

## Directors' Remuneration Policy

This section of the Remuneration Committee Report sets out the Company's Remuneration Policy in respect of its Directors. As previously detailed, the 2018 Remuneration Policy was approved by shareholders at a general meeting of the Company held in August 2018 and took effect immediately upon receipt of such approval.

The 2018 Remuneration Policy is available on the Company's website at: [www.johnmenziesplc.com](http://www.johnmenziesplc.com).

### Directors' Remuneration: Principles

The 2018 Remuneration Policy has been developed to ensure that the Company is well-placed to attract, retain and motivate Directors with the ability and experience necessary to run the Group successfully, whilst also aligning Executive remuneration with the financial returns of its shareholders.

#### 1 Basic salary

**Purpose and link to strategy** Attract and retain high performing individuals, reflecting the market value of the role and Executive Directors' skills and experience.

**Operation** Normally reviewed annually.

Salaries for 2019 will be:

- F Black: £400,000;
- G Wilson: £331,500; and
- J Geddes: £255,000.

The Remuneration Committee takes into consideration a number of factors when setting salaries including (but not limited to):

- the size and scope of an individual's responsibilities;
- an individual's skills, experience and performance;
- typical salary levels for comparable roles at appropriate comparator companies;
- pay and conditions elsewhere in the Group; and
- inflation in the relevant market.

**Maximum opportunity** There is no maximum opportunity. Salary increases will normally be in line with the average increase awarded in the wider employee population.

Higher increases may be made in certain circumstances and at the Remuneration Committee's discretion. For example, this may include (but is not limited to):

- increase in the scope and/or responsibility of an individual's role;
- development of an individual within the role;
- corporate events such as a significant acquisition or Group restructuring which impacts the scope of a role; and
- where it is considered necessary for the retention of an Executive Director or to reflect significant changes in market practice.

**Performance metrics** None, although individual and Company performance are factors taken into account when setting salaries.

#### 2 Annual bonus

**Purpose and link to strategy** Incentivise delivery of Group and individual objectives and enhance performance.

**Operation** The annual bonus is paid in cash and shares, based on the Remuneration Committee's assessment of performance during the financial year in question.

**Maximum opportunity** Maximum annual award is 100% of salary.

**Performance metrics** All measures and targets are reviewed annually and set at the start of each financial year. The measures will include relevant financial measures and may include performance against KRAs or other strategic measures as appropriate.

At least 70% of the bonus will be based on financial measures.

## Remuneration Committee Report continued

<b>Bonus in deferred Ordinary Shares (“Deferred Bonus Shares”)</b>	
<b>Purpose and link to strategy</b>	Encourage a longer term focus which is aligned to shareholders and discourages inappropriate risk-taking.
<b>Operation</b>	<p>20% of any annual bonus award is paid in Deferred Bonus Shares with such Shares having dividend entitlements.</p> <p>The Remuneration Committee may claw back bonus awards for a period of three years after the end of the relevant bonus year in the event of misstatement of accounts that materially increased the amount of bonus paid or misconduct by an employee which has or could have led to their employment being summarily terminated.</p> <p>The Remuneration Committee may increase the level of deferral at any time.</p>
<b>Maximum opportunity</b>	None.
<b>Performance metrics</b>	None.
<b>3 VCP</b>	
<b>Purpose and link to strategy</b>	Incentivise Executive Directors to deliver significant, sustainable absolute returns to shareholders over the long term.
<b>Operation</b>	<p>Awards under the VCP take the form of entitlements to receive a number of Ordinary Shares for nil cost.</p> <p>The number of Ordinary Shares to which a participant is entitled is determined by reference to shareholder value created above a total shareholder return (“TSR”) hurdle. Each participant’s award will represent a percentage of the shareholder value above the hurdle.</p> <p>Performance will be measured in three tranches from 26 July 2018:</p> <ul style="list-style-type: none"> <li>• 1/3 will be measured over 3.5 years;</li> <li>• 1/3 will be measured over 4.5 years; and</li> <li>• 1/3 will be measured over 5.5 years.</li> </ul> <p>Awards are ‘released’ so that participants are entitled to receive the Ordinary Shares after a two year holding period beginning at the end of the vesting period applying to the relevant tranche of the award.</p> <p>An additional payment (in the form of cash or Ordinary Shares) may be made in respect of Ordinary Shares delivered under the VCP to reflect the value of dividends that would have been paid on those Ordinary Shares over the holding period. This payment may assume the re-investment of dividends into Ordinary Shares on such basis as the Remuneration Committee determines.</p>
<b>Maximum opportunity</b>	<p>The value that may be delivered under the VCP is linked to the shareholder value created over the relevant performance period.</p> <p>The TSR hurdle will be 8% per annum (calculated on a compound basis) over the relevant performance period. The stretch hurdle will be 15% per annum.</p> <p>The total pool for all participants will be 6.5% of the shareholder value generated above the 8% per annum hurdle. This would increase to 7.5% if the stretch TSR hurdle of 15% per annum is achieved.</p> <p>The allocations of this pool for each Executive Director will be:</p> <ul style="list-style-type: none"> <li>• F Black: 25.0%;</li> <li>• G Wilson: 19.8%; and</li> <li>• J Geddes: 15.2%.</li> </ul> <p>The total VCP value is capped at £30 million.</p> <p>For current Executive Directors the aggregate cap is £18 million (being 60% of the overall cap) with proportionate interim caps. The maximum award for each Executive Director is:</p> <ul style="list-style-type: none"> <li>• F Black: £7,511,178;</li> <li>• G Wilson: £5,928,465; and</li> <li>• J Geddes: £4,560,358.</li> </ul>

