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James's
Place

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2023 Director's Remuneration Policy

2023

2023 Directors' Remuneration Policy

During the year, the Committee carried out a review of the Directors' Remuneration Policy (Policy) in preparation for the normal triennial vote at the AGM in 2023. The Committee decided to propose some amendments to the Policy to support the continued success of the business over the next three years and to incorporate latest developments in best practice. This section of the Directors' Remuneration Report sets out the new Policy, which will be submitted for a shareholder vote at the 2023 AGM. The Policy will apply to remuneration in respect of the three-year period from 2023 to 2025.

Overview of the Policy

How the Committee sets the Policy

The Committee, on behalf of the Board, draws up and recommends the Policy and determines the remuneration packages of the Executive Directors of the Company and the Chair of the Board. In addition, the Committee determines the remuneration of the senior management team (including the Chief Risk Officer) and any other employees classified as Material Risk Takers or Identified Staff under relevant financial services regulations. The Committee also oversees remuneration policy and practice for the wider employee population, including the operation of any share schemes.

Approach to, and objectives of, the Policy

Our previous Policy was approved by shareholders in the required triennial vote at the 2020 AGM with 94.71% votes in favour, and operated from 2020 to 2022. The overall approach to remuneration adopted by St. James's Place has been in place for many years, and the 2020 Policy was little changed from that approved by shareholders in 2017.

The Committee carried out a detailed review of the current Policy during 2022, taking into account the business strategy for the next three years, pay and employment conditions of other employees in the Group, shareholder feedback received, latest best practice guidance and the 2018 UK Corporate Governance Code. Following the review, the Committee decided to propose a number of amendments to the Policy to ensure the remuneration arrangements for Executive Directors continue to be in line with best practice and shareholder expectations, and that the Policy supports the business strategy. The amended Policy will apply to awards in respect of the 2023 performance year onwards for all Executive Directors. A summary of the proposed amendments to the current Policy is also provided.

The proposed new Policy is designed to meet the following objectives:

- ◆ to support the retention of individuals with the experience and skills to drive the performance of the Company;
- ◆ to ensure remuneration is transparent and reflects the performance of the Group in the relevant year and the longer term. Annual bonus and long-term incentive opportunities are therefore linked to the achievement of demanding performance targets; and
- ◆ to align pay with the strategic objectives of the Company and the interests of our shareholders, whilst giving due regard to principles of best practice and relevant regulations.

Considerations when setting the Policy

In setting the Policy for the Executive Directors, the Committee also takes into consideration a number of factors:

- ◆ the Committee applies the principles set out in the UK Corporate Governance Code and also takes into account best practice guidance issued by the major UK institutional investor bodies, the PRA and FCA (including the provisions of any applicable Remuneration Codes) and other relevant organisations;
- ◆ the Committee has overall responsibility for the remuneration policies and structures for employees of the Group as a whole and it reviews remuneration policy on a firm-wide basis. When the Committee determines and reviews the Policy, it considers and compares it against the pay, policy and employment conditions of the Group to ensure that there is appropriate alignment between the two; and
- ◆ the Committee considers the external market in which the Group operates and uses comparator remuneration data from time to time to inform its decisions. However, the Committee recognises that such data should be used as a guide only (recognising that data can be volatile and may not be directly relevant) and that there is often a need to phase in changes over a period of time.

The Committee's overall policy, having had due regard to the factors above, is that a substantial proportion of total remuneration should be in the form of variable pay. This is achieved by setting base pay and benefits no higher than mid-market levels, with annual bonus and long-term incentive opportunities linked to the achievement of demanding performance targets.

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The Policy ensures alignment of the total remuneration paid to the Executive Directors with the interests of shareholders. Historically, the levels of annual bonus awarded, and long-term incentives awarded, to the Executives have varied considerably, reflecting the performance of the Group in the relevant year.

Executive Directors are not involved in the determination of their personal remuneration. Committee members are not permitted to vote on the implementation of the Non-Executive Director elements of the Policy that apply to them, in line with the procedures established by the Board for the management of conflicts of interest.

