DIRECTORS' REMUNERATION REPORT

GRAHAM MARTIN
Chairman of the Remuneration Committee

Chairman's Overview

On behalf of the Board, I am pleased to present the Remuneration Committee's Report for 2020 on Directors' remuneration.

This report is divided into three main sections:

- this statement, which provides a summary of the year under review and, together with the annual report on remuneration, describes how the Committee has fulfilled its responsibilities during the year under its Terms of Reference and under the relevant requirements of the UK Corporate Governance Code 2018;
- the 2020 annual report on remuneration which provides details of the remuneration earned by the Directors in the year ended 31 December 2020 and how the 2020 Policy will operate for the year ending 31 December 2021; and
- a summary of the Directors' remuneration policy which was approved by shareholders at the 2020 AGM, and which applies for the three-year period commencing 1 January 2020.

Summary of the work of the Committee in 2020

In early 2020 most of the Committee's work focused on assessing and agreeing with the Executive Directors the outcome of the key performance metrics ("KPIs") under their bonus scheme for 2019, and agreeing some modifications to those metrics for the application of the scheme in 2020. We also continued our dialogue with our major shareholders in finalising the details of the new Directors' remuneration policy which was approved by shareholders at the 2020 AGM.

We reviewed benchmarking reports prepared by PwC (the Company's remuneration advisors) on the salaries, benefits and fees of the Executive Directors, the Company Secretary and the Chairman and set their 2020 levels appropriately, while also reviewing and discussing with the Executive Directors the remuneration of the executive committee and senior Mine management.

We had no sooner agreed with the Executive Directors the KPIs and associated weightings for their annual bonus scheme for 2020, and published a summary of these in our 2019 annual report, when the full scale and possible consequences for Kenmare of the global COVID-19 crisis began to unfold. It was immediately obvious to the Remuneration Committee and to the Board that a very large part of the time and attention of the Executives would now have to be devoted to ensuring the health and safety of our staff and otherwise minimising the effect of the pandemic on the Mine and all our stakeholders. We therefore took the decision to communicate to the Executives a discretionary change to the KPIs by incorporating a 25% allocation dealing with the COVID-19 crisis as a priority, and re-weighting the other metrics accordingly. Details of the Committee's rationale for this approach, and its effect on the outcome of the performance metrics, are set out below.

During the remainder of the year, the Committee monitored the performance of the Group against the KPIs on a quarterly basis, paying particular attention to the measures taken to minimise the effect of the COVID-19 crisis, and we provided regular feedback to the Executives.

The Committee also kept under review during the year the remuneration and benefits of the Executive Directors in the context of the remuneration of the Group's workforce as a whole. We received presentations from Mine management on the structure of the remuneration of the different categories of workers at the Mine, and satisfied ourselves that our staff receive pay and benefits which are benchmarked appropriately, took account of local employment regulations and conditions as well as seniority, and afforded our workers the opportunity to share in the benefits from the success of the Group. We are particularly pleased to note that it has now been possible to extend the benefits of the Group's long-term share plan, the Kenmare Restricted Share Plan (KRSP), to certain categories of employee at the Mine in Mozambique. The Committee also notes that there is no discrimination between our male and female workers at the Mine in their pay and benefits for similar jobs.

With regard to our Dublin office, where our staff numbers increased slightly in 2020, the Committee satisfied itself that the remuneration and benefits of our employees remained appropriately benchmarked and that they also had opportunities through a bonus scheme and the KRSP to share in the success of the Group.

The Committee formally met four times during the year but there were also a number of less formal communications throughout the year on remuneration issues between me and members of the Committee, and with the Executive Directors. In November, the Committee received a presentation from PwC with an update on current remuneration matters with particular focus on the impact of COVID-19 on natural resource companies, the outcome of the AGM season on Kenmare and its peers, and the evolving views of investors and proxy agencies.

Performance and reward for 2020

Under the newly approved 2020 Directors' remuneration policy, the Executive Directors receive a base salary (which, apart from inflationary adjustments, has not been increased since 2010), pension contributions in line with market levels, certain other benefits, an award of shares under the Kenmare Restricted Share Plan ("KRSP") and the opportunity to earn a bonus depending on the outcome of the KPIs.

As noted by the Chairman and the Managing Director in their respective reports, 2020 marked a culmination of our multi-year development projects, with the move of WCP B from Namalope to Pilivili. Despite the significant challenges posed by COVID-19, we safely completed the move in Q4 2020, and it is already delivering significant value for the Group.

Given the considerable uncertainties following the emergence of COVID-19, Kenmare withdrew and then instated revised production guidance for the year and achieved the midpoint or above of the revised guidance for all products in 2020. Following the move of WCP B, production increased 7% compared to Q4 2019 and a 30% increase compared to Q3 2020.

Total operating costs came within original guidance but unit costs were negatively impacted by the lower production volumes. Prices for the commodities we produce remained strong, despite the significant and materially negative, impact of COVID-19 on global growth. Demand for ilmenite, our primary product, remained robust buoyed by strong demand for home DIY.

In 2020, we achieved a LTIFR of 0.25 per 200,000 man-hours worked which represents an improvement compared to 2019 (0.27). This is testament to Kenmare's continuing improvements in safety leadership and risk assessment practices.

Through these turbulent times we remain committed to our dividend policy, paying an interim dividend following our half-yearly results and recommending a final dividend payment for 2020 of US$c7.69 per share.

These results are reflected in the outcome of the KPIs and consequently the bonus earned by the Executive Directors.

The performance criteria set by the Committee under the bonus scheme, before the COVID-19 related adjustment described below, reflected a mix of quantitative targets and qualitative targets and were set at stretching levels for the maximum award. The quantitative targets for 2020 comprised 67.5% (2019: 75%) of the maximum 100% opportunity and the qualitative targets 32.5% (2019: 25%).

The quantitative targets covered metrics reflecting mineral production, financial results and certain of the environmental, social and governance (ESG) targets. The qualitative targets included matters such as the timely and on-budget execution of the move of WCP B to Pilivili, the other ESG targets and certain key corporate matters. The corporate targets were assessed individually, which leads to slightly different bonus outcomes for each Executive.

COVID-19 adjustment

As noted above, the original set of KPIs for 2020 were adjusted for a COVID-19 factor. The COVID-19 crisis which arose in early 2020, soon after we had set the KPIs, clearly had the potential to materially affect the Group's operations, our workforce and all our stakeholders, particularly so when the Group was implementing the move of the WCP B plant and infrastructure to Pilivili.

The Committee therefore determined that safe management of the COVID-19 crisis should merit the largest weighting within the 2020 bonus. We therefore agreed the following KPI with the Directors, with a 25% weighting (with the weightings on the other KPIs reduced pro-rata, but the original pre- COVID-19 targets retained without adjustment):

"Proactively and safely mitigate the impact of COVID-19 on the business with a view to ensuring the health and safety of personnel, minimising disruption to production and shipping and ensuring the long-term future of the Mine, while taking account of the interests of all stakeholders." After full consideration of all the relevant issues, the Remuneration Committee awarded 100% achievement against this objective, noting the following in particular:

- the focus of the Group throughout the COVID-19 crisis remained at all times on the health and safety of our personnel and on continued, safe operations;
- the Mine remaining operational with disruption to the business minimised;
- COVID-19 isolation and treatment facilities were quickly established;
- we maintained the full support of our workforce throughout, including the management and union groups;
- good relations and communications with the Government of Mozambique, and all local agencies were maintained at all times;
- the Government approved and monitored the COVID-19 protocols we had put in place and unlike some other operations in Mozambique and adjacent countries, at no point were our operations required to close down;
- the WCP B move would have been challenging in any circumstances but was made considerably more complicated by the effect of the COVID-19 crisis on the related supply chain and other logistics; and
- clearly extras costs were incurred in managing the crisis, particular in the purchase of PPE and medical equipment, the costs of disruption to our supply chain, and additional travel costs, but these were all considered by the Remuneration Committee to be appropriate in managing our operations and ensuring the health and safety of our personnel, and in making substantial donations of such equipment to our local communities.