<b>Performance metrics</b>	<p>The principal performance condition applying to the VCP is the TSR achieved relative to the hurdle.</p> <p>A portion of the VCP award may be subject to additional performance conditions. If such performance conditions are not satisfied, a participant’s award value may be reduced (but not increased). For the Executive Directors 20% of the award will be subject to additional performance conditions relating to compliance measures such as safety and security.</p> <p>The Remuneration Committee may exercise discretion and make adjustments to the value that may be delivered under the VCP and/or number of Ordinary Shares subject to an award, taking into account the provisions of any current or prospectively applicable corporate governance codes and, as appropriate, associated guidance published by relevant regulatory, institutional or trade bodies, including (but not limited to) where the payment outcome would materially deviate from the intention of the Company’s Remuneration Policy, is materially impacted by unexpected or unforeseen circumstances, or is materially misaligned with the results achieved by the Company.</p>
<b>4 Pension</b>	
<b>Purpose and link to strategy</b>	Provide market levels of pension provision.
<b>Operation</b>	Executive Directors can participate in the Menzies Money Purchase Pension Scheme or cash equivalent.
<b>Maximum opportunity</b>	<p>Under the Menzies Money Purchase Pension Scheme Executive Directors may receive a pension contribution of up to 20% of salary.</p> <p>The Remuneration Committee may determine that Executive Directors receive a cash supplement of up to 20% of salary in lieu of pension.</p>
<b>Performance metrics</b>	None.
<b>5 Benefits</b>	
<b>Purpose and link to strategy</b>	Provide market levels of benefits provision.
<b>Operation</b>	<p>Executive Directors receive benefits which typically may include, but are not limited to, private health insurance, life assurance, ill health insurance protection and a company car allowance. Other benefits may be operated through salary sacrifice. The Remuneration Committee may introduce or remove benefits offered to individuals where it considers it appropriate to do so.</p> <p>Where Executive Directors are required to relocate, the Remuneration Committee may, if considered appropriate, offer additional relocation or expatriate benefits.</p>
<b>Maximum opportunity</b>	<p>As the cost of providing other benefits, including health insurance and life assurance, may vary from year to year, it is not considered practical to define a maximum level for these or any other benefits. The level of any relocation benefits, allowances and expenses will depend on the specific circumstances.</p> <p>There is no overall maximum level of benefits.</p>
<b>Performance metrics</b>	None.