Engagement with shareholders

The Committee engages with, and seeks the views of, its major investors and investor representative bodies on any significant changes to the Policy. The Committee also engages from time to time with shareholders when considering important questions about the implementation of the Policy. Views expressed by shareholders are considered by the Committee as part of any review of the Policy, or sooner if appropriate. The Committee has consulted with major shareholders and voting agencies on the proposed amendments to the Policy for 2023-25.

Summary of proposed amendments to the current Policy:

- ◆ increase the weight on financial performance in the annual bonus scorecard to 60% (from 50% previously) and reduce the weight on the strategic and operational metrics to 40%;
- ◆ increase the maximum annual bonus to 200% of base salary (from 150% previously) in two stages – to 175% for 2023 and 200% from 2024;
- ◆ extend the post-cessation shareholding requirement of 300% of salary for the CEO and 200% of salary for the CFO, for all shares to be retained for the entire two year period post cessation (instead of the previous Policy of full requirement for the first year, and half this for the second year); and
- ◆ reduce pension allowances for incumbent Executive Directors to 15% effective 1 January 2023, aligned with the level provided to long-serving employees in the wider workforce. The allowance level for new Executive Directors appointees is already aligned with the level for the wider workforce, which is 10% of base salary on joining rising to 15% with service.

For information, the Committee is also reducing the weight on Embedded Value (EV)-based EPS in the Performance Share Plan (PSP) to one third (from two thirds currently) and introducing a Cash Result-based EPS metric with a weighting of one third. Relative TSR will continue to be used for the remaining third. These metrics provide a good balance, reflecting performance over the long term in growing the business, and in delivering value and cash flows for shareholders.

The Committee will measure EPS growth for future grants in the PSP against absolute targets rather than relative to inflation. SJP has been one of the very few remaining companies using inflation-linked targets in its LTIP. With the increasingly volatile and unpredictable inflation levels in the economy, continuing the inflation-linked approach risks undermining the incentive effect of the plan. Growth will be measured on a Compound Annual Growth Rate (CAGR) basis, which is more exacting than the Average Annual Growth Rate (AAGR) basis used previously. The EPS targets for the 2023 grant are detailed in the 2022 Annual Report on Remuneration.

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Remuneration Policy for Executive Directors

The following table summarises each element of the Policy, explaining how each element operates and links to corporate strategy.

Element	Purpose and link to strategy	Operation including maximum opportunity	Performance metrics
Base salary	<p>To provide the core reward for the role.</p> <p>Sufficient level to recruit and retain individuals of the necessary calibre, taking into account the required skills, experience, demands and complexity of the role.</p>	<p>Normally reviewed annually from 1 March, taking into account: role, experience and performance of the individual; Company performance; external economic conditions; average changes in broader workforce salary; and periodic benchmarking for each role against similar UK-listed companies.</p> <p>Percentage increases will normally be at, or below, the level of percentage increases for the Company's wider employee population. Increases may be higher in exceptional circumstances, such as a change in role, a significant change in responsibility or role size and/or where salary is substantially out of line with market norms.</p> <p>Where new appointees have been given a starting salary below mid-market level, percentage increases above those granted to the wider workforce may be awarded, subject to individual performance and development in the role.</p>	<p>Whilst there are no performance targets attached to the payment of base salary, performance is considered as context in the annual salary review.</p>
Pension	<p>Helps recruit and retain Executive Directors.</p> <p>Provides a discrete element of the package to contribute to retirement income.</p>	<p>Provides either defined contributions to a pension scheme or an equivalent cash amount via non-pensionable allowance if the Executive Director is affected by HMRC limits.</p> <p>The maximum pension level for Executive Directors who joined the Board before the 2018 AGM will be 15% from 1 January 2023. This brings it into line with the pension allowance for long-serving employees in the wider workforce.</p> <p>For any Executive Directors joining the Board after the 2018 AGM, the pension allowances are aligned to those of the wider workforce, which is currently an employer contribution of 10% of salary on joining, which increases with service up to a maximum of 15%.</p> <p>In response to changes in legislation or similar developments, the Company may amend the form of an Executive Director's pension arrangements.</p>	<p>N/A</p>
Other benefits	<p>Operate competitive benefits to help recruit, retain and support the wellbeing of employees.</p>	<p>Including but not limited to:</p> <ul style="list-style-type: none"> ◆ Company car (or salary supplement in lieu) ◆ Private medical insurance ◆ Life cover ◆ Critical illness ◆ Death-in-service cover ◆ Relocation assistance, such as accommodation allowance, where necessary ◆ Use of a driver for business purposes. <p>Executive Directors are eligible to participate in any all-employee share plan (e.g. SIP and SAYE) operated by the Company, on the same terms as other eligible employees. The maximum level of participation is subject to limits imposed by HMRC (or a lower cap set by the Company).</p> <p>Any reasonable business expenses (including tax thereon) may be reimbursed.</p>	<p>N/A</p>

