performance shares with a face value of 100% of base salary, and restricted shares with a face value of 12.5% of base salary to Gavin Griggs and Oskar Zahn, with awards to Andy Sng of 75% and 15% of salary respectively. 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 continue granting at normal levels but will continue to monitor expected and final outcomes, using its discretion to make adjustments if necessary. The awards remain subject to a combination of EPS and relative TSR measures as set out on page 123.

How we ensured employees' voices were heard at Board level in 2022

During the year, I held four virtual engagement sessions with a diverse group of employees from across the Company's key locations, in my capacity as both Chair of the Remuneration Committee and designated NED for employee engagement. These sessions allowed employees to share their views and ask questions they have. Topics covered included our corporate culture and performance, as well what would make XP Power a better place to work at. Of particular focus throughout these discussions in 2022 were the ongoing business challenges and the impact of the prevailing inflationary environment, and how the Company's leadership were ensuring we remain well placed to navigate these.

This feedback, along with the submissions through the anonymous employee surveys, were discussed at subsequent Board meetings. Employees are also able to ask questions or share perspectives on the subject of remuneration and, while no specific feedback was received on this subject in 2022, these would be considered by the Remuneration Committee and inform its decision making around executive pay.

Remuneration resolutions at the 2023 AGM

In addition to presenting our proposed Remuneration Policy (which remains substantially unchanged from the current Policy) and Report to shareholders at the AGM in 2023, we are also seeking approval for new share plan rules applying only to senior managers below Board level. These remain largely unchanged from the previous rules, but with added flexibility to allow awards to vest in tranches, phased over multiple years, which the Committee considers is important to enable the Company's effective recruitment and retention in various geographic markets; it should be noted that these rules will not apply to Executive Directors.

The views of our Shareholders are important to us, and I hope that you will support all three of our remuneration-related resolutions. If you have any questions or comments, I can be reached at ir@xppower.com.

PAULINE LAFFERTY
REMUNERATION COMMITTEE CHAIR

28 February 2023



REMUNERATION AT A GLANCE

Context to major decisions and activities in the year

- Absolute share price performance / relative TSR against the FTSE 250
- Profits/revenue performance
- Operating cash conversion performance
- Rising wage inflation



SEE [PAGES 118-119](#)
FOR MORE INFORMATION

Achievements during the year

- Received record order levels
- Completed acquisition of FuG and Guth
- Significant progress in building a more robust supply chain



SEE [PAGE 118](#)
FOR MORE INFORMATION

Key remuneration decisions for 2022 and 2023

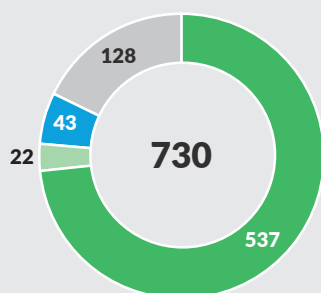
- no bonus was paid for 2022.
- 25.90% of shares vested under the 2020 LTIP.
- Executive Directors' base salaries will increase between 0% and 3.6% from 1 April 2023.



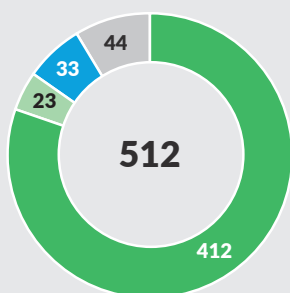
SEE [PAGES 118-120](#)
FOR MORE INFORMATION

Total Remuneration receivable for Executive Directors (£'000)

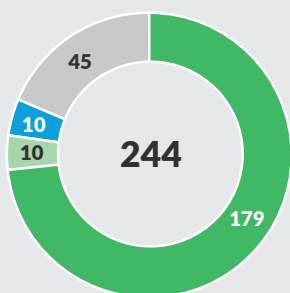
GAVIN GRIGGS



OSKAR ZAHN



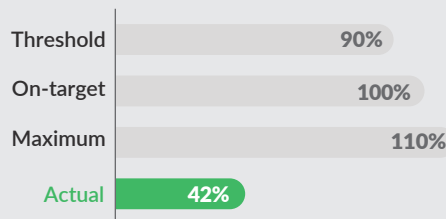
ANDY SNG



■ Base salary ■ Benefits
■ Pension ■ Long-term incentives

Achievement of performance conditions under the 2022 annual bonus

ADJUSTED OPERATING CASH CONVERSION (25%)

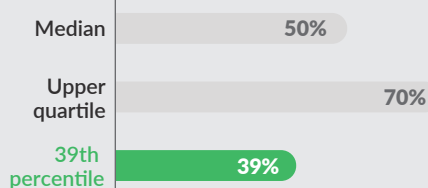


ADJUSTED PROFIT BEFORE TAX (50%)



Andy 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.

TSR (33%)



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REMUNERATION COMMITTEE REPORT CONTINUED

This table summarises the key components of the Directors' Remuneration Policy set out on pages 132-138, which is subject to approval by Shareholders at the AGM on 18 April 2023, and how the Committee intends to implement the Policy in 2023.

