



Sarah Munby
Permanent Secretary & Principal Accounting Officer
Department for Business, Energy & Industrial Strategy
1 Victoria Street
London
SW1H

4th October 2022

Dear Sarah,

Re: Letter of Apology

As the Chair of the POL Remuneration Committee, I am writing to you to apologise for the situation we find ourselves in regarding Managing Public Money and the payment of the CEO's Short Term Incentive Plan (STIP). We recognise the seriousness of our Managing Public Money responsibility and how we have breached this responsibility in making the CEO STIP payment.

The requirements for Shareholder approval are important - indeed essential – parts of the Remuneration Committee process, and we accept that we have not followed them properly on this occasion. The Remuneration Committee approval expressly contemplated a recommendation to the shareholder for approval of this specific point in relation to the effect on the CEO's STIP payment. However, this shareholder approval was not obtained before the payment was made, and we appreciate the guidance from UKGI in highlighting this matter for urgent attention.

We are taking steps to ensure that any ambiguity within POL about the approval processes are removed, so there is no prospect of this situation occurring again. I would be pleased to explain in more detail what those steps are.

I will write to you under separate cover to request:

Retrospective approval for the timing of the awards.

A change in the approach for rewarding personal performance of the CEO and CFO.

Approval for changes to the metrics in the 2021-2024 Long Term Incentive Plan (LTIP).

I hope that that this letter reassures you that the Remuneration Committee, which I lead, and POL generally, takes the omissions described above very seriously and views the position we find ourselves in with considerable unhappiness. We have learnt from this situation and will be more diligent in ensuring the application of the correct processes in future.

I would value the opportunity to meet with you at your convenience to discuss these matters further.

Yours sincerely

GRO

Lisa Harrington
Chair of the Remuneration Committee