

Remuneration Policy

Set out below is the Directors' Remuneration Policy which, if approved, will apply from the close of the 2020 AGM.

Total remuneration is made up of fixed and performance-linked elements, with each element supporting different strategic objectives.

Base salary	Benefits	Pension
<p>Link to strategy Provides an appropriate level of fixed income.</p> <p>Set at levels to attract and retain talented individuals with reference to the Committee's assessment of:</p> <ul style="list-style-type: none"> • The specific needs of the Group by reference to the size and complexity of the business; • The specific experience, skills and responsibilities of the individual; and • The market rates for companies of comparable size and complexity and internal Company relativities. <p>Operation Normally reviewed annually (currently with effect from 1 July) in conjunction with those of the wider workforce.</p> <p>Maximum opportunity Salaries for the relevant year are detailed in the Annual Report on Remuneration.</p> <p>Whilst the Company does not have a cap on salaries, increases are normally expected to be in line with increases across the management grades, subject to particular circumstances such as a significant change in role, responsibilities or organisation. Where an executive is appointed at a salary lower than the assessed market rate, subject to performance, their salary may be increased to the assessed market rate which could result in increases above the salary increase awarded to all employees not involved in collective bargaining. An explanation of differences in remuneration policy for executive directors compared with other employees is set out later in this Directors' Remuneration Policy.</p> <p>Performance Performance measures: Group performance is taken into consideration when determining an appropriate level of base salary increase for the Group as a whole and personal performance is taken into account when determining an appropriate level of base salary increase for the executive.</p> <p>Performance period: N/A.</p>	<p>Link to strategy Help to recruit, retain and promote the efficient use of management time.</p> <p>Operation The Company typically provides the following benefits:</p> <ul style="list-style-type: none"> • Cash allowance in lieu of company car; • Fully expensed fuel; • Private health insurance; • Life insurance; • Permanent incapacity benefit; • Telecommunication services; • Professional memberships; • Allowance for personal tax and financial planning; and • Other ancillary benefits, including relocation expenses (as required). <p>Maximum opportunity There is currently no maximum level, however, the provision and level of allowances and benefits are considered appropriate and in line with market practice.</p> <p>Performance Performance measures: N/A. Performance period: N/A.</p>	<p>Link to strategy To offer a level of benefit in line with that offered to the majority of the workforce to help recruit and retain and to recognise long-term commitment to the Group.</p> <p>Operation Executive directors may participate in the Group's defined contribution scheme on the same basis as all other new employees, or receive an equivalent allowance in lieu of pension provision.</p> <p>Executive directors may also salary sacrifice additional amounts into this scheme but will not receive any additional contribution from the Group. Only basic pay is pensionable.</p> <p>Maximum opportunity The maximum contribution or allowance for executive directors is the same as is available to the majority of the workforce. Currently this is either a contribution or a salary supplement of 7.5% of basic pay up to an earnings cap (£166,200 for 2019/20), but increasing each April in line with the Retail Prices Index as at the previous September).</p> <p>Performance Performance measures: N/A. Performance period: N/A.</p>

Directors' Remuneration report CONTINUED

Annual bonus

Link to strategy

Designed to incentivise delivery of annual financial and operational goals and directly linked to delivery of the Group's strategy.

Operation

An annual bonus is earned based on performance against a number of performance measures which are linked to the Group's strategy. Maximum of two-thirds of the bonus is paid in cash and a minimum of one-third deferred into shares under the Premier Foods Deferred Bonus Plan ('DBP') which are released after three years subject to continued employment.

The rules of the DBP contain a dividend equivalent provision enabling payments to be made (in cash or shares) at the time of vesting, in an amount equivalent to the dividends that would have been paid on the participant's vested shares between the date of grant of the relevant award and the date of vesting.

Clawback and malus provisions apply for both the cash and share elements.

Maximum opportunity

Maximum (as a percentage of salary):

- CEO: 125%
- Other Directors: 100%

Performance

Performance measures: Performance conditions are designed to promote the delivery of the Group's strategy and can be made up of a range of:

- Financial targets (e.g. turnover, trading profit and cash flow) representing not less than 70% of the total bonus opportunity, subject to the delivery of a threshold level of trading profit;
- Non-financial targets subject to the delivery of a threshold level of profitability.
- No more than 20% of the bonus will vest for threshold performance with full vesting taking place for equalling or exceeding the maximum target.
- Specific details of the performance measures for the relevant year can be found in the Annual Report on Remuneration to the extent that they are not commercially sensitive.