COMPONENT	SUMMARY OF POLICY	OPERATION IN 2023
Base salary	<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, with increases due to take effect from 1 April 2023.</p> <ul style="list-style-type: none"> Gavin Griggs' base salary will increase from £550,000 to £570,000 (an increase of 3.6%) Andy Sng's base salary will increase from S\$312,000 to S\$320,000 (an increase of 2.6%) Oskar Zahn's base salary will not change from £416,000 <p>As set out in the Annual Statement, these modest increases are consistent with the approach for other senior executives, and significantly lower than the average increase awarded to the wider workforce. These increases are considered appropriate in the context of the continued strong leadership of our Executive Directors and ensuring that our arrangements keep pace with our highly competitive talent markets.</p>
Benefits	Benefits are set by the Remuneration Committee and reviewed annually.	Benefits include life insurance, private medical cover, car, allowance, and housing allowance in China for Andy Sng.
Pensions	Executive Directors' pension contributions are in line with pension benefits offered to the wider workforce in the relevant geography, which is currently 8% in the UK.	Gavin Griggs and Oskar Zahn receive a pension contribution of 8% of base salary. Andy Sng receives a pension contribution of 6% of salary, in line with the pension benefits offered to employees in Singapore.
Annual bonuses	<p>The maximum bonus opportunity is 125% of base salary for the CEO and 100% for other Executive Directors. 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"> Financial performance; and Attainment of personal and strategic objectives. 	<p>For 2023, 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 a combination of 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"> Adjusted profit before tax (50%) Adjusted operating cash flow as a percentage of adjusted operating income (30%) Strategic objectives (20%) <p>Andy Sng's strategic performance objectives are set with reference to divisional performance and largely reflect the priorities set out for Gavin Griggs and Oskar Zahn.</p>

COMPONENT	SUMMARY OF POLICY	OPERATION IN 2023																			
Share-based incentives	Share-based incentives are made up of a Long-Term Incentive Plan (LTIP) and a Restricted Share Plan (RSP).	In 2023, the Remuneration Committee anticipates granting the following awards:																			
	<p>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.</p> <p>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.</p> <p>RSP awards may be granted without performance conditions.</p>	<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>Oskar Zahn</td> <td>100%</td> <td>12.5%</td> </tr> <tr> <td>Andy Sng</td> <td>75%</td> <td>15.0%</td> </tr> </tbody> </table> <p>The LTIP awards will vest subject to a combination of (i) cumulative diluted adjusted EPS performance and (ii) TSR performance compared with the TSR of companies in the FTSE 250 excluding investment trusts, both measured over three financial years. The performance targets for the EPS metric were still being considered by the Committee at the time of publication but will be disclosed at the time of the awards. The targets for the TSR element continue to be as below:</p> <table border="1"> <thead> <tr> <th>TSR vs FTSE 250 ex investment trusts (33% of maximum)</th> <th>Vesting</th> </tr> </thead> <tbody> <tr> <td>Upper quintile (80th percentile) or above</td> <td>100%</td> </tr> <tr> <td>Median (50th percentile)</td> <td>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>	Name	LTIP award (% of salary)	RSP award (% of salary)	Gavin Griggs	100%	12.5%	Oskar Zahn	100%	12.5%	Andy Sng	75%	15.0%	TSR vs FTSE 250 ex investment trusts (33% of maximum)	Vesting	Upper quintile (80th percentile) or above	100%	Median (50th percentile)	25%	Below median
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Non-Executive Directors' Fees	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>On 1 March 2022, XP Power announced the appointment of Jamie Pike as a Non-Executive Director and designate Chair, with the intention that he would support the transition of the current Chair of the Board and then, subject to the required approvals, succeed James Peters as Chair from the conclusion of the Company's AGM in 2023. From that point onwards, it is intended that Jamie Pike will receive an all-inclusive annual fee of £220,000. As discussed in last year's Annual Report on Remuneration, the fee that James Peters currently receives is materially below the Chair fees offered at other UK-listed companies of a similar size; this is due to his significant shareholding in XP Power, meaning he has elected to receive the same fee as the Senior Independent Director. Jamie Pike is not a major shareholder in the Company, and the Committee has therefore set his fee at a more market-typical level, believing it to be both competitive and reasonable, reflecting the complexity of the role and time commitment involved.</p> <table border="1"> <thead> <tr> <th></th> <th>Fee from 1 April 2022</th> <th>Fee from 1 April 2023</th> </tr> </thead> <tbody> <tr> <td>Chair's fee</td> <td>£60,000</td> <td>£220,000</td> </tr> <tr> <td>Base fee</td> <td>£50,000</td> <td>£50,000</td> </tr> <tr> <td>Additional fee for chairing a Committee</td> <td>£5,000</td> <td>£5,000</td> </tr> <tr> <td>Additional fee for acting as Senior Independent Director</td> <td>£5,000</td> <td>£5,000</td> </tr> <tr> <td>Additional fee for extra responsibility*</td> <td>£5,000</td> <td>£5,000</td> </tr> </tbody> </table> <p>Fees for the Non-Executive Directors were reviewed by the Chair of the Board, the designate Chair and the Executive Directors in February 2023, and no change to the base fee is proposed during 2023. 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> <p>* Extra responsibilities include acting as designated NED for workforce engagement or as Board representative on an executive committee.</p>		Fee from 1 April 2022	Fee from 1 April 2023	Chair's fee	£60,000	£220,000	Base fee	£50,000	£50,000	Additional fee for chairing a Committee	£5,000	£5,000	Additional fee for acting as Senior Independent Director	£5,000	£5,000	Additional fee for extra responsibility*	£5,000	£5,000	
	Fee from 1 April 2022	Fee from 1 April 2023																			
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Additional fee for extra responsibility*	£5,000	£5,000																			

REMUNERATION COMMITTEE REPORT CONTINUED

Annual report on remuneration

Single total figure of remuneration

The table below shows the total remuneration receivable for each Executive Director for the financial year ended 31 December 2022 and December 2021 respectively.