## Remuneration Committee Report continued

Company Sharesave Scheme	
<b>Purpose and link to strategy</b>	Provide the Company's UK employees with an interest in the performance of its Ordinary Shares.
<b>Operation</b>	Accumulated savings may be used to exercise an option to acquire Ordinary Shares. The option price of such Ordinary Shares may be discounted by up to the HMRC-approved level (currently 20%).
<b>Maximum opportunity</b>	Monthly contributions of up to the HMRC-approved limit over a three or five year period.
<b>Performance metrics</b>	None.
Shareholding guidelines	
<b>Purpose and link to strategy</b>	Align the Executive Directors with the long term interests of shareholders.
<b>Operation</b>	Shareholding guidelines for Executive Directors are 200% of salary (built up over time).
<b>Maximum opportunity</b>	None.
<b>Performance metrics</b>	None.
Chairman and Non-Executive Directors' fees	
<b>Purpose and link to strategy</b>	Attract Non-Executive Directors of sufficient skills and experience to fulfil the role.
<b>Operation</b>	<p>The fees for Non-Executive Directors comprise a basic payment plus additional payments for being Chairman of a Committee, a Committee member or for being the Senior Independent Director. Differential fee levels may be paid for Non-Executive Directors depending on the skills, experience, nationality and responsibilities of an individual or additional time commitments for the role.</p> <p>The Chairman receives a fee for services to the Company.</p> <p>A portion of Chairman and Non-Executive Directors' fees may be delivered as Ordinary Shares.</p> <p>Non-Executives Directors' fees are reviewed periodically by the Board with reference to external benchmarking.</p>
<b>Maximum opportunity</b>	None.
<b>Performance metrics</b>	None.

Notes:

- Annual bonus**  
Annual bonus performance measures have been chosen to provide an appropriate balance between incentivising Executive Directors to meet financial targets for the year and to deliver the Group's KRAs. This balance allows the Remuneration Committee to effectively reward performance against the key elements of the Group's strategy. Threshold and stretch targets are derived from a review of the historical and projected performance of the Group and its peers, together with an analysis of analysts' expectations.
- VCP**  
The ultimate goal of the Company is to provide long term sustainable returns to shareholders. The VCP rewards Management for the delivery of sustainable shareholder returns above the hurdle. TSR has been used as it aligns Management's interests with those of shareholders, and the hurdle has been set to reward excellent performance. Additional performance measures linked to compliance measures such as safety and security are included to support a long term outlook and a culture focused on sustainable working practices.
- Differences in Remuneration Policy for Directors and other employees**  
Remuneration arrangements throughout the Group are based on the principle that reward should be set at competitive levels to support the delivery of the Group's strategy and also attract, retain and motivate individuals who have the necessary skills for each role. Pay differs for employees of different seniority and for those operating in different parts of the world. For example, in accordance with market practice and shareholder expectations, the remuneration arrangements for Executive Directors place a significant emphasis on long term performance-related pay compared to other employees. Below Board, up to 40% of the VCP pool will be available to top up existing incentives to ensure the VCP is inclusive for the wider Management team. The Company also operates an HMRC-approved Sharesave Scheme, in which all UK employees (including Executive Directors) are eligible to participate and which aims to promote a sense of ownership amongst staff.

The Remuneration Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments), notwithstanding that they are not in line with the 2018 Remuneration Policy, where the terms of the payment were agreed: (i) before 16 May 2014 (the date on which the Company's first shareholder-approved Directors' Remuneration Policy came into effect); (ii) before the 2018 Remuneration Policy came into effect, provided that the terms of the payment were consistent with the shareholder-approved Directors' Remuneration Policy in force at the time they were agreed; or (iii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Remuneration Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes 'payments' includes the Remuneration Committee satisfying awards of variable remuneration and, in relation to an award over Ordinary Shares, the terms of the payment are 'agreed' at the time the award is granted.

Payments may be made in respect of existing awards under the BSP, SMP and LTIP and the Remuneration Committee may exercise any discretions available to it in connection with such awards in accordance with the shareholder-approved Directors' Remuneration Policy in force at the time awards were made. The VCP will be operated in accordance with the Rules of the John Menzies plc 2018 VCP, as approved by shareholders at a general meeting of the Company in August 2018 ("VCP Rules"). Awards may be adjusted in accordance with the VCP Rules (e.g. VCP awards may be adjusted in the event of any variation of the Company's share capital). The Remuneration Committee may recommend to the Board that it amends the targets applicable to VCP awards (other than the principal TSR targets applicable to VCP awards) if an event occurs which causes the Remuneration Committee to reasonably consider that, having due regard to the interests of shareholders, the performance targets should be varied to ensure a fair measure of performance.

The Remuneration Committee may make minor amendments to the 2018 Remuneration Policy (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for that amendment.