Performance period: One year.

Long-Term Incentive Plan (LTIP)

Link to strategy

The Premier Foods Long-Term Incentive Plan ('LTIP') provides a clear link to our strategic goal of delivering profitable growth with sustainable share price growth over the medium to long-term.

Operation

Annual grant of Share Awards.

Share Awards are the conditional award of shares or nil cost options which normally vest after three years, subject to performance conditions.

Awards under the LTIP, including the determination of any relevant performance conditions, will be considered and determined on an annual basis at the discretion of the Committee.

The rules contain a dividend equivalent provision enabling payments to be made (in cash or shares) at the time of vesting, in an amount equivalent to the dividends that would have been paid on the participant's vested shares between the date of grant of the relevant award and the date of vesting.

Clawback and malus provisions apply.

Maximum opportunity

Maximum individual limit in respect of any financial year of 150% of salary in that financial year.

Performance

Performance measures: Performance conditions are based on a range of targets focused on the delivery of increased shareholder value over the medium to long-term.

Currently, these include a combination of total shareholder return and adjusted earnings per share.

No more than 20% of the LTIP award will vest for threshold performance with full vesting taking place for equalling or exceeding the maximum target.

Performance period: Three years.

Holding period: Two years (post vesting).

Sharesave Plan

Link to strategy

To offer all employees the opportunity to build a shareholding in a simple and tax-efficient manner.

Operation

The Company's Sharesave Plan is an HMRC compliant scheme which is usually offered annually to all employees. The key terms of the plan will only be changed to reflect HMRC changes.

Maximum opportunity

Participants may save up to the statutory limit (currently £500 per month but subject to any lower limit set by the Committee) over a three-year period, following which they have the opportunity to buy Company shares at a price set at the beginning of the savings period.

Performance

Performance measures: None, other than continued employment.

Performance period: Three years.

Shareholding requirements

Link to strategy

To align executives' interests with shareholders.

Operation

Executive directors are expected to retain 50% of shares from vested awards under the DBP and the LTIP (other than sales to settle any tax or NICs due) until they reach their required multiple of salary in shares (which is currently 200% of salary). The Committee will review progress against the requirements (which are set out in the Annual Report on Remuneration) on an annual basis.

Maximum opportunity

N/A

Performance

Performance measures: N/A.

Performance period: N/A.

Non-executive director fees

Link to strategy

Provides an appropriate level of fixed fee to recruit and retain individuals with a broad range of experience and skill to support the Board in the delivery of its duties. Fees are reviewed annually.

Operation

The remuneration of non-executive directors is determined by the Chairman and executive directors. The remuneration of the Chairman is determined by the Remuneration Committee.

Includes a Chairman's fee and standard non-executive fee. Additional fees are payable for additional responsibilities, for example the roles of Committee Chairs and the Senior Independent Director.

Any reasonable business related expenses (including tax thereon) which are determined to be a taxable benefit can be reimbursed.

Maximum opportunity

Increases are normally expected to be in line with the market, taking into account increases across the Group as a whole, subject to particular circumstances such as a significant change in role, responsibilities or organisation.

The current aggregate maximum under the Company's Articles of Association for the Chairman and the non-executive directors is £1,000,000.

Performance

Performance measures: N/A.

Performance period: N/A.

Directors' Remuneration report CONTINUED

1. Notes to the policy table

For the avoidance of doubt, in approving this Directors' Remuneration policy, authority is given to the Company to honour any commitments entered into with current or former directors that have been disclosed to shareholders in previous remuneration reports. Details of any payments to former directors will be set out in the Annual Report on Remuneration as they arise as required under the Remuneration Regulations.

The Committee operates the Annual Bonus plan, DBP, and LTIP according to their respective rules, which include flexibility in a number of areas. These include:

- the timing of awards and payments;
- the size of an award, within the maximum limits;
- the participants of the plan;
- the performance measures, targets and weightings to be used for the annual bonus plan and long-term incentive plans from year-to-year;
- the assessment of whether performance conditions have been met;
- the treatment to be applied for a change of control or significant restructuring of the Group;
- the determination of a good/bad leaver for incentive plan purposes and the treatment of awards thereof; and
- the adjustments, if any, required in certain circumstances (e.g. rights issues, corporate restructuring, corporate events and special dividends).