£'000		Salary/fees	Benefits ²	Pension	Total fixed pay	Annual bonus ³	Share-based incentives ^{4,5}	Total variable pay	Total
Executive Directors									
Gavin Griggs	2022	537	22	43	602	–	128	128	730
	2021	492	18	37	547	459	205	664	1,211
Oskar Zahn ¹	2022	412	23	33	468	–	44	44	512
	2021	267	15	21	303	182	61	243	546
Andy Sng	2022	179	10	10	199	–	45	45	244
	2021	158	29	9	196	105	66	171	367
Chair and Non-Executive Directors									
James Peters	2022	60	3	–	63	–	–	–	63
	2021	60	3	–	63	–	–	–	63
Pauline Lafferty	2022	59	–	–	59	–	–	–	59
	2021	55	–	–	55	–	–	–	55
Polly Williams	2022	57	–	–	57	–	–	–	57
	2021	50	–	–	50	–	–	–	50
Terry Twigger	2022	20	–	–	20	–	–	–	20
	2021	60	–	–	60	–	–	–	60
Jamie Pike ⁶	2022	42	–	–	42	–	–	–	42
	2021	–	–	–	–	–	–	–	–
Sandra Breene	2022	11	–	–	11	–	–	–	11
	2021	–	–	–	–	–	–	–	–
Amina Hamidi	2022	11	–	–	11	–	–	–	11
	2021	–	–	–	–	–	–	–	–

¹ Oskar Zahn was appointed CFO with effect from 4 May 2021 and to the Board with effect from 20 May 2021. Total remuneration for Oskar in 2021 reflects pay for the portion of the year that he was an Executive Director.

² Benefits include life insurance, private medical cover, car allowance, and housing allowance in China for Andy Sng.

³ The value of the annual bonus represents performance over the relevant financial year; 50% of the pay-out is deferred into shares. Further details of the 2022 annual bonus, including performance measures, actual performance and bonus pay outs, can be found on page 125.

⁴ The value of share-based incentives for 2022 represents

i. for Gavin Griggs and Andy Sng, the performance-based LTIP awards granted on 22 April 2020 with performance measured over three financial years to 31 December 2022, based on the three-month average share price to the year-end of £18.8525 and dividend equivalents payable to this date,

ii. for Gavin Griggs, Oskar Zahn and Andy Sng, the value at grant of the restricted share awards granted on 8 March 2022 based on a share price of £36.00. The values shown for Gavin Griggs and Andy Sng include the impact of a decline in the share price and dividend equivalent payments on the April 2020 LTIP equal to £(26,000) and £(8,000) respectively. The value of the April 2020 LTIP will be updated in next year's Directors' Remuneration Report to reflect the updated share price and dividend equivalent payments. Further details of the LTIP, including performance measures, actual performance and vesting can be found on page 126. Further details of the 2022 RSP can be found on page 126.

⁵ The value of share-based incentives for 2021 represents (i) for Gavin Griggs and Andy Sng, the performance-based LTIP awards granted on 16 March 2019 with performance measured over three financial years to 31 December 2021, and (ii) for Gavin Griggs and Andy Sng, the value at grant of the restricted share awards granted on 3 March 2021 based on a share price of £51.80. The vesting of March 2019 LTIP awards was based on three-year performance to 31 December 2021. 50% of the performance-vested awards vested on 16 March 2022 and the remaining 50% will vest on 16 March 2023. The value of these awards reflects the share price on vesting of £38.00 for the half of the award that vested on 16 March 2022; the three-month average share price to 31 December 2022 of £18.8525 to estimate the value at vesting of the remaining 50% of the award; and dividend equivalents payable to 31 December 2022.

⁶ Jamie Pike joined the Board on 1 March 2022 as a Non-Executive Director and designate Chair.

Notes to the single total figure table

BASE SALARY IN THE YEAR ENDED 31 DECEMBER 2022

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

	Base salary from 1 April 2021	Base salary from 1 April 2022	Percentage increase
Gavin Griggs	£500,000	£550,000	+10%
Oskar Zahn ¹	£400,000	£416,000	+4%
Andy Sng	S\$300,000	S\$312,000	+4%

¹ Oskar Zahn was appointed as CFO with effect from 4 May 2021, with a base salary of £400,000.

PENSIONS IN THE YEAR ENDED 31 DECEMBER 2022

Executive Directors' pension contributions are aligned to those offered to all employees in their respective countries of employment. This is 8% of base salary for UK Executive Directors and 6% of base salary for Andy Sng, who is based in Singapore.

ANNUAL BONUS IN THE YEAR ENDED 31 DECEMBER 2022

The maximum annual bonus opportunity in 2022 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 Remuneration Committee for the year.

	Weighting	Threshold (25%)	On-target (50%)	Maximum (100%)	Actual	% achieved
Adjusted profit before tax ¹	50%	£47.16m	£52.4m	£57.64m	£38.0m	0%
Adjusted operating cash conversion ²	25%	90%	100%	110%	42%	0%
Strategic objectives	25%					0%

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

² 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 is to ensure cash conversion is an ongoing focus throughout the year. The full-year adjusted operating cash conversion was 42%.