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Element	Purpose and link to strategy	Operation including maximum opportunity	Performance metrics
Annual bonus	<p>Rewards the achievement of annual financial and strategic business plan targets and delivery of key non-financial objectives.</p> <p>Deferred element aids retention, encourages long-term shareholding, discourages excessive risk taking and aligns with shareholders' interests.</p> <p>Performance metrics reflect the key performance drivers of the annual business plan, achievement of which will indicate performance in line with the Group's strategy.</p>	<p>Maximum opportunity for the Executive Directors is 175% of base salary in 2023 and 200% from 2024 onwards.</p> <p>Performance below threshold results in zero payment. Payments are on a scale from 20% to 100% of the maximum opportunity, for performance between threshold and maximum.</p> <p>50% of any bonus payable is paid in cash and the remaining 50% deferred into SJP shares, the vesting of which is normally subject to a three-year continuous service requirement but not further performance conditions.</p> <p>Dividends in the form of shares accrue on the deferred shares and are paid to the Executive Directors during the three-year deferral period.</p> <p>All bonus payments are at the discretion of the Committee. The Committee has the discretion to override formulaic bonus outcomes, where necessary, under both financial and non-financial performance metrics, to take account of overall performance.</p> <p>The Company Malus and Clawback Policy applies. The Committee may apply malus or clawback in such circumstances as:</p> <ul style="list-style-type: none"> ◆ misconduct; ◆ failure to meet appropriate standards of fitness and propriety; ◆ financial misstatement; ◆ error or miscalculation in determining a performance outcome or award; and ◆ material failure of risk management. 	<p>Performance measures, targets and weightings are reviewed annually and set in line with the annual business plan.</p> <p>Performance is measured over one year. At least 60% of the bonus is based on financial measures, reflecting the key priorities of the business for the relevant year. Up to 40% of the annual bonus can be based on the achievement of key non-financial objectives set at the start of the year.</p> <p>Actual measures and weightings may change from year to year to reflect the business priorities at that time.</p> <p>Details of performance criteria and targets set for the year under review and performance against them are provided in the Annual Report on Remuneration.</p>
Performance Share Plan	<p>Supports long-term retention.</p> <p>Focuses the Executive Director on longer-term corporate performance and objectives.</p> <p>Aligns interests to those of shareholders.</p>	<p>Awards may be granted annually for up to 250% of salary as at date of grant.</p> <p>Vesting is usually on the third anniversary of the date of grant, dependent on the achievement of stretching performance conditions measured over a period of three financial years.</p> <p>Executive Directors are required to retain vested PSP shares, net of tax, for a further period of two years.</p> <p>Dividend equivalents may accrue, in the form of shares, on awards made between the date of grant and the end of the two-year post-vesting holding period. These dividend equivalents will be released only to the extent that awards vest.</p> <p>The Committee has the discretion to override formulaic vesting outcomes, where necessary, to take account of overall performance.</p> <p>The Committee has the discretion, in exceptional circumstances, to grant and/or settle an award in cash.</p> <p>The Company Malus and Clawback Policy applies. The Committee may apply malus or clawback in such circumstances as:</p> <ul style="list-style-type: none"> ◆ misconduct; ◆ failure to meet appropriate standards of fitness and propriety; ◆ financial misstatement; ◆ error or miscalculation in determining a performance outcome or award; and ◆ material failure of risk management. 	<p>Awards vest to the extent of achievement of the following performance metrics (equally weighted):</p> <ul style="list-style-type: none"> ◆ EPS growth based on EEV adjusted profit; ◆ EPS growth based on Cash result; and ◆ relative TSR performance. <p>The Committee may choose different measures, and weightings between them, if it deems it appropriate, taking into account the strategic objectives of the Company.</p> <p>For each performance metric, a threshold and stretch level of performance is set. At threshold, 25% of the relevant element vests, rising on a straight-line basis to 100% for performance between threshold and maximum.</p>