The successful management of the COVID-19 crisis last year would not have been possible without considerable additional effort and contribution in very stressful circumstances on the part of all of our employees and the Committee was pleased to note that in recognition of this appropriate additional bonuses have also been paid to all of our workforce.

Outcome

The outcome of the Committee's assessment of performance against the quantitative and qualitative criteria, and after applying the COVID-19 factor, resulted in the Executive Directors receiving a bonus of 61.72% of salary in the case of the Managing Director and 59.47% in the case of the Financial Director, of which, and in accordance with our remuneration policy, 50% of salary was paid in cash and the balance was paid in nil-cost share options granted under the KRSP which will vest in 3 years. The Committee considers these outcomes a fair reflection of the corporate performance for the year and the respective individual performances of the Executives, in the face of unprecedented challenges.

The Committee confirms that no malus and clawback provisions were used during the year.

Implementation of the remuneration policy for 2021

The Committee believes that the current Directors' remuneration policy remains appropriate for 2021. While this newly approved policy has introduced some changes (such as the underpin on the KRSP awards) we believe it remains easy to understand, is relatively simple, and remains motivating. It also allows sufficient discretion to the Committee to take account of all relevant matters affecting the Group or its performance in the year. Accordingly, for 2021 we are proposing to retain the existing structure subject to some changes to the performance metrics to reflect corporate priorities for the year including a greater weighting to environmental, social and governance metrics. Further details of the intended implementation of the remuneration policy for 2021 are set out on page 110.

Shareholder dialogue

Shareholders' views on executive remuneration are very important to the Board, and I was especially grateful to those shareholders who engaged with me while we were formulating the new remuneration policy, and subsequently, and of course for the support of all shareholders who voted to support the policy at the AGM where the advisory vote on Directors' remuneration policy received a 91% vote in favour. Further details of this vote are set out on page 111.

Whether or not you voted in favour of the new policy, I hope you will now vote in support of the Remuneration Report at the forthcoming AGM. Should you have any questions, comments or feedback on remuneration matters at Kenmare I would be very pleased to hear from you. I can be reached via the Company Secretary at dcorcoran@kenmareresources.com.

Conclusion

The Committee continues to believe that the current Directors' remuneration policy with its blend of short, medium and long-term aspects remains appropriate for the Group and in our view clearly aligns the interests of the Executives with those of the shareholders. In addition, it gives discretion to the Committee to look back over each three-year period in determining the ultimate KRSP vesting outcomes.

I would like to thank our employees and contractors for all their efforts and hard work in highly challenging circumstances. As ever, I am very grateful for the support and guidance given to me throughout the year by my fellow members of the Remuneration Committee and the Company Secretarial support team led by Deirdre Corcoran, the Committee Secretary.

Graham Martin
Chairman of the Remuneration Committee

31 March 2021

ANNUAL REPORT ON REMUNERATION

Principal responsibilities of the Committee

The role of the Committee is to assist the Board to fulfil its responsibility to shareholders to ensure that:

- Remuneration policy and practices of the Group are designed to support strategy and promote long-term sustainable success, reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements; and
- Executive remuneration is aligned to Group purpose and values and linked to delivery of the Group's long-term strategy.

The primary responsibilities of the Committee are to:

- Determine and agree with the Board the Group's policy on executive remuneration;
- Within the terms of the agreed policy, determine the total individual remuneration package of the Chair, Executive Directors, Company Secretary and such other members of the senior executive management as it is designated to consider;
- Review workforce remuneration, related policies and the alignment of incentives and rewards with culture; and
- Oversee the preparation of the Directors' Remuneration Report.

See the Committee's terms of reference at www.kenmareresources.com/about-us/corporate-governance/remuneration-committee.

The Committee gives full consideration to legal and regulatory requirements, to the principles and provisions of the 2018 UK Corporate Governance Code and to related guidance. The Committee also seeks to ensure that risk is properly considered in the setting of the remuneration policy, by ensuring that targets are appropriately stretching but do not lead to the taking of excessive risk.

The Committee reviews remuneration and related policies applicable to the wider workforce, ensuring that this is taken into account when setting the policy for executive remuneration. The aim across the Group is to provide a reward package that is aligned to shareholders' interests, supports the achievement of the Company's annual and strategic objectives, is competitive against the appropriate market and is consistent with our focus on performance and our core values. This means:

- base salaries are set in line with the market recognising the individual's skill, knowledge, experience levels and contribution to the role;
- high performance and exceptional contribution are recognised through in-year incentives;
- packages for leadership roles have an increased emphasis on longer-term share-based reward;
- providing employees with competitive post-retirement benefits in line with practices applicable in relevant jurisdictions; and
- ensuring access to a competitive and cost-effective package of other benefits as part of the total reward offering.

The Company Secretary acts as Secretary to the Committee. The Managing Director and Financial Director may be invited to attend meetings of the Committee, except when their own remuneration is being discussed. No Director is involved in consideration of his or her own remuneration.

The Remuneration Committee seeks independent advice when necessary from external remuneration consultants. In 2019, the Committee conducted a competitive tender process following which PwC, which has no other connection with the Group, Company or the Directors, were retained as independent external remuneration advisors. In 2020, the Committee renewed their appointment. PwC is paid a fixed fee for a fixed scope of work and charges fees on a time and materials basis for work outside of the agreed scope. During the year ended 31 December 2020 the total fees payable to PwC in respect of these services was £67,000. PwC is a member of the Remuneration Consultants Group and a signatory of that Group's Code of Practice for remuneration consultants. The Committee reviews the services and advice provided by PwC each year and is satisfied that the advice it receives is independent and objective.

Activities during 2020

The Remuneration Committee's main activities and decisions during 2020 were:

Area of focus	Remuneration Committee action
Annual Bonus	▪ The Committee assessed performance outcomes for the 2019 annual bonus. ▪ The Committee determined performance metrics and targets for the 2020 annual bonus and the impact of the COVID-19 pandemic on these.
KRSP	▪ The Committee approved the KRSP awards granted in May 2020.
Remuneration Policy	▪ The Committee developed the new Directors' remuneration policy (which was approved at the AGM held on 13 May 2020) and engaged with shareholders and various investor associations in relation thereto.
Workforce Salary	▪ The Committee reviewed pay and benefits of the Group's overall workforce.
Other	▪ The Committee approved PwC's fees as independent external advisors. ▪ The Committee considered its terms of reference to ensure they remain appropriate for the Group's needs. The terms of reference are available on the Kenmare website at www.kenmareresources.com/application/files/3115/7009/5818/2019-10-02_Terms_of_Reference_-_Remuneration_Committee.pdf ▪ The Committee reviewed its own performance as a Committee. ▪ The Committee also considered and approved the 2019 Directors' Remuneration Report.