Choice of performance measures and approach to target setting

The Committee reviews the performance measures used in the incentive arrangements on an annual basis to ensure that they remain appropriate and aligned to the delivery of the annual business plan and Group strategy. Currently the annual bonus measures consist of financial (70%) and non-financial (30%) targets. This approach is adopted in order to link pay to the delivery of overall Group performance measured across a balance of key strategic aims. The targets will be set by reference to internal budgeting and strategic plans.

It is expected that the LTIP will continue to use a combination of adjusted earnings per share and total shareholder return based measures to reflect both an internal measure of Group performance as well as the delivery of shareholder value. Targets are set taking into account both internal and external assessments of future performance and what constitutes good and superior returns for shareholders. The Committee also retains the discretion within the policy to adjust the targets and/or set different measures and/or alter weightings for future awards.

In addition, the Committee also retains the discretion within the policy to amend the existing performance conditions for the incentive plans if events happen that cause it to determine that the conditions are unable to fulfil their original intended purpose.

The Committee will consider the bonus and LTIP outcomes against all of the pre-set targets following their calculation and in exceptional circumstances may moderate (up and down) these outcomes to take account of a range of factors, including the Committee's view of overall Group performance for the year. In the case of bonus, this may also result in upward moderation, however, no upward moderation would be undertaken without first consulting with major shareholders.

2. Remuneration scenarios and weighting

This chart indicates the level of remuneration that could be earned by the current executive directors at minimum, target, maximum and maximum +50% share price growth, under the Company's current Directors' Remuneration Policy.



3. Service contracts

The executive directors have rolling service contracts. The executive directors' service contracts contain the key terms shown in the table below. The CEO's notice period (which was agreed prior to the current policy) reduces to six months after 12 months of employment rather than after six months of employment). In the event that any additional executive directors are appointed, it is likely that their service contracts will contain broadly similar terms.

Provision	Detailed terms
Remuneration	Salary, benefits, pension, annual bonus and share incentives entitlements in line with the above Directors' Remuneration Policy table.
Change of control	The service agreement does not provide for any enhanced payment in the event of a change of control of the Company.
Notice Period	Standard notice period is set at six months from the executive director and Company. To assist with recruitment, upon appointment to the Board, notice period may be set at up to 12 months, decreasing to six months after six months of employment.
Payment in lieu of notice	<p>The Company may, at its discretion, pay a sum equal to base salary, benefits, and pension contributions which would have been earned during the Notice Period as payment in lieu of notice. This payment is payable in two equal instalments or until such earlier date alternative employment is secured, subject to mitigation.</p> <p>In the event of the Company serving notice within 12 months following a change of control then employment will terminate immediately and the Company will make a payment in lieu of notice.</p> <p>There is no entitlement to a pro rata bonus payment in lieu of notice.</p>

The terms and conditions for the Chairman and non-executive directors are set out in their letters of appointment, which are available for inspection at the Company's registered office and will be available at the AGM, as are executive service contracts. The letters of appointment entitle the non-executive directors and the Chairman to receive fees but do not have provisions on payment for early termination. The appointment of non-executive directors is for a fixed term of up to three years which may be terminated by three months' notice from either party, with the exception of Messrs Honda, Kilic and Wosner whose appointments are governed by their Relationship Agreements between the Company and Nissin Foods Holdings Co., Ltd, Paulson & Co. Inc. and Oasis Management Company Ltd, respectively.

4. External directorships

The Company recognises that its executive directors may be invited to become non-executive directors of companies outside the Company and exposure to such non-executive duties can broaden experience and knowledge, which would be of benefit to the Company. Any external appointments are subject to Board approval (which would not be given if the proposed appointment was with a competing company, would lead to a material conflict of interest or could have a detrimental effect on a director's performance). At the discretion of the Board, the executive director may be able to retain any fees received.