### 1. Clawback and Malus

Awards granted during 2016 and onwards to Executive Directors are subject to the following terms:

- Cash and Deferred Bonus Shares may be clawed back for a period of three years after the end of the relevant bonus year in the event of the misstatement of accounts that materially increased the amount of bonus paid or misconduct by an employee which has or could have led to their employment being summarily terminated.
- VCP awards may be reduced or clawed back up to the third anniversary of the end of the relevant performance period in the event of material misstatement of financial results, an error in assessing the VCP value or any applicable performance condition, serious reputational damage, serious misconduct on the part of the participant, a material downturn in financial performance, material corporate failure or material failure on compliance measures such as safety and security or any other reason the Remuneration Committee includes in the relevant terms at the time an award is made.
- Matching Deferred Bonus Share awards and LTIP awards may be clawed back after vesting where the Company is required to restate its accounts to a material extent; the Board becomes aware of any material wrongdoing on the part of an employee which would have entitled the Company to terminate the employee's employment; or any other reason the Remuneration Committee includes in the relevant terms at the time an award is made. The clawback period will be set by the Remuneration Committee.

### 2. Recruitment Policy

In determining appropriate remuneration arrangements upon hiring a new Executive Director, the Remuneration Committee will take into consideration all relevant factors including, but not limited to, the role, the remuneration being forfeited and the jurisdiction the candidate was recruited from. The Remuneration Committee is mindful of the need to avoid paying more than is necessary upon recruitment. Salary would be set to take into account role and responsibilities. For interim positions a cash supplement may be paid rather than salary (e.g. a Non-Executive Director taking on an Executive function on a short term basis).

## Remuneration Committee Report continued

The Remuneration Committee may make awards on hiring an external candidate to 'buy out' remuneration arrangements forfeited upon leaving a previous employer. In doing so the Remuneration Committee will take account of relevant factors including any performance conditions attached to these awards, the form in which they were granted (i.e. cash or shares) and the time over which they would have vested. The key principle should be that buyout awards should not be more valuable than those forfeited.

Normally the maximum variable remuneration (excluding buyouts) would be in line with the 2018 Remuneration Policy table set out above, including that the Executive Director may participate in the VCP (within the overall limits of the VCP). The Remuneration Committee retains the flexibility to determine that for the first year of appointment any annual bonus award will be subject to such conditions as it may determine. Against that background, where the potential exists that a new Executive Director could have different roles and responsibilities to those currently appointed, such responsibilities may require to be reflected in that Executive Director's remuneration arrangements. Taking this into account the Remuneration Committee may, for the first year, make an additional performance-related incentive award of up to 50% of salary. The form of any award would be determined at the relevant time.

Where an Executive Director is appointed from within the Group, the normal policy of the Company is that any legacy incentive arrangements should be honoured in line with the original terms and conditions. Similarly, if an Executive Director is appointed following the Company's acquisition of, or merger with, another company, legacy terms and conditions should be honoured.

In the event of the appointment of a new Non-Executive Director, remuneration arrangements will be in line with those detailed in the 2018 Remuneration Policy.

### 3. Service Contracts and Letters of Appointment

The Executive Directors have service contracts with the Company as detailed below. The Company's practice is that the service contracts of Executive Directors should contain a 12 month notice period for both the Executive and the Company.

Executive Director	Date of service contract	Notice period
F Black	June 2017	Terminable on 52 weeks' notice
G Wilson	June 2017	Terminable on 52 weeks' notice
J Geddes	June 2017	Terminable on 52 weeks' notice

All Executive Directors' service contracts and Non-Executive Directors' letters of appointment are available for inspection at the Company's registered office.

The Chairman and each of the Non-Executive Directors have letters of appointment. The letters of appointment do not contain any contractual entitlement to a termination payment and the Non-Executive Directors can be removed in accordance with the Company's Articles of Association. The Chairman and all Non-Executive Directors are subject to annual re-election.

### 4. Payments to Outgoing Directors

Executive Directors will be entitled to receive their basic salary and contractual benefits for any notice period. The Company may, in its absolute discretion, elect to terminate an Executive Director's employment by making a payment in lieu of notice of the individual's salary for that period. The Remuneration Committee may structure any such payments in such a way as it deems appropriate, taking into account the circumstances of departure. Any payments of compensation will be subject to negotiation and the 2018 Remuneration Policy includes consideration of appropriate mitigation, including phasing of payments.

In the event of a Director's departure, any outstanding share awards will be treated in accordance with the rules of the relevant share plan.