The Committee assessed the strategic objectives set for the executive directors against the targets set at the start of the year, and determined that many of the objectives had been achieved. However, in light of the nil pay-out earned for the financial objectives, the executive directors volunteered to waive their bonuses, for which the Committee is appreciative. The strategic objectives covered several categories, including: key strategic objectives, ESG, people, supply chain management, finance team efficiencies, and treasury/forecasting improvements; the Committee prefers not to provide any more disclosure around these objectives, in light of the commercial sensitivities around their precise description, and the nil payout against them.

Long-term incentive awards vested or due to vest with respect to performance in the year ended 31 December 2022

2020 LTIP AWARDS

The 2020 LTIP awards granted on 22 April 2020 were measured over three financial years from 1 January 2020, based two-thirds on compound annual EPS growth and one-third on TSR compared with companies in the FTSE 250 index excluding investment trusts. The table below summarises performance against the performance targets.

	Weighting	Threshold (25%)	Maximum (100%)	Actual	% achieved
EPS growth	67%	523.4p	586.0p	534.8p	38.66%
TSR	33%	Median	Upper quintile	Below median	0%
Total					25.90%

Shares under this award will vest on 22 April 2025, with performance measured over the three financial years ended 31 December 2022.

	Date of grant	Type of award	Number of shares awarded	% vesting	Dividend equivalent payments per share ¹	Number of shares vested or due	Value of shares vested or due to vest ¹
Gavin Griggs	22 April 2020	Nominal-cost options	10,453	25.90%	£2.26	2,708	£57,124
Andy Sng	22 April 2020	Nominal-cost options	3,236	25.90%	£2.26	839	£17,684

¹ The value of share-based incentives represents LTIP awards that vest with respect to performance periods ending during the year. As these awards were not due to vest until April 2023, the value of these has been estimated using the average share price in the last three months of 2022, being £18.8525, and an estimate of dividend equivalents.

Scheme interests awarded in the year ended 31 December 2022

The following awards were granted to Executive Directors in 2022:

	Date of grant	Plan ¹	Type of award	Face value of award	Number of shares awarded	End of performance period
Gavin Griggs	8 March 2022	LTIP 2017	Nominal-cost options	£549,972	15,277	31/12/2024
	8 March 2022	RSP 2020	Nominal-cost options	£68,724	1,909	n/a
	8 March 2022	DBP 2017	Nil-cost options	£229,356	6,371	n/a
Oskar Zahn	8 March 2022	LTIP 2017	Nominal-cost options	£415,980	11,555	31/12/2024
	8 March 2022	RSP 2020	Nominal-cost options	£51,984	1,444	n/a
	8 March 2022	DBP 2017	Nil-cost options	£91,044	2,529	n/a
Andy Sng	8 March 2022	LTIP 2017	Nominal-cost options	£131,004	3,639	31/12/2024
	8 March 2022	RSP 2020	Nominal-cost options	£26,172	727	n/a
	8 March 2022	DBP 2017	Nil-cost options	£52,560	1,460	n/a

² 2022 awards were granted under the LTIP 2017, RSP 2020 and DBP 2017 based on the mid-market share price for 7 March 2022, being £36.00.

Long-term incentive measures and targets

The performance targets for the 2021 and 2022 LTIP awards are summarised below.

		2021 award (67% EPS and 33% TSR)	2022 award (67% EPS and 33% TSR)
Earnings per share	Operation	Cumulative EPS over three financial years	Cumulative EPS over three financial years
	Threshold (25% vest)	576.7p	580.5p
	Maximum (100% vest)	645.9p	650.2p
Total shareholder return	Operation	Relative TSR compared with that for the constituents of the FTSE 250 index (excluding investment trusts)	Relative TSR compared with that for the constituents of the FTSE 250 index (excluding investment trusts)
	Threshold (25% vest)	Median (50th percentile)	Median (50th percentile)
	Maximum (100% vest)	Upper quintile (80th percentile)	Upper quintile (80th percentile)

Awards of restricted shares that were granted to Executive Directors in 2022 are not subject to performance conditions on vesting.

Directors' shareholding and share interests

A shareholding guideline applies to Executive Directors, which requires 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 2021	Beneficially owned shares at 31 December 2022	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			
Executive Directors									
Gavin Griggs	-	8,252	9,473	9,407	24,929	-	200%	Building	
Oskar Zahn	-	-	2,529	2,647	19,579	-	200%	Building	
Andy Sng	24,000	30,723	2,786	3,074	5,569	60	200%	Met	
Chair and Non-Executive Directors									
James Peters	1,004,279	1,004,279	-	-	-	-	n/a	n/a	
Jamie Pike	-	3,838	-	-	-	-	n/a	n/a	
Terry Twigger ¹	-	-	-	-	-	-	n/a	n/a	
Polly Williams	-	-	-	-	-	-	n/a	n/a	
Pauline Lafferty	-	-	-	-	-	-	n/a	n/a	
Sandra Breene ²	-	-	-	-	-	-	n/a	n/a	
Amina Hamidi ²	-	-	-	-	-	-	n/a	n/a	

¹ Terry Twigger stepped down from the Board with effect from 29 April 2022. The beneficially owned shares shown for Terry represent his shareholding at the 29 April 2022.

² Sandra Breene and Amina Hamidi joined the Board on 11 October 2022.