Membership and meetings

The Remuneration Committee consists of its Non-Executive Chairman, Mr. G. Martin, and Non-Executive Directors Mr. P. Bacchus and Mr. G. Smith. Mr. S. McTiernan stepped down from his position as a member of the Committee on 13 May 2020. He attended all Committee meetings held in 2020 during his period of membership. Biographical details for each of the Committee members and a description of their respective skills, expertise and experience are set out on pages 80 and 81.

The Committee formally met four times during the year but there were also a number of less formal communications throughout the year on remuneration issues between members of the Committee and with the Executive Directors.

Name	Role	Independent	Date of Appointment to Committee	Meetings Attended
Mr. G. Martin	Chairman	Yes	14/10/2016	
Mr. P. Bacchus	Member	Yes	25/05/2017	
Mr. G. Smith	Member	Yes	12/03/2013	

Link between remuneration and long-term performance

The Committee is satisfied that remuneration delivered to the Directors is consistent with the Company's adopted Directors' remuneration policy, and within the prescribed limits. The performance metrics used under the 2020 annual bonus feature several key performance indicators, ensuring a clear alignment between remuneration and the execution of the Company's long-term business strategy, which is reinforced by the delivery of a substantial portion of remuneration in shares under the KRSP. The Committee believes that the Policy has operated as intended during the year, noting that the introduction of the COVID-19 management KPI to the annual bonus, authorised by the Committee's discretionary powers under the Policy, ensured that the remuneration outcomes for the year reflected Company and individual performance.

Directors' remuneration (audited)

The following tables set out the remuneration for Directors for the year ended 31 December 2020 and the prior year. There was no increase in the base salary of Executive Directors during 2020 (differences in amounts in the table reflect movements in conversion rates between Euro and US Dollars at the relevant dates).

	M.Carvill				T.McCluskey			
Executive Directors' Remuneration	**2020 US$'000**	**2020 %**	**2019 US$'000**	**2019 %**	**2020 US$'000**	**2020 %**	**2019 US$'000**	**2019 %**
Fixed Pay								
Basic salary	**619**		616		**409**		407	
Benefits	**7**		8		**4**		7	
Pension	**62**		62		**41**		41	
Total Fixed Pay	**688**	**64%**	686	48%	**454**	**65%**	455	47%
Variable Pay								
Bonus (i)	**382**		291		**243**		200	
Long-term incentives								
-KRSP (ii)	**-**		467		**-**		308	
Total Variable Pay	**382**	**36%**	758	52%	**243**	**35%**	508	53%
Total Single Figure	**1,070**		1,444		**697**		963	

i. The 2020 performance outcome of Mr. M. Carvill and Mr. T. McCluskey is 61.72% and 59.47% of salary respectively of which 50% of salary is awarded as a cash bonus. The balance of 11.72% and 9.47% of salary respectively is awarded in restricted shares which will vest three years from grant.

ii. The KRSP awards granted in 2020 include a performance underpin and will be included at the end of the three-year vesting period. The KRSP shown for 2019 is the value of KRSP incentives earned in the year. Awards under the KRSP in this table are made 100% in shares which vest, subject to continued employment, 60% on the third anniversary of grant and 20% on each of the fourth and fifth anniversary of grant.

iii. The underlying currency of the Executive Directors' emoluments is Euros.

iv. This disclosure forms an integral part of the financial statements.

Non-Executive Directors' Remuneration	Basic Fee 2020 US$'000	Basic Fee 2019 US$'000	Committee Chair & Membership Fee 2020 US$'000	Committee Chair & Membership Fee 2019 US$'000	Senior Independent Director Fee 2020 US$'000	Senior Independent Director Fee 2019 US$'000	Audited Total 2020 US$'000	Audited Total 2019 US$'000
P. Bacchus	**68**	64	**13**	13	**6**	–	**87**	77
E. Dorward-King	**68**	11	**25**	1	**–**	–	**93**	12
C. Fonseca	**68**	64	**10**	2	**–**	–	**78**	66
E. Headon (i)	**32**	64	**13**	15	**4**	10	**49**	89
T. Keating	**68**	64	**3**	2	**–**	–	**71**	66
G. Martin	**68**	64	**22**	21	**–**	–	**90**	85
S. McTiernan	**214**	213	**–**	–	**–**	–	**214**	213
G. Smith	**68**	64	**24**	28	**–**	–	**92**	92
D. Somers (ii)	**25**	–	**2**	–	**–**	–	**27**	–
Total	**679**	608	**112**	82	**10**	10	**801**	700

(i) Ms. E. Headon stepped down from the Board on 13 May 2020. The fees set out in the table above relate to the period of her directorship.
(ii) Ms. D. Somers was appointed to the Board as a Non-Executive Director on 19 August 2020. The fees set out in the table above relate to the period of her directorship.
(iii) The Non-Executive Directors' remuneration is 100% fixed and there has been no increase in basic fees since 2011.
(iv) This disclosure forms an integral part of the financial statements.

Total Directors' Remuneration	Audited Total 2020 US$'000	Audited Total 2019 US$'000
Executive Directors		
Salary	**1,028**	1,023
Benefits	**11**	15
Bonus	**625**	491
Pension	**103**	103
LTIP	**–**	775
Total Executive Directors' remuneration	**1,767**	2,407
Non-Executive Directors		
Fees	**801**	700
Total remuneration	**2,568**	3,107

Executive and Non-Executive Directors' remuneration and fees for services as Directors provided to the Company and the entities controlled by the Company are US$1.8 million (2019: US$2.4 million) and US$0.8 million (2019: US$0.7 million) respectively. These figures have been calculated based on the requirements of the UK's Large and Medium-sized Companies and Groups (Accounts and Report) (Amendment) Regulations 2013 (the "Regulations"), to which the Company has regard.

2020 annual bonus award (audited)

The performance metrics for the 2020 annual bonus award sought to deliver continuous and stretching progress in relation to operational performance, cost efficiency and capital expenditure management, health and safety initiatives, and corporate objectives. Different performance targets for project execution and corporate performance were set for each Executive Director according to their roles. The maximum opportunity under the annual bonus award for 2020 was 100% of base salary for the Managing Director and Financial Director.

Performance targets and outcomes for the 2020 financial year were as follows:

2020 annual bonus outcome		Weighting %	Performance needed for pay out at: Threshold (25% of maximum vests)	Target (50% of maximum vests)	Stretch (100% of maximum vests)
Operational	Ilmenite production (tonnes)	13.5	800,000	850,000	900,000
	Zircon (Standard & Special) production (tonnes)	3.375	44,500	47,300	50,100
	Rutile production (tonnes)	0.75	7,700	8,200	8,700
	Concentrates production (tonnes)	1.125	34,700	36,850	39,000
Financial	EBITDA (US$m)	7.5	79.9	94.0	108.1
	Production cash costs (US$m)	7.5	172	163	153
	Cost per tonne (US$/t)	3.75	182	172	162
	TSR (£ per share)	3.75	2.83	3.07	3.30
HSE	LTIFR per 200,000 man-hours	3.75	0.30	0.25	0.20
	Community safety	2.25	No community fatalities being the responsibility of Kenmare		
	Environment: Incidents/ Emissions	1.875	No reportable incidents or emissions		
	Environment: Strategic review of rehab	1.5	Delivery of a strategic review of Kenmare's rehabilitation		
	Environment: Hectares rehabilitated (ha)	1.5	140	160	175
	Supply Chain: Policy compliance capacity building	1.875	Action plan to be presented to Sustainability Committee and a workshop held		
	Social: Gender diversity (%)	2.25	8.0	8.5	9.0
Project Execution	WCP B move	11.25	Stretch performance was WCP B move commissioned, performance tests completed and plant fully operational by the end of 2020 and cost is on or below budget		
Corporate, Leadership, People		7.5	Performance in leadership, strategic vision & planning, business development, succession planning and alignment with company's vision and values.		
COVID-19 Management		25	Proactively & safely mitigate the impact of COVID-19 on the business with a view to ensuring the health and safety of personnel, minimising disruption to production and shipping and ensuring the long-term future of the Mine, while taking into account the interests of all stakeholders.		
Total		**100**			

(i) Formulaic level of award equates to the weighting multiplied by the proportion of element vesting.
(ii) Year end share price adjusted for dividends paid in 2020.