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Element	Purpose and link to strategy	Operation including maximum opportunity	Performance metrics
Minimum shareholding requirements	To ensure alignment of the long-term interests of Executive Directors and shareholders.	Executives are required to build and maintain a minimum shareholding equivalent to 300% of base salary for the Chief Executive and 200% of base salary for other Executives, to be achieved normally within five years of appointment. Until the threshold is reached, at least 50% of vested shares from the PSP and other share awards (less tax liability) should normally be retained.	N/A
Post-cessation shareholding requirements	To ensure continued alignment of the long-term interests of Executive Directors and shareholders post cessation.	Executives are required to maintain a shareholding equivalent to the in-employment shareholding requirement immediately prior to departure (or the actual share and award holding on departure, if lower) for two years post cessation. There are appropriate arrangements in place to ensure enforceability.	N/A
Non-executive Directors' fees	To attract high-quality, experienced Non-executive Directors.	The Chair of the Board is paid an all-inclusive annual fee which is reviewed periodically by the Committee. All Non-executive Directors receive a basic annual fee for carrying out their duties, together with additional fees in respect of Board Committee Chairship and, where appropriate, membership, and other responsibilities, with fee levels reviewed periodically by the Board. They may also be paid additional fees in the event of exceptional levels of additional time being required. PLC Board Directors who are also members of subsidiary boards of the Company may receive fees in respect of their duties on the subsidiary boards. Any reasonable business expenses (including tax thereon if applicable) may be reimbursed. There is no prescribed maximum individual fee level or annual increase. Reviews take into account market data for similar non-executive roles in other companies of a similar size, complexity and/or business to St. James's Place as well as the time commitment of Non-executive Directors. The policy is to pay up to the mid-market level based on similar roles and time commitments of chairs and non-executives in comparable companies.	Neither the Chair nor the Non-executive Directors are eligible for any performance-related remuneration.

Notes to the Policy table

The performance measures and targets that are set for the Executive Directors' annual bonus and Performance Share Plan (PSP) awards are carefully selected to align with the Company's strategic and key performance indicators.

For the annual bonus, financial and strategic measures are reviewed and selected by the Committee annually. The measures selected and weighting between them may vary annually depending on the key priorities of the business for the year ahead. Robust and demanding targets will be set annually taking into account the economic environment, market expectations and the Company's budget and business plan for the year ahead. Currently a set of financial metrics, such as cash profit result, net FUM flows and costs, are used to assess financial performance as

these measures reflect a number of key performance drivers including new business, retention of funds under management and cost control. The remaining bonus is determined based on strategic measures set annually on a balanced scorecard basis.

The Company has used a relative TSR measure and EPS growth targets for the PSP for a number of years in line with the Group's strategy of delivering profitable growth and superior returns to its shareholders. The Committee will continue to review the choice of performance measures and the appropriateness of targets prior to each PSP award being made and will set robust and stretching measures for any alternative measures used. For the EPS growth measure, stretching targets will be set annually taking into account the economic environment, market expectations and the Company's budget and business plan at that time. For the comparative

TSR measure the Committee's policy is to set threshold vesting for median performance rising to full vesting for upper quartile performance. The Committee may from time to time review the appropriateness of the TSR comparator group.

No performance targets are set for the SAYE and SIP awards as these form part of all employee arrangements designed to encourage employees across the Group to purchase shares in the Company.