REMUNERATION COMMITTEE REPORT CONTINUED

The table below summarises the outstanding share awards for Gavin Griggs:

Date of grant	Exercise price	Interest as at 31/12/21	Granted in the year	Forfeited in the year	Exercised in the year	Interest as at 31/12/22	Vesting date ¹	Expiry date
2017 LTIP								
01/11/17	£0.01	8,000	-	-	(8,000)	-	31/12/20	31/12/22
16/03/19	£0.01	13,659	-	(9,106)	(2,276)	2,277	16/03/22	16/03/24
22/04/20	£0.01	10,453	-	-	-	10,453	22/04/25	22/04/26
03/03/21	£0.01	9,652	-	-	-	9,652	03/03/26	03/03/27
08/03/22	£0.01	-	15,277	-	-	15,277	08/03/27	08/03/28
2020 RSP								
22/04/20	£0.01	1,307	-	-	-	1,307	22/04/25	22/04/26
03/03/21	£0.01	1,206	-	-	-	1,206	03/03/26	03/03/27
08/03/22	£0.01	-	1,909	-	-	1,909	08/03/27	08/03/28
Deferred Bonus								
02/03/18	-	515	-	-	(515)	-	31/12/19	-
06/03/19	-	4,349	-	-	(4,349)	-	31/12/20	-
04/03/20	-	471	-	-	(471)	-	28/02/22	-
04/03/21	-	3,102	-	-	-	3,102	26/02/23	-
08/03/22	-	-	6,371	-	-	6,371	28/02/24	-

¹ LTIP awards granted in 2017 and 2019 vest 50% after three years, and 50% after four years; the vesting date shown in the column reflects the first vest date.

This table summarises the outstanding share awards for Oskar Zahn:

Date of grant	Exercise price	Interest as at 31/12/21	Granted in the year	Forfeited in the year	Exercised in the year	Interest as at 31/12/22	Vesting date	Expiry date
2017 LTIP								
10/05/21	£0.01	8,024	-	-	-	8,024	10/05/26	10/05/27
08/03/22	£0.01	-	11,555	-	-	11,555	08/03/27	08/03/28
2020 RSP								
10/05/21	£0.01	1,203	-	-	-	1,203	10/05/26	10/05/27
08/03/22	£0.01	-	1,444	-	-	1,444	08/03/27	08/03/28
Deferred Bonus								
08/03/22	-	-	2,529	-	-	2,529	28/02/24	-

This table summarises the outstanding share awards for Andy Sng:

Date of grant	Exercise price	Interest as at 31/12/21	Granted in the year	Forfeited in the year	Exercised in the year	Interest as at 31/12/22	Vesting date ¹	Expiry date
2012 Share Options								
23/02/16	£15.425	60	-	-	-	60	23/02/20	23/02/26
2017 LTIP								
16/05/18	£0.01	2,591	-	-	(2,591)	-	16/05/21	16/05/23
16/03/19	£0.01	4,878	-	(3,252)	(812)	814	16/03/22	16/03/24
22/04/20	£0.01	3,236	-	-	-	3,236	22/04/25	22/04/26
03/03/21	£0.01	1,930	-	-	-	1,930	03/03/26	03/03/27
08/03/22	£0.01	-	3,639	-	-	3,639	08/03/27	08/03/28
2020 RSP								
22/04/20	£0.01	405	-	-	-	405	22/04/25	22/04/26
03/03/21	£0.01	289	-	-	-	289	03/03/26	03/03/27
08/03/22	£0.01	-	727	-	-	727	08/03/27	08/03/28
Deferred Bonus								
06/03/19	-	1,389	-	-	(1,389)	-	31/12/20	-
04/03/20	-	1,931	-	-	(1,931)	-	28/02/22	-
04/03/21	-	1,326	-	-	-	1,326	26/02/23	-
08/03/22	-	-	1,460	-	-	1,460	28/02/24	-

¹ LTIP awards granted in 2018 and 2019 vest 50% after three years and 50% after four years; the vesting date shown in the column reflects the first vest date.

The closing share price of the Company's shares at 31 December 2022 was £20.35 (31 December 2021: £51.00) and the price range fluctuated between £14.64 and £52.50 over the financial year.

Payments to past directors

Duncan Penny stepped down as CEO on 31 December 2020 and stood down from the Board with effect from 20 April 2021. He ceased to be an employee at the end of May 2022. The Committee determined that he would be treated as a good leaver and the treatment of unvested awards is set out below:

LTIP

- The second tranche of his March 2018 LTIP award vested in accordance with the plan rules in May 2022, with options over 5,079 ordinary shares in the Company becoming exercisable. This award was subject to performance conditions ending 31 December 2020 as previously disclosed.
- The first tranche of his March 2019 LTIP award vested in accordance with the plan rules in March 2022, with options over 3,170 ordinary shares in the Company becoming exercisable. The second tranche of this award vested on Duncan Penny's date of cessation as an employee at the end of May 2022, with options over 3,171 ordinary shares in the Company becoming exercisable. These awards were subject to performance conditions ending 31 December 2021 as in last year's report.
- The 2020 LTIP award, due to vest in April 2025, was assessed against the same performance conditions ending as for other Executive Directors set out on page 126 and will result in 25.90% options over ordinary shares in the Company becoming exercisable on the original vesting date. This award is subject to time pro-rating.

RSP

- The 2020 RSP award is due to vest in 2025 and will be subject to a pro-rated reduction and a six-month exercise period, with options over 1,263 ordinary shares in the Company becoming exercisable on the original vesting date.