5. Policy on payment for loss of office

The Committee aims to deal fairly with cases of termination, while attempting to limit compensation and honour contractual remuneration entitlements. The principles that would be followed are:

- The executive directors have rolling contracts. Standard notice period is set at six months, however, upon appointment to the Board, an executive director's notice period may be set at 12 months, decreasing to six months after six months of employment.
- The Company may elect to terminate employment immediately in circumstances where it considers it to be appropriate by making a payment in lieu of notice equivalent to the executive director's salary, pension and benefits for the notice period in two equal instalments (the first within 28 days of termination and the second three months (or where the notice period is 12 months, six months) following the date of termination). These payments are subject to the executive director's duty to mitigate his or her loss by finding alternative employment. If the executive director finds an alternative position, future payments will be reduced by the amount of remuneration received by the executive director pursuant to that alternative remunerated position.
- Salary, pensions and benefits will generally not be paid to a 'bad leaver' in lieu of notice. The Company may terminate an executive director's employment without notice (or payment in lieu) in certain circumstances, including where he or she commits an act of dishonesty, is guilty of gross misconduct or a serious breach of his or her service agreement.
- A time pro-rated bonus (where relevant in respect of that bonus year) may be payable for the period of active service from the start of the bonus year to the date on which the director's employment terminates for 'good leavers'. Any unpaid bonus for the preceding completed bonus year may also be payable) to a 'good leaver'. The amount of such bonus will be determined at the discretion of the Committee taking into account performance. Any bonus payable could, at the discretion of the Remuneration Committee, be paid entirely in cash. There is no entitlement to any bonus (in respect of that or any previous bonus year) following notice of termination (or cessation of employment) for 'bad leavers' and they will not receive any bonus in such circumstances. Any share-based entitlements granted to an executive director under the Company's share plans will be determined based on the relevant plan rules or award agreement. The default treatment is that any outstanding awards lapse on cessation of employment. However, in certain prescribed circumstances, such as death, disability, injury, redundancy (not in respect of the DBP), transfer of the employing company or business out of the Group or other circumstances at the discretion of the Committee (taking into account the individual's performance and the reasons for their departure) 'good leaver' status can be applied. The 'good leaver' treatment under the various plans is as follows:

- DBP and LTIP awards will vest on the normal vesting date (unless the Remuneration Committee decides that the awards should vest on the date of cessation) subject to, in the case of LTIP awards, performance conditions (measured over the original time period or a shorter period where the LTIP awards vest on cessation of employment) and are reduced pro-rata to reflect the proportion of the period from grant actually served. The Remuneration Committee has the discretion to disapply time pro-rating if it considers it appropriate to do so. However, it is envisaged that for the LTIP awards this would only be applied in exceptional circumstances. In determining whether an executive should be treated as a 'good leaver' or not, the Committee will take into account the performance of the individual and the reasons for their departure.
- The Remuneration Committee may agree that the Company will pay for the provision of outplacement support and the reasonable fees for a departing executive director to obtain independent legal advice in relation to his or her termination arrangements and nominal consideration for any agreement to introduce contractual terms protecting the Company's rights following termination.
- Where it is necessary to discharge an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a director's office or employment the Committee may make a payment to a departing executive director.
- In the event of change of control of the Company, if the Company gives notice to terminate or the executive director is constructively dismissed, his or her employment shall terminate immediately and he or she will be entitled to a payment in lieu of notice equivalent to the executive director's salary, pension and benefits for his or her notice period. Any share-based entitlements will be dealt with in accordance with the rules of the relevant schemes.

6. Recruitment policy

On the recruitment of an executive director the Committee will aim to align the executive's remuneration package with the approved Directors' Remuneration Policy. In arriving at a remuneration package, the Committee will take into account the skills and experience of the individual and the market rate for a candidate. The details of the recruitment policy are set out below:

Reward element	Detailed terms
Base salary	In line with the above Directors' Remuneration Policy table. However, includes discretion to pay lower base salary with incremental increases as new appointee becomes established in the role.
Pension and benefits	In line with the above Directors' Remuneration Policy table.
Performance based pay	Executive directors are entitled to participate in the Company's Annual Bonus, DBP and Long-Term Incentive Plans in line with the above Directors' Remuneration Policy table. The maximum variable pay for the CEO will be 275% of the base salary and 250% of base salary for the CFO and other directors. In its discretion, the Committee may set different performance measures to apply to awards made in the year of appointment if it considers that to be appropriate.
Notice Period	To assist with recruitment, upon appointment to the Board, an executive director's notice period may be set at up to 12 months, decreasing to the standard notice period of six months after six months of employment.
Buy outs	In order to facilitate external recruitment of executive directors, it may be necessary for the Committee to consider buying out existing incentive awards which would be forfeited on the individual leaving their current employment. The Committee would seek, where possible, to provide a buy-out structure which was consistent with the forfeited awards in terms of quantum, vesting period and performance conditions. The buy-out award may necessitate the use of the flexibility in the Listing Rules to make such awards outside the existing LTIP.