	M. Carvill		T. McCluskey	
Performance achieved	Proportion of element vesting %	Formulaic level of award % maximum % (i)	Proportion of element vesting %	Formulaic level of award % maximum % (i)
755,976	0.0	0.00	0.0	0.00
43,220	0.0	0.00	0.0	0.00
5,957	0.0	0.00	0.0	0.00
35,174	30.5	0.34	30.5	0.34
76.7	0.0	0.00	0.0	0.00
158	75.7	5.68	75.7	5.68
188	0.0	0.00	0.0	0.00
3.19(ii)	76.1	2.85	76.1	2.85
0.25	50.0	1.88	50.0	1.88
Four community incidents involving community motorbikes recorded in 2020, none of which Kenmare was responsible for but focus will be placed on this area in 2021.	50.0	1.13	50.0	1.13
No reportable incidents/emissions recorded. A new landfill site with effluent management was built and there was continued EMP compliance.	75.2	1.41	75.2	1.41
Rehabilitation and land use strategy review was developed and approved by the Sustainability Committee. Community engagement took place and public reporting standards for land use were finalised.	100.0	1.50	100.0	1.50
180	100.0	1.50	100.0	1.50
Target performance with a strategic review undertaken and an action plan developed and rolled out	50.0	0.94	50.0	0.94
10.64%	100.0	2.25	100.0	2.25
Performance achieved was close to the stretch target. There were some cost over-runs but these were minimal when COVID-19 related costs were excluded. The delays to the full commissioning and operation of the project as specified, such as the pumping system, can be largely attributed to COVID-19 factors.	93.3	10.50	93.3	10.50
Personal performance against the criteria was considered, especially in the context of the COVID-19 crisis, and noted in particular that: certain key additional roles had been added to the organisation; local management in Mozambique had been strengthened; and good communications and relationships had been maintained with all key stakeholders. Above target performance was achieved by both Executives; the difference in award levels reflecting the Committee's view of the additional contribution of each to the corporate scorecard and objectives.	90.0	6.75	60.0	4.50
Stretch performance was considered as achieved across all areas of the business particularly comprehensive health & safety enforcement, workforce engagement, financial management and extensive stakeholder engagement.	100.0	25.00	100.0	25.00
		61.72		59.47

The COVID-19 crisis which arose in early 2020, soon after the KPIs had been set, clearly had the potential to materially affect the Group's operations, workforce and all stakeholders, particularly so when the Group was implementing the move of the WCP B plant and infrastructure to Pilivili.

The Committee therefore determined that safe management of the COVID-19 crisis should merit the largest weighting within the 2020 bonus at 25% with the weightings for the other KPIs reduced pro-rata.

After full consideration of all the relevant issues, the Remuneration Committee awarded 100% achievement against this objective, noting in particular the factors set out on page 99 of the Chairman's letter.

Overall, the outcome of the scorecard and therefore outcome for Mr. M. Carvill was 61.72% of maximum. The outcome for Mr. T. McCluskey was 59.47%. The Committee believes this appropriately reflects the Executive Directors' performance during the year and the Group's results, and therefore has not applied further discretion to this outcome. 81% and 84% respectively of the 2020 annual bonus award was delivered in cash i.e. 50% of base salary and the balance of 19% and 16% respectively was deferred in shares for three years (as restricted shares under the KRSP), consistent with the Directors' remuneration policy.

Total pension entitlements

Pension provision for the Executive Directors was made in 2020 based on 10% of base salary, in line with the remuneration policy and the contributions for the Irish workforce. Fees paid to Non-Executive Directors are not pensionable. No Director has a prospective entitlement to a defined benefit pension by reference to their service as a Director.

Payments for loss of office (audited)

No payments for loss of office were made during the year.

Payments to past Directors (audited)

Ms. E. Headon stepped down as a Director on 13 May 2020 and her appointment as a Director terminated on that date. Pursuant to a contract for services with Erzulie Limited (a company wholly owned by her), effective from 1 June 2020, Erzulie Limited was paid €2,917 for the period from 1 June 2020 to 31 December 2020 for consulting services provided to the Sustainability Committee.

Mr. T. Fitzpatrick stepped down as a Director on 1 July 2018. During the year he was paid US$420,155 (2019:US$440,453) comprised of salary US$304,495 (2019: US$304,495), cash bonus U$85,210 (2019:US$105,508) and pension US$30,450 (2019: US$30,450). He also received share awards under the KRSP valued at £111,618 (2019: £103,423).

Directors' and Secretary's shareholdings (audited)

The interests of the Secretary and Directors who held office during 2020, their spouses and minor children, in the ordinary share capital of the Company, other than pursuant to share options or share awards, were as set out below:

	Shares held 26 March 2021	Shares held 31 December 2020	Shares held 1 January 2020
P. Bacchus	–	–	–
M. Carvill (i)	263,444	251,844	135,347
C. Fonseca	–	–	–
E. Dorward-King	3,600	3,600	–
E. Headon	4,746	4,746	4,990
T. Keating	–	–	–
G. Martin	100,000	84,135	84,135
T. McCluskey	144,109	134,953	68,720
S. McTiernan	228,607	216,353	169,845
G. Smith	30,078	30,078	30,078
D. Somers	3,940	–	–
D. Corcoran (Secretary)	16,383	16,383	6,334

(i) 99,385 shares held by Rostrevor One Limited, a company controlled by Mr M. Carvill are included in his holding.

Directors' and Secretary's share options and share awards (audited)

Share option scheme (audited)

Details of the share options of the Secretary and Executive Directors, granted in accordance with the rules of the share option scheme, are as follows:

Name	1 Jan 2020	Granted during 2020	Exercised or transferred during 2020	Lapsed during 2020	31 Dec 2020	Average option price £	Option price range From £	Option price range To £
M. Carvill	–	–	–	–	–	N/A	N/A	N/A
T. McCluskey	–	–	–	–	–	N/A	N/A	N/A
D. Corcoran (Secretary)	3,750	–	–	3,750	–	54.40	54.40	54.40

All share options granted under the share option scheme have now lapsed and the Board does not currently intend to make any further awards under the scheme. The share price at the year end was £3.13 and the share price range for the year was between £1.69 and £3.17.