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Committee discretion

The Committee will operate the annual bonus plan, deferred bonus plan, PSP and all-employee share plans according to the rules of each respective plan and consistent with normal market practice and the Listing Rules, where relevant. The Committee will retain flexibility in a number of areas regarding the operation and administration of these plans, including (but not limited to) the following:

- ◆ who participates in the plans;
- ◆ when to make awards and payments;
- ◆ how to determine the size of an award, a payment, or when and how much of an award should vest;
- ◆ how to deal with a change of control or restructuring of the Group;
- ◆ in the case of stated good leaver reasons or otherwise, whether a Director is a good/bad leaver for incentive plan purposes and whether and what proportion of awards vest at the time of leaving or at the original vesting date(s) as relevant;
- ◆ how and whether an award may be adjusted in certain circumstances (e.g. for a rights issue, a corporate restructuring or for special dividends); and
- ◆ whether any adjustment to the PSP vesting outcome is required, taking account of any windfall gain due to share price variation at the time of grant.

The Committee also has the discretion within the Policy to adjust targets and/or set different measures and alter weightings for the annual bonus plan and the PSP if events happen that cause it to determine that the original targets or conditions are no longer appropriate and the amendment is required so that the targets or conditions achieve their original purpose. The Committee has the discretion to adjust the application of the minimum shareholding requirements, in role or post-cessation, to take account of exceptional circumstances.

Any use of exceptional discretion to override formulaic outcomes would, where relevant, be explained in the Annual Report on Remuneration, as appropriate.

Awards made prior to the effective date

For the avoidance of doubt, in approving the Policy, authority was given to the Company to honour any commitments entered into with current or former Directors that have been disclosed to shareholders in previous remuneration reports. This includes all historic awards that were granted under any current or previous share schemes operated by the Company but remain outstanding (detailed in the Annual Report on Remuneration) and which will remain eligible to vest based on their original award terms. Awards made under the Performance Share Plan in 2020, 2021 and 2022 will continue to be based on the achievement of the metrics previously set for those awards.

For each performance metric, a threshold and stretch level of performance is set. At threshold, 25% of the relevant element vests, rising on a straight-line basis to 100% for performance between threshold and maximum targets. Details of payments to former Directors will be set out in the Annual Remuneration Report, where required by the relevant regulations, as they arise.

Approach to remuneration for recruitment and promotions

The Committee aims to set a new Executive Director's remuneration package in line with the Policy in place at the time of appointment. The Committee will take into account, in arriving at a total package and in considering the quantum for each element of the package, the skills and experience of the candidate, the market rate for a candidate of that experience, and the importance of securing the best candidate. For new appointments, base salary and total remuneration may be set initially below normal market rates on the basis that it may be increased once satisfactory development and performance in role has been demonstrated.

Annual bonus and long-term incentive maximum award sizes will comply with the maximum opportunity set out in the Policy table (not including any arrangements to replace foregone remuneration – see below). Participation in the annual bonus plan will normally be pro-rated for the year of joining and different performance measures may be set from those

applying to the other Directors, if it is appropriate to do so to reflect the individual's responsibilities and the point in the year at which they joined the Board. A PSP award can be made shortly following an appointment (assuming the Company is not in a close period). Where it is essential for the purposes of recruitment, such as where a new external recruit has not had any bonus deferral in their previous role, bonus deferral may be phased in over a short period. The standard approach will be for deferral to apply as stated in the Policy table.

The Committee may make additional cash and/or share-based awards as it deems appropriate and, if the circumstances so demand, to take account of foregone remuneration by an executive on leaving a previous employer. Awards would, where possible, reflect the nature of awards forfeited in terms of delivery mechanism (cash or shares), time horizons, attributed expected value and performance conditions. Other payments may be made in relation to relocation expenses and other incidental expenses as appropriate.

In the case of an internal appointment, any variable pay element awarded in respect of the prior role would be allowed to pay out according to its terms and any other ongoing remuneration obligations existing prior to appointment would continue.

For an overseas appointment, the Committee will have the discretion to offer benefits and pension provisions which reflect local market practice and relevant legislation.

If appropriate and in exceptional circumstances the Committee may agree, on the recruitment of a new Executive Director, a notice period of in excess of 12 months but reducing to 12 months over a specified period.

For the appointment of a new Chair or Non-executive Director, the fee arrangement would be set in accordance with the approved Policy at that time.