DBP

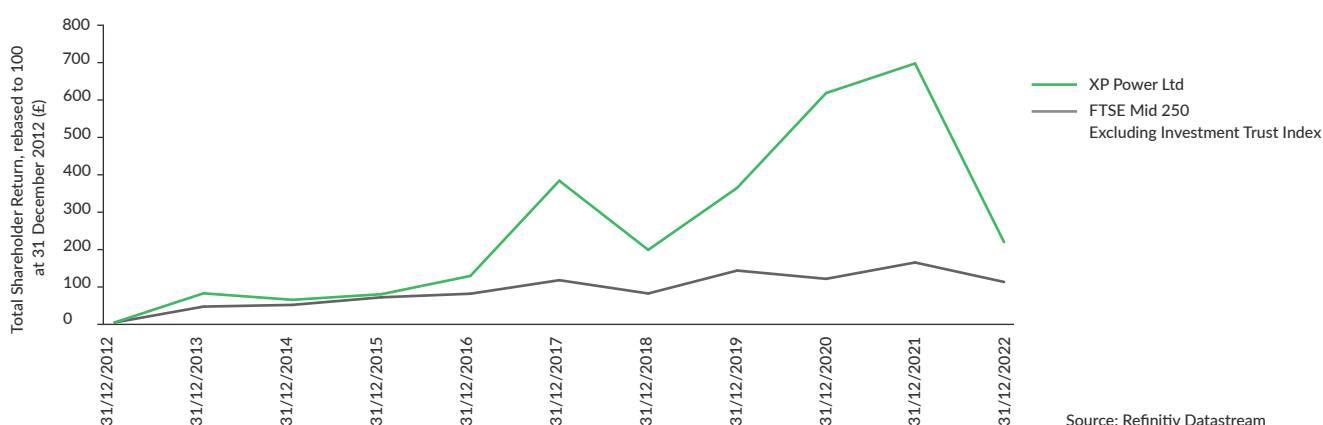
- The 2019 DBP award vested in February 2022, with options over 657 ordinary shares in the Company becoming exercisable.
- The 2020 DBP award vested on Duncan Penny's date of cessation as an employee at the end of May 2022, with options over 4,256 ordinary shares in the Company becoming exercisable within 12 months from the vesting date.

Payments for loss of office

There were no payments for loss of office.

Assessing pay and performance

This chart shows the total shareholder return for XP Power since 31 December 2012 compared with that of the FTSE 250 (excluding investment trusts), rebased at 100.



This table shows total remuneration, annual bonus outturn and long-term incentive outturn for the CEO over the same period.

	2013	2014	2015	2016	2017	2018	2019	2020	2021 ¹	2022
CEO total remuneration (£'000)	£271	£271	£310	£800	£531	£684	£562	£1,357	£1,211	£730
Annual bonus (% of maximum)	0%	0%	15%	27%	100%	71%	11%	98%	73%	0%
Long-term incentives (% of maximum)	n/a	n/a	n/a	81%	n/a	n/a	80%	81%	33%	26%

¹ Data in the table is relevant to Duncan Penny up to 2020, and then Gavin Griggs from 2021.

REMUNERATION COMMITTEE REPORT CONTINUED

Context for Directors' remuneration

While the Remuneration Committee has not engaged directly with employees on how Executive remuneration aligns with the wider pay policy, the Board has engaged through employee focus groups as outlined on page 120. The Remuneration 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 at these focus groups.

Annual percentage change in remuneration of Directors and employees

The table below shows the percentage change in salary, taxable benefits and annual bonus earned for each Director, compared to that of the average employee (excluding employees in China and Vietnam, where there has been significant salary inflation).

	Percentage change between 2019 and 2020			Percentage change between 2020 and 2021			Percentage change between 2021 and 2022		
	Base salary	Taxable benefits	Annual bonus	Base salary	Taxable benefits	Annual bonus	Base salary	Taxable benefits	Annual bonus
Average employee	4%	3%	670%	8%	139%	(33%)	41%	19%	(69%)
Executive Directors									
Gavin Griggs ¹	10%	(2%)	938%	57%	(22%)	43%	9%	22%	(100%)
Oskar Zahn ²	-	-	-	-	-	-	54%	53%	(100%)
Andy Sng	1%	(9%)	6%	6%	(24%)	(23%)	13%	(66%)	(100%)
Non-Executive Directors									
James Peters	15%	1%	-	3%	50%	-	0%	0%	-
Jamie Pike ³	-	-	-	-	-	-	-	-	-
Terry Twigger ⁴	25%	-	-	7%	-	-	(67%)	-	-
Polly Williams	27%	-	-	(2%)	-	-	14%	-	-
Pauline Lafferty	1338%	-	-	15%	-	-	7%	-	-
Sandra Breene ⁵	-	-	-	-	-	-	-	-	-
Amina Hamidi ⁵	-	-	-	-	-	-	-	-	-

¹ 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 pay as CFO.

² Oskar Zahn was appointed as CFO with effect from 4 May 2021, so no year-on-year comparison is possible.

³ Jamie Pike joined the Board on 1 March 2022, so no year-on-year comparison is possible.

⁴ Terry Twigger stepped down from the Board with effect from 29 April 2022, so no year-on-year comparison is possible between 2021 and 2022.

⁵ Sandra Breene and Amina Hamidi joined the Board on 11 October 2022, so no year-on-year comparison is possible.

CEO pay ratio

The table below shows the ratio of the CEO's total remuneration to that of the lower quartile, median and upper quartile UK employee and for the CEO.