Share awards scheme (audited)

Name	Share Plan	Number of nil cost options: At 1 Jan 2020	Awarded	Vested & Exercised	Lapsed	At 31 Dec 2020	Date of grant	Exercise period	Market price at exercise £
M. Carvill	KIP	258,635	–	(64,659)	(193,976)	**–**	31 March 2017	31 March 2020	1.75
	KRSP	134,466	2,352(i)	(83,032)	–	**53,786**	26 May 2017	26 May 2020–26 May 2022	2.20
	KRSP	149,362	–	–	–	**149,362**	15 March 2018	15 March 2021–15 March 2023	
	KRSP	152,074	–	–	–	**152,074**	15 March 2019	15 March 2022–15 March 2024	
	KRSP	–	157,206	–	–	**157,206**	13 May 2020	13 May 2023–13 May 2025	
		694,537	**159,558**	**(147,691)**	**(193,976)**	**512,428**			
T.McCluskey	KIP	170,689	–	(42,672)	(128,017)	**–**	31 March 2017	31 March 2020	1.75
	KRSP	88,743	1,552(i)	(54,798)	–	**35,497**	26 May 2017	26 May 2020–26 May 2022	2.20
	KRSP	98,574	–	–	–	**98,574**	15 March 2018	15 March 2021–15 March 2023	
	KRSP	100,364	–	–	–	**100,364**	15 March 2019	15 March 2022–15 March 2024	
	KRSP	–	103,750	–	–	**103,750**	13 May 2020	13 May 2023–13 May 2025	
		458,370	**105,302**	**(97,470)**	**(128,017)**	**338,185**			
D.Corcoran	KRSP	20,343	593(i)	(20,936)	–	**–**	26 May 2017	26 May 2020	2.20
	KRSP	31,094	–	–	–	**31,094**	17 April 2018	17 April 2021	
	KRSP	33,519	–	–	–	**33,519**	23 March 2019	23 March 2022	
	KRSP	–	36,530	–	–	**36,530**	26 March 2020	26 March 2023	
		84,956	**37,123**	**(20,936)**	**–**	**101,143**			

(i) Dividend equivalent entitlements relating to share awards vesting.

The aggregate gain on awards that vested during the year for Executive Directors was US$0.5 million (2019: US$0.2 million)

In the case of the Executive Directors, the KRSP awards made prior to 2020 vest, subject to continued employment, 60% on the third anniversary of grant date, 20% on fourth anniversary and 20% on fifth anniversary.

The 2020 awards for Mr. M. Carvill and Mr. T. McCluskey represent 75% of base salary based on a share price of £2.32; the open offer price from the 2016 capital raise as the actual share price at the date of award was lower.. The value of these awards totalled £0.36 million for Mr. M. Carvill and £0.24 million for Mr. T. McCluskey.

The Executive Directors' 2020 KRSP awards vest, subject to continued employment and to the Remuneration Committee's assessment against a discretionary underpin, on the third anniversary of grant date. The vested KRSP awards are subject to a two-year holding period which may extend beyond an Executive Director's cessation of employment in accordance with the post-employment holding requirements of the 2020 remuneration policy.

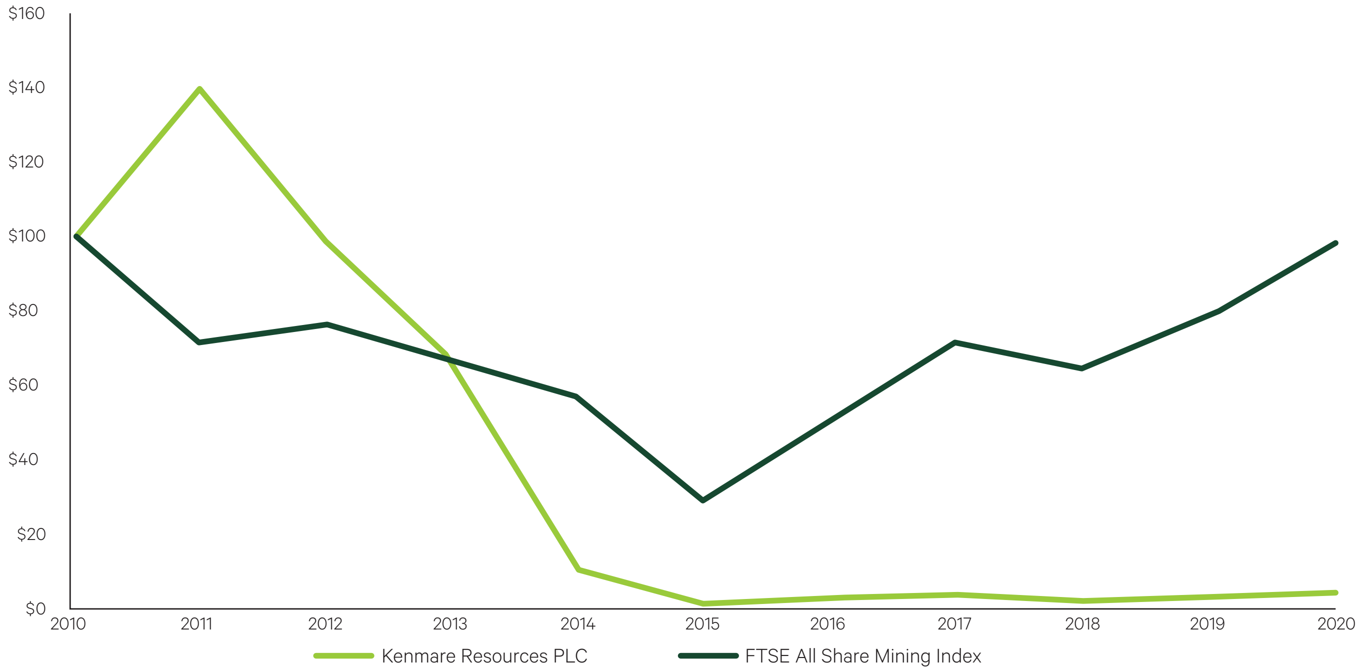
In the case of the Secretary, the above KRSP awards vest, subject to continued employment, on the third anniversary of grant date. No awards have been made under the KIP since March 2017. Non-Executive Directors do not receive awards under share awards plans.

Executive Directors' shareholding requirement

In accordance with the current Remuneration Policy, the Executive Directors are required to build up shareholdings equal to 250% of their respective salaries by 25 May 2022. This requirement can be met both by shareholdings held by the Executive Directors (directly or indirectly) and, on a net-of-tax basis, by unvested share awards that are not subject to performance or underpin conditions. As of 26 March 2021, and taking into account prevailing exchange rates and the basis of the information disclosed in the table on page 106, each of Mr. M. Carvill and Mr. T. McCluskey met this requirement.

Performance graph and table

The value at 31 December 2020 of US$100 invested in the Group in 2010 compared with the value of US$100 invested in the FTSE All Share Mining Index is shown in the graph below.



The remuneration paid to the Managing Director in the past 10 years is set out below:

Year	Name	Single figure of total remuneration US$'000	Bonus pay-out (as % maximum opportunity)	Long-term incentive vesting rates (as % maximum opportunity)
2020	M. Carvill	1,070	62%	N/A
2019	M. Carvill	1,444	47%	25%
2018	M. Carvill	1,652	58%	83.3%
2017	M. Carvill	1,528	59%	0%
2016	M. Carvill	1,340	66% (i)	N/A
2015	M. Carvill	744	22% (i)	N/A
2014	M. Carvill	967	26% (i)	N/A
2013	M. Carvill	809	0%	0%
2012	M. Carvill	783	0%	N/A
2011	M. Carvill	1,035	37%	N/A

(i) Amount shown reflects the cash and deferred share award under the KIP, part of which is conditional on long-term performance.

In line with the European Union (Shareholders' Rights) Regulations 2020 and with the regulations set out in the UK's Large and Medium-sized Companies and Groups (Accounts and Report) (Amendment) Regulations 2013, to which the Group has regard, figures shown in the table above relate to remuneration for performance each year.