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Risk management

Risk is managed within the Policy through the Committee:

- ◆ taking into consideration the recommendations contained in any applicable Remuneration Codes and associated guidance which apply to the Group;
- ◆ structuring the annual bonus plan to contain a mix of financial and strategic performance metrics, where performance conditions are tailored to the business outlook and strategy, including the management of risk within the business. The Committee also retains the discretion to reduce the bonus and PSP outturns where appropriate;
- ◆ assessing the performance metrics from a risk perspective, with input from the Risk Committee and Chief Risk Officer;
- ◆ requiring deferral of 50% of annual bonus payments into the Company's shares, which are then deferred for three years;
- ◆ requiring the Executive Directors to retain shares acquired on vesting of PSP awards granted from 1 January 2015 onward for a post-vesting holding period of two years on the shares vesting. During this period the vested shares cannot normally be sold other than to the extent necessary to settle tax on vesting or exercise;
- ◆ ensuring that the majority of the incentive pay comes in the form of a long-term incentive plan subject to stretching performance targets measured over multi-year performance periods, with the performance period for subsequent awards overlapping the previous award, together with an additional two-year holding period. This ensures that there is no incentive to maximise performance over a particular period;
- ◆ incorporating withholding (malus) and recovery (clawback) provisions into the Company's bonus and long-term incentive plans; and
- ◆ requiring the Executive Directors to build and maintain a substantial shareholding in the Company, and to retain a shareholding for two years post cessation.

Remuneration policy across the Group

The Policy is designed after having regard to the remuneration policy for employees across the Group as a whole and the Committee aims, where appropriate, for there to be a consistent approach applied. For instance, the suite of benefits in kind is generally consistent (other than in relation to quantum) and all employees participate in annual bonus plans. All employees, including the Executive Directors, are offered the opportunity to participate in the Group's SAYE Share Option Plan and Share Incentive Plan. Senior managers participate in the long-term incentive plan.

The Policy is more weighted towards variable pay than for other employees to make a greater part of their pay conditional on the successful delivery of business strategy, and in line with shareholder interests. In addition, a higher proportion of senior level remuneration is deferred than is the case for the workforce as a whole.

The Workforce Engagement Panel is periodically consulted on a range of topics, which include, amongst other matters, the Directors' Remuneration Policy and the Company's approach to remuneration.

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Remuneration scenarios for Executive Directors

The chart below shows how the proportion of each Executive Director's remuneration package varies at different levels of performance in accordance with the Policy to be implemented in 2023 and using the assumptions set out below. A significant proportion of remuneration is linked to performance, especially at stretch performance levels.

Assumptions

Threshold = fixed pay only (salary, benefits and pension).

Target = fixed pay plus payout of the annual bonus at midway between threshold and max and 50% vesting of PSP awards.

Maximum = fixed pay plus 100% vesting of the annual bonus and PSP awards.

Maximum + 50% share price growth = maximum pay + the impact of an assumed 50% share price growth on the PSP award.

Salaries used are those applying on 1 March 2023 and taxable benefits are those reported for the year ending 31 December 2022.

Pension is based on 2023 Policy applied to 1 March 2023 salaries.

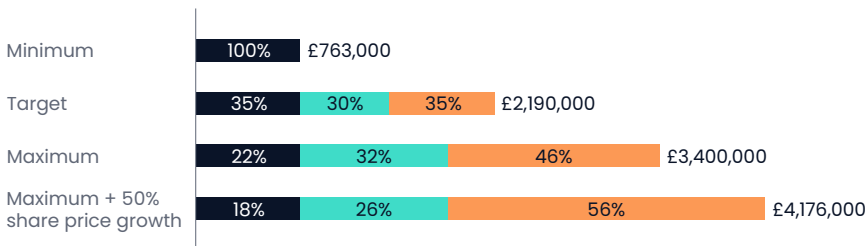
Amounts have been rounded to the nearest £1,000. The assumptions noted for 'on-target' PSP performance in the graph above are provided for illustration purposes only. Participation in all employee plans, dividends payable on PSP awards over the vesting period or on deferred share bonus awards are not included in the above scenarios and the table assumes no increase to the share price.