Year	Method ¹	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
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

¹ Option A was selected because it best reflects the underlying data. Because a large portion of the CEO's pay is variable, the pay ratio is heavily dependent on the outcomes of variable pay plans and, in the case of long-term share-based awards, share price movements.

The year-on-year difference in the ratio of the CEO's pay to the pay of UK employees is principally explained by the variable pay outturns paid in 2021, which were higher than those paid in 2022. Annual bonus and long-term incentives make up a significant proportion of Executive remuneration while it is only a relatively low proportion of total pay for the wider workforce.

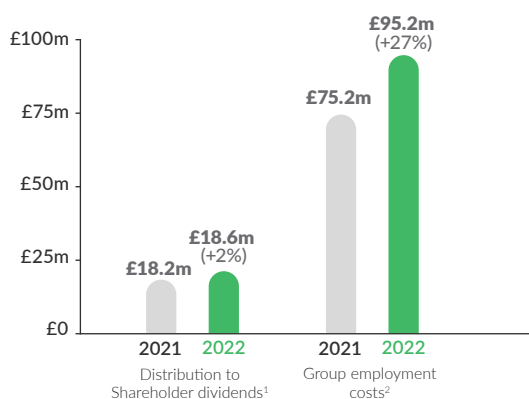
The table below shows the total pay and benefits, and the salary component for the employees who sit at each of the three quartiles in 2022.

Year	Total pay and benefits	Salary component of total pay
25th percentile	£31,270	£29,863
50th percentile	£50,320	£45,000
75th percentile	£79,733	£72,201
Chief Executive	£730,000	£537,000

The ratio of the CEO's pay to the median pay of employees in the UK is a function of XP Power's pay, reward and progression policies for the Company's UK employees and for all XP Power's 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.



¹ Refer to Financial Statements – Note 9 for more details.

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

Advice received in the year

During the year, FIT Remuneration Consultants LLP ("FIT") provided advice to the Company on Directors' remuneration. From December 2022, Ellason LLP ("Ellason") succeeded FIT as advisors to the Committee. Neither FIT or Ellason provide other services to the Remuneration Committee, have further connection with the Company or individual Directors. FIT and Ellason are both signatories to the Remuneration Consultants Group's Code of Conduct. The fees paid by the Company to FIT in the year was £35,911 excluding VAT. Fees paid by the Company to Ellason in December 2022 was £7,650 excluding VAT. On this basis, the Remuneration Committee satisfied itself that the advice of FIT and Ellason was objective and independent.

Voting on remuneration

The table below sets out voting in respect of the approval of the Directors' Remuneration Policy at the AGM on 21 April 2020 and the Directors' Remuneration Report at the AGM on 14 April 2022.

	Meeting	Votes for	% of votes for	Votes against	% of votes against	Votes withheld
Approval of Directors' Remuneration Policy	21 April 2020	11,125,326	79.15%	2,930,138	20.85%	299,852
Approval of Directors' Remuneration Report	14 April 2022	14,507,210	94.7%	812,231	5.3%	1,500

We continue to engage with our Shareholders on executive remuneration and seek to strike the right balance of interest among all our Shareholders.

DIRECTOR'S REMUNERATION POLICY

The Directors' Remuneration Policy (the "Policy") is subject to a binding shareholder vote at XP Power's AGM on 18 April 2023 and, if approved, will apply from this date. The intention is that the Policy will apply for a period of at least three years.

The Policy was reviewed and approved by the Remuneration Committee. As part of the review process, the Committee sought the views of other Board members, Executives and the external advisers, as well as our larger shareholders and shareholder advisory bodies. This feedback was considered by the Committee, who then made decisions independently.

There are no material changes proposed in the Policy from the previous version, which was approved at the AGM in 2020.

The information in this section of the Directors' Remuneration Report is not subject to audit.

How our remuneration policy links to the UK Corporate Governance Code

When the proposed Policy was developed, the Committee was mindful of the UK Corporate Governance Code and considers that the executive remuneration framework continues to appropriately address the following factors:

FACTORS	HOW THESE ARE ADDRESSED
Clarity	<ul style="list-style-type: none"> Our Directors' Remuneration Policy is transparent and clearly articulated in the Annual Report. There are no material changes from the previous version of the Policy so it is already well understood internally and externally.
Simplicity	<ul style="list-style-type: none"> The Committee believes that the executive remuneration arrangements are market standard, straightforward and well understood by both participants and Shareholders.
Risk	<ul style="list-style-type: none"> The Committee's approach to target setting seeks to discourage inappropriate risk taking through a blend of Shareholder return, financial and non-financial objectives. 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.
Predictability	<ul style="list-style-type: none"> Executives' incentives are subject to individual participation caps. An indication of the range of outcomes in the packages is provided on page 121. Deferred bonus and LTIP awards provide alignment with the share price and their values will depend on share price at the time of vesting.
Proportionality	<ul style="list-style-type: none"> 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.
Alignment to culture	<ul style="list-style-type: none"> Pay and policies cascade down the organisation to ensure they are fully aligned with the XP Power culture.

The policy table

The objectives of the Remuneration Policy are to:

- reward employees and Executives appropriately for the work they do (base salary);
- provide market competitive remuneration packages to enable retention or recruitment (base salary plus benefits);
- incentivise the employees and Executives 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).