Percentage change in remuneration and Company performance

Annual change	2020 v 2019 %
Directors' remuneration	
Executive Directors	
M. Carvill, Managing Director (i)	(26%)
T. McCluskey, Financial Director (i)	(28%)
Non-Executive Directors	
P. Bacchus (ii)	13%
E. Dorward-King (ii)	29%
C. Fonseca	18%
E. Headon (ii)	47%
T. Keating	8%
G. Martin	6%
S. McTiernan	0%
G. Smith	0%
D. Somers	N/A
Group performance	
Net Profit	(63%)
Employee average remuneration on a full-time equivalent basis	
Employees of the Company	7%

(i) The reduction is driven by the introduction of the underpin in the KRSP which means the 2020 award will be reflected in the single figure table at the time of vesting.
(ii) The increase results from changes to Board and/or Committee responsibilities during 2020.
(iii) The annual change has been calculated based on annualised figures.

Relative importance of spend on pay

	2020 US$'000	2019 US$'000	Change US$'000
Overall spend on pay including Directors	**40,518**	41,994	-1,476
Profit distributed by way of dividend	**8,594**	3,026	5,568
Group cash operating costs	**158,000**	156,600	1,400

Employee numbers throughout the Group increased from 1,497 in 2019 to 1,499 in 2020.

Group cash operating costs have been included in the table in order give a context to spend on pay relative to the overall cash operating costs.

Statement of implementation of policy in 2021 (audited)

Base salary

The base salaries for the forthcoming year are due to increase by 1.5% reflecting an inflation adjustment for the period from 2014 to 2020 and are set out below:

Executive Director	2021 US$'000	2020 US$'000	% Change
M. Carvill	**628**	619	1.5
T. McCluskey	**415**	409	1.5

The underlying currency of Mr. M. Carvill and Mr. T. McCluskey's base salaries is Euro. The US Dollar figures shown above for 2021 have been calculated using the average 2020 Euro to US Dollar exchange rate. The final US Dollar figure for 2021 will vary depending on exchange rate movements.

Annual bonus

The incentive opportunity for the Executive Directors under the incentive scheme for 2021 will be as follows:

Executive Director	On-target incentive (% of salary)	Maximum incentive (% of salary)
M. Carvill	50	100
T. McCluskey	50	100

The performance metrics for 2021 annual bonuses and their associated weightings are as follows:

Area	Measure	Weight (i)
Operational	Ilmenite, zircon, rutile and concentrates production volume	30%
Financial	EBITDA	10%
	Total cash operating costs	10%
	Cash cost per tonne	5%
	Total shareholder return	5%
Environment, Social and Governance (ESG)	Safety – LTIFR and community	
	Environment	25%
	Social and other	
Project execution		5%
Corporate		5%
COVD-19 management		5%

(i) The respective weightings for the Managing Director and Financial Director will be the same for all metrics except for Corporate where the Remuneration Committee will determine appropriate splits reflecting their respective responsibilities and challenges in these areas in 2021.

The performance metrics as set out above seek to deliver ongoing progress in relation to operational performance, cost efficiency, ESG, and strategic corporate objectives. The performance targets associated with the quantitative measures are in line with guidance issued in January 2021 and the targets for qualitative measures are in line with 2020 targets.

Kenmare Restricted Share Plan (KRSP)

The maximum award level for the Executive Directors under the KRSP for 2021 will be 100% of base salary. For the current Executive Directors only, the share price used to determine the award levels will not be less than £2.32, the open offer price for the 2016 capital raise. Vesting of awards will be subject to a performance underpin based on a number of corporate indicators. The underpin has no pre-determined targets and will be assessed retrospectively based on performance over the three-year vesting period.

In addition to the assessment of the appropriate award level prior to grant, the Remuneration Committee will also undertake a discretionary underpin performance assessment prior to vesting. The assessment of the underpin will consider Company and individual performance over the three-year vesting period. This provides the Committee with the ability to take a holistic view of the Company's performance to ensure that the vesting level is appropriate.

The following four core elements will be considered as part of the underpin assessment, although the Committee may consider other factors in addition to these:

- operational performance outcomes under the annual bonus scorecard over the three-year period;
- share price performance since grant;
- environmental, social and governance performance; and
- major strategic or project decisions and return on investment.

The Committee does not intend to set fixed, quantitative underpins in respect of these factors. Instead, in completing its assessment, the Committee may consider the following questions:

- Has operational performance been below threshold in any year during the vesting period? If so, has this been offset by performance in a prior or subsequent year?
- Has there been a material decline in the share price or failure to meet shareholder expectations for growth?
- Have there been any adverse environmental, social or governance issues arising during the vesting period, or any significant health and safety incidents?
- For major projects which have commenced during the vesting period, what progress has been made? For major projects that have been completed during the vesting period, what were the outcomes against original expectations and how do these translate to returns to shareholders?

In making an adjustment to vesting levels, the Committee will also consider the extent to which the matter has already been reflected in the annual bonus scheme outcomes. Furthermore, the Committee will consider these factors in both an individual and collective context, meaning that there may be different vesting levels for each participant.

Malus and clawback provisions will apply, as set out in the Directors' remuneration policy. Awards will be subject to malus during the vesting period. Clawback will apply for two years post-vesting.

Statement of voting at Annual General Meeting

The table below shows the outcome of the advisory vote on the Directors' Remuneration Report and Directors' remuneration policy at the 2020 AGM.

Item	Votes for	%	Votes against	%	Votes withheld
Advisory vote on 2019 Directors' Remuneration Report	76,182,597	97.76	1,742,125	2.24	44,412
Advisory vote on Directors' remuneration policy	70,960,538	91.02	6,997,155	8.98	11,440

This report was approved by the Board of Directors and signed on its behalf by:

Graham Martin
Chairman of the Remuneration Committee

31 March 2021

DIRECTORS' REMUNERATION POLICY REPORT

Introduction

The Directors' remuneration policy (the "policy") as summarised below was approved by a shareholder vote at the Annual General Meeting on 13 May 2020 and applies for the period of three years from the date of approval. For clarity, a summary of the policy is included in this report. The full policy can be found in the 2019 Annual Report, which is available under the Investors section of our website, www.kenmareresources.com.

Principles

Kenmare's remuneration policy is designed to support the business strategy, long-term interests and sustainability by providing levels of remuneration that attract, motivate and retain Executive Directors of the highest calibre who can contribute their experience to the Group's operations. The Board seeks to align the long-term interests of Executive Directors with those of shareholders, within the framework set out in the UK Corporate Governance Code (the "Code").

The Remuneration Committee seeks to ensure:

- that Executive Directors are rewarded in a fair and balanced way for their individual and team contribution to the Group's performance;
- that Executive Directors receive a level of remuneration that is appropriate to their scale of responsibility and individual performance;
- that the overall approach to remuneration has regard to the sector within which the Group operates and the markets from which it draws its Executive Directors; and
- that risk is properly considered in setting remuneration policy and in determining remuneration packages, with a focus on simplicity, transparency and the promotion of long-term alignment with shareholders.

Remuneration policy for 2020 onwards

The remuneration policy set out on pages 113 to 119 covers the three-year period between the 2020 AGM and the 2023 AGM and it complies with the European Union (Shareholders' Rights) Regulations 2020 and, on a voluntary basis, with the regulations set out in the UK's Large and Medium-sized Companies and Groups (Accounts and Report) (Amendment) Regulations 2013 (together the "Regulations").

The main components of the remuneration policy and how they are linked to and support the Group's business strategy are summarised in the table below. The policy covers all remuneration payments to Directors, and includes no provisions for derogations.