The following principles apply for the treatment of remuneration elements following loss of office of a Director:

<b>Annual Bonus</b>	There is no automatic entitlement to annual bonus. Taking into account the circumstances of leaving, the Remuneration Committee may award a bonus in respect of performance in the relevant financial year with appropriate consideration of time pro-rating.
<b>Deferred Bonus Shares</b>	Deferred Bonus Shares are required to be transferred back to the Company (or the Director to pay the market value of such shares to the Company) in circumstances of resignation or dismissal. In other circumstances the Deferred Bonus Shares would normally be retained by the Director.
<b>VCP</b>	<p>In the event of a participant's death, any unvested awards held by that participant will vest and be released at that point based on the value growth achieved at the time of cessation of employment. Any additional performance conditions will also be tested at the time of cessation of employment. The number of Ordinary Shares that vest will be reduced to take into account the proportion of the performance period that had elapsed on the date of cessation of employment. The holding period would continue to apply unless the Remuneration Committee decides that the holding period will be reduced or waived.</p> <p>If a participant ceases to be an employee because of injury, disability, sale of their employer or in any circumstances at the discretion of the Remuneration Committee ('a good leaver'), any unvested awards held by that participant will continue to vest and be released in line with the VCP's ordinary provisions, except that the number of Ordinary Shares awarded will be reduced to take into account the proportion of the performance period that has elapsed at cessation of employment. Alternatively, the Remuneration Committee may determine that unvested Awards will be treated in the same way as in the event of a participant's death, or that the holding period will be reduced or waived.</p> <p>For all other leavers, all unvested awards will lapse following cessation of employment. If a participant ceases employment during the holding period applying to a tranche of an award, that tranche will normally continue and be released in line with the VCP's ordinary provisions, unless the Remuneration Committee determines that it will be released earlier.</p>
<b>LTIP</b>	<p>If a Director ceases office or employment with the Company any unvested awards will lapse unless the individual is a good leaver.</p> <p>Good leavers are those participants who leave by reason of injury, disability, retirement (with the agreement of the employing company), redundancy, the transfer of the individual's employing company or business out of the Group or such other circumstances as the Remuneration Committee may determine. This discretion will not be exercised where the individual is dismissed for misconduct. Awards will vest no earlier than the normal vesting date subject to performance to the end of the relevant performance period and time pro-rating. The Remuneration Committee may determine the extent to which the additional holding period will continue to apply post leaving.</p> <p>If the participant dies, awards will normally vest as soon as practical on a time-apportioned basis and subject to the Remuneration Committee's assessment of the likelihood that the performance conditions will be met in the ordinary course of events.</p>
<b>Pension</b>	The Director will be eligible to receive the standard contribution to the defined contribution pension plan, or cash equivalent, during the notice period.
<b>Company Sharesave Scheme</b>	Leavers will be treated in accordance with the rules of the approved Scheme.
<b>Benefits</b>	The Company may make a contribution towards reasonable legal fees incurred in relation to any agreement to cease employment.
<b>Buyout awards and additional recruitment awards</b>	The Remuneration Committee should determine the leaving terms for any such award at the time of grant.

## Remuneration Committee Report continued

The Remuneration Committee reserves the right to make any other payments in connection with a Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of a compromise or settlement of any claim arising in connection with the cessation of a Director's office or employment. Any such payments may include, but are not limited to, amounts in respect of accrued leave, paying any fees for outplacement assistance and/or the Director's legal or professional advice fees in connection with their cessation of office or employment.

In the event of a change of control or winding-up of the Company, the treatment of share awards will be in accordance with the rules of the relevant share plan which, in summary, are as follows:

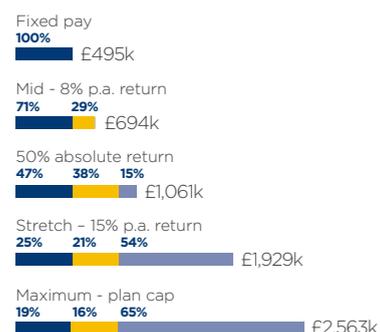
- LTIP awards may vest upon a change of control, taking into account the Remuneration Committee's assessment of the extent to which the performance targets have been met and the proportion of the performance period that has elapsed.
- VCP awards will vest and be released on a change of control based on performance achieved to that point. The number of Ordinary Shares to which a participant is entitled will be determined by reference to the share price on completion of the change of control. The hurdle rate used will be the higher of 8% per annum and 25%. The total VCP value cap of £30 million will apply.