Notes:

1. Should an executive appointment be made for an internal candidate, such an individual would be allowed to retain any and all provisions of their current remuneration package.
2. The Committee has discretion to authorise the payment of reasonable relocation costs (and tax thereon) which may be necessary to secure the appointment of an executive director.

7. Consideration of employees/wider Group

The Committee is responsible for reviewing and approving the remuneration arrangements for senior management. The Group HR Director is a regular attendee at meetings of the Remuneration Committee and is able to brief the Committee on remuneration levels for the wider workforce and meetings which have been held with employee representative bodies. The Committee reviews workforce remuneration, salary increases within the Group, and the level of annual bonus awards, as well as overseeing participation in long-term incentives for below Board level senior management. As a result, the Committee is aware of how typical employee total remuneration compares to the potential total remuneration packages of executive directors and takes this into account when setting policy for executive director remuneration. However, in line with current market practice, the Group does not actively consult with employees on executive remuneration.

Differences in Remuneration Policy for executive directors compared to other employees

The executive directors' remuneration policy is set within the wider context of the Group's remuneration policy for the wider workforce. The key differences of quantum and structure in pay arrangements across the Group reflect the different levels of responsibilities, skill and experience required for the role. Executive directors have a much greater emphasis on performance-based pay through the annual bonus and the LTIP. Salaries for management grades are normally reviewed annually (currently in July each year) and take account of both business and

personal performance. Specific arrangements are in place at each site and these may be annual arrangements or form part of a longer term arrangement.

The majority of management grades participate in the Annual Bonus plan to ensure alignment with the Group's strategic priorities. Senior management participate in long-term incentive arrangements reflecting their contribution to Group performance and enhancing shareholder value. All employees are encouraged to own shares in the Company via the Sharesave Plan and executive directors through the shareholding guideline.

8. Consideration of shareholders' views

The Remuneration Committee and the Board consider shareholder feedback received in relation to the AGM each year at a meeting immediately following the AGM and any action required is incorporated into the Remuneration Committee's action plan for the ensuing period. This, and any additional feedback received from shareholders from time to time, is then considered by the Committee and as part of its annual review of remuneration arrangements.

Specific engagement with major shareholders may be undertaken when a significant change in remuneration policy is proposed or if a specific item of remuneration is considered to be potentially contentious. During the design of the new policy, the Committee consulted with the major shareholders..

9. Key changes to the Remuneration Policy

The proposed policy differs from the policy that was approved by shareholders at the AGM held on 20 July 2017 in the following areas:

Pension	The maximum contribution or allowance for executive directors was 20% of basic salary. It has been decreased to be in line with that available to the majority of the workforce. Currently this equates to a contribution of 7.5% of basic pay up to an earnings cap.
Annual bonus	Maximum (as a percentage of salary) for the CEO has been decreased from 150% to 125% and for the CFO from 105% to 100%. Financial targets will represent not less than 70% of the total bonus opportunity (an increase from not less than 50%), with the balance consisting of non-financial targets subject to the delivery of a threshold level of trading profit. Annual bonus will no longer be subject to personal performance.
Long-Term Incentive Plan (LTIP)	Maximum individual limit (as a percentage of salary) has decreased from 200% to 150%.
Shareholding	Multiple of salary that the executives must hold in shares, which was previously a guideline, is now a requirement and has been increased from 100% of salary to 200% of salary.
Services contracts	The standard notice period was set at 12 months from the executive director and the Company. This has been decreased to six months. To assist with recruitment, upon appointment to the Board, the notice period may be set at up to 12 months, decreasing to six months after six months of employment.
Policy on payment for loss of office	The policy previously enabled the Company, where appropriate, to provide a departing executive director with outplacement services. The policy has been expanded to enable the Company to pay for the provision of outplacement support and the reasonable fees for a departing executive director to obtain independent legal advice in relation to his or her termination arrangements and nominal consideration for any agreement to introduce contractual terms protecting the Company's rights following termination.