Element of remuneration	How the element supports our strategic objectives	Operation of the element including any provision for malus or clawback	Maximum potential value	Performance metrics, weighting, minimum payout and time period (where applicable)
Base salary	Supports the recruitment and retention of Executive Directors recognising the scope and responsibility of the roles and the individual's skills and experience.	Reviewed annually with increases generally effective from 1 January. When determining levels, consideration is given to: ▪ Group performance; ▪ the performance of the Executive Director over the previous 12 months; ▪ the salary review budget for all employees for the coming year; ▪ retention risk and the ability to replace higher value skills if needed in the market; ▪ benchmarking data of other UK and Irish listed companies of similar market capitalisation and practice in the global mining sector; ▪ inflation; and ▪ the rewards, incentives and conditions available to the Group's workforce.	Base salary reviews for Executive Directors are at the discretion of the Remuneration Committee but will generally be increased with the cost of living and with consideration to general Group increases. The only exceptions to this rule are where: ▪ there is a significant movement in the benchmarking data for that role; or ▪ an individual is brought in below market level with a view to increasing base pay over time to reflect proven competence in role; or ▪ there is a material increase in scope or responsibility of the Executive Director's role.	None.

DIRECTORS' REMUNERATION POLICY REPORT CONTINUED

Element of remuneration	How the element supports our strategic objectives	Operation of the element including any provision for malus or clawback	Maximum potential value	Performance metrics, weighting, minimum payout and time period (where applicable)
Benefits	Provides market competitive benefits to support Executive Directors in carrying out their duties.	Benefits include holiday and sick pay, family health insurance, permanent health insurance, life assurance and an annual health check. The Managing Director has a company car. The Group also reimburses the Executive Directors in respect of all expenses reasonably incurred by them in the proper performance of their duties. The Group may introduce new benefits that are, or become, prevalent in a jurisdiction in which it operates and in which a Director is located.	Set at a level appropriate to the individual's role and circumstances. The maximum opportunity will depend on the type of benefit and cost of its provision, which will vary according to the market and individual circumstances.	None.
Pension	To provide a market competitive remuneration package by facilitating long-term saving for retirement.	Each Executive Director is entitled to receive a payment into the Company's group personal pension plan or their private pension arrangements, or alternatively a salary supplement in lieu of such a contribution.	The maximum pension contribution for Executive Directors is 10% of salary	None.

Element of remuneration	How the element supports our strategic objectives	Operation of the element including any provision for malus or clawback	Maximum potential value	Performance metrics, weighting, minimum payout and time period (where applicable)
Annual bonus	To ensure a market competitive package and to incentivise Executive Directors to achieve the Group's business objectives.	Based on the level of performance over the financial year, the annual bonus will be paid in cash shortly after the end of the relevant financial year up to a maximum cash payment of 50% of base salary. Where the annual bonus achieved exceeds 50% of base salary, Executive Directors will be granted restricted shares under the KRSP in respect of the excess outcome above this level, which will vest three years from grant date. If the Remuneration Committee, in exceptional circumstances, believes that payment in cash is not appropriate it will instead be able to make an award of shares under the KRSP of equivalent value. Such restricted shares would not be subject to forfeiture but would be subject to a minimum retention period. Clawback will apply to cash annual bonus awards for two years from the date of payment. Annual bonus awards made in the form of restricted shares will be subject to malus during the vesting period. Clawback will apply to these for two years post-vesting.	The maximum annual opportunity is 100% of base salary.	Performance is measured over the financial year. Performance metrics and targets are determined at the start of each year by the Remuneration Committee and will consist of a balanced scorecard of financial and non-financial measures. The Remuneration Committee has the discretion to vary the weighting of the metrics or to substitute different measures over the lifetime of the policy to take account of changes in business strategy and/or external market conditions, but a significant proportion of the bonus scorecard will be weighted towards financial and operational metrics. The targets and actual levels of performance will be disclosed retrospectively within the implementation section of the Company's Directors' Remuneration Report. The Remuneration Committee will have the discretion to adjust the results of the outcome of the scorecard if it believes this does not accurately reflect the underlying performance or align with the experience of shareholders.

Element of remuneration	How the element supports our strategic objectives	Operation of the element including any provision for malus or clawback	Maximum potential value	Performance metrics, weighting, minimum payout and time period (where applicable)
Share awards under the Kenmare Restricted Share Plan ("KRSP")	To increase shareholder alignment by providing Executive Directors with longer-term interests in shares.	Annual awards of shares will be made under the Kenmare Restricted Share Plan. The awards will vest on the third anniversary of grant subject to continued employment and the Remuneration Committee's assessment against a discretionary underpin. Vested shares are then subject to a further two-year holding period. Participants may sell sufficient shares at the point of vesting to cover their tax liabilities. Awards will be subject to malus during the vesting period. Clawback will apply for two years post-vesting. Awards made under the KRSP may carry an entitlement to dividend equivalents in respect of dividends paid between grant and vesting.	The maximum award level in any year is 100% of base salary.	The Remuneration Committee will use its discretion to consider the appropriate level of award (including making no award) if it believes this is appropriate in light of the Group's performance and that of the individual Executive Director at the time of making of the award. The share price used to determine the award levels will normally be the share price shortly before the date of grant. However, for the current Executive Directors only, the share price used will not be less than the open offer price for the 2016 capital raise (£2.32). Vesting of the award will be subject to a performance underpin based on a number of corporate indicators. The Committee will consider whether performance against such indicators has been adequately adjusted for under the annual bonus outcome when considering their use of discretion. The underpin has no predetermined targets and will be assessed retrospectively based on performance over the three-year vesting period. The Committee will provide a full disclosure of their assessment within the Directors' Remuneration Report.

Element of remuneration	How the element supports our strategic objectives	Operation of the element including any provision for malus or clawback	Maximum potential value	Performance metrics, weighting, minimum payout and time period (where applicable)
Shareholding requirement	To strengthen the alignment between the interests of Executive Directors and those of shareholders.	Executive Directors' shareholding measured after the five-year period from the 2017 AGM (or date of appointment if later).	Shareholding requirement during employment of 250% of salary. Post-cessation shareholding requirement of 100% of the in-employment shareholding requirement (or actual shareholding on departure if lower) for two years post-employment. Unvested shares which are not subject to performance or underpin conditions will count towards the shareholding requirement on a net of tax basis. The post-cessation shareholding requirement applies to awards granted after the 2020 AGM. This does not apply to shares purchased voluntarily from an Executive Director's own funds.	N/A
Non-Executive Director fees	To provide a level of fees to support recruitment and retention of Non-Executive Directors with the necessary experience and ability to make a significant contribution to the Group's activities.	The Non-Executive Directors are remunerated entirely through fees and associated benefits. They are not eligible to receive any performance-related remuneration nor do they hold share options.	The fees paid to the Non-Executive Directors are set at a level to attract individuals with the necessary experience and ability to make a significant contribution to the Group's activities, while also reflecting the time commitment and responsibility of the role.	None.

Notes to the future policy table

Performance measures and targets

The Remuneration Committee selects performance conditions for the Annual Bonus which reflect the Group's overall strategy and are the key metrics used by the Executive Directors to oversee the operation of the business. They are determined annually. They typically include both production, financial and non-financial performance criteria. In the past, they have, for example, related to areas such as mineral production targets, EBITDA, production costs, community safety, environmental compliance and health and safety (both workforce and community related). The performance criteria for 2020 are described on pages 104 and 105 and those for 2019 are described on pages 92 and 93 of the 2019 Annual Report. The performance metrics for 2021 are set out on page 110.