### 5. Illustrations of Remuneration Policy

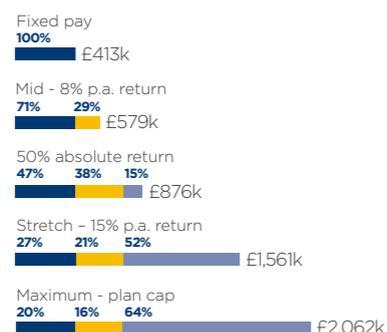
The following charts illustrate the different elements of the Executive Directors' remuneration under five performance scenarios: 'Fixed', 'Mid - 8% per annum return', '50% absolute return', 'Stretch - 15% per annum return' and 'Maximum - plan cap'. The assumptions used are provided below the charts.

The VCP awards are tested in three tranches over 3.5 years, 4.5 years and 5.5 years. The VCP award is therefore comparable to three LTIP awards. The charts below show the potential VCP payments in aggregate for all three tranches of the award, annualised over the average performance period for the three tranches. The maximum value available to the Executive Directors under the VCP is shown on page 68 of this Annual Report and Accounts 2018.

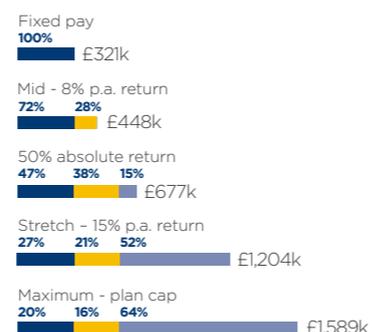
#### Chief Executive Officer



#### Chief Financial Officer



#### Director of Corporate Affairs & Group Company Secretary



● LTIP ● Annual Bonus ● Fixed

Component	'Fixed'	'Mid - 8% per annum return'	'50% absolute return'	'Stretch - 15% per annum return'	'Maximum - plan cap'
Base salary	Base salary for 2019				
Pension	Defined contribution/cash supplement - 20% of salary				
Benefits	Taxable value of annual benefits provided in 2018				
Annual bonus (cash and Ordinary Shares)	0% of salary	50% of salary	100% of salary	100% of salary	100% of salary
VCP <sup>1</sup>	No vesting	TSR performance assumed to be equal to hurdle of 8% per annum	TSR performance assumed to be 50% over 4.5 years (the average performance period for the three tranches) <sup>2</sup>	TSR performance assumed to be equal to stretch hurdle of 15% per annum	TSR performance assumed to be at a level which results in the overall VCP cap of £30 million being met

#### Notes:

1. The 50% absolute TSR scenario has been shown on a voluntary basis taking into account the new UK reporting requirements which will be formally introduced from 2019 onwards. The 50% absolute TSR performance over 4.5 years translates into 9.4% per annum TSR. This return rate is applied to all three tranches of the award for the purpose of the above illustration.
2. Assuming a start price of £6.30, the maximum amount is achievable if growth of 18.8% per annum is achieved over 3.5 years, 4.5 years and 5.5 years, assuming constant growth. As each tranche is tested independently, if TSR per annum is lower than 18.8% over either of the 3.5 year or 4.5 year periods, this would mean that returns of more than 18.8% would be required over the 5.5 year period in order for the cap to be reached.

### 6. Consideration of Employee Conditions Elsewhere in the Group

The average base salary increase awarded across the workforce provides a key reference point when determining levels of increase for the Executive Directors to ensure that all arrangements remain reasonable.

The Group employs 32,000 people in 213 locations globally and the Remuneration Committee therefore did not believe it practical or reasonable to consult employees on the 2018 Remuneration Policy. The Remuneration Committee took into account employee conditions across the Group when determining the 2018 Remuneration Policy.

### 7. Consideration of Shareholder Views

The Remuneration Committee reviews shareholder feedback on Executive remuneration matters as well as developments in investor body guidelines, and has taken these into account in formulating Executive Director remuneration policies. The Remuneration Committee consulted with some of its major shareholders in relation to the VCP prior to the publication of the 2018 Remuneration Policy. Due to restrictions relating to disclosure of inside information prior to announcement of the disposal of Menzies Distribution, the Remuneration Committee was limited in its ability to consult more widely with shareholders.