The following table provides a summary of the key components of the remuneration package. Other than minor clarifications to explain the operation of our incentives, there are no material changes to the prior policy table. We also provide more detailed disclosure around the default leaver provisions attaching to our incentives in a new separate section following the main policy table:

PURPOSE	OPERATION	OPPORTUNITY	APPLICABLE PERFORMANCE MEASURES
BASE SALARY			
<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
BENEFITS			
<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 Directors include:</p> <ul style="list-style-type: none"> • Paid holidays • Life insurance • Private medical cover • Housing allowance • Car allowance <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
ANNUAL BONUSES			
<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 below 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"> • Financial performance; • Attainment of personal, operational, and strategic objectives; and • Weighting will focus on Group financial performance.

REMUNERATION COMMITTEE REPORT CONTINUED

PURPOSE	OPERATION	OPPORTUNITY	APPLICABLE PERFORMANCE MEASURES
PENSIONS			
Provide a basic pension benefit that would be expected for the position.	Percentage of base salary paid into a defined contribution scheme.	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.	n/a
SHARE-BASED INCENTIVES			
Align the interests of Executive Directors and Shareholders in the long term. Incentivise long-term value creation.	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.	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>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>	25% of a LTIP award will vest for threshold performance.	<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"> • Financial performance (such as EPS) • Value creation (such as TSR) • Strategic objectives <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>	
	<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 below 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>		

PURPOSE	OPERATION	OPPORTUNITY	APPLICABLE PERFORMANCE MEASURES
SHAREHOLDING (MINIMUM)			
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
POST EMPLOYMENT SHAREHOLDING			
Align the interests of Executive Directors and Shareholders in the long term.	<p>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.</p> <p>Shares that have been, or are in future, purchased by Executives will not be subject to restrictions on sale.</p> <p>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.</p>	n/a	n/a
NON- EXECUTIVE DIRECTORS' FEES			
Fees are set at a level that is sufficient to attract, motivate and retain quality Non- Executive Directors.	<p>Fees are reviewed periodically. The Board (excluding the Non-Executive Directors) are responsible for setting Non-Executive Directors' fees.</p> <p>Non-Executive Directors are not entitled to participate in the Group's incentive plans.</p>	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 the business strategy and key priorities at the time. 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 to give the Committee the ability 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 they 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 table above, 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.

Executive Directors' contracts

The Executive Directors' contracts run for an indefinite period, with the Company being 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 AGM of the Company. 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	DBP	LTIP	RSP
Good leaver	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 grant of the award 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>
Bad leaver	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.	<p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p>
Change of control	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 the 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 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 decisions on Executive remuneration. The development of this Policy was subject to consultation with Shareholders and proxy agency advisers. 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 and keeps this in mind when determining the Policy for Executive Directors.

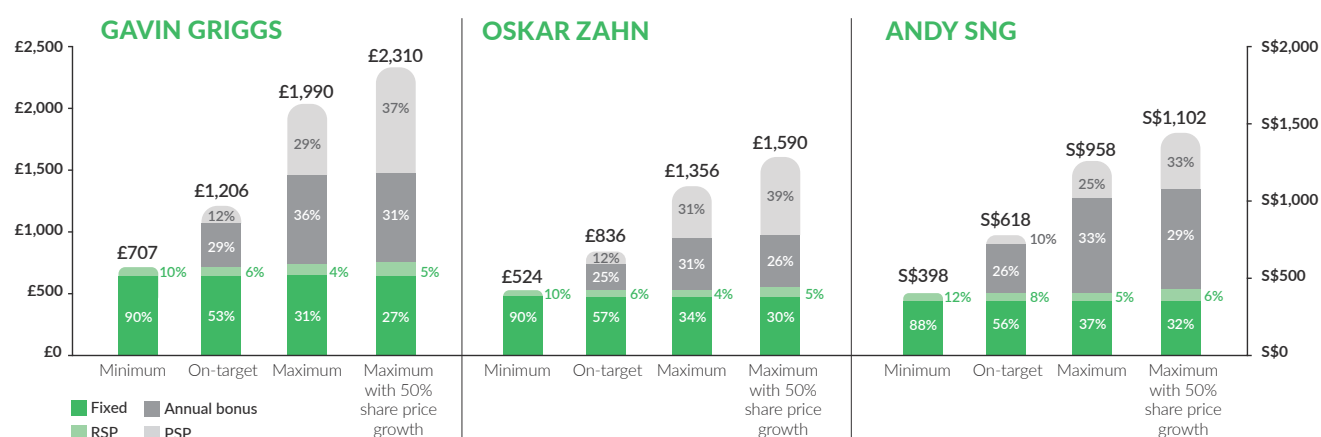
Fixed pay is set for wider employees in a similar way to that for the Executive Directors, albeit in some locations pay is subject to local regulatory compliance. The use of incentive pay will vary across the business and any performance measures used will reflect the nature of the specific role and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

The Remuneration Committee does not consult directly with other employees when setting Executive Director remuneration. However, the Chair of the Remuneration Committee 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.



The charts above illustrate the value of the remuneration package for each Executive in 2023, 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 2023)	Benefits (as per FY22)	Pension	Total fixed pay
Chief Executive Officer	Gavin Griggs	£570,000	£21,800	£44,000	£635,800
Chief Financial Officer	Oskar Zahn	£416,000	£22,500	£33,300	£471,800
Executive Vice President, Asia	Andy Sng	\$320,000	\$11,400	\$18,700	\$350,100