Service contracts and loss of office

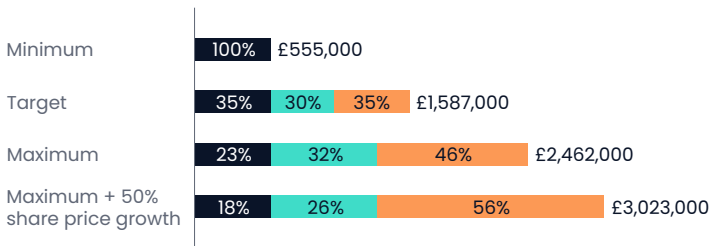
The Company's policy is that service contracts may be terminated with 12 months' notice from either the Company or from the Executive Director (except in certain exceptional recruitment situations where a longer notice period from the Company may be set provided it reduces to a maximum of 12 months with a specified time limit). Service contracts do not contain a fixed end date.

Under their service contracts the Executive Directors are entitled to salary, pension contributions and benefits for their notice period (except on termination for events such as gross misconduct where payment will be for sums earned up to the date of termination with no notice period only). The Company would seek to ensure that any payment is mitigated by use of phased payments and offset against earnings elsewhere in the event that an Executive Director finds alternative employment during their notice period. There are no contractual provisions in force other than those set out above that impact any termination payment.

CEO



CFO



- ◆ Fixed pay
- ◆ Annual bonus
- ◆ LTIP

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In summary the position on cessation of employment is as follows:

Provision	Detailed Terms
Notice Period	12 months by either party
Termination payment	Base salary plus benefits (including pension). An express obligation on the Executive to mitigate their loss. Payments can be made on a monthly basis, and reduced or ceased if an Executive is able to secure alternative employment. In addition any statutory amounts would be paid as necessary.
Remuneration entitlements on cessation of appointment	A pro-rata bonus may also become payable for the period of active service along with the vesting of outstanding share awards (in certain circumstances as described below).
Change of control	As on termination and with remuneration entitlements as described above.

Executive Directors are also subject to the Company's post-cessation shareholding policy.

When considering the size of any proposed termination payment, the Committee would take into account a number of factors including the health, length of service and performance of the relevant Executive, including the duty to mitigate their own loss, with a broad aim to avoid rewarding poor performance while dealing fairly with cases where the departure is due to other reasons, for example illness or redundancy.

Any unvested awards held under the PSP schemes will lapse at cessation of employment, unless the individual is leaving for certain reasons (defined under the plan such as death, injury, ill-health, disability, redundancy, retirement, their office or employment being either a company which ceases to be a Group member or relating to a business or part of a business which is transferred to a person who is not a Group member, or any other reason the Committee so decides). In these circumstances, unvested awards will normally vest at the normal vesting date (unless the Committee decides they should vest at cessation of appointment) subject to performance conditions being met and normally subject to scaling back in respect of actual service as a proportion of the total performance period (unless the Committee decides that scaling back is inappropriate). The same approach applies on a change of control.

Any unvested awards held under the Deferred Bonus Scheme will lapse at cessation of employment unless the Committee exercises discretion to allow them to be retained. In these circumstances the Committee may determine whether unvested awards will vest at the normal vesting date or at cessation of employment.

The Committee may agree to the payment of disbursements such as legal costs and outplacement services if appropriate and depending on the circumstances of the leaving Executive.

The Committee may pay any legal entitlements or settle or compromise claims in connection with a termination of employment, where considered in the best interests of the Company.

Non-executive Directors' letters of appointment

The Non-executive Directors (including the Chair) do not have service contracts or any benefits in kind arrangements and do not participate in any of the Group's pension or incentive arrangements. The appointment of each Non-executive Director can be terminated by giving three months' notice (subject to annual re-appointment at the AGM). Any period of service longer than six years is subject to particularly rigorous review by the Nomination Committee of the Board. The Non-executive Directors' letters of appointment do not provide for any payment on termination except for accrued fees and expenses to the date of termination.

The terms and conditions of Executive Directors' service contracts and the letters of appointment of the Non-executive Directors are available for inspection at the Company's registered office during normal business hours and at the AGM, the details of which can be found in the Directors' report in the Company's Annual Report and Accounts.

External appointments

Executive Directors are permitted to be appointed to an external board or committee so long as this is unlikely to interfere with the business of the Group. Any fees received in respect of external appointments are retained by the relevant Executive Director.

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