The Committee believes that the KRSP will continue to provide an opportunity for the Executive Directors to build meaningful shareholdings in the Company and therefore further align the longer-term experience of shareholders and management. The introduction of a performance underpin ensures that the Committee has the ability to reduce vesting outcomes if Group or individual performance does not warrant full vesting of the award. The underpin will not be assessed based on pre-determined targets; it will be a discretionary retrospective assessment and the Committee will provide a full disclosure of its assessment. The Remuneration Committee intends to use a broad range of corporate indicators which are intended to reflect overall performance of the Group during the vesting period.

DIRECTORS' REMUNERATION POLICY REPORT CONTINUED

Approach to recruitment remuneration

The Committee's approach to recruitment remuneration is to pay competitively to attract the appropriate high-calibre candidate to the role. Our principle is that the pay of any new recruit would be assessed following the same principles as for the existing Executive Directors.

Service contracts

The Company's policy is that Executive Directors should have a notice period of no more than 12 months. Other than in the case of termination by an Executive Director on change of control, the notice periods are 12 months' notice from the Company and three months' notice from the Executive Director.

As a listed company, all of the Executive Directors and Non-Executive Directors are subject to annual re-election at the AGM. The Executive Directors' service contracts have no fixed duration save for a retirement age of 65.

In the event of termination, the Remuneration Committee will agree an appropriate termination payment for the relevant individual reflecting the circumstances, service and existing contractual terms and conditions.

The Company has the right, or may be required in certain circumstances, to make a payment in lieu of notice of termination, the amount of that payment being base salary and benefits that would have accrued to the Executive Director during the contractual notice period. In addition, the Remuneration Committee reserves the right to allow continued participation in the Company's incentive arrangements during the notice period.

Upon a change of control, each Executive Director has the right to terminate his employment by notice and be entitled to receive an amount equal to 12 months' salary, cash equivalent of benefits and pension contributions, subject to such amount being reduced by the equivalent amounts in respect of any months worked by the Executive Director after his giving of notice. Such payment would be in settlement of all claims that the Executive Director may have against the Group, but shall not affect the Executive Director's entitlement to accrued but unpaid salary, deferred bonus or similar incentive payments and certain other amounts.

Mr. M. Carvill serves as a Director for a number of private companies but receives no fee for his services. Mr. T. McCluskey does not serve as a Non-Executive Director elsewhere.

Policy on payment for loss of office

When determining any loss of office or change of control payment for a departing individual, the Committee will protect the Company's interests and reflect the circumstances in place at the time, having taken into consideration terms of Executive Directors' service agreements. In the event of a compromise or settlement agreement, the Committee may make payments it considers reasonable in settlement of potential legal claims. The Committee may also include in such payments reasonable reimbursement of professional fees in connection with such agreements. The reimbursement of repatriation costs or fees for professional or outplacement advice may also be included in the termination package, as deemed reasonable by the Committee, as may the continuation of benefits for a limited period.

Other Remuneration Committee discretions

In addition to assessing and making judgements on the meeting of performance targets and the appropriate incentives payable, the Remuneration Committee has certain operational discretions available that can be exercised in relation to Executive Directors' remuneration including but not limited to:

- Amending the outcome of the relevant scorecard if the Committee believes the formulaic outcome of the scorecard does not reflect the true underlying performance of the Group or the experience of shareholders;
- Deciding whether some or all cash bonus amounts should be settled in restricted shares;
- Deciding whether to apply malus or clawback to an award;
- Deciding to what extent if any the performance underpin should apply to the vesting of an applicable KRSP award;
- Determining whether a leaver is a "good leaver" under the Company's incentive plans; and
- Amending performance conditions following a major corporate event or in circumstances in which the Committee considers that the impact of external influences is such that the original metrics are no longer appropriate.

Where such discretion is exercised, it will be explained in the subsequent Directors' Remuneration Report.

Consideration of employment conditions elsewhere in the Group

The Committee does not directly consult with employees when formulating Executive Director pay policy, nor does it apply strict numerical pay ratios. However, the Committee does take into consideration information on pay arrangements for the wider employee population when determining the pay of Executive Directors. This includes consideration of the salary increases awarded across the Group when determining salary increases for the Executive Directors each year.

The Group aims to provide a remuneration package for employees that is market competitive and follows the same core structure as for the Executive Directors, including cascade of the KRSP where appropriate, participation in an annual bonus scheme and pension provision.

Consideration of employment conditions outside the Group

The Committee reviews the remuneration of the Executive Directors in light of the remuneration of the Executive Directors of other appropriate quoted companies.

Consideration of shareholder views

The Remuneration Committee considers shareholder feedback received in relation to the AGM each year and guidance from shareholder representative bodies more generally. This feedback, together with additional feedback received during meetings from time to time and the results of recent votes on the Remuneration Report, is then considered as part of the Company's review of policy.

In formulating the 2020 remuneration policy, the Committee consulted with a number of the Company's significant shareholders regarding their views on remuneration practice and policies. The views expressed during these consultations were taken into consideration when setting the remuneration structure. In order to avoid any conflict of interest, no Executive Director is present when his or her own remuneration is being discussed.

Other considerations in developing the policy

In developing the 2020 remuneration policy, the Remuneration Committee considered the following factors set out in the Code:

- **Clarity and simplicity** – We believe that the remuneration package for our Executive Directors is clear and transparent, in particular the KRSP is a simple structure which cascades where appropriate down the organisation. The operation of the KRSP was simplified in 2020 by adjusting the vesting schedule so that all awards vest after three years subject to a further two-year employment period.
- **Risk** – The Remuneration Committee has a number of tools at its disposal to ensure that reputational and other risks are identified and mitigated. These include malus and clawback provisions on both the annual bonus and the KRSP (which have been extended in the new policy to cover a wider range of scenarios), the use of a minimum share price when determining KRSP awards and the introduction of a discretionary underpin on the vesting of KRSP awards. Furthermore, the Remuneration Committee has the discretion to amend the formulaic outcome of the annual bonus if the Committee believes this does not reflect the true underlying performance of the Group or the experience of shareholders.
- **Predictability and proportionality** A range of potential remuneration outcomes under the policy can be calculated including a share price appreciation scenario. This enables shareholders to assess the impact of performance outcomes and share price appreciation on the value of remuneration for individual Directors.
- **Alignment to culture** – The introduction of a discretionary underpin assessment ensures that the vesting level of KRSP awards takes into account the overall business performance, including non-financial factors such as environmental, social and governance considerations.

Non-Executive Directors’ remuneration

Non-Executive Directors’ contracts may be terminated by either party giving to the other one month’s prior written notice. The Non-Executive Directors are remunerated entirely through fees. They are not eligible to receive any performance-related remuneration nor do they hold share options. The fees paid to the Non-Executive Directors are set at a level to attract individuals with the necessary experience and ability to make a significant contribution to the Group’s activities, while also reflecting the time commitment and responsibility of the role. Additional per diem rates may be paid to Non-Executive Directors when the meeting load has significantly exceeded what would be expected in the normal course of business.

None of the Non-Executive Directors had a beneficial interest in any contract to which the Company or any of its subsidiary undertakings was a party during the financial year.

Non-Executive Directors are not entitled to any compensation on the termination of their appointment. All Directors are subject to annual re-election. No compensation is payable to Non-Executive Directors if they are not re